UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended June 28, 2024

Or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number: 1-8703

Western Digital.

WESTERN DIGITAL CORPORATION
(Exact Name of Registrant as Specified in Its Charter)

Delaware *(State or other jurisdiction of incorporation or organization)*	**33-0956711** *(I.R.S. Employer Identification No.)*
5601 Great Oaks Parkway San Jose, California *(Address of principal executive offices)*	**95119** *(Zip Code)*

Registrant's telephone number, including area code: (408) 717-6000

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, $0.01 Par Value Per Share	WDC	The Nasdaq Stock Market LLC (Nasdaq Global Select Market)

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company	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. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☒

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b) ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the registrant's common stock held by non-affiliates of the registrant on December 29, 2023, the last business day of the registrant's most recently completed second fiscal quarter, was $12.90 billion, based on the closing sale price as reported on the Nasdaq Global Select Market.

There were 343,451,583 shares of common stock, par value $0.01 per share, outstanding as of the close of business on August 7, 2024.

Documents Incorporated by Reference

Part III incorporates by reference certain information from the registrant's definitive proxy statement (the "Proxy Statement") for the 2024 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission within 120 days after the end of the 2024 fiscal year. Except with respect to information specifically incorporated by reference in this Form 10-K, the Proxy Statement is not deemed to be filed as part hereof.

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Unless otherwise indicated, references herein to specific years and quarters are to our fiscal years and fiscal quarters, and references to financial information are on a consolidated basis. As used herein, the terms "we," "us," "our," the "Company," "WDC" and "Western Digital" refer to Western Digital Corporation and its subsidiaries, unless we state, or the context indicates, otherwise.

WDC, a Delaware corporation, is the parent company of our data storage business. Our principal executive offices are located at 5601 Great Oaks Parkway, San Jose, California 95119. Our telephone number is (408) 717-6000.

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

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements within the meaning of the federal securities laws. Any statements that do not relate to historical or current facts or matters are forward-looking statements. You can identify some of the forward-looking statements by the use of forward-looking words, such as "may," "will," "could," "would," "project," "believe," "anticipate," "expect," "estimate," "continue," "potential," "plan," "forecast," and the like, or the use of future tense. Statements concerning current conditions may also be forward-looking if they imply a continuation of current conditions. Examples of forward-looking statements include, but are not limited to, statements concerning:

- *our expectations regarding our plan to separate our HDD and Flash business units;*
- *our product plans and business strategies;*
- *consumer trends and market conditions;*
- *expectations regarding demand trends, market opportunities and our market position;*
- *expectations regarding our future financial performance;*
- *the impact of the global macroeconomic environment;*
- *expectations related to our agreed sale of a portion of our equity interest in SanDisk Semiconductor (Shanghai) Co. Ltd.;*
- *expectations related to our joint ventures and partnerships including relating to our Flash Ventures joint venture with Kioxia Corporation ("Kioxia");*
- *expectations regarding our product development and technology plans;*
- *expectations regarding capital expenditure plans and investments;*
- *expectations regarding our tax resolutions, effective tax rate and our unrecognized tax benefits;*
- *expectations regarding the merits of our position and our plans with respect to certain litigation matters; and*
- *our beliefs regarding our capital allocation plans and the sufficiency of our available liquidity to meet our working capital, debt and capital expenditure needs.*

These forward-looking statements are based on management's current expectations, represent the most current information available to the Company as of the date of this Annual Report on Form 10-K and are subject to a number of risks, uncertainties and other factors that could cause actual results or performance to differ materially from those expressed or implied in the forward-looking statements. These risks and uncertainties are described in Part I, Item 1A of this Annual Report on Form 10-K. You are urged to carefully review the disclosures we make concerning risks and other factors that may affect the outcome of our forward-looking statements and our business and operating results, including those made in Part I, Item 1A of this Annual Report on Form 10-K and any of those made in our other reports filed with the Securities and Exchange Commission. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Report. We do not intend, and undertake no obligation, to update or revise these forward-looking statements to reflect new information or events after the date of this document or to reflect the occurrence of unanticipated events, except as required by law.

WEBSITE REFERENCES

In this Annual Report on Form 10-K, we make references to our website at *www.westerndigital.com*. References to our website through this Form 10-K are provided for convenience only and the content on our website does not constitute a part of, and shall not be deemed incorporated by reference into, this Annual Report on Form 10-K.

PART I

Item 1. *Business*

General

Western Digital is a leading developer, manufacturer and provider of data storage devices and solutions based on both hard disk drive and NAND flash technologies. With a differentiated innovation engine driving advancements in storage and semiconductor technologies, our broad and ever-expanding portfolio delivers powerful hard disk drives ("HDD") and flash-based products ("Flash") storage solutions for everyone from students, gamers and home offices, to the largest enterprises and public clouds to capture, preserve, access and transform an ever-increasing diversity of data.

Our broad portfolio of technology and products addresses multiple end markets: "Cloud," "Client" and "Consumer."

Cloud is comprised primarily of products for public or private cloud environments and end customers. Through the Client end market, we provide our original equipment manufacturer ("OEM") and channel customers a broad array of high-performance hard drive and flash solutions across personal computer, mobile, gaming, automotive, virtual reality headsets, at-home entertainment, and industrial spaces. The Consumer end market is highlighted by our broad range of retail and other end-user products, which capitalize on the strength of our product brand recognition and vast points of presence around the world.

On October 30, 2023, we announced that our Board of Directors had completed its strategic review of our business and, after evaluating a comprehensive range of alternatives, authorized us to pursue a plan to separate our HDD and Flash business units to create two independent, public companies. We believe the separation will better position each business unit to execute innovative technology and product development, capitalize on unique growth opportunities, extend respective leadership positions and operate more efficiently with distinct capital structures. The completion of the planned separation is subject to certain conditions, including final approval by our Board of Directors. Significant effort is underway and extensive progress has been made with respect to the separation as we continue to drive towards completing the work required to separate the businesses by the end of calendar year 2024.

Founded in 1970 in Santa Ana, California, Western Digital is now a Standard & Poor's 500 ("S&P 500") company headquartered in San Jose, California. We have valuable patent portfolios containing approximately 13,000 active patents, covering groundbreaking memory technologies and beyond. We have extensive customer, partner and channel relationships across a number of end markets and geography and have a rich heritage of innovation and operational excellence, a wide range of intellectual property ("IP") assets, broad research and development ("R&D") capabilities and large-scale, efficient manufacturing supply chains. The strong growth in the amount, value and use of data continues, creating a global need for larger, faster and more capable storage solutions.

We are a customer-focused organization that has developed deep relationships with industry leaders to continue to deliver innovative solutions to help users capture, store and transform data across a boundless range of applications. With much of the world's data stored on Western Digital products, our innovation powers the global technology ecosystem from consumer devices to the edge, to the heart of the cloud. We enable cloud, Internet and social media infrastructure players to build more powerful, cost-effective and efficient data centers. We help OEMs address storage opportunities and solutions to capture and transform data in a myriad of devices and edge technologies. We have also built strong consumer brands with tools to manage vast libraries of personal content and to push the limits of what is possible for storage. At Western Digital, we continue to transform ourselves to address the growth in data by providing what we believe to be the broadest range of storage technologies in the industry with a comprehensive product portfolio and global reach.

Industry

We operate in the data storage industry. The ability to access, store and share data from anywhere on any device is increasingly important to our customers and end users. From the intelligent edge to the cloud, data storage is a fundamental component underpinning the global technology architecture. Our strengths in innovation and cost leadership, diversified product portfolio and broad routes to market provide a foundation upon which we are solidifying our position as an essential building block of the digital economy. We believe there is tremendous market opportunity flowing from the rapid global adoption of the technology architecture built with cloud infrastructure tied to intelligent endpoints all connected by high-performance networks.

The increase in computing complexity and advancements in artificial intelligence ("AI"), along with growth in cloud computing applications, connected mobile devices and Internet-connected products and edge devices is driving unabated growth in the volume of digital content to be stored and used. This growth has led to the creation of new form factors for data storage. The storage industry is increasingly utilizing tiered architectures with solid state drives ("SSD"), HDD and other non-volatile memory-based storage to address an expanding set of uses and applications. We believe our expertise and innovation across both HDD and Flash technologies enable us to bring powerful solutions to a broad range of applications. We continuously monitor the full array of storage technologies, including reviewing these technologies with our customers, to ensure we are appropriately resourced to meet our customers' storage needs.

Technology

Hard Disk Drives. HDD products provide non-volatile data storage by recording magnetic information on a rotating disk. We develop and manufacture substantially all of the recording heads and magnetic media used in our HDD products. We have led the industry in innovation to drive increased areal density and high-performance attributes. Our improvements in HDD capacity, which lower product costs over time, have been enabled largely through advancements in magnetic recording head and media technologies. Our multi-year product roadmap for high-capacity HDD, which combines ePMR, OptiNAND, UltraSMR and triple stage actuators to deliver a cutting-edge portfolio of drives, in commercial volumes, at a wide variety of capacity points, puts Western Digital in a strong position to capitalize on the opportunities presented by the large and growing storage markets. We invest considerable resources in R&D, manufacturing infrastructure and capital equipment for recording head and media technology, as well as other aspects of the magnetic recording system such as HDD mechanics, controller and firmware technology, in order to secure our competitive position and cost structure. Our products generally leverage a common platform for various products within product families, and in some cases across product families, resulting in the commonality of components which reduces our exposure to changes in demand, facilitates inventory management and allows us to achieve lower costs through purchasing economies. This platform strategy also enables our customers to leverage their qualification efforts onto successive product models.

Flash Technologies. Flash-based products provide non-volatile data storage based on flash technology. We develop and manufacture solid state storage products for a variety of applications including enterprise or cloud, client, automotive, mobile devices and removable memory devices. Over time, we have successfully developed and commercialized successive generations of multi-dimensional flash technology with increased numbers of storage bits per cell in an increasingly smaller form factor, further driving cost reductions. We devote significant R&D resources to the development of highly reliable, high-performance, cost-effective flash-based technology and are continually pursuing developments in next-generation flash-based technology capacities. We are leveraging our expertise, resources and strategic investments in non-volatile memories to explore a wide spectrum of persistent memory and storage class memory technologies. We have also initiated, defined and developed standards to meet new market needs and to promote wide acceptance of flash storage standards through interoperability and ease of use.

Our Data Solutions

Our broad portfolio of technology and products addresses multiple end markets of "Cloud," "Client" and "Consumer" and are comprised of the Western Digital®, SanDisk® and WD® brands.

Cloud represents a large and growing end market comprised primarily of products for public or private cloud environments and enterprise customers. We provide the Cloud end market with an array of high-capacity enterprise HDD, high-performance enterprise SSD and platforms. Our capacity enterprise hard disk drives provide high-capacity storage needs and a low total cost of ownership for the growing cloud data center and smart video system markets. These drives are primarily for use in data storage systems, in tiered storage models and where data must be stored reliably for years. Our high-performance enterprise class SSD include high-performance flash-based SSD and software solutions that are optimized for performance applications providing a range of capacity and performance levels primarily for use in enterprise servers and supporting high-volume online transactions, AI-related workloads, data analysis and other enterprise applications. We also provide higher value data storage platforms to the market.

Through the Client end market, we provide numerous data solutions that we incorporate into our client's devices, which consist of HDD and SSD desktop and notebook PCs, gaming consoles and set top boxes, as well as flash-based embedded storage products for mobile phones, tablets, notebook PCs and other portable and wearable devices, automotive applications, Internet of Things and industrial and connected home applications. Our HDD and SSD are designed for use in devices requiring high performance, reliability and capacity with various attributes such as low cost per gigabyte, quiet acoustics, low power consumption and protection against shocks.

We serve the Consumer end market with a portfolio of HDD and SSD embedded into external storage products and removable Flash, which include cards, universal serial bus ("USB") flash drives and wireless drives, through our retail and channel routes to market. Our external HDD storage products in both mobile and desktop form factors provide affordable, high quality, reliable storage for backup and capacity expansion that are designed to keep digital content secure. We offer client portable SSD with a range of capacities and performance characteristics to address a broad spectrum of the client storage market. Our removable cards are designed primarily for use in consumer devices, such as mobile phones, tablets, imaging systems, cameras and smart video systems. Our USB flash drives are used in the computing and consumer markets and are designed for high-performance and reliability. Our wireless drive products allow in-field backup of created content, as well as wireless streaming of high-definition movies, photos, music and documents to tablets, smartphones and PCs.

Competition

Our industry is highly competitive. We believe we are well-positioned with our leading product portfolio, premium consumer brand, differentiated semiconductor innovation engine and leadership in driving cost efficiency. Nevertheless, we face strong competition from other manufacturers of HDD and Flash in the Cloud, Client and Consumer end markets. In HDD, we compete with Seagate Technology Holdings plc and Toshiba Electronic Devices & Storage Corporation. In Flash, we compete with vertically integrated suppliers such as Kioxia, Micron Technology, Inc., Samsung Electronics Co., Ltd., SK Hynix, Inc., Yangtze Memory Technologies Co., Ltd. and numerous smaller companies that develop and manufacture flash-based products.

Business Strategy

Our overall strategy focuses on leadership, innovation and execution to be an industry-leading and broad-based developer, manufacturer and provider of storage devices and solutions that support the infrastructure that has enabled the unabated proliferation of data. Our strategy reflects the following foundational elements that we strive to meet:

- *Drive Leadership in HDD*
  - Provide reliable capacity growth and improved total cost of ownership
  - Enhance customers' ability to generate value from data
  - Develop new technologies across the storage landscape

- *Drive Differentiated Leadership in Flash*
  - Capitalize on market transition to solid state drives
  - Focus on gross margin leadership
  - Leverage consumer brand strength

- *Lead in Storage Innovation*
  - Lead in areal density
  - Invest in leading HDD technologies to enable future drive capacity transition
  - Drive capital-efficient bit growth in flash
  - Explore tailored storage solutions to address the evolving workload requirements of generative AI

- *Deliver Customer Value*
  - Increase long-term engagement and through-cycle agreements with key hyperscalers
  - Maintain and expand strategic relationships with customers while transitioning into two market-leading companies

- *Accelerate Operational Excellence*
  - Achieve operational excellence to translate technology into stockholder value
  - Meet cost reduction targets to improve gross margin
  - Focus on sustainability and digital innovation of our manufacturing processes

Research and Development

We devote substantial resources to the development of new products and the improvement of existing products. We focus our engineering efforts on optimizing our product design and manufacturing processes to bring our products to market in a cost-effective and timely manner. For a discussion of associated risks, see Part I, Item 1A, *Risk Factors*, of this Annual Report on Form 10-K.

Patents, Licenses and Proprietary Information

We rely on a combination of patents, trademarks, copyright and trade secret laws, confidentiality procedures and licensing arrangements to protect our IP rights.

We have approximately 13,000 active patents worldwide and have many patent applications in process. We continually seek additional United States ("U.S.") and international patents on our technology. We believe that, although our active patents and patent applications have considerable value, the successful manufacturing and marketing of our products also depends upon the technical and managerial competence of our staff. Accordingly, the patents held and applied for cannot alone ensure our future success.

In addition to patent protection of certain IP rights, we consider elements of our product designs and processes to be proprietary and confidential. We believe that our non-patented IP, particularly some of our process technology, is an important factor in our success. We rely upon non-disclosure agreements, contractual provisions and a system of internal safeguards to protect our proprietary information. Despite these safeguards, there is a risk that competitors may obtain and use such information. The laws of foreign jurisdictions in which we conduct business may provide less protection for confidential information than the laws of the U.S.

We rely on certain technology that we license from other parties to manufacture and sell our products. We believe that we have adequate cross-licenses and other agreements in place in addition to our own IP portfolio to compete successfully in the storage industry. For a discussion of associated risks, see Part I, Item 1A, *Risk Factors*, of this Annual Report on Form 10-K.

Manufacturing and Suppliers

We believe that we have significant know-how, unique product manufacturing processes, test and tooling, execution skills, human resources and training to continue to be successful and to adjust our manufacturing operations as necessary. We strive to maintain manufacturing flexibility, high manufacturing yields, reliable products and high-quality components. The critical elements of our production of both HDD and Flash are high volume and utilization, low-cost assembly and testing, strict adherence to quality metrics and maintaining close relationships with our strategic component suppliers to access best-in-class technology and manufacturing capacity. We continually monitor our manufacturing capabilities to respond to the changing requirements of our customers and maintain our competitiveness and position as a data technology leader.

HDD and Flash manufacturing are each complex processes involving the production and assembly of precision components with narrow tolerances and rigorous testing. The manufacturing processes involve a number of steps that are dependent on each other and occur in "clean room" environments that demand skill in process engineering and efficient space utilization to control the operating costs of these manufacturing environments. We continually evaluate our manufacturing processes in an effort to increase productivity, sustain and improve quality and decrease manufacturing costs. We continually evaluate which steps in the manufacturing process would benefit from automation and how automated manufacturing processes can improve productivity and reduce manufacturing costs. We also leverage contract manufacturers when strategically advantageous. For more information on our agreement to sell a majority interest in one of our manufacturing facilities, see Part II, Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations – Key Developments*.

HDD consists primarily of recording heads, magnetic media, controllers and firmware and a printed circuit board assembly. We design and manufacture substantially all of the recording heads and magnetic media required for our products. As a result, we are more dependent upon our own development and execution efforts for these components and less reliant on recording head and magnetic media technologies developed by other manufacturers. We depend on an external supply base for all remaining components and materials for use in our HDD design, manufacturing and testing. We believe the use of our in-house manufacturing, assembly and test facilities provides the controls necessary to provide the demanding capabilities, performance and reliability our customers require.

Our vertically integrated, in-house assembly and test operations for our HDD products are concentrated in Prachinburi and Bang Pa-In, Thailand; Penang, Johor Bahru, and Kuching, Malaysia; Laguna, Philippines; Shenzhen, China; and San Jose and Fremont, CA, USA.

Substantially all of our flash memory supply utilized for our flash-based products is purchased from our joint ventures with Kioxia. From time to time, we also purchase flash memory from other flash manufacturers. Controllers are primarily designed in-house and manufactured by third-party foundries or acquired from third-party suppliers. We believe the use of our assembly and test facilities, as well as contract manufacturers, provides flexibility and gives us access to increased production capacity. We have developed deep relationships with these vendors and Kioxia to establish a continuous supply of flash-based memory and controllers.

We generally retain multiple suppliers for our component requirements, but for business or technology reasons, we source some of our components from a limited number of sole or single source providers. For a discussion of such risks, see Part I, Item 1A, *Risk Factors*, of this Annual Report on Form 10-K.

Ventures with Kioxia

Our flash-based products consist of flash-based memory, controllers and firmware and other components. Substantially all of our flash-based memory is obtained from our joint ventures with Kioxia, which provide us with leading-edge, high-quality and low-cost flash memory wafers.

We and Kioxia currently operate three business ventures, Flash Partners Ltd., Flash Alliance Ltd. and Flash Forward Ltd., (collectively "Flash Ventures") across seven flash-based manufacturing facilities in Japan, six of which are located in Yokkaichi, Japan and one of which is located in Kitakami, Japan. Flash Ventures will begin flash-based manufacturing operations at an eighth facility in Japan in calendar year 2025. Through Flash Ventures, we and Kioxia collaborate in the development and manufacture of flash-based memory wafers using semiconductor manufacturing equipment owned or leased by each of the Flash Ventures entities. We co-develop flash technologies (including process technology and memory design) with Kioxia for Flash Ventures' use. We hold a 49.9% ownership position in each of the Flash Ventures entities. We jointly control with Kioxia the operations of Flash Ventures, and we believe our participation in Flash Ventures helps us reduce product costs, increases our ability to control the quality of our products and speeds delivery of our products to our customers.

Kioxia owns the facilities and provides wafer manufacturing services to Flash Ventures at cost using manufacturing equipment owned or leased by Flash Ventures and process technologies co-owned or contributed by us and Kioxia. We and Kioxia are entitled to purchase a share of Flash Ventures' output, which generally equals 50% each. The price for which we and Kioxia pay Flash Ventures for flash memory wafers is cost plus a small markup. We are obligated to pay for variable costs incurred in producing our share of Flash Ventures' flash-based memory wafer supply, based on a rolling forecast. In addition, we are obligated to pay for half of Flash Ventures' fixed costs regardless of the output we choose to purchase.

The agreements governing the operations of the Flash Ventures entities also set out a framework for any investment by the joint venture partners in flash manufacturing capacity. We have jointly invested, and intend to continue to jointly invest, with Kioxia in the manufacturing equipment needed to support Flash Ventures' flash manufacturing operations. In addition, we are obligated to fund 49.9% to 50.0% of each Flash Ventures entity's capital investments to the extent that the Flash Ventures entity's operating cash flow is insufficient to fund these investments.

For a discussion of risks associated with our business ventures with Kioxia, see Part I, Item 1A, *Risk Factors*, of this Annual Report on Form 10-K.

Sales and Distribution

We sell our products to computer manufacturers and OEMs, cloud service providers, resellers, distributors and retailers throughout the world. We maintain sales offices in selected parts of the world including the major geographies of the Americas, Asia Pacific, Europe and the Middle East. Our international sales, which include sales to foreign subsidiaries of U.S. companies but do not include sales to U.S. subsidiaries of foreign companies, represented 72%, 69% and 71% of our net revenue for 2024, 2023 and 2022, respectively. Sales to international customers are subject to certain risks not normally encountered in domestic operations, including exposure to tariffs and various trade regulations. For a discussion of such risks, see Part I, Item 1A, *Risk Factors*, of this Annual Report on Form 10-K.

We perform our marketing and advertising functions both internally and through outside firms utilizing both consumer media and trade publications targeting various reseller and end-user markets. We also maintain customer relationships through direct communication and by providing information and support through our website. In accordance with standard storage industry practice, we provide distributors and retailers with limited price protection and programs under which we reimburse certain marketing expenditures. We also provide distributors, resellers and OEMs with other sales incentive programs.

For each of 2024, 2023 and 2022, no single customer accounted for 10% or more of our net revenue.

Seasonality

We have historically experienced seasonal fluctuations in our business with higher levels of demand in the first and second quarters as a result of increased customer spending. Seasonality is also impacted by cyclicality in the industry and macroeconomic conditions. For a discussion of associated risks, see Part I, Item 1A, *Risk Factors*, of this Annual Report on Form 10-K.

Service and Warranty

We generally warrant our newly manufactured products against defects in materials and workmanship from one to five years from the date of sale depending on the type of product, with a small number of products having a warranty ranging up to ten years or more. Our warranty obligation is generally limited to repair or replacement. We have engaged third parties in various countries in multiple regions to provide various levels of testing, processing or recertification of returned products for our customers. For additional information regarding our service and warranty policy, see Part II, Item 8, Note 1, *Organization and Basis of Presentation,* and Note 4, *Supplemental Financial Statement Data,* of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K.

Our People

Our people strategy supports our purpose of being the world's iconic data storage company through thoughtful offerings and inclusive practices that aim to attract, develop and engage talent. At the end of 2024, we employed approximately 51,000 people worldwide. Our diverse team spans 36 countries with approximately 85% of our employees in Asia Pacific, 13% in the Americas and 2% in Europe, the Middle East and Africa.

Inclusion

To attract and retain the best talent, we strive to cultivate an inclusive environment where every individual can thrive through a sense of belonging, respect and contribution. Our Employee Resource Groups ("ERGs") are designed to promote an inclusive culture that embraces the uniqueness of our employees. We have eight ERGs with multiple global chapters that focus on women, LGBTQ+, racial and ethnic minorities, military veterans and people with disabilities. In support of creating an inclusive environment, we also launched unconscious bias education to all professional and technical employees in 2024.

We have multiple initiatives that focus on attracting talent and fostering our diverse representation across our global workforce, including diversity in personal characteristics, experience, skills, gender, race, ethnicity and membership in underrepresented communities. We continue to foster early talent through our intern and new college graduate recruitment programs, and in 2024, we converted nearly half of our global intern population to employees. In 2024, we launched our first-ever U.S. Department of Labor approved apprenticeship program, serving as a career pathway for veterans and other underserved populations. Furthermore, to minimize bias from the hiring process, we adopted data-driven tools as well as provided in-person and on-demand unconscious bias trainings to our recruiters and hiring managers.

As of June 28, 2024, women represented 26% of our management positions and 24% of our technical staff. Additionally, members of Asian, Black/African American, Hispanic/Latino and other racially or ethnically diverse communities, represented 60% of our U.S. management positions. For additional details about our workforce, we encourage you to review our Sustainability Report, published annually and posted on our corporate website. Nothing on our website shall be deemed incorporated by reference into this Annual Report on Form 10-K.

Talent Development and Engagement

We believe in supporting our people through learning and development opportunities and our pay for performance philosophy. To help our employees reach their full potential, we aim to cultivate an environment that encourages learning, development and career growth. Our performance framework includes developing goals collaboratively through transparent and actionable feedback in regular check-ins and performance designations. Our new on-demand learning management system, launched in 2024, offers learning activities and tools to help employees chart their career journey and track their progress. To give employees the skills they need to lead, we offer learning through virtual fireside chats with external speakers and through our flagship program Leader Essentials, which received the bronze medal from the Brandon Hall Group HCM Excellence Awards for Leadership Development in 2024. We also provide upskilling and reskilling opportunities to our factory employees through on-the-job training, technical classes, workshops and partnerships with universities and colleges.

We believe ongoing engagement is key to retention, and we prioritize that in many ways. We believe that listening is crucial to identifying opportunities to strengthen employee engagement and influence our overall strategy. Our latest survey completed in 2024 had a participation rate of nearly 90%. The survey results indicated that for our professional/technical employees, the company excels in areas of manager satisfaction, prioritization of work and sense of purpose. Our factory employees indicated that sense of purpose, company prospects and feeling of belonging were the top areas of strengths. We also engage employees by taking action to promote and ground them in our core values and beliefs, and to support our commitment to conducting business in an ethical way. In 2024, we were named one of the World's Most Ethical Companies by Ethisphere Institute for the sixth consecutive year. Our employees also regularly participate in philanthropy to support the communities in which they work and live. In 2024, more than half of our employees gave their time to participate in company-sponsored volunteer events.

Compensation and Benefits

We believe that recognition is crucial for retaining and motivating our employees, and we are committed to rewarding performance with competitive compensation consisting of base salary and short-term and long-term incentives. We also offer a global recognition program to celebrate the contributions of employees who bring to life our core values – to think big, create possibility, make it happen and do it together.

We invest in the physical, mental and financial well-being of our people through a dynamic and differentiated Total Rewards program that aligns to our culture and values. We provide competitive benefits (which vary by country/region), including health coverage, life and disability insurance, retirement plans, paid time off, employee assistance program and employee stock purchase plan. In 2024, we continued our multi-year journey to modernize our benefits portfolio to offer more choices to meet the unique needs of our diverse employees.

We benchmark our compensation and benefits programs annually using market data from reputable third-party consultants. We also conduct internal focus groups and employee surveys to inform programs and identify opportunities. To ensure that our pay practices are fair and equitable, we conduct an annual pay equity assessment to promote equal pay for equal work regardless of gender. This review analyzes current pay considering various non-discriminatory factors, such as seniority, experience, skills, performance, location, track and hiring and promotion dates. We use the results to make pay adjustments as needed. In 2024, our assessment covered 100% of our global employee population, and we furthered our pay equity efforts by engaging in a living wage analysis.

Health and Safety

We are committed to creating a safe work environment everywhere we operate. We provide extensive health and safety resources and training to all of our employees, especially those who work in our manufacturing and operations. We use an integrated management system to manage health and safety standards at our manufacturing facilities.

Government Regulation

Our worldwide business activities are subject to various laws, rules and regulations of the United States as well as of foreign governments. Compliance with existing or future governmental regulations, including, but not limited to, those pertaining to global trade, the environment, consumer and data protection, employee health and safety and taxes, could have a material impact on our capital expenditures, earnings, competitive position and overall business in subsequent periods. See Part I, Item 1A, *Risk Factors* for a discussion of these potential impacts.

