

Western Digital: Creating Value in the Evolving World of Storage

NASDAQ OMX 29th Investor Program

Wolfgang Nickl

EVP & CFO, Western Digital Corp.

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Forward-Looking Statements

These presentations contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements concerning growth opportunities in the storage industry, including growth in units shipped, areal density and content stored, our expected financial results, our business model and financial goals and our capital allocation strategy. These forward-looking statements are based on management's current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the forward-looking statements, including the impact of continued uncertainty and volatility in global economic conditions; supply and demand conditions in the hard drive industry; uncertainties concerning the availability and cost of commodity materials and specialized product components; 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 data storage markets; business conditions and growth in the various hard drive markets; pricing trends and fluctuations in average selling prices; and compliance with regulatory conditions imposed on us by the Chinese Ministry of Commerce. More information about the other risks and uncertainties that could affect our business are listed in our filings with the Securities and Exchange Commission (the "SEC") and available on the SEC's website at www.sec.gov, including our Annual Report on Form 10-Q filed with the SEC on November 2, 2012, to which your attention is directed.

In addition, our long-term financial goals included in this presentation are based upon a variety of estimates and assumptions which may not be realized and, in addition to the risks identified above, are inherently subject to business, economic, competitive, industry, regulatory, market and financial uncertainties, many of which are beyond our control. There can be no assurance that the assumptions made in preparing our long-term financial goals will prove accurate or will be achieved. The assumptions our management used as a basis for the long-term financial goals are not facts and should not be relied upon as being necessarily indicative of future results, and investors are cautioned not to place undue reliance on the these long-term financial goals.

The forward-looking statements, including the long-term financial goals included in this presentation, speak only as of the date hereof. We do not intend, and we undertake no duty, to update these forward-looking statements to reflect subsequent events or circumstances; however, we may update our business outlook or long-term financial goals or any portion thereof at any time in our discretion.

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- Company Overview
- Storage Market Trends
- Strategic Direction
- Driving Shareholder Value

Company Overview



A Leader in Storage Solutions



- Headquartered in Irvine, California
- Two independent subsidiaries: WD and HGST
- Deep storage industry roots at both subsidiaries: More than 6,000 active patents worldwide
- 10 years of consistent profitable growth, with revenues up 19% and earnings per share up 34% on a compounded annual growth rate basis
- Approximately 96,000 employees worldwide
- \$3.5B cash; \$2.1B debt as of FY'13 Q1
- Fiscal year 2012 revenue \$12.5 billion, operating income \$1.8 billion

