This presentation contains forward-looking statements that involve risks and uncertainties, including, but not limited to, the company's expectations regarding the duration, benefits and operating results of the Flash Ventures partnership. Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved, if at all. Forward-looking statements are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements.

Key risks and uncertainties include future responses to and effects of the COVID-19 pandemic; volatility in global economic conditions; impact of business and market conditions; impact of competitive products and pricing; our development and introduction of products based on new technologies and expansion into new data storage markets; risks associated with cost saving initiatives, restructurings, acquisitions, divestitures, mergers, joint ventures and our strategic relationships; difficulties or delays in manufacturing or other supply chain disruptions; hiring and retention of key employees; our substantial level of debt and other financial obligations; changes to our relationships with key customers; disruptions in operations from cyberattacks or other system security risks; actions by competitors; risks associated with compliance with changing legal and regulatory requirements and the outcome of legal proceedings; and other risks and uncertainties listed in the company's filings with the Securities and Exchange Commission (the “SEC”) and available on the SEC's website at www.sec.gov, including our most recent 10-K, filed on August 28, 2020, to which your attention is directed. We do not undertake any obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by law.
• Deep, longstanding 21-year partnership consisting of three jointly owned entities

• Jointly develop and produce high performance, low-cost NAND flash

• Successfully introduced 15 generations of leading-edge technology nodes

• Leverage economies of scale through combined financial resources and joint R&D efforts
How the Flash Ventures Work

Business Summary
Develop, manufacture, and sell flash wafers to the joint venture partners — Western Digital and Kioxia

Organization & Governance
Each of the three Flash Ventures' entities have two shareholders (Western Digital and Kioxia) and a Board of Directors

R&D Collaboration
Develop leading-edge flash technology and manufacturing processes for the benefit of Western Digital and Kioxia

Enduring Partnership
Strong 21-year partnership with long-term commitments in place for at least 13 more years
### Organizational Structure and Governance

Western Digital and Kioxia each appoint an **equal number of members** to Flash Ventures' Boards of Directors and Operating Committees. **Unanimous approval** of Flash Ventures' Board of Directors is required for manufacturing capacity increases, technology transitions and funding mechanisms.

**Operating Committee** for each fab:
- Oversees day-to-day fab operations
- Determines fab staffing levels
- Manages technology transitions

### Operations and Separate Go-to-Market Strategies

- **Western Digital and Kioxia** co-develop flash (including process technology and memory design) and contribute IP for Flash Ventures' use.
- **Kioxia** builds and owns **cleanrooms** and provides wafer manufacturing services to Flash Ventures. Flash Ventures owns and leases equipment.

Western Digital and Kioxia use the output in their **separate products and go-to-market activities**.

### Funding

- **Western Digital and Kioxia** fund **Flash Ventures equipment purchases ~50/50**. To the extent funding is provided in the form of loans from Western Digital and Kioxia, Flash Ventures repays such loans using excess operating cash flow.
- **Flash Ventures** pays Kioxia's costs to manufacture wafers and for the Western Digital engineers who work in the fabs with the Kioxia engineers.

Western Digital and Kioxia share the cost of **joint R&D 50/50**.
Overview of Flash Ventures

- **Flash Partners, Ltd.** (2004 – 2029)
- **Flash Alliance, Ltd.** (2006 – 2029)
- **Flash Forward, Ltd.** (2010 – 2034)

Three Flash Ventures' entities utilize cleanroom space in six fabs across two manufacturing sites. Yokkaichi mega fab complex is the world's largest NAND manufacturing site. Flash Ventures accounts for >80% of wafers produced at the Yokkaichi and Kitakami fabs. Flash Ventures' wafer output is split ~50/50 between Western Digital and Kioxia.

Western Digital and Kioxia together are the world's largest producer of NAND flash.

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Yokkaichi mega fab complex is the world’s largest NAND manufacturing site
Flash Ventures accounts for >80% of wafers produced at the Yokkaichi and Kitakami fabs
• Flash Ventures’ wafer output is split ~50/50 between Western Digital and Kioxia
• The remainder of the wafer output is solely Kioxia’s
## Joint Venture Operational Framework

