

LAMBERT MICHAEL D  
Form 4  
May 10, 2013

**FORM 4**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

OMB APPROVAL

OMB Number: 3235-0287  
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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
LAMBERT MICHAEL D

2. Issuer Name and Ticker or Trading Symbol  
WESTERN DIGITAL CORP  
[WDC]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)  
05/09/2013

Director  10% Owner  
 Officer (give title below)  Other (specify below)

C/O WESTERN DIGITAL CORPORATION, 3355 MICHELSON DRIVE, SUITE 100

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)

Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

IRVINE, CA 92612

(City) (State) (Zip)

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Stock	05/09/2013		M		16,743	A	\$ 15.34
Common Stock	05/09/2013		M		7,364	A	\$ 27.64
Common Stock	05/09/2013		S		24,107	D	\$ 57.3371
							<u>(1)</u>

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474  
(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Underlying Security (Instr. 3 and 4)
Non-Qualified Stock Option (right to buy)	\$ 15.34	05/09/2013		M	16,743	11/06/2009 <sup>(2)</sup> 11/06/2015	Common Stock
Non-Qualified Stock Option (right to buy)	\$ 27.64	05/09/2013		M	7,364	11/06/2008 <sup>(2)</sup> 11/06/2014	Common Stock

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
LAMBERT MICHAEL D C/O WESTERN DIGITAL CORPORATION 3355 MICHELSON DRIVE, SUITE 100 IRVINE, CA 92612	X			

## Signatures

By: /s/ Sandra Garcia Attorney-in-Fact For: Michael D. Lambert 05/10/2013

\_\_Signature of Reporting Person Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).  
Represents the weighted average sale price per share. These shares were sold in multiple transactions at prices ranging from a low of
- (1) \$57.28 to a high of \$57.52. The Reporting Person undertakes to provide to the Issuer, any security holder of the Issuer, or the staff of the Securities and Exchange Commission, upon request, full information regarding the number of shares sold at each separate price.
- (2) The option vested 25% on the first anniversary of the grant date and 6.25% at the end of each three-month period thereafter.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

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SIZE="2"> 4/11/14 7,145,837 7,143,000 0.65 3/11/14 4/11/14 16,489,250 16,483,000 0.65 3/31/14 7/2/14 9,726,000 9,726,000

Credit Suisse First Boston

(0.50) 3/31/14 4/14/14 9,496,351 9,496,483 0.68 3/31/14 4/14/14 5,243,433 5,243,334 0.75 2/4/14 12/31/14 5,246,438 5,246,438

Deutsche Bank

(0.25) 4/29/13 4/29/15 2,957,063 2,964,000 0.50 3/4/14 4/7/14 9,338,630 9,335,000 0.56 3/24/14 5/28/14 2,701,336 2,701,336

Royal Bank of Canada

(0.50) 3/28/14 3/27/16 11,858,000 11,858,000 0.43 2/28/14 4/2/14 4,015,534 4,014,000 0.43 3/13/14 4/14/14 12,752,894 12,752,894

Royal Bank of Scotland

0.65 3/20/14 6/20/14 24,991,881 24,986,465 0.75 2/20/14 5/20/14 66,146,225 66,092,033 0.75 3/6/14 6/6/14 78,231,747 78,231,747

UBS

(1.50) 2/19/14 2/18/16 4,066,000 4,066,000 0.38 3/13/14 4/16/14 18,086,627 18,083,000 0.45 3/10/14 4/15/14 31,564,678 31,564,678

\$1,747,121,344

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(w) The weighted average daily balance of reverse repurchase agreements during the three months ended March 31, 2014 was \$1,336,891,961, at a weighted average interest rate of 0.58%. Total value of underlying collateral (refer to the Schedule of Investments for positions transferred for the benefit of the counterparty as collateral) for open reverse repurchase agreements at March 31, 2014 was \$1,921,996,164. At March 31, 2014, the Fund held \$5,875,247 in principal value of U.S. Treasury Obligations, \$8,404,559 in Corporate Bonds, and \$383,000 in cash as collateral for open reverse repurchase agreements. Cash collateral held may be invested in accordance with the Fund's investment strategy. Securities held as collateral will not be pledged and are not reflected in the Schedule of Investments.

(x) At March 31, 2014, the Fund had the following unfunded loan commitment which could be extended at the option of the borrower:

<b>Borrower</b>	<b>Principal</b>
Ortho-Clinical Diagnostics	\$ 3,476,748

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## Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (*i.e.* the exit price) in an orderly transaction between market participants. The three levels of the fair value hierarchy are described below:

Level 1 quoted prices in active markets for identical investments that the Fund has the ability to access

Level 2 valuations based on other significant observable inputs, which may include, but are not limited to, quoted prices for similar assets or liabilities, interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates or other market corroborated inputs

Level 3 valuations based on significant unobservable inputs (including the Sub-Adviser's or Valuation Committee's own assumptions and securities whose price was determined by using a single broker's quote)

The valuation techniques used by the Fund to measure fair value during the three months ended March 31, 2014 were intended to maximize the use of observable inputs and to minimize the use of unobservable inputs.

