

**Third Annual
Needham HDD Investor Day
Western Digital**

John Coyne
President and CEO

Tim Leyden
EVP and CFO



November 4, 2009

This presentation contains forward-looking statements, including statements related to: conditions in the hard drive industry concerning industry demand, industry expansion, application growth, predictability and consistency; growth opportunities in the storage industry; WD's investments in R&D and capacity; market share trends; WD's business model and the impact of entering the traditional enterprise market. These forward-looking statements are based on WD's current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements, including: the impact of recent uncertainty and volatility in global economic conditions; supply and demand conditions in the hard drive industry; actions by competitors; unexpected advances in competing technologies; uncertainties related to the development and introduction of products based on new technologies and expansion into new storage markets; business conditions and growth in the various storage markets; pricing trends and fluctuations in average selling prices; changes in the availability and cost of commodity materials and specialized product components that WD does not make internally; and other risks and uncertainties listed in WD's recent filings with the Securities and Exchange Commission, to which your attention is directed. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof, and WD undertakes no obligation to update these forward-looking statements to reflect subsequent events or circumstances.

Sustained Profitable Growth Strategy



Executed with:

Passion, Action, Perseverance, Productivity, Innovation & Integrity

■ HDD market continues to provide substantial growth opportunities

- 2009–2013 CAGR of:

- 9% Units*

- 6% Revenue*

■ WD is advantaged

- Continuing opportunity in served markets

- Enabled by cost leadership and high asset velocity model

- Untapped profit pools in Traditional Enterprise (TEP) and Gaming

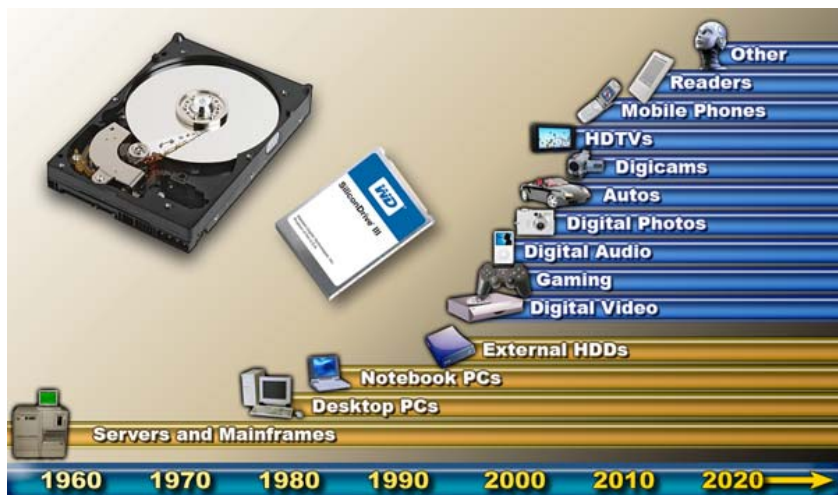
- Strong balance sheet enables R&D and capacity

HDD TAM Growth

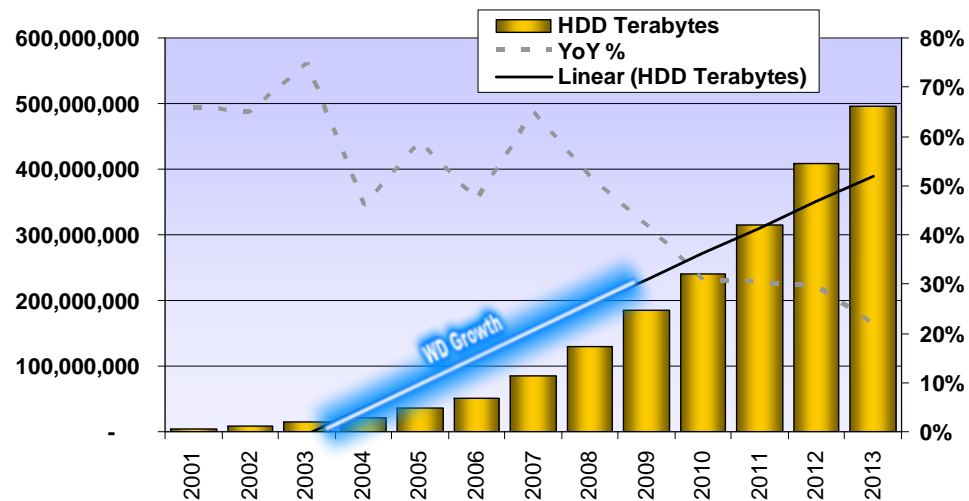
CY 09-13 Unit CAGR of 9% and Revenue CAGR of 6%



