

# Passion and Innovation for Corporate Success

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# Safe Harbor

During this presentation, a representative of WD will be making forward-looking statements concerning: the creation and consumption of digital content; opportunities in the hard drive industry; and the impact of the recent flooding in Thailand. 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 continued 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 development and introduction of products based on new technologies and expansion into new hard drive markets; business conditions and growth in the various hard drive markets; and other risks and uncertainties listed in WD's Form 10-Q filed with the SEC on October 28, 2011, to which your attention is directed. Readers 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.

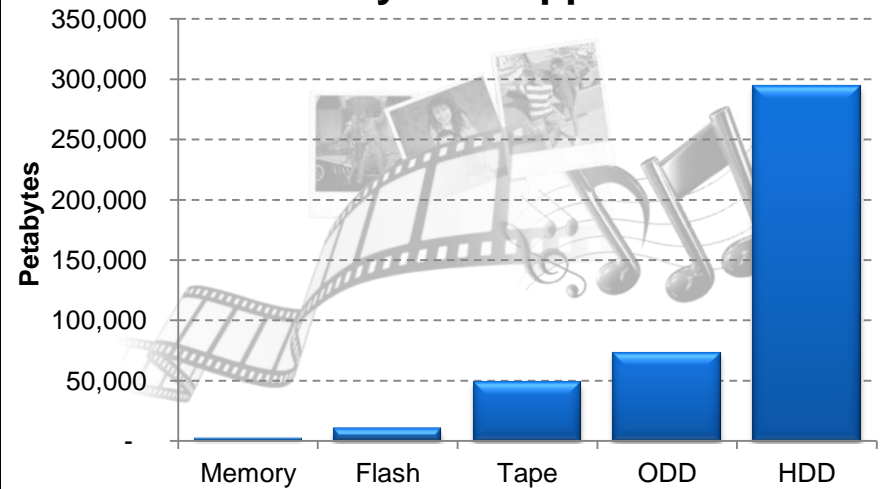
# Industry Overview

# Our Digital World

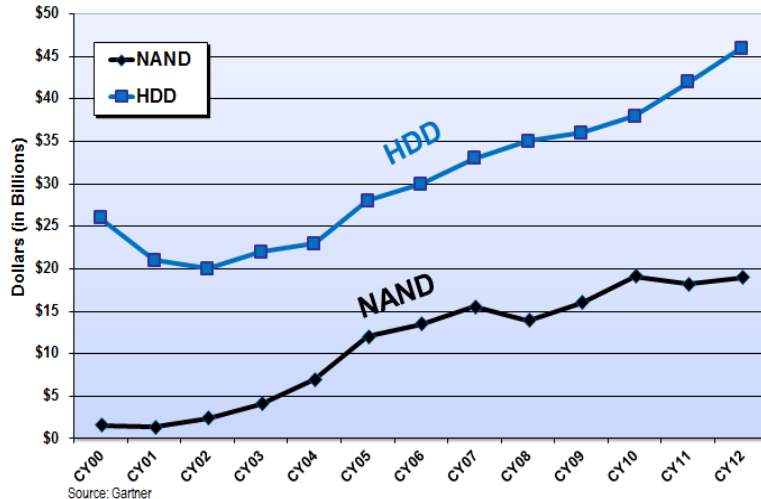
*Insatiable Appetite for Capacity only HDDs can Fulfill*