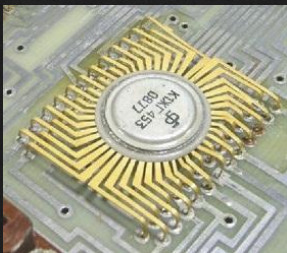
50 YEARS OF EVOLUTION

Building Industry Leadership by Driving Change



1970-1979

Semiconductor



Chips



1980-1989

Drivers / Firmware



Boards



1990-1999

Magnetics /
Mechanics



HDDs



2000-2009

Industrial Design /
User Interface / Apps



Products



2010-2019

Innovation
Market Making



Solutions

THE LAST 10 YEARS

Execution & Strategic Investments

2002

Customer Delight

2012



Desktop
Strong Base



Operational
Efficiency



Laptop
Wave



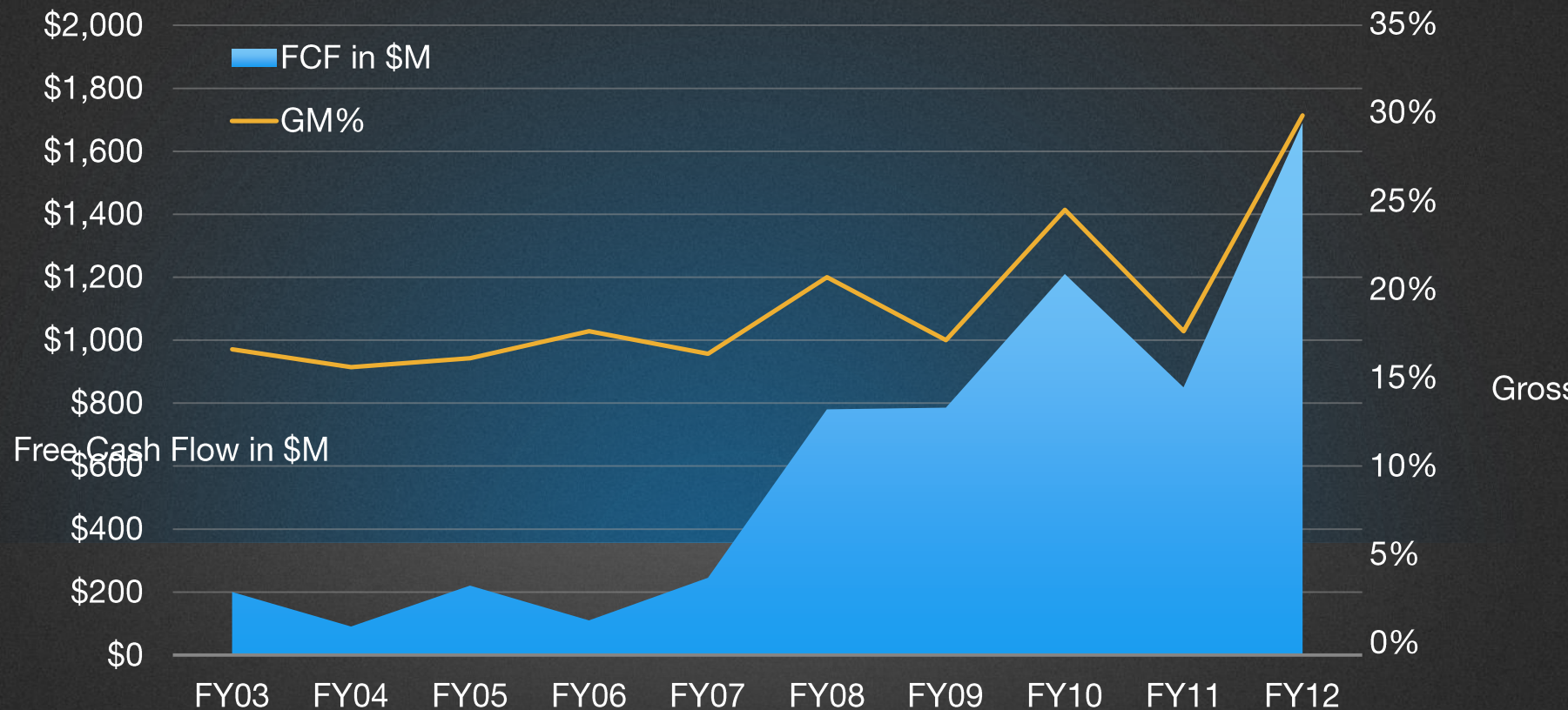