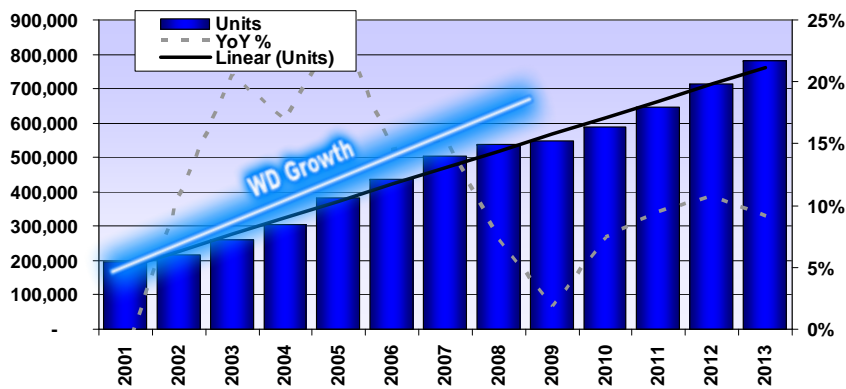
Exploding Diversity of Storage Demand



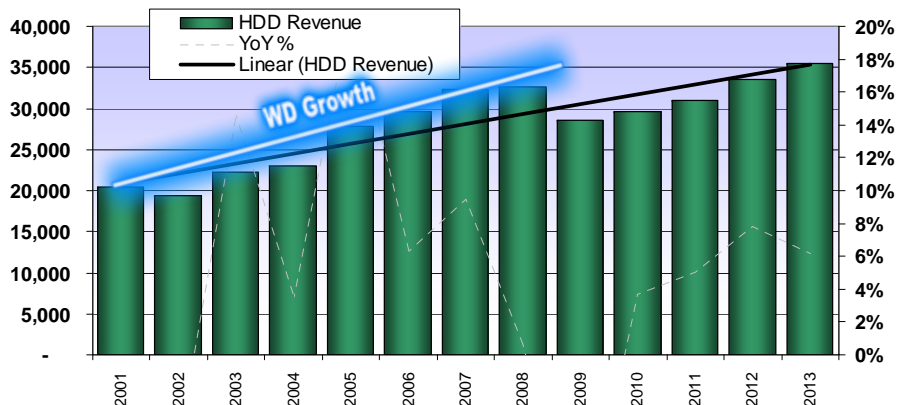
HDD Terabyte Growth (CAGR '01-'13: 46%, '09-'13: 28%)



HDD Unit Growth (CAGR '01-'13: 12.2%, '09-'13: 9.2%)



HDD Revenue Growth (CAGR '01-'13: 4.7%, '09-'13: 5.7%)

