

**WESTERN DIGITAL CORPORATION**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

(in millions; unaudited)

	<u>Mar. 30,</u> <u>2007</u>	<u>Jun. 30,</u> <u>2006</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents.....	\$ 704	\$ 551
Short-term investments .....	171	148
Accounts receivable, net.....	715	481
Inventories.....	243	205
Other .....	<u>100</u>	<u>107</u>
Total current assets .....	1,933	1,492
Property and equipment, net.....	672	549
Other assets, net.....	<u>48</u>	<u>32</u>
Total assets.....	<u>\$ 2,653</u>	<u>\$ 2,073</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable .....	\$ 851	\$ 632
Accrued expenses .....	125	131
Accrued warranty.....	74	71
Current portion of long-term debt.....	<u>14</u>	<u>25</u>
Total current liabilities .....	1,064	859
Long-term debt.....	13	19
Other liabilities.....	<u>40</u>	<u>38</u>
Total liabilities .....	1,117	916
Shareholders' equity.....	<u>1,536</u>	<u>1,157</u>
Total liabilities and shareholders' equity.....	<u>\$ 2,653</u>	<u>\$ 2,073</u>

WESTERN DIGITAL CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

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

	Three Months Ended			Nine Months Ended	
	Mar. 30, 2007	Dec. 29, 2006	Mar. 31, 2006	Mar. 30, 2007	Mar. 31, 2006
Revenue, net.....	\$ 1,410	\$ 1,428	\$ 1,129	\$ 4,101	\$ 3,256
Cost of revenue.....	1,188	1,173	911	3,406	2,631
Gross margin.....	222	255	218	695	625
Operating expenses:					
Research and development.....	75	77	79	227	226
Selling, general and administrative.....	32	56	39	132	127
Total operating expenses.....	107	133	118	359	353
Operating income.....	115	122	100	336	272
Net interest and other income.....	7	6	5	20	10
Income before income taxes.....	122	128	105	356	282
Income tax provision.....	1	—	3	4	7
Net income.....	\$ 121	\$ 128	\$ 102	\$ 352	\$ 275
Net income per common share:					
Basic.....	\$ .55	\$ .58	\$ .47	\$ 1.60	\$ 1.28
Diluted.....	\$ .53	\$ .57	\$ .45	\$ 1.56	\$ 1.23
Common shares used in computing per share amounts:					
Basic.....	220	220	217	219	214
Diluted.....	226	226	227	226	223

**WESTERN DIGITAL CORPORATION**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(in millions; unaudited)

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>Mar. 30, 2007</b>	<b>Mar. 31, 2006<sup>1</sup></b>	<b>Mar. 30, 2007</b>	<b>Mar. 31, 2006<sup>1</sup></b>
<b>Cash flows from operating activities</b>				
Net income.....	\$ 121	\$ 102	\$ 352	\$ 275
Adjustments to reconcile net income to net cash provided by operations:				
Depreciation and amortization.....	55	42	149	116
Stock-based compensation.....	13	9	34	25
Deferred income taxes.....	2	—	3	—
Other non-cash items.....	—	(2)	—	5
Changes in operating assets and liabilities.....	(27)	(49)	(74)	(154)
Net cash provided by operating activities.....	<u>164</u>	<u>102</u>	<u>464</u>	<u>267</u>
<b>Cash flows from investing activities</b>				
Capital expenditures.....	(70)	(87)	(238)	(198)
Short-term investments, net.....	(16)	(36)	(23)	(18)
Net cash used in investing activities.....	<u>(86)</u>	<u>(123)</u>	<u>(261)</u>	<u>(216)</u>
<b>Cash flows from financing activities</b>				
Issuance of common stock under employee plans.....	1	38	17	68
Repurchase of common stock.....	(29)	(18)	(29)	(44)
Repayment of long-term debt.....	(22)	(6)	(38)	(17)
Net cash (used in) provided by financing activities....	<u>(50)</u>	<u>14</u>	<u>(50)</u>	<u>7</u>
Net increase (decrease) in cash and cash equivalents.....	28	(7)	153	58
Cash and cash equivalents, beginning of period.....	676	550	551	485
Cash and cash equivalents, end of period.....	<u>\$ 704</u>	<u>\$ 543</u>	<u>\$ 704</u>	<u>\$ 543</u>

<sup>1</sup> Capital expenditures in the current period have been presented on a cash disbursements basis. The comparative amounts for capital expenditures and cash flows from operating activities have been reclassified to conform to the current period presentation.