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): January 24, 2019

Western Digital Corporation
(Exact Name of Registrant as Specified in its Charter)

Delaware	**001-08703**	**33-0956711**
(State or Other Jurisdiction of Incorporation)	**(Commission File Number)**	**(I.R.S. Employer Identification No.)**

5601 Great Oaks Parkway **San Jose, California**	**95119**
(Address of Principal Executive Offices)	**(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))

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 2.02 Results of Operations and Financial Condition.

On January 24, 2019, Western Digital Corporation announced financial results for the second fiscal quarter ended December 28, 2018. A copy of 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 2.02, 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 on January 24, 2019 announcing financial results for the second fiscal quarter ended December 28, 2018.

SIGNATURE

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

Western Digital Corporation
(Registrant)

Date: January 24, 2019

By: /s/ Michael C. Ray
Michael C. Ray
Executive Vice President, Chief Legal Officer
and Secretary

Exhibit 99.1

Western Digital.

FOR IMMEDIATE RELEASE:

WESTERN DIGITAL ANNOUNCES FINANCIAL RESULTS FOR SECOND QUARTER FISCAL YEAR 2019

SAN JOSE, Calif. — January 24, 2019 — Western Digital Corp. (NASDAQ: WDC) today reported revenue of $4.2 billion for its second fiscal quarter ended December 28, 2018. Operating income was $176 million with a net loss of $487 million, or ($1.68) per share. Excluding certain non-GAAP adjustments, the company achieved non-GAAP operating income of $589 million and non-GAAP net income of $424 million, or $1.45 per share.

In the year-ago quarter, the company reported revenue of $5.3 billion, operating income of $955 million and net loss of $823 million, or ($2.78) per share. Non-GAAP operating income in the year-ago quarter was $1.4 billion and non-GAAP net income was $1.2 billion, or $3.95 per share.

The company generated $469 million in cash from operations during the second fiscal quarter of 2019, ending with $4.1 billion of total cash, cash equivalents and available-for-sale securities. The company returned $144 million to shareholders through dividends and repaid the outstanding balance on its revolver of $500 million. On November 7, 2018, the company declared a cash dividend of $0.50 per share of its common stock, which was paid to shareholders on January 14, 2019.

"Despite a softening business environment, our fiscal second quarter results were generally within our guidance ranges," said Steve Milligan, chief executive officer, Western Digital. "We are taking actions to better align our cost and expense structure to near-term business conditions while continuing to deliver innovative solutions to drive our future success. We enter calendar 2019 with the strongest product portfolio in our history and confidence in our ability to capitalize on the long-term opportunities associated with data growth."

The investment community conference call to discuss these results and the company's guidance for the third fiscal quarter of 2019 will be broadcast live online today at 2:30 p.m. Pacific/5:30 p.m. Eastern. The live and archived conference call/webcast, the company's guidance for the third fiscal quarter and the earnings presentation can be accessed online at investor.wdc.com. The telephone replay number in the U.S. is (855) 859-2056 or (404) 537-3406 for international callers. The required conference ID is 7559847.

About Western Digital®

Western Digital creates environments for data to thrive. 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®, Upthere™ and WD® brands. Financial and investor information is available on the company's Investor Relations website at investor.wdc.com.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements concerning the company's preliminary financial results for its second fiscal quarter ended December 28, 2018; expectations regarding market conditions; plans to take actions to align our cost and expense structure to business conditions; platform and product portfolio; market positioning; and growth opportunities. 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. The preliminary financial results for the company's second fiscal quarter ended December 28, 2018, included in this press release represent the most current information available to management. The company's actual results when disclosed in its Form 10-Q may differ from these preliminary results as a result of the completion of the company's financial closing procedures; final adjustments; completion of the review by the company's independent registered accounting firm; and other developments that may arise between now and the disclosure of the final results. Other risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the forward-looking statements include: volatility in global economic conditions; business conditions and growth in the storage ecosystem; impact of restructuring activities and cost saving initiatives; 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; our 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 the company's filings with the Securities and Exchange Commission (the "SEC"), including the company's Form 10-Q filed with the SEC on November 6, 2018, 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 the company undertakes no obligation to update these forward-looking statements to reflect new information or events.

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Company contacts:
Western Digital Corp.

