Updated as of September 7, 2016

	Amounts in millions, except per share amounts, ASP, percentages[1]	Q1 FY13	Q2 FY13	Q3 FY13	Q4 FY13	Q1 FY14	Q2 FY14	Q3 FY14	Q4 FY14	Q1 FY15	Q2 FY15	Q3 FY15	Q4 FY15	Q1 FY16	Q2 FY16	Q3 FY16	Q4 FY16[9,18]	Q1 FY17[15,17] Low	High
	Revenue	$4,035	$3,824	$3,764	$3,728	$3,804	$3,972	$3,703	$3,651	$3,943	$3,888	$3,550	$3,191	$3,360	$3,317	$2,822	$3,495	$4,450	$4,550
	Gross Profit	$1,193	$1,059	$1,061	$1,050	$1,099	$1,156	$1,076	$1,029	$1,149	$1,110	$1,032	$930	$955	$906	$753	$821		
	Gross Margin	29.6%	27.7%	28.2%	28.2%	28.9%	29.1%	29.1%	28.2%	29.1%	28.5%	29.1%	29.1%	28.4%	27.3%	26.7%	23.5%		
	R&D	$396	$378	$396	$402	$401	$416	$418	$426	$437	$426	$402	$381	$385	$389	$359	$494		
	SG&A	179	162	185	180	132	226	201	202	220	164	199	190	192	207	166	400		
	Other	26	41	63	689	24	36	38	49	23	54	10	104	56	59	140	122		
	Total Operating Expenses	$601	$581	$644	$1,271	$557	$678	$657	$677	$680	$644	$611	$675	$633	$655	$665	$1,016		
	Operating Income (Loss)	$592	$478	$417	$(221)	$542	$478	$419	$352	$469	$466	$421	$255	$322	$251	$88	$(195)		
	Interest & Other Expense, net	$14	$10	$11	$9	$10	$11	$13	$5	$9	$8	$9	$8	$8	$7	$8	$290		
	Income Tax Expense (Benefit)	$59	$133	$15	$35	$37	$37	$31	$30	$37	$20	$28	$27	$31	$(7)	$6	$(119)		
	Net Income (Loss)	$519	$335	$391	$(265)	$495	$430	$375	$317	$423	$438	$384	$220	$283	$251	$74	$(366)		
	EPS	$2.06	$1.36	$1.60	$(1.12)	$2.05	$1.77	$1.55	$1.32	$1.76	$1.84	$1.63	$0.94	$1.21	$1.07	$0.32	$(1.40)		
	Diluted Shares Outstanding	252	246	245	236	242	243	242	241	240	238	236	235	234	234	234	261	approx. 290	
Non-GAAP Results	Gross Profit[10]	$1,231	$1,097	$1,099	$1,085	$1,135	$1,196	$1,115	$1,078	$1,188	$1,187	$1,069	$951	$972	$944	$794	$1,084		
	Gross Margin[10]	30.5%	28.7%	29.2%	29.1%	29.8%	30.1%	30.1%	29.5%	30.1%	30.5%	30.1%	29.8%	28.9%	28.5%	28.1%	31.0%	approx. 33%	
	Operating Expenses[10]	$564	$529	$559	$564	$574	$616	$605	$598	$638	$620	$591	$560	$567	$542	$477	$701	approx. $905	
	Income Tax Expense (Benefit)	$59	$45	$15	$35	$37	$37	$31	$30	$37	$20	$28	$27	$31	$21	$26	$ (24)		
	Net Income	$594	$513	$514	$477	$514	$532	$470	$445	$504	$539	$441	$356	$366	$374	$283	$198		
	EPS	$2.36	$2.09	$2.10	$1.96	$2.12	$2.19	$1.94	$1.85	$2.10	$2.26	$1.87	$1.51	$1.56	$1.60	$1.21	$0.75	$1.00	$1.05
	Diluted Shares Outstanding[6]	252	246	245	243	242	243	242	241	240	238	236	235	234	234	234	263		
Revenue By Channel	OEM	63%	61%	60%	66%	64%	62%	62%	65%	63%	63%	64%	67%	67%	65%	66%	63%		
	Distributors	24%	24%	26%	23%	24%	24%	25%	23%	24%	23%	23%	21%	21%	21%	22%	19%		
	Retail	13%	15%	14%	11%	12%	14%	13%	12%	13%	14%	13%	12%	12%	14%	12%	18%		
Revenue by Geography	Americas	23%	27%	27%	28%	26%	25%	25%	24%	27%	27%	29%	32%	30%	31%	30%	38%		
	EMEA	18%	23%	22%	19%	20%	23%	21%	20%	21%	24%	21%	21%	21%	23%	23%	19%		
	Asia/ANZ	59%	50%	51%	53%	54%	52%	54%	56%	52%	49%	50%	47%	49%	46%	47%	43%		
Revenue	Client Devices[13]	$2,650	$2,259	$2,168	$2,109	$2,198	$2,226	$2,126	$2,170	$2,255	$2,089	$1,820	$1,546	$1,670	$1,581	$1,370	$1,584		
	Client Solutions[13]	500	568	500	401	455	543	479	444	504	528	452	366	399	459	346	666		
	Data Center Devices & Solutions[13]	885	997	1,096	1,218	1,151	1,203	1,098	1,037	1,184	1,271	1,278	1,279	1,291	1,277	1,106	1,245		
	Total Revenue	$4,035	$3,824	$3,764	$3,728	$3,804	$3,972	$3,703	$3,651	$3,943	$3,888	$3,550	$3,191	$3,360	$3,317	$2,822	$3,495		
Exabytes Shipped	Client Devices	28.0	28.0	28.1	27.9	30.4	33.0	32.9	34.8	39.1	37.6	34.3	30.5	34.3	35.3	31.7	32.0		
	Client Solutions	7.0	8.7	7.9	6.8	7.9	9.6	8.6	8.2	9.8	11.0	9.6	8.2	9.2	11.3	8.5	9.5		
	Data Center Devices & Solutions	9.3	10.9	12.4	13.0	12.5	12.5	12.1	12.2	15.9	17.8	17.4	17.5	20.0	22.5	22.8	24.6		
	Total Exabytes Shipped[12]	44.3	47.6	48.4	47.7	50.8	55.1	53.6	55.2	64.8	66.4	61.3	56.2	63.5	69.1	63.0	66.1		
	R4Q EB Shipped	45.9	93.0	140.8	188.0	194.5	202.0	207.2	214.7	228.7	240.0	247.7	248.7	247.4	250.1	251.8	261.7		
	HDD TAM	139.1	135.8	135.9	133.3	140.2	142.2	138.1	138.0	147.3	140.8	125.0	111.0	118.7	115.1	100.5	98.5		
	HDD Share	44.9%	43.6%	44.3%	44.9%	44.7%	44.4%	43.8%	45.7%	44.0%	43.4%	43.6%	43.7%	43.6%	43.2%	42.9%	40.7%		
	HDD Units[2]	62.5	59.2	60.2	59.9	62.6	63.1	60.4	63.1	64.7	61.0	54.5	48.5	51.7	49.7	43.1	40.1		
	HDD ASP	$62	$62	$61	$60	$58	$60	$58	$56	$58	$60	$61	$60	$60	$61	$60	$63		
HDD PC Units[5]	HDD Notebook Units	25.887	21.300	21.547	23.989	22.912	22.662	21.814	22.899	23.396	21.178	18.785	15.513	15.804	15.318	13.577	11.449		
	HDD Desktop Units	16.819	17.717	18.383	16.185	17.307	16.825	16.635	16.182	16.320	15.375	13.523	11.601	11.683	12.458	10.681	7.924		
HDD Non-PC Units	HDD Consumer Electronics Units[4]	8.019	6.452	6.517	6.544	8.474	8.794	8.573	10.906	10.485	9.295	8.610	9.056	11.484	8.461	7.318	10.038		
	HDD Branded Units	5.767	7.139	6.517	5.281	6.146	7.018	6.272	6.012	6.780	7.156	6.090	5.151	5.575	6.443	5.157	4.709		
	HDD Enterprise Units	5.988	6.633	7.211	7.897	7.771	7.783	7.129	7.098	7.763	8.041	7.519	7.199	7.185	7.008	6.390	5.994		
	Total HDD Units	62.480	59.241	60.175	59.896	62.610	63.082	60.423	63.097	64.744	61.045	54.527	48.520	51.731	49.688	43.123	40.114		