Personal
Storage



HGST Capstone
& Springboard

10 YEAR HISTORY

Cost Leadership + Diversification + Strategic Acquisitions = Profitable Growth

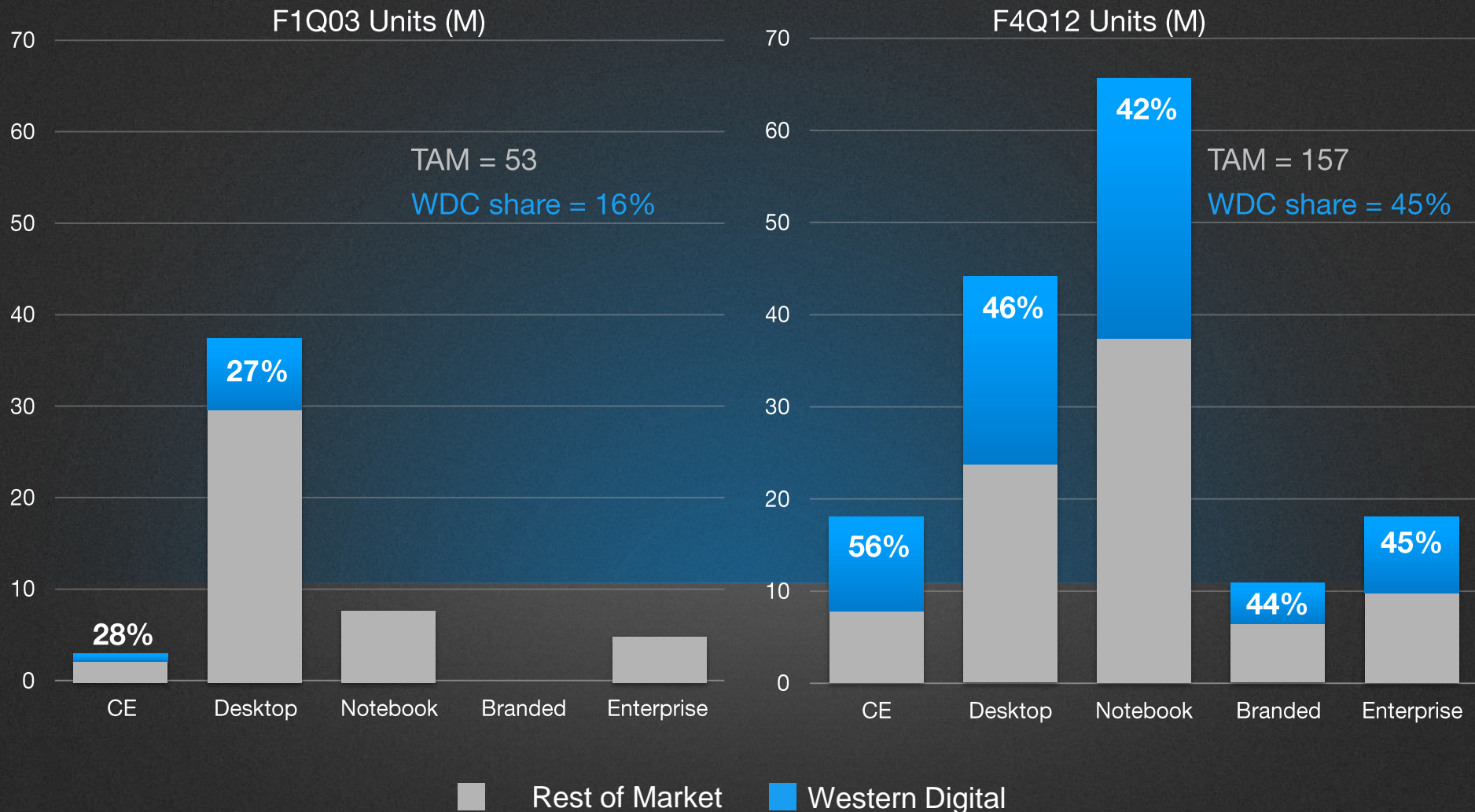


Note: FY12 excludes the effect to free cash flow of the \$585M of assumed debt as a result of the HGST acquisition on March 8, 2012.

Free cash flow is a non-GAAP financial measure defined as cash flows from operations less capital expenditures. A reconciliation of cash flow from operations to free cash flows for the periods presented is set forth in the Appendix

