

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

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): May 15, 2019

**Western Digital®
WESTERN DIGITAL CORPORATION**
(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-08703
(Commission
File Number)

33-0956711
(I.R.S. Employer
Identification No.)

**5601 Great Oaks Parkway
San Jose, California**
(Address of Principal Executive Offices)

95119
(Zip Code)

(408) 717-6000
(Registrant's Telephone Number, Including Area Code)

Not applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, \$.01 Par Value Per Share	WDC	The Nasdaq Stock Market LLC (Nasdaq Global Select Market)

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01 Entry into a Material Definitive Agreement.

On May 15, 2019, Western Digital Corporation (“Western Digital”) entered into a K1 Facility Agreement (the “K1 Agreement”) by and among Western Digital, SanDisk LLC, SanDisk (Cayman) Limited, SanDisk (Ireland) Limited, SanDisk Flash B.V., Flash Partners, Ltd. (“FPL”), Flash Alliance, Ltd. (“FAL”), Flash Forward Ltd. (“FFL,” together with FPL and FAL, the “Joint Ventures”), Toshiba Memory Corporation (“TMC”) and a wholly owned subsidiary of TMC, Toshiba Memory Corporation Iwate (together with TMC, “Toshiba Memory”), setting forth their agreement regarding the construction and operation of a new 300-millimeter wafer fabrication facility in Kitakami, Iwate, Japan, referred to as “K1.” The primary purpose of K1 is to provide cleanroom space to continue the parties’ transition of existing production capacity of flash-based memory wafers to newer flash technology nodes. The K1 Agreement establishes terms for the production of flash-based memory wafers at K1 and amends the existing agreements governing the Joint Ventures, which have historically been based solely in Yokkaichi, Japan, to provide for their use of K1.

Toshiba Memory owns and is funding the construction of K1. The shell is being built in one phase, and the cleanroom is being built in four phases of substantially similar size. Equipment installation for a small initial production line in the first phase of the cleanroom is scheduled to begin in June 2019. Output from the initial production line is expected in the first half of calendar year 2020. Meaningful output from K1 is not expected to begin until the second half of calendar year 2020.

Under the K1 Agreement, Western Digital is committed to fund 50% of K1’s start-up costs, as well as 50% of the initial production line at K1. Western Digital’s share of the initial commitment is expected to result in equipment investments, relocation costs and start-up costs totaling approximately \$660 million, to be incurred primarily through the first half of calendar year 2020. Western Digital is also required under the K1 Agreement to prepay an aggregate of approximately \$360 million over a 3-year period beginning in the second half of calendar 2019 toward K1 building depreciation, to be credited against future wafer charges. Western Digital expects to fund its portion of the initial commitment and building depreciation prepayments with cash as well as through other financing sources. Beyond the initial commitment, each of TMC and Western Digital has some flexibility as to the extent and timing of its participation in any capacity transitions or expansions using K1. As long as Western Digital maintains a relatively low threshold of the K1 capacity (through the Joint Ventures), Western Digital will benefit from equal wafer costs with Toshiba Memory. If and for so long as Western Digital’s share of the K1 capacity falls below that threshold, Western Digital will be responsible for bearing fixed costs associated with K1’s operations at that threshold.

The K1 Agreement provides that FFL will be the primary vehicle for joint investment at K1. Accordingly, in connection with their entry into the K1 Agreement, the parties have also agreed to extend the term of FFL to December 31, 2034 for purposes of K1 and to restructure the Joint Ventures’ operations such that FPL and FAL will be the primary vehicles for joint investments at the Yokkaichi facility going forward.

In connection with the K1 Agreement, the parties have also agreed to (i) extend their joint research and development activities at the Yokkaichi facility to K1 and (ii) mutually contribute to, and indemnify each other and the Joint Ventures for, certain potential environmental remediation costs or liabilities resulting from K1’s operations.

The foregoing description of the K1 Agreement is not intended to be complete and is qualified in its entirety by reference to the text of this agreement, which Western Digital intends to file as an exhibit to its Annual Report on Form 10-K for the fiscal year ending June 28, 2019.

Forward-Looking Statements

This report contains certain forward-looking statements, including expectations relating to the uses of K1, construction, equipment installation and output schedules, amounts and timing of investments, start-up costs and other payments and financial sources for those payments, the use and extension of FFL at K1 and restructuring of operations at the Yokkaichi facility, that are based on current expectations and involve numerous risks and uncertainties that may cause these forward-looking statements to be inaccurate. Risks that may cause these forward-looking statements to be inaccurate include among others: general business and economic conditions; construction, installation, production and technology transition difficulties or delays; availability of cash or other financing sources; failure to manage risks associated with the Joint Ventures and Western Digital’s strategic partnership with Toshiba Memory; or the other risks detailed from time-to-time in Western Digital’s Securities and Exchange Commission filings and reports, including, but not limited to, its most recent Quarterly Report on Form 10-Q. Western Digital does not intend to update the information contained in this report.