WD - HGST Expected Integration Savings

(Originally presented on April 28, 2016)

Non-GAAP Operating Expenses Baseline[16]
(Q1 FY16)

$570 million per quarter

Expected Annualized Run Rate Savings[17]

Cost of revenue
$350 million per year

Timing: 50% by the end of Q2 FY17 and the remainder by the end of Q2 FY18

Operating expenses
$450 million per year

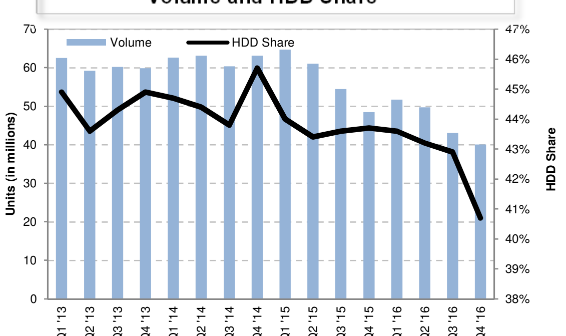
Timing: 67% by the end of Q2 FY17 and the remainder by the end of Q2 FY18

Expected Cash Expenditures to Achieve Savings[17]

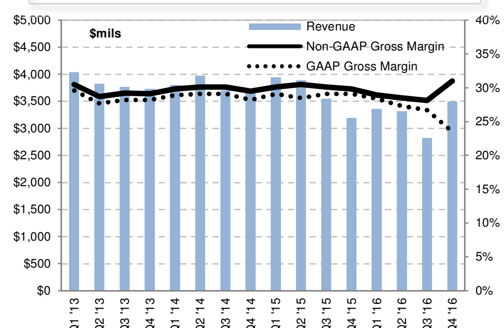
$800 million

Timing: 60% by the end of Q2 FY17 and the remainder by the end of Q2 FY18

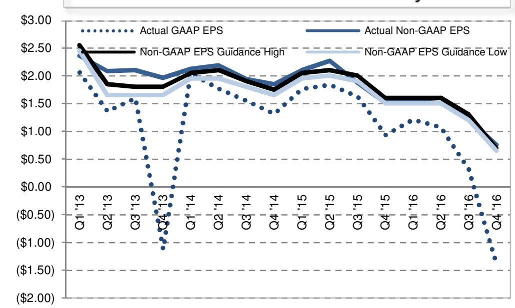
Volume and HDD Share[2]