Corporate Responsibility and Sustainability

We believe responsible and sustainable business practices support our long-term success. As a company, we are deeply committed to protecting and supporting our people, our environment and our communities. That commitment is reflected through sustainability-focused initiatives as well as day-to-day activities, including our adoption of sustainability-focused policies and procedures, our publicly-recognized focus on fostering an inclusive workplace, our constant drive toward more efficient use of materials and energy, our careful and active management of our supply chain, our community-focused volunteerism programs and philanthropic initiatives and our impactful, globally-integrated ethics and compliance program.

- We seek to protect the human rights and civil liberties of our employees through policies, procedures and programs that avoid risks of compulsory and child labor, both within our company and throughout our supply chain.
- We foster a workplace of dignity, respect, diversity and inclusion through our recruiting and advancement practices, internal communications and employee resource groups.
- We educate our employees annually on relevant ethics and compliance topics, publish accessible guidance on ethical issues and related company resources in our Global Code of Conduct and encourage reporting of ethical concerns through any of several global and local reporting channels.
- We support local communities throughout the world, focusing on hunger relief, environmental quality and STEM (science, technology, engineering and math) education, especially for underrepresented and underprivileged youth.
- We utilize a robust integrated management system, with associated policies and procedures, to evaluate and manage occupational health and safety risks, environmental compliance and chemical and hazardous substance risks.
- We work to minimize our impacts on the environment through emissions reduction targets and other initiatives and to evaluate and enhance our climate resiliency.
- We innovate to reduce the energy used by our products, the energy used to manufacture them and the amount of new materials required to manufacture them.

Available Information

We maintain an Internet website at *www.westerndigital.com*. The information on our website is not incorporated in this Annual Report on Form 10-K. Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to reports filed or furnished pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended, are available on our website at *www.westerndigital.com*, free of charge, as soon as reasonably practicable after the electronic filing of these reports with, or furnishing of these reports to, the Securities and Exchange Commission (“SEC”). The SEC maintains a website at *www.sec.gov* that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC, including us.

Item 1A. ***Risk Factors***

Our business can be affected by a number of risks and uncertainties, any of which could cause material harm to our actual operating results and financial condition. The risks discussed below are not the only ones facing our business but represent risks that we believe are material to us. Additional risks not presently known to us or that we currently deem immaterial may also negatively affect our business.

OPERATIONAL RISKS

Adverse global or regional conditions could harm our business.

A large portion of our revenue is derived from our international operations, and many of our products and components are produced overseas. As a result, our business depends significantly on global and regional conditions. Adverse changes in global or regional economic and social conditions, including, but not limited to, volatility in the financial markets, reduced access to credit, recession, inflation, rising interest rates, slower growth in certain geographic regions, political uncertainty, geopolitical tensions or conflicts, terrorism, other macroeconomic factors and new or changed regulations, could significantly harm demand for our products, increase credit and collectability risks, result in revenue reductions, reduce profitability as a result of underutilization of our assets, cause us to change our business practices, increase manufacturing and operating costs or result in impairment charges or other expenses.

Our revenue growth is significantly dependent on the growth of international markets, and we may face challenges in international sales markets. We are also subject to risks that could harm our business associated with our global manufacturing operations, global sales efforts and our utilization of contract manufacturers, including: the need to obtain governmental approvals and compliance with evolving foreign regulations; the need to comply with regulations on international business, including the Foreign Corrupt Practices Act, the United Kingdom Bribery Act 2010, the anti-bribery laws of other countries and rules regarding conflict minerals; exchange, currency and tax controls and reallocations; weaker protection of IP rights; policies and financial incentives by governments in China, the United States, and countries in Europe and Asia designed to reduce dependence on foreign semiconductor manufacturing capabilities; trade restrictions, such as export controls, export bans, import restrictions, embargoes, sanctions, license and certification requirements (including semiconductor, encryption and other technology), tariffs and complex customs regulations; and difficulties in managing international operations, including appropriate internal controls.

We are dependent on a limited number of qualified suppliers who provide critical services, materials or components, and a disruption in our supply chain could negatively affect our business.

We depend on an external supply base for technologies, software (including firmware), preamps, controllers, dynamic random-access memory, components, equipment and materials for use in our product design and manufacturing. We also depend on suppliers for a portion of our wafer testing, chip assembly, product assembly and product testing, and on service suppliers for providing technical support for our products. In addition, we use logistics partners to manage our worldwide just-in-time hubs and distribution centers and to meet our freight needs. Many of the components and much of the equipment we acquire must be specifically designed for use in our products or for developing and manufacturing our products, and are only available from a limited number of suppliers, some of whom are our sole-source suppliers. We therefore depend on these suppliers to meet our business needs including dedicating adequate engineering resources to develop components that can be successfully integrated into our products.

Our suppliers have in the past been, and may in the future be, unable or unwilling to meet our requirements, including as a result of events outside of their control such as trade restrictions (including tariffs, quotas and embargoes), geopolitical conflicts, terrorism, public health crises or natural disasters. If we are unable to purchase sufficient quantities from our current suppliers or qualify and engage additional suppliers, or if we cannot purchase materials at a reasonable price, we may not be able to meet demand for our products. Trade restrictions, including tariffs, quotas and embargoes, demand from other high-volume industries for materials or components used in our products, disruptions in supplier relationships or shortages in other components and materials used in our customers' products could result in increased costs to us or decreased demand for our products, which could negatively impact our business. Delays, shortages or cost increases experienced by our suppliers in developing or sourcing materials and components for use in our products or incompatibility or quality issues relating to our products, could also harm our business.

We do not have long-term contracts with some of our existing suppliers, nor do we always have guaranteed manufacturing capacity with our suppliers, so we cannot guarantee that they will devote sufficient resources or capacity to manufacturing our

products. Any significant problems that occur at our suppliers could lead to product shortages or quality assurance problems. When we do have contractual commitments with suppliers in an effort to stabilize the supply of our components, those commitments may require us to buy a substantial number of components or make significant cash advances to the supplier and may not result in a satisfactory supply of our components. We have cancelled or deferred, and may continue to cancel or defer, outstanding purchase commitments with certain suppliers due to changes in actual and forecasted demand, which has resulted, and may continue to result in fees, penalties and other associated charges. Such cancellations or deferments can also negatively impact our relationships with certain suppliers or lead to a decline in the financial performance of certain suppliers, each of which could result in even more limited availability of components needed for our products.

In addition, our supply base has experienced industry consolidation. Our suppliers may be acquired by our competitors, decide to exit the industry or redirect their investments and increase costs to us. In addition, some of our suppliers have experienced a decline in financial performance, including as a result of cancelled or deferred purchase commitments. Where we rely on a limited number of suppliers or a single supplier, the risk of supplier loss due to industry consolidation or a decline in financial performance is increased. Some of our suppliers may also be competitors in other areas of our business, which could lead to difficulties in price negotiations or meeting our supply requirements.

Our operations, and those of certain of our suppliers and customers, are subject to substantial risk of damage or disruption.

We conduct our operations at large, high-volume, purpose-built facilities in California and throughout Asia. The facilities of many of our customers, our suppliers and our customers' suppliers are also concentrated in certain geographic locations throughout Asia and elsewhere. If a fire (including a climate change-related fire), flood, earthquake, tsunami or other natural disaster, condition or event such as a power outage, contamination event, terrorist attack, cybersecurity incident, physical security breach, political instability, civil unrest, localized labor unrest or other employment issues or a health epidemic negatively affects any of these facilities, it would significantly affect our ability to manufacture or sell our products and source components and would harm our business. Possible impacts include work and equipment stoppages and damage to or closure of our facilities, or those of our suppliers or customers, for an indefinite period of time. Climate change has in the past and is expected to continue to increase the incidence and severity of certain natural disasters, including wildfires and adverse weather events. In addition, the geographic concentration of our manufacturing sites could exacerbate the negative impacts resulting from any of these problems.

We may incur losses beyond the limits of, or outside the scope of, the coverage of our insurance policies. There can be no assurance that in the future we will be able to maintain existing insurance coverage or that premiums will not increase substantially. Due to market availability, pricing or other reasons, we may elect not to purchase insurance coverage or to purchase only limited coverage. We maintain limited insurance coverage and, in some cases, no coverage at all, for natural disasters and damage to our facilities, as these types of insurance are sometimes not available or available only at a prohibitive cost. Climate change may reduce the availability or increase the cost of certain types of insurance by contributing to an increase in the incidence and severity of certain natural disasters. We depend upon Kioxia to obtain and maintain sufficient property, business interruption and other insurance for Flash Ventures. If Kioxia fails to do so, we could suffer significant unreimbursable losses, and such failure could also cause Flash Ventures to breach various financing covenants.

Public health crises have had, and could in the future have, a negative effect on our business.

Public health crises have in the past negatively impacted, and may in the future negatively impact, our workforce and operations, as well as those of our strategic partners, customers, suppliers and logistics providers. The impacts we experienced in connection with the COVID-19 pandemic included temporary closures of certain manufacturing facilities; under-absorbed overhead; increased logistics, component and other costs; decreased demand for our products; and manufacturing challenges. Future outbreaks of infectious disease or other public health crises may have similar impacts.

The effects of public health crises are uncertain and difficult to predict, but may also include disruptions to our supply chain, our operations or those of our strategic partners, customers or suppliers; deterioration of worldwide credit markets, which may limit our ability or increase our cost to obtain external financing and result in a higher rate of losses on our accounts receivable; volatility in financial markets, which may be extreme and could harm our ability to access the financial markets on acceptable terms or at all; increased data security and technology risks related to increased remote work; and reduced productivity or other disruptions of our operations. The degree to which any future public health crises ultimately impact our business will depend on many factors beyond our control, which are highly uncertain and cannot be predicted at this time.

The loss of our key management, staff and skilled employees; the inability to hire and develop new employees; or decisions to realign our business could negatively impact our business prospects.

Our success depends upon the continued contributions of our talent. Changes in our key management team may result in loss of continuity, loss of accumulated knowledge, departure of other key employees, disruptions to our operations and inefficiency during transitional periods. Global competition for skilled employees in the technology industry is intense, and our business success is increasingly dependent on our ability to attract, develop and retain top talent, implement succession plans for key management and staff and replace aging skilled employees. Changes in immigration policies may also impair our ability to recruit and hire technical and professional talent. Additionally, uncertainty about business realignment actions or the structure and organization of our business as a result of our ongoing separation of our HDD and Flash business units into two independent public companies could negatively impact our ability to recruit and retain key staff and skilled employees. We have and may continue to put retention arrangements in place for key employees to address the uncertainty about our business separation. When these retention payments are earned, we may suffer further attrition.

Our ability to hire and retain employees also depends on our ability to build and maintain a diverse and inclusive workplace culture and to fund competitive compensation and benefits, each of which contribute to being viewed as an employer of choice. Additionally, because a substantial portion of our key employees' compensation is linked to the performance of our business, we may be at a competitive disadvantage for hiring and retaining talent when our operating results are negatively impacted. If we are unable to hire and retain key talent, our operating results would likely be harmed.

The compromise, damage or interruption of our technology infrastructure, information systems or products by cybersecurity incidents, data security breaches, other security problems, design defects, information system failures or other events could have a material negative impact on our business.

We experience cybersecurity incidents of varying degrees on our technology infrastructure and information systems and, as a result, unauthorized parties have obtained in the past, and may obtain in the future, access to our computer systems and networks, including cloud-based platforms. These incidents have in the past caused, and may in the future cause, disruption to parts of our business operations and result in various investigation, recovery and remediation expenses. In addition, the technology infrastructure and information systems of some of our suppliers, vendors, service providers, cloud solution providers and partners have in the past experienced, and may in the future experience, such incidents. Cybersecurity incidents can be caused by ransomware, computer denial-of-service attacks, worms and other malicious software programs or other attacks, including the covert introduction of malware to computers and networks, and the use of techniques or processes that change frequently, may be disguised or difficult to detect, or are designed to remain dormant until a triggering event, and may continue undetected for an extended period of time. Cybersecurity incidents have in the past resulted from, and may in the future result from, social engineering or impersonation of authorized users, and may also result from efforts to discover and exploit any design flaws, bugs, security vulnerabilities or security weaknesses, intentional or unintentional acts by employees or other insiders with access privileges, intentional acts of vandalism or fraud by third parties and sabotage. In some instances, efforts to correct vulnerabilities or prevent incidents have in the past, and may in the future, reduce the functionality or performance of our information systems and networks, which could negatively impact our business. We believe malicious cybersecurity acts are increasing in number and that cybersecurity threat actors are increasingly organized and well-financed or supported by state actors, and are developing increasingly sophisticated systems and means to not only infiltrate information systems, but also to evade detection or to obscure their activities. Geopolitical tensions or conflicts may create heightened risk of cybersecurity incidents.

Our products are also targets for malicious cybersecurity acts, including those products utilized in cloud-based environments as well as our cloud service offerings. Our cloud services have in the past and may in the future be taken offline as a result of or in order to prevent or mitigate cybersecurity incidents. While some of our products contain encryption or security algorithms to protect third-party content or user-generated data stored on our products, these products could still be hacked or the encryption schemes could be compromised, breached or circumvented by motivated and sophisticated attackers, which could harm our business by exposing us to litigation and indemnification claims and hurting our reputation.

When efforts to breach our infrastructure, information systems or products are successful or we are unable to protect against such attacks, we have in the past suffered, and could in the future suffer, interruptions, delays or cessation of operations of our information systems, and loss or misuse of proprietary or confidential information, IP, or sensitive or personal information. We may also experience disruptions or outages of our information systems due to internal or third-party mistakes or technical errors, including due to software updates, which could disrupt our business operations. Compromises of our infrastructure, information systems or products could also cause our customers and other affected third parties to suffer loss or misuse of proprietary or confidential information, IP, or sensitive or personal information, and could harm our relationships

with customers and other third parties and subject us to liability. As a result of actual or perceived cybersecurity incidents or other information system disruptions, we have in the past experienced and may in the future experience additional costs, notification requirements, civil and administrative fines and penalties, indemnification claims, litigation or damage to our brand and reputation. All of these consequences could harm our reputation and our business and materially and negatively impact our operating results and financial condition.

We are subject to risks related to product defects, which could result in product recalls or epidemic failures and could subject us to warranty, litigation or indemnification claims that exceed our expectations or estimates.

We warrant the majority of our products for periods of one to five years. We test our products in our manufacturing facilities through a variety of means. However, our testing may fail to reveal defects in our products that may not become apparent until after the products have been sold into the market. In addition, our products may be used in a manner that is not intended or anticipated by us, resulting in potential liability. Accordingly, there is a risk that product defects will occur, including as a result of third-party components or applications that we incorporate in our products, which could require a product recall. Product recalls can be expensive to implement. As part of a product recall, we may be required or choose to replace the defective product. Moreover, there is a risk that product defects may trigger an epidemic failure clause in a customer agreement. If an epidemic failure occurs, we may be required to replace or refund the value of the defective product and to cover certain other costs associated with the consequences of the epidemic failure. In addition, product defects, product recalls or epidemic failures may cause damage to our reputation or customer relationships, lost revenue, indemnification for a recall of our customers' products, warranty claims, litigation or loss of market share with our customers, including our OEM and original design manufacturer ("ODM") customers. Our business liability insurance may be inadequate or future coverage may be unavailable on acceptable terms, which could negatively impact our operating results and financial condition.

Our standard warranties contain limits on damages and exclusions of liability for consequential damages and for misuse, improper installation, alteration, accident or mishandling while in the possession of someone other than us. We record an accrual for estimated warranty costs at the time revenue is recognized. We may incur additional expenses if our warranty provisions do not reflect the actual cost of resolving issues related to defects in our products, whether as a result of a product recall, epidemic failure or otherwise. If these additional expenses are significant, they could harm our business.

BUSINESS AND STRATEGIC RISKS

The proposed separation of our HDD and Flash business units into two independent public companies is subject to various risks and uncertainties and may not be completed in accordance with the expected plans or anticipated timeline, or at all.

On October 30, 2023, we announced that our Board of Directors had completed its review of potential strategic alternatives and had unanimously approved pursuing a plan to separate the Flash business unit from our remaining HDD business (the "Separation"). The Separation is intended to be structured in a tax-free manner and we continue to drive towards completing the work required to separate the businesses by the end of calendar year 2024. No assurance can be given as to whether the Separation will occur, when any such transaction will be approved or when any separation may be completed. Furthermore, while we are working toward the Separation, the specific assets, liabilities and entities to be separated are still being finalized and may change. We may determine to abandon any efforts with respect to the Separation at any time for any reason.

The form or other terms of the Separation may change over time, including with respect to the scope of the businesses to be separated or retained by us. The final determination to separate is subject to Board approval, the execution of definitive documentation, receipt of opinions or rulings as to the tax-free nature of the Separation and satisfaction of customary conditions, including the effectiveness of appropriate filings with the SEC, the completion of audited financial statements and the availability of financing. Additionally, no assurance can be given that the intended tax treatment will be achieved or that shareholders will not incur substantial tax liabilities in connection with the Separation. The failure to satisfy any of these conditions could delay the completion of the Separation for a significant period of time or prevent it from occurring at all.

Various factors, including changes in the competitive conditions of our markets, changes in financial markets and economic conditions, failure to obtain any third party consents that may be required for the Separation, delays in obtaining tax opinions or rulings, material or unanticipated tax liability for our shareholders, us, and/or the Flash business unit, and other challenges in executing the separation of the two businesses, could delay or prevent the completion of the Separation or cause it to occur on terms or conditions that are different or less favorable than expected.

Further, our Board of Directors could decide, either because of a failure of conditions or because of market or other factors, to abandon the Separation.

Our review of the Separation has and will continue to involve significant time, expense and resources and could disrupt or adversely affect our business.

Executing the Separation has required and will continue to require significant time and attention from our senior management and employees and may divert their attention from operating and growing our business in ways that could adversely affect our business, financial condition and results of operations. Our employees may also be distracted due to uncertainty about their future roles with the separated companies, and customers or suppliers could delay or defer decisions or may end their relationships with us.

In addition, we have incurred and will continue to incur expenses in connection with our strategic review and the consideration of the Separation and expect that the process of reviewing the Separation and executing the Separation, if any, will be time-consuming and involve significant additional costs and expenses, which may not yield a benefit if the Separation is not completed. If pursued, we will also incur ongoing costs and dis-synergies in connection with, or as a result of, the Separation and related restructuring transactions, including costs of operating as independent, publicly traded companies that the two businesses will no longer be able to share.

Any of the above factors could cause the Separation (or the failure to execute the Separation) to have a material adverse effect on our business, financial condition, results of operations and the trading price of our common stock and/or other securities.

The Separation may not achieve the anticipated benefits and could expose us to new risks, including with respect to our existing indebtedness and future capital structure.

We may not realize any strategic, financial, operational or other benefits from the Separation. We cannot predict with certainty if or when anticipated benefits will occur or the extent to which they will be achieved. If the Separation is completed, our operational and financial profile (including our capital structure) will change and we will face new risks. If the Separation is completed, we will be a smaller and less-diversified company and may be more vulnerable to changing market conditions. While we believe that the Separation will position each company to better unlock its full standalone long-term potential, we cannot assure you that following the Separation we will be successful. Further, there can be no assurance that the combined value of the shares of the two resulting companies will be equal to or greater than what the value of our common stock would have been had the Separation not occurred.

In addition, following the completion of the Separation or any other disposition of our Flash business unit, we will not be able to rely on the earnings, assets or cash flow of the Flash business unit, and that business will not provide funds to finance our working capital or other cash requirements. As a result, our ability to service our debt may be adversely affected.

We cannot predict the prices at which our common stock may trade after the Separation or the effect of the Separation on the trading prices of our common stock.

The Separation will be subject to numerous conditions, including the availability of financing. We have not obtained any financing with respect to the Separation transaction, including any new financing for the remaining business and the terms of any such arrangements may be more burdensome or costly than the terms of our current indebtedness or we may not be able to obtain credit on attractive terms and price. Furthermore, the Separation may leave us with higher leverage and may also cause us to violate provisions of contracts or breach covenants in our existing indebtedness if such contracts or indebtedness are not replaced, repaid or refinanced or waivers are not obtained prior to the Separation. For example, our credit facilities contain specific restrictions on any disposal of our Flash business unit. In addition, we cannot assure you that a holder of our outstanding senior notes will not argue that the Separation constitutes a change of control and try to require us to repurchase its notes as a result of the Separation.

We rely substantially on strategic relationships with various partners, including Kioxia, which subjects us to risks and uncertainties that could harm our business.

We have entered into and expect to continue to enter into strategic relationships with various partners for product development, manufacturing, sales growth and the supply of technologies, components, equipment and materials for use in our product design and manufacturing, including our business ventures with Kioxia. We depend on Flash Ventures for the

development and manufacture of flash-based memory. Our strategic relationships, including Flash Ventures, are subject to various risks that could harm the value of our investments, our revenue and costs, our future rate of spending, our technology plans and our future growth opportunities. For example, while Flash Ventures is operating, certain of our agreements with Kioxia preclude us from manufacturing flash-based memory ourselves except to the extent that we acquire any manufacturing capacity of a Flash Ventures entity as a result of that entity's dissolution, termination or acquisition by us. This could also impair our ability to consolidate with other industry participants who manufacture flash-based memory.

Substantially all of our flash-based memory is obtained from Flash Ventures, which limits our ability to respond to market demand and supply changes and makes our financial results particularly susceptible to variations from our forecasts and expectations. For example, we are contractually obligated to pay for 50% of the fixed costs of Flash Ventures regardless of whether we order any flash-based memory, and our orders placed with Flash Ventures on a three-month rolling basis are binding. As a result, a failure to accurately forecast supply and demand could cause us to over-invest or under-invest in inventory, technology transitions or the expansion of Flash Ventures' capacity. Over-investment by us or our competitors can result in excess supply and lead to significant decreases in our product prices, significant excess, obsolete inventory or inventory write-downs or underutilization charges, and the potential impairment of our investments in Flash Ventures. For example, for our Flash business, in 2024 and 2023, we incurred $252 million and $296 million of charges for unabsorbed manufacturing overhead costs as a result of the reduced utilization of our manufacturing capacity, respectively. Additionally, in 2024, we recorded $108 million of charges to write-down our inventory as a result of decreases in market pricing. These charges were attributable to a significant imbalance of supply and demand and our actions taken in response thereto. On the other hand, if we under-invest in Flash Ventures, or otherwise grow or transition Flash Ventures' capacity too slowly, we may not have enough supply of flash-based memory, or the right type of flash-based memory, to meet demand on a timely and cost effective basis, and we may lose opportunities for revenue, gross margin and market share as a result. If our supply is limited, we might make strategic decisions with respect to the allocation of our supply among our products and customers, which could result in less favorable gross margins or damage customer relationships.

Our control over the operations of our business ventures may be limited, and our interests could diverge from our strategic partners' interests regarding ongoing and future activities. For example, each Flash Ventures entity operates for a defined period of time agreed upon between the joint venture partners. Although we and Kioxia have agreed to extend that period of time for each Flash Ventures entity since the start of Flash Ventures, there is a risk that we and Kioxia will be unable to agree on a further extension of one or more of the Flash Ventures entities in the future. Additionally, under the Flash Ventures agreements, we cannot unilaterally direct most of Flash Ventures' activities, and we have limited ability to source or fabricate flash outside of Flash Ventures. Flash Ventures requires significant investments by both Kioxia and us for technology transitions and capacity expansions, and our business could be harmed if our technology roadmap and investment plans are not sufficiently aligned with Kioxia's. Lack of alignment with Kioxia with respect to Flash Ventures could negatively impact our ability to react quickly to changes in the market, or to stay at the forefront of technological advancement. Misalignment could arise due to changes in Kioxia's strategic priorities, management, ownership or access to capital, which have changed in recent years and could continue to change. Kioxia's stakeholders may include, or have included in the past, competitors, customers, a private equity firm, government entities or public stockholders. Kioxia's management changes, ownership and capital structure could lead to delays in decision-making, disputes or changes in strategic direction that could negatively impact the strategic partnership, and therefore us. There may exist conflicts of interest between Kioxia's stakeholders and Flash Ventures or us with respect to, among other things, protecting and growing Flash Ventures' business, IP and competitively sensitive confidential information.

Together with Kioxia, we fund a portion of the investments required for Flash Ventures through lease financings. Continued availability of lease financings for Flash Ventures is not guaranteed and could be limited by several factors, including availability of tools qualified for leasing, investor capacity and risk allocation policies, our or Kioxia's financial performance and changes to our or Kioxia's business, ownership or corporate structure. To the extent that lease financings are not accessible on favorable terms or at all, more cash would be required to fund investments.

Our strategic relationships are subject to additional risks that could harm our business, including, but not limited to, the following: failure by our strategic partners to comply with applicable laws or employ effective internal controls; difficulties and delays in product and technology development at, ramping production at, and transferring technology to, our strategic partners; declining financial performance of our strategic partners, including failure by our strategic partners to timely fund capital investments with us or otherwise meet their commitments, including the payment of amounts owed to us or third parties when due; losing the rights to, or ability to independently manufacture, certain technology or products being developed or manufactured by strategic partners, including as a result of any of them being acquired by another company, filing for bankruptcy or experiencing financial or other losses; a bankruptcy event involving a strategic partner, which could result in

structural changes to or termination of the strategic partnership; and changes in tax or regulatory requirements, which may necessitate changes to the agreements governing our strategic partnerships.

We participate in a highly competitive industry that is subject to declining average selling prices ("ASPs"), volatile demand, rapid technological change and industry consolidation, as well as lengthy product qualifications, all of which can negatively impact our business.

Demand for our devices, software and solutions, which we refer to in this Item 1A as our "products", depends in large part on the demand for systems manufactured by our customers and on storage upgrades to existing systems. The demand for systems has been volatile in the past and often has had an exaggerated effect on the demand for our products in any given period. Demand for and prices of our products are influenced by, among other factors, the actual and projected growth of data to be stored, the balance between supply and demand in the storage market, including the effects of new fab capacity, macroeconomic factors, business conditions, the emergence or growth of new or existing technologies (including AI), technology transitions and other actions taken by us or our competitors. The storage market has recently experienced, and may continue to experience, periods of excess capacity leading to liquidation of excess inventories, inventory write-downs, significant reductions in ASPs and negative impacts on our revenue and gross margins and volatile product life cycles that harm our ability to recover the cost of product development.

Further, our ASPs and gross margins tend to decline when there is a shift in the mix of product sales to lower priced products. We have faced declining gross margins in the past, and may face potential gross margin pressures in the future, resulting from our ASPs declining more rapidly than our cost of revenue. Rapid technological changes often reduce the volume and profitability of sales of existing products and increase the risk of inventory obsolescence and write-downs. Finally, the data storage industry has experienced consolidation over the past several years, which could enhance the resources and lower the cost structure of some competitors. These factors could result in a substantial decrease in our market share and harm our business.

As we compete in new product areas, the overall complexity of our business may increase and may result in increases in R&D expenses and substantial investments in manufacturing capability, technology enhancements and go-to-market capability. We must also qualify our products with customers through potentially lengthy testing processes with uncertain results. Some of our competitors offer products that we do not offer, which may allow them to win sales from us, and some of our customers may be developing storage solutions internally, which may reduce their demand for our products. We expect that competition will continue to be intense, and our competitors may be able to gain a product offering or cost structure advantage over us, which would harm our business. Further, our competitors may utilize pricing strategies, including offering products at prices at or below cost, that we may be unable to competitively match. We may also have difficulty effectively competing with manufacturers benefiting from governmental investments and may be subject to increased complexity and reduced efficiency in our supply chain as a result of governmental efforts to promote domestic semiconductor industries in various jurisdictions.

If we do not properly manage technology transitions and product development and introduction, our competitiveness and operating results may be negatively affected.

The markets for our products continuously undergo technology transitions that can impact our product roadmaps and that we must anticipate in order to adapt our existing products or develop new products effectively. If we fail to adapt to or implement new technologies, if we fail to quickly and cost-effectively develop new products that meet the specifications and requirements intended or desired by our customers or if technology transitions negatively impact our existing product roadmaps, our business may be harmed.