Business Segment Trends

Quality + Portfolio = Customer Preference

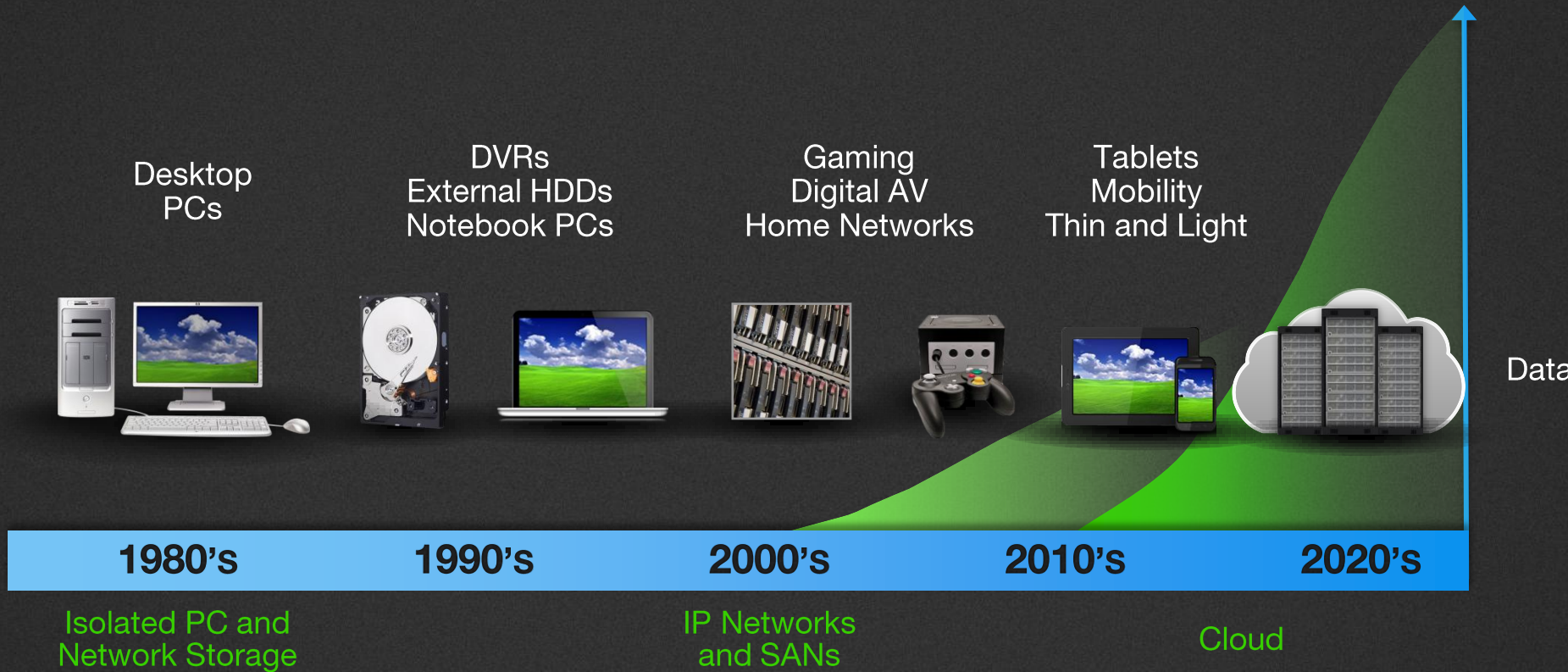


Storage Market Trends



HDDs: AT THE HEART OF INNOVATION

Storage Enabling Progress



Create | Manage | Experience | Preserve

MARKETS

Storage Demand Drivers



Homes



People



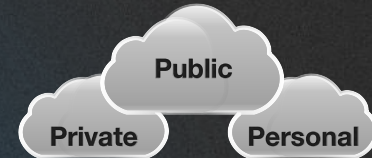
GDP



Devices



Networks



Datacenters

