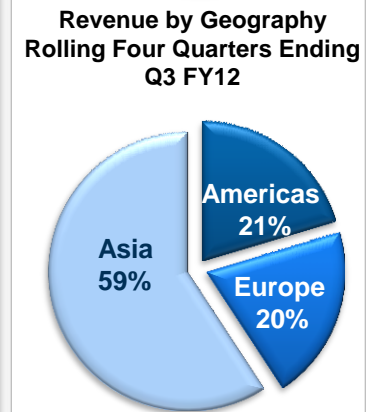
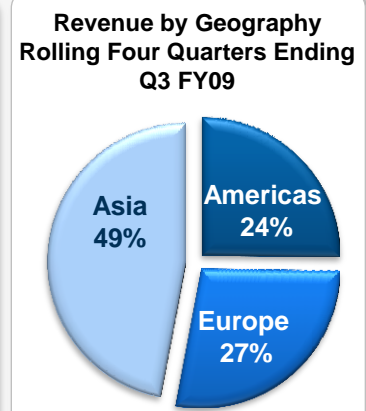
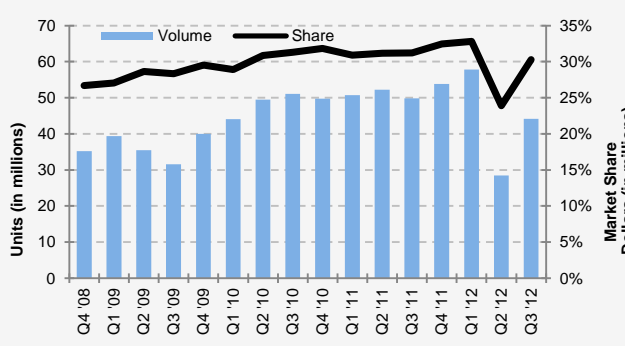


