

WESTERN DIGITAL CORP
Form DEFA14A
October 10, 2017

SCHEDULE 14A

**PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE
SECURITIES EXCHANGE ACT OF 1934**

(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to § 240.14a-12

WESTERN DIGITAL CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

Fee not required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

- (2) Aggregate number of securities to which transaction applies:

- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

- (4) Proposed maximum aggregate value of transaction:

- (5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid:

- (2) Form, Schedule or Registration Statement No.:

- (3) Filing Party:

- (4) Date Filed:

Compensation Decisions to Reflect Transformation Our business transformed during the PSU performance period following our acquisition of SanDisk to include multiple data storage solutions. The Committee excluded the impact of SanDisk from the PSU award calculation, but used upward discretion to account for the shift in TAM methodologies and to more closely align with our true performance following this transformation. ©2017 Western Digital Corporation or its affiliates. All rights reserved. Confidential.

PSU Cumulative Goals Adj. by TAM (in billions)	Total Company Calculation (includes SanDisk for illustrative purposes)	Discretionary Adj. Used by Compensation Committee (excludes SanDisk)	Target (100%)	Actual Performance Achievement Rate	Final Payout Rate	Actual Performance Achievement Rate	Final Payout Rate	Revenue
\$25.885	\$32.087	124%	200%	\$23.633	91%	75%	Operating Income	\$ 3.543
\$ 5.041	142%	200%	\$ 2.724	77%	105%	Overall Payout	200%	90%

May 12, 2016: SanDisk acquisition closes August 2015: Compensation Committee approves PSU grant June 30, 2017: End of PSU performance period At the time the PSU metric goals were set, the SanDisk acquisition was neither fully negotiated nor guaranteed to close; therefore, the targets were set based on the company's then-current operations and products - primarily hard disk drive storage products and solutions ~\$16 billion acquisition that significantly diversified WDC's storage technology and solutions, and transformed Western Digital Positioned Western Digital to take advantage of growing data storage market Formulaic calculation of PSU achievements would have resulted in 35% payout (SanDisk excluded; TAM modifier based on how storage was measured in 2015 (in units)) Given the tremendous business transformation over this period, the Committee used its discretion to pay out PSUs at a level commensurate with what payouts would have been if consistent with the current TAM methodology – payout would have been 90% The Committee believed a payout at 90% of target more accurately reflected the performance that was intended to be measured October 19, 2015: Lifting of HGST hold separate 2016-2017 PSU Payouts If Total Company Performance Were Measured: 200% of Target Level 2016-2017 PSU Performance Period Included Significant Company Transformation October 21, 2015: SanDisk acquisition is announced From the close of the SanDisk acquisition to the end of Fiscal 2017, Western Digital generated TSR of 153%