Developed

0.5B

1.2B

\$45T

218 EB*

369 EB*

333 EB*

Markets

Developing

1.3B

5.8B

\$25T

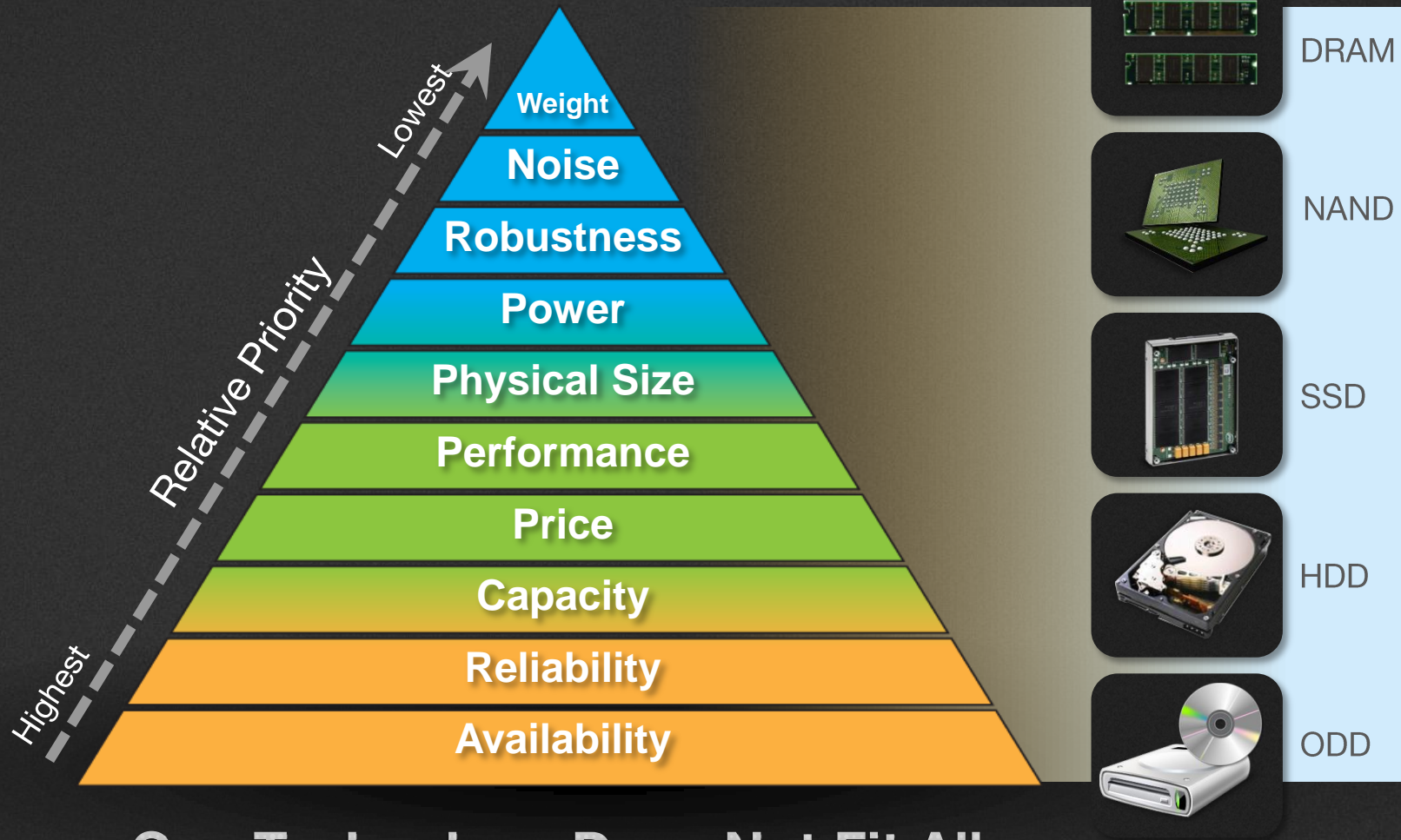
* CY11 Exabytes

Source: Western Digital Analysis

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CUSTOMER PRIORITIES

The Storage Hierarchy of Needs

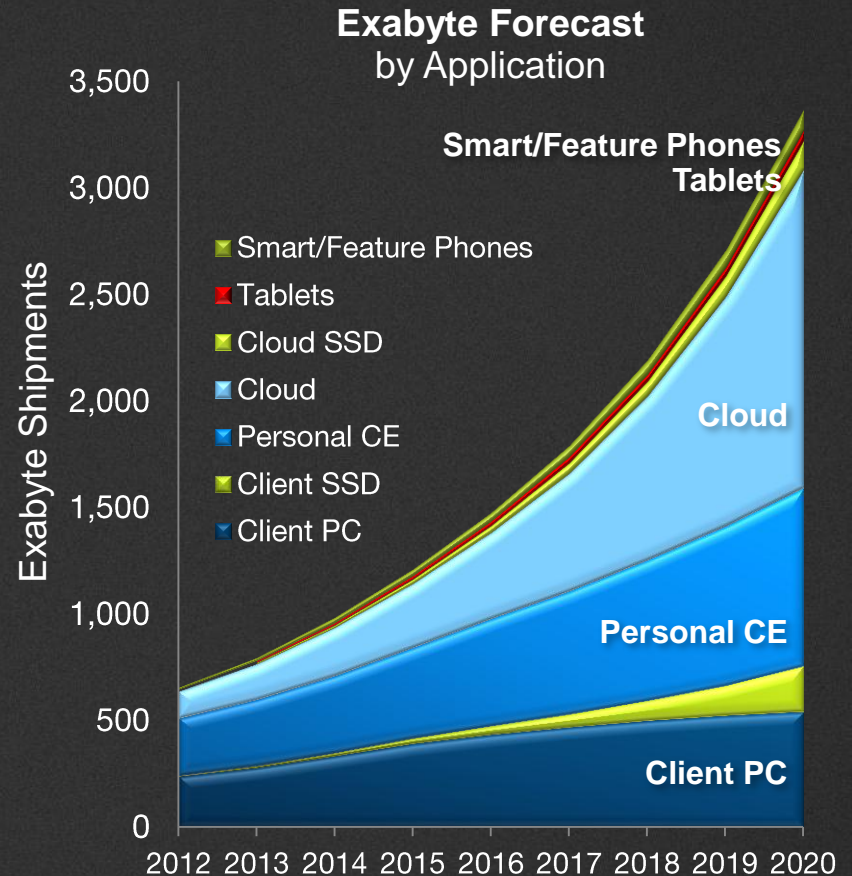
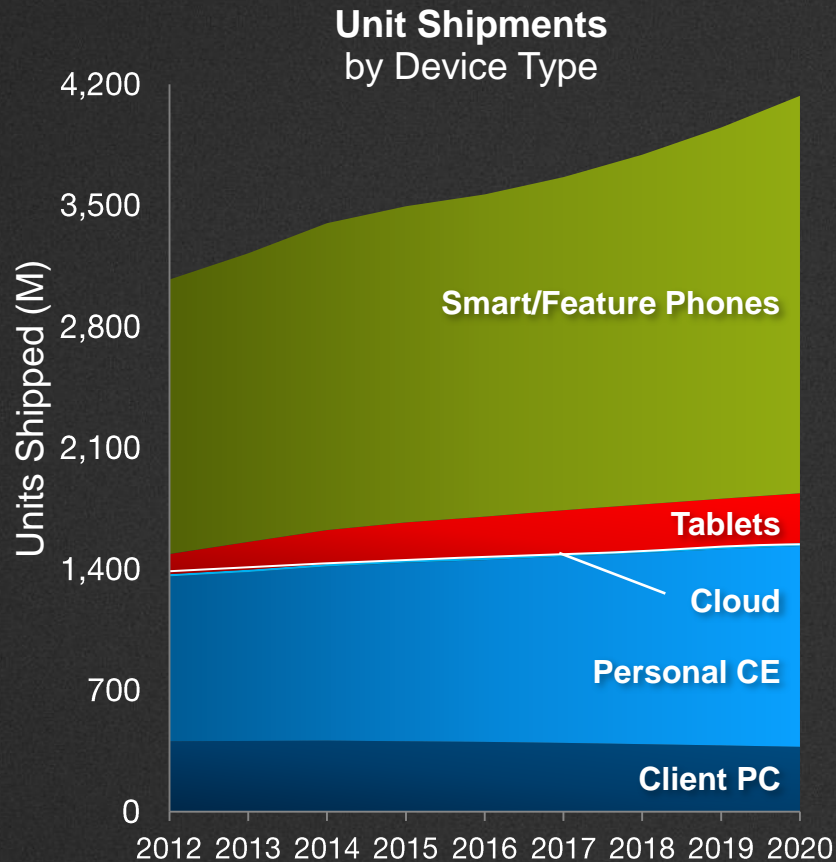