Revenue, GAAP and Non-GAAP Gross Margin[10]



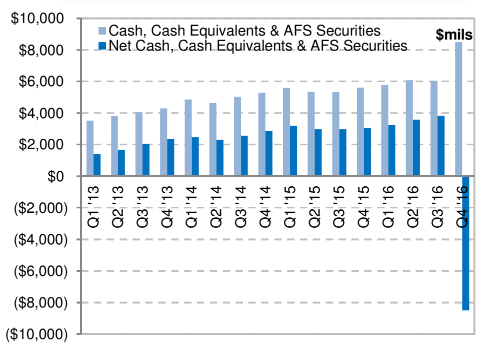
GAAP & Non-GAAP EPS Analysis



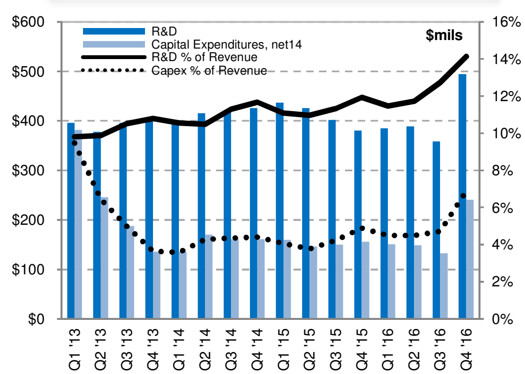
Note: Refer to "Non-GAAP Financial Measures" for information about non-GAAP financial measures included in this quarterly fact sheet.

Balance sheet, cash flows, earnings, dividends and share repurchase amounts in millions	Q1 FY13	Q2 FY13	Q3 FY13	Q4 FY13	Q1 FY14	Q2 FY14	Q3 FY14	Q4 FY14	Q1 FY15	Q2 FY15	Q3 FY15	Q4 FY15	Q1 FY16	Q2 FY16	Q3 FY16	Q4 FY16[18]
Cash and Cash Equivalents	$3,537	$3,816	$4,060	$4,309	$4,869	$4,655	$4,569	$4,804	$5,159	$4,902	$4,812	$5,024	$5,081	$5,363	$5,887	$8,151
Available-for-Sale (AFS) Securities	-	-	-	-	-	-	470	499	454	465	523	590	704	732	146	345
Debt	(2,128)	(2,128)	(2,013)	(1,955)	(2,398)	(2,340)	(2,469)	(2,438)	(2,406)	(2,375)	(2,344)	(2,556)	(2,536)	(2,505)	(2,203)	(16,994)
Net Cash, Cash Equivalents & AFS Securities	$1,409	$1,688	$2,047	$2,354	$2,471	$2,315	$2,570	$2,865	$3,207	$2,992	$2,991	$3,058	$3,249	$3,590	$3,830	$ (8,498)
Cash Flow From Operations	$936	$772	$727	$684	$680	$727	$697	$713	$827	$243	$684	$488	$545	$598	$485	$355
Free Cash Flow	$554	$526	$539	$548	$544	$557	$536	$552	$667	$97	$534	$332	$394	$449	$352	$114
Capital Expenditures, net[14]	$382	$246	$188	$136	$136	$170	$161	$161	$160	$146	$150	$156	$151	$149	$133	$241
Depreciation and Amortization	$313	$309	$309	$302	$312	$317	$307	$308	$289	$290	$285	$250	$236	$252	$246	$420
EBITDA	$905	$787	$726	$81	$854	$795	$726	$660	$758	$756	$706	$505	$558	$503	$334	$225
Accounts Receivable, Net	$1,951	$1,732	$1,700	$1,793	$1,791	$1,959	$1,802	$1,989	$1,915	$1,880	$1,696	$1,532	$1,616	$1,650	$1,254	$1,461
Inventory Raw Materials	$237	$193	$191	$167	$208	$201	$204	$168	$178	$154	$173	$168	$135	$130	$133	$569
Work in Process	559	581	583	575	579	581	519	493	509	510	498	500	507	474	440	589
Finished Goods	508	430	423	446	457	511	554	565	585	618	651	700	618	634	654	971
Total Inventory	$1,304	$1,204	$1,197	$1,188	$1,244	$1,293	$1,277	$1,226	$1,272	$1,282	$1,322	$1,368	$1,260	$1,238	$1,227	$2,129
Property, Plant and Equipment, Net	$4,027	$3,938	$3,803	$3,700	$3,638	$3,509	$3,406	$3,293	$3,202	$3,099	$3,051	$2,965	$2,890	$2,801	$2,687	$3,503
Accounts Payable	$2,545	$2,185	$2,037	$1,990	$2,061	$2,106	$1,902	$1,971	$2,016	$2,071	$2,020	$1,881	$1,799	$1,806	$1,571	$1,888
Accounts Payable to Related Parties	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$168
Days Sales Outstanding[11]	44	41	41	44	43	45	44	50	48	44	44	44	44	45	40	38
Days Inventory Outstanding[11]	42	40	40	40	42	42	44	42	45	42	48	55	48	47	54	72
Days Payables Outstanding[11]	82	72	69	67	69	68	65	68	71	68	73	76	68	68	69	70
Cash Conversion Cycle[11]	4	9	12	17	16	19	23	24	22	18	19	23	24	24	25	40
Inventory Turns[11]	9	9	9	9	9	9	8	9	8	9	8	7	8	8	7	5
Dividends Paid	$ -	$121	$ -	$60	$59	$59	$71	$70	$94	$94	$93	$116	$115	$116	$116	$116
Shares Repurchased	5.2	4.2	5.2	4.4	2.3	2.0	2.8	3.2	2.2	3.2	2.2	2.0	0.7	-	-	-
Shares Repurchased	$218	$146	$243	$235	$150	$150	$244	$272	$223	$309	$240	$198	$60	$ -	$ -	$ -
Remaining Amount Authorized	$2,594	$2,448	$2,205	$1,970	$1,820	$1,670	$1,426	$1,154	$931	$622	$2,382	$2,184	$2,124	$2,124	$2,124	$2,124
R4Q Economic Profit[8]	$801	$976	$884	$ (59)	$ (176)	$ (109)	$ (158)	$415	$332	$328	$320	$204	$52	$ (157)	$ (440)	$ (2,540)
R4Q ROIC[8]	21.3%	21.0%	20.0%	10.1%	9.7%	10.5%	10.2%	15.1%	14.2%	14.1%	14.1%	13.1%	11.7%	10.0%	7.4%	3.5%
R4Q ROA[8]	14.9%	14.7%	14.2%	7.0%	6.7%	7.2%	7.0%	10.6%	10.0%	10.1%	10.2%	9.6%	8.7%	7.5%	5.4%	1.2%
Worldwide Headcount[3]	96,002	93,820	87,565	85,777	87,586	87,976	84,556	84,072	83,277	83,993	80,767	76,449	76,052	74,891	67,884	72,878