In addition, the success of our technology transitions and product development depends on a number of other factors, including R&D expenses and results; difficulties faced in manufacturing ramp; market acceptance/qualification; effective management of inventory levels in line with anticipated product demand; the vertical integration of some of our products, which may result in more capital expenditures and greater fixed costs than if we were not vertically integrated; our ability to cost effectively respond to customer requests for new products or features (including requests for more efficient and efficiently-produced products with reduced environmental impacts) and software associated with our products; our ability to increase our software development capability; and the effectiveness of our go-to-market capability in selling new products.

Moving to new technologies and products may require us to align to, and build, a new supply base. Our success in new product areas may depend on our ability to enter into favorable supply agreements. In addition, if our customers choose to delay transition to new technologies, if demand for the products that we develop is lower than expected or if the supporting

technologies to implement these new technologies are not available, we may be unable to achieve the cost structure required to support our profit objectives or may be unable to grow or maintain our market position.

Additionally, new technologies could impact demand for our products in unforeseen or unexpected ways and new products could substitute for our current products and make them obsolete, each of which would harm our business. We also develop products to meet certain industry and technical standards, which may change and cause us to incur substantial costs as we adapt to new standards or invest in different manufacturing processes to remain competitive.

We experience sales seasonality and cyclicality, which could cause our operating results to fluctuate. In addition, accurately forecasting demand has become more difficult, which could harm our business.

Sales of many of our products tend to be seasonal and subject to volatile and irregular supply-demand cycles. Changes in seasonal and cyclical supply and demand patterns have made it, and could continue to make it, more difficult for us to forecast demand. Changes in the product or channel mix of our business can also impact seasonal and cyclical patterns. For example, we often ship a high percentage of our total quarterly sales in the third month of the quarter, which makes it difficult for us to forecast our financial results before the end of each quarter. As a result of the above or other factors, our forecast of financial results for a given quarter may differ materially from our actual financial results.

The variety and volume of products we manufacture are based in part on accurately forecasting market and customer demand for our products, which are influenced by a wide variety of factors. As a result of the number and complexity of these factors, accurately forecasting demand has been and continues to be increasingly difficult for us, our customers and our suppliers. Further, for many of our OEM customers utilizing just-in-time inventory, we do not generally require firm order commitments and instead receive a periodic forecast of requirements, which may prove to be inaccurate. In addition, because our products are designed to be largely interchangeable with competitors' products, our demand forecasts may be impacted significantly by the strategic actions of our competitors. As forecasting demand becomes more difficult, the risk that our forecasts are not in line with demand increases. This has caused, and may in the future cause, our forecasts to exceed actual market demand, resulting in periods of product oversupply, excess inventory, underutilization of manufacturing capacity and price decreases, which has impacted and could further impact our sales, ASPs and gross margin or require us to incur additional inventory write-downs or additional charges for unabsorbed manufacturing overhead, thereby negatively affecting our operating results and our financial condition. For example, in 2024 and 2023, we incurred $407 million and $497 million of charges for unabsorbed manufacturing overhead costs as a result of the reduced utilization of our manufacturing capacity, respectively. Additionally, in 2024, we incurred $108 million of charges to write-down our inventory as a result of decreases in market pricing. These charges were attributable to a significant imbalance of supply and demand and our actions taken in response thereto. If market demand increases significantly beyond our forecasts or beyond our ability to add manufacturing capacity, then we may not be able to satisfy customer product needs, possibly resulting in a loss of market share if our competitors are able to meet customer demands. In addition, some of our components have long lead-times, requiring us to place orders several months in advance of anticipated demand. Such long lead-times increase the risk of excess inventory, potentially resulting in inventory write-downs, or loss of sales in the event our forecasts vary substantially from actual demand.

Failure to successfully execute on strategic initiatives including acquisitions, divestitures or cost saving measures may negatively impact our future results.

We have made and expect to continue to make acquisitions and divestitures, and engage in cost saving measures. In order to successfully execute on strategic initiatives, we must continue to identify and successfully complete attractive transactions, some of which may be large and complex, and manage post-closing issues such as integration of the acquired company or employees and integration of processes and systems. We may not be able to continue to identify or complete appealing acquisition or investment opportunities given the intense competition for these transactions. Even if we identify and complete suitable corporate transactions, we may not be able to successfully address any integration challenges in a timely manner, or at all. There have been and may continue to be difficulties with implementing new systems and processes or with integrating systems and processes of companies with complex operations, which may result in inconsistencies in standards, controls, procedures and policies and may increase our vulnerability to cybersecurity attacks or the risk that our internal controls are found to be ineffective.

Failing to successfully integrate or realign our business to take advantage of efficiencies or reduce redundancies of an acquisition or divestiture may result in not realizing all or any of the anticipated benefits of the transaction. In addition, failing to achieve the financial model projections for an acquisition or changes in technology development and related roadmaps following an acquisition may result in the incurrence of impairment charges (including goodwill impairments or other asset write-downs) and other expenses, both of which could negatively impact our results of operations or financial condition.

Acquisitions and investments may also result in the issuance of equity securities that may be dilutive to our stockholders as well as earn-out or other contingent consideration payments and the issuance of additional indebtedness that would put additional pressure on liquidity. Furthermore, we may agree to provide continuing service obligations or enter into other agreements in order to obtain certain regulatory approvals of our corporate transactions, and failure to satisfy these additional obligations could result in our failing to obtain regulatory approvals or the imposition of additional obligations on us, any of which could negatively affect our business. In addition, new legislation or additional regulations may affect or impair our ability to invest with or in certain other countries or require us to obtain regulatory approvals to do so, including investments in joint ventures, minority investments and outbound technology transfers to certain countries.

Cost saving measures, restructurings and divestitures may result in workforce reduction and consolidation of our manufacturing or other facilities. As a result of these actions, we may experience a loss of continuity, loss of accumulated knowledge, disruptions to our operations and inefficiency during transitional periods. These actions could also impact employee retention. In addition, we cannot be sure that these actions will be as successful in reducing our overall expenses as we expect, that additional costs will not offset any such reductions or consolidations or that we do not forego future business opportunities as a result of these actions.

Acquisitions and alliance activities inherently involve other risks as well, including those associated with disruption to our business and the continued successful execution of our company strategy, goals and responsibilities; assimilation and integration of different business operations, corporate cultures, personnel, infrastructures and technologies or solutions acquired or licensed, while maintaining quality, and designing and implementing appropriate risk management measures; and the possibility of conflict with joint venture or alliance partners regarding strategic direction, prioritization of objectives and goals, governance matters or operations.

Loss of revenue from a key customer, or consolidation among our customer base, could harm our operating results.

Historically, nearly one half of our total revenue came from sales to our top 10 customers. These customers have a variety of suppliers to choose from and therefore can make substantial demands on us, including demands on product pricing, contractual terms and the environmental impact and attributes of our products, often resulting in the allocation of risk or increased costs to us as the supplier. Our ability to maintain strong relationships with our principal customers is essential to our future performance. We have experienced and may in the future experience events such as the loss of a key customer, prohibition or restriction of sales to a key customer by law, regulation or other government action, reductions in sales to or orders by a key customer, customer requirements to reduce our prices before we are able to reduce costs or the acquisition of a key customer by one of our competitors. These events have impacted, and may in the future impact, our operating results and financial condition. Further, government authorities may implement laws or regulations or take other actions that could result in significant changes to the business or operating models of our customers. Such changes could negatively impact our operating results.

Additionally, if there is consolidation among our customer base, our customers may be able to command increased leverage in negotiating prices and other terms of sale, which could negatively impact our profitability. Consolidation among our customer base may also lead to reduced demand for our products, increased customer pressure on our prices, replacement of our products by the combined entity with those of our competitors and cancellations of orders, each of which could harm our operating results.

Also, the storage ecosystem is constantly evolving, and our traditional customer base is changing. Fewer companies now hold greater market share for certain applications and services, such as cloud storage and computing platforms, mobile, social media, shopping and streaming media. As a result, the competitive landscape is changing, giving these companies increased leverage in negotiating prices and other terms of sale, which could negatively impact our profitability. In addition, the changes in our evolving customer base create new selling and distribution patterns to which we must adapt. To remain competitive, we must respond to these changes by ensuring we have proper scale in this evolving market, as well as offer products that meet the technological requirements of this customer base at competitive pricing points. To the extent we are not successful in adequately responding to these changes, our operating results and financial condition could be harmed.

Sales in the distribution channel and to the retail market are important to our business, and if we fail to respond to demand changes within these markets, or maintain and grow our applicable market share, our business could suffer.

Our distribution customers typically sell to small computer manufacturers, dealers, systems integrators and other resellers. We face significant competition in this channel as a result of limited product qualification programs and a significant focus on price and availability of product. As a result of the shift to mobile devices, more computing devices are being delivered to the

market as complete systems, which could weaken the distribution market. If we fail to respond to changes in demand in the distribution market, our business could suffer. Additionally, if the distribution market weakens as a result of technology transitions or a significant change in consumer buying preference, or if we experience significant price declines due to demand changes in the distribution channel, our operating results would be negatively impacted. Negative changes in the creditworthiness or the ability to access credit, or the bankruptcy or shutdown of any of our significant retail or distribution partners would harm our revenue and our ability to collect outstanding receivable balances.

A significant portion of our sales is also made through retailers. Our success in the retail market depends in large part on our ability to maintain our brand image and corporate reputation and to expand into and gain market acceptance of our products in multiple retail market channels. Particularly in the retail market, negative publicity, whether or not justified, or allegations of product or service quality issues, even if false or unfounded, could damage our reputation and cause our customers to choose products offered by our competitors. Further, changes to the retail environment, such as store closures caused by macroeconomic conditions or changing customer preferences, may reduce the demand for our products. If customers no longer maintain a preference for our product brands or if our retailers are not successful in selling our products, our operating results may be negatively impacted.

FINANCIAL RISKS

Our level of debt may negatively impact our liquidity, restrict our operations and ability to respond to business opportunities, and increase our vulnerability to adverse economic and industry conditions.

We utilize debt financing in our capital structure and may incur additional debt, including under our revolving credit facility subject to customary conditions in our loan agreements. Our level of debt could have significant consequences, including limiting our ability to obtain additional financing for working capital, capital expenditures, acquisitions or other general corporate purposes; requiring a substantial portion of our cash flows to be dedicated to debt service payments instead of other purposes; imposing financial and other restrictive covenants on our operations, including minimum liquidity requirements and limitations on our ability to (i) declare or pay dividends or repurchase shares of our common stock; (ii) purchase assets, make investments, complete acquisitions, consolidate or merge with or into, or sell all or substantially all of our assets to, another person; (iii) enter into sale/leaseback transactions or certain transactions with affiliates; (iv) incur additional indebtedness; and (v) incur liens, making us more vulnerable to economic downturns and limiting our ability to withstand competitive pressures or take advantage of new opportunities to grow our business.

Our ability to meet our debt service obligations, comply with our debt covenants and deleverage depends on our cash flows and financial performance, which are affected by financial, business, economic and other factors. The rate at which we will be able to or choose to deleverage is uncertain. Failure to meet our debt service obligations or comply with our debt covenants could result in an event of default under the applicable indebtedness. We may be unable to cure, or obtain a waiver of, an event of default or otherwise amend our debt agreements to prevent an event of default thereunder on terms acceptable to us or at all. In that event, the debt holders could accelerate the related debt, which may result in the cross-acceleration or cross-default of other debt, leases or other obligations. We also utilize convertible debt in our capital structure and as of June 28, 2024, $1.6 billion principal amount of our convertible notes were convertible at the option of the holder. As such, these convertible notes were classified as current debt as of that date. In the event that holders of our convertible debt exercise conversion rights, we will be required to settle the principal amount of any converted notes in cash. If we do not have sufficient funds available to repay indebtedness when due, whether at maturity, by acceleration or upon conversion, we may be required to sell important strategic assets; refinance our existing debt; incur additional debt or issue common stock or other equity securities, which we may not be able to do on terms acceptable to us, in amounts sufficient to meet our needs or at all. Our inability to service our debt obligations or refinance our debt could harm our business. Further, if we are unable to repay, refinance or restructure our secured indebtedness, the holder of such debt could proceed against the collateral securing the indebtedness. Refinancing our indebtedness may also require us to expense previous debt issuance costs or to incur new debt issuance costs.

As our bank debt contains a variable interest rate component based on our corporate credit ratings, a decline in our ratings has in the past resulted in, and could in the future result in, increased interest rates and debt service obligations. In addition, our ratings impact the cost and availability of future borrowings and, accordingly, our cost of capital. Our ratings reflect the opinions of the ratings agencies as to our financial strength, operating performance and ability to meet our debt obligations. There can be no assurance that we will achieve a particular rating or maintain a particular rating in the future.

We also guarantee a significant amount of lease obligations of Flash Ventures owed to third parties. Flash Ventures sells to and leases back a portion of its equipment from a consortium of financial institutions. Most of the lease obligations are guaranteed 50% by us and 50% by Kioxia. Some of the lease obligations are guaranteed in full by us. The leases are subject to

customary covenants and cancellation events that relate to Flash Ventures and each of the guarantors. If a cancellation event were to occur, Flash Ventures would be required to negotiate a resolution with the other parties to the lease transactions to avoid cancellation and acceleration of the lease obligations. Such resolution could include, among other things, supplementary security to be supplied by us, increased interest rates or waiver fees. If a resolution is not reached, we may be required to pay all of the outstanding lease obligations covered by our guarantees, which would significantly reduce our cash position and may force us to seek additional financing, which may not be available on terms acceptable to us, if at all.

We may from time to time seek to further refinance our substantial indebtedness by issuing additional shares of common stock or other securities that are convertible into common stock or grant the holder the right to purchase common stock, each of which may dilute our existing stockholders, reduce the value of our common stock, or both.

Tax matters may materially affect our financial position and results of operations.

Changes in tax laws in the United States, the European Union and around the globe have impacted and will continue to impact our effective worldwide tax rate, which may materially affect our financial position and results of operations. Further, the majority of countries in the G20 and Organization for Economic Cooperation and Development (OECD) Inclusive Framework on Base Erosion and Profit Shifting (BEPS) have agreed to adopt a two-pillar approach to taxation, which includes the implementation of a global corporate minimum tax rate of 15%, which, when effective, could materially increase our tax obligations in these countries. Due to the large scale of our U.S. and international business activities, many of these enacted and proposed changes to the taxation of our activities, including cash movements, could increase our worldwide effective tax rate and harm our business. The Tax Cuts and Jobs Act of 2017 eliminated the option to deduct research and development expenditures in the year incurred, requiring amortization in accordance with IRC Section 174. Depending on our operating results, this requirement could materially increase our effective tax rate and reduce our operating cash flows. Additionally, portions of our operations are subject to a reduced tax rate or are free of tax under various tax holidays that expire in whole or in part from time to time, or may be terminated if certain conditions are not met. Although many of these holidays may be extended when certain conditions are met, we may not be able to meet such conditions. If the tax holidays are not extended, or if we fail to satisfy the conditions of the reduced tax rate, then our effective tax rate could increase in the future. Our effective tax rate may be negatively impacted if we are unable to realize deferred tax assets. We regularly review our deferred tax assets for recoverability and establish a valuation allowance if it is more likely than not that some portion or all of a deferred tax asset will not be realized. If we are unable to generate sufficient future taxable income or if there is a change to the time period within which the underlying temporary differences become taxable or deductible, we could be required to increase our valuation allowance against our deferred tax assets, which could result in a material increase in our effective tax rate.

Our determination of our tax liability in the U.S. and other jurisdictions is subject to review by applicable domestic and foreign tax authorities. For example, as disclosed in Part I, Item 1, Note 13, *Income Tax Expense*, of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K, we are under examination by the Internal Revenue Service for certain fiscal years. Although we believe our tax positions are properly supported, the final timing and resolution of any tax examinations are subject to significant uncertainty and could result in litigation or the payment of significant amounts to the applicable tax authority in order to resolve examination of our tax positions, which could result in an increase of our current estimate of unrecognized tax benefits and may harm our business.

Fluctuations in currency exchange rates as a result of our international operations may negatively affect our operating results.

Because we manufacture and sell our products abroad, our revenue, cost of revenue, margins, operating costs and cash flows are impacted by fluctuations in foreign currency exchange rates. If the U.S. dollar exhibits sustained weakness against most foreign currencies, the U.S. dollar equivalents of unhedged manufacturing costs could increase because a significant portion of our production costs are foreign-currency denominated. Conversely, there would not be an offsetting impact to revenues since revenues are substantially U.S. dollar denominated. Additionally, we negotiate and procure some of our component requirements in U.S. dollars from non-U.S. based vendors. If the U.S. dollar weakens against other foreign currencies, some of our component suppliers may increase the price they charge for their components in order to maintain an equivalent profit margin. In addition, our purchases of flash-based memory from Flash Ventures and our investment in Flash Ventures are denominated in Japanese yen. If the Japanese yen appreciates against the U.S. dollar, our cost of purchasing flash-based memory wafers and the cost to us of future capital funding of Flash Ventures would increase. When such events occur, they have had, and may in the future have, a negative impact on our business.

Prices for our products are substantially U.S. dollar denominated, even when sold to customers that are located outside the U.S. Therefore, as a substantial portion of our sales are from countries outside the U.S., fluctuations in currency exchanges

rates, most notably the strengthening of the U.S. dollar against other foreign currencies, contribute to variations in sales of products in impacted jurisdictions and could negatively impact demand and revenue growth. In addition, currency variations may adversely affect, and from time to time have adversely affected, margins on sales of our products in countries outside the U.S.

We attempt to manage the impact of foreign currency exchange rate changes by, among other things, entering into short-term foreign exchange contracts. However, these contracts may not cover our full exposure, and can be canceled by the counterparty if currency controls are put in place. Thus, our decisions and hedging strategy with respect to currency risks may not be successful and may actually harm our operating results. Further, the ability to enter into foreign exchange contracts with financial institutions is based upon our available credit from such institutions and compliance with covenants and other restrictions. Operating losses, third party downgrades of our credit rating or instability in the worldwide financial markets could impact our ability to effectively manage our foreign currency exchange rate risk. Hedging also exposes us to the credit risk of our counterparty financial institutions.

Increases in our customers' credit risk could result in credit losses and term extensions under existing contracts with customers with credit losses could result in an increase in our operating costs.

Some of our OEM customers have adopted a subcontractor model that requires us to contract directly with companies, such as ODMs, that provide manufacturing and fulfillment services to our OEM customers. Because these subcontractors are generally not as well capitalized as our direct OEM customers, this subcontractor model exposes us to increased credit risks. Our agreements with our OEM customers may not permit us to increase our product prices to alleviate this increased credit risk. Additionally, as we attempt to expand our OEM and distribution channel sales into emerging economies, the customers with the most success in these regions may have relatively short operating histories, making it more difficult for us to accurately assess the associated credit risks. Our customers' credit risk may also be exacerbated by an economic downturn or other adverse global or regional economic conditions. Any credit losses we may suffer as a result of these increased risks, or as a result of credit losses from any significant customer, especially in situations where there are term extensions under existing contracts with such customers, would increase our operating costs, which may negatively impact our operating results.

LEGAL AND COMPLIANCE RISKS

We are subject to laws, rules and regulations relating to the collection, use, sharing and security of data, including personal data, and our failure to comply with these laws, rules and regulations could subject us to proceedings by governmental entities or others and cause us to incur penalties, significant legal liability, or loss of customers, loss of revenue and reputational harm.

We are subject to laws, rules and regulations relating to the collection, use, security and privacy of third-party data, including data that relates to or identifies an individual person. We are also subject to the terms of our privacy policies and obligations to third parties related to privacy, data protection and security. In many cases, these requirements apply not only to third-party transactions, but also to transfers of information between our information systems and our subsidiaries, and among us, our subsidiaries and other parties with which we have commercial relations. Our possession and use of third-party data, including personal data and employee data in conducting our business, subjects us to legal and regulatory obligations that require us to notify vendors, customers or employees or other parties with which we have commercial relations of a data security breach and to respond to regulatory inquiries and to enforcement proceedings. Managing these notifications, especially in large volumes, can lead to significant expenses, even with cybersecurity insurance coverage. Laws and regulations relating to the collection, use, security and privacy of third-party data change over time and new laws and regulations become effective from time to time. We are subject to notice and privacy statement requirements, as well as obligations to respond to requests to know and access personal information, correct personal information, delete personal information and say no to the sale of personal information. Global privacy and data protection legislation, enforcement and policy activity in this area are rapidly expanding and evolving, and may be inconsistent from jurisdiction to jurisdiction. We may also be subject to restrictions on cross-border data transfers and requirements for localized storage of data that could increase our compliance costs and risks and affect the ability of our global operations to coordinate activities and respond to customers and individuals. Compliance requirements or even our inadvertent failure to comply with applicable laws may cause us to incur substantial costs, subject us to proceedings by governmental entities or others, and cause us to incur penalties or other significant legal liability or lead us to change our business practices.

We are and may in the future be subject to state, federal and international legal and regulatory requirements, such as environmental, labor, health and safety, trade and public-company reporting and disclosure regulations, customers' standards of corporate citizenship and industry and coalition standards, such as those established by the Responsible Business Alliance ("RBA"), and compliance with those regulations and requirements could cause an increase in our operating costs and failure to comply may harm our business.

We are subject to, and may become subject to, additional, state, federal and international laws and regulations governing our environmental, labor, trade, health and safety practices and public-company reporting and disclosures requirements. These laws and regulations, particularly those applicable to our international operations, are or may be complex, extensive and subject to change. We will need to ensure that we and our suppliers, customers and partners timely comply with such laws and regulations, which may result in an increase in our operating costs. Legislation has been, and may in the future be, enacted in locations where we manufacture or sell our products, which could impair our ability to conduct business in certain jurisdictions or with certain customers and harm our operating results. In addition, climate change and financial reform legislation is a significant topic of discussion and has generated and may continue to generate federal, international or other regulatory responses in the near future, which could substantially increase the complexity of our public-company reporting and disclosure requirements and our compliance and operating costs. If we or our suppliers, customers or partners fail to timely comply with applicable legislation, certain customers may refuse to purchase our products or we may face increased operating costs as a result of taxes, fines or penalties, or legal liability and reputational damage, which could harm our business.

In connection with our compliance with environmental laws and regulations, as well as our compliance with industry and coalition environmental initiatives, such as those established by the RBA, the standards of business conduct required by some of our customers, and our commitment to sound corporate citizenship in all aspects of our business, we could incur substantial compliance and operating costs and be subject to disruptions to our operations and logistics. In addition, if we or our suppliers, customers or partners were found to be in violation of these laws or noncompliant with these initiatives or standards of conduct, we could be subject to governmental fines, liability to our customers and damage to our reputation and corporate brand, which could cause our financial condition and operating results to suffer.

Our aspirations, disclosures and actions related to environmental, social and governance ("ESG") matters expose us to risks that could adversely affect our reputation and performance.

There is an increased focus from investors, customers, associates, business partners and other stakeholders concerning ESG matters, and we announce initiatives and goals related to ESG matters from time to time, including renewable energy and net zero emissions commitments. These statements reflect our current plans and aspirations and are not guarantees that we will be able to achieve them. Our ability to achieve any ESG objective is subject to numerous risks, many of which are outside of our control, including the availability and cost of alternative energy sources; the evolving regulatory and reporting requirements affecting ESG practices and disclosures; the locations and usage of our products and the implications on their greenhouse gas emissions; and the successful execution of our strategy. Our failure to accomplish or accurately track and report on these goals on a timely basis, or at all, and the potential added costs involved, could adversely affect our reputation; financial performance and growth; our ability to attract or retain talent; and our attractiveness as a business partner or supplier, and could expose us to increased litigation risk, as well as increased scrutiny from the investment community and enforcement authorities.

We and certain of our officers are and may continue to be involved in litigation, investigations and governmental proceedings, which may be costly, may divert the efforts of our key personnel and could result in adverse court rulings, fines or penalties, which could materially harm our business.

We are and may continue to be involved in litigation, including antitrust and commercial matters, putative securities class action suits and other actions. We are the plaintiff in some of these actions and the defendant in others. Some of the actions seek injunctive relief, including injunctions against the sale of our products, and substantial monetary damages, which if granted or awarded, could materially harm our business. We have in the past been and may in the future be the subject of inquiries, requests for information, investigations and actions by government and regulatory agencies regarding our businesses. Any such matters could result in material adverse consequences to our results of operations, financial condition or ability to conduct our business, including fines, penalties or restrictions on our business activities.

Litigation is subject to inherent risks and uncertainties that may cause actual results to differ materially from our expectations. In the event of an adverse outcome in any litigation, investigation or governmental proceeding, we could be required to pay substantial damages, fines or penalties and cease certain practices or activities, including the manufacture, use and sale of products. With or without merit, such matters may be complex, may extend for a protracted period of time, may be very expensive and the expense may be unpredictable. Litigation initiated by us could also result in counter-claims against us,

which could increase the costs associated with the litigation and result in our payment of damages or other judgments against us. In addition, litigation, investigations or governmental proceedings and any related publicity may divert the efforts and attention of some of our key personnel, affect demand for our products and harm the market prices of our securities.

We may be obligated to indemnify our current or former directors or employees, or former directors or employees of companies that we have acquired, in connection with litigation, investigations or governmental proceedings. These liabilities could be substantial and may include, among other things: the costs of defending lawsuits against these individuals; the cost of defending shareholder derivative suits; the cost of governmental, law enforcement or regulatory investigations or proceedings; civil or criminal fines and penalties; legal and other expenses; and expenses associated with the remedial measures, if any, which may be imposed.

The nature of our industry and its reliance on IP and other proprietary information subjects us and our suppliers, customers and partners to the risk of significant litigation.

The data storage industry has been characterized by significant litigation. This includes litigation relating to patent and other IP rights, product liability claims and other types of litigation. We are frequently involved in disputes regarding patent and other IP rights, and we and our customers have in the past received, and we and our customers may in the future receive, communications from third parties asserting that certain of our products, processes or technologies infringe upon their patent rights, copyrights, trademark rights or other IP rights. Even if we believe that such claims are without merit, they may be time-consuming and costly to defend against and may divert management's attention and resources away from our business. We may also receive claims of potential infringement if we attempt to license IP to others. IP risks increase when we enter into new markets where we have little or no IP protection as a deterrent against litigation. The complexity of the technology involved and the uncertainty of IP litigation increase the IP risks we face. Litigation can be expensive, lengthy and disruptive to normal business operations. Moreover, the results of litigation are inherently uncertain and have resulted in, and may in the future result in, adverse rulings or decisions. We may be subject to injunctions, enter into settlements or be subject to judgments that may harm our business.

If we incorporate third-party technology into our products or if claims or actions are asserted against us for alleged infringement of the IP of others, we may be required to obtain a license or cross-license, modify our existing technology or design a new non-infringing technology. Such licenses or design modifications can be extremely costly. We evaluate notices of alleged patent infringement and notices of patents from patent holders that we receive from time to time. We may decide to settle a claim or action against us, which settlement could be costly. We may also be liable for past infringement. If there is an adverse ruling against us in an infringement lawsuit, an injunction could be issued barring production or sale of any infringing product. It could also result in a damage award equal to a reasonable royalty or lost profits or, if there is a finding of willful infringement, treble damages. Any of these results would increase our costs and harm our operating results. In addition, our suppliers, customers and partners are subject to similar risks of litigation, and a material, adverse ruling against a supplier, customer or partner could negatively impact our business.

Moreover, from time to time, we agree to indemnify certain of our suppliers and customers for alleged IP infringement. The scope of such indemnity varies but may include indemnification for direct and consequential damages and expenses, including attorneys' fees. We may be engaged in litigation as a result of these indemnification obligations. Third party claims for patent infringement are excluded from coverage under our insurance policies. A future obligation to indemnify our customers or suppliers may harm our business.

Our reliance on IP and other proprietary information subjects us to the risk that these key components of our business could be copied by competitors.