One Technology Does Not Fit All

Source: John Squires – Founder and VP Engineering of Conner Peripherals

2012–2020

Storage Trends



HDDs are the primary storage solution and will continue to adapt to the evolving ecosystem

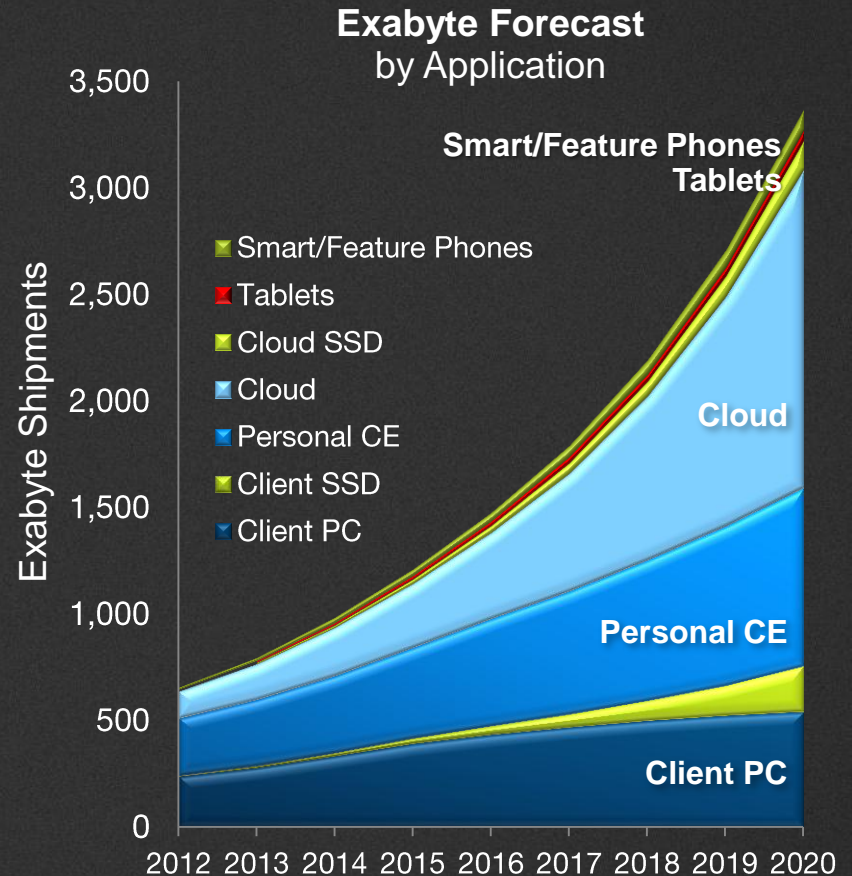
Source: Western Digital analysis

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2012–2020

Storage Trends

- Speed and mobility driving SSD and flash growth
- Shift to thin and light in mobile creates an opportunity for new slim form factors and hybrids
- Growth in mobility and web apps driving the need for storage in the cloud (datacenter and personal)
- Flash, SSDs and HDDs are complementary



