

SANDISK CORP  
Form 425  
April 29, 2016

Filed by Western Digital Corporation pursuant to Rule 425 under the Securities Act of 1933 and  
deemed filed pursuant to Rule 14a-12 of the Securities Exchange Act of 1934

Subject Company: SanDisk Corporation

Commission File No. 000-26734

**Western Digital Corporation**

**Third Quarter Fiscal Year 2016**

**Conference Call Remarks**

**April 28, 2016**

**Steve Milligan**

**CEO**

Good afternoon and thank you for joining us. With me today are Mike Cordano, our president and chief operating officer, and Olivier Leonetti, our chief financial officer. After my opening remarks, Olivier will give additional commentary on our March quarter performance and our outlook for the June quarter. He will also provide an update on savings associated with the integration of our HGST and WD subsidiaries.

I am pleased to report that our plan to close the SanDisk acquisition in the June quarter is on track, having received shareholder approval in March and having obtained the committed debt financing associated with the transaction earlier this month. We continue to work constructively with China's Ministry of Commerce on its review of the acquisition—the last remaining regulatory approval required to close the SanDisk acquisition. Subject to gaining MOFCOM approval and closing the acquisition shortly thereafter, we plan to provide the investment community with an update to the standalone guidance we are providing today to reflect the partial period of ownership of the SanDisk business in the June quarter.

Aggregate demand for hard drives in the March quarter was generally consistent with our expectations. We anticipate that hard drive demand in the June quarter will be slightly down from the March quarter given continued softer PC demand and weaker than expected demand in performance enterprise. We believe we have the ability to increase our gross margins sequentially in the June quarter by continuing to take cost out of the business through our ongoing and unique integration activities of the HGST and WD subsidiaries and through our focus on optimizing our market position and product portfolio mix.

We continue to manage our business effectively in a dynamic storage demand environment. Computer usage continues to shift from PCs to mobile devices, storage technologies in PCs continue to evolve, and enterprise workloads are moving increasingly to cloud-based architectures. It's worth noting that as companies evaluate the shift to cloud computing, they are carefully managing their IT spending, affecting both client and enterprise-related purchases in the near term. In the meantime, the creation of data and the amount of it being stored continues to grow, underpinning a promising long term growth opportunity in the storage industry. Our strategy to become a broad-based provider of media-agnostic storage solutions anticipates these and other trends. After we complete the acquisition of SanDisk, we will be better positioned to address and capitalize on these changes and opportunities, with the industry's

broadest set of storage solutions, a rich technology portfolio, and an experienced team in both rotating magnetic and non-volatile memory.

Olivier will now provide details on our third quarter performance, and outlook for the June quarter.

Olivier

CLOSING REMARKS:

Thank you for joining us today. We look forward to keeping you informed of our progress on all fronts. Have a good rest of the day. Thank you.

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## Forward-Looking Statements

This document contains forward-looking statements within the meaning of the federal securities laws. These forward-looking statements include, but are not limited to, statements regarding Western Digital Corporation's (Western Digital) proposed merger with SanDisk Corporation (SanDisk) (including financing of the proposed transaction and the benefits, results, effects and timing of a transaction), all statements regarding Western Digital's (and Western Digital's and SanDisk's combined) expected future financial position, results of operations, cash flows, dividends, financing plans, business strategy, budgets, capital expenditures, competitive positions, growth opportunities, plans and objectives of management, and statements containing the use of forward-looking words, such as may, will, could, would, should, project, believe, anticipate, expect, estimate, continue, approximately, intend, upside, and the like, or the use of future tense. Statements contained herein concerning the business outlook or future economic performance, anticipated profitability, revenues, expenses, dividends or other financial items, and product or services line growth of Western Digital (and the combined businesses of Western Digital and SanDisk), together with other statements that are not historical facts, are forward-looking statements that are estimates reflecting the best judgment of Western Digital based upon currently available information. Statements concerning current conditions may also be forward-looking if they imply a continuation of current conditions.