Our success depends, in significant part, on the proprietary nature of our technology, including non-patentable IP such as our process technology. If we fail to protect our technology, IP or contract rights, our customers and others may seek to use our technology and IP without the payment of license fees and royalties, which could weaken our competitive position, reduce our operating results and increase the likelihood of costly litigation. We primarily rely on patent, copyright, trademark and trade secret laws, as well as non-disclosure agreements and other methods, to protect our proprietary technologies and processes. There can be no assurance that our existing patents will continue to be held valid, if challenged, or that they will have sufficient scope or strength to protect us. It is also possible that competitors or other unauthorized third parties may obtain, copy, use or disclose, illegally or otherwise, our proprietary technologies and processes, despite our efforts to protect our proprietary technologies and processes. If a competitor is able to reproduce or otherwise capitalize on our technology despite the safeguards we have in place, it may be difficult, expensive or impossible for us to obtain necessary legal protection. There are entities whom we believe may infringe our IP. Enforcement of our rights often requires litigation. If we bring a patent infringement

action and are not successful, our competitors may be able to use similar technology to compete with us. Moreover, the defendant in such an action may successfully countersue us for infringement of their patents or assert a counterclaim that our patents are invalid or unenforceable. Also, the laws of some foreign countries may not protect our IP to the same extent as do U.S. laws. In addition to patent protection of IP rights, we consider elements of our product designs and processes to be proprietary and confidential. We rely upon employee, consultant and vendor non-disclosure agreements and contractual provisions and a system of internal safeguards to protect our proprietary information. However, we cannot be certain that these contracts and safeguards have not been and will not be breached, that we will be able to timely detect unauthorized use or transfer of our technology and IP, that we will have adequate remedies for any breach or that our trade secrets will not otherwise become known or be independently discovered by competitors. Any of our registered or unregistered IP rights may be challenged or exploited by others in the industry, which could harm our operating results.

Maintaining and strengthening our brands are important to maintaining and expanding our business, as well as to our ability to enter into new markets for our technologies, products and services. The success of our brands depends in part on the positive image that consumers have of our brands. We believe the popularity of our brands makes them a target of counterfeiting or imitation, with third parties attempting to pass off counterfeit products as our products. Any occurrence of counterfeiting, imitation or confusion with our brands could negatively affect our reputation and impair the value of our brands, which in turn could negatively impact sales and pricing of our branded products, our share and our gross margin, as well as increase our administrative costs related to brand protection and counterfeit detection and prosecution. Additionally, our ability to prevent unauthorized uses of our brands and technologies would be negatively impacted if our trademark registrations were successfully challenged or overturned in the jurisdictions where we do business. We also have trademark applications pending in a number of jurisdictions that may not ultimately be granted, or if granted, may be challenged or invalidated, in which case we would be unable to prevent unauthorized use of our brands and logos in such jurisdictions. We have not filed trademark registrations in all jurisdictions where our brands or logos may be used.

The exclusive forum provisions in our Bylaws could limit our stockholders' ability to bring a claim in a judicial forum that it finds favorable for disputes with the Company or its directors, officers or other employees.

Our Bylaws provide that, unless the Company consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or the federal district court in the State of Delaware if the Court of Chancery does not have subject matter jurisdiction) is the sole and exclusive forum for (i) any derivative action brought on behalf of the Company, (ii) any action asserting a claim of breach of a fiduciary duty owed by any current or former director, officer or other employee of the Company or its stockholders, (iii) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law or the Company's Certificate of Incorporation or Bylaws, or (iv) any action asserting a claim governed by the internal affairs doctrine (the "Delaware Exclusive Forum Provision"). Our Bylaws further provide that the federal district courts of the United States of America will, to the fullest extent permitted by law, be the exclusive forum for resolving any complaint asserting a cause of action under the Securities Act of 1933, as amended (the "Federal Forum Provision").

The Delaware Exclusive Forum Provision is intended to apply to claims arising under Delaware state law and would not apply to claims brought pursuant to the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. In addition, the Federal Forum Provision is intended to apply to claims arising under the Securities Act and would not apply to claims brought pursuant to the Exchange Act. The exclusive forum provisions in the Company's Bylaws will not relieve us of our duties to comply with the federal securities laws and the rules and regulations thereunder and, accordingly, actions by our stockholders to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder must be brought in federal courts. Our stockholders will not be deemed to have waived our compliance with these laws, rules and regulations.

The exclusive forum provisions in the Company's Bylaws may limit a stockholder's ability to bring a claim in a judicial forum of its choosing for disputes with the company or its directors, officers or other employees, which may discourage lawsuits against the Company and its directors, officers and other employees. In addition, stockholders who do bring a claim in the Court of Chancery of the State of Delaware pursuant to the Delaware Exclusive Forum Provision could face additional litigation costs in pursuing any such claim, particularly if they do not reside in or near Delaware. The court in the designated forum under our exclusive forum provisions may also reach different judgments or results than would other courts, including courts where a stockholder would otherwise choose to bring the action, and such judgments or results may be more favorable to the Company than to our stockholders. Further, the enforceability of similar exclusive forum provisions in other companies' organizational documents has been challenged in legal proceedings, and it is possible that a court could find any of our exclusive forum provisions to be inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings. If a court were to find all or any part of our exclusive forum provisions to be inapplicable or unenforceable in an action, we might incur additional costs associated with resolving such action in other jurisdictions.

Item 1B. ***Unresolved Staff Comments***

Not applicable.

Item 1C. ***Cybersecurity***

Risk Management and Strategy

At Western Digital, our management team is charged with managing risk and bringing to our Board of Directors' attention all material risk exposures to our company. Our enterprise risk management ("ERM") process is designed to facilitate the identification, assessment, management, reporting and monitoring of material risks our company may face over the short-term and long-term and assure regular communication with our Board of Directors and its committees regarding these risks. Through our ERM process, we have determined that the compromise, damage or interruption of our technology infrastructure, information systems or products by cybersecurity incidents is a key risk to our company that may have a material negative impact on our business. To help mitigate the potential impact of cybersecurity incidents on our business and protect against cybersecurity threats, we have established organizational structures, procedural measures and response plans that define roles and responsibilities related to cybersecurity risk management.

Western Digital's Information Security organization addresses cybersecurity risks with a broad spectrum of technologies, controls, and processes that focus on mitigating these risks. Our cybersecurity strategy is designed to be dynamic and adaptive to combat the rapidly-evolving cybersecurity threat landscape and is influenced by commonly leveraged frameworks such as the NIST-CSF (National Institute of Standard and Technologies – CyberSecurity Framework). Our program includes, but is not limited to, advanced systems and network security protocols, electronic communications protections, vulnerability management programs, least-privilege access controls, third-party risk management procedures, workforce education and training exercises, and compliance programs.

Our dedicated 24x7 Security Operations Center incorporates specialized systems and processes for handling security incidents into its regular work and operates a robust, modern security infrastructure with appropriate security sensors and event monitoring capabilities. Upon detection of a cybersecurity incident, the Security Operations Center determines the severity of the incident in accordance with a pre-established incident severity matrix, initiates the appropriate notification and escalation protocols and begins triage. Predefined severity tiers serve as a guide to match our response to each incident's determined severity or risk level.

Additionally, we have established a Cyber Incident Response Plan that follows the structure of the Incident Handling Guide published by the U.S. National Institute of Standards and Technology (SP 800-61r2) and that serves as an operational guide for handling cybersecurity incidents at Western Digital. Our Cyber Incident Response Plan provides procedural and strategic guidance that is designed to be flexible enough to apply to a variety of different incidents, but also specific enough to provide guidelines for incident prevention, detection, analysis, escalation and notification, and containment, eradication and recovery.

As part of our ongoing information security program, Western Digital utilizes periodic independent third-party experts to conduct assessments of our program's effectiveness. These experts are also leveraged to design and orchestrate tabletop exercises where multiple business functions and leadership levels must navigate complex incident scenarios to help determine our level of preparedness for various cybersecurity incidents.

As part of our business operations, Western Digital engages with a number of third parties, including but not limited to, online software service providers, vendors, consultants, and partners. Each of these third-parties must be cleared through a formal cybersecurity risk assessment process before being allowed to integrate with Western Digital's information systems, access confidential data, or provide electronic services to members of our workforce. Additionally, further scrutiny is applied during the post-assessment onboarding process in order to fine-tune access rights to limit privileges to those necessary to enable the related service, resulting in a least-privilege level of access.

Western Digital has in the past experienced cybersecurity incidents of varying degrees involving our technology infrastructure and information systems, including incidents in which unauthorized parties have obtained access to our information systems and networks. While these incidents have at times resulted in some disruptions to our business operations, as of the date of this Annual Report on Form 10-K, we do not believe that known risks from cybersecurity threats, including as a result of any previous cybersecurity incident, have materially affected or are reasonably likely to materially affect us, including our business strategy, results of operations or financial condition. However, we can give no assurance that we have detected or protected against all such cybersecurity incidents or threats or that we will not experience such an incident in the future. Further details about the cybersecurity risks we face are described under "*The compromise, damage or interruption of our technology infrastructure, information systems or products by cybersecurity incidents, data security breaches, other security problems, design defects, information system failures or other events could have a material negative impact on our business"* in Part I, Item 1A, *Risk Factors,* of this Annual Report on Form 10-K.

Governance

Western Digital has implemented a governance framework related to cybersecurity that includes operational risk-mitigation practices and Board-level cybersecurity risk oversight.

Our management team is charged with managing cybersecurity risk and identifying material cybersecurity risk exposures to our company and carries out this function primarily through our Information Security organization, which is led by our Chief Information Security Officer who has a master's degree in computer science, over a decade of information security leadership, and thirty years of combined IT leadership experience. Additionally, our Cyber Incident Response Plan discussed above calls for the establishment of a management Impact Assessment Committee, which consists of key leadership representatives from the organization and is convened on an ad hoc basis to assess the detailed business impact of a cybersecurity incident. The Impact Assessment Committee is led by our Chief Information Security Officer and includes key representatives from the Company's functional groups, including human resources, ethics and compliance, labor, privacy, internal audit, finance, communications, legal, risk and accounting. The Impact Assessment Committee receives updates and communications from the Security Operations Center on a fixed cadence determined by incident severity and follows our pre-established escalation framework to communicate with and include executive leadership, outside counsel and the Board of Directors, as appropriate. The Impact Assessment Committee works with the Company's internal and external legal counsel to determine and facilitate appropriate communications with the Board of Directors.

Our Board of Directors is responsible for overseeing the cybersecurity risk management process and exercises this risk oversight through both our full Board of Directors and its Audit Committee. Our Board of Directors has delegated to the Audit Committee the responsibility to oversee risks related to cybersecurity threats, and our Audit Committee Charter requires the Audit Committee to review and discuss with management the Company's policies with respect to risk assessment and enterprise risk management and to review the risk exposure of the Company related to the Committee's areas of responsibility, including with respect to cybersecurity. In carrying out this role, the Audit Committee meets with our Chief Information Security Officer regularly and receives at least quarterly reports on cybersecurity matters.

Additionally, at least annually, our Chief Audit Executive, who manages the day-to-day activities of our ERM program, reports to our Board of Directors on enterprise risk assessment under our ERM program, providing updates on key risks, status of mitigation efforts and residual risk trends, including an analysis of cybersecurity risks. Also at least annually, our Chief Information Security Officer reports to the full Board of Directors on cybersecurity matters related to or impacting our company and our business.

Item 2. ***Properties***

Our principal executive offices are located in San Jose, California. Our leased facilities have contracts expiring at various times through 2039. Our principal manufacturing, R&D, marketing and administrative facilities as of June 28, 2024 were as follows:

Location	Buildings Owned or Leased	Approximate Square Footage	Description
United States			
California			
Fremont	Leased	295,000	HDD manufacturing of head wafers and R&D
Irvine	Leased	408,000	HDD R&D, administrative, marketing and sales
Milpitas	Leased	578,000	Flash R&D, marketing and sales, and administrative
San Jose	Owned	2,205,000	Manufacturing of head wafers, head, media and product development, R&D for Flash and HDD, administrative, marketing and sales
Colorado			
Longmont	Leased	62,000	Flash R&D
Colorado Springs	Leased	54,000	HDD R&D
Minnesota			
Rochester	Leased	156,000	Flash and HDD product development
Asia			
China			
Shanghai	Owned	917,000	Flash assembly and test of SSD
Shenzhen	Owned and Leased	614,000	HDD manufacturing of media and sales
Japan			
Fujisawa	Owned	661,000	HDD product development
Malaysia			
Johor	Owned	277,000	HDD manufacturing of substrates
Kuala Lumpur	Owned	145,000	HDD R&D and administrative
Kuching	Owned	529,000	HDD manufacturing and development of substrates
Penang	Owned	2,420,000	Assembly and test of SSD, manufacturing of media, and R&D for Flash and HDD
Philippines			
Laguna	Owned	632,000	HDD manufacturing of HGAs and slider fabrication
Thailand			
Bang Pa-In	Owned and Leased	1,595,000	HDD slider fabrication, manufacturing of HDDs and HGAs, and R&D
Prachinburi	Owned	1,568,000	HDD manufacturing
India			
Bangalore	Owned and Leased	1,317,000	Flash R&D and administrative
Middle East			
Israel			
Kfar Saba	Owned	167,000	Flash R&D
Tefen	Owned	72,000	Flash R&D

We also lease office space in various other locations worldwide primarily for R&D, sales, operations, manufacturing, administration and technical support. During the year ended June 28, 2024, we completed a sale and leaseback of our facility in Milpitas, California. We believe our present facilities are adequate for our current needs. We continuously update our facilities from time to time to meet technological and market requirements.

Substantially all of our flash-based memory wafers are manufactured by Kioxia in purpose-built, wafer fabrication facilities located in Yokkaichi and Kitakami, Japan.

Item 3. ***Legal Proceedings***

See Part II, Item 8, Note 17, *Legal Proceedings* and Note 13, *Income Tax Expense* of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K for disclosures regarding certain legal proceedings and the status of statutory notices of deficiency issued by the IRS with regards to tax years 2008 through 2015, respectively, which are incorporated by reference herein.

Item 4. ***Mine Safety Disclosures***

Not applicable.

PART II

Item 5. ***Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities***

Market Information for Common Stock

Our common stock is listed on the Nasdaq Global Select Market ("Nasdaq") under the symbol "WDC". The approximate number of holders of record of our common stock as of August 7, 2024 was 802.

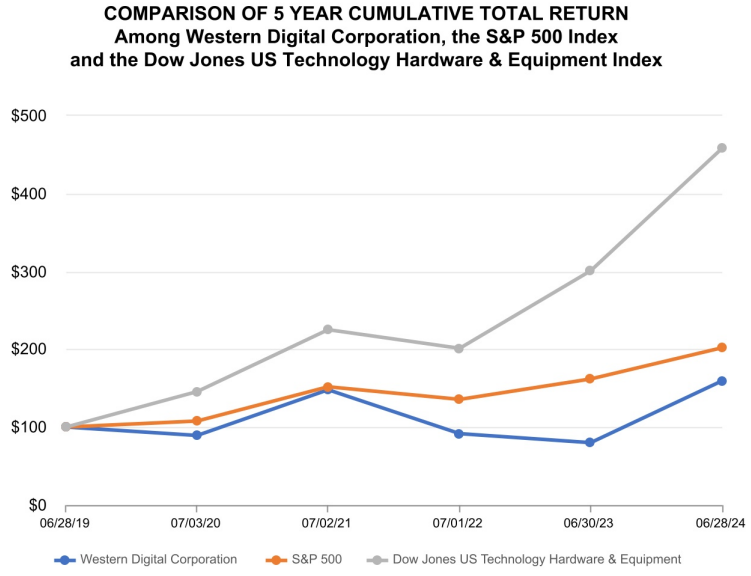
Dividends

In April 2020, we suspended our quarterly cash dividend. For more information about our dividends, see Part II, Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations – Short- and Long-term Liquidity.*

Stock Performance Graph

The following graph compares the cumulative total stockholder return of our common stock with the cumulative total return of the S&P 500 Index and the Dow Jones U.S. Technology Hardware & Equipment Index for the five years ended June 28, 2024. The graph assumes that $100 was invested in our common stock at the close of market on June 28, 2019 and that all dividends were reinvested. Stockholder returns over the indicated period should not be considered indicative of future stockholder returns.

TOTAL RETURN TO STOCKHOLDERS
(Assumes $100 investment at market close on June 28, 2019)



Total Return Analysis

	June 28, 2019	July 3, 2020	July 2, 2021	July 1, 2022	June 30, 2023	June 28, 2024
Western Digital Corporation	$ 100.00	$ 89.25	$ 147.66	$ 91.31	$ 79.77	$ 159.35
S&P 500 Index	$ 100.00	$ 107.51	$ 151.36	$ 135.29	$ 161.80	$ 201.53
Dow Jones U.S. Technology Hardware & Equipment Index	$ 100.00	$ 145.46	$ 224.80	$ 200.70	$ 300.76	$ 457.57

The stock performance graph shall not be deemed soliciting material or to be filed with the SEC or subject to Regulation 14A or 14C under the Securities Exchange Act of 1934 or to the liabilities of Section 18 of the Securities Exchange Act of 1934, nor shall it be incorporated by reference into any past or future filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent we specifically request that it be treated as soliciting material or specifically incorporate it by reference into a filing under the Securities Act of 1933 or the Securities Exchange Act of 1934.

Item 6. ***[Reserved]***

Item 7. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

The following discussion and analysis contains forward-looking statements within the meaning of the federal securities laws, and should be read in conjunction with the disclosures we make concerning risks and other factors that may affect our business and operating results. You should read this information in conjunction with the Consolidated Financial Statements and the notes thereto included in Part II, Item 8 of this Annual Report on Form 10-K. See also "Forward-Looking Statements" immediately prior to Part I, Item 1 of this Annual Report on Form 10-K.

Our Company

We are a leading developer, manufacturer, and provider of data storage devices based on both HDD and NAND flash technologies. With a differentiated innovation engine driving advancements in storage and semiconductor technologies, our broad and ever-expanding portfolio delivers powerful HDD and Flash storage solutions for everyone from students, gamers, and home offices to the largest enterprises and public clouds to capture, preserve, access, and transform an ever-increasing diversity of data.

Our broad portfolio of technology and products addresses our multiple end markets: "Cloud," "Client" and "Consumer". Cloud is comprised primarily of products for public or private cloud environments and enterprise customers. Through the Client end market, we provide our OEM and channel customers a broad array of high-performance HDD and Flash solutions across personal computer, mobile, gaming, automotive, virtual reality headsets, at-home entertainment, and industrial spaces. The Consumer end market is highlighted by our broad range of retail and other end-user products, which capitalize on the strength of our product brand recognition and vast points of presence around the world.

Our fiscal year ends on the Friday nearest to June 30 and typically consists of 52 weeks. Approximately every five to six years, we report a 53-week fiscal year to align the fiscal year with the foregoing policy. Fiscal years 2024, 2023, and 2022, which ended on June 28, 2024, June 30, 2023, and July 1, 2022, respectively, each comprised 52 weeks, with all quarters presented consisting of 13 weeks.

Key Developments

Separation of Business Units

On October 30, 2023, we announced that our Board of Directors had completed its strategic review of our business and, after evaluating a comprehensive range of alternatives, authorized us to pursue a plan to separate our HDD and Flash business units to create two independent, public companies. We believe the separation will better position each business unit to execute innovative technology and product development, capitalize on unique growth opportunities, extend respective leadership positions, and operate more efficiently with distinct capital structures. The completion of the planned separation is subject to certain conditions, including final approval by our Board of Directors. Significant effort is underway and extensive progress has been made with respect to the separation as we continue to drive towards completing the work required to separate the businesses by the end of calendar year 2024.

Operational Update

Macroeconomic factors such as inflation, higher interest rates and recession concerns had softened demand for our products in recent years, with certain customers reducing purchases as they adjusted their production levels and right-sized their inventories. As a result, we and our industry experienced a supply-demand imbalance, which resulted in reduced shipments and negatively impacted pricing. To adapt to these conditions, since the beginning of 2023, we have been implementing measures to reduce operating expenses, and to proactively manage supply and inventory to align with demand and improve our capital efficiency while continuing to deploy innovative products. These actions have enabled us to scale back on capital expenditures, consolidate production lines and reduce production bit growth. In 2024 and 2023, these actions have resulted in incremental charges for employee termination, asset impairment and other charges as well as charges for unabsorbed manufacturing overhead costs in HDD and Flash as a result of the underutilization of facilities as we temporarily scaled back production.

In the latter half of 2024, we began to see an improvement in the supply and demand dynamic, leading to improved revenues. The increased demand resulted in improved pricing and gross margin across our segments and end markets compared to 2023. We anticipate that digital transformation, including AI data-cycle, will continue driving improved market conditions in the near- and long-term for data storage, encompassing both HDD and Flash technologies. Leveraging our expertise and innovation in both areas, we believe we are well-positioned to capitalize on this improved market condition.

Tax Resolution

As disclosed in previous periods, we had previously reached a final agreement with the Internal Revenue Service ("IRS") and received notices of deficiency with respect to years 2008 through 2012 and in February 2024, we also reached a final agreement for resolving the notices of proposed adjustments with respect to years 2013 through 2015. During the twelve months ended June 28, 2024, we made payments aggregating $524 million for tax and interest with respect to years 2008 through 2012 and have a remaining liability of $185 million as of June 28, 2024 related to all years from 2008 through 2015. We expect to pay any remaining balance with respect to this matter within the next twelve months. Additional information is provided in our discussion in our "Results of Operations – *Income Tax Expense,*" and the "Short- and Long-term Liquidity – *Unrecognized Tax Benefits*" section below, and in Part II, Item 8, Note 13, *Income Tax Expense*, of the Notes to the Consolidated Financial Statements in this Annual Report on Form 10-K.

Financing Activities

On November 3, 2023, we issued $1.60 billion aggregate principal amount of convertible senior notes, which bear interest at an annual rate of 3.00% and mature on November 15, 2028, unless earlier repurchased, redeemed or converted (the "2028 Convertible Notes"). We received net proceeds of approximately $1.56 billion after issuance costs. Contemporaneously with the issuance of the 2028 Convertible Notes, we entered into individually negotiated transactions with certain holders of our existing 1.50% convertible senior notes due February 1, 2024 (the "2024 Convertible Notes") to repurchase approximately $508 million aggregate principal amount of such notes at an immaterial discount using net proceeds from the offering of the 2028 Convertible Notes. In connection with the issuance of the 2028 Convertible Notes, we also used approximately $155 million of the net proceeds from the offering to pay the cost of entering into capped call contracts with a cap price of approximately $70.26 to hedge the potential dilution impact of the conversion feature. On February 1, 2024, we used a portion of the remaining net proceeds from the offering of the 2028 Convertible Notes to settle the remaining 2024 Convertible Notes in accordance with their original terms for an aggregate cash principal payment of $592 million plus interest.

During 2024, we drew and repaid $600 million principal amount (the "Delayed Draw Term Loan") under a loan agreement we entered into in January 2023 and amended in June 2023. Proceeds from this loan were primarily used for payments on our tax liability to the IRS for the years 2008 through 2012.

Additional information regarding our indebtedness, including the principal repayment terms, interest rates, covenants and other key terms of our outstanding indebtedness, and additional information on the terms of our convertible preferred shares is included in Part II, Item 8, Note 7, *Debt,* of the Notes to Consolidated Financial Statements in this Annual Report on Form 10-K.

See Part I, Item 1A, *Risk Factors*, of this Annual Report on Form 10-K for more information regarding the risks we face as a result of macroeconomic conditions, and supply chain disruptions.

Agreement to Sell a Majority Interest in a Subsidiary

In March 2024, our wholly-owned subsidiary, SanDisk China Limited ("SanDisk China") entered into an Equity Purchase Agreement to sell 80% of its equity interest in SanDisk Semiconductor (Shanghai) Co. Ltd. ("SDSS"), our indirect wholly-owned subsidiary, to JCET Management Co., Ltd. ("JCET"), a wholly-owned subsidiary of JCET Group Co., Ltd., a Chinese publicly listed company, thereby forming a joint venture between SanDisk China and JCET (the "Transaction"). Closing of the Transaction is subject to the satisfaction or waiver of certain conditions, after which JCET will own 80% of the equity interest in SDSS, with SanDisk China owning the remaining 20%. Following the closing, we expect to enter into various ancillary agreements, including (i) a shareholders agreement governing the joint venture relationships from and after the closing; (ii) a supply agreement ("Supply Agreement") with the joint venture to supply us with certain flash-based products currently produced by SDSS, which may include flash memory cards, embedded flash products, and flash components; and (iii) an intellectual property license agreement granting SDSS certain intellectual property rights on a royalty-free basis for use in manufacturing products on our behalf for the term of and pursuant to the Supply Agreement.

Sale-Leaseback

In September 2023, we completed a sale and leaseback of our facility in Milpitas, California. We received net proceeds of $191 million in cash and recorded a gain of $85 million on the sale. We are leasing back the facility at an annual lease rate of $16 million for the first year, increasing by 3% per year thereafter through January 1, 2039. The lease includes three 5-year renewal options and one 4-year renewal option for the ability to extend through December 2057.

Asset Impairment and Contract Termination Costs

In connection with the cost-saving actions described in "*Operational Update*" above, we reassessed our existing capacity development plans and made decisions during 2024 to cancel certain projects, including projects to expand capacity in our Penang, Malaysia facility. This resulted in a $146 million impairment of existing construction in progress and other assets and recognition of $34 million for certain contract termination costs during the year ended June 28, 2024.

Results of Operations

Summary Comparison of 2024, 2023 and 2022

The following table sets forth, for the periods presented, selected summary information from our Consolidated Statements of Operations by dollars and percentage of net revenue[1]:

	2024		2023		2022	
			(in millions, except percentages)			
Revenue, net	$ 13,003	100.0 %	$ 12,318	100.0 %	$ 18,793	100.0 %
Cost of revenue	10,058	77.4	10,431	84.7	12,919	68.7
Gross profit	2,945	22.6	1,887	15.3	5,874	31.3
Operating expenses:						
Research and development	1,907	14.7	2,009	16.3	2,323	12.4
Selling, general and administrative	828	6.4	970	7.9	1,117	5.9
Litigation matter	291	2.2	—	—	—	—
Employee termination, asset impairment, and other	139	1.1	193	1.6	43	0.2
Business separation costs	97	0.7	—	—	—	—
Total operating expenses	3,262	25.1	3,172	25.8	3,483	18.5
Operating income (loss)	(317)	(2.4)	(1,285)	(10.4)	2,391	12.7
Interest and other income:						
Interest income	39	0.3	24	0.2	6	—
Interest expense	(417)	(3.2)	(312)	(2.5)	(304)	(1.6)
Other income, net	34	0.3	23	0.2	78	0.4
Total interest and other income, net	(344)	(2.6)	(265)	(2.2)	(220)	(1.2)
Income (loss) before taxes	(661)	(5.1)	(1,550)	(12.6)	2,171	11.6
Income tax expense	137	1.1	134	1.1	625	3.3
Net income (loss)	(798)	(6.1)	(1,684)	(13.7)	1,546	8.2
Less: cumulative dividends allocated to preferred shareholders	54	0.4	24	0.2	—	—
Net income (loss) attributable to common shareholders	$ (852)	(6.6)%	$ (1,708)	(13.9)%	$ 1,546	8.2 %

[1] Percentage may not total due to rounding.

The following table sets forth, for the periods presented, a summary of our segment information:

	2024	2023	2022
		(in millions, except percentages)	
Net revenue:			
Flash	$ 6,687	$ 6,063	$ 9,753
HDD	6,316	6,255	9,040
Total net revenue	$ 13,003	$ 12,318	$ 18,793
Gross profit:			
Flash	$ 1,079	$ 433	$ 3,527
HDD	1,881	1,505	2,661
Unallocated corporate items:			
Stock-based compensation expense	(49)	(49)	(48)
Amortization of acquired intangible assets	(3)	—	(66)
Recovery from contamination incident	37	—	—
Contamination related charges	—	—	(207)
Recoveries from a power outage incident	—	—	7
Other	—	(2)	—
Total unallocated corporate items	(15)	(51)	(314)
Consolidated gross profit	$ 2,945	$ 1,887	$ 5,874
Gross margin:			
Flash	16.1%	7.1%	36.2%
HDD	29.8%	24.1%	29.4%
Consolidated gross margin	22.6%	15.3%	31.3%

The following table sets forth, for the periods presented, summary information regarding our disaggregated revenue:

	2024	2023	2022
		(in millions)	
Revenue by end market			
Cloud	$ 5,378	$ 5,252	$ 8,017
Client	4,647	4,328	7,076
Consumer	2,978	2,738	3,700
Total revenue	$ 13,003	$ 12,318	$ 18,793
Revenue by geography			
Asia	$ 6,902	$ 6,046	$ 10,054
Americas	3,971	4,172	5,867
Europe, Middle East and Africa	2,130	2,100	2,872
Total revenue	$ 13,003	$ 12,318	$ 18,793
Exabytes shipped	550	501	645

Net Revenue

Net revenue increased 6% in 2024 compared to 2023, primarily due to increased exabytes sold, and improved supply-demand balance conditions in the second half of the year as described in the "Key Developments – *Operational Update*" section above and as discussed in more detail by business units below.