## Petabytes Shipped CY2010



## HDD vs. SSD Revenue Growth



## Life without a Hard Drive



# HDD: A Large and Growing Industry

*Forecast CY10-15 Unit CAGR of 7.4% and Revenue CAGR of 7.2%*

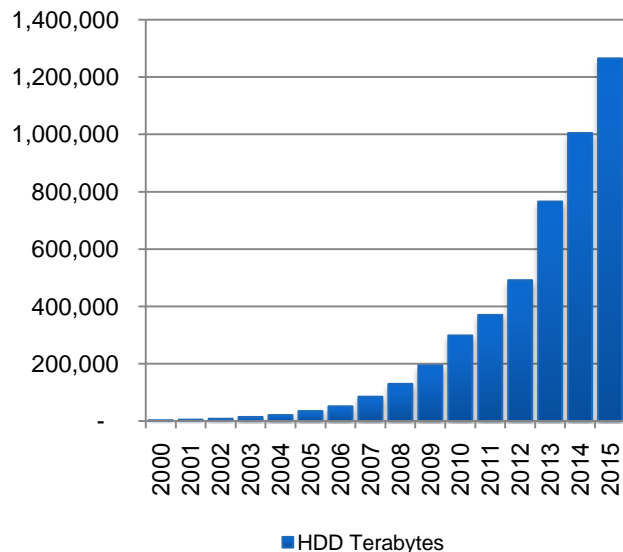
**Petabyte growth 5X higher  
than unit growth**

**Sustained innovation in  
fundamental technology**



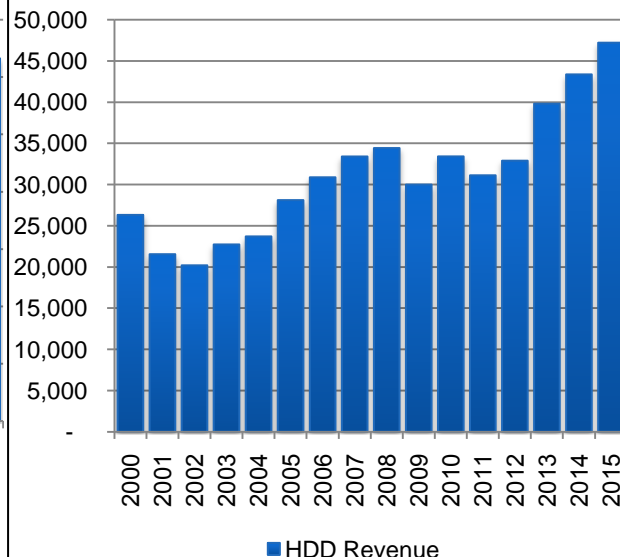
## HDD Terabyte Growth

(CAGR '01-'15: 48% '10-'15 = 33% :  
WD CAGR through FY'11 = 68%)



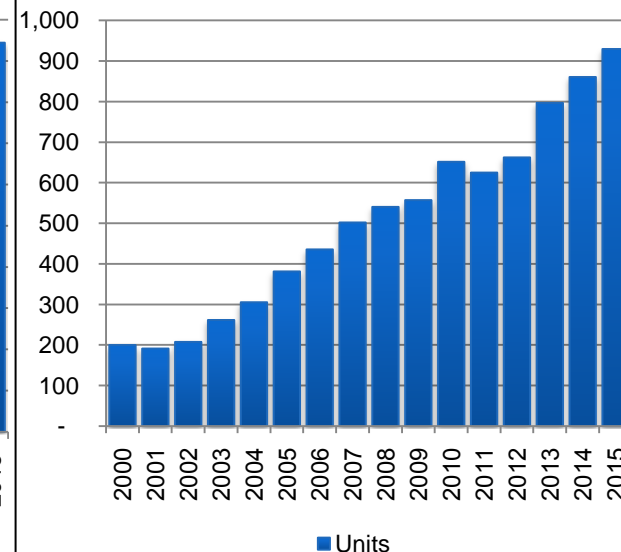
## HDD Revenue Growth

(CAGR '01-'15: 5.8% '10-'15 = 7.2% :  
WD CAGR through FY'11 = 17%)



## HDD Unit Growth

(CAGR '01-'15: 12% '10-'15 = 7.4% :  
WD CAGR through '11 = 25%)