Investor Contact:
T. Peter Andrew
949.672.9655
peter.andrew@wdc.com
investor@wdc.com

Media Contact:
Jim Pascoe
408.717.6999
jim.pascoe@wdc.com

WESTERN DIGITAL CORPORATION
PRELIMINARY CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions; unaudited; on a US GAAP basis)

	Dec. 28, 2018	June 29, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	$ 4,013	$ 5,005
Accounts receivable, net	1,715	2,197
Inventories	3,427	2,944
Other current assets	587	492
Total current assets	9,742	10,638
Property, plant and equipment, net	3,077	3,095
Notes receivable and investments in Flash Ventures	2,318	2,105
Goodwill	10,074	10,075
Other intangible assets, net	2,148	2,680
Other non-current assets	580	642
Total assets	$27,939	$29,235
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 1,925	$ 2,265
Accounts payable to related parties	310	259
Accrued expenses	1,526	1,274
Accrued compensation	345	479
Current portion of long-term debt	244	179
Total current liabilities	4,350	4,456
Long-term debt	10,370	10,993
Other liabilities	2,307	2,255
Total liabilities	17,027	17,704
Total shareholders' equity	10,912	11,531
Total liabilities and shareholders' equity	$27,939	$29,235

WESTERN DIGITAL CORPORATION
PRELIMINARY CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions except per share amounts; unaudited; on a US GAAP basis)

	Three Months Ended		Six Months Ended	
	Dec. 28, 2018	Dec. 29, 2017	Dec. 28, 2018	Dec. 29, 2017
Revenue, net	$ 4,233	$ 5,336	$9,261	$10,517
Cost of revenue	3,189	3,323	6,553	6,591
Gross profit	1,044	2,013	2,708	3,926
Operating expenses:				
Research and development	539	629	1,115	1,221
Selling, general and administrative	309	381	665	745
Employee termination, asset impairment and other charges	20	48	66	100
Total operating expenses	868	1,058	1,846	2,066
Operating income	176	955	862	1,860
Interest and other expense, net	(95)	(181)	(198)	(376)
Income before taxes	81	774	664	1,484
Income tax expense	568	1,597	640	1,626
Net income (loss)	$ (487)	$ (823)	$ 24	$ (142)
Income (loss) per common share				
Basic	$ (1.68)	$ (2.78)	$ 0.08	$ (0.48)
Diluted	$ (1.68)	$ (2.78)	$ 0.08	$ (0.48)
Weighted average shares outstanding:				
Basic	290	296	291	295
Diluted	290	296	296	295

WESTERN DIGITAL CORPORATION
PRELIMINARY CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions; unaudited; on a US GAAP basis)

	Three Months Ended		Six Months Ended	
	Dec. 28, 2018	Dec. 29, 2017	Dec. 28, 2018	Dec. 29, 2017
Operating Activities				
Net income (loss)	$ (487)	$ (823)	$ 24	$ (142)
Adjustments to reconcile net income (loss) to net cash provided by operations:				
Depreciation and amortization	472	535	952	1,068
Stock-based compensation	79	99	158	196
Deferred income taxes	80	(165)	281	(129)
Loss (gain) on disposal of assets	(1)	11	1	12
Write-off of issuance costs and amortization of debt discounts	10	13	19	23
Other non-cash operating activities, net	17	5	37	16
Changes in:				
Accounts receivable, net	504	49	482	(99)
Inventories	(308)	21	(483)	65
Accounts payable	(179)	(130)	(256)	(276)
Accounts payable to related parties	24	24	51	44
Accrued expenses	220	(69)	254	95
Accrued compensation	(154)	55	(134)	17
Other assets and liabilities, net	192	1,557	(212)	1,425
Net cash provided by operating activities	469	1,182	1,174	2,315
Investing Activities				
Purchases of property, plant and equipment, net	(220)	(251)	(497)	(406)
Activity related to Flash Ventures, net	(225)	(378)	(196)	(509)
Acquisitions, net of cash acquired	—	(6)	—	(99)
Other	(21)	6	(32)	7
Net cash used in investing activities	(466)	(629)	(725)	(1,007)
Financing Activities				
Employee stock plans, net	50	73	(8)	32
Repurchases of common stock	—	—	(563)	—
Dividends paid to shareholders	(144)	(148)	(292)	(295)
Settlement of debt hedge contracts	—	2	—	28
Proceeds from debt, net of issuance costs	—	2,958	—	2,958
Repayment of debt	(537)	(4,052)	(575)	(4,114)
Net cash used in financing activities	(631)	(1,167)	(1,438)	(1,391)
Effect of exchange rate changes on cash	(5)	—	(3)	1
Decrease in cash and cash equivalents	(633)	(614)	(992)	(82)
Cash and cash equivalents, beginning of period	4,646	6,886	5,005	6,354
Cash and cash equivalents, end of period	$ 4,013	$ 6,272	$ 4,013	$ 6,272

WESTERN DIGITAL CORPORATION
PRELIMINARY RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES
(in millions; unaudited)