Flash revenue increased 10% in 2024 compared to 2023, primarily driven by a 21% increase in exabytes sold, partially offset by an 8% decline in ASPs per gigabyte. The increase in exabytes sold was primarily driven by improved demand from our OEM customers in our Client end market, and higher shipments of SSDs to our customers in our Consumer end market, partially offset by lower shipments in our Cloud end market. The decrease in ASPs per gigabyte was primarily driven by the supply-demand imbalance in the first half of the year, prior to the recent improvement in supply-demand conditions as described above.

HDD revenue was relatively flat in 2024 compared to 2023, primarily reflecting an 8% increase in exabytes sold, largely offset by a 5% decline in ASPs per gigabyte. The increase in exabytes sold was driven by an increase in shipments of our high-capacity enterprise drives. The decline in ASPs per gigabyte was primarily due to a shift in the product mix to larger capacity drives.

Cloud revenue increased 2% in 2024 compared to 2023, primarily driven by a 12% increase in exabytes sold, largely offset by a 7% decline in ASPs per gigabyte. The increase in exabytes sold was driven by higher shipments of our high-capacity enterprise HDD products. The decline in ASPs per gigabyte was primarily due to a shift in product mix to larger capacity drives, and pricing pressure driven by the supply-demand imbalance in the first half of the year as described above. Client revenue increased 7% in 2024 compared to 2023, primarily driven by a 6% increase in exabytes sold and a 2% increase in ASPs per gigabyte. The increase in exabytes sold was driven by an increase in SSD shipments into PC applications, partially offset by lower HDD shipments. Consumer revenue increased 9% in 2024 compared to 2023, primarily driven by a 6% increase in ASPs per gigabyte and a 3% increase in exabytes sold. The increase in ASPs per gigabyte was primarily driven by a favorable shift in product mix. The increase in exabytes sold was primarily due to increased shipments across all Flash products, partially offset by lower shipments of HDD products.

The changes in net revenue by geography in 2024 compared to 2023, primarily reflected larger growth in Asia from OEMs in this region as their production levels increased as well as routine variations in the mix of business.

For 2024, 2023 and 2022, our top 10 customers accounted for 39%, 43% and 45%, respectively, of our net revenue. For each of 2024, 2023 and 2022, no single customer accounted for 10% or more of our net revenue.

Consistent with standard industry practice, we have sales incentive and marketing programs that provide customers with price protection and other incentives or reimbursements that are recorded as a reduction to gross revenue. For 2024, 2023 and 2022, these programs represented 15%, 20% and 17%, respectively, of gross revenues. The amounts attributed to our sales incentive and marketing programs generally vary according to several factors including industry conditions, list pricing strategies, seasonal demand, competitor actions, channel mix and overall availability of products. Changes in future customer demand and market conditions may require us to adjust our incentive programs as a percentage of gross revenue.

Gross Profit and Gross Margin

Consolidated gross profit increased $1.06 billion in 2024 compared to 2023. The increase was largely due to higher revenues from both Flash and HDD, cost reductions due to cost efficiencies achieved through improved manufacturing operations and cost-saving actions, and a more favorable product mix. The increase also reflected charges of approximately $407 million ($252 million in Flash and $155 million in HDD) for unabsorbed manufacturing overhead costs as a result of the reduced utilization of our manufacturing capacity in 2024, compared to approximately $497 million of such costs ($296 million in Flash and $201 million in HDD) in 2023. In addition, we incurred charges of approximately $50 million in 2024 to write down Flash inventory as a result of the decreases in market pricing, compared to charges of $108 million of such costs in 2023. Consolidated gross margin increased 7.3 percentage points in 2024 compared to 2023, with approximately 2 percentage points of the increase due to the lower net charges in the current period and the remainder driven by the same factors as noted above. Flash gross margin increased by 9.0 percentage points year over year, driven by improving pricing, cost reduction initiatives and a favorable shift in product mix. HDD gross margin increased by 5.7 percentage points year over year driven by improving pricing and cost reduction initiatives.

Operating Expenses

R&D expense decreased $102 million or 5% in 2024 compared to 2023, which was primarily driven by a $31 million decrease in compensation and benefits, a $30 million decrease in depreciation and amortization and a $13 million decrease in outside services. The decrease in compensation and benefits was due to a reduction in headcount. The reduction in depreciation and amortization is attributed to lower capital expenditures in 2024 compared to 2023.

Selling, general and administrative ("SG&A") expense decreased $142 million or 15% in 2024 compared to 2023. This decrease was primarily driven by a $133 million decrease in intangible amortization expense and a $13 million decrease in sales and marketing expenses, partially offset by an increase of $18 million in material purchases. The reduction in intangible amortization expense was due to most of our intangible assets becoming fully amortized in the previous year.

Litigation matter of $291 million for the year ended June 28, 2024 was related to a judgment in an intellectual property dispute as disclosed in Part II Item 8, Note 17, *Legal Proceedings,* of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K.

Employee termination, asset impairment, and other decreased $54 million or 28% in 2024 compared to 2023, reflecting fewer restructuring actions taken in the current period and a gain on the sale-leaseback of our Milpitas, California facility, partially offset by higher contract termination charges and asset impairments caused by project cancellations. For additional information regarding employee termination, asset impairment, and other, see Part II, Item 8, Note 15, *Employee Termination, Asset Impairment, and Other*, of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K.

Business separation costs were $97 million for the year ended June 28, 2024, primarily reflecting $33 million of charges incurred for stamp duties associated with establishing new legal entities, with the remaining charges attributable to fees to outside professional service providers to support the planned separation of our Flash and HDD businesses.

Interest and Other Income

Total interest and other income, net increased $79 million or 30% in 2024 compared to 2023, primarily reflecting a $105 million of higher interest expense resulting from increases in interest rates and higher outstanding debt balance, partially offset by higher other income, net, of $11 million, driven primarily by a net gain on our strategic investments, and $15 million of higher interest income due to higher interest rates.

Income Tax Expense

The Tax Cuts and Jobs Act (the "2017 Act") includes a broad range of tax reform proposals affecting businesses. We completed our accounting for the tax effects of the enactment of the 2017 Act during the second quarter of fiscal 2019. However, the U.S. Treasury and the IRS have issued tax guidance on certain provisions of the 2017 Act since the enactment date, and we anticipate the issuance of additional regulatory and interpretive guidance. We applied a reasonable interpretation of the 2017 Act along with the then-available guidance in finalizing our accounting for the tax effects of the 2017 Act. Any additional regulatory or interpretive guidance would constitute new information, which may require further refinements to our estimates in future periods.

On August 16, 2022, President Biden signed into law the Inflation Reduction Act of 2022, which contained significant law changes related to tax, climate, energy and health care. The tax measures include, among other things, a corporate alternative minimum tax ("CAMT") of 15% on corporations with three-year average annual adjusted financial statement income ("AFSI") exceeding $1.00 billion. The CAMT is effective for us beginning with fiscal year 2024. We are not subject to the CAMT of 15% for fiscal year 2024 as our average annual AFSI did not exceed $1.00 billion for the preceding three-year period.

The following table sets forth Income tax information from our Consolidated Statements of Operations by dollar and effective tax rate:

	2024	2023	2022
	(in millions, except percentages)		
Income (loss) before taxes	$ (661)	$ (1,550)	$ 2,171
Income tax expense	137	134	625
Effective tax rate	(21)%	(9)%	29 %

Beginning in 2023, the 2017 Act requires us to capitalize and amortize R&D expenses rather than expensing them in the year incurred. The tax effects related to the capitalization of R&D expenses are included in the effective tax rate for fiscal years 2023 and 2024.

The primary drivers of the difference between the effective tax rate for 2024 and the U.S. Federal statutory rate of 21% are the relative mix of earnings and losses by jurisdiction, the deduction for foreign derived intangible income, credits, and tax holidays in Malaysia, the Philippines and Thailand that will expire at various dates during years 2025 through 2031. On November 1, 2023, one of our tax holidays in Malaysia expired. We have applied for an extension and anticipate this extension, if granted, will be applied retroactively and begin on November 2, 2023. Because the exact terms of the extension are not currently known, we are applying the Malaysia corporate statutory tax rate on the expired tax holiday income. If a retroactive extension is granted, we will make an adjustment to our effective tax rate in that period.

The primary drivers of the difference between the effective tax rate for 2023 and the U.S. Federal statutory rate of 21% are the relative mix of earnings and losses by jurisdiction, the deduction for foreign derived intangible income, credits, and tax holidays in Malaysia, the Philippines and Thailand that will expire at various dates during years 2025 through 2031.

Our future effective tax rate is subject to future regulatory developments and changes in the mix of our U.S. earnings compared to foreign earnings. The 2017 Act requires us to capitalize and amortize R&D expenses rather than expensing them in the year incurred. As described above, these capitalized expenses are included in our effective tax rate for 2024, but did not have a material impact on the effective tax rate due to our reduced profitability. Mandatory capitalization of R&D is expected to materially increase our effective tax rate and taxes paid in future periods, if not repealed or otherwise modified. In addition, our total tax expense in future years may also vary as a result of discrete items such as excess tax benefits or deficiencies.

On December 20, 2021, the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting released Model Global Anti-Base Erosion rules under Pillar Two ("Pillar Two Model Rules"). Several non-US jurisdictions have either enacted legislation or announced their intention to enact future legislation to adopt certain or all components of the Pillar Two Model Rules, which may be effective for us as early as 2025. When effective, this legislation could materially increase our tax obligations in certain jurisdictions. We continue to evaluate the tax impact of enacted and future legislation concerning the Pillar Two Model Rules in the non-US tax jurisdictions we operate in.

For additional information regarding Income tax expense, see Part II, Item 8, Note 13, *Income Tax Expense*, of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K.

A discussion of our results of operations for 2022, including a comparison of such results of operations to 2023, is included in Part II, Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations*, included in our Annual Report on Form 10-K for the year ended June 30, 2023 filed with the SEC on August 22, 2023.

Liquidity and Capital Resources

The following table summarizes our statements of cash flows:

	2024	2023	2022
		(in millions)	
Net cash provided by (used in):			
Operating activities	$ (294)	$ (408)	$ 1,880
Investing activities	(27)	(762)	(1,192)
Financing activities	187	875	(1,718)
Effect of exchange rate changes on cash	(10)	(9)	(13)
Net decrease in cash and cash equivalents	$ (144)	$ (304)	$ (1,043)

We had previously reached a final agreement with the IRS and received notices of deficiency with respect to years 2008 through 2012 and in February 2024, we also reached a final agreement for resolving the notices of proposed adjustments with respect to years 2013 through 2015. During the twelve months ended June 28, 2024, we made payments of $363 million for tax and $161 million for interest with respect to years 2008 through 2012 and recorded adjustments to align with IRS calculations, resulting in a remaining liability of $185 million as of June 28, 2024, related to all years from 2008 through 2015. We expect to pay any remaining balance with respect to this matter within the next twelve months.

In connection with settlements for the years 2008 through 2015, we expect to realize reductions to our mandatory deemed repatriation tax obligations and tax savings from interest deductions in future years aggregating to $165 million. Of this amount, $34 million of interest savings from the interest paid with respect to years 2008 through 2012 is classified as a deferred tax asset due to interest expense limitation rules. See Part II, Item 8, Note 13, *Income Tax Expense,* of the Notes to the Consolidated Financial Statements in this Annual Report on Form 10-K.

We have an existing shelf registration statement (the "Shelf Registration Statement") filed with the SEC, which allows us to offer and sell shares of common stock, preferred stock, warrants, and debt securities. The Shelf Registration Statement expires in late August 2024, and we plan to renew the Shelf Registration Statement at that time. We may use the Shelf Registration Statement or other capital sources, including other offerings of equity or debt securities or the credit markets, to satisfy future financing needs, including planned or unanticipated capital expenditures, investments, debt repayments or other expenses. Any such additional financing will be subject to market conditions and may not be available on terms acceptable to us or at all.

As noted previously, in 2024, we had scaled back on capital expenditures, consolidating production lines and reducing bit growth to align with market demand. We reduced our expenditures for property, plant and equipment and our portion of the Flash Ventures' capital expenditures for its operations to approximately $825 million in 2024 from approximately $2.22 billion in 2023. After consideration of the Flash Ventures' lease financing of its capital expenditures and net operating cash flow, we reduced our net cash used for our purchases of property, plant and equipment and net activity in notes receivable relating to Flash Ventures to $53 million in 2024 from $794 million in 2023. We continue to be cautious in our capital investment and expect our cash capital expenditures in 2025 to remain below 2023 expenditures.

We believe our cash and cash equivalents as well as our available revolving credit facility will be sufficient to meet our working capital, debt and capital expenditure needs for at least the next twelve months and for the foreseeable future thereafter. We believe we can also access the various capital markets to further supplement our liquidity position if necessary. Our ability to sustain our working capital position is subject to a number of risks that we discuss in Part I, Item 1A, *Risk Factors*, in this Annual Report on Form 10-K.

A total of $1.43 billion and $1.28 billion of our cash and cash equivalents were held outside of the U.S. as of June 28, 2024 and June 30, 2023, respectively. There are no material tax consequences that were not previously accrued for on the repatriation of this cash.

Our cash equivalents are primarily invested in money market funds that invest in U.S. Treasury securities and U.S. Government agency securities. In addition, from time to time, we also invest directly in certificates of deposit, asset-backed securities and corporate and municipal notes and bonds.

Operating Activities

Net cash provided by or used in operating activities primarily consists of net income or loss, adjusted for non-cash charges, plus or minus changes in operating assets and liabilities. Net cash used for changes in operating assets and liabilities was $307 million for 2024, as compared to $92 million of net cash provided by such changes for 2023, which largely reflects payments made on the IRS matter and an increase in net operating assets and liabilities resulting from the increase in the volume of our business. Changes in our operating assets and liabilities are largely affected by our working capital requirements, which are dependent on our volume of business and the effective management of our cash conversion cycle as well as timing of payments for taxes. Our cash conversion cycle measures how quickly we can convert our products into cash through sales. At the end of the respective fourth quarters, the cash conversion cycles were as follows (in days):

	2024	2023	2022
		(in days)	
Days sales outstanding	52	54	56
Days in inventory	126	130	107
Days payables outstanding	(65)	(56)	(66)
Cash conversion cycle	113	128	97

Changes in days sales outstanding ("DSO") are generally due to the timing of shipments to and collections from customers. Changes in days in inventory ("DIO") are generally related to the timing of inventory builds and shipments to customers. Changes in days payables outstanding ("DPO") are generally related to production volume and the timing of purchases during the period. From time to time, we make payment term modifications with vendors through negotiations with them or by granting to, or receiving from, our vendors payment term accommodations. We make modifications primarily to manage our vendor relationships and to manage our cash flows, including our cash balances.

In 2024, DSO decreased by 2 days over the prior year, reflecting timing of shipments and customer collections, partially offset by a 5-day increase from lower accounts receivable factoring. DIO decreased by 4 days over the prior year, primarily reflecting an increase in products shipped. DPO increased 9 days over the prior year, primarily due to more favorable payment terms and routine variations in the timing of purchases and payments during the period.

Investing Activities

Net cash used in investing activities in 2024 primarily consisted of $487 million in capital expenditures, partially offset by $239 million in net notes receivable proceeds from (issuances to) Flash Ventures and $195 million in proceeds from the sale of property, plant and equipment. Net cash used in investing activities in 2023 primarily consisted of $821 million of capital expenditures, partially offset by $14 million in net notes receivable proceeds from (issuances to) Flash Ventures.

Financing Activities

During 2024, net cash provided by financing activities primarily consisted of $3.00 billion in proceeds from the issuance of the 2028 Convertible Notes, the drawdown of the Delayed Draw Term Loan and draws on the revolving credit facility. These sources were partially offset by $2.10 billion used for the repayment of draws on the revolving credit facility, repayments of the Delayed Draw Term Loan, scheduled payments on the Term Loan A-2, and settlement of the remaining 2024 Convertible Notes; $505 million used to repurchase a portion of the 2024 Convertible Notes and $155 million for the purchase of capped calls to hedge the potential dilution impact of the conversion feature of the 2028 Convertible Notes. Net cash provided by financing activities in 2023 primarily consisted of $881 million from the issuance of Series A Preferred Stock and $93 million from issuance of stock under employee stock plans, partially offset by $80 million used for taxes paid on vested stock awards under employee stock plans. In addition, we drew and repaid $1.18 billion under our revolving credit facility within the period.

A discussion of our cash flows for 2022, including a comparison of such cash flows to 2023, is included in Part II, Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources*, included in our Annual Report on Form 10-K for the year ended June 30, 2023 filed with the SEC on August 22, 2023.

Off-Balance Sheet Arrangements

Other than the commitments related to Flash Ventures incurred in the normal course of business and certain indemnification provisions (see "Short- and Long-term Liquidity – *Indemnifications*" below), we do not have any other material off-balance sheet financing arrangements or liabilities, guarantee contracts, retained or contingent interests in transferred assets, or any other obligation arising out of a material variable interest in an unconsolidated entity. We do not have any majority-owned subsidiaries that are not included in the Consolidated Financial Statements. Additionally, with the exception of Flash Ventures and our joint venture with Unisplendour Corporation Limited and Unissoft (Wuxi) Group Co. Ltd. ("Unis"), referred to as the "Unis Venture", we do not have an interest in, or relationships with, any variable interest entities. For additional information regarding our off-balance sheet arrangements, see Part II, Item 8, Note 9, *Related Parties and Related Commitments and Contingencies*, of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K.

Short- and Long-term Liquidity

Material Cash Requirements

The following is a summary of our known material cash requirements, including those for capital expenditures, as of June 28, 2024. In addition, see the discussions further below related to unrecognized tax benefits, the intellectual property litigation, dividend rights with respect to the Series A Preferred Stock, foreign exchange contracts and indemnifications.

	Total	1 Year (2025)	2-3 Years (2026-2027)	4-5 Years (2028-2029)	More than 5 Years (Beyond 2029)
			(in millions)		
Long-term debt, including current portion[1]	$ 7,488	$ 1,750	$ 4,738	$ 500	$ 500
Interest on debt	1,076	371	527	132	46
Flash Ventures related commitments[2]	4,168	2,021	1,526	522	99
Operating leases	499	60	107	78	254
Purchase obligations and other commitments	477	172	155	40	110
Mandatory deemed repatriation tax	466	265	201	—	—
Total	$ 14,174	$ 4,639	$ 7,254	$ 1,272	$ 1,009

(1) Principal portion of debt, excluding discounts and issuance costs based on contractual maturity. As of June 28, 2024, $1.60 billion of our 2028 Convertible Notes are currently convertible at the option of the holders through September 30, 2024, at which point the trading price of our common stock price will be re-evaluated to determine if the 2028 Convertible Notes will continue to be convertible in the subsequent calendar quarter.

(2) Includes reimbursement for depreciation and lease payments on owned and committed equipment, funding commitments for loans and equity investments and payments for other committed expenses, including R&D and building depreciation. Funding commitments assume no additional operating lease guarantees. Additional operating lease guarantees can reduce funding commitments.

Unrecognized Tax Benefits

As of June 28, 2024, the liability for unrecognized tax benefits (excluding accrued interest and penalties) was approximately $721 million. Accrued interest and penalties related to unrecognized tax benefits are recognized in liabilities for uncertain tax positions and are recorded in the provision for income taxes. Accrued interest and penalties related to unrecognized tax benefits as of June 28, 2024, were approximately $181 million. Of these amounts, approximately $736 million could result in potential cash payments.

As noted above, we had previously reached a final agreement with the IRS regarding notices of deficiency with respect to years 2008 through 2012 and in February 2024, we also reached a final agreement for resolving the notices of proposed adjustments with respect to years 2013 through 2015. During the twelve months ended June 28, 2024, we made payments of $363 million for tax and $161 million for interest with respect to years 2008 through 2012 and recorded adjustments to align with IRS calculations, resulting in a remaining liability of $185 million as of June 28, 2024 related to all years from 2008 through 2015. We expect to pay any remaining balance with respect to this matter within the next twelve months.

In connection with settlements for the years 2008 through 2015, we expect to realize reductions to our mandatory deemed repatriation tax obligations and tax savings from interest deductions in future years aggregating to approximately $165 million. Of this amount, $34 million of interest savings from the interest paid with respect to years 2008 through 2012 is classified as a deferred tax asset due to interest expense limitation rules. See Part II, Item 8, Note 13, *Income Tax Expense* of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K.

Intellectual Property Litigation

As of June 28, 2024, we have recognized an aggregate liability of $384 million within Accrued expenses on our Consolidated Balance Sheets as of June 28, 2024, for the potential loss from a litigation matter, as discussed in Part II, Item 8, Note 17, *Legal Proceedings*, of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K. Of that amount, $291 million was recognized as Litigation matter under Operating expenses on our Consolidated Statements of Operations for the year ended June 28, 2024 and $93 million recognized within Other non-current assets on the our Consolidated Balance Sheets as June 28, 2024, to be amortized over the remaining lives of the MRT Patents. See Part II, Item 8, Note 17, *Legal Proceedings*, of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K for more information.

Dividends

As of June 28, 2024, 235,000 shares of our Series A Preferred Stock remained outstanding. These shares are entitled to cumulative preferred dividends and will also participate in any dividends declared for common shareholders on an as-converted equivalent basis. See Part II, Item 8, Note 12, *Shareholders' Equity and Convertible Preferred Stock*, of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K for more information regarding these dividend provisions.

In April 2020, we suspended the payment of dividends to common shareholders and intend to utilize cash from operations to reinvest in the business and to support our ongoing deleveraging efforts.

Debt

As described in "Key Developments – *Financing Activities*" above, we undertook several financing actions during 2024, including the issuance of the 2028 Convertible Notes and the repurchase and/or settlement of our 2024 Convertible Notes.

The 2028 Convertible Notes are convertible at the option of any holder at an initial conversion price of approximately $52.20 per share of common stock beginning August 15, 2028. Prior to that date, if the trading price of our common stock remains above 130% of the conversion price for at least 20 trading days (whether or not consecutive) during the 30 consecutive trading-day period prior to the end of a calendar quarter, holders of the 2028 Convertible Notes would have the right to convert the 2028 Convertible Notes during the next succeeding calendar quarter. The 2028 Convertible Notes are also convertible prior to that date upon the occurrence of certain corporate events. Upon any conversion of the 2028 Convertible Notes, we will pay cash for the aggregate principal amount of the notes to be converted and pay or deliver, as the case may be, cash, shares of our common stock or a combination thereof, at our election, in respect of the remainder, if any, of our conversion obligation in excess of the aggregate principal amount of the notes being converted.

During the 30 trading-day period ended June 28, 2024, the last trading day of the applicable calendar quarter, the trading price of our common stock was greater than or equal to 130% of the then-applicable conversion price for the 2028 Convertible Notes for at least 20 trading days. As such, the conditional conversion feature of the 2028 Convertible Notes was triggered and the 2028 Convertible Notes are convertible through September 30, 2024, at which point the trading price of our common stock price will be re-evaluated to determine if the 2028 Convertible Notes will continue to be convertible in the subsequent calendar quarter.

In addition to our existing debt, as of June 28, 2024, we had $2.22 billion available for borrowing under our revolving credit facility until January 2027, subject to customary conditions under the loan agreement. The agreements governing our credit facilities each include limits on secured indebtedness and certain types of unsecured subsidiary indebtedness and require us and certain of our subsidiaries to provide guarantees and collateral to the extent the conditions providing for such guarantees and collateral are met. Additional information regarding our indebtedness, including information about availability under our revolving credit facility and the principal repayment terms, interest rates, covenants and other key terms of our outstanding indebtedness, is included in Part II, Item 8, Note 7, *Debt*, of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K. The loan agreement governing our revolving credit facility and our Term Loan A-2 due 2027 require us to comply with certain financial covenants, consisting of a minimum leverage ratio covenant and a minimum liquidity covenant. As of June 28, 2024, we were in compliance with these financial covenants.

Flash Ventures

Flash Ventures sells to, and leases back from, a consortium of financial institutions a portion of its tools and has entered into equipment lease agreements, of which we guarantee half or all of the outstanding obligations under each lease agreement. The leases are subject to customary covenants and cancellation events that relate to Flash Ventures and each of the guarantors. The occurrence of a cancellation event could result in an acceleration of the lease obligations and a call on our guarantees. As of June 28, 2024, we were in compliance with all covenants under these Japanese lease facilities. See Part II, Item 8, Note 9, *Related Parties and Related Commitments and Contingencies*, of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K for information regarding Flash Ventures.

Purchase Obligations and Other Commitments

In the normal course of business, we enter into purchase orders with suppliers for the purchase of components used to manufacture our products. These purchase orders generally cover forecasted component supplies needed for production during the next quarter, are recorded as a liability upon receipt of the components, and generally may be changed or canceled at any time prior to shipment of the components. We also enter into long-term agreements with suppliers that contain fixed future commitments, which are contingent on certain conditions such as performance, quality and technology of the vendor's components. These arrangements are included under "Purchase obligations and other commitments" in the table above.

Mandatory Deemed Repatriation Tax

The following is a summary of our estimated mandatory deemed repatriation tax obligations that are payable in the following years (in millions):

	June 28, 2024
2025	$ 265
2026	201
Total	$ 466

Mandatory Research and Development Expense Capitalization

Since the beginning of 2023, the 2017 Act has required us to capitalize and amortize R&D expenses rather than expensing them in the year incurred, which is expected to result in materially higher cash tax payments in future profitable periods, if not repealed or otherwise modified.

Foreign Exchange Contracts

We purchase foreign exchange contracts to hedge the impact of foreign currency fluctuations on certain underlying assets, liabilities and commitments for operating expenses and product costs denominated in foreign currencies. For a description of our current foreign exchange contract commitments, see Part II, Item 8, Note 6, *Derivative Instruments and Hedging Activities*, of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K.

Indemnifications

In the ordinary course of business, we may provide indemnifications of varying scope and terms to customers, vendors, lessors, business partners and other parties with respect to certain matters, including, but not limited to, losses arising out of our breach of agreements, products or services to be provided by us, environmental compliance, or from intellectual property infringement claims made by third parties. In addition, we have entered into indemnification agreements with our directors and certain of our officers that will require us, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors or officers. We maintain director and officer insurance, which may cover certain liabilities arising from our obligation to indemnify our directors and officers in certain circumstances.

It is not possible to determine the maximum potential amount under these indemnification agreements due to the limited history of prior indemnification claims and the unique facts and circumstances involved in each particular agreement. Such indemnification agreements may not be subject to maximum loss clauses. Historically, we have not incurred material costs as a result of obligations under these agreements.

Recent Accounting Pronouncements

For a description of recently issued and adopted accounting pronouncements, including the respective dates of adoption and expected effects on our results of operations and financial condition, see Part II, Item 8, Note 2, *Recent Accounting Pronouncements*, of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K.

Critical Accounting Policies and Estimates

We have prepared the accompanying Consolidated Financial Statements in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). The preparation of the financial statements requires the use of judgments and estimates that affect the reported amounts of revenues, expenses, assets, liabilities and shareholders' equity. We have adopted accounting policies and practices that are generally accepted in the industry in which we operate. If these estimates differ significantly from actual results, the impact to the Consolidated Financial Statements may be material.