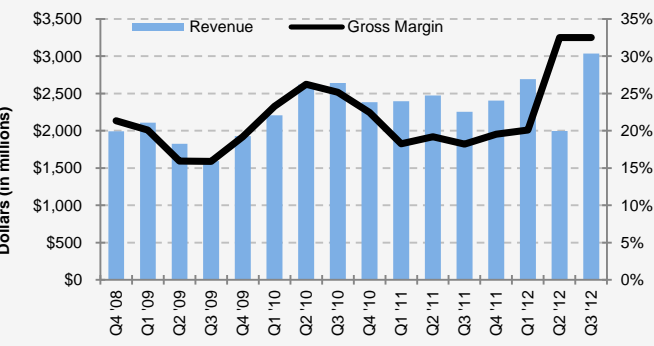
Amounts in millions; except per share amounts, ASP, percentages.		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4 FY12 <sup>6</sup>	Low	High	
		FY08	FY09	FY09	FY09	FY09	FY10	FY10	FY10	FY10	FY11	FY11	FY11	FY11	FY12	FY12	FY12				
<b>TAM</b>	131.9	145.8	123.8	111.4	135.4	152.4	160.4	163.3	156.2	164.0	167.5	159.5	165.8	176.3	118.9	146.4					
<b>Share</b>	26.7%	27.0%	28.6%	28.3%	29.5%	28.9%	30.9%	31.3%	31.8%	30.9%	31.2%	31.2%	32.5%	32.8%	23.9%	30.2%					
<b>Units (HDD)</b>	35.2	39.4	35.5	31.6	40.0	44.1	49.5	51.1	49.7	50.7	52.2	49.8	53.8	57.8	28.5	44.2					
<b>ASP (HDD)</b>	\$56	\$53	\$51	\$50	\$48	\$49	\$52	\$51	\$47	\$46	\$47	\$45	\$44	\$46	\$69	\$68					
<b>Revenue</b>	\$1,993	\$2,109	\$1,823	\$1,592	\$1,928	\$2,208	\$2,619	\$2,641	\$2,382	\$2,396	\$2,475	\$2,252	\$2,403	\$2,694	\$1,995	\$3,035	\$4,200	\$4,400			
<b>Gross Margin</b>	\$425	\$424	\$290	\$253	\$370	\$514	\$687	\$665	\$535	\$437	\$475	\$410	\$469	\$541	\$648	\$977					
<b>Gross Margin %</b>	21.3%	20.1%	15.9%	15.9%	19.2%	23.3%	26.2%	25.2%	22.5%	18.2%	19.2%	18.2%	19.5%	20.1%	32.5%	32.2%					
<b>R&amp;D</b>	\$128	\$133	\$119	\$125	\$132	\$142	\$154	\$160	\$154	\$167	\$169	\$179	\$188	\$193	\$191	\$265					
<b>SG&amp;A</b>	\$56	\$57	\$42	\$49	\$52	\$53	\$60	\$64	\$61	\$59	\$66	\$63	\$77	\$71	\$85	\$122					
<b>Other</b>	\$ -	\$ -	\$113	\$18	(\$23)	\$ -	\$ -	\$ -	\$27	\$ -	\$ -	\$10	\$32	\$18	\$210	\$48					
<b>Total Operating Expenses</b>	\$184	\$190	\$274	\$192	\$161	\$195	\$214	\$224	\$242	\$226	\$235	\$252	\$297	\$282	\$486	\$435	\$550	\$550			
<b>Operating Income</b>	\$241	\$234	\$16	\$61	\$209	\$319	\$473	\$441	\$293	\$211	\$240	\$158	\$172	\$259	\$162	\$542					
<b>Net Income</b>	\$213	\$211	\$14	\$50	\$196	\$288	\$429	\$400	\$265	\$197	\$225	\$156	\$193	\$260	\$358	\$619					
<b>EPS</b>	\$0.94	\$0.93	\$0.06	\$0.22	\$0.86	\$1.25	\$1.85	\$1.71	\$1.13	\$0.84	\$0.96	\$0.62	\$0.67	\$1.01	\$0.61	\$1.96	\$2.35	\$2.55			