Source: WDC analysis

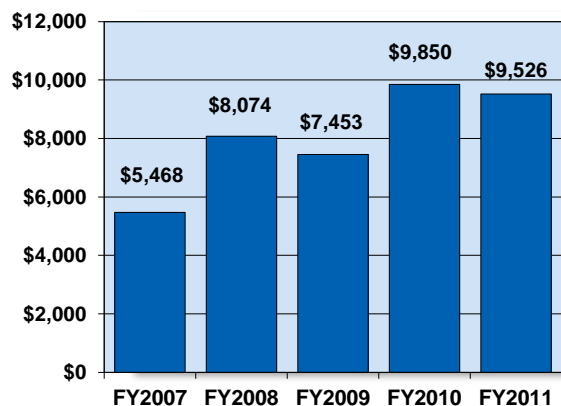
# WD - The Company

# 5-Year History

## Sustained Profitable Performance through Execution and Investment

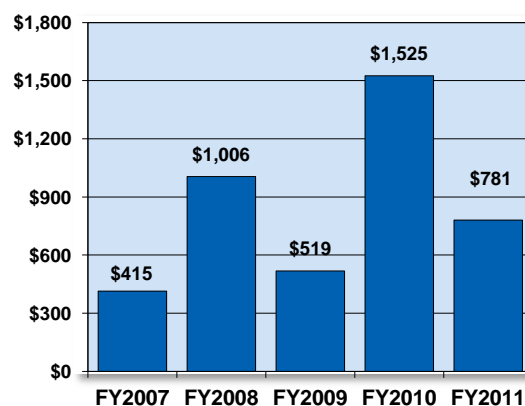
### Revenue

Growth in a Highly Competitive Market



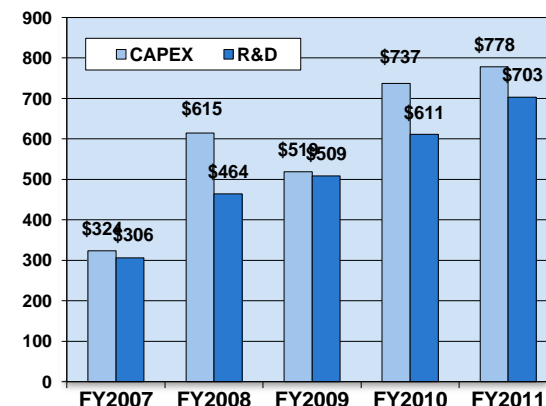
### Operating Income

Consistently Profitable over 10 Years



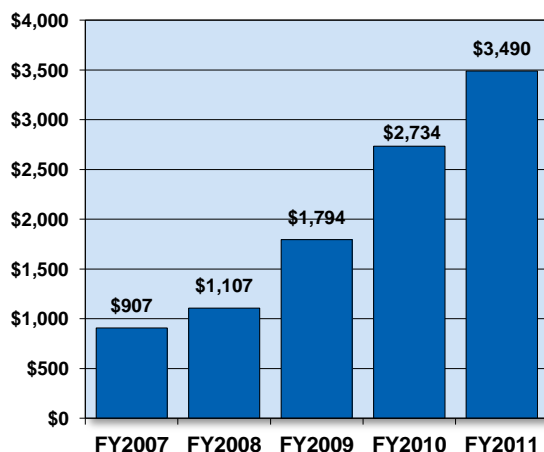
### Capital Expenditures and R&D

Investing in Innovation & Capacity



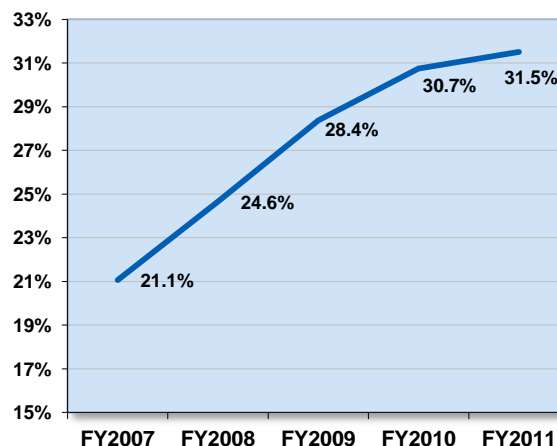
### Cash & Short-Term Investments

Fortified for the Future



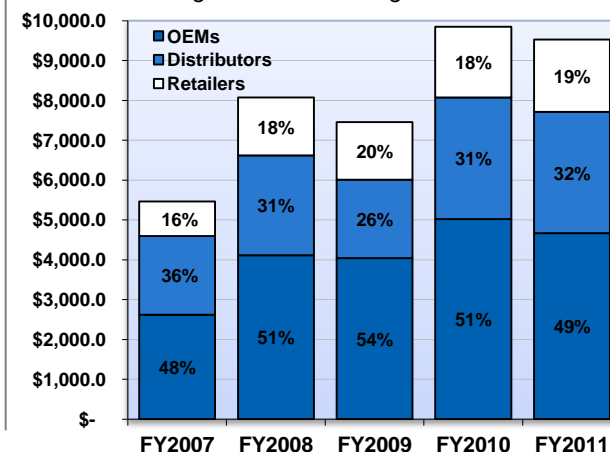
### Market Share

The ultimate Customer Report Card



### Revenue by Channel

Reaching Customers through all Channels