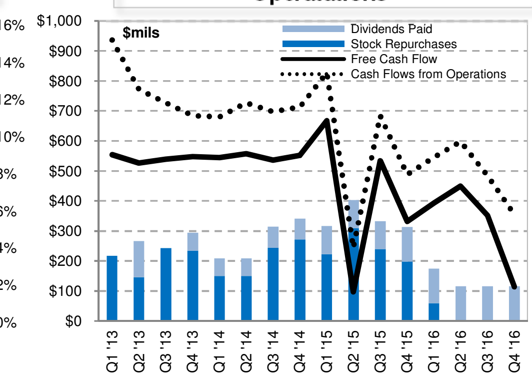
Gross vs. Net Cash, Cash Equivalents & AFS Securities



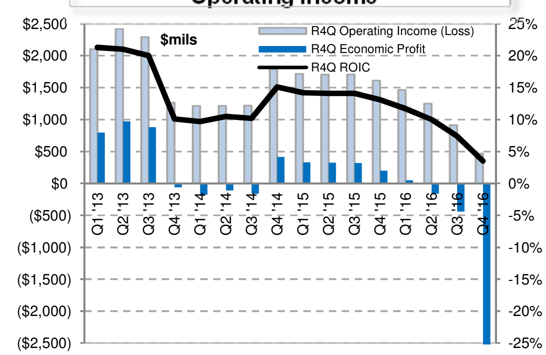
R&D[10] and Capital Expenditures



Free Cash Flow & Cash Flow from Operatations



R4Q ROIC, R4Q Economic Profit & R4Q Operating Income[8]



Note: Refer to "Non-GAAP Financial Measures" for information about non-GAAP financial measures included in this quarterly fact sheet.

Debt Tranches and Interest Rates

Debt	Base Rate	Tenor	Maturity	Original Principal Amount	Balance Outstanding as of 7/1/16[A]	Indicative Rates bps[B]
Revolver drawn [C]	L+200	5 years		$0	$0	2.468%
Bridge Loan	L+200	7/26/2016 [D]		$3,000	$3,000	2.468%
Term Loan A (floor of 0bps)	L+200	5 years	April 29, 2021	$4,125	$4,125	2.468%
Term Loan B Dollar (floor of 75bps)	L+550	7 years	April 29, 2023	$3,750	$3,750	6.250%
Term Loan B Euro (floor of 75 bps)[E]	E+525	7 years	April 29, 2023	$987	$987	6.000%
Sr. Secured Notes Due 2023[F]	7.375%	7 years	April 1, 2023	$1,875	$1,875	7.375%
Sr. Unsecured Notes Due 2024[F]	10.500%	8 years	April 1, 2024	$3,350	$3,350	10.500%
Total				$17,087	$17,087	5.615%[G]
Weighted average interest rate excluding the Bridge Loan						6.285%[G]

[A] Excluding Original Issue Discount and fees

[B] L = 1 Month LIBOR, E = 1 Month EURIBOR

[B] Based on current leverage ratios

[C] Revolver capacity: $1,000M

[D] Cash bridge contractual maturity date - Paid off on July 21, 2016

[E] Principal in EURO denominated debt = Euro 885M, converted at Fiscal Month EUR/USD balance sheet rate of 1.11508

[F] Notes are callable in 3 years (starting April 1, 2019)

[G] Weighted average interest rate as of July 1, 2016

The schedule above excludes convertible debt assumed in connection with the acquisition of SanDisk

Estimated Effective Tax Ranges (Non-GAAP)