<table>
<thead>
<tr>
<th><strong>Western Digital.</strong></th>
<th><strong>Flash Ventures</strong></th>
<th><strong>KIOXIA</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Co-develops flash</strong> (including process technology and memory design) with Kioxia and contributes IP for Flash Ventures' use</td>
<td><strong>Owns and leases equipment</strong> for flash wafer production and R&amp;D line</td>
<td><strong>Co-develops flash</strong> (including process technology and memory design) with Western Digital and contributes IP for Flash Ventures' use</td>
</tr>
<tr>
<td><strong>Performs integral manufacturing and R&amp;D functions at Flash Ventures' manufacturing sites</strong></td>
<td><strong>Purchases wafers from Kioxia</strong> at Kioxia's manufacturing cost under foundry agreements</td>
<td><strong>Performs integral manufacturing and R&amp;D functions at Flash Ventures' manufacturing sites</strong></td>
</tr>
<tr>
<td><strong>Purchases Flash Ventures' wafers</strong> at Kioxia's manufacturing cost plus a small markup</td>
<td><strong>Sells wafers to Western Digital and Kioxia</strong> at Kioxia's manufacturing cost plus a small markup</td>
<td><strong>Purchases Flash Ventures' wafers</strong> at Kioxia's manufacturing cost plus a small markup</td>
</tr>
<tr>
<td><strong>Funds Flash Ventures' equipment purchases and leases</strong></td>
<td><strong>Pays vendors for tool purchases</strong> using net operating cash flow, sale-and-leaseback proceeds and loans from WD and KIC</td>
<td><strong>Funds Flash Ventures' equipment purchases and leases</strong></td>
</tr>
<tr>
<td>• Equipment depreciation and lease expense payments</td>
<td>• <strong>Charges expenses to Western Digital and Kioxia</strong> (incl. equipment depreciation and lease expense) and remits lease payments to lessees</td>
<td>• Equipment depreciation and lease expense payments</td>
</tr>
<tr>
<td>• Equipment lease guarantees</td>
<td>• <strong>Sale-and-leaseback transactions</strong> with third party financial institutions</td>
<td>• Equipment lease guarantees</td>
</tr>
<tr>
<td>• Loan advances</td>
<td>• <strong>Borrows from Western Digital and Kioxia</strong> for a portion of their equipment purchases</td>
<td>• Loan advances</td>
</tr>
<tr>
<td>• Equity injections</td>
<td>• <strong>Repays parent loans</strong> using excess sale-and-leaseback proceeds and net operating cash flow</td>
<td>• Equity injections</td>
</tr>
<tr>
<td><strong>Owns and operates</strong> cleanrooms</td>
<td><strong>Provides wafer manufacturing</strong> services to Flash Ventures at Kioxia's manufacturing cost</td>
<td><strong>Owns and operates</strong> cleanrooms</td>
</tr>
</tbody>
</table>

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Joint Venture/Partnership
Collaboration and Differentiation

Western Digital:

Different End Product and Go-to-Market Strategies
- Assembly and Test
- Controller/System Development
- Marketing/Branding
- Sales/Distribution

Joint Venture/Collaboration
- NAND Flash Development and Design
- NAND Flash Wafer Production

KIOXIA:

Different End Product and Go-to-Market Strategies
- Assembly and Test
- Controller/System Development
- Marketing/Branding
- Sales/Distribution
STRATEGIC BENEFITS AND FINANCIAL SUPPORT
STRATEGIC BENEFITS OF PARTNERSHIP

SCALE
- Financial resources
- Equipment purchasing
- Fixed cost absorption
- Faster technology conversions
- Efficiency of tools and labor

INNOVATION
- Combines the companies that invented NAND flash and multi bits per cell IP
- IP and design collaboration leverage
- Memory Development Center integrated within Yokkaichi mega fab complex enabling quicker ramp to production
- Combined global talent pool

Western Digital and Kioxia produce >34% of the world’s bits

Western Digital has invested ~$18 billion in equipment for Flash Ventures through calendar year 2020

Source: Yole Development for CY20
How Does Western Digital Fund Flash Ventures?

Western Digital and Kioxia are each responsible for ~50% of the funding required for Flash Ventures' equipment purchases. Kioxia is responsible for construction, maintenance and operation of the fabs. Western Digital funds its portion of Flash Ventures' equipment purchases by:

**Flash Ventures Parent Loans**
- Western Digital loans cash to Flash Ventures for a portion of their equipment purchases.
- The loans are reflected in Western Digital's cash flow statement and balance sheet.

**Flash Ventures Lease Financing**
- Flash Ventures enters into equipment sale-and-leaseback transactions with a consortium of financial institutions.
- Western Digital guarantees 50% of the lease payment obligations. The net guarantee obligation amount is quantified in the notes of its financial statements.
- Flash Ventures charges Western Digital for its share of the lease payments, which are recorded on Western Digital's financial statements as cost of revenue.