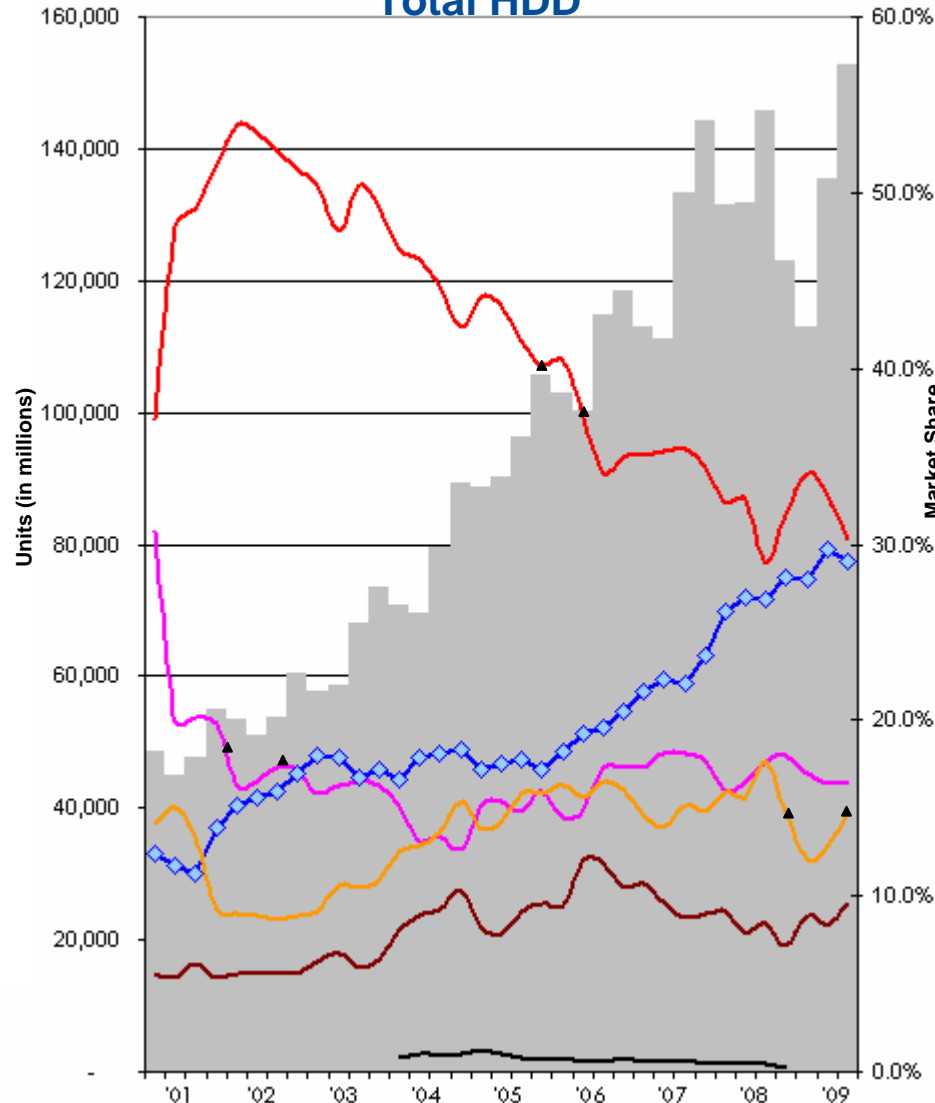


HDD Market Share Trends: 3.5", 2.5" and Overall

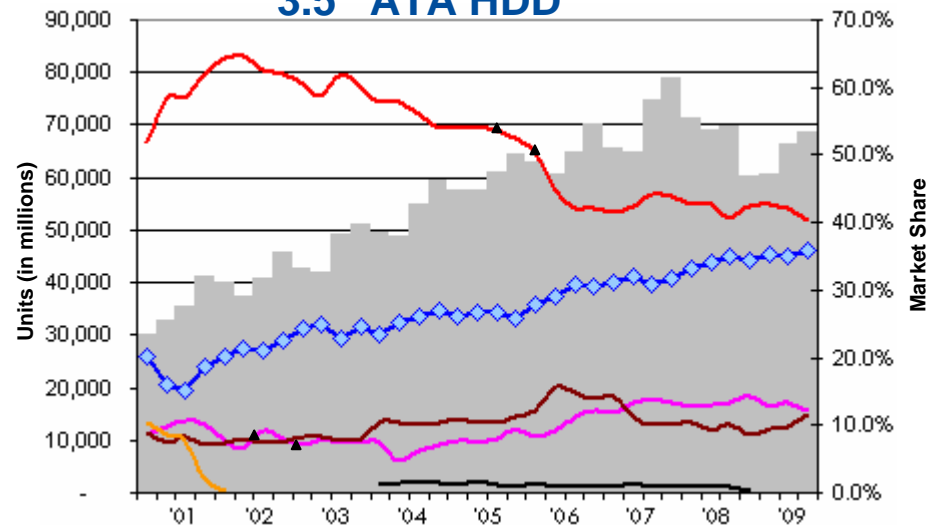


- TAM -- TOTAL HDD
- ◆ Seagate (Maxtor)
- ◆ Western Digital
- ◆ Hitachi (IBM)
- ◆ Samsung