FY17	:	15% - 20%
FY18 – FY23	:	10% - 15%
Beyond FY23	:	7% - 10%

In millions, except gross margin and per share amounts	Q1 FY13	Q2 FY13	Q3 FY13	Q4 FY13	Q1 FY14	Q2 FY14	Q3 FY14	Q4 FY14	Q1 FY15	Q2 FY15	Q3 FY15	Q4 FY15	Q1 FY16	Q2 FY16	Q3 FY16	Q4 FY16[18]
Reconciliation of Cash Flows from Operations to Free Cash Flow																
Cash Flows from Operations	$936	$772	$727	$684	$680	$727	$697	$713	$827	$243	$684	$488	$545	$598	$485	$355
Purchases of Property, Plant and Equipment, net	(382)	(246)	(188)	(136)	(136)	(170)	(161)	(161)	(160)	(146)	(150)	(156)	(151)	(149)	(133)	$ (151)
Note Receivable with Flash Ventures, net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(90)
Free Cash Flow	$554	$526	$539	$548	$544	$557	$536	$552	$667	$97	$534	$332	$394	$449	$352	$114
Reconciliation of Net Income to EBITDA																
Net Income (Loss)	$519	$335	$391	$ (265)	$495	$430	$375	$317	$423	$438	$384	$220	$283	$251	$74	$ (366)
Interest and Other Expense, net	14	10	11	9	10	11	13	5	9	8	9	8	8	7	8	290
Income Tax Expense (Benefit)	59	133	15	35	37	37	31	30	37	20	28	27	31	(7)	6	(119)
Depreciation and Amortization	313	309	309	302	312	317	307	308	289	290	285	250	236	252	246	420
EBITDA	$905	$787	$726	$81	$854	$795	$726	$660	$758	$756	$706	$505	$558	$503	$334	$225
Reconciliation of Operating Income (Loss) to R4Q Economic Profit																
Operating Income (Loss)	$592	$478	$417	$ (221)	$542	$478	$419	$352	$469	$466	$421	$255	$322	$251	$88	$ (195)
Income Tax (Expense) Benefit	(59)	(133)	(15)	(35)	(37)	(37)	(31)	(30)	(37)	(20)	(28)	(27)	(31)	7	(6)	119
Net Operating Profit After Taxes	533	345	402	(256)	505	441	388	322	432	446	393	228	291	258	82	(76)
R4Q Net Operating Profit After Taxes	1,919	2,117	2,032	1,024	996	1,092	1,078	1,656	1,583	1,588	1,593	1,499	1,358	1,170	859	555
Invested Capital x WACC	(1,118)	(1,141)	(1,148)	(1,083)	(1,172)	(1,201)	(1,236)	(1,241)	(1,251)	(1,260)	(1,273)	(1,295)	(1,306)	(1,327)	(1,299)	(3,095)
R4Q Economic Profit	$801	$976	$884	$(59)	$(176)	$(109)	$(158)	$415	$332	$328	$320	$204	$52	$(157)	$(440)	$(2,540)
Reconciliation of Gross Margin to Non-GAAP Gross Margin & Gross Profit to Non-GAAP Gross Profit																
Gross Profit[10]	$1,193	$1,059	$1,061	$1,050	$1,099	$1,156	$1,076	$1,029	$1,149	$1,110	$1,032	$930	$955	$906	$753	$821
Acquisition-related charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	122
Charges related to cost saving initiatives	-	-	-	-	-	-	-	-	-	-	-	-	-	22	25	27
Other charges	-	-	-	-	-	-	-	10	-	39	-	1	-	-	-	-
Amortization of acquired intangible assets	38	38	38	35	36	40	39	39	39	38	37	20	17	16	16	114
Non-GAAP Gross Profit[10]	$1,231	$1,097	$1,099	$1,085	$1,135	$1,196	$1,115	$1,078	$1,188	$1,187	$1,069	$951	$972	$944	$794	$1,084
Revenue	$4,035	$3,824	$3,764	$3,728	$3,804	$3,972	$3,703	$3,651	$3,943	$3,888	$3,550	$3,191	$3,360	$3,317	$2,822	$3,495
Gross Margin[10]	29.6%	27.7%	28.2%	28.2%	28.9%	29.1%	29.1%	28.2%	29.1%	28.5%	29.1%	29.1%	28.4%	27.3%	26.7%	23.5%
Non-GAAP Gross Margin[10]	30.5%	28.7%	29.2%	29.1%	29.8%	30.1%	30.1%	29.5%	30.1%	30.5%	30.1%	29.8%	28.9%	28.5%	28.1%	31.0%
Reconciliation of Operating Expenses to Non-GAAP Operating Expenses																
Total Operating Expenses	$601	$581	$644	$1,271	$557	$678	$657	$677	$680	$644	$611	$675	$633	$655	$665	$1,016
Less:																
Amortization of acquired intangible assets	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(8)	(7)	(7)	(7)	(8)	(8)	(8)	(6)	(73)
Employee termination, asset impairment and other charges	(26)	(41)	(63)	(8)	(11)	(23)	(25)	(26)	(9)	(36)	(10)	(104)	(56)	(27)	(140)	(122)
Charges related to cost saving initiatives	-	-	-	-	-	-	-	-	-	-	-	-	-	(15)	(24)	(30)
Charges related to arbitration award	-	-	-	(681)	(13)	(13)	(13)	(13)	(14)	(1)	-	-	-	(32)	-	-
Acquisition-related charges	-	-	-	(7)	(13)	-	-	-	-	-	(3)	-	-	(27)	(16)	(116)
Charges and insurance recoveries related to flooding, net	-	-	-	-	65	-	-	-	-	37	-	-	-	-	-	-
Other charges	-	-	(11)	-	-	(15)	(3)	(32)	(12)	(17)	-	(3)	(2)	(4)	(2)	26
Non-GAAP Operating Expenses	$564	$529	$559	$564	$574	$616	$605	$598	$638	$620	$591	$560	$567	$542	$477	$701
Reconciliation of Net Income (Loss) to Non-GAAP Net Income																
Net Income (Loss)	$519	$335	$391	$(265)	$495	$430	$375	$317	$423	$438	$384	$220	$283	$251	$74	$ (366)
Amortization of acquired intangible assets	49	49	49	46	47	51	50	47	46	45	44	28	25	24	22	187
Employee termination, asset impairment and other charges	26	41	63	8	11	23	25	36	9	53	10	104	56	27	140	122
Convertible Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	58
Charges related to cost saving initiatives	-	-	-	-	-	-	-	-	-	-	-	-	-	37	49	57
Charges related to arbitration award	-	-	-	681	13	13	13	13	14	1	-	-	-	32	-	-
Acquisition-related charges	-	-	-	7	13	-	-	-	-	-	3	-	-	27	16	238
Charges and insurance recoveries related to flooding, net	-	-	-	-	(65)	-	-	-	-	(37)	-	-	-	-	-	-
Other charges	-	-	11	-	-	15	7	32	12	39	-	4	2	4	2	(3)
Income tax adjustments	-	88	-	-	-	-	-	-	-	-	-	-	-	(28)	(20)	(95)
Non-GAAP Net Income	$594	$513	$514	$477	$514	$532	$470	$445	$504	$539	$441	$356	$366	$374	$283	$198
EPS	$2.06	$1.36	$1.60	$(1.12)	$2.05	$1.77	$1.55	$1.32	$1.76	$1.84	$1.63	$0.94	$1.21	$1.07	$0.32	$(1.40)
Non-GAAP EPS	$2.36	$2.09	$2.10	$1.96	$2.12	$2.19	$1.94	$1.85	$2.10	$2.26	$1.87	$1.51	$1.56	$1.60	$1.21	$0.75
Diluted Shares Outstanding	252	246	245	236	242	243	242	241	240	238	236	235	234	234	234	261
Non-GAAP Diluted Shares Outstanding[6]	252	246	245	243	242	243	242	241	240	238	236	235	234	234	234	263
Reconciliation of Income Tax Provision as a percentage of pre-tax income to Non-GAAP income tax provision as a percentage of non-GAAP pre-tax income																
Net income (loss)	$519	$335	$391	$ (265)	$495	$430	$375	$317	$423	$438	$384	$220	$283	$251	$74	$ (366)
Income tax expense (benefit)	59	133	15	35	37	37	31	30	37	20	28	27	31	(7)	6	(119)
Pre-tax income	$578	$468	$406	$ (230)	$532	$467	$406	$347	$460	$458	$412	$247	$314	$244	$80	$ (485)
Income tax provision as a percentage of pre-tax income	10%	28%	4%	-15%	7%	8%	8%	9%	8%	4%	7%	11%	10%	-3%	8%	25%
Non-GAAP Net Income	$594	$513	$514	$477	$514	$532	$470	$445	$504	$539	$441	$356	$366	$374	$283	$198
Add:																
Income tax expense (benefit)	59	133	15	35	37	37	31	30	37	20	28	27	31	(7)	6	(119)
Income tax adjustments	-	(88)	-	-	-	-	-	-	-	-	-	-	-	28	20	95
Non-GAAP income tax expense (benefit)	59	45	15	35	37	37	31	30	37	20	28	27	31	21	26	(24)
Non-GAAP pre-tax income	$653	$558	$529	$512	$551	$569	$501	$475	$541	$559	$469	$383	$397	$395	$309	$174
Non-GAAP income tax provision as a percentage of pre-tax income	9%	8%	3%	7%	7%	7%	6%	6%	7%	4%	6%	7%	8%	5%	8%	-14%