<b>Diluted Shares Outstanding</b>	227	226	224	226	227	230	232	234	235	234	235	236	237	237	237	246	269	269			
<b>Non-GAAP Results</b>																					
<b>Gross Margin</b>	\$425	\$424	\$290	\$253	\$370	\$514	\$687	\$665	\$535	\$437	\$475	\$410	\$469	\$541	\$648	\$1,077					
<b>Net Income</b>	\$213	\$211	\$123	\$68	\$173	\$288	\$429	\$400	\$292	\$197	\$225	\$156	\$193	\$260	\$358	\$619					
<b>Top 10 Customers Revenue</b>		53%	51%	49%	47%	52%	56%	55%	51%	52%	50%	48%	49%	53%	49%	51%	53%				
<b>Revenue by Channel</b>																					
<b>OEM</b>	57%	56%	57%	48%	54%	52%	48%	49%	54%	50%	45%	47%	55%	53%	59%	64%					
<b>Distributors</b>	24%	26%	21%	30%	29%	31%	30%	33%	29%	32%	33%	33%	29%	29%	25%	28%					
<b>Retail</b>	19%	18%	22%	22%	17%	17%	22%	18%	17%	18%	22%	20%	16%	18%	16%	8%					
<b>Revenue by Geography</b>																					
<b>Americas</b>	29%	23%	23%	26%	24%	22%	25%	24%	25%	23%	22%	22%	20%	19%	22%	21%					
<b>Europe</b>	25%	29%	29%	28%	22%	22%	25%	24%	21%	23%	25%	24%	20%	22%	21%	18%					
<b>Asia</b>	46%	48%	48%	46%	54%	56%	50%	52%	54%	54%	53%	54%	60%	59%	57%	61%					
<b>Compute Units</b>																					
<b>Notebook</b>	9,878	12,411	11,187	7,932	14,670	16,528	17,735	17,072	16,802	16,582	17,385	16,227	16,867	19,622	9,814	18,067					
<b>Desktop</b>	15,863	17,484	14,225	14,659	16,349	18,282	19,290	21,461	20,282	20,918	20,411	20,118	22,348	21,588	11,391	15,975					
<b>Non-Compute Units</b>																					
<b>Consumer Electronics</b>	4,097	3,913	4,128	3,487	3,666	3,064	4,083	4,643	5,306	5,239	4,709	4,765	6,459	7,188	2,352	3,643					
<b>Branded</b>	4,081	4,396	4,918	4,512	3,994	4,539	6,219	5,565	5,005	5,678	7,427	6,404	5,672	7,060	3,191	2,926					
<b>Enterprise Units</b>	1,266	1,203	1,005	0,973	1,308	1,669	2,170	2,356	2,346	2,319	2,284	2,318	2,463	2,369	1,724	3,616					
<b>Total HDD Units</b>	35,185	39,407	35,463	31,563	39,987	44,082	49,497	51,097	49,741	50,736	52,216	49,832	53,809	57,827	28,472	44,227					



