

WESTERN DIGITAL CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

(in millions; unaudited)

	<u>Sept. 26,</u> <u>2008</u>	<u>Jun. 27,</u> <u>2008</u>
ASSETS		
Current assets:		
Cash and cash equivalents.....	\$ 1,213	\$ 1,104
Short-term investments	2	3
Accounts receivable, net.....	1,082	1,010
Inventories.....	477	456
Other	<u>174</u>	<u>158</u>
Total current assets	2,948	2,731
Property and equipment, net.....	1,674	1,668
Goodwill ..	116	116
Other intangibles, net	78	81
Other assets.....	<u>276</u>	<u>279</u>
Total assets.....	<u>\$ 5,092</u>	<u>\$ 4,875</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:		
Accounts payable	\$ 1,215	\$ 1,181
Accrued expenses	243	266
Accrued warranty.....	93	90
Current portion of long-term debt.....	<u>45</u>	<u>27</u>
Total current liabilities	1,596	1,564
Long-term debt.....	462	482
Other liabilities.....	<u>147</u>	<u>133</u>
Total liabilities	2,205	2,179
Shareholders' equity.....	<u>2,887</u>	<u>2,696</u>
Total liabilities and shareholders' equity.....	<u>\$ 5,092</u>	<u>\$ 4,875</u>

WESTERN DIGITAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(in millions, except per share amounts)
(unaudited)

	<u>Three Months Ended</u>	
	<u>Sept. 26, 2008</u>	<u>Sept. 28, 2007</u>
Revenue, net.....	\$ 2,109	\$ 1,766
Cost of revenue.....	<u>1,685</u>	<u>1,443</u>
Gross margin	424	323
Operating expenses:		
Research and development	133	91
Selling, general and administrative	57	48
Acquired in-process research and development	—	49
Total operating expenses	<u>190</u>	<u>188</u>
Operating income.....	234	135
Net interest and other	<u>(4)</u>	<u>3</u>
Income before income taxes	230	138
Income tax provision	<u>19</u>	<u>69</u>
Net income.....	<u>\$ 211</u>	<u>\$ 69</u>
Net income per common share:		
Basic	<u>\$ 0.95</u>	<u>\$ 0.31</u>
Diluted.....	<u>\$ 0.93</u>	<u>\$ 0.31</u>
Common shares used in computing per share amounts:		
Basic	<u>222</u>	<u>219</u>
Diluted.....	<u>226</u>	<u>224</u>

WESTERN DIGITAL CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions; unaudited)

	Three Months Ended	
	Sept. 26, 2008	Sept. 28, 2007
Cash flows from operating activities		
Net income.....	\$ 211	\$ 69
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation and amortization.....	117	78
In-process research and development	—	49
Deferred income taxes	—	60
Stock-based compensation	10	8
Loss on investments.....	3	—
Changes in operating assets and liabilities	(40)	(45)
Net cash provided by operating activities	<u>301</u>	<u>219</u>
Cash flows from investing activities		
Acquisitions, net of cash acquired.....	—	(911)
Capital expenditures.....	(162)	(163)
Investments, net.....	1	65
Net cash used in investing activities.....	<u>(161)</u>	<u>(1,009)</u>
Cash flows from financing activities		
Acquisition-related debt, net.....	—	750
Issuance of common stock under employee plans, net.....	(1)	10
Repurchases of common stock.....	(36)	(16)
Tax benefit from employee stock plans	8	—
Repayment of long-term debt.....	(2)	(3)
Net cash provided by (used in) financing activities.....	<u>(31)</u>	<u>741</u>
Net increase (decrease) in cash and cash equivalents	109	(49)
Cash and cash equivalents, beginning of period.....	1,104	700
Cash and cash equivalents, end of period	<u>\$ 1,213</u>	<u>\$ 651</u>