

WESTERN DIGITAL CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

(in millions; unaudited)

	<u>Jun. 27,</u> <u>2008</u>	<u>Jun. 29,</u> <u>2007</u>
ASSETS		
Current assets:		
Cash and cash equivalents.....	\$ 1,104	\$ 700
Short-term investments	3	207
Accounts receivable, net.....	1,010	697
Inventories	456	259
Other	<u>158</u>	<u>166</u>
Total current assets.....	2,731	2,029
Property and equipment, net.....	1,668	741
Deferred taxes, goodwill and other, net	<u>472</u>	<u>131</u>
Total assets	<u>\$ 4,871</u>	<u>\$ 2,901</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable.....	\$ 1,181	\$ 882
Accrued expenses	262	163
Accrued warranty	90	73
Current portion of long-term debt.....	<u>27</u>	<u>12</u>
Total current liabilities	1,560	1,130
Long-term debt.....	482	10
Other liabilities	<u>133</u>	<u>45</u>
Total liabilities.....	2,175	1,185
Shareholders' equity	<u>2,696</u>	<u>1,716</u>
Total liabilities and shareholders' equity.....	<u>\$ 4,871</u>	<u>\$ 2,901</u>

WESTERN DIGITAL CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

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

	Three Months Ended			Years Ended	
	Jun. 27, 2008	Mar. 28, 2008	Jun. 29, 2007	Jun. 27, 2008	Jun 29, 2007
Revenue, net	\$ 1,993	\$ 2,111	\$ 1,367	\$ 8,074	\$ 5,468
Cost of revenue	1,568	1,634	1,162	6,335	4,568
Gross margin.....	425	477	205	1,739	900
Operating expenses:					
Research and development.....	128	123	79	464	306
Selling, general and administrative	56	56	47	220	179
Acquired in-process research and development	—	—	—	49	—
Total operating expenses	184	179	126	733	485
Operating income.....	241	298	79	1,006	415
Net interest and other	(4)	(8)	7	(25)	28
Income before income taxes	237	290	86	981	443
Income tax provision (benefit).....	24	10	(126)	114	(121)
Net income.....	\$ 213	\$ 280	\$ 212	\$ 867	\$ 564
Net income per common share:					
Basic.....	\$ 0.96	\$ 1.26	\$ 0.97	\$ 3.92	\$ 2.57
Diluted.....	\$ 0.94	\$ 1.23	\$ 0.94	\$ 3.84	\$ 2.50
Common shares used in computing per share amounts:					
Basic.....	222	222	219	221	219
Diluted.....	227	227	225	226	226

WESTERN DIGITAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions; unaudited)

	<u>Three Months Ended</u>		<u>Years Ended</u>	
	<u>Jun. 27, 2008</u>	<u>Jun 29, 2007</u>	<u>Jun 27, 2008</u>	<u>Jun 29, 2007</u>
Cash flows from operating activities				
Net income.....	\$ 213	\$ 212	\$ 867	\$ 564
Adjustments to reconcile net income to net cash provided by operations:				
Depreciation and amortization.....	113	61	413	210
In-process research and development.....	—	—	49	—
Deferred income taxes	24	(126)	101	(126)
Stock-based compensation.....	10	14	37	48
Loss on investments	2	—	13	—
Changes in operating assets and liabilities.....	(44)	(7)	8	(78)
Net cash provided by operating activities.....	<u>318</u>	<u>154</u>	<u>1,488</u>	<u>618</u>
Cash flows from investing activities				
Acquisitions, net of cash acquired.....	(2)	—	(927)	—
Capital expenditures	(146)	(85)	(615)	(324)
Investments, net.....	—	(36)	221	(59)
Net cash used in investing activities	<u>(148)</u>	<u>(121)</u>	<u>(1,321)</u>	<u>(383)</u>
Cash flows from financing activities				
Acquisition-related debt, net	—	—	250	—
Issuance of common stock under employee plans	21	13	60	30
Repurchase of common stock	—	(45)	(60)	(73)
Repayment of long-term debt	(4)	(5)	(13)	(43)
Net cash provided by (used in) financing activities..	<u>17</u>	<u>(37)</u>	<u>237</u>	<u>(86)</u>
Net increase (decrease) in cash and cash equivalents	187	(4)	404	149
Cash and cash equivalents, beginning of period.....	917	704	700	551
Cash and cash equivalents, end of period.....	<u>\$ 1,104</u>	<u>\$ 700</u>	<u>\$ 1,104</u>	<u>\$ 700</u>