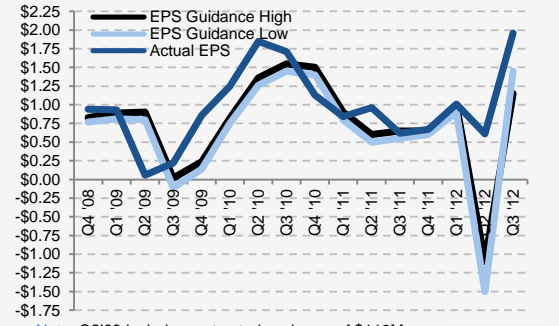
### Volume and Market Share



### Revenue and Gross Margin



### EPS Analysis



Note: Q2'09 includes restructuring charge of \$113M. Q2'12 and Q3'12 guidance excludes charges related to the flooding and acquisition-related expenses.



Balance sheet, cash flows, earnings and share repurchase amounts in millions	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
	FY08	FY09	FY09	FY09	FY09	FY10	FY10	FY10	FY10	FY11	FY11	FY11	FY11	FY12	FY12	FY12
<b>Cash and Cash Equivalents</b>	\$1,104	\$1,213	\$1,376	\$1,579	\$1,794	\$2,056	\$2,435	\$2,826	\$2,734	\$2,858	\$3,110	\$3,230	\$3,490	\$3,675	\$3,924	\$3,377
<b>Debt</b>	\$509	\$507	\$504	\$502	\$482	\$463	\$444	\$425	\$400	\$375	\$350	\$325	\$294	\$263	\$231	\$2,743
<b>Net Cash and Cash Equivalents</b>	\$595	\$706	\$872	\$1,077	\$1,312	\$1,593	\$1,991	\$2,401	\$2,334	\$2,483	\$2,760	\$2,905	\$3,196	\$3,412	\$3,693	\$634
<b>Cash Flow From Operations</b>	\$229	\$301	\$300	\$355	\$349	\$434	\$557	\$588	\$363	\$390	\$505	\$313	\$447	\$352	\$378	\$1,208
<b>Free Cash Flow</b>	\$83	\$139	\$160	\$249	\$238	\$258	\$358	\$411	\$178	\$190	\$255	\$138	\$294	\$218	\$258	\$1,069
<b>Capital Expenditures</b>	\$146	\$162	\$140	\$106	\$111	\$176	\$199	\$177	\$185	\$200	\$250	\$175	\$153	\$134	\$120	\$139
<b>Depreciation and Amortization</b>	\$113	\$117	\$122	\$119	\$122	\$121	\$126	\$128	\$134	\$150	\$151	\$151	\$150	\$158	\$140	\$188
<b>EBITDA</b>	\$354	\$351	\$138	\$180	\$331	\$440	\$599	\$569	\$427	\$361	\$391	\$309	\$322	\$417	\$302	\$730
<b>Accounts Receivable, Net</b>	\$1,010	\$1,082	\$926	\$824	\$926	\$1,131	\$1,365	\$1,257	\$1,256	\$1,325	\$1,250	\$1,171	\$1,206	\$1,356	\$747	\$2,377
<b>Inventory</b>	\$144	\$129	\$124	\$104	\$97	\$96	\$102	\$115	\$159	\$155	\$141	\$151	\$172	\$170	\$191	\$329
<b>Raw Materials</b>	\$145	\$168	\$159	\$152	\$154	\$173	\$212	\$254	\$255	\$266	\$274	\$260	\$263	\$275	\$185	\$667
<b>Work in Process</b>	\$167	\$180	\$163	\$129	\$125	\$126	\$139	\$138	\$146	\$140	\$153	\$163	\$142	\$200	\$90	\$286
<b>Finished Goods</b>	\$456	\$477	\$446	\$385	\$376	\$395	\$453	\$507	\$560	\$561	\$568	\$574	\$577	\$645	\$466	\$1,282
<b>Inventory, Net</b>	\$1,668	\$1,674	\$1,620	\$1,570	\$1,584	\$1,625	\$1,696	\$1,756	\$2,159	\$2,245	\$2,277	\$2,249	\$2,224	\$2,209	\$2,091	\$4,171
<b>Property, Plant and Equipment, Net</b>	\$1,181	\$1,215	\$1,075	\$1,001	\$1,101	\$1,342	\$1,507	\$1,508	\$1,507	\$1,703	\$1,628	\$1,486	\$1,545	\$1,708	\$883	\$2,774
<b>Accounts Payable</b>																
<b>Days Sales Outstanding</b>	46	47	46	47	47	47	47	43	48	50	46	47	46	46	34	71
<b>Days Inventory Outstanding</b>	27	26	27	26	24	21	21	23	28	26	26	28	27	27	31	57
<b>Days Payables Outstanding</b>	69	66	64	68	69	72	71	69	74	79	74	73	73	72	60	123
<b>Cash Conversion Cycle</b>	4	7	9	5	2	(4)	(3)	(3)	2	(3)	(2)	2	-	1	5	5
<b>Inventory Turns</b>	14	14	14	14	15	17	17	16	13	14	14	13	13	13	12	6
<b>Shares Repurchased</b>	-	1.2	-	-	-	-	-	-	-	1.8	-	-	-	-	-	-
<b>Shares Repurchased \$</b>	\$ -	\$36	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Remaining Amount Authorized</b>	\$502	\$466	\$466	\$466	\$466	\$466	\$466	\$466	\$466	\$416	\$416	\$416	\$416	\$416	\$416	\$416
<b>R4Q ROIC</b>	34.0%	33.5%	22.9%	14.9%	13.9%	15.3%	24.9%	31.2%	30.2%	26.4%	21.1%	15.6%	13.2%	13.6%	11.9%	14.8%
<b>R4Q ROA</b>	21.2%	21.1%	14.7%	9.8%	9.2%	10.4%	17.0%	21.2%	20.7%	18.1%	14.6%	10.9%	9.2%	9.5%	8.5%	10.5%
<b>Worldwide Headcount</b>	50,072	51,409	50,838	43,898	45,991	52,208	55,128	61,803	62,500	62,817	62,991	61,349	65,431	67,799	67,121	106,604

