

WESTERN DIGITAL CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

(in millions; unaudited)

	<u>Mar. 27,</u> <u>2009</u>	<u>Jun. 27,</u> <u>2008</u>
ASSETS		
Current assets:		
Cash and cash equivalents.....	\$ 1,579	\$ 1,104
Accounts receivable, net.....	824	1,010
Inventories.....	385	456
Other	<u>134</u>	<u>161</u>
Total current assets	2,922	2,731
Property and equipment, net.....	1,570	1,668
Goodwill	138	116
Other intangible assets, net.....	93	81
Other assets.....	<u>269</u>	<u>279</u>
Total assets.....	<u>\$ 4,992</u>	<u>\$ 4,875</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:		
Accounts payable	\$ 1,001	\$ 1,181
Accrued expenses	252	266
Accrued warranty.....	93	90
Current portion of long-term debt.....	<u>77</u>	<u>27</u>
Total current liabilities	1,423	1,564
Long-term debt.....	425	482
Other liabilities.....	<u>152</u>	<u>133</u>
Total liabilities	2,000	2,179
Shareholders' equity.....	<u>2,992</u>	<u>2,696</u>
Total liabilities and shareholders' equity.....	<u>\$ 4,992</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>Nine Months Ended</u>	
	<u>Mar. 27, 2009</u>	<u>Mar. 28, 2008</u>	<u>Mar. 27, 2009</u>	<u>Mar. 28, 2008</u>
Revenue, net.....	\$ 1,592	\$ 2,111	\$ 5,524	\$ 6,081
Cost of revenue.....	<u>1,339</u>	<u>1,634</u>	<u>4,557</u>	<u>4,767</u>
Gross margin.....	<u>253</u>	<u>477</u>	<u>967</u>	<u>1,314</u>
Operating expenses:				
Research and development.....	125	123	377	336
Selling, general and administrative.....	49	56	149	164
Acquired in-process research and development	14	—	14	49
Restructuring.....	4	—	117	—
Total operating expenses	<u>192</u>	<u>179</u>	<u>657</u>	<u>549</u>
Operating income	61	298	310	765
Net interest and other.....	<u>(3)</u>	<u>(8)</u>	<u>(16)</u>	<u>(21)</u>
Income before income taxes	58	290	294	744
Income tax provision	8	10	20	90
Net income	<u>\$ 50</u>	<u>\$ 280</u>	<u>\$ 274</u>	<u>\$ 654</u>
Net income per common share:				
Basic	<u>\$ 0.22</u>	<u>\$ 1.26</u>	<u>\$ 1.23</u>	<u>\$ 2.97</u>
Diluted.....	<u>\$ 0.22</u>	<u>\$ 1.23</u>	<u>\$ 1.22</u>	<u>\$ 2.89</u>
Common shares used in computing per share amounts:				
Basic	<u>223</u>	<u>222</u>	<u>222</u>	<u>220</u>
Diluted	<u>226</u>	<u>227</u>	<u>225</u>	<u>226</u>

WESTERN DIGITAL CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions; unaudited)

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>Mar. 27, 2009</u>	<u>Mar. 28, 2008</u>	<u>Mar. 27, 2009</u>	<u>Mar. 28, 2008</u>
Cash flows from operating activities				
Net income.....	\$ 50	\$ 280	\$ 274	\$ 654
Adjustments to reconcile net income to net cash provided by operations:				
Depreciation and amortization.....	119	111	358	300
Stock-based compensation.....	12	10	33	27
Deferred income taxes.....	—	14	(7)	76
Loss on investments.....	1	4	10	12
Non-cash portion of restructuring.....	1	—	81	—
In-process research and development.....	14	—	14	49
Changes in operating assets and liabilities.....	158	12	193	51
Net cash provided by operating activities.....	<u>355</u>	<u>431</u>	<u>956</u>	<u>1,169</u>
Cash flows from investing activities				
Acquisitions, net of cash acquired.....	(44)	(10)	(44)	(925)
Capital expenditures.....	(106)	(137)	(408)	(469)
Investments, net.....	—	15	1	222
Net cash used in investing activities.....	<u>(150)</u>	<u>(132)</u>	<u>(451)</u>	<u>(1,172)</u>
Cash flows from financing activities				
Issuance of common stock under employee plans, net.....	(1)	6	8	38
Tax benefit from employee stock plans.....	1	—	5	—
Repurchase of common stock.....	—	(44)	(36)	(60)
Acquisition-related debt, net.....	—	(260)	—	250
Repayment of long-term debt.....	(2)	(1)	(7)	(8)
Net cash provided by (used in) financing activities....	<u>(2)</u>	<u>(299)</u>	<u>(30)</u>	<u>220</u>
Net increase in cash and cash equivalents.....	203	—	475	217
Cash and cash equivalents, beginning of period.....	1,376	917	1,104	700
Cash and cash equivalents, end of period.....	<u>\$ 1,579</u>	<u>\$ 917</u>	<u>\$ 1,579</u>	<u>\$ 917</u>