# What Makes Us Strong?

## *Providing Consistent Customer Delight*

**Broad  
Product Portfolio**



**Cost  
Leadership**



**Product  
Leadership**



**Quality  
Leadership**



**Customer  
Focus**



**Customer Value = Product Leadership + Quality Leadership + Cost Leadership**

# PAPPII 2.0

## *A System of Values & Behaviours for Consistent Success*

### OUR VALUES

PAPPII 2.0

Passion

Action

Productivity

Perseverance

Innovation

Integrity

**TEAMWORK**

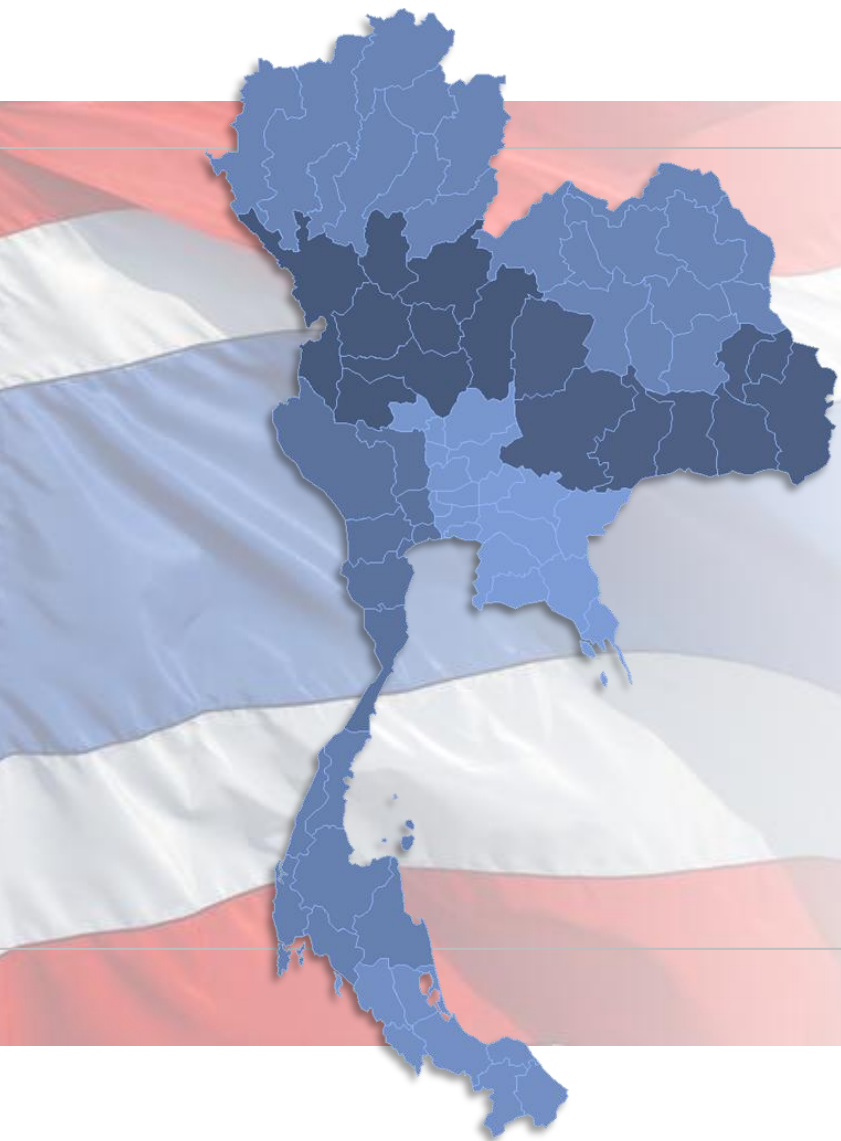
Together We Outperform

- Over the years our business has overcome many challenges
  - Recession
  - Tsunami
- The WD team driven by their PAPPI 2.0 values exceeded expectations.