## Business Model

Gross Margin  
18%-23%

Operating Expense  
9%-10%

Operating Income  
8%-14%

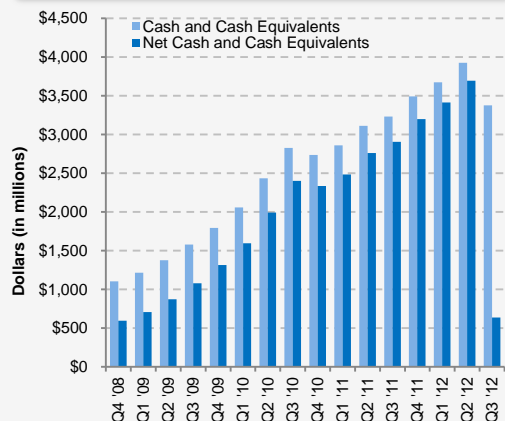
Tax  
6%-9% of Income  
Before Tax

Capital Expenditures  
7%-8%

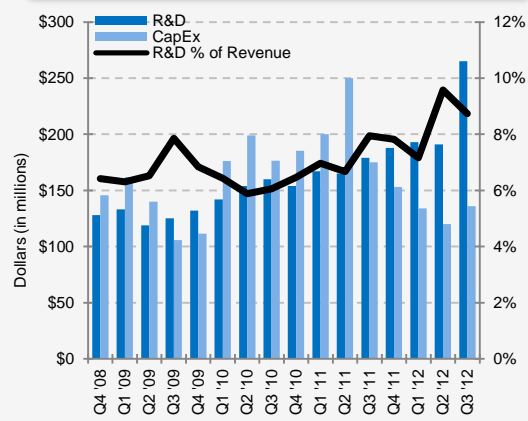
Inventory Turns  
12-16 Turns

Conversion Cycle  
4-8 Days

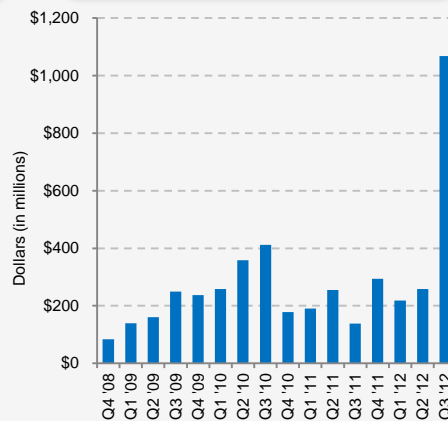
### Gross vs. Net Cash & Cash Equivalents



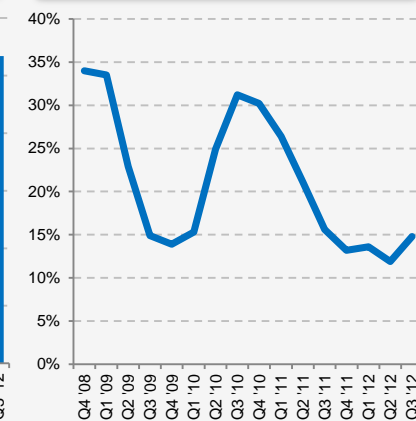
### R&D and Capital Expenditures



### Free Cash Flow



### R4Q Return on Invested Capital



## Non-GAAP Financial Measures

**Free Cash Flow:** Free cash flow is a non-GAAP financial measure defined as cash flows from operations less capital expenditures. 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 and repurchasing stock. We also believe that free cash flow is one of several benchmarks used by investors for comparison of our liquidity with other companies in our industry, although our measure of free cash flow may not be directly comparable to similar measures reported by other companies. Free cash flow should not be construed as an alternative to cash flows from operations or other cash flow measurements determined in accordance with GAAP.

**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. While EBITDA is a relevant and widely used measure of operating performance, it does not represent net income as defined by GAAP and it should not be considered as an alternative to that measure in evaluating operating performance.

**Non-GAAP Gross Margin:** Non-GAAP gross margin is a non-GAAP measure defined as gross margin before any unusual or non-recurring charges to cost of goods sold. For Q3 FY12, non-GAAP gross margin excludes costs recognized upon the sale of inventory that was written-up to fair value in connection with the HGST acquisition. Because we believe these costs may not be indicative of ongoing operations, we believe that non-GAAP gross margin is a useful measure to investors as an alternative method for measuring our operating performance and comparing it against prior periods' performance.

