WESTERN DIGITAL CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

(in millions; unaudited)

	Dec. 27, 2013	June 28, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	$ 4,655	$ 4,309
Accounts receivable, net	1,959	1,793
Inventories	1,293	1,188
Other current assets	381	308
Total current assets	8,288	7,598
Property, plant and equipment, net	3,509	3,700
Goodwill	2,555	1,954
Other intangible assets, net	607	605
Other non-current assets	323	179
Total assets	$ 15,282	$ 14,036
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 2,106	$ 1,990
Accrued arbitration award	732	706
Accrued expenses	479	480
Accrued compensation	456	453
Accrued warranty	117	114
Short-term debt	500	—
Current portion of long-term debt	230	230
Total current liabilities	4,620	3,973
Long-term debt	1,610	1,725
Other liabilities	473	445
Total liabilities	6,703	6,143
Total shareholders' equity	8,579	7,893
Total liabilities and shareholders' equity	$ 15,282	$ 14,036

WESTERN DIGITAL CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(in millions, except per share amounts; unaudited)

	Three Months Ended		Six Months Ended	
	Dec. 27, 2013	Dec. 28, 2012	Dec. 27, 2013	Dec. 28, 2012
Revenue, net	$ 3,972	$ 3,824	$ 7,776	$ 7,859
Cost of revenue	2,831	2,765	5,547	5,607
Gross profit	1,141	1,059	2,229	2,252
Operating expenses:				
Research and development	421	378	822	774
Selling, general and administrative	229	162	361	341
Charges related to arbitration award	13	—	26	—
Employee termination benefits and other charges	—	41	—	67
Total operating expenses	663	581	1,209	1,182
Operating income	478	478	1,020	1,070
Net interest and other	(11)	(10)	(21)	(24)
Income before income taxes	467	468	999	1,046
Income tax provision	37	133	74	192
Net income	$ 430	$ 335	$ 925	$ 854
Income per common share:				
Basic	$ 1.82	$ 1.38	$ 3.92	$ 3.50
Diluted	$ 1.77	$ 1.36	$ 3.81	$ 3.43
Weighted average shares outstanding:				
Basic	236	242	236	244
Diluted	243	246	243	249

WESTERN DIGITAL CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions; unaudited)

	Three Months Ended		Six Months Ended	
	Dec. 27, 2013	Dec. 28, 2012	Dec. 27, 2013	Dec. 28, 2012
Cash flows from operating activities				
Net income	$ 430	$ 335	$ 925	$ 854
Adjustments to reconcile net income to net cash provided by operations:				
Depreciation and amortization	317	309	629	622
Stock-based compensation	42	32	84	71
Deferred income taxes	(29)	80	(39)	68
Loss on disposal of assets	14	—	29	—
Gain from insurance recovery	—	—	(65)	—
Non-cash portion of employee termination benefits and other charges	—	15	—	15
Changes in operating assets and liabilities, net	(47)	1	(157)	78
Net cash provided by operating activities	727	772	1,406	1,708
Cash flows from investing activities				
Purchases of property, plant and equipment	(170)	(246)	(306)	(628)
Acquisitions, net of cash acquired	(560)	(18)	(823)	(27)
Other investing activities, net	(35)	(15)	4	(15)
Net cash used in investing activities	(765)	(279)	(1,125)	(670)
Cash flows from financing activities				
Employee stock plans, net	91	53	98	113
Repurchases of common stock	(150)	(146)	(300)	(364)
Dividends to shareholders	(59)	(121)	(118)	(121)
Proceeds from debt	—	—	500	—
Repayment of debt	(58)	—	(115)	(58)
Net cash provided by (used in) financing activities	(176)	(214)	65	(430)
Net increase (decrease) in cash and cash equivalents	(214)	279	346	608
Cash and cash equivalents, beginning of period	4,869	3,537	4,309	3,208
Cash and cash equivalents, end of period	$ 4,655	$ 3,816	$ 4,655	$ 3,816