Revenue

We provide distributors and retailers (collectively referred to as "resellers") with limited price protection for inventories held by resellers at the time of published list price reductions. We also provide resellers and OEMs with other sales incentive programs. We record estimated variable consideration related to these items as a reduction to revenue at the time of revenue recognition. We use judgment in our assessment of variable consideration in contracts to be included in the transaction price. We use the expected value method to arrive at the amount of variable consideration. We constrain variable consideration until the likelihood of a significant revenue reversal is not probable and believes that the expected value method is the appropriate estimate of the amount of variable consideration based on the fact that we have a large number of contracts with similar characteristics.

For sales to OEMs, our methodology for estimating variable consideration is based on the amount of consideration expected to be earned based on the OEMs' volume of purchases from us or other agreed-upon sales incentive programs. For sales to resellers, the methodology for estimating variable consideration is based on several factors including historical pricing information, current pricing trends and channel inventory levels. Estimating the impact of these factors requires significant judgement and the estimated amount of variable consideration can differ from the actual amount.

Inventories

We value inventories at the lower of cost or net realizable value ("NRV"), with cost determined on a first-in, first-out basis. We record inventory write-downs of our inventory to lower of cost or net realizable value or for obsolete or excess inventory based on assumptions, which requires significant judgement. The determination of NRV involves estimating the ASPs less any selling expenses of inventory based on market conditions and customer demand. To estimate the ASPs and selling expenses of inventory, we review historical sales, future demand, economic conditions, contract prices and other information.

We periodically perform an excess and obsolete analysis of our inventory based on assumptions, which includes changes in business and economic conditions, changes in technology and projected demand of our products. If in any period we anticipate a change in those assumptions to be less favorable than our previous estimates, additional inventory write-downs may be required and could materially and negatively impact our gross margin. If in any period, we can sell inventories that had been written down to a level below the realized selling price in previous period, higher gross profit would be recognized in that period. While adjustments to these reserves have generally not been material to the years presented, in 2023, we recorded a charge to Cost of revenue of approximately $130 million, primarily to reduce component inventory to net realizable value as a result of a sudden change in demand for certain products.

Income Taxes

We account for income taxes under the asset and liability method, which provides that deferred tax assets and liabilities be recognized for temporary differences between the financial reporting basis and the tax basis of our assets and liabilities and expected benefits of utilizing net operating loss and tax credit carryforwards. We record a valuation allowance when it is more likely than not that the deferred tax assets will not be realized. Each quarter, we evaluate the need for a valuation allowance for our deferred tax assets and we adjust the valuation allowance so that we record net deferred tax assets only to the extent that we conclude it is more likely than not that these deferred tax assets will be realized. The assessment of valuation allowances against our deferred tax assets requires estimations and significant judgment. We continue to assess and adjust our valuation allowance based on operating results and market conditions. We account for interest and penalties related to income taxes as a component of the provision for income taxes.

We recognize liabilities for uncertain tax positions based on a two-step process. To the extent a tax position does not meet a more-likely-than-not level of certainty, no benefit is recognized in the Consolidated Financial Statements. If a position meets the more-likely-than-not level of certainty, it is recognized in the Consolidated Financial Statements at the largest amount that has a greater than 50% likelihood of being realized upon ultimate settlement. Interest and penalties related to unrecognized tax benefits are recognized on liabilities recorded for uncertain tax positions and are recorded in our provision for income taxes. The actual liability for unrealized tax benefits in any such contingency may be materially different from our estimates, which could result in the need to record additional liabilities for unrecognized tax benefits or potentially adjust previously-recorded liabilities for unrealized tax benefits and materially affect our operating results.

Goodwill

Goodwill is not amortized. Instead, it is tested for impairment on an annual basis or more frequently whenever events or changes in circumstances indicate that goodwill may be impaired. We perform our annual impairment test as of the first day of our fourth quarter for each reporting unit. We use qualitative factors to determine whether goodwill is more likely than not impaired and whether a quantitative test for impairment is considered necessary. If we conclude from the qualitative assessment that goodwill is more likely than not impaired, we are required to perform a quantitative assessment to determine the amount of impairment. We are required to use judgment when applying the goodwill impairment test, including in the identification of our reporting units. We also make judgments and assumptions in the assignment of assets and liabilities to our reporting units, assignment of goodwill to reporting units and determination of the fair value of each reporting unit. In addition, the estimates used to determine the fair value of each of our reporting units may change based on results of operations, macroeconomic conditions or other factors. Changes in these estimates could materially affect our assessment of the fair value and goodwill impairment for each reporting unit. If our stock price decreases significantly, goodwill could become impaired, which could result in a material charge and adversely affect our results of operations. We have not identified any impairment indicators for our reporting units as of June 28, 2024. We also did not incur any impairment charges for 2023 or 2022.

Litigation and Contingencies

We disclose information regarding claims and contingencies where the likelihood of a material loss is probable or reasonably possible. If a loss contingency is probable and the amount of the loss can be reasonably estimated, we record an accrual for the loss. In such cases, there may be an exposure to potential loss in excess of the amount accrued. Where a loss is not probable but is reasonably possible or where a loss in excess of the amount accrued is reasonably possible, we disclose the matter and an estimate of the amount of the loss or range of possible losses for the claim if a reasonable estimate can be made, unless the amount of such reasonably possible losses is not material to our financial position, results of operations or cash flows. The ability to predict the ultimate outcome of such matters involves significant judgments about the merits of the claim, applicable law, potential outcomes, estimates and inherent uncertainties. We engage relevant subject matter experts to assist us with our assessment of available information to reach conclusions on the likelihood and amount, or range, of potential loss. The actual outcome of such matters could differ materially from our estimates.

Item 7A. ***Quantitative and Qualitative Disclosures About Market Risk***

Disclosure About Foreign Currency Risk

Although the majority of our transactions are in U.S. dollars, some transactions are based in various foreign currencies. We purchase short-term foreign exchange contracts to hedge the impact of foreign currency exchange fluctuations on certain underlying assets, liabilities and commitments for product costs and Operating expenses denominated in foreign currencies. The purpose of entering into these hedge transactions is to minimize the impact of foreign currency fluctuations on our results of operations. Substantially all of the contract maturity dates do not exceed 12 months. We do not purchase foreign exchange contracts for speculative or trading purposes. For additional information, see Part II, Item 8, Note 5, *Fair Value Measurements and Investments,* and Note 6, *Derivative Instruments and Hedging Activities*, of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K.

We have performed sensitivity analyses for 2024, using a modeling technique that measures the change in the fair values arising from a hypothetical 10% adverse movement in the levels of foreign currency exchange rates relative to the U.S. dollar, with all other variables held constant. The analyses cover all of our foreign currency derivative contracts used to offset the underlying exposures. The foreign currency exchange rates used in performing the sensitivity analyses were based on market rates in effect at June 28, 2024. The sensitivity analyses indicated that a hypothetical 10% adverse movement in foreign currency exchange rates relative to the U.S. dollar would result in a foreign exchange fair value loss of $248 million at June 28, 2024.

During 2024, 2023 and 2022, total net realized and unrealized transaction and foreign exchange contract currency gains and losses were not material to our Consolidated Financial Statements.

Notwithstanding our efforts to mitigate some foreign exchange risks, we do not hedge all of our foreign currency exposures, and there can be no assurance that our mitigating activities related to the exposures that we hedge will adequately protect us against risks associated with foreign currency fluctuations.

Disclosure About Interest Rate Risk

Variable Interest Rate Risk

We have generally held a balance of fixed and variable rate debt. As of June 28, 2024, our variable rate debt outstanding consisted of our Term Loan A-2, which is based on various index rates as discussed further in Note 7, *Debt*, of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K. As of June 28, 2024, the outstanding balance on our Term Loan A-2 was $2.59 billion and a 1% increase in the variable rate of interest would increase annual interest expense by $26 million.

Item 8. ***Financial Statements and Supplementary Data***

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Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Western Digital Corporation:

Opinions on the Consolidated Financial Statements and Internal Control Over Financial Reporting

We have audited the accompanying consolidated balance sheets of Western Digital Corporation and subsidiaries (the Company) as of June 28, 2024 and June 30, 2023, the related consolidated statements of operations, comprehensive income (loss), cash flows, convertible preferred stock and shareholders' equity for each of the years in the three-year period ended June 28, 2024, and the related notes (collectively, the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of June 28, 2024, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of June 28, 2024 and June 30, 2023, and the results of its operations and its cash flows for each of the years in the three-year period ended June 28, 2024, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of June 28, 2024 based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Item 9A *Controls and Procedures – Management's Report on Internal Control over Financial Reporting*. Our responsibility is to express an opinion on the Company's consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Assessment of variable consideration for sales to resellers

As discussed in Note 1 to the consolidated financial statements, the Company provides resellers with price protection and other sales incentive programs. The Company uses judgment in its assessment of variable consideration related to these items in contracts to be included in the transaction price. The Company's estimate of variable consideration for sales to resellers is based on several factors, including historical pricing information, current pricing trends, and channel inventory levels.

We identified the assessment of variable consideration for sales to resellers as a critical audit matter. A high degree of subjective auditor judgment was required to evaluate the Company's historical pricing information and the level of channel inventory used to determine variable consideration for sales to resellers.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the Company's process for determining the variable consideration, including certain controls related to historical pricing information and the level of channel inventory. We evaluated historical pricing by inspecting a sample of customer contracts with resellers and comparing the sales incentives earned during the year to the sales incentive program terms and conditions and recalculating amounts paid to the resellers. We tested the channel inventory levels by comparing the on-hand inventory amounts for a sample of resellers to information obtained from the resellers and evaluated the reasonableness of reconciling items.

/s/ KPMG LLP

We have served as the Company's auditor since 1970.

Santa Clara, California
August 19, 2024

WESTERN DIGITAL CORPORATION
CONSOLIDATED BALANCE SHEETS
(in millions, except par value)

	June 28, 2024	June 30, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,879	$ 2,023
Accounts receivable, net	2,166	1,598
Inventories	3,342	3,698
Other current assets	673	567
Total current assets	8,060	7,886
Property, plant and equipment, net	3,167	3,620
Notes receivable and investments in Flash Ventures	991	1,410
Goodwill	10,032	10,037
Other intangible assets, net	78	80
Other non-current assets	1,860	1,513
Total assets	$ 24,188	$ 24,546
LIABILITIES, CONVERTIBLE PREFERRED STOCK AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 1,411	$ 1,293
Accounts payable to related parties	313	292
Accrued expenses	1,480	1,288
Income taxes payable	525	999
Accrued compensation	608	349
Current portion of long-term debt	1,750	1,213
Total current liabilities	6,087	5,434
Long-term debt	5,684	5,857
Other liabilities	1,370	1,415
Total liabilities	13,141	12,706
Commitments and contingencies (Notes 9, 10, 13 and 17)		
Convertible preferred stock, $0.01 par value; authorized — 5 shares; issued and outstanding — 0.2 shares in 2024 and 0.9 shares in 2023; aggregate liquidation preference of $257 and $924 as of June 28, 2024 and June 30, 2023, respectively	229	876
Shareholders' equity:		
Common stock, $0.01 par value; authorized — 750 shares in 2024 and 450 shares in 2023; issued and outstanding — 343 shares in 2024 and 322 shares in 2023	3	3
Additional paid-in capital	4,752	3,936
Accumulated other comprehensive loss	(712)	(548)
Retained earnings	6,775	7,573
Total shareholders' equity	10,818	10,964
Total liabilities, convertible preferred stock and shareholders' equity	$ 24,188	$ 24,546

The accompanying notes are an integral part of these Consolidated Financial Statements.

WESTERN DIGITAL CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions, except per share amounts)

	Year Ended		
	June 28, 2024	June 30, 2023	July 1, 2022
Revenue, net	$ 13,003	$ 12,318	$ 18,793
Cost of revenue	10,058	10,431	12,919
Gross profit	2,945	1,887	5,874
Operating expenses:			
Research and development	1,907	2,009	2,323
Selling, general and administrative	828	970	1,117
Litigation matter	291	—	—
Employee termination, asset impairment, and other	139	193	43
Business separation costs	97	—	—
Total operating expenses	3,262	3,172	3,483
Operating income (loss)	(317)	(1,285)	2,391
Interest and other income:			
Interest income	39	24	6
Interest expense	(417)	(312)	(304)
Other income, net	34	23	78
Total interest and other income, net	(344)	(265)	(220)
Income (loss) before taxes	(661)	(1,550)	2,171
Income tax expense	137	134	625
Net income (loss)	(798)	(1,684)	1,546
Less: cumulative dividends allocated to preferred shareholders	54	24	—
Net income (loss) attributable to common shareholders	$ (852)	$ (1,708)	$ 1,546
Income (loss) per common share			
Basic	$ (2.61)	$ (5.37)	$ 4.96
Diluted	$ (2.61)	$ (5.37)	$ 4.89
Weighted average shares outstanding:			
Basic	326	318	312
Diluted	326	318	316

The accompanying notes are an integral part of these Consolidated Financial Statements.

WESTERN DIGITAL CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in millions)

	Year Ended		
	June 28, 2024	June 30, 2023	July 1, 2022
Net income (loss)	$ (798)	$ (1,684)	$ 1,546
Other comprehensive gain (loss), before tax:			
Actuarial pension gain	23	12	26
Foreign currency translation adjustment	(115)	(88)	(262)
Net unrealized gain (loss) on derivative contracts	(87)	138	(180)
Total other comprehensive gain (loss), before tax	(179)	62	(416)
Income tax benefit (expense) related to items of other comprehensive gain (loss), before tax	15	(31)	36
Other comprehensive gain (loss), net of tax	(164)	31	(380)
Total comprehensive income (loss)	$ (962)	$ (1,653)	$ 1,166

The accompanying notes are an integral part of these Consolidated Financial Statements.

WESTERN DIGITAL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)

	Year Ended		
	June 28, 2024	June 30, 2023	July 1, 2022
Cash flows from operating activities			
Net income (loss)	$ (798)	$ (1,684)	$ 1,546
Adjustments to reconcile net income (loss) to net cash provided by (used in) operations:			
Depreciation and amortization	568	828	929
Stock-based compensation	295	318	326
Deferred income taxes	(161)	(48)	116
Gain on disposal of assets	(87)	(7)	(16)
Non-cash asset impairment	158	19	—
Gain on business divestiture	—	—	(9)
Amortization of debt issuance costs and discounts	19	13	44
Other non-cash operating activities, net	19	61	19
Changes in:			
Accounts receivable, net	(568)	1,206	(546)
Inventories	356	(60)	(22)
Accounts payable	244	(459)	(129)
Accounts payable to related parties	21	(28)	(78)
Accrued expenses	197	(352)	246
Income taxes payable	(474)	130	(74)
Accrued compensation	259	(162)	(123)
Other assets and liabilities, net	(342)	(183)	(349)
Net cash provided by (used in) operating activities	(294)	(408)	1,880
Cash flows from investing activities			
Purchases of property, plant and equipment	(487)	(821)	(1,122)
Proceeds from the sale of property, plant and equipment	195	14	15
Proceeds from dispositions of business	—	—	32
Notes receivable issuances to Flash Ventures	(243)	(627)	(809)
Notes receivable proceeds from Flash Ventures	482	641	718
Strategic investments and other, net	26	31	(26)
Net cash used in investing activities	(27)	(762)	(1,192)
Cash flows from financing activities			
Issuance of stock under employee stock plans	80	93	122
Taxes paid on vested stock awards under employee stock plans	(88)	(80)	(90)
Purchase of capped calls	(155)	—	—
Proceeds from convertible preferred stock, net of issuance costs	(5)	881	—
Repurchases of debt	(505)	—	—
Repayment of debt	(2,104)	(1,180)	(3,621)
Proceeds from debt issuance	3,000	1,180	1,894
Debt issuance costs	(36)	(19)	(23)
Net cash provided by (used in) financing activities	187	875	(1,718)
Effect of exchange rate changes on cash	(10)	(9)	(13)
Net decrease in cash and cash equivalents	(144)	(304)	(1,043)
Cash and cash equivalents, beginning of year	2,023	2,327	3,370
Cash and cash equivalents, end of year	$ 1,879	$ 2,023	$ 2,327
Supplemental disclosure of cash flow information:			
Cash paid for income taxes	$ 920	$ 177	$ 423
Cash paid for interest	$ 396	$ 294	$ 245
Noncash exchange of Term Loan A-1 for Term Loan A-2	$ —	$ —	$ 2,104

The accompanying notes are an integral part of these Consolidated Financial Statements.

WESTERN DIGITAL CORPORATION
CONSOLIDATED STATEMENTS OF CONVERTIBLE PREFERRED STOCK AND SHAREHOLDERS' EQUITY
(in millions)

	Convertible Preferred Stock		Common Stock		Treasury Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total Shareholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance at July 2, 2021	—	$ —	312	$ 3	(4)	$ (232)	$ 3,608	$ (199)	$ 7,620	$ 10,800
Net income	—	—	—	—	—	—	—	—	1,546	1,546
Employee stock plans	—	—	3	—	4	232	(201)	—	—	31
Stock-based compensation	—	—	—	—	—	—	326	—	—	326
Actuarial pension gain	—	—	—	—	—	—	—	24	—	24
Foreign currency translation adjustment	—	—	—	—	—	—	—	(262)	—	(262)
Net unrealized loss on derivative contracts	—	—	—	—	—	—	—	(142)	—	(142)
Balance at July 1, 2022	—	—	315	3	—	—	3,733	(579)	9,166	12,323
Net loss	—	—	—	—	—	—	—	—	(1,684)	(1,684)
Adoption of new accounting standard	—	—	—	—	—	—	(128)	—	91	(37)
Employee stock plans	—	—	7	—	—	—	13	—	—	13
Stock-based compensation	—	—	—	—	—	—	318	—	—	318
Issuance of convertible preferred stock, net of issuance costs	0.9	876	—	—	—	—	—	—	—	—
Actuarial pension gain	—	—	—	—	—	—	—	9	—	9
Foreign currency translation adjustment	—	—	—	—	—	—	—	(87)	—	(87)
Net unrealized gain on derivative contracts	—	—	—	—	—	—	—	109	—	109
Balance at June 30, 2023	0.9	876	322	3	—	—	3,936	(548)	7,573	10,964
Net loss	—	—	—	—	—	—	—	—	(798)	(798)
Purchase of capped calls related to the issuance of convertible notes, net of tax	—	—	—	—	—	—	(118)	—	—	(118)
Conversion of convertible preferred stock	(0.7)	(647)	15	—	—	—	647	—	—	647
Employee stock plans	—	—	6	—	—	—	(8)	—	—	(8)
Stock-based compensation	—	—	—	—	—	—	295	—	—	295
Actuarial pension gain	—	—	—	—	—	—	—	16	—	16
Foreign currency translation adjustment	—	—	—	—	—	—	—	(116)	—	(116)
Net unrealized loss on derivative contracts	—	—	—	—	—	—	—	(64)	—	(64)
Balance at June 28, 2024	0.2	$ 229	343	$ 3	—	$ —	$ 4,752	$ (712)	$ 6,775	$ 10,818

The accompanying notes are an integral part of these Consolidated Financial Statements.

Note 1. Organization and Basis of Presentation

Western Digital Corporation ("Western Digital" or the "Company") is a leading developer, manufacturer, and provider of data storage devices and solutions based on both hard disk drives and NAND flash technologies.

The Company's broad portfolio of technology and products addresses the following key end markets: Cloud, Client and Consumer. The Company also generates immaterial license and royalty revenue from its extensive intellectual property ("IP") portfolio, which is included in each of these three end market categories.

Basis of Presentation

The Company has prepared its Consolidated Financial Statements in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") and has adopted accounting policies and practices which are generally accepted in the industry in which it operates. The Company's significant accounting policies are summarized below.

Fiscal Year

The Company's fiscal year ends on the Friday nearest to June 30 and typically consists of 52 weeks. Approximately every five to six years, the Company reports a 53-week fiscal year to align the fiscal year with the foregoing policy. Fiscal years 2024, 2023, and 2022, which ended on June 28, 2024, June 30, 2023 and July 1, 2022, respectively, are comprised of 52 weeks, with all quarters presented consisting of 13 weeks. Unless otherwise indicated, references herein to specific years and quarters are to fiscal years and fiscal quarters, and references to financial information are on a consolidated basis.

Segment Reporting

The Company manufactures, markets, and sells data storage devices and solutions in the United States ("U.S.") and in foreign countries through its sales personnel, dealers, distributors, retailers, and subsidiaries. The Company manages and reports under two reportable segments: hard disk drives ("HDD") and flash-based products ("Flash").

The Chief Executive Officer, who is the Company's Chief Operating Decision Maker ("CODM"), evaluates the performance of the Company and makes decisions regarding the allocation of resources based on each operating segment's net revenue and gross margin. Because of the integrated nature of the Company's production and distribution activities, separate segment asset measures are either not available or not used as a basis for the CODM to evaluate the performance of or to allocate resources to the segments.

Basis of Consolidation

The Consolidated Financial Statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation. The functional currency of most of the Company's foreign subsidiaries is the U.S. dollar. The accounts of these foreign subsidiaries have been remeasured using the U.S. dollar as the functional currency. Gains or losses resulting from the remeasurement of these accounts from local currencies into U.S. dollars were immaterial to the Consolidated Financial Statements. Financial statements of the Company's foreign subsidiaries for which the functional currency is the local currency are translated into U.S. dollars using the exchange rate at each balance sheet date for assets and liabilities and a weighted average exchange rate for each period for statement of operations items. Translation adjustments are recorded in Accumulated other comprehensive loss, a component of shareholders' equity.

Business Separation Costs

On October 30, 2023, the Company announced that its Board of Directors had completed its strategic review of its business and, after evaluating a comprehensive range of alternatives, authorized the Company to pursue a plan to separate its HDD and Flash business units to create two independent, public companies. As a result of the plan, the Company has incurred separation and transition costs and expects to incur such costs through the completion of the separation of the businesses. The separation and transition costs are recorded within Business separation costs in the Consolidated Statements of Operations.

Use of Estimates

Company management has made estimates and assumptions relating to the reporting of certain assets and liabilities in conformity with U.S. GAAP. These estimates and assumptions have been applied using methodologies that are consistent throughout the periods presented. However, actual results could differ materially from these estimates.

Cash Equivalents

The Company's cash equivalents represent highly liquid investments in money market funds, which are invested in U.S. Treasury securities and U.S. Government agency securities as well as bank certificates of deposit with original maturities at purchase of three months or less. These deposits are typically in excess of U.S. insured limits. Cash equivalents are carried at cost plus accrued interest, which approximates fair value.

Equity Investments

The Company enters into certain strategic investments for the promotion of business and strategic objectives. The equity method of accounting is used if the Company's ownership interest is greater than or equal to 20% but less than a majority, or where the Company has the ability to exercise significant influence over operating and financial policies. The Company's equity in the earnings or losses in equity-method investments is recognized in Other income, net, in the Consolidated Statements of Operations and were immaterial for all years presented.

If the Company's ownership interest is less than 20% and the Company does not have the ability to exercise significant influence over the operating and financial policies of the investee, the Company accounts for these investments at fair value, or if these equity securities do not have a readily determinable fair value, these securities are measured and recorded using the measurement alternative under Accounting Standards Update ("ASU") No. 2016-01, "Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities," which is cost minus impairment, if any, plus or minus changes resulting from observable price changes. These investments are recorded within Other non-current assets in the Consolidated Balance Sheets and are periodically analyzed to determine whether or not there are indicators of impairment.

Variable Interest Entities

The Company evaluates its investments and other significant relationships to determine whether any investee is a variable interest entity ("VIE"). If the Company concludes that an investee is a VIE, the Company evaluates its power to direct the activities of the investee, its obligation to absorb the expected losses of the investee and its right to receive the expected residual returns of the investee to determine whether the Company is the primary beneficiary of the investee. If the Company is the primary beneficiary of a VIE, the Company would consolidate such entity and reflect the non-controlling interest of other beneficiaries of that entity. For the periods presented, the Company determined that it did not have any VIEs that are required to be consolidated.

Fair Value of Financial Instruments

The carrying amounts of cash equivalents, accounts receivable, accounts payable and accrued expenses approximate fair value for all periods presented because of the short-term maturity of these assets and liabilities. The carrying value of notes receivable from Flash Ventures also approximates fair value for all periods presented because they bear variable market rates of interest. The fair value of investments that are not accounted for under the equity method is based on appropriate market information.

Inventories

The Company values inventories at the lower of cost (first-in, first out) or net realizable value. The first-in, first-out method is used to value the cost of the majority of the Company's inventories. Inventory write-downs are recorded for the valuation of inventory at the lower of cost or net realizable value by analyzing market conditions and estimates of future sales prices as compared to inventory costs and inventory balances.

The Company evaluates inventory balances for excess quantities and obsolescence on a regular basis by analyzing estimated demand, inventory on hand, sales levels and other information and reduces inventory balances to net realizable value for excess and obsolete inventory based on this analysis. Unanticipated changes in technology or customer demand could result in a decrease in demand for one or more of the Company's products, which may require a write-down of inventory that could materially affect operating results.

Property, Plant and Equipment

Property, plant, and equipment are carried at cost less accumulated depreciation and amortization. The cost of property, plant and equipment is depreciated over the estimated useful lives of the respective assets. The Company's buildings and improvements are depreciated over periods ranging from fifteen to thirty years. The majority of the Company's machinery and equipment, software, and furniture and fixtures, are depreciated on a straight-line basis over a period of two to seven years. Leasehold improvements are amortized over the lesser of the estimated useful lives of the assets or the related lease terms.

Goodwill and Other Long-Lived Assets

Goodwill is not amortized. Instead, it is tested for impairment on an annual basis or more frequently whenever events or changes in circumstances indicate that goodwill may be impaired. The Company performs an annual impairment test as of the beginning of its fourth quarter. The Company uses qualitative factors to determine whether goodwill is more likely than not impaired and whether a quantitative test for impairment is considered necessary. If the Company concludes from the qualitative assessment that goodwill is more likely than not impaired, the Company is required to perform a quantitative approach to determine the amount of impairment. The Company's assessment resulted in no impairment of goodwill in 2024, 2023 or 2022.

The Company is required to use judgment when applying the goodwill impairment test, including the identification of reporting units, assignment of assets, liabilities and goodwill to reporting units, and determination of the fair value of each reporting unit. In addition, the estimates used to determine the fair value of reporting units may change based on the results of operations, macroeconomic conditions or other factors. Changes in these estimates could materially affect the Company's assessment of the fair value and goodwill impairment. If the Company's stock price decreases significantly, goodwill could become impaired, which could result in a material charge and adversely affect the Company's results of operations.

IPR&D is an intangible asset accounted as an indefinite-lived asset until the completion or abandonment of the associated research and development effort. During the development period, the Company conducts an IPR&D impairment test at least annually or whenever events or changes in facts and circumstances indicate that it is more likely than not that the IPR&D is impaired. Events which might indicate impairment include, but are not limited to, adverse cost factors, strategic decisions made in response to economic, market, and competitive conditions, and the impact of the economic environment on the Company and on its customer base. If impairment is indicated, the impairment is measured as the amount by which the carrying amount of the assets exceeds the fair value of the assets. The Company's assessment resulted in no impairment of IPR&D in 2024, 2023 or 2022.

Other long-lived assets are depreciated or amortized over their estimated useful lives based on the pattern in which the economic benefits are expected to be received. Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable from undiscounted cash flows. If impairment is indicated, the impairment is measured as the amount by which the carrying amount of the assets exceeds the fair value of the assets. The estimates of fair value require evaluation of future market conditions and product lifecycles as well as projected revenue, earnings and cash flow. See Note 4, *Supplemental Financial Statement Data*, for additional disclosures related to the Company's other long-lived assets.

Revenue and Accounts Receivable

The Company recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to the customer. The transaction price to be recognized as revenue is adjusted for variable consideration, such as sales incentives, and excludes amounts collected on behalf of third parties, including taxes imposed by governmental authorities. The Company's performance obligations are typically not considered constrained based on the Company's history with similar transactions and the fact that uncertainties are resolved in a fairly short period of time.