	Three Months Ended		Six Months Ended	
	Dec. 28, 2018	Dec. 29, 2017	Dec. 28, 2018	Dec. 29, 2017
GAAP cost of revenue	$ 3,189	$ 3,323	$6,553	$ 6,591
Amortization of acquired intangible assets	(215)	(274)	(450)	(553)
Stock-based compensation expense	(13)	(13)	(24)	(26)
Charges related to cost saving initiatives	(6)	(6)	(7)	7
Manufacturing underutilization charges	(49)	—	(49)	—
Non-GAAP cost of revenue	$ 2,906	$ 3,030	$6,023	$ 6,019
GAAP gross profit	$ 1,044	$ 2,013	$2,708	$ 3,926
Amortization of acquired intangible assets	215	274	450	553
Stock-based compensation expense	13	13	24	26
Charges related to cost saving initiatives	6	6	7	(7)
Manufacturing underutilization charges	49	—	49	—
Non-GAAP gross profit	$ 1,327	$ 2,306	$3,238	$ 4,498
GAAP operating expenses	$ 868	$ 1,058	$1,846	$ 2,066
Amortization of acquired intangible assets	(41)	(41)	(82)	(81)
Stock-based compensation expense	(66)	(86)	(134)	(170)
Employee termination, asset impairment and other charges	(20)	(48)	(66)	(100)
Acquisition-related charges	—	(6)	—	(10)
Charges related to cost saving initiatives	(2)	(12)	(5)	(21)
Other	(1)	—	(1)	—
Non-GAAP operating expenses	$ 738	$ 865	$1,558	$ 1,684
GAAP operating income	$ 176	$ 955	$ 862	$ 1,860
Cost of revenue adjustments	283	293	530	572
Operating expense adjustments	130	193	288	382
Non-GAAP operating income	$ 589	$ 1,441	$1,680	$ 2,814
GAAP interest and other expense, net	$ (95)	$ (181)	$ (198)	$ (376)
Convertible debt activity, net	6	—	13	—
Debt extinguishment costs	—	2	—	2
Other	(4)	(1)	(7)	(6)
Non-GAAP interest and other expense, net	$ (93)	$ (180)	$ (192)	$ (380)
GAAP income tax expense	$ 568	$ 1,597	$ 640	$ 1,626
Income tax adjustments	(496)	(1,544)	(482)	(1,489)
Non-GAAP income tax expense	$ 72	$ 53	$ 158	$ 137

WESTERN DIGITAL CORPORATION
PRELIMINARY RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES
(in millions, except per share amounts; unaudited)

	Three Months Ended		Six Months Ended	
	Dec. 28, 2018	Dec. 29, 2017	Dec. 28, 2018	Dec. 29, 2017
GAAP net income (loss)	$ (487)	$ (823)	$ 24	$ (142)
Amortization of acquired intangible assets	256	315	532	634
Stock-based compensation expense	79	99	158	196
Employee termination, asset impairment and other charges	20	48	66	100
Acquisition-related charges	—	6	—	10
Charges related to cost saving initiatives	8	18	12	14
Manufacturing underutilization charges	49	—	49	—
Convertible debt activity, net	6	—	13	—
Debt extinguishment costs	—	2	—	2
Other	(3)	(1)	(6)	(6)
Income tax adjustments	496	1,544	482	1,489
Non-GAAP net income	$ 424	$ 1,208	$1,330	$2,297
Diluted income (loss) per common share				
GAAP	$ (1.68)	$ (2.78)	$ 0.08	$ (0.48)
Non-GAAP	$ 1.45	$ 3.95	$ 4.49	$ 7.51
Diluted weighted average shares outstanding:				
GAAP	290	296	296	295
Non-GAAP	293	306	296	306

To supplement the condensed consolidated financial statements presented in accordance with U.S. generally accepted accounting principles (“GAAP”), the table above sets forth non-GAAP cost of revenue; non-GAAP gross profit; non-GAAP operating expenses; non-GAAP operating income; non-GAAP interest and other expense, net; non-GAAP income tax expense; non-GAAP net income; and non-GAAP diluted income per common share (“Non-GAAP measures”). These Non-GAAP measures are not in accordance with, or an alternative for, measures prepared in accordance with GAAP and may be different from Non-GAAP measures used by other companies. The company believes the presentation of these Non-GAAP measures, when shown in conjunction with the corresponding GAAP measures, provides useful information to investors for measuring the company’s earnings performance and comparing it against prior periods. Specifically, the company believes these Non-GAAP measures provide useful information to both management and investors as they exclude certain expenses, gains and losses that the company believes are not indicative of its core operating results or because they are consistent with the financial models and estimates published by many analysts who follow the company and its peers. As discussed further below, these Non-GAAP measures exclude the amortization of acquired intangible assets, stock-based compensation expense, employee termination, asset impairment and other charges, acquisition-related charges, charges related to cost saving initiatives, manufacturing underutilization charges, convertible debt activity, debt extinguishment costs, other adjustments, and income tax adjustments, and the company believes these measures along with the related reconciliations to the GAAP measures provide additional detail and comparability for assessing the company's results. These Non-GAAP measures are some of the primary indicators management uses for assessing the company's performance and planning and forecasting future periods. These measures should be considered in addition to results prepared in accordance with GAAP, but should not be considered a substitute for, or superior to, GAAP results.