Over 85% of Exabytes in 2020 will be stored on HDDs

Strategic Direction



Strategic Direction



People

Platform



Technology

Financial Engine



- Continue leadership momentum
- Innovate and make markets within key segments
- Relentlessly drive operational and financial efficiency
- Strategically allocate capital
- Grow beyond HDDs

Western Digital is well-positioned to continue its leadership position as the storage ecosystem evolves

EMERGING SOLUTIONS

New Opportunities in Storage

Market
Segments



Pain Points



Opportunities



The Future



Thin and Light PCs
and Mobile Devices
restrict internal
storage options



Thin HDD,
Hybrid HDD and
Embedded Flash



Cloud growth and
scale drives
reliability, capacity,
performance and
power requirements



PCIe SSD,
Cold Storage,
High-capacity HDDs
and Sealed HDDs



Consumers want
access to “anything,
anytime, anywhere”



“Home Datacenter”
with Edge Devices,
Gaming/DVR and
Consumption Devices

Evolve Storage
into Platforms,
Solutions and
Infrastructure

RECENT INNOVATIONS

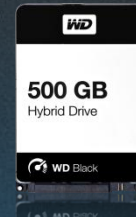
Product Announcements



WD VelociRaptor 1TB
(1TB 10,000 RPM)



WD Red
(HDD SOHO NAS)



Hybrid
Best-of-Both



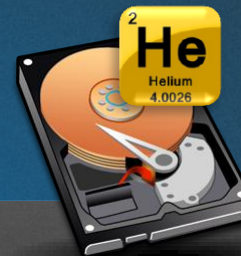
My Net Routers
(HD Dual-Band Storage)



5-7 Platter



My Passport
(2TB Portable)



Helium Filled
(45% Reduction in
Watts/TB)



5mm 2.5"

