

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

(in millions; unaudited)

	<u>Jun. 29, 2007</u>	<u>Jun. 30, 2006</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents.....	\$ 700	\$ 551
Short-term investments .....	207	148
Accounts receivable, net.....	697	481
Inventories.....	259	205
Other .....	<u>175</u>	<u>107</u>
Total current assets .....	2,038	1,492
Property and equipment, net.....	741	549
Other assets, net.....	<u>144</u>	<u>32</u>
Total assets.....	<u>\$ 2,923</u>	<u>\$ 2,073</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable .....	\$ 882	\$ 632
Accrued expenses .....	163	131
Accrued warranty.....	74	71
Current portion of long-term debt.....	<u>12</u>	<u>25</u>
Total current liabilities .....	1,131	859
Long-term debt.....	10	19
Other liabilities.....	<u>46</u>	<u>38</u>
Total liabilities .....	1,187	916
Shareholders' equity.....	<u>1,736</u>	<u>1,157</u>
Total liabilities and shareholders' equity.....	<u>\$ 2,923</u>	<u>\$ 2,073</u>

**WESTERN DIGITAL CORPORATION**

**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

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

	Three Months Ended			Years Ended	
	Jun. 29, 2007	Mar. 30, 2007	Jun. 30, 2006	Jun. 29, 2007	Jun. 30, 2006
Revenue, net.....	\$ 1,367	\$ 1,410	\$ 1,085	\$ 5,468	\$ 4,341
Cost of revenue.....	1,162	1,188	881	4,568	3,512
Gross margin.....	<u>205</u>	<u>222</u>	<u>204</u>	<u>900</u>	<u>829</u>
Operating expenses:					
Research and development.....	79	75	71	306	297
Selling, general and administrative.....	47	32	39	179	166
Total operating expenses.....	<u>126</u>	<u>107</u>	<u>110</u>	<u>485</u>	<u>463</u>
Operating income.....	79	115	94	415	366
Net interest and other income.....	8	7	6	28	16
Income before income taxes.....	87	122	100	443	382
Income tax (benefit) provision.....	(146)	1	(20)	(142)	(13)
Net income.....	<u>\$ 233</u>	<u>\$ 121</u>	<u>\$ 120</u>	<u>\$ 585</u>	<u>\$ 395</u>
Net income per common share:					
Basic.....	<u>\$ 1.06</u>	<u>\$ .55</u>	<u>\$ .55</u>	<u>\$ 2.66</u>	<u>\$ 1.84</u>
Diluted.....	<u>\$ 1.03</u>	<u>\$ .53</u>	<u>\$ .53</u>	<u>\$ 2.59</u>	<u>\$ 1.76</u>
Common shares used in computing per share amounts:					
Basic.....	<u>219</u>	<u>220</u>	<u>218</u>	<u>219</u>	<u>215</u>
Diluted.....	<u>225</u>	<u>226</u>	<u>225</u>	<u>226</u>	<u>224</u>

**WESTERN DIGITAL CORPORATION**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(in millions; unaudited)

	Three Months Ended		Years Ended	
	Jun. 29, 2007	Jun. 30, 2006 <sup>1</sup>	Jun. 29, 2007	Jun. 30, 2006 <sup>1</sup>
<b>Cash flows from operating activities</b>				
Net income .....	\$ 233	\$ 120	\$ 585	\$ 395
Adjustments to reconcile net income to net cash provided by operations:				
Depreciation and amortization .....	61	43	210	160
Stock-based compensation .....	14	12	48	37
Deferred income taxes .....	(147)	(22)	(147)	(22)
Other non-cash items .....	—	—	—	5
Changes in operating assets and liabilities .....	(7)	(53)	(78)	(207)
Net cash provided by operating activities .....	154	100	618	368
<b>Cash flows from investing activities</b>				
Capital expenditures .....	(85)	(70)	(324)	(268)
Short-term investments, net .....	(36)	(17)	(59)	(35)
Net cash used in investing activities .....	(121)	(87)	(383)	(303)
<b>Cash flows from financing activities</b>				
Issuance of common stock under employee plans .....	13	10	30	78
Repurchase of common stock .....	(45)	(10)	(73)	(54)
Repayment of long-term debt .....	(5)	(6)	(43)	(23)
Net cash (used in) provided by financing activities .....	(37)	(6)	(86)	1
Net increase (decrease) in cash and cash equivalents .....	(4)	7	149	66
Cash and cash equivalents, beginning of period .....	704	544	551	485
Cash and cash equivalents, end of period .....	\$ 700	\$ 551	\$ 700	\$ 551

<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.