- ◆ Toshiba (Fujitsu)

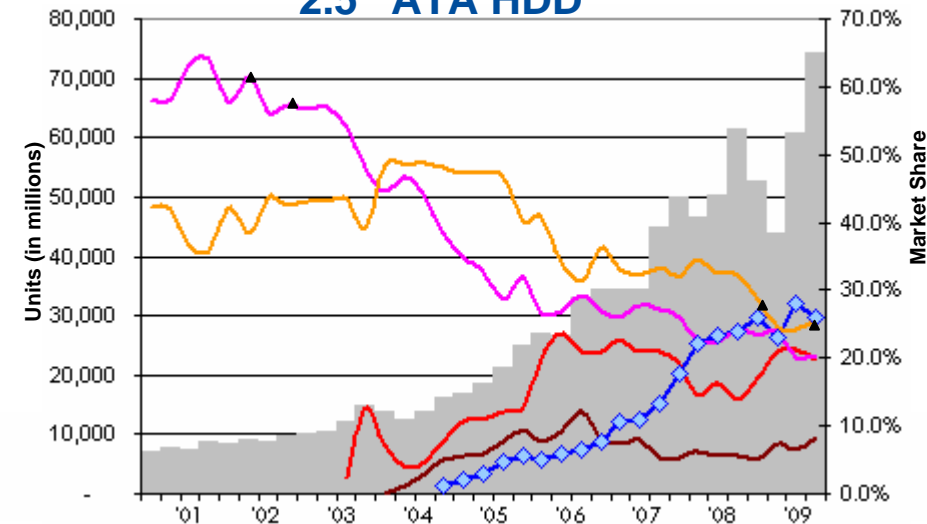
Total HDD



3.5" ATA HDD



2.5" ATA HDD



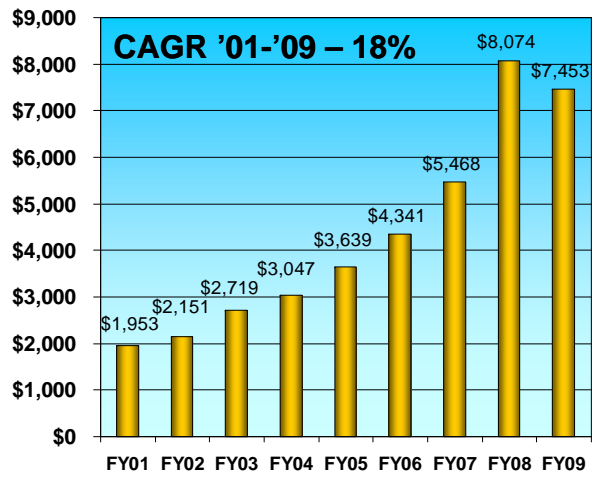
14k quarter adjustments:
Seagate CQ3'08, Western Digital CQ2'09