Item 7.01 Regulation FD Disclosure.

Western Digital and TMC issued a joint press release on May 16, 2019 announcing their agreement to jointly invest in K1. The press release making this announcement is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

In accordance with General Instruction B.2 of Form 8-K, the information in this Item 7.01, including Exhibit 99.1, shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

99.1 [Press Release issued by Western Digital Corporation and Toshiba Memory Corporation on May 16, 2019.](#)

Toshiba Memory and Western Digital to Jointly Invest in Flash Manufacturing Facility in Kitakami, Japan

Initial Production to Begin in Calendar 2020



K1 facility (under construction)

TOKYO & SAN JOSE, Calif.—(BUSINESS WIRE)— Toshiba Memory Corporation and Western Digital Corp. (NASDAQ: WDC) have finalized a formal agreement to jointly invest in the “K1” manufacturing facility that Toshiba Memory is currently constructing in Kitakami, Iwate Prefecture, Japan.

The K1 facility will produce 3D flash memory to support growing demand for storage in applications such as data centers, smartphones and autonomous cars. Construction of the K1 facility is expected to be completed in the fall of calendar 2019. The companies’ joint capital investments in equipment for the K1 facility will enable initial production output of 96-layer 3D flash memory beginning in calendar 2020, with meaningful output expected to begin later in the year.

Toshiba Memory and Western Digital will continue to cultivate and extend their leadership in their respective memory businesses by actively developing initiatives aimed at strengthening technology competitiveness, advancing joint development of 3D flash memory, and making capital investments according to market trends.

“We are determined to demonstrate Toshiba Memory’s leadership in the market, including collaborating with Western Digital to actively execute initiatives that will strengthen our mutual competitiveness,” said Yasuo Naruke, President and CEO of Toshiba Memory. “We look forward to jointly developing 3D flash memory and carrying out investments tailored to promising market opportunities.”

“The agreement to jointly invest in the K1 facility marks the continuation of our highly successful collaboration with Toshiba Memory, which has fostered growth and innovation of NAND flash technology for two decades,” said Steve Milligan, chief executive officer of Western Digital. “Western Digital’s long-term investment strategy for the Kitakami site reflects our ongoing commitment to drive flash technology development and manufacturing along with Toshiba Memory. This expansion positions us well to provide the industry’s most competitive flash supply to meet long-term demand trends driven by the growing volume, velocity, variety and value of data.”

About Toshiba Memory

Toshiba Memory Corporation, a world leader in memory solutions, is dedicated to the development, production and sales of flash memory and SSDs. In April 2017, Toshiba Memory was spun off from Toshiba Corporation, the company that invented NAND flash memory in 1987. Toshiba Memory pioneers cutting-edge memory solutions and services that enrich people's lives and expand society's horizons. The company's innovative 3D flash memory technology, BiCS FLASH™, is shaping the future of storage in high-density applications, including advanced smartphones, PCs, SSDs, automotive and data centers. For more information on Toshiba Memory, please visit <https://business.toshiba-memory.com/en-jp/>

About Western Digital

Western Digital creates environments for data to thrive. As a leader in data infrastructure, the company is driving the innovation needed to help customers capture, preserve, access and transform an ever-increasing diversity of data. Everywhere data lives, from advanced data centers to mobile sensors to personal devices, our industry-leading solutions deliver the possibilities of data. Western Digital data-centric solutions are comprised of the Western Digital®, G-Technology™, SanDisk® and WD® brands.

Forward-Looking Statements

This news release contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements concerning the NAND flash memory joint venture; the construction and production schedule for the K1 facility; demand for flash memory; technology advancements; product portfolio; and market positioning. There are a number of risks and uncertainties that may cause these

forward-looking statements to be inaccurate including, among others: uncertainties with respect to the NAND flash memory joint venture; volatility in global economic conditions; business conditions and growth in the storage ecosystem; impact of competitive products and pricing; market acceptance and cost of commodity materials and specialized product components; actions by competitors; unexpected advances in competing technologies; the development and introduction of products based on new technologies and expansion into new data storage markets; risks associated with acquisitions, mergers and joint ventures; difficulties or delays in manufacturing; the outcome of legal proceedings; and other risks and uncertainties listed in Western Digital's filings with the Securities and Exchange Commission (the "SEC"), including Western Digital's Form 10-Q filed with the SEC on May 7, 2019, to which your attention is directed. You should not place undue reliance on these forward-looking statements, which speak only as of the date hereof, and neither Western Digital nor Toshiba Memory undertakes any obligation to update these forward-looking statements to reflect subsequent events or circumstances.

Western Digital, the Western Digital logo, G-Technology, SanDisk and WD are registered trademarks or trademarks of Western Digital Corporation or its affiliates in the U.S. and/or other countries. All other marks are the property of their respective owners.

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