**Flash Ventures Net Operating Cash Flow**
- Western Digital reimburses Flash Ventures for its share of Flash Ventures' expenses, including equipment depreciation, and pays a small markup on wafer purchases. These amounts are included in Western Digital's cost of revenue.
- As cash accumulates in Flash Ventures, these funds are used to purchase additional equipment and/or prepay outstanding loans from Western Digital.
- Flash Ventures' net operating cash flow (primarily from reimbursement of depreciation costs through wafer sales) is not disclosed.
## Summarized Impact of Flash Ventures on Western Digital's Financial Statements

<table>
<thead>
<tr>
<th>Item</th>
<th>Details</th>
<th>Statement of Operations</th>
<th>Statement of Cash Flows</th>
<th>Balance Sheet</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Wafer purchases</strong></td>
<td>Charged at cost plus a small markup; manufacturing costs includes materials, labor, equipment depreciation and lease expenses, overhead, etc.</td>
<td>Cost of Revenue</td>
<td>Changes in inventories</td>
<td>Inventory</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Changes in accounts payable to related parties</td>
<td>Accounts payable to related parties</td>
</tr>
<tr>
<td><strong>Equipment depreciation and lease expenses</strong></td>
<td>Component of manufacturing costs included in the cost of wafer purchases noted above</td>
<td>Cost of Revenue</td>
<td><em>Not included in Depreciation &amp; Amortization line item</em></td>
<td></td>
</tr>
<tr>
<td><strong>Equipment purchases</strong></td>
<td>Capital equipment and tooling necessary for manufacturing and research; Western Digital may fund purchases via Flash Ventures' parent loans, lease guarantees, and equity investments (see slide 12 for additional funding sources)</td>
<td></td>
<td>Notes receivable issuances to Flash Ventures</td>
<td>Notes receivable and investments in Flash Ventures</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Notes receivable proceeds from Flash Ventures</td>
<td></td>
</tr>
<tr>
<td><strong>Building depreciation prepayments</strong></td>
<td>Cash prepayment recorded as a prepaid expense until it is credited against future wafer purchases noted above</td>
<td></td>
<td>Changes in other assets</td>
<td>Other assets</td>
</tr>
<tr>
<td><strong>Research and development</strong></td>
<td>Co-develops flash (including process technology and memory design) and contributes IP for Flash Ventures' use</td>
<td>Research and development expense</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Lease guarantee</strong></td>
<td>Off-balance sheet liability disclosed in notes to financial statements</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Western Digital’s Total Capital Spending

Cash Capital Expenditures\(^{(A)}\)

1. HDD CapEx
2. Flash Non-Fab CapEx
3. Flash Ventures Parent Loans\(^{(B)}\)

Flash Ventures Capital Expenditures

4. Flash Ventures Lease Financing\(^{(A)}\)
5. Flash Ventures Net Operating Cash Flow\(^{(B)\(\text{(C)}\)}\)

Gross Capital Expenditures

1. HDD CapEx
2. Flash Non-Fab CapEx
3. Flash Ventures Parent Loans\(^{(B)}\)
4. Flash Ventures Lease Financing\(^{(A)}\)
5. Flash Ventures Net Operating Cash Flow\(^{(B)\(\text{(C)}\)}\)

A. Cash Capital Expenditures includes purchases of property, plant and equipment, net, and notes receivable issuances to Flash Ventures, net.
B. Flash Ventures Parent Loans, Flash Ventures Lease Financing, and Flash Ventures Net Operating Cash Flow are comprised only of Western Digital’s portions.
C. Flash Ventures Net Operating Cash Flow is primarily generated from equipment depreciation payments.

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History of Flash Ventures Milestones

1987  Toshiba Corp. invents NAND flash memory
1988  SanDisk Corp. files first multi-level-cell (MLC) technology patent
1997  SanDisk and Toshiba enter into Patent Cross License Agreement
2000  Form first joint venture in Virginia – FlashVision, LLC
2002  Form FlashVision, Ltd. in Yokkaichi for Fabs 1 and 2 and wind down FlashVision, LLC
2004  Form Flash Partners, Ltd. in Yokkaichi for Fab 3
2006  Form Flash Alliance, Ltd. in Yokkaichi for Fab 4
2008  Start developing 3D ReRAM together and wind down FlashVision, Ltd.
2009  Toshiba buys out ~20% of Flash Ventures’ capacity
2010  Form Flash Forward, Ltd. in Yokkaichi for Fab 5
2011  Start developing 3D flash together
2015  Extend Flash Partners, Ltd. until 2029 and include new Fab 2
2016  Western Digital acquires SanDisk
2017  Toshiba spins out memory business; include Fab 6 and extend Flash Alliance, Ltd. until 2029 and Flash Forward, Ltd. until 2027
2019  Include Fab 1 in Kitakami and extend Flash Forward, Ltd. until 2034 for the Kitakami site