The Fund's policy is to recognize transfers between levels at the end of the reporting period. An investment asset's or liability's level within the fair value hierarchy is based on the lowest level input, individually or in aggregate, that is significant to the fair value measurement. The objective of fair value measurement remains the same even when there is a significant decrease in the volume and level of activity for an asset or liability and regardless of the valuation techniques used. Investments categorized as Level 1 or 2 as of period end may have been transferred between Levels 1 and 2 since the prior period due to changes in the valuation method utilized in valuing the investments.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The following are certain inputs and techniques that the Fund generally uses to evaluate how to classify each major category of assets and liabilities for Level 2 and Level 3, in accordance with Generally Accepted Accounting Principles.

**Equity Securities (Common and Preferred Stock)** Equity securities traded in inactive markets are valued using inputs which include broker-dealer quotes, recently executed transactions adjusted for changes in the benchmark index, or evaluated price quotes received from independent pricing services that take into account the integrity of the market sector and issuer, the individual characteristics of the security, and information received from broker-dealers and other market sources pertaining to the issuer or security. To the extent that these inputs are observable, the values of equity securities are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

**U.S. Treasury Obligations** U.S. Treasury obligations are valued by independent pricing services based on pricing models that evaluate the mean between the most recently quoted bid and ask price. The models also take into consideration data received from active market makers and broker-dealers, yield curves, and the spread over comparable U.S. Treasury issues. The spreads change daily in response to market conditions and are generally obtained from the new issue market and broker-dealer sources. To the extent that these inputs are observable, the values of U.S. Treasury obligations are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

**Government Sponsored Enterprise and Mortgage-Backed Securities** Government sponsored enterprise and mortgage-backed securities are valued by independent pricing services using pricing models based on inputs that include issuer type, coupon, cash flows, mortgage prepayment projection tables and Adjustable Rate Mortgage evaluations that incorporate index data, periodic life caps and the next coupon reset date. To the extent that these inputs are observable, the values of government sponsored enterprise and mortgage-backed securities are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

**Municipal Bonds** Municipal bonds are valued by independent pricing services based on pricing models that take into account, among other factors, information received from market makers and broker-dealers, current trades, bid-want lists, offerings, market movements, the callability of the bond, state of issuance, benchmark yield curves, and bond insurance. To the extent that these inputs are observable, the values of municipal bonds are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

**Sovereign Debt Obligations** Sovereign debt obligations are valued by independent pricing services based on discounted cash flow models that incorporate option adjusted spreads along with benchmark curves and credit spreads. In addition,

international bond markets are monitored regularly for information pertaining to the issuer and/or the specific issue. To the extent that these inputs are observable, the values of sovereign debt obligations are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

**Corporate Bonds & Notes** Corporate bonds & notes are generally comprised of two main categories: investment grade bonds and high yield bonds. Investment grade bonds are valued by independent pricing services using various inputs and techniques, which include broker-dealer quotations, live trading levels, recently executed transactions in securities of the issuer or comparable issuers, and option adjusted spread models that include base curve and spread curve inputs. Adjustments to individual bonds can be applied to recognize trading differences compared to other bonds issued by the same issuer. High yield bonds are valued by independent pricing services based primarily on broker-dealer quotations from relevant market makers and recently executed transactions in securities of the issuer or comparable issuers. The broker-dealer quotations received are supported by credit analysis of the issuer that takes into consideration credit quality assessments, daily trading activity, and the activity of the underlying equities, listed bonds and sector-specific trends. To the extent that these inputs are observable, the values of corporate bonds & notes are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

**Asset-Backed Securities and Collateralized Mortgage Obligations** Asset-backed securities and collateralized mortgage obligations are valued by independent pricing services using pricing models based on a security's average life volatility. The models also take into account tranche characteristics such as coupon, average life, collateral types, ratings, the issuer and tranche type, underlying collateral and performance of the collateral, and discount margin for certain floating rate issues. To the extent that these inputs are observable, the values of asset-backed securities and collateralized mortgage obligations are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

**Forward Foreign Currency Contracts** Forward foreign currency contracts are valued by independent pricing services using various inputs and techniques, which include broker-dealer quotations, actual trading information and foreign currency exchange rates gathered from leading market makers and foreign currency exchange trading centers throughout the world. To the extent that these inputs are observable, the values of forward foreign currency contracts are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