WD Performance

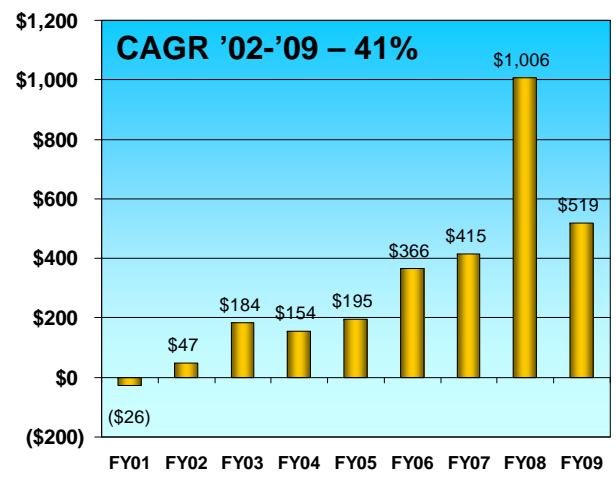


Increasingly Leveraged Investments in Products, Processes & Parts

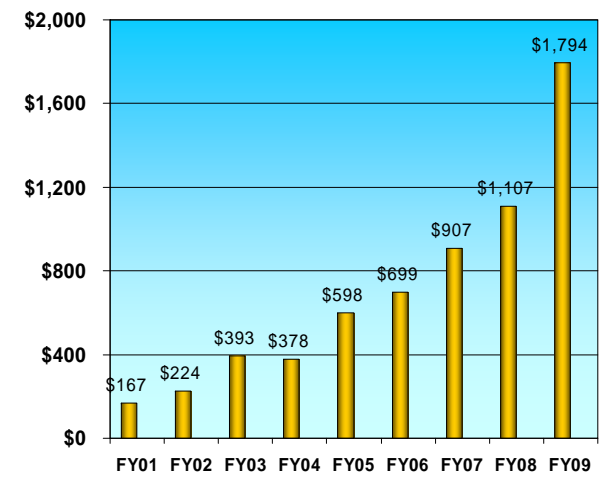
Revenue
Dollars in Millions



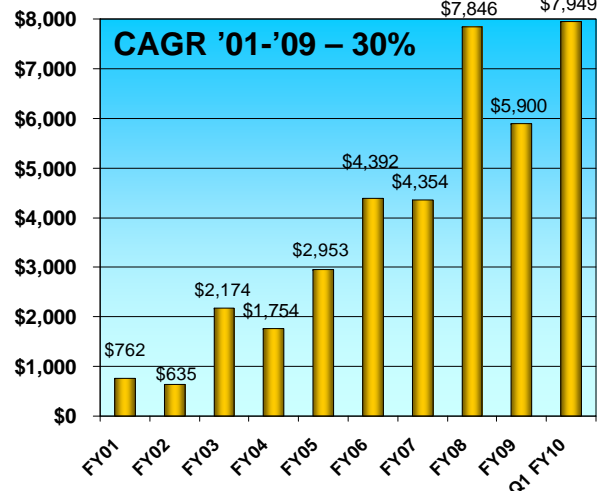
Operating Income
Dollars in Millions



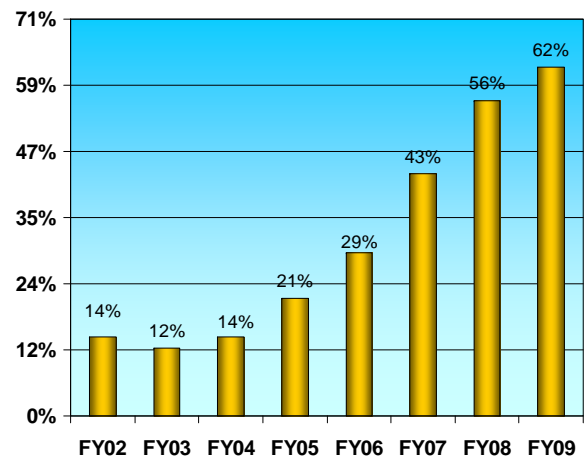
Cash & Short-Term Investments
Dollars in Millions