# WD in Thailand

# WD an Industry Leader in Thailand

## *Remains Committed to a Presence in Thailand*

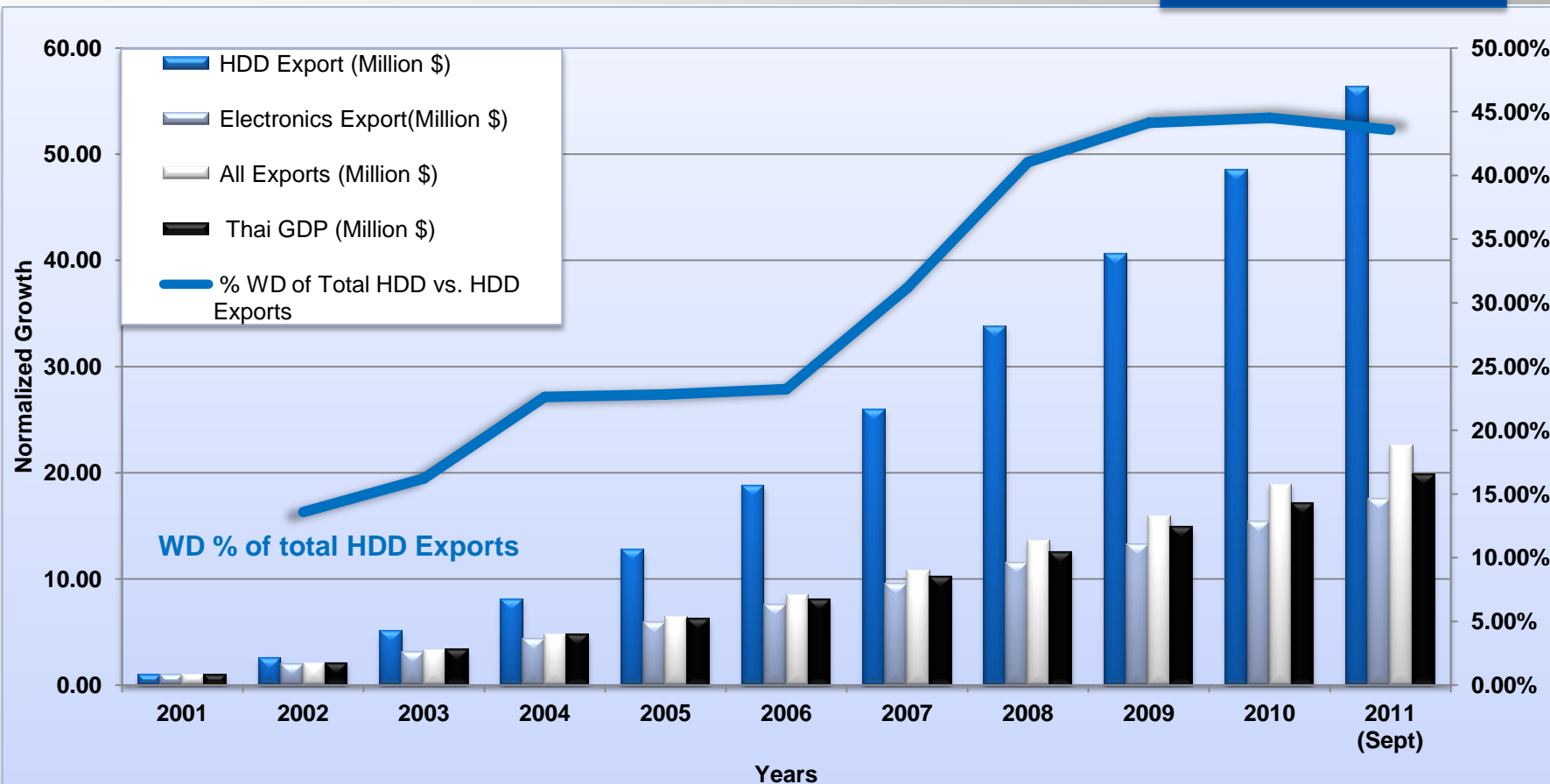


- **Winner of the Thai Prime Minister's Best Industry Award in 2011**
- First invested in Thailand in 2001; the largest foreign employer in Thailand pre-flood ; 45% of Thai HDD, 60% of WD HDD
- Pre-flood employment of about 38,000 people (12% are technical & professional)
- 2010: WD generated 2.25% of Thailand's GDP; shipped over 200 billion THB in revenue from Thailand