**Total Return Swaps** OTC total return swaps are valued by independent pricing services using pricing models that take into account among other factors, index spread curves, nominal values, modified duration values and cash flows. To the extent that these inputs are observable, the values of OTC total return swaps are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

**Credit Default Swaps** Credit default swaps traded over-the-counter (OTC) are valued by independent pricing services using pricing models that take into account, among other factors, information received from market makers and broker-dealers, default probabilities from index specific credit spread curves, recovery rates, and cash flows. Centrally cleared credit default swaps are valued at the price determined by the relevant exchange. To the extent that these inputs are observable, the values of credit default swaps are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

**Interest Rate Swaps** OTC interest rate swaps are valued by independent pricing services using pricing models that are based on real-time intraday snapshots of relevant interest rate curves that are built using the most actively traded securities for a given maturity. The pricing models also incorporate cash and money market rates. In addition, market data pertaining to interest rate swaps is monitored regularly to ensure that interest rates are properly depicting the current market rate. Centrally cleared interest rate swaps are valued at the price determined by the relevant exchange. To the extent that these inputs are observable, the values of interest rate swaps are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

**Senior Loans** Senior Loans are valued by independent pricing services based on the average of quoted prices received from multiple dealers or valued relative to other benchmark securities when broker-dealer quotes are unavailable. These quoted prices are based on interest rates, yield curves, option adjusted spreads and credit spreads. To the extent that these inputs are observable, the values of Senior Loans are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

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A summary of the inputs used at March 31, 2014 in valuing the Fund's assets and liabilities is listed below (refer to the Schedule of Investments and Notes to Schedule of Investments for more detailed information on Investments in Securities and Other Financial Instruments):

	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs	Value at 3/31/14
<b>Investments in Securities Assets</b>				
Corporate Bonds & Notes:				
Capital Markets	\$	\$	\$ 66,625,832	\$ 66,625,832
Electric Utilities		106,925,395	4,513,058	111,438,453
Leisure			17,305,636	17,305,636
Oil & Gas		138,277,940		138,277,940
All Other		1,671,016,608		1,671,016,608
Senior Loans:				
Environmental Services		4,017,431	1,015,000	5,032,431
Leisure			4,152,192	4,152,192
Plumbing & HVAC Equipment			21,645,689	21,645,689
Transportation		10,275,000	4,222,030	14,497,030
All Other		947,420,099		947,420,099
Mortgage-Backed Securities		880,212,391	5,873,475	886,085,866
Asset-Backed Securities		689,403,576	3,327,501	692,731,077
Sovereign Debt Obligations		191,653,015		191,653,015
Preferred Stock:				
Banking	13,610,790	42,758,125		56,368,915
Diversified Financial Services		17,393,125		17,393,125
U.S. Government Agency Securities		51,587,836		51,587,836
U.S. Treasury Obligations		28,235,914		28,235,914
Municipal Bonds		15,519,372		15,519,372
Short-Term Investments		105,145,725		105,145,725
	13,610,790	4,899,841,552	128,680,413	5,042,132,755
<b>Other Financial Instruments* Assets</b>				
Credit Contracts		13,555,428	65,100	13,620,528
Foreign Exchange Contracts		2,338,994		2,338,994
		15,894,422	65,100	15,959,522
<b>Other Financial Instruments* Liabilities</b>				
Credit Contracts		(144,649)		(144,649)
Foreign Exchange Contracts		(10,981,990)		(10,981,990)
Interest Rate Contracts		(38,239,093)		(38,239,093)
		(49,365,732)		(49,365,732)
<b>Totals</b>	\$ 13,610,790	\$ 4,866,370,242	\$ 128,745,513	\$ 5,008,726,545

At March 31, 2014, there were no transfers between Levels 1 and 2.

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A roll forward of fair value measurements using significant unobservable inputs (Level 3) for the three months ended March 31, 2014, was as follows:

	Beginning Balance 12/31/13	Purchases	Sales	Accrued Discount (Premiums)	Net Realized Gain (Loss)	Net Change in Unrealized Appreciation/ Depreciation	Transfers into Level 3**	Transfers out of Level 3***	Ending Balance 3/31/14
<b>Investments in Securities Assets</b>									
Corporate Bonds & Notes:									
Capital Markets	\$	\$ 67,000,000	\$	\$	\$	\$ (374,168)	\$	\$	\$ 66,625,832
Electric Utilities	4,497,696					15,362			4,513,058
Leisure	16,973,235					332,401			17,305,636
Oil & Gas	29,941,647					883,353	4,083,750	(30,825,000)	4,083,750
Senior Loans:									
Chemicals	5,168,750			889		(19,639)		(5,150,000)	
Containers & Packaging	2,518,750		(2,487,668)	168		(31,250)			
Diversified Financial									
Services	7,060,769		(17,413)	2,523	160	(28,976)		(7,017,063)	
Environmental Services	1,015,000			93		(93)			1,015,000
Healthcare-Services	11,031,017		(22,669)	(11,978)	(453)	(76,188)		(10,919,729)	
Leisure	5,068,750	4,152,218	(5,010,381)	(871)	(41,855)	(15,669)			4,152,192
Lodging	2,531,156		(6,250)	518	28	(20,850)		(2,504,602)	
Media	7,335,859		(56,250)	1,300	243	(20,114)		(7,261,038)	
Plumbing & HVAC									
Equipment	21,623,732			21,748		209			21,645,689
Transportation	4,179,666		(5,043)	3,414	1,049	42,944			4,222,030
Mortgage-Backed									
Securities		5,874,193		2,190		(2,908)			5,873,475
Asset-Backed Securities	3,594,900		(299,094)	(732)	(2,851)	35,278			3,327,501
	122,540,927	77,026,411	(7,904,768)	19,262	(43,679)	719,692	4,083,750	(63,677,432)	132,764,163
<b>Other Financial Instruments* Assets</b>									
Credit Contracts						65,100			65,100
<b>Totals</b>	\$ 122,540,927	\$ 77,026,411	\$ (7,904,768)	\$ 19,262	\$ (43,679)	\$ 784,792	\$ 4,083,750	\$ (63,677,432)	\$ 132,829,263

The following table presents additional information about valuation techniques and inputs used for investments that are measured at fair value and categorized within Level 3 at March 31, 2014:

	Ending Balance at 3/31/14	Valuation Technique Used	Unobservable Inputs	Input Values
<b>Investments in Securities Assets</b>				
Corporate Bonds & Notes	\$ 71,138,890	Benchmark Pricing	Security Price Reset	\$93.77-\$99.44
	17,305,636	Benchmark Pricing	Security Price Reset	£106.78
	4,083,750	Third Party Broker Quote	Single Broker Quote	\$7.50
Senior Loans	\$ 9,389,222	Third Party Pricing Vendor	Single Broker Quote	\$100.25-\$101.50
	21,645,689	Discounted Yield Analysis	Yield to Maturity	0.17%
Mortgage-Backed Securities	\$ 5,873,475	Benchmark Pricing	Security Price Reset	\$80.99
Asset-Backed Securities	\$ 3,327,501	Benchmark Pricing	Security Price Reset	\$100.80
<b>Other Financial Instruments* Assets</b>				
Credit Contracts	65,100	Third Party Pricing Vendor	Single Broker Quote	\$102.27



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- \* Other financial instruments are derivatives, such as swap agreements and forward foreign currency contracts, which are valued at the unrealized appreciation (depreciation) of the instrument.
- \*\* Transferred out of Level 2 into Level 3 because a third-party pricing vendor stopped pricing.
- \*\*\* Transferred out of Level 3 into Level 2 because evaluated prices with observable inputs from a third-party pricing vendor became available.

The net change in unrealized appreciation/depreciation of Level 3 investments held at March 31, 2014 was \$144,849.

### **Glossary:**

AUD Australian Dollar

BRL Brazilian Real

£ British Pound

CDX.HY Credit Derivatives Index High Yield

CME Chicago Mercantile Exchange

CMO Collateralized Mortgage Obligation

Euro

FRN Floating Rate Note

ICE Intercontinental Exchange

IO Interest Only

LIBOR London Inter-Bank Offered Rate

OTC Over-the-Counter

PIK Payment-in-Kind

PO Principal Only

**Item 2. Controls and Procedures**

(a) The registrant's President & Chief Executive Officer and Treasurer, Principal Financial & Accounting Officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Act (17 CFR 270.30a -3(c))), are effective based on their evaluation of these controls and procedures as of a date within 90 days of the filing date of this document.

(b) There were no significant changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Act (17 CFR 270.30a -3(d))) that occurred during the registrant's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

**Item 3. Exhibits**

(a) Exhibit 99.302 Cert. Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Registrant: PIMCO Dynamic Credit Income Fund

By /s/ Julian Sluyters

Julian Sluyters, President & Chief Executive Officer

Date: May 23, 2014

By /s/ Lawrence G. Altadonna

Lawrence G. Altadonna, Treasurer, Principal Financial & Accounting Officer

Date: May 23, 2014

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By /s/ Julian Sluyters

Julian Sluyters, President & Chief Executive Officer

Date: May 23, 2014

By /s/ Lawrence G. Altadonna

Lawrence G. Altadonna, Treasurer, Principal Financial & Accounting Officer

Date: May 23, 2014