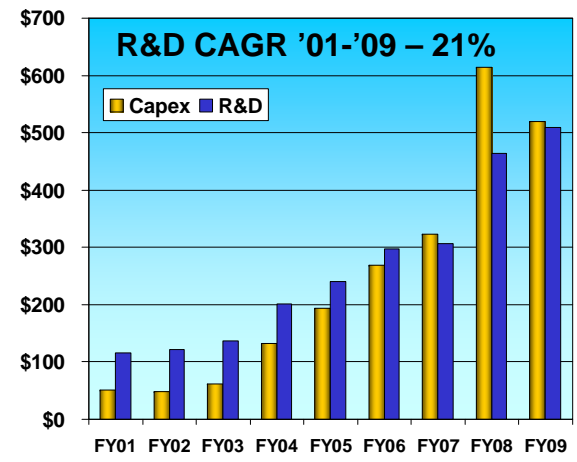
Market Cap
Dollars in Millions



Non-Desktop Revenue Percentage

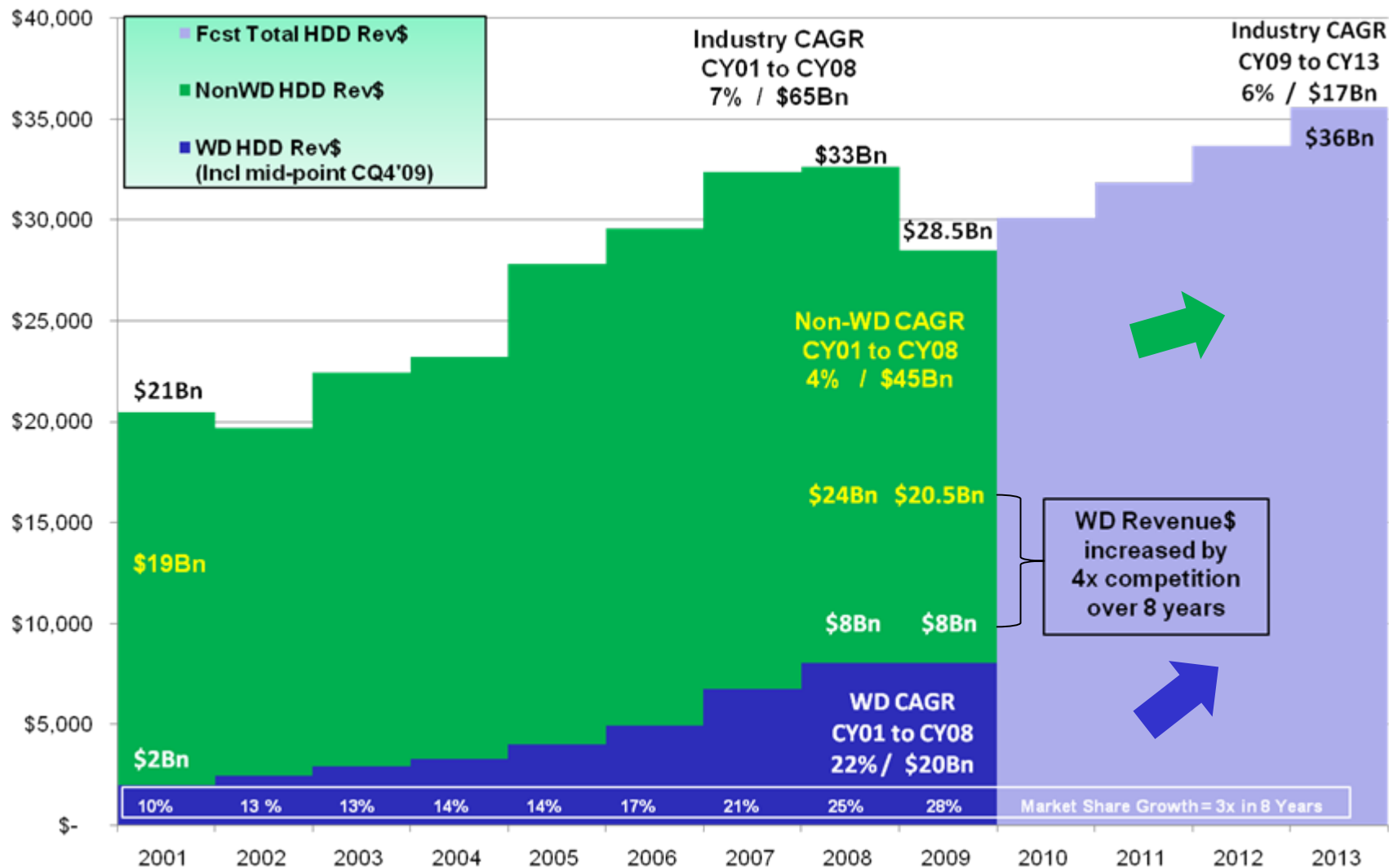


Capital Expenditures and R&D
Dollars in Millions