- Cumulative capital investment of 50 billion THB
- WD's presence has led to a substantial increase in Thailand's overall prosperity and the creation of about 200,000 HDD industry-related with >35 WD supplier factories
- Donated 10M THB to Thai Red Cross for Flood Relief

# Thailand Exports and GDP

*HDD Growing 2X Faster Than Total Exports*

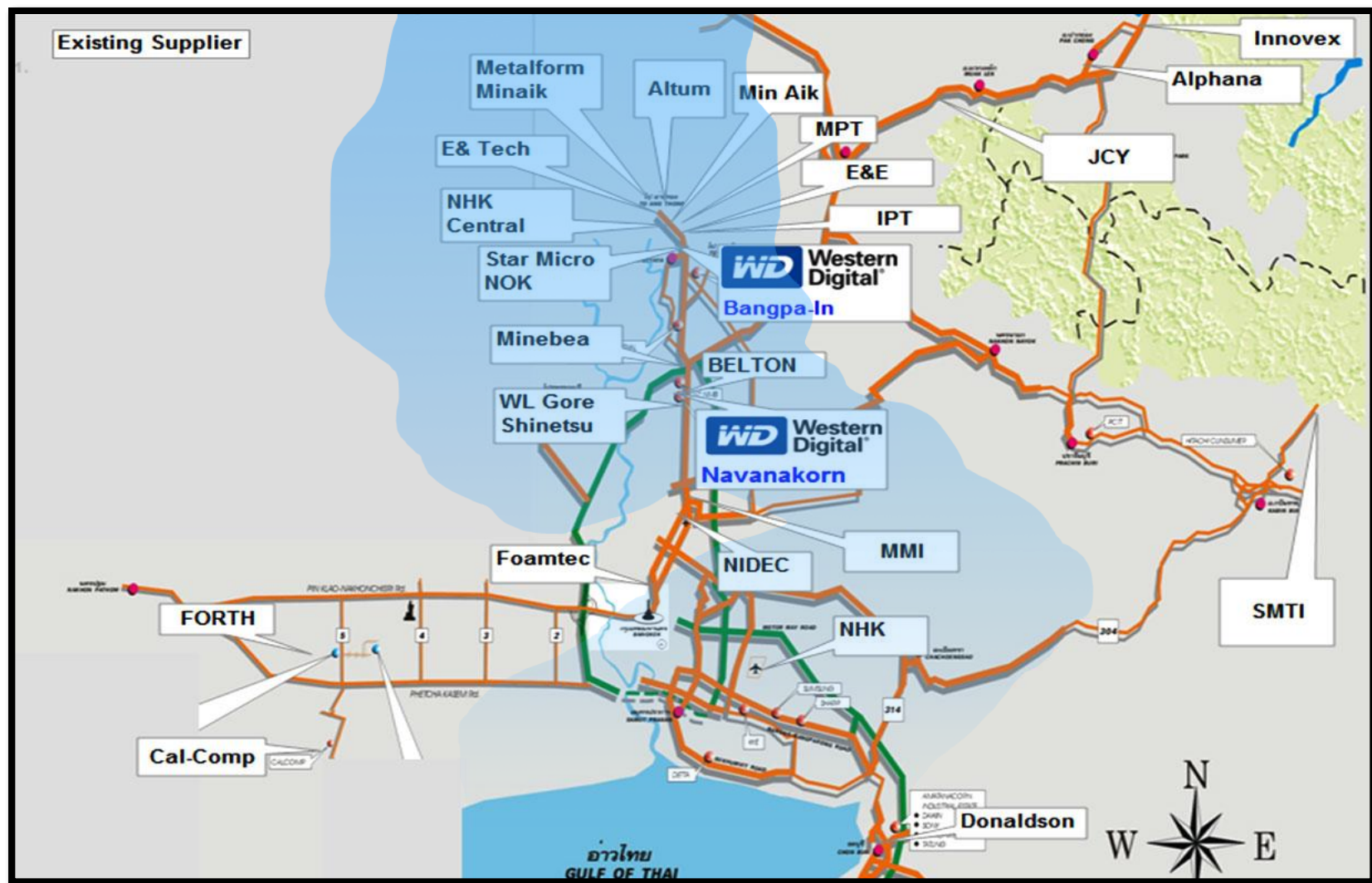
>40% WW HDD Supply  
Cum HDD Exports  
\$101 Billion USD  
3.2 Trillion THB