Non-GAAP Financial Measures

This Quarterly Fact Sheet contains non-GAAP financial measures. These non-GAAP measures are not in accordance with, or an alternative for, measures prepared in accordance with GAAP and may be different from non-GAAP measures used by other companies.

Free Cash Flow: Free cash flow is a non-GAAP financial measure defined as cash flows from operations less purchases of property, plant and equipment, net of proceeds from sales of property, plant, and equipment, and the net activity in notes receivable and investments in the Flash Ventures. We consider free cash flow to be useful as an indicator of our overall liquidity, as the amount of free cash flow generated in any period is representative of cash that is available for strategic opportunities including, among others, investing in the Company's business, making strategic acquisitions, strengthening the balance sheet, repaying debt, paying dividends and repurchasing stock.

EBITDA: EBITDA is a non-GAAP financial measure defined as net income before interest, income tax expense, depreciation and amortization. We include information concerning EBITDA because we believe it is a useful measure to evaluate our operating performance. As a measure of our operating performance, we believe EBITDA provides a measure of operating results unaffected by differences in capital structures, capital investment cycles and ages of related assets among otherwise comparable companies.

Economic Profit: Economic profit (EP) is a non-GAAP financial measure defined as net operating profit after taxes less the value of invested capital multiplied by the weighted average cost of capital, where net operating profit after taxes is defined as income from operations minus tax expense and invested capital is defined as the sum of current debt, long-term debt and equity. Management uses EP to evaluate business performance and allocate resources, and it is a component in determining management's incentive compensation. Management believes EP provides additional perspective to investors about financial returns generated by the business and represents profit generated over and above the cost of capital used by the business to generate that profit.