As described above, the company excludes the following items from its Non-GAAP measures:

Amortization of acquired intangible assets. The company incurs expenses from the amortization of acquired intangible assets over their economic lives. Such charges are significantly impacted by the timing and magnitude of the company's acquisitions and any related impairment charges.

Stock-based compensation expense. Because of the variety of equity awards used by companies, the varying methodologies for determining stock-based compensation expense, the subjective assumptions involved in those determinations, and the volatility in valuations that can be driven by market conditions outside the company's control, the company believes excluding stock-based compensation expense enhances the ability of management and investors to understand and assess the underlying performance of its business over time and compare it against the company's peers, a majority of whom also exclude stock-based compensation expense from their non-GAAP results.

Employee termination, asset impairment and other charges. From time-to-time, in order to realign the company's operations with anticipated market demand or to achieve cost synergies from the integration of acquisitions, the company may terminate employees and/or restructure its operations. From time-to-time, the company may also incur charges from the impairment of intangible assets and other long-lived assets. These charges (including any reversals of charges recorded in prior periods) are inconsistent in amount and frequency, and the company believes are not indicative of the underlying performance of its business.

Acquisition-related charges. In connection with the company's business combinations, the company incurs expenses which it would not have otherwise incurred as part of its business operations. These expenses include third-party professional service and legal fees, third-party integration services, severance costs, non-cash adjustments to the fair value of acquired inventory, contract termination costs, and retention bonuses. The company may also experience other accounting impacts in connection with these transactions. These charges and impacts are related to acquisitions, are inconsistent in amount and frequency, and the company believes are not indicative of the underlying performance of its business.

Charges related to cost saving initiatives. In connection with the transformation of the company's business, the company has incurred charges related to cost saving initiatives which do not qualify for special accounting treatment as exit or disposal activities. These charges, which the company believes are not indicative of the underlying performance of its business, primarily relate to costs associated with rationalizing the company's channel partners or vendors, transforming the company's information systems infrastructure, integrating the company's product roadmap, and accelerated depreciation of assets.

Manufacturing underutilization charges. In response to the current flash business conditions, the company is reducing its wafer starts at its flash-based memory manufacturing facilities operated through its strategic partnership with Toshiba Memory Corporation (TMC). The temporary abnormal reduction in output has resulted in flash manufacturing underutilization charges which are expensed as incurred. These charges are inconsistent in amount and frequency, and the company believes these charges are not part of the ongoing operation of its business.

Convertible debt activity, net. The company excludes non-cash economic interest expense associated with its convertible notes, the gains and losses on the conversion of its convertible senior notes and call option, and unrealized gains and losses related to the change in fair value of the exercise option and call option. These charges and gains and losses do not reflect the company's operating results, and the company believes are not indicative of the underlying performance of its business.

Debt extinguishment costs. From time-to-time, the company replaces its existing debt with new financing at more favorable interest rates or utilizes available capital to settle debt early, both of which generate interest savings in future periods. The company incurs debt extinguishment charges consisting of the costs to call the existing debt and/or the write-off of any related unamortized debt issuance costs. These gains and losses do not reflect the company's operating results, and the company believes are not indicative of the underlying performance of its business.

Other adjustments. From time-to-time, the company sells or impairs investments or other assets which are not considered necessary to its business operations, or incurs other charges or gains that the company believes are not a part of the ongoing operation of its business. The resulting expense or benefit is inconsistent in amount and frequency.

Income tax adjustments. Income tax adjustments include the difference between income taxes based on a forecasted annual non-GAAP tax rate and a forecasted annual GAAP tax rate as a result of the timing of certain non-GAAP pre-tax adjustments. During the quarter, the company completed its accounting for the tax effects of the Tax Cuts and Jobs Act allowed within the one-year measurement period. The income tax adjustments include the company's estimates related to the current status of the rules and regulations governing the transition to the Tax Cuts and Jobs Act. These adjustments are excluded because they are infrequent and the company believes that they are not indicative of the underlying performance of its business.