	Thai GDP	All Exports	Electronics Exports	Thailand HDD Exports	WD HDD Exports
2011 (Sept) Value (Million US\$)	318,900	239,436	34,585	14,011	6,104
CAGR	10.9%	14.5%	8.7%	25.2%	35.6%

# Concentrated Supply Chain

## *Drives Efficiency but Increases Risk*



# PAPPII2.0 Values Accelerated Initial Recovery

## *Selfless Application & Ingenuity*

October

November



Oct. 21-22



Oct. 31



Nov. 8-16



Nov. 11-15



Nov. 18-21



Thai Navy divers commence equipment extraction operations

670 piece of slider fab equipment lifted up and floated out

Equipment decontamination and reconstruction underway

Pumps working 24/7 to remove water from the buildings

Rebuild at Prachinburi Province Nov. 11

First equipment pass functional Nov. 15

Water out of Bang Pa-in, massive building cleanup begins

WD big cleaning day on Nov. 18

Estate big cleaning day on Nov. 21

Factory reopened Bang Pa-in facility Nov.30

# Road to Recovery

**November 30, 2011**

**1<sup>st</sup> drive built  
46 days after flood**



**2,863 – Employees worked during the crisis  
115,000 Bottles of Water / 36,000 Meals**

**1000**

**People involved in building  
decontamination**

**11 Long Tail Boats, 4 Pontoons, 2,180 Sq Ft of  
Floats, 1 Crane Barge, 16 Salvage Boats**

**1,600**

**Gallons of sanitizer air freighted in from  
Singapore, Canada and US A**

**229,977 Sq Ft of Warehouse space in 6  
locations for decontamination & refurbishment**

**2,750**

**Gallons of degreaser air freighted in  
from Singapore and USA**

**15M Sliders, 5M HGAs & 1.3M HDD - from  
flooded factories to WDM**