Non-GAAP Gross Margin and Non-GAAP Gross Profit: Non-GAAP gross margin is a non-GAAP measure defined as non-GAAP gross profit divided by revenue. Non-GAAP gross profit is a non-GAAP measure defined as gross profit before any charges to cost of goods sold that may not be indicative of ongoing operations. We believe that non-GAAP gross profit is a useful measure to investors as an alternative method for measuring our operating performance and comparing it against prior periods' performance.

Non-GAAP Operating Expenses: Non-GAAP operating expenses is a non-GAAP measure defined as operating expenses before any charges that may not be indicative of ongoing operations. We believe that non-GAAP operating expenses is a useful measure to investors as an alternative method for measuring our expense management and comparing it against prior periods' performance.

Non-GAAP Net Income and Non-GAAP EPS: Non-GAAP net income and non-GAAP EPS are non-GAAP measures defined as net income and EPS, respectively, before any charges that may not be indicative of ongoing operations, or any tax impact related to those charges. We believe that non-GAAP net income and non-GAAP EPS are useful measures to investors as an alternative method for measuring our earnings performance and comparing it against prior periods' performance.

Non-GAAP income tax provision as a percentage of non-GAAP pre-tax income: Non-GAAP income tax provision is a non-GAAP measure defined as income tax provision plus any income tax adjustments that may not be indicative of ongoing operations. We believe that non-GAAP income tax provision as a percentage of non-GAAP pre-tax income is a useful measure to investors as an alternative method for measuring our effective tax rate and comparing it against prior periods' performance.

We exclude the following items from our non-GAAP measures:

Amortization of acquired intangible assets: We incur expenses from the amortization of acquired intangible assets over their economic lives. Such charges are significantly impacted by the timing and magnitude of our acquisitions and any related impairment charges.

Employee termination, asset impairment and other charges: From time-to-time, in order to realign our operations with anticipated market demand or to achieve cost synergies from the integration of acquisitions, we may terminate employees and/or restructure our operations. From time-to-time, we may also incur charges from the impairment of intangible assets and other long-lived assets. These charges (including any reversals of charges recorded in prior periods) are inconsistent in amount and frequency and are not indicative of the ongoing performance of our business.

Term loan and convertible debt activity, net: We exclude non-cash economic interest expense associated with the convertible senior notes, the gains and losses on the conversion of the convertible senior notes and call option, and unrealized gains and losses related to the change in fair value of the exercise option and call option. Additionally, we incur debt extinguishment charges related to the early settlement of our debt facilities. These charges and gains and losses do not reflect our cash operating results and are not indicative of the underlying performance of our business.

Charges related to cost saving initiatives: In connection with the transformation of our business, we have incurred charges related to cost saving initiatives which do not qualify for special accounting treatment as exit or disposal activities. These charges, which are not indicative of the underlying performance of our business, primarily relate to costs associated with rationalizing our channel partners or vendors, transforming our information systems infrastructure, integrating our product roadmap, and accelerated depreciation on assets.

Charges related to arbitration award: In relation to an arbitration award for claims brought against the Company by Seagate Technology LLC, which was satisfied in October 2014, and the related dispute over the calculation of post-award interest, which was resolved in February 2016, we have recorded loss contingencies. The resulting expense is inconsistent in amount and frequency.

Acquisition-related charges: In connection with our business combinations, we incur expenses which we would not have otherwise incurred as part of our business operations. These expenses include third-party professional service and legal fees, third-party integration services, severance costs, non-cash adjustments to the fair value of acquired inventory, contract termination costs, and retention bonuses. We may also experience other accounting impacts in connection with these transactions. These charges and impacts are related to acquisitions, are inconsistent in amount and frequency, and are not indicative of the underlying performance of our business.

Insurance recoveries: From time-to-time, we receive insurance recoveries related to losses or other events which occurred in a prior period. Such recoveries are inconsistent in amount and frequency.

Other charges: From time-to-time, we sell investments or other assets which are not considered strategic or necessary to our business; are a party to legal or arbitration proceedings, which could result in an expense or benefit due to settlements, final judgments, or accruals for loss contingencies; or incur other charges or gains which are not a part of the ongoing operation of our business. The resulting expense or benefit is inconsistent in amount and frequency.

Income tax adjustments: Income tax adjustments reflect the difference between income taxes based on a forecasted annual non-GAAP tax rate and a forecasted annual GAAP tax rate as a result of the timing of certain non-GAAP pre-tax adjustments.