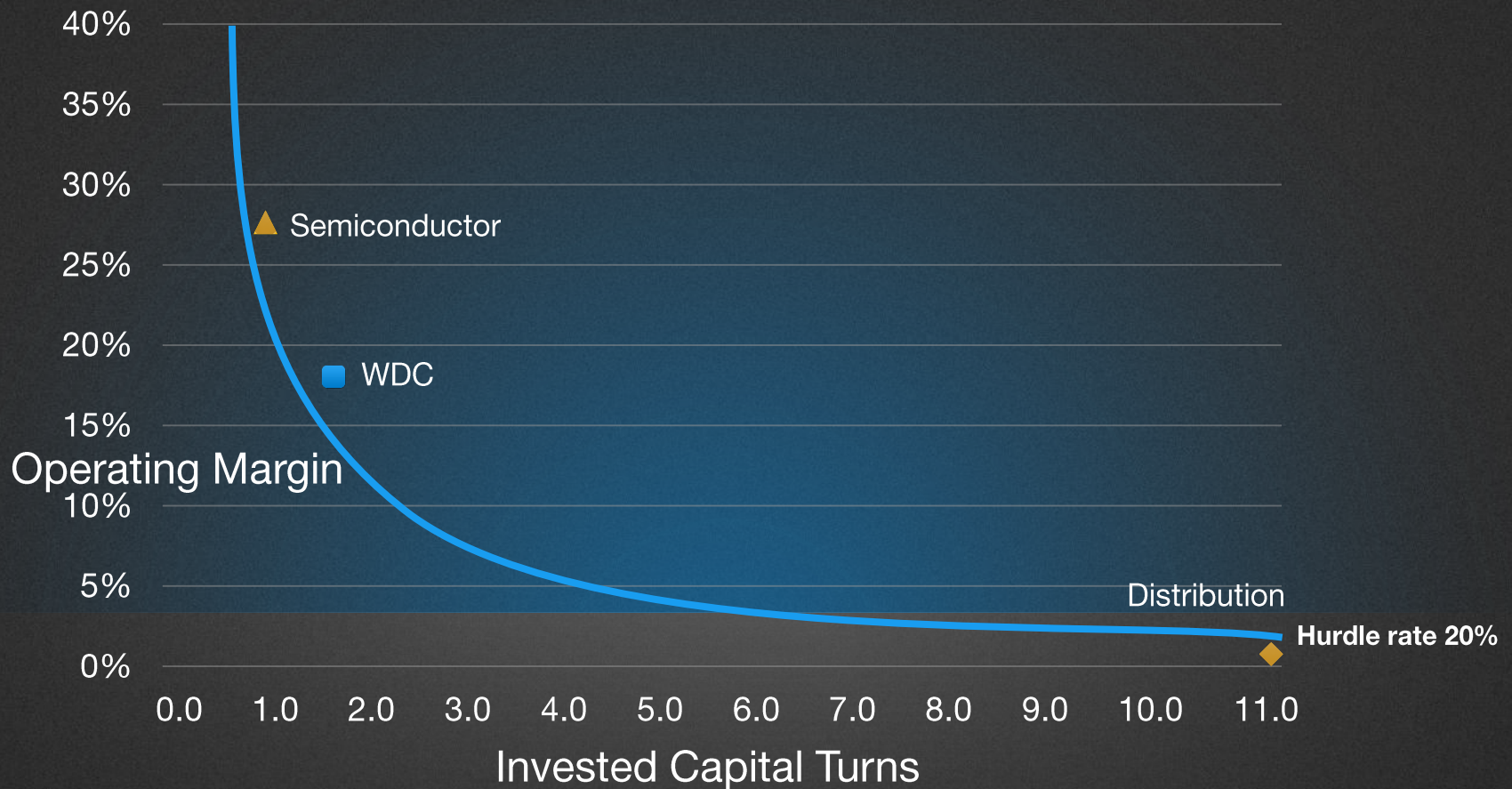
Driving Shareholder Value

Business Model and Capital Allocation Strategy



ROIC MANAGEMENT

Key Financial Driver of Business Model



BUSINESS MODEL

Significant Opportunity

	Pre-Acquisition	New Model	Comments
Gross Margin (% of revenue)	18% - 23%	27% - 32%	Varies by business unit New businesses alter model
OPEX (% of revenue)	9% - 10%	10% - 12%	~\$550m per quarter for FY 13/14 ~2/3 for research & development
Tax Rate (% of PTI)	6% - 9%	7% - 10%	Without potential future repatriation
CAPEX (% of revenue)	7% - 8%	5% - 7%	Modest volume growth assumptions technology investments / transitions
CCC (days)	4 - 8	4 - 8	Continued strong focus on working capital efficiency

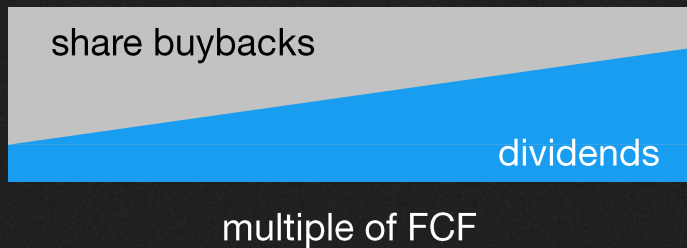
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CAPITAL ALLOCATION STRATEGY

Focused on Shareholder Value

Key Financial Considerations

- Minimum cash for operations and contingencies
- Focus on CAPEX and CCC
- Investment grade leverage
- Rigorous, DCF based review of acquisitions
- Executive compensation aligned to Economic Profit
- Mix of buybacks / dividends



Cash Return to Shareholders

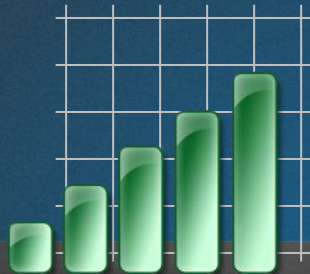
- Targeting to return 50% of FCF
- \$2.6b remaining on share repurchase authorization (as of Sept Quarter End)
- Quarterly dividend of \$0.25

Summary

Successful business
with deep resources
at the center of the
Storage Eco-System



Proven business
model under
varied conditions



Innovating to
drive change,
create value



Defined capital
allocation strategy



Thank you



Appendix

Free cash flow is a non-GAAP financial measure defined as cash flows from operations less capital expenditures. A reconciliation of cash flow from operations to free cash flow for the periods presented is below:

Reconciliation of Cash Flows from Operations to Free Cash Flow	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12
Cash Flow from Operations	\$ 258	\$ 190	\$ 421	\$ 402	\$ 618	\$ 1,399	\$ 1,305	\$ 1,942	\$ 1,655	\$ 3,067
Capital Expenditures	\$ (62)	\$ (132)	\$ (194)	\$ (302)	\$ (324)	\$ (615)	\$ (519)	\$ (737)	\$ (778)	\$ (717)
Assumed Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (585)
Free Cash Flow	\$ 196	\$ 58	\$ 227	\$ 100	\$ 294	\$ 784	\$ 786	\$ 1,205	\$ 877	\$ 1,765