

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

(in millions; unaudited)

	<u>Jul. 3, 2009</u>	<u>Jun. 27, 2008</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents .....	\$ 1,794	\$ 1,104
Accounts receivable, net .....	926	1,010
Inventories.....	376	456
Other.....	<u>134</u>	<u>161</u>
Total current assets.....	3,230	2,731
Property and equipment, net.....	1,584	1,668
Goodwill .....	139	116
Other intangible assets, net.....	89	81
Other assets.....	<u>249</u>	<u>279</u>
Total assets.....	<u>\$ 5,291</u>	<u>\$ 4,875</u>

**LIABILITIES AND SHAREHOLDERS' EQUITY**

Current liabilities:		
Accounts payable .....	\$ 1,101	\$ 1,181
Accrued expenses.....	247	266
Accrued warranty .....	95	90
Current portion of long-term debt .....	<u>82</u>	<u>27</u>
Total current liabilities .....	1,525	1,564
Long-term debt.....	400	482
Other liabilities.....	<u>174</u>	<u>133</u>
Total liabilities.....	2,099	2,179
Shareholders' equity.....	<u>3,192</u>	<u>2,696</u>
Total liabilities and shareholders' equity .....	<u>\$ 5,291</u>	<u>\$ 4,875</u>

**WESTERN DIGITAL CORPORATION**

**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

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

	<b>Three Months Ended</b>		<b>Years Ended</b>	
	<b>Jul. 3, 2009</b>	<b>Jun. 27, 2008</b>	<b>Jul. 3, 2009</b>	<b>Jun. 27, 2008</b>
Revenue, net.....	\$ 1,928	\$ 1,993	\$ 7,453	\$ 8,074
Cost of revenue.....	<u>1,558</u>	<u>1,568</u>	<u>6,116</u>	<u>6,335</u>
Gross margin.....	<u>370</u>	<u>425</u>	<u>1,337</u>	<u>1,739</u>
Operating expenses:				
Research and development.....	132	128	509	464
Selling, general and administrative.....	52	56	201	220
Acquired in-process research and development .....	—	—	14	49
Restructuring and other, net.....	<u>(23)</u>	<u>—</u>	<u>94</u>	<u>—</u>
Total operating expenses .....	<u>161</u>	<u>184</u>	<u>818</u>	<u>733</u>
Operating income.....	209	241	519	1,006
Net interest and other .....	<u>(2)</u>	<u>(4)</u>	<u>(18)</u>	<u>(25)</u>
Income before income taxes .....	207	237	501	981
Income tax provision .....	<u>11</u>	<u>24</u>	<u>31</u>	<u>114</u>
Net income.....	<u>\$ 196</u>	<u>\$ 213</u>	<u>\$ 470</u>	<u>\$ 867</u>
Net income per common share:				
Basic .....	<u>\$ 0.88</u>	<u>\$ 0.96</u>	<u>\$ 2.12</u>	<u>\$ 3.92</u>
Diluted.....	<u>\$ 0.86</u>	<u>\$ 0.94</u>	<u>\$ 2.08</u>	<u>\$ 3.84</u>
Common shares used in computing per share amounts:				
Basic .....	<u>223</u>	<u>222</u>	<u>222</u>	<u>221</u>
Diluted.....	<u>227</u>	<u>227</u>	<u>226</u>	<u>226</u>

WESTERN DIGITAL CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions; unaudited)

	Three Months Ended		Years Ended	
	Jul. 3, 2009	Jun. 27, 2008	Jul. 3, 2009	Jun. 27, 2008
<b>Cash flows from operating activities</b>				
Net income .....	\$ 196	\$ 213	\$ 470	\$ 867
Adjustments to reconcile net income to net cash provided by operations:				
Depreciation and amortization.....	122	113	479	413
Stock-based compensation .....	13	10	47	37
Deferred income taxes .....	31	(78)	24	(2)
Loss on investments.....	—	2	10	13
Non-cash portion of restructuring and other, net .....	(18)	—	63	—
Acquired in-process research and development .....	—	—	14	49
Changes in operating assets and liabilities .....	5	(31)	198	22
Net cash provided by operating activities .....	<u>349</u>	<u>229</u>	<u>1,305</u>	<u>1,399</u>
<b>Cash flows from investing activities</b>				
Acquisitions, net of cash acquired.....	(19)	(2)	(63)	(927)
Purchases of property and equipment.....	(111)	(146)	(519)	(615)
Proceeds from sale of property and equipment.....	29	—	29	—
Investments, net.....	1	—	2	221
Net cash used in investing activities.....	<u>(100)</u>	<u>(148)</u>	<u>(551)</u>	<u>(1,321)</u>
<b>Cash flows from financing activities</b>				
Issuance of stock under employee stock plans, net .....	14	21	23	60
Increase (decrease) in excess tax benefits from employee stock plans .....	(28)	89	(24)	89
Repurchases of common stock.....	—	—	(36)	(60)
Acquisition-related debt, net.....	—	—	—	250
Repayment of long-term debt.....	(20)	(4)	(27)	(13)
Net cash provided by (used in) financing activities ....	<u>(34)</u>	<u>106</u>	<u>(64)</u>	<u>326</u>
Net increase in cash and cash equivalents .....	215	187	690	404
Cash and cash equivalents, beginning of period.....	1,579	917	1,104	700
Cash and cash equivalents, end of period .....	<u>\$ 1,794</u>	<u>\$ 1,104</u>	<u>\$ 1,794</u>	<u>\$ 1,104</u>