Formulas

Share = Units (HDD) / TAM

ASP = Revenue / Units (HDD)

Free Cash Flow = Cash Flow from Operations – Capital Expenditures, net

EBITDA = Net Income (Loss) + Interest and Other Expense, net + Income Tax Expense + Depreciation and Amortization

Days Sales Outstanding (DSO) = Accounts Receivable / (Revenue / 91 days)

Days Inventory Outstanding (DIO) = Inventory / (Cost of Revenue / 91 days)

Days Payables Outstanding (DPO) = Accounts Payable / (Cost of Revenue / 91 days)

Cash Conversion Cycle = DSO + DIO – DPO

Inventory Turns = 364 days / DIO

R4Q Economic Profit = R4Q Net Operating Profit After Taxes – (Invested Capital x WACC)

- Invested Capital = Short-term debt + Current portion of long-term debt + Long-term debt + Total shareholders' equity
- WACC[7] = 11%

R4Q ROIC = R4Q (Net Income (Loss) + Interest Expense) / R4Q Average (Short-term debt + Current portion of long-term debt + Long-term debt + Total shareholders' equity)

R4Q ROA = R4Q Net Income (Loss) / R4Q Average Total Assets

Footnotes

1. ASP, Revenue by Channel and Revenue by Geography exclude external sales of media/substrates.
2. HDD Unit volume excludes WD TV Media Players without hard drives, WD Livewire, SSD and media.
3. Worldwide Headcount excludes temporary and contracted employees.
4. Consumer Electronics includes gaming.
5. PC includes shipments to distributors, second/third tier external HDD manufacturers, and white box manufacturers.
6. Non-GAAP diluted shares outstanding are equivalent to GAAP diluted shares outstanding except in periods when a net loss is reported on a GAAP basis, but net income is reported on a non-GAAP basis. Dilutive shares are not included in the calculation of EPS when a net loss is reported.
7. WACC of 11% is an internal assumption.
8. Q2 FY12 includes charges related to the flooding. Q4 FY13 includes charges related to the arbitration award.
9. HDD TAM is preliminary and based on internal information.
10. Certain FY14 amounts have been reclassified from gross profit, R&D and SG&A to the other charges line within operating expenses to conform to the annual presentation of FY14 in Part II, Item 8, Note18 in the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K.
11. Q1 FY15 cash conversion cycle calculated using 98 days due to a 14 week quarter. FY15 inventory turns calculated using 371 days due to a 53 week year.
12. Excludes Non-Memory Products.
13. Client Devices is comprised of notebook and desktop HDD, consumer electronics HDD, client SSD, embedded, wafer sales and licensing and royalties. Client Solutions is comprised of branded HDD, branded flash, removables and licensing and royalties. Datacenter Devices and Solutions is comprised of enterprise HDD, enterprise SSD, data center software, data center solutions and licensing and royalties.
14. Capital expenditures, net is comprised of purchases of property, plant and equipment, net and note receivable with flash ventures, net.
15. This Quarterly Fact Sheet includes an update to the company's financial guidance relating to non-GAAP gross margin, non-GAAP operating expenses and non-GAAP diluted EPS for the first quarter of fiscal year 2017. Our non-GAAP gross profit guidance excludes the amortization of acquired intangible assets estimated to be approximately $202 million, or 4% of gross margin, for the first quarter. Our guidance for non-GAAP operating expenses excludes the amortization of acquired intangible assets estimated to be approximately $40 million for the first quarter. Our non-GAAP diluted earnings per share guidance excludes charges totaling approximately $477 million, or $1.64 per share, for the first quarter, consisting of the amortization of acquired intangible assets estimated to be approximately $242 million and debt extinguishment charges relating to the repayment of the company's U.S. Term Loan B and assumed SanDisk convertible debt of $235 million. The timing and amount of additional charges we exclude from our non-GAAP financial measures, including employee termination, asset impairment and other charges, charges to implement cost saving initiatives, acquisition-related charges and, in the case of non-GAAP EPS, related tax adjustments, are dependent on the timing of certain actions and cannot be reasonably predicted. In addition, our estimate for the amortization of acquired intangible assets is based on preliminary allocations of the SanDisk purchase price and may be adjusted as the company finalizes the valuation of these acquired assets. Accordingly, reconciliations of non-GAAP gross margin, non-GAAP operating expenses and non-GAAP EPS to the most directly comparable GAAP financial measures (gross margin, operating expenses and diluted income per common share, respectively) are not available without unreasonable effort.
16. Operating expense baseline is presented on a non-GAAP basis and excludes amortization of acquired intangible assets of $8 million, employee termination, asset impairment and other charges of $56 million, and other charges of $2 million from Q1 FY16 operating expenses of $633 million. This represents management's baseline against expected integration savings.
17. This Quarterly Fact Sheet 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 first fiscal quarter ending September 30, 2016. 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. Other risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the forward-looking statements include: volatility in global economic conditions; business conditions and growth in the storage ecosystem; 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; 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-K filed with the SEC on August 29, 2016, 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.
18. In the course of finalizing our Annual Report on Form 10-K for the period ended July 1, 2016, we determined it was necessary to record an additional $10 million in R&D expense primarily for third party non-recurring engineering charges and $5 million in asset impairment for the discontinuation of a software project for the fourth quarter and full year of fiscal 2016 that were not included in our Current Report on Form 8-K filed with the Securities and Exchange Commission on July 28, 2016 to announce our preliminary and unaudited financial results for the fourth fiscal quarter and fiscal year ended July 1, 2016. Given this change, for fiscal year 2016, operating income decreased to $466 million and net income decreased to $242 million, or $1.00 per diluted share, and for the fourth quarter of 2016, operating loss increased to $195 million and net loss increased to $366 million, or $1.40 per diluted share. Non-GAAP net income and Non-GAAP diluted net income per common share were reduced to $1.22 billion and $5.05, respectively, for fiscal year 2016 and decreased to $198 million and $0.75, respectively, for the fourth quarter of 2016. The additional R&D expense and asset impairment charge also impacted and are reflected in our balance sheet, statement of operation, and statement of cash flows.