

WESTERN DIGITAL CORPORATION
SUMMARY OF GAAP AND NON-GAAP GUIDANCE⁽¹⁾

PROVIDED AS OF APRIL 29, 2019
(unaudited)

Three Months Ending

	June 28, 2019	June 28, 2019
	<u>GAAP⁽²⁾</u>	<u>Non-GAAP⁽²⁾</u>
Revenue	\$3.6B - \$3.8B	\$3.6B - \$3.8B
Gross Margin	~ 17% - 18%	~ 24% - 25%
Operating Expenses	\$870M - \$890M	\$720M - \$740M
Interest and Other Expense, Net	~ \$105M	~ \$100M
Tax Expense	N/A	\$20M - \$30M
Diluted Earnings Per Share	N/A	\$0.10 - \$0.30
Diluted Shares Outstanding	~ 295M	~ 295M

FOOTNOTES

¹ This document contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements concerning the company's anticipated financial results for its fourth quarter fiscal year 2019 ending June 28, 2019. These forward-looking statements are based on management's current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the forward-looking statements, including: volatility in global economic conditions; business conditions and growth in the storage ecosystem; impact of restructuring activities and cost saving initiatives; impact of competitive products and pricing; market acceptance and cost of commodity materials and specialized product components; actions by competitors; unexpected advances in competing technologies; our development and introduction of products based on new technologies and expansion into new data storage markets; risks associated with acquisitions, mergers and joint ventures; difficulties or delays in manufacturing; the outcome of legal proceedings; and other risks and uncertainties listed in the company's filings with the Securities and Exchange Commission (the "SEC"), including the company's Form 10-Q filed with the SEC on February 5, 2019, to which your attention is directed. You should not place undue reliance on these forward-looking statements, which speak only as of the date hereof, and the company undertakes no obligation to update these forward-looking statements to reflect new information or events.

² The company's fourth quarter fiscal year 2019 non-GAAP gross margin guidance excludes temporary flash manufacturing underutilization charges totaling approximately \$55 million to \$75 million; and amortization of acquired intangible assets, stock-based compensation expense, charges related to cost saving initiatives, and other adjustments totaling approximately \$200 million. The company's non-GAAP operating expenses guidance excludes amortization of acquired intangible assets; stock-based compensation expense; employee termination, asset impairment and other charges; charges related to cost saving initiatives; and other adjustments totaling approximately \$150 million to \$170 million. The company's non-GAAP interest and other expense guidance excludes \$5 million of convertible debt activity, net. In the aggregate, non-GAAP diluted earnings per share guidance excludes these items totaling \$410 million to \$450 million. The timing and amount of these charges excluded from non-GAAP gross margin, non-GAAP operating expenses, non-GAAP interest and other expense and non-GAAP diluted earnings per share cannot be further allocated or quantified with certainty. Additionally, the timing and amount of additional charges the company excludes from its non-GAAP tax expense and non-GAAP diluted earnings per share are dependent on the timing and determination of certain actions and cannot be reasonably predicted. Accordingly, full reconciliations of non-GAAP gross margin, non-GAAP operating expenses, non-GAAP interest and other expense, non-GAAP tax expense and non-GAAP diluted earnings per share to the most directly comparable GAAP financial measures (gross margin, operating expenses, interest and other expense, tax expense and diluted earnings per share, respectively) are not available without unreasonable effort.

Note: As a reminder, the first quarter fiscal year 2020 will be a 14-week fiscal quarter.