**3,300**

**Gallons of specialty chemical air  
freighted in from USA for treating the  
equipment**

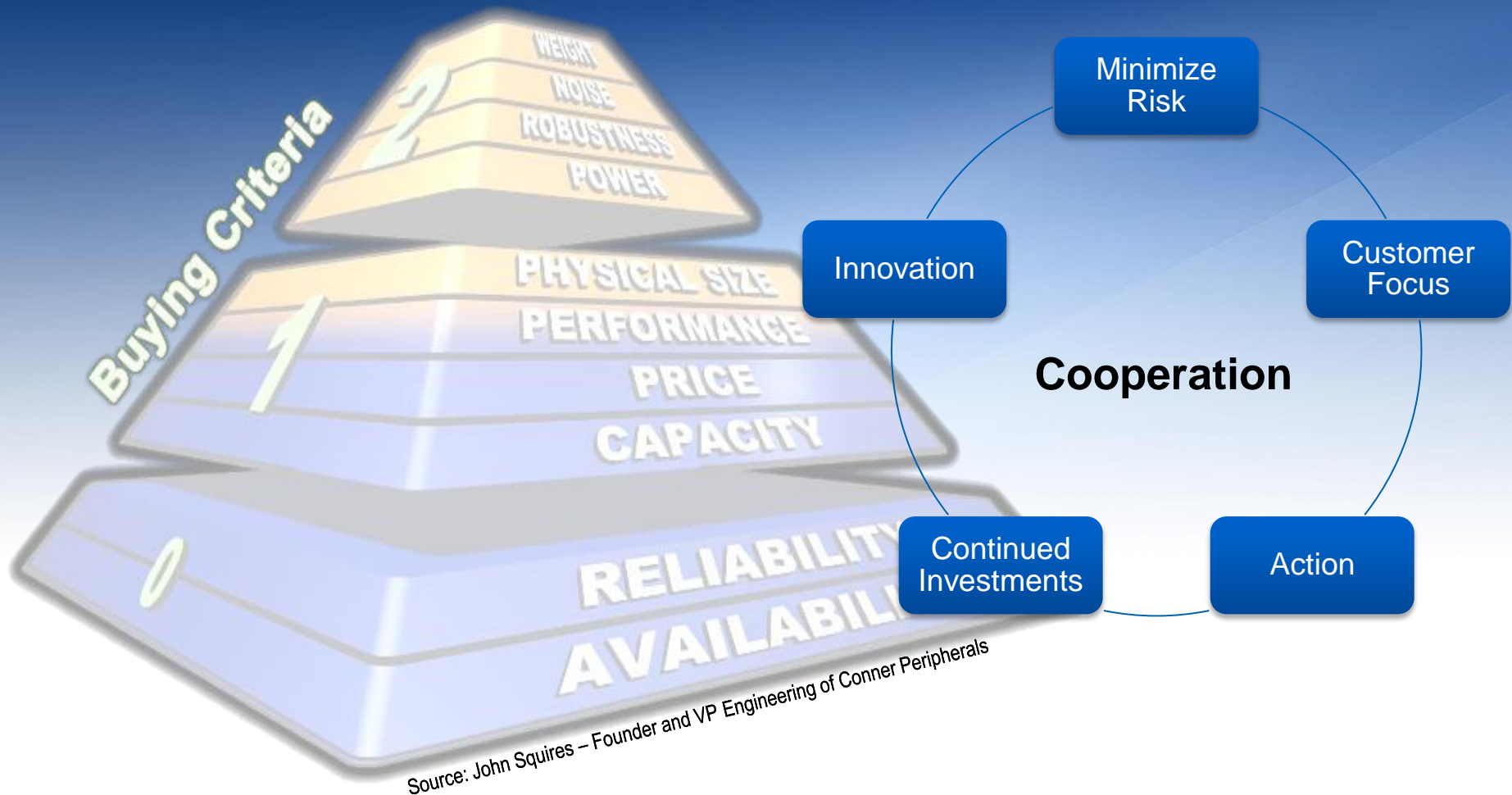
**1,818 Machines, Tools & Fixtures to  
WDM & WDSJ**

**30,000**

**Feet (6 miles/9.6km!) of high pressure  
hose from air freighted in from Canada**

# Customer Needs

*HDD Industry Must Deliver Fundamentals Efficiently and Reliably*



Source: [http://fr.wikipedia.org/wiki/Conner\\_Peripherals](http://fr.wikipedia.org/wiki/Conner_Peripherals)

Source: [http://archive.computerhistory.org/resources/access/text/Oral\\_History/102657961.05.01.acc.pdf](http://archive.computerhistory.org/resources/access/text/Oral_History/102657961.05.01.acc.pdf)

Source: [http://en.wikipedia.org/wiki/Hard\\_disk\\_drive](http://en.wikipedia.org/wiki/Hard_disk_drive)

# Keeping Customers Satisfied

## *Predictable Reliable Availability*

### Industry:

- **Strategies for mitigating risk**
  - Dual/multi sourcing across suppliers, regions
  - Modeling supply chain layers to be proactive about risk mitigation
  - Better visibility across the supply chain
    - Managing inventory
- **Develop and share response methods**
- **Provide support to suppliers**

### Government:

- **Restore Confidence**
- **Credible, Measurable, short and long term action on flood prevention**
  - Water management plans
  - Ensure industrial estates can implement appropriate counter-measures
- **Support industry on insurance**
  - Claims
  - Future premiums
- **Employee retention, especially skilled labor base**
- **Incentives to spur investment**

# Thank you

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