Substantially all of the Company's revenue is from the sale of tangible products for which the performance obligations are satisfied at a point in time, generally upon delivery. The Company's services revenue is immaterial, and mainly includes professional service arrangements and post-contract customer support, warranty as a service and maintenance contracts. The performance obligations for the Company's services are generally satisfied ratably over the service period based on the nature of the service provided and contract terms. Similarly, revenue from patent licensing arrangements is recognized based on whether the arrangement provides the customer a right to use or right to access the IP. Revenue for a right-to-use arrangement is recognized at the time the control of the license is transferred to the customer. Revenue for a right-to-access arrangement is recognized over the contract period using the time lapse method. For the sales-based royalty arrangements, the Company estimates and recognizes revenue in the period in which customers' licensable sales occur.

The Company incurs sales commissions and other direct incremental costs to obtain sales contracts. The Company has applied the practical expedient to recognize the direct incremental costs of obtaining contracts as an expense when incurred if the amortization period is expected to be one year or less or the amount is not material, with these costs charged to Selling, general and administrative expenses. The Company had no direct incremental costs to obtain contracts that have an expected benefit of greater than one year.

The Company also applies the practical expedients and does not disclose transaction price allocated to the remaining performance obligations for (i) arrangements that have an original expected duration of one year or less, which mainly consist of the support and maintenance contracts, and (ii) variable consideration amounts for sale-based or usage-based royalties for intellectual property license arrangements, which typically range longer than one year. The transaction price allocated to the Company's remaining performance obligations as of June 28, 2024 and June 30, 2023, was not material.

The contract assets and contract liabilities for the years ended June 28, 2024 and June 30, 2023 were not material.

The Company's customer payment terms are typically less than two months from the date control over the product or service is transferred to the customer. The Company uses the practical expedient and does not recognize a significant financing component for payment considerations of less than one year. The financing components of contracts with payment terms were not material.

The Company provides distributors and retailers (collectively referred to as "resellers") with limited price protection for inventories held by resellers at the time of published list price reductions. The Company also provides resellers and original equipment manufacturers ("OEMs") with other sales incentive programs. The Company records estimated variable consideration related to these items as a reduction to revenue at the time of revenue recognition. The Company uses judgment in its assessment of variable consideration in contracts to be included in the transaction price. The Company uses the expected value method to arrive at the amount of variable consideration. The Company constrains variable consideration until the likelihood of a significant revenue reversal is not probable and believes that the expected value method is the appropriate estimate of the amount of variable consideration based on the fact that the Company has a large number of contracts with similar characteristics.

For sales to OEMs, the Company's methodology for estimating variable consideration is based on the amount of consideration expected to be earned based on the OEMs' volume of purchases from the Company or other agreed-upon sales incentive programs. For sales to resellers, the Company's methodology for estimating variable consideration is based on several factors including historical pricing information, current pricing trends and channel inventory levels. Differences between the estimated and actual amounts of variable consideration are recognized as adjustments to revenue.

Marketing development program costs are typically recorded as a reduction of the transaction price and, therefore, of revenue. The Company nets sales rebates against open customer receivable balances if the criteria to offset are met, otherwise they are recorded within other accrued liabilities.

For contracts with multiple performance obligations, the Company evaluates whether each deliverable is a distinct promise and should be accounted for as a separate performance obligation. If a promised good or service is not distinct in accordance with the revenue guidance, the Company combines that good or service with the other promised goods or services in the arrangement until a distinct bundle of goods is identified. If applicable, the Company allocates the transaction price to the performance obligations of each distinct product or service, or distinct bundle, based on their relative standalone selling prices.

The Company records an allowance for doubtful accounts by analyzing specific customer accounts and assessing the risk of loss based on insolvency or other collection issues. In addition, the Company routinely analyzes the various receivable aging categories to establish reserves based on a combination of past-due receivables and expected future losses. If the financial condition of a significant customer deteriorates resulting in its inability to pay its accounts when due, or if the Company's overall loss trajectory changes significantly, an adjustment in the Company's allowance for doubtful accounts would be required, which could materially affect operating results.

Warranty

The Company records an accrual for estimated warranty costs when revenue is recognized. The Company generally warrants its products for a period of one to five years, with a small number of products having a warranty ranging up to ten years or more. The warranty provision considers estimated product failure rates and trends, estimated replacement costs, estimated repair costs which include scrap costs and estimated costs for customer compensatory claims related to product quality issues, if any. For warranties ten years or greater, including lifetime warranties, the Company uses the estimated useful life of the product to calculate the warranty exposure. A statistical warranty tracking model is used to help prepare estimates and assist the Company in exercising judgment in determining the underlying estimates. The statistical tracking model captures specific detail on product reliability, such as factory test data, historical field return rates and costs to repair by product type. Management's judgment is subject to a greater degree of subjectivity with respect to newly introduced products because of limited field experience with those products upon which to base warranty estimates. Management reviews the warranty accrual quarterly for products shipped in prior periods and which are still under warranty. Any changes in the estimates underlying the accrual may result in adjustments that impact current period gross profit and income. Such changes are generally a result of differences between forecasted and actual return rate experience and costs to repair and could differ significantly from the estimates.

Litigation and Other Contingencies

When the Company becomes aware of a claim or potential claim, the Company assesses the likelihood of any loss or exposure. The Company discloses information regarding each claim where the likelihood of a material loss contingency is probable or reasonably possible. If a loss contingency is probable and the amount of the loss can be reasonably estimated, the Company records an accrual for the loss. In such cases, there may be an exposure to potential loss in excess of the amount accrued. Where a loss is not probable but is reasonably possible or where a loss in excess of the amount accrued is reasonably possible, the Company discloses an estimate of the amount of the loss or range of possible losses for the claim if a reasonable estimate can be made, unless the amount of such reasonably possible losses is not material to the Company's financial position, results of operations or cash flows. The ability to predict the ultimate outcome of such matters involves judgments, estimates and inherent uncertainties. The actual outcome of such matters could differ materially from management's estimates. See Note 17, *Legal Proceedings,* for additional disclosures related to the Company's litigation.

Advertising Expense

Advertising costs are expensed as incurred and amounted to $56 million, $69 million and $88 million in 2024, 2023 and 2022, respectively. These expenses are included in Selling, general and administrative in the Consolidated Statements of Operations.

Research and Development Expense

Research and development ("R&D") expenditures are expensed as incurred.

Income Taxes

The Company accounts for income taxes under the asset and liability method, which provides that deferred tax assets and liabilities be recognized for temporary differences between the financial reporting basis and the tax basis of assets and liabilities and expected benefits of utilizing net operating loss ("NOL") and tax credit carryforwards. The Company records a valuation allowance when it is more likely than not that the deferred tax assets will not be realized. Each quarter, the Company evaluates the need for a valuation allowance for its deferred tax assets and adjusts the valuation allowance so that the Company records net deferred tax assets only to the extent that it has concluded it is more likely than not that these deferred tax assets will be realized. The Company accounts for interest and penalties related to income taxes as a component of the provision for income taxes.

The Company recognizes liabilities for uncertain tax positions based on a two-step process. To the extent a tax position does not meet a more-likely-than-not level of certainty, no benefit is recognized in the financial statements. If a position meets the more-likely-than-not level of certainty, it is recognized in the financial statements at the largest amount that has a greater than 50% likelihood of being realized upon ultimate settlement. Interest and penalties related to unrecognized tax benefits are recognized in liabilities recorded for uncertain tax positions and are recorded in the provision for income taxes. The actual liability for unrealized tax benefits in any such contingency may be materially different from the Company's estimates, which could result in the need to record additional liabilities for unrecognized tax benefits or potentially adjust previously-recorded liabilities for unrealized tax benefits, and may materially affect the Company's operating results.

Net Income (Loss) Per Common Share

The Company computes net income (loss) per common share using a two-class method when shares are issued that meet the definition of participating securities. The two-class method determines net income (loss) per common share for each class of common stock and participating securities according to dividends declared or accumulated and participation rights in undistributed earnings. The two-class method requires undistributed earnings for the period to be allocated between common stock and participating securities based upon their respective rights to receive dividends as if all income for the period had been distributed. The Company's convertible preferred stock contractually entitles the holders of such shares to participate in dividends but does not contractually require the holders of such shares to participate in the Company's losses.

The Company computes basic income (loss) per common share by dividing net income (loss) attributable to common shareholders by the weighted average number of common shares outstanding during the period. Diluted income (loss) per common share is computed by using diluted net income (loss) attributable to common shareholders, the weighted average number of common shares and potentially dilutive securities outstanding during the period using the treasury stock method or the "if-converted" method based on the nature of the securities. Potentially dilutive common shares include dilutive outstanding employee stock options, restricted stock unit awards ("RSUs") and restricted stock unit awards with performance conditions or market conditions ("PSUs"), rights to purchase shares of common stock under the Company's Employee Stock Purchase Plan ("ESPP"), shares issuable in connection with the Company's convertible notes and convertible preferred stock.

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Stock-Based Compensation

The Company accounts for all stock-based compensation at fair value. Stock-based compensation cost is measured at the grant date based on the value of the award and is recognized as expense over the vesting period. The fair values of RSUs and PSUs with a performance condition are determined based on the closing market price of the Company's stock on the date of the grant. The fair values of all ESPP purchase rights are estimated using the Black-Scholes-Merton option pricing model and require the input of highly subjective assumptions. The fair values of PSUs with a market condition are estimated using a Monte Carlo simulation model. PSUs are granted to certain employees and vest only after the achievement of pre-determined performance or market conditions and completion of a requisite service period. At the end of each reporting period, the Company evaluates the probability that PSUs with a performance condition will be earned and records the related stock-based compensation expense over the service period. Compensation expense for PSUs with market conditions is recognized ratably over the required service period regardless of expected or actual achievement.

Other Comprehensive Income (Loss), Net of Tax

Other comprehensive income (loss), net of tax refers to gains and losses that are recorded as an element of shareholders' equity but are excluded from net income. The Company's other comprehensive income (loss), net of tax is primarily comprised of unrealized gains or losses on foreign exchange contracts and interest rate swap agreements designated as cash flow hedges, foreign currency translation, and actuarial gains or losses related to pensions.

Derivative Contracts

The majority of the Company's transactions are in U.S. dollars; however, some transactions are based in various foreign currencies. The Company purchases foreign exchange contracts to hedge the impact of foreign currency exchange fluctuations on certain underlying assets, liabilities and commitments for Operating expenses and product costs denominated in foreign currencies. The purpose of entering into these hedging transactions is to minimize the impact of foreign currency fluctuations on the Company's results of operations. Substantially all of these contract maturity dates do not exceed 12 months. All foreign exchange contracts are for risk management purposes only. The Company does not purchase foreign exchange contracts for speculative or trading purposes. The Company had foreign exchange contracts with commercial banks for British pound sterling, European euro, Japanese yen, Malaysian ringgit, Philippine peso, Thai baht, Korean won and Israeli shekel, which had an aggregate notional amount of $3.86 billion and $5.66 billion at June 28, 2024 and June 30, 2023, respectively.

If the derivative is designated as a cash flow hedge and is determined to be highly effective, the change in fair value of the derivative is initially deferred in Other comprehensive income (loss), net of tax. These amounts are subsequently recognized into earnings when the underlying cash flow being hedged is recognized into earnings. Recognized gains and losses on foreign exchange contracts are reported in Cost of revenue and Operating expenses, and presented within cash flows from operating activities. The Company previously had interest rate swaps which were accounted for as designated cash flow hedges to mitigate variations in interest payments under a portion of its variable rate term loans. The Company paid interest monthly at a fixed rate and received interest monthly at the applicable index rate on the notional amount of the contract with realized gains or losses recognized in Interest expense. Hedge effectiveness is measured by comparing the hedging instrument's cumulative change in fair value from inception to maturity to the underlying exposure's terminal value. The Company determined the ineffectiveness associated with its cash flow hedges to be immaterial to the Consolidated Financial Statements for all years presented.

A change in the fair value of undesignated hedges is recognized in earnings in the period incurred and is reported in Other income, net.

Pensions and Other Post-Retirement Benefit Plans

The Company has defined benefit pension plans and other post-retirement plans covering certain employees in various countries. The benefits are based on the employees' years of service and compensation. The plans are funded in conformity with the funding requirements of applicable government authorities. The Company amortizes unrecognized actuarial gains and losses and prior service costs on a straight-line basis over the remaining estimated average service life of the participants. The measurement date for the plans is the Company's year-end. The Company recognizes the funded status of its defined benefit pension and post-retirement plans in the Consolidated Balance Sheets, with actuarial changes in the funded status recognized through accumulated other comprehensive loss in the year in which such changes occur.

The Company reports the service cost component in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. In addition, the other components of net benefit cost are presented in Other income, net in the Consolidated Statements of Operations.

Leases

The Company leases certain domestic and international facilities and data center space under long-term, non-cancelable operating leases that expire at various dates through 2039. These leases include no material variable or contingent lease payments. Operating lease assets and liabilities are recognized based on the present value of the remaining lease payments discounted using the Company's incremental borrowing rate. Operating lease assets also include prepaid lease payments minus any lease incentives. Extension or termination options present in the Company's lease agreements are included in determining the right-of-use asset and lease liability when it is reasonably certain the Company will exercise that option. Lease expense is recognized on a straight-line basis over the lease term.

Revision of Previously Issued Financial Statements

As previously disclosed in the Company's Quarterly Reports on Form 10-Q for the periods ended December 29, 2023 and March 29, 2024, in connection with the preparation of its Condensed Consolidated Financial Statements as of and for the three and six months ended December 29, 2023, the Company identified certain errors related to the Company's reporting and recording of its interests in its equity method investments in Flash Partners Ltd., Flash Alliance Ltd., and Flash Forward Ltd. (collectively, "Flash Ventures"). The errors related to unadjusted differences between Flash Ventures' application of Japanese generally accepted accounting principles to certain lease-related transactions compared to the applicable U.S. generally accepted accounting principles. These unadjusted differences resulted in differences in the equity in earnings from these entities recognized by the Company in Other income (expense), net and the carrying value of the Company's equity method investments in Flash Ventures.

Based on an analysis of quantitative and qualitative factors in accordance with SAB No. 99, "Materiality," and SAB No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements," and as described further in Note 18, *Revision of Previously Issued Financial Statements*, the Company evaluated the errors and determined the related impacts were not material to its financial statements for the prior periods when they occurred, but that correcting the cumulative errors in the period detected would have been material to the Company's results of operations for that period. Accordingly, the Company has revised previously reported financial information presented herein for such immaterial errors. A summary of revisions to the Condensed Consolidated Financial Statements presented herein is included for comparative purposes in Note 18, *Revision of Previously Issued Financial Statements.*

Note 2. Recent Accounting Pronouncements

Accounting Pronouncements Recently Adopted

In September 2022, the Financial Accounting Standards Board ("FASB") issued an accounting standards update ("ASU") No. 2022-04, "Liabilities-Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations", which requires annual and interim disclosures for entities that use supplier finance programs in connection with the purchase of goods and services. The ASU requires the Company to provide disclosure of outstanding obligations to such suppliers for all balance sheet dates presented beginning with the Company's first quarter of 2024 and to provide certain rollforward information related to those obligations beginning in the Company's first fiscal quarter of 2025. The ASU does not affect the recognition, measurement, or financial statement presentation of supplier finance program obligations. The Company adopted the guidance on the first day of fiscal year 2024, except for the rollforward information, which the Company is compiling and intends to provide beginning in fiscal year 2025. See Note 16, *Supplier Finance Program,* of the Notes to Consolidated Financial Statements for information regarding the supplier finance program.

Recently Issued Accounting Pronouncements Not Yet Adopted

In November 2023, the FASB issued ASU No. 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures", which expands on segment reporting requirements primarily through enhanced disclosures surrounding significant segment expenses. The ASU expands on existing segment reporting requirements to require that a public entity disclose, on an annual and interim basis, significant segment expenses that are regularly provided to an entity's CODM, a description of other segment items by reportable segment, and any additional measures of a segment's profit or loss used by the CODM when deciding how to allocate resources. These incremental disclosures will be required beginning with the Company's financial statements for the year ending June 27, 2025. The Company expects to provide any required disclosures at that time.

In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures". The ASU calls for enhanced income tax disclosure requirements surrounding the tabular rate reconciliation and income taxes paid. The amendments are effective for the Company's fiscal year 2026, with early adoption permitted. The Company is currently compiling the information required for these disclosures. These incremental disclosures will be required beginning with the Company's financial statements for the year ending June 27, 2025. The Company expects to provide any required disclosures at that time.

Note 3. Business Segments, Geographic Information, and Concentrations of Risk

The following table summarizes the operating performance of the Company's reportable segments:

	2024	2023	2022
	(in millions, except percentages)		
Revenue, net:			
Flash	$ 6,687	$ 6,063	$ 9,753
HDD	6,316	6,255	9,040
Total net revenue	$ 13,003	$ 12,318	$ 18,793
Gross profit:			
Flash	$ 1,079	$ 433	$ 3,527
HDD	1,881	1,505	2,661
Total gross profit for segments	2,960	1,938	6,188
Unallocated corporate items:			
Stock-based compensation expense	(49)	(49)	(48)
Amortization of acquired intangible assets	(3)	—	(66)
Recovery from contamination incident	37	—	—
Contamination related charges	—	—	(207)
Recoveries from a power outage incident	—	—	7
Other	—	(2)	—
Total unallocated corporate items	(15)	(51)	(314)
Consolidated gross profit	$ 2,945	$ 1,887	$ 5,874
Gross margin:			
Flash	16.1 %	7.1 %	36.2 %
HDD	29.8 %	24.1 %	29.4 %
Consolidated gross margin	22.6 %	15.3 %	31.3 %

Disaggregated Revenue

The Company's broad portfolio of technology and products address multiple end markets. Cloud is comprised primarily of products for public or private cloud environments and end customers. Through the Client end market, the Company provides its original equipment manufacturer ("OEM") and channel customers a broad array of high-performance HDD and Flash solutions across personal computer, mobile, gaming, automotive, virtual reality headsets, at-home entertainment and industrial spaces. The Consumer end market is highlighted by the Company's broad range of retail and other end-user products, which capitalize on the strength of the Company's product brand recognition and vast points of presence around the world.

The Company's disaggregated revenue information is as follows:

	2024	2023	2022
	(in millions)		
Revenue by end market			
Cloud	$ 5,378	$ 5,252	$ 8,017
Client	4,647	4,328	7,076
Consumer	2,978	2,738	3,700
Total revenue	$ 13,003	$ 12,318	$ 18,793

WESTERN DIGITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The Company's operations outside the United States include manufacturing facilities in China, Japan, Malaysia, the Philippines and Thailand, as well as sales offices throughout the Americas, Asia Pacific, Europe, the Middle East and Africa. The following tables summarize the Company's operations by geographic area:

	2024	2023	2022
		(in millions)	
Net revenue [1]			
United States	$ 3,585	$ 3,810	$ 5,411
China	3,037	2,773	4,525
Hong Kong	2,375	1,829	3,645
Rest of Asia	1,490	1,444	1,884
Europe, Middle East and Africa	2,130	2,100	2,872
Other	386	362	456
Total	$ 13,003	$ 12,318	$ 18,793

[1] Net revenue is attributed to geographic regions based on the ship-to location of the customer. License and royalty revenue is attributed to countries based upon the location of the headquarters of the licensee.

	2024	2023
	(in millions)	
Long-lived assets [1]		
United States	$ 897	$ 1,071
Malaysia	718	861
China	338	397
Thailand	825	851
Rest of Asia	353	393
Europe, Middle East and Africa	36	47
Total	$ 3,167	$ 3,620

[1] Long-lived assets include property, plant and equipment and are attributed to the geographic location in which they are located.

Customer Concentration and Credit Risk

The Company sells its products to computer manufacturers and OEMs, cloud service providers, resellers, distributors and retailers throughout the world. For 2024, 2023 and 2022, no customer accounted for 10% or more of the Company's net revenue. For 2024, 2023 and 2022, the Company's top 10 customers accounted for 39%, 43% and 45%, respectively, of the Company's net revenue.

The Company performs ongoing credit evaluations of its customers' financial condition to manage collection risk, in some cases supplemented by collateral. The Company maintains allowances for potential credit losses, and such losses have historically been within management's expectations. At any given point in time, the total amount outstanding from any one of a number of its customers may be individually significant to the Company's financial condition. As of June 28, 2024 and June 30, 2023, net accounts receivable were $2.17 billion and $1.60 billion, respectively, and reserves for potential credit losses were not material. As of June 28, 2024, one customer accounted for 15% of the Company's net accounts receivable and as of June 30, 2023, two customers accounted for 15% and 13% of the Company's net accounts receivable.

The Company also has cash equivalent and investment policies that limit the amount of credit exposure to any one financial institution or investment instrument and requires that investments be made only with financial institutions or in investment instruments evaluated as highly credit-worthy.

Supplier Concentration

All of the Company's Flash require silicon wafers for the memory and controller components. The Company's flash memory wafers are currently supplied almost entirely from Flash Ventures and the Company's controller wafers are all manufactured by third-party sources. The failure of any of these sources to deliver silicon wafers could have a material adverse effect on the Company's business, financial condition and results of operations.

In addition, some key components are purchased from single source vendors for which alternative sources are currently not available. Shortages could occur in these essential materials due to an interruption of supply or increased demand in the industry. If the Company was unable to procure certain of such materials, the Company's sales could decline, which could have a material adverse effect on its results of operations. The Company also relies on third-party subcontractors to assemble and test a portion of its products. The Company does not have long-term contracts with some of these subcontractors and cannot directly control product delivery schedules or manufacturing processes. This could lead to product shortages or quality assurance problems that could increase the manufacturing costs of the Company's products and have material adverse effects on the Company's operating results.

Goodwill

The following table provides a summary of goodwill activity for the period:

	Flash	HDD	Total
		(in millions)	
Balance at June 30, 2023	$ 5,716	$ 4,321	$ 10,037
Foreign currency translation adjustment	(3)	(2)	(5)
Balance at June 28, 2024	$ 5,713	$ 4,319	$ 10,032

Management performed its annual goodwill impairment assessment for both reporting units as of the first day of its fourth quarter ended June 28, 2024 and concluded that there were no impairment indicators as of June 28, 2024. The Company also did not incur any impairment charges for 2023 or 2022.

Note 4. Supplemental Financial Statement Data

Accounts receivable, net

From time to time, in connection with factoring agreements, the Company sells trade accounts receivable without recourse to third-party purchasers in exchange for cash. In 2024, 2023 and 2022, the Company sold trade accounts receivable aggregating $623 million, $776 million and $400 million, respectively. The discounts on the trade accounts receivable sold during the periods were not material and were recorded within Other income, net in the Consolidated Statements of Operations. No factored receivables were outstanding as of June 28, 2024, and $150 million of factored receivables remained outstanding as of June 30, 2023.

Inventories

	June 28, 2024	June 30, 2023
	(in millions)	
Inventories:		
Raw materials and component parts	$ 1,727	$ 2,096
Work-in-process	1,066	979
Finished goods	549	623
Total inventories	$ 3,342	$ 3,698

Property, plant and equipment, net

	June 28, 2024	June 30, 2023
	(in millions)	
Property, plant and equipment:		
Land and improvements	$ 235	$ 269
Buildings and improvements	1,820	1,955
Machinery and equipment	8,646	8,704
Computer equipment and software	471	470
Furniture and fixtures	54	54
Construction-in-process	797	798
Property, plant and equipment, gross	12,023	12,250
Accumulated depreciation	(8,856)	(8,630)
Property, plant and equipment, net	$ 3,167	$ 3,620

Depreciation expense for property, plant and equipment totaled $566 million, $695 million and $708 million in 2024, 2023 and 2022, respectively.

Other intangible assets, net

As part of prior acquisitions, the Company recorded at the time of the acquisition acquired IPR&D for projects in progress that had not yet reached technological feasibility. IPR&D is initially accounted for as an indefinite-lived intangible asset. Once a project reaches technological feasibility, the Company reclassifies the balance to existing technology and begins to amortize the intangible asset over its estimated useful life. As of June 28, 2024 and June 30, 2023, IPR&D included in intangible assets, net was $72 million and $80 million, respectively. During the year ended June 28, 2024, one IPR&D project reached technological feasibility and $8 million was reclassified from IPR&D to existing technology and commenced amortization over an estimated useful life of three years. During 2024, 2023 and 2022, the Company did not record any impairment charges related to IPR&D.

Amortizable intangible assets are amortized over the estimated useful lives based on the pattern in which the economic benefits are expected to be received. As of June 28, 2024 and June 29, 2023, intangible assets had been substantially fully amortized and were not material. Amortization expense for intangible assets subject to amortization totaled $3 million, $133 million and $221 million in 2024, 2023 and 2022, respectively.

Product warranty liability

Changes in the warranty accrual were as follows:

	2024	2023	2022
		(in millions)	
Warranty accrual, beginning of period	$ 244	$ 345	$ 363
Charges to operations	107	106	146
Utilization	(154)	(169)	(103)
Changes in estimate related to pre-existing warranties	(8)	(38)	(61)
Warranty accrual, end of period	$ 189	$ 244	$ 345

The current portion of the warranty accrual is classified in Accrued expenses and the long-term portion is classified in Other liabilities as noted below:

	2024	2023
	(in millions)	
Warranty accrual:		
Current portion (included in Accrued expenses)	$ 36	$ 97
Long-term portion (included in Other liabilities)	153	147
Total warranty accrual	$ 189	$ 244

Other liabilities

	2024	2023
	(in millions)	
Other liabilities:		
Non-current net tax payable	$ 201	$ 464
Non-current portion of unrecognized tax benefits	565	408
Other non-current liabilities	604	543
Total other liabilities	$ 1,370	$ 1,415

Accumulated other comprehensive loss

Accumulated other comprehensive loss ("AOCL"), net of tax, refers to expenses, gains and losses that are recorded as an element of shareholders' equity but are excluded from net income. The following table illustrates the changes in the balances of each component of AOCL:

	Actuarial Pension Gains (Losses)	Foreign Currency Translation Adjustment	Unrealized Gains (Losses) on Derivative Contracts	Total Accumulated Comprehensive Loss
		(in millions)		
Balance at July 1, 2022	$ (11)	$ (302)	$ (266)	$ (579)
Other comprehensive income (loss) before reclassifications	12	(88)	(213)	(289)
Amounts reclassified from accumulated other comprehensive loss	—	—	351	351
Income tax benefit (expense) related to items of other comprehensive income (loss)	(3)	1	(29)	(31)
Net current-period other comprehensive income (loss)	9	(87)	109	31
Balance at June 30, 2023	(2)	(389)	(157)	(548)
Other comprehensive income (loss) before reclassifications	23	(115)	(331)	(423)
Amounts reclassified from accumulated other comprehensive loss	—	—	244	244
Income tax benefit (expense) related to items of other comprehensive loss	(7)	(1)	23	15
Net current-period other comprehensive loss	16	(116)	(64)	(164)
Balance at June 28, 2024	$ 14	$ (505)	$ (221)	$ (712)

During 2024, the amounts reclassified out of AOCL included losses of $244 million related to foreign exchange contracts.

During 2023, the amounts reclassified out of AOCL included losses of $361 million related to foreign exchange contracts, and gains of $10 million related to interest rate swaps.

The gains and losses related to interest rate swaps were charged to Interest expense and losses related to foreign contracts were substantially all charged to Cost of revenue in the Consolidated Statements of Operations.

As of June 28, 2024, substantially all existing net losses related to cash flow hedges recorded in AOCL are expected to be reclassified to earnings within the next twelve months.

Note 5. Fair Value Measurements and Investments

Financial Instruments Carried at Fair Value

Financial assets and liabilities that are remeasured and reported at fair value at each reporting period are classified and disclosed in one of the following three levels:

Level 1. Quoted prices in active markets for identical assets or liabilities.

Level 2. Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3. Inputs that are unobservable for the asset or liability and that are significant to the fair value of the assets or liabilities.