Such forward-looking statements are inherently uncertain, and shareholders and other potential investors must recognize that actual results may differ materially from Western Digital's expectations as a result of a variety of factors, including, without limitation, those discussed below. These forward-looking statements are based upon management's current expectations and include known and unknown risks, uncertainties and other factors, many of which Western Digital is unable to predict or control, that may cause actual results, performance or plans to differ materially from those expressed or implied by such forward-looking statements, including: volatility in global economic conditions; business conditions and growth in the storage ecosystem; pricing trends and fluctuations in average selling prices; the availability 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; and other risks and uncertainties listed in the Company's filings with the Securities and Exchange Commission (the SEC), including Western Digital's most recent Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. You should not place undue reliance on these forward-looking statements, which speak only as of the date hereof, and Western Digital undertakes no obligation to update these forward-looking statements to reflect new information or events.

Risks and uncertainties related to the proposed merger include, but are not limited to, potential adverse reactions or changes to business relationships resulting from the announcement, pendency or completion of the merger, uncertainties as to the timing of the merger, the possibility that the closing conditions to the proposed merger may not be satisfied or waived, including that a governmental entity may prohibit, delay or refuse to grant a necessary approval, adverse effects on Western Digital's stock price resulting from the announcement or completion of the merger, competitive responses to the announcement or completion of the merger, costs and difficulties related to the integration of SanDisk's businesses and operations with Western Digital's businesses and operations, the inability to obtain, or delays in obtaining, cost savings and synergies from the merger, uncertainties as to whether the completion of the merger or any transaction will have the accretive effect on Western Digital's earnings or cash flows that it expects, unexpected costs, liabilities, charges or expenses resulting from the merger, litigation relating to the merger, the inability to retain key personnel, and any changes in general economic and/or industry-specific conditions. In addition to the factors set forth above, other factors that may affect Western Digital's or SanDisk's plans, results or stock price are set forth in Western Digital's and SanDisk's respective filings with the SEC, including Western Digital's and SanDisk's most recent Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K and Western Digital's most recent registration statement on Form S-4 referenced below. Many of these factors are beyond Western Digital's and SanDisk's control. Western Digital and SanDisk caution investors that any forward-looking statements made by Western Digital or SanDisk are not guarantees of future performance. Neither Western Digital nor SanDisk intend, or undertake any obligation, to publish revised forward-looking statements to

reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events.

**Important Additional Information and Where to find It**

This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities. In connection with the proposed merger, Western Digital filed a registration statement on Form S-4 with the SEC on December 11, 2015, as amended by Amendment No. 1, dated January 27, 2016 and by Amendment No. 2, dated February 5, 2016, which was declared effective by the SEC on February 5, 2016, and Western Digital filed the definitive proxy statement/prospectus on February 5, 2016. Western Digital and SanDisk began to mail the definitive joint proxy statement/prospectus to their respective shareholders on February 5, 2016. This material is not a substitute for the joint proxy statement/prospectus or registration statement or for any other document that Western Digital or SanDisk may file with the SEC and send to Western Digital's and/or SanDisk's shareholders in connection with the proposed merger. **INVESTORS AND SECURITY HOLDERS OF WESTERN DIGITAL AND SANDISK ARE URGED TO READ ALL RELEVANT DOCUMENTS FILED WITH THE SEC, INCLUDING THE JOINT PROXY STATEMENT/PROSPECTUS, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED MERGER.** Investors and security holders will be able to obtain copies of the joint proxy statement/prospectus as well as other filings containing information about Western Digital and SanDisk, without charge, at the SEC's website, <http://www.sec.gov>. Copies of the documents filed with the SEC by Western Digital will be available free of charge on Western Digital's website at <http://www.wdc.com>. Copies of the documents filed with the SEC by SanDisk will be available free of charge on SanDisk's website at <http://www.sandisk.com>.