Industry Performance and Outlook

WD – A Sustained Profitable Growth Story



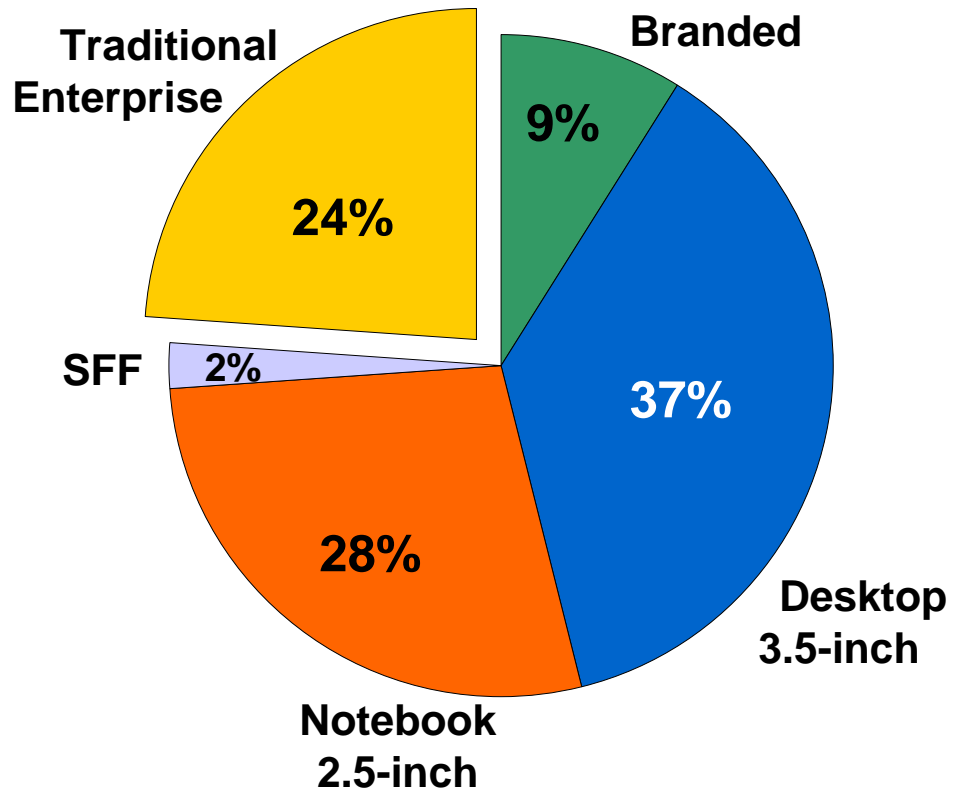
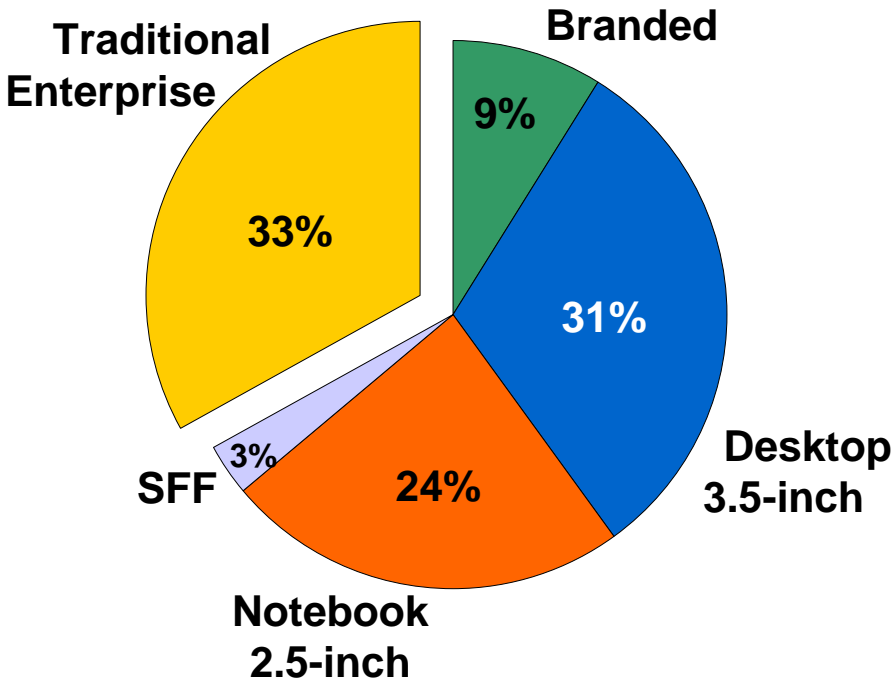
HDD Market Gross Profit Pools:



WD Has Opportunity in Served & Unaddressed Segments

FY09 - \$4.5B
Enterprise \$1.5Bn

FY10 - \$6.0B
Enterprise \$1.5Bn



WD Business Model:

Current Model, Performance and What-if Scenarios



	Post Media Acquisition	Actual Performance Range			Margin Impact of Success in Traditional Enterprise (TEP)		
		Worst Fiscal Quarter	8 Quarter	Best Fiscal Quarter	10% Share	20% Share	30% Share
		Business Model	Q3 FY09	Avg.			
Revenue Growth	10-15% per annum	N/A	12.5%	N/A			
Gross Margin %	18-23%	15.9%	20.5%	23.3%	+0.75%	+1.5%	+2.25%
Operating Expense %	9-10%	10.9%	9.1%	8.2%			
Operating Income %	8-14%	5.0%	11.4%	15.1%	+0.75%	+1.5%	+2.25%
Taxes of Pretax Income %	7-10%	10.4%	6.6%	3.3%			
Capex Additions	7-8% of revenue	6.6%	7.2%	7.7%			
Cash Conversion Cycle	4-8 days	5.3	3.8	4.0			

Note: The Q3'09 and Average Operating Expense, Operating Income and Taxes of Pretax Income are on a non-GAAP basis. These amounts exclude \$113M restructuring charge and \$13M tax benefit (Q2'09), \$14M IPR&D expense and \$4M restructuring charge (Q3'09), \$18M gain on sale of assets and (\$5M) restructuring reversal (Q4'09).

HDD Industry Back on Track

Strategy for Sustained Profitable Growth by WD



- **Demand for storage is strong and growing**
 - HDD is the effective solution for cost effective mass storage

- **Strategy of sustained profitable growth through:**
 - Continuing above-market growth in currently served segments
 - Addressing untapped market segments
 - Offering HDDs as the solution of choice in new applications

- **WD has a track record of execution and is positioned to benefit further due to:**
 - A highly motivated and experienced team
 - A strong balance sheet
 - An agile and flexible business model
 - A keen sense of the value we bring to the market

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