	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
	FY08	FY09	FY09	FY09	FY09	FY10	FY10	FY10	FY10	FY11	FY11	FY11	FY11	FY12	FY12	FY12
<b>Reconciliation of Cash Flows from Operations to Free Cash Flow</b>																
Cash Flows from Operations	\$229	\$301	\$300	\$355	\$349	\$434	\$557	\$588	\$363	\$390	\$505	\$313	\$447	\$352	\$378	\$1,208
Capital Expenditures	(146)	(162)	(140)	(106)	(111)	(176)	(199)	(177)	(185)	(200)	(250)	(175)	(153)	(134)	(120)	(139)
Free Cash Flow	\$83	\$139	\$160	\$249	\$238	\$258	\$358	\$411	\$178	\$190	\$255	\$138	\$294	\$218	\$258	\$1,069
<b>Reconciliation of Net Income to EBITDA</b>																
Net Income	\$213	\$211	\$14	\$50	\$196	\$288	\$429	\$400	\$265	\$197	\$225	\$146	\$158	\$239	\$145	\$483
Interest Expense	4	4	9	3	2	2	2	1	1	-	1	(1)	2	1	2	4
Income Tax Expense	24	19	(7)	8	11	29	42	40	27	14	14	13	12	19	15	55
Depreciation and Amortization	113	117	122	119	122	121	126	128	134	150	151	151	150	158	140	188
EBITDA	\$354	\$351	\$138	\$180	\$331	\$440	\$599	\$569	\$427	\$361	\$391	\$309	\$322	\$417	\$302	\$730
<b>Reconciliation of Gross Margin to Non-GAAP Gross Margin</b>																
Gross Margin	\$425	\$424	\$290	\$253	\$370	\$514	\$687	\$665	\$535	\$437	\$475	\$410	\$469	\$541	\$648	\$977
Acquisition-Related Fair Value Adjustments																100
Non-GAAP Gross Margin	\$425	\$424	\$290	\$253	\$370	\$514	\$687	\$665	\$535	\$437	\$475	\$410	\$469	\$541	\$648	\$1,077

## Non-GAAP Financial Measures

**Non-GAAP Net Income:** Non-GAAP net income is a non-GAAP measure defined as net income before any unusual or non-recurring charges or any tax impact related to those charges.

	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
	FY08	FY09	FY09	FY09	FY09	FY10	FY10	FY10	FY10	FY11	FY11	FY11	FY11	FY12	FY12	FY12
<u>Reconciliation of Net Income to Non-GAAP Net Income</u>																
Net Income	\$213	\$211	\$14	\$50	\$196	\$288	\$429	\$400	\$265	\$197	\$225	\$146	\$158	\$239	\$145	\$483
Acquisition-Related Expense	—	—	—	—	—	—	—	—	—	—	—	10	10	14	14	34
Litigation Accruals	—	—	—	—	—	—	—	—	27	—	—	—	25	7	—	—
Charges Related to Flooding, Net of Recoveries	—	—	—	—	—	—	—	—	—	—	—	—	—	—	199	15
In-Process Research and Development Charge	—	—	—	14	—	—	—	—	—	—	—	—	—	—	—	—
Acquisition-Related Adjustments to Fair Value of Inventory / Cost of Revenue	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	91
Amortization of Newly Acquired Intangible Assets	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	12
Restructuring	—	—	113	4	(23)	—	—	—	—	—	—	—	—	—	—	—
Tax Impact	—	—	(4)	—	—	—	—	—	—	—	—	—	—	—	—	(16)
Non-GAAP Net Income	<u>\$213</u>	<u>\$211</u>	<u>\$123</u>	<u>\$68</u>	<u>\$173</u>	<u>\$288</u>	<u>\$429</u>	<u>\$400</u>	<u>\$292</u>	<u>\$197</u>	<u>\$225</u>	<u>\$156</u>	<u>\$193</u>	<u>\$260</u>	<u>\$358</u>	<u>\$619</u>

## Footnotes

- 1.FY08 and Q1 FY11 ASP, Revenue by Channel and Revenue by Geography exclude external sales of media/substrates
- 2.Unit volume excludes WD TV Media Players without hard drives, WD Livewire, SSD and media
- 3.Worldwide Headcount excludes temporary employees
- 4.Consumer Electronics includes gaming
- 5.Both the GAAP and non-GAAP results include the results of the newly acquired HGST subsidiary from the acquisition date of March 8, 2012
- 6.Q4 FY12 guidance is presented on a non-GAAP basis and excludes charges and insurance proceeds related to the Thailand flooding; expenses related to the acquisition of HGST, including amortization of intangibles; and any impact from the pending divestiture transaction with Toshiba. Because these expenses and proceeds are not known at this time, we are unable to provide information about, or a reconciliation to, the most directly comparable GAAP financial measures. The impact of these excluded items may cause the estimated non-GAAP financial measures to differ materially from the comparable GAAP financial measures.

## Formulas

**Share** = Units / TAM

**ASP** = Revenue / Units

**Free Cash Flow** = Cash Flow from Operations – Capital Expenditures

**EBITDA** = Net income + Interest Expense + 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 ROIC** = R4Q (Net Income from Continuing Operations + Interest Expense) / R4Q Average (Equity + Debt)

**R4Q ROA** = R4Q Net Income from Continuing Operations / R4Q Average Total Assets

## Recent Product Announcements and Innovations



- **My Passport®:** The first 2 TB portable My PassPort hard drives for both Windows and Mac users.
- **My Book Thunderbolt Duo:** WD's first storage system employing Intel's super-fast Thunderbolt technology and My Book Thunderbolt Duo, a dual-drive RAID storage system, in capacities up to 6 TB.
- **My Book Live Duo:** A dual-drive network-attached storage device, in capacities up to 6 TB, offering personal cloud functionality and RAID for data mirroring.
- **WD S25:** Third-generation 2.5-inch SAS drive, available in capacities up to 900 GB, providing mission-critical customers with the industry's highest MTBF rating at 2 million hours, as well as low power consumption.
- **MyWD:** The enhanced and renamed reseller partner program.
- **Entertainment Studio Collaborations:** Coalition with Warner Bros, Fox Studios and SanDisk to develop ways for consumers to organize, store and move their high definition digital movies and TV shows across multiple devices.
- **A Series of Entertainment Options:** Such as Netflix available on WD TV for UK consumers.
- **Offsite Data Storage Service:** Available for WD Sentinel customers.
- **WD VelociRaptor 1TB:** The industry first 1TB 10,000rpm 2.5-inch drives for high performance workstations and extreme gaming platform.
- **WD Scorpio® Blue™ 7mm Hard Drive:** The new single-platter, 2.5-inch drive with the lowest power consumption on the market, offers best-in-class 400Gs shock tolerance, and is available in 500 GB and 320 GB capacities.



- **Ultrastar SSD400S.B:** The industry's first SSD to use 25-nanometer single-level cell (SLC) NAND flash, available in 100GB, 200GB, & 400GB capacities.
- **Deskstar & Travelstar drives:** The new 4TB 3.5-inch Deskstar and 1TB 2.5-inch Travelstar drives are shipping in G-Technology products.
- **Second Generation 7,200 RPM, 7mm 2.5-inch drive, the Travelstar Z7K500 Family:** Represents a number of industry firsts:
  - The first 7,200 RPM, 7mm, one-disk, 500GB mobile hard drive, reaching 630 gigabit/square inch areal density;
  - The first 2.5-inch drive with a 6Gb/s SATA interface and 32MB cache;
  - The industry's fastest 2.5-inch drives, delivering up to 33% more performance;
  - The highest 2.5-inch HDD operating shock at 400G for rugged portable devices; and,
  - Shipments from 7mm 2.5-inch hard drives for the Ultrabook market reaching a record 25 million.
- **Ultrastar SSD400S SSD Family:** EMC has selected and qualified the Ultrastar SSD400S SSD family in it's "all Flash" VNX® Unified Storage systems for mission-critical Microsoft and Oracle environments.
- **G-Team:** G-Technology introduced its new G-Team, an *ambassador program*, featuring leading producers, cinematographers and photographers, giving insight and inspiration to current and future generations of digital artists.
- **8TB G-RAID with Thunderbolt System:** The extremely fast and highest-capacity, two-drive, RAID 0 external drive in the world.
- **Ultrastar 7K4000:** The world's first 4TB enterprise-class hard drive provides space-efficient, high-performance, low-power storage for traditional enterprises as well as for the explosive big data and cloud/Internet markets.