The following tables present information about the Company's financial assets and liabilities that are measured at fair value on a recurring basis as of June 28, 2024 and June 30, 2023, and indicate the fair value hierarchy of the valuation techniques utilized to determine such values:

	June 28, 2024			
	Level 1	Level 2	Level 3	Total
	(in millions)			
Assets:				
Cash equivalents – Money market funds	$ 416	$ —	$ —	$ 416
Foreign exchange contracts	—	8	—	8
Total assets at fair value	$ 416	$ 8	$ —	$ 424
Liabilities:				
Foreign exchange contracts	$ —	$ 197	$ —	$ 197
Total liabilities at fair value	$ —	$ 197	$ —	$ 197

	June 30, 2023			
	Level 1	Level 2	Level 3	Total
	(in millions)			
Assets:				
Cash equivalents – Money market funds	$ 371	$ —	$ —	$ 371
Foreign exchange contracts	—	35	—	35
Total assets at fair value	$ 371	$ 35	$ —	$ 406
Liabilities:				
Foreign exchange contracts	$ —	$ 192	$ —	$ 192
Total liabilities at fair value	$ —	$ 192	$ —	$ 192

Money Market Funds. The Company's money market funds are funds that invest in U.S. Treasury and U.S. Government agency securities. Money market funds are valued based on quoted market prices.

Foreign Exchange Contracts. The Company's foreign exchange contracts are short-term contracts to hedge the Company's foreign currency risk. Foreign exchange contracts are valued using an income approach that is based on a present value of future cash flows model. The market-based observable inputs for the model include forward rates and credit default swap rates. For more information on the Company's foreign exchange contracts, see Note 6, *Derivative Instruments and Hedging Activities*. Derivative assets and liabilities are reflected in the Company's Consolidated Balance Sheets under Other current assets and Accrued expenses, respectively.

During 2024 and 2023, the Company had no transfers of financial assets and liabilities between levels and there were no changes in valuation techniques and the inputs used in the fair value measurement.

Financial Instruments Not Carried at Fair Value

The following table contains the related carrying value (which includes principal adjusted for any unamortized issuance costs, and discounts or premiums) and fair value (which is based on quoted market prices) for each of the Company's outstanding financial instruments. Each of the financial instruments presented below was categorized as Level 2 for all periods presented, based on the frequency of trading immediately prior to the end of the fourth quarter of 2024 and the fourth quarter of 2023, respectively.

	June 28, 2024		June 30, 2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(in millions)			
1.50% convertible notes due 2024	$ —	$ —	$ 1,099	$ 1,067
3.00% convertible notes due 2028	1,568	2,556	—	—
4.75% senior unsecured notes due 2026	2,296	2,253	2,293	2,193
Variable interest rate Term Loan A-2 maturing 2027	2,578	2,539	2,687	2,661
2.85% senior notes due 2029	496	434	496	400
3.10% senior notes due 2032	496	407	495	371
Total	$ 7,434	$ 8,189	$ 7,070	$ 6,692

Note 6. Derivative Instruments and Hedging Activities

As of June 28, 2024, the Company had outstanding foreign exchange forward contracts that were designated as either cash flow hedges or non-designated hedges. Substantially all of the contract maturity dates of these foreign exchange forward contracts do not exceed twelve months. As of June 28, 2024, the Company did not have any derivative contracts with credit-risk-related contingent features.

Changes in fair values of the non-designated foreign exchange contracts are recognized in Other income, net and are largely offset by corresponding changes in the fair values of the foreign-currency denominated monetary assets and liabilities. For each of 2024, 2023 and 2022, total net realized and unrealized transaction and foreign exchange contract currency gains and losses were not material to the Company's Consolidated Financial Statements.

Unrealized gains or losses on designated cash flow hedges are recognized in AOCL. For more information regarding cash flow hedges, see Note 4, *Supplemental Financial Statement Data – Accumulated other comprehensive loss*.

Netting Arrangements

Under certain provisions and conditions within agreements with counterparties to the Company's foreign exchange forward contracts, subject to applicable requirements, the Company has the right of offset associated with the Company's foreign exchange forward contracts and is allowed to net settle transactions of the same currency with a single net amount payable by one party to the other. As of June 28, 2024 and June 30, 2023, the effect of rights of offset was not material and the Company did not offset or net the fair value amounts of derivative instruments in its Consolidated Balance Sheets.

Note 7. Debt

Debt consisted of the following as of June 28, 2024 and June 30, 2023:

	June 28, 2024	June 30, 2023
	(in millions)	
1.50% convertible notes due 2024	$ —	$ 1,100
3.00% convertible notes due 2028	1,600	—
4.75% senior unsecured notes due 2026	2,300	2,300
Variable interest rate Term Loan A-2 maturing 2027	2,588	2,700
2.85% senior notes due 2029	500	500
3.10% senior notes due 2032	500	500
Total debt	7,488	7,100
Issuance costs	(54)	(30)
Subtotal	7,434	7,070
Less: current portion of long-term debt	(1,750)	(1,213)
Long-term debt	$ 5,684	$ 5,857

On November 3, 2023, the Company issued $1.60 billion aggregate principal amount of convertible senior notes which bear interest at an annual rate of 3.00% and mature on November 15, 2028, unless earlier repurchased, redeemed or converted (the “2028 Convertible Notes”). The Company is not required to make principal payments on the 2028 Convertible Notes prior to the maturity date. The 2028 Convertible Notes are jointly and severally guaranteed by each of the Company’s wholly-owned subsidiaries that guarantees the 4.75% senior unsecured notes due 2026 (currently, Western Digital Technologies, Inc., Sandisk Technologies, Inc. and Sandisk Corporation).

The 2028 Convertible Notes are convertible at the option of any holder beginning on August 15, 2028 at an initial conversion price of approximately $52.20 per share of common stock. Prior to that date, if the trading price of the Company’s common stock remains above 130% of the conversion price for at least 20 trading days (whether or not consecutive) during the 30 consecutive trading-day period prior to the end of a calendar quarter, holders of the 2028 Convertible Notes would have the right to convert the 2028 Convertible Notes during the next succeeding calendar quarter. The 2028 Convertible Notes are also convertible prior to that date upon the occurrence of certain corporate events. Upon any conversion of the 2028 Convertible Notes, the Company will pay cash for the aggregate principal amount of the notes to be converted and pay or deliver, as the case may be, cash, shares of the Company’s common stock or a combination thereof, at the Company’s election, in respect of the remainder, if any, of its conversion obligation in excess of the aggregate principal amount of the notes being converted.

During the three months ended June 28, 2024, the conditional conversion feature above of the 2028 Convertible Notes was triggered, based on the price of the Company’s common stock, as the last reported sale price of the Company’s common stock was greater than or equal to 130% of the then-applicable conversion price for the 2028 Convertible Notes for at least 20 trading days during the period of 30 consecutive trading days ending on June 28, 2024, the last trading day of the applicable calendar quarter. Accordingly, the 2028 Convertible Notes are convertible through September 30, 2024, at which point the common stock price will be re-evaluated to determine if the 2028 Convertible Notes will continue to be convertible in the subsequent calendar quarter. The Company has classified the 2028 Convertible Notes as current liabilities in the Company’s Consolidated Financial Statements as of June 28, 2024.

Net proceeds from the 2028 Convertible Notes were approximately $1.56 billion after deducting issuance costs of approximately $37 million. Debt issuance costs are amortized to interest expense over the term of the 2028 Convertible Notes. As of June 28, 2024, issuance costs of $32 million remained unamortized.

For the year ended June 28, 2024, the total interest expense was $37 million with coupon interest expense of $32 million and the amortization of debt discount and issuance costs of $5 million, respectively.

In connection with the issuance of the 2028 Convertible Notes, the Company also entered into privately negotiated capped call transactions with certain counterparties (the "Capped Calls"). The Capped Calls each have a strike price of approximately $52.20 per share, subject to certain adjustments, which correspond to the initial conversion price of the 2028 Convertible Notes. The Capped Calls have initial cap prices of $70.26 per share, subject to certain adjustments. The Capped Calls cover, subject to anti-dilution adjustments, approximately 8 million shares of the Company's common stock. The Capped Calls are generally intended to reduce or offset the potential dilution to the Company's common stock upon any conversion of the 2028 Convertible Notes with such reduction or offset, as the case may be, subject to a cap based on the cap price. However, if the market price per share of the Company's common stock, as measured under the terms of the Capped Calls, exceeds the cap prices of the Capped Calls, there would not be an offset for the excess. The Capped Calls are separate transactions, and not part of the terms of the 2028 Convertible Notes. As these transactions meet certain accounting criteria, the Capped Calls are recorded in stockholders' equity and are not accounted for as derivatives. The cost of the Capped Calls of $155 million, net of $37 million in deferred tax assets, was recorded as a decrease to Additional paid-in capital on the Company's Consolidated Balance Sheets.

In February 2018, the Company issued $1.10 billion aggregate principal amount of convertible senior notes due February 1, 2024 (the "2024 Convertible Notes"). The 2024 Convertible Notes bore interest at an annual rate of 1.50% with interest payable on February 1 and August 1 of each year. Contemporaneously with the issuance of the 2028 Convertible Notes as noted above, the Company entered into individually negotiated transactions with certain holders of the Company's 2024 Convertible Notes to repurchase approximately $508 million aggregate principal amount of such notes at an immaterial discount. On February 1, 2024, the Company settled all remaining 2024 Convertible Notes in accordance with their original terms for an aggregate cash principal payment of $592 million plus interest.

During the year ended June 28, 2024, the Company entered into a third amendment ("Amendment No. 3") to the Company's Amended and Restated Loan Agreement, dated as of January 7, 2022 which governs the Term-Loan A-2 and the revolving credit facility maturing in January 2027 (as amended, the "Credit Agreement"). Amendment No. 3 extended the time period during which certain real property is excluded from the collateral package supporting the obligations under the Credit Agreement.

The Credit Agreement requires the Company to maintain a ratio ("Leverage Ratio") of total funded debt to Consolidated Adjusted EBITDA (as defined in the Credit Agreement) below a maximum at the end of each quarter as follows:

Quarter ending	Leverage ratio
June 28, 2024	5.25 to 1.00
September 27, 2024	5.00 to 1.00
December 27, 2024	4.50 to 1.00
March 28, 2025	4.00 to 1.00
June 25, 2025	3.75 to 1.00
Thereafter	3.25 to 1.00

For the purpose of the Leverage Ratio, Consolidated Adjusted EBITDA is calculated on a trailing twelve-month basis, except that for the quarters ended June 28, 2024 and September 27, 2024, Consolidated Adjusted EBITDA shall be (i) for the quarter ending June 28, 2024, Consolidated Adjusted EBITDA for such quarter and the immediately preceding quarter multiplied by two and (ii) for the quarter ending September 27, 2024, Consolidated Adjusted EBITDA for such quarter and the two immediately preceding quarters multiplied by four-thirds.

In addition, as of June 28, 2024, the Credit Agreement requires the Company and its subsidiaries to maintain minimum liquidity (defined as the sum of cash and cash equivalents plus available unused capacity under its 2027 Revolving Facility less the aggregate principal amount of indebtedness that matures within 12 months of such date) of $2.00 billion at the end of each quarter through September 27, 2024. As of June 28, 2024, the Company was in compliance with all financial covenants under the Credit Agreement.

The Credit Agreement also requires the Company to comply with customary covenants that include, among others, limitations on the incurrence of additional debt, liens on property, acquisitions and investments, loans and guarantees, mergers, consolidations, liquidations and dissolution, asset sales, dividends and distribution, and other payments in respect of the Company's capital stock, prepayments of certain debt, transactions with affiliates and certain modifications of organizational documents and certain debt agreements.

The Term Loan A-2 Loan bears interest, at the Company's option, at a per annum rate equal to either (x) the Adjusted Term SOFR (as defined in the Loan Agreement) plus an applicable margin varying from 1.125% to 2.000% or (y) a base rate plus an applicable margin varying from 0.125% to 1.000%, in each case depending on the corporate family ratings of the Company from at least two of Standard & Poor's Ratings Services ("S&P"), Moody's Investors Service, Inc. ("Moody's") and Fitch Ratings, Inc. ("Fitch"), with an interest rate of Adjusted Term SOFR plus 1.500%. The annualized interest rate for Term Loan A-2 as of June 28, 2024 was 6.942%. During the year ending June 28, 2024, the Company made scheduled payments aggregating $113 million on its Term Loan A-2. As of June 28, 2024, the remaining balance of Term Loan A-2 amortizes in quarterly installments of $38 million per quarter beginning with the quarter ending September 27, 2024, and the remaining balance is payable at maturity on January 7, 2027. Issuance costs for Term Loan A-2 are amortized to Interest expense over its term and unamortized costs were $9 million as of June 28, 2024.

During the year ended June 28, 2024, the Company drew and repaid $800 million principal amount under its $2.25 billion revolving credit facility maturing in January 2027 (the "2027 Revolving Facility").

The Company has issued standby letters of credit of $33 million as of June 28, 2024, which reduced the Company's 2027 Revolving Facility's capacity by the same amount to $2.22 billion as of that date.

Loans under the 2027 Revolving Facility bear interest at a per annum rate, at the Company's option, equal to either (x) the Adjusted Term SOFR Rate (as defined in the Loan Agreement) plus an applicable margin varying from 1.125% to 2.000% or (y) a base rate plus an applicable margin varying from 0.125% to 1.000%, in each case depending on the corporate family ratings of the Company from at least two of S&P, Moody's and Fitch, with an interest rate of Adjusted Term SOFR plus 1.375%. The Company is also required to pay an unused commitment fee on the 2027 Revolving Facility ranging from 0.120% to 0.350% based on the corporate family ratings of the Company from at least two of S&P, Moody's and Fitch, with an initial unused commitment fee of 0.200%.

Under the term of the Credit Agreement, the 2027 Revolving Facility and Term Loan A-2 (the "Credit Facilities") are unconditionally guaranteed by Western Digital Technologies, Inc., Sandisk Technologies, Inc. and Sandisk Corporation (the "Guarantors") and are secured on a first-priority basis (subject to permitted liens) by a lien on substantially all assets and properties of the Company and the Guarantors (the "Collateral"), subject to certain exceptions. Furthermore, the obligations under the Company's 2.850% Senior Notes due 2029 and 3.100% Senior Notes due 2032 have been secured by the Collateral on an equal and ratable basis to the obligations under the Credit Facilities for so long as and to the extent required under the terms of the Indenture, and the obligations under the Company's 2026 Senior Unsecured Notes have been guaranteed by the Guarantors pursuant to the First Supplemental Indenture dated as of June 20, 2023 and the Second Supplemental Indenture dated as of April 26, 2024 (the "2026 Senior Notes Supplemental Indentures") for so long as and to the extent required under the terms of the indenture governing such notes and the 2026 Senior Notes Supplemental Indentures.

In August 2023, the Company drew $600 million under a delayed draw term loan agreement, which was repaid in full in June 2024. That delayed draw term loan agreement is now terminated. Borrowings under that delayed draw term loan agreement bore interest, at a rate based on SOFR Rate plus an applicable margin.

In December 2021, the Company issued $500 million aggregate principal amount of 2.850% senior notes due February 1, 2029 (the "2029 Senior Notes") and issued $500 million aggregate principal amount of 3.100% senior notes due February 1, 2032 (the "2032 Senior Notes") pursuant to the terms of an indenture, dated as of December 10, 2021 (the "Base Indenture") between the Company and U.S. Bank National Association, as trustee (the "Senior Notes Trustee"), as supplemented by the first supplemental indenture dated as of December 10, 2021 (the "Senior Notes First Supplemental Indenture") between the Company and the Senior Notes Trustee. As used herein, "Indenture" means the Base Indenture, as supplemented by the Senior Notes First Supplemental Indenture. Interest for both the 2029 Senior Notes and 2032 Senior Notes is payable on February 1 and August 1 of each year. The Company is not required to make principal payments on either the 2029 Senior Notes or 2032 Senior Notes prior to their maturity dates.

In February 2018, the Company issued $2.30 billion aggregate principal amount of senior unsecured notes due February 15, 2026 (the "2026 Senior Unsecured Notes"). The 2026 Senior Unsecured Notes bear interest at an annual rate of 4.750% with interest payable on February 15 and August 15 of each year. The Company is not required to make principal payments on the 2026 Senior Unsecured Notes prior to the maturity date. Issuance costs for the 2026 Senior Unsecured Notes are amortized to interest expense over the term of the 2026 Senior Unsecured Notes and as of June 28, 2024, issuance costs of $4 million remained unamortized.

The indentures and supplemental indentures, as applicable, governing the Company's 2029 Senior Notes, 2032 Senior Notes, 2026 Senior Unsecured Notes and the 2028 Convertible Notes each contain various restrictive covenants, which can include limitations on the Company's and its subsidiaries' ability to, among other things, consolidate, merge or sell all or substantially all of their assets; create liens; and incur, assume or guarantee additional indebtedness, and are subject to a number of limitations and exceptions.

Maturity of Debt

As of June 28, 2024, the Company is subject to required principal payment or earlier conversion at the option of the holder as follows:

	Contractual Maturity [1]
	(in millions)
Fiscal year:	
2025	$ 1,750
2026	2,450
2027	2,288
2028	—
2029	500
2030 and thereafter	500
Total debt maturities	7,488
Issuance costs	(54)
Net carrying value	$ 7,434

[1] As of June 28, 2024, the holders of the 2028 Convertible Notes have the option to convert the notes through September 30, 2024. As such, the principal portion of these notes is reflected as current in the table above.

Note 8. Pension and Other Post-Retirement Benefit Plans

The Company has pension and other post-retirement benefit plans in various countries. The Company's principal pension plans are in Japan, Thailand and the Philippines (the "Pension Plans"). All other pension and other post-retirement benefit plans are immaterial to the Consolidated Financial Statements. The expected long-term rate of return on the Pension Plans' assets is 2.5%.

Obligations and Funded Status

The following table presents the unfunded status of the benefit obligations for the Pension Plans:

	2024	2023	2022
		(in millions)	
Change in benefit obligation:			
Projected benefit obligation at beginning of period	$ 273	$ 294	$ 359
Service cost	9	14	15
Interest cost	6	6	5
Plan amendments	—	—	9
Actuarial gain	(17)	(6)	(31)
Benefits paid	(7)	(8)	(9)
Settlement/curtailment	2	(15)	—
Non-U.S. currency movement	(22)	(12)	(54)
Projected benefit obligation at end of period	244	273	294
Change in plan assets:			
Fair value of plan assets at beginning of period	185	189	227
Actual return on plan assets	12	7	—
Employer contributions	13	9	10
Benefits paid	(7)	(8)	(7)
Non-U.S. currency movement	(19)	(12)	(41)
Fair value of plan assets at end of period	184	185	189
Unfunded status	$ 60	$ 88	$ 105

The following table presents the unfunded amounts related to the Pension Plans as recognized on the Company's Consolidated Balance Sheets:

	June 28, 2024	June 30, 2023
	(in millions)	
Current liabilities	$ 1	$ 1
Non-current liabilities	59	87
Net amount recognized	$ 60	$ 88

The accumulated benefit obligation for the Pension Plans was $244 million at June 28, 2024. As of June 28, 2024, the accumulated other income pension balance was $23 million. There were no material prior service credits for the Pension Plans recognized in Accumulated other comprehensive income (loss) in the Consolidated Balance Sheet as of June 28, 2024.

Net periodic benefit costs were not material for 2024, 2023 and 2022.

Assumptions

Weighted-Average Assumptions

The weighted-average actuarial assumptions used to determine the projected benefit obligations for the Pension Plans were as follows:

	2024	2023	2022
Discount rate	3.0 %	2.2 %	2.3 %
Rate of compensation increase	2.7 %	2.4 %	2.3 %

The weighted-average actuarial assumptions used to determine benefit costs for the Pension Plans were as follows:

	2024	2023	2022
Discount rate	2.2 %	2.3 %	1.4 %
Expected long-term rate of return on plan assets	2.5 %	2.5 %	2.5 %
Rate of compensation increase	2.4 %	2.3 %	2.0 %

The Company develops a discount rate by calculating when the estimated benefit payments will be due. Management then matches the benefit payments to high quality bonds which match the timing of the expected benefit payments to determine the appropriate discount rate.

The Company develops the expected long-term rate of return on plan assets by analyzing rates of return in each plan as well as the investment portfolio applicable to the plan depending on each plan's economic environment. The Company's estimates of future rates of return on assets is based in large part on the projected rate of return from the respective investment managers using a long-term view of historical returns, as well as actuarial recommendations using the most current generational and mortality tables and rates. As of June 28, 2024, the Pension Plans' assets materially consisted of plan assets related to the Japan pension plan and as such the assumption used herein is primarily related to the Japan pension plan.

The Company develops the rate of compensation increase assumptions using local compensation practices and historical rates of increases.

Plan Assets

Investment Policies and Strategies

The investment policy in the Pension Plans is to generate a stable return on investments over a long-term horizon in order to have adequate pension funds to meet the Company's future obligations. In order to achieve this investment goal, a diversified portfolio with target asset allocation and expected rate of return is established by considering factors such as composition of participants, level of funded status, capacity to absorb risks and the current economic environment. The target asset allocation is 55% in debt securities, 30% in equity securities, and the remaining 15% in other assets. Risk management is accomplished through diversification, periodic review of plan asset performance and appropriate realignment of asset allocation. Assumptions regarding the expected long-term rate of return on plan assets are periodically reviewed and are based on the historical trend of returns, the risk and correlation of each asset and the latest economic environment.

The expected long-term rate of return is estimated based on many factors, including expected forecast for inflation, risk premiums for each asset class, expected asset allocation, current and future financial market conditions and diversification and rebalancing strategies. Historical return patterns and correlations, consensus return forecasts and other relevant financial factors are analyzed periodically by the investment advisor so as to ensure that the expected long-term rate of return is reasonable and appropriate.

Fair Value Measurements

The following tables present the Pension Plans' major asset categories and their associated fair values and net asset values as of June 28, 2024 and June 30, 2023:

	June 28, 2024			
	Level 1	Level 2	Level 3	Total
		(in millions)		
Plan assets measured at fair value:				
Equity:				
Equity commingled/mutual funds[1][2]	$ —	$ 58	$ —	$ 58
Fixed income:				
Fixed income commingled/mutual funds[1][3]	—	99	—	99
Net plan assets subject to leveling	—	157	—	157
Real estate investment trust at net asset value				27
Total investments at fair value	$ —	$ 157	$ —	$ 184

	June 30, 2023			
	Level 1	Level 2	Level 3	Total
		(in millions)		
Plan assets measured at fair value:				
Equity:				
Equity commingled/mutual funds[1][2]	$ —	$ 66	$ —	$ 66
Fixed income:				
Fixed income commingled/mutual funds[1][3]	—	89	—	89
Net plan assets subject to leveling	—	155	—	155
Real estate investment trust at net asset value				30
Total investments at fair value	$ —	$ 155	$ —	$ 185

(1) Commingled funds represent pooled institutional investments.
(2) Equity mutual funds invest primarily in equity securities.
(3) Fixed income mutual funds invest primarily in fixed income securities.

There were no significant movements of assets between any level categories in 2024 or 2023.

Fair Value Valuation Techniques

Equity securities are valued at the closing price reported on the stock exchange on which the individual securities are traded. Equity commingled/mutual funds are typically valued using the net asset value ("NAV") provided by the investment manager or administrator of the fund. The NAV is based on the value of the underlying assets owned by the fund, minus liabilities and divided by the number of shares or units outstanding. These assets are classified as either Level 1 or Level 2, depending on availability of quoted market prices for identical or similar assets.

If available, fixed income securities are valued using the close price reported on the major market on which the individual securities are traded and are classified as Level 1. The fair value of other fixed income securities is typically estimated using pricing models and quoted prices of securities with similar characteristics and is generally classified as Level 2.

Cash equivalents includes money market accounts that are valued at their cost plus interest on a daily basis, which approximates fair value. Short-term investments represent securities with original maturities of one year or less. These assets are classified as either Level 1 or Level 2.

Cash Flows

The Company's expected employer contributions for 2025 and annual benefit payments over the next five years for its Pension Plans are not expected to be material.

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Note 9. Related Parties and Related Commitments and Contingencies

Flash Ventures

The Company procures substantially all of its flash-based memory wafers from its business ventures with Kioxia Corporation ("Kioxia"), which consists of three separate legal entities: Flash Partners Ltd. ("Flash Partners"), Flash Alliance Ltd. ("Flash Alliance") and Flash Forward Ltd. ("Flash Forward"), collectively referred to as "Flash Ventures". The Company has a 49.9% ownership interest and Kioxia has a 50.1% ownership interest in each of these entities. Through Flash Ventures, the Company and Kioxia collaborate in the development and manufacture of flash-based memory wafers, which are manufactured by Kioxia at its wafer fabrication facilities located in Japan using semiconductor manufacturing equipment individually owned or leased by each Flash Ventures entity. Each Flash Ventures entity purchases wafers from Kioxia at cost and then resells those wafers to the Company and Kioxia at cost plus a markup.

Flash Partners. Flash Partners was formed in 2004 in connection with the construction of Kioxia's "Y3" 300-millimeter wafer fabrication facility located in Yokkaichi, Japan.

Flash Alliance. Flash Alliance was formed in 2006 in connection with the construction of Kioxia's "Y4" 300-millimeter wafer fabrication facility located in Yokkaichi, Japan.

Flash Forward. Flash Forward was formed in 2010 in connection with the construction of Kioxia's "Y5" 300-millimeter wafer fabrication facility located in Yokkaichi, Japan. Y5 was built in two phases of approximately equal size.

New Y2. The Company has a facility agreement with Kioxia related to the construction and operation of Kioxia's "New Y2" 300-millimeter wafer fabrication facility located in Yokkaichi, Japan. New Y2 primarily provided additional clean room space to convert a portion of 2-dimensional ("2D") flash-based wafer production capacity to 3-dimensional ("3D") flash-based wafer production capacity. Production of flash-based wafers in New Y2 started in 2016.

Y6. The Company also has a facility agreement with Kioxia related to the construction and operation of Kioxia's "Y6" 300-millimeter wafer fabrication facility in Yokkaichi, Japan. Y6 is primarily intended to provide clean room space to continue the transition of existing 2D flash-based wafer capacity to 3D flash-based wafer production capacity. Production of flash-based wafers in Y6 started in 2018.

K1. The Company also has a facility agreement with Kioxia related to the construction and operation of Kioxia's "K1" 300-millimeter wafer fabrication facility in Kitakami, Japan. The primary purpose of K1 is to provide clean room space to continue the transition of existing flash-based wafer capacity to newer technology nodes. Production of flash-based wafers in K1 started in 2019.

Y7. In January 2022, the Company entered into additional agreements regarding Flash Ventures' investment in a new wafer fabrication facility in Yokkaichi, Japan, referred to as "Y7". The primary purpose of Y7 is to provide clean room space to continue the transition of existing flash-based wafer capacity to newer flash technology nodes. Production of flash-based wafers in Y7 started in 2022.

K2. In June 2024, the Company entered into additional agreements regarding Flash Ventures' investment in a new wafer fabrication facility in Kitakami, Japan, referred to as "K2". The primary purpose of K2 is to provide clean room space to continue the transition of existing flash-based wafer capacity to newer flash technology nodes. Output from K2 is expected to begin in the first half of fiscal year 2026.

In connection with the start-up of the K1, K2 and Y7 facilities, the Company has made prepayments over time, and as of June 28, 2024, $523 million remain to be credited against future building depreciation charges. As of June 28, 2024, the Company is also committed to make additional building depreciation prepayments of $610 million, based on Japanese yen to U.S. dollars exchange rate of 160.44 as of such date, payable as follows: $372 million in fiscal year 2025, $29 million in fiscal year 2026, $109 million in fiscal year 2027, $87 million in fiscal year 2028 and $13 million in fiscal year 2029. As of June 28, 2024, in addition to the requirements to make building depreciation prepayments, the Company will also make payments for building depreciation of approximately $290 million at varying dates through fiscal year 2035.

The Company accounts for its ownership position of each entity within Flash Ventures under the equity method of accounting. The financial and other support provided by the Company in all periods presented was either contractually required or the result of a joint decision to expand wafer capacity, transition to new technologies or refinance existing equipment lease commitments. Entities within Flash Ventures are VIEs. The Company evaluated whether it is the primary beneficiary of any of the entities within Flash Ventures for all periods presented and determined that it is not the primary beneficiary of any of the entities within Flash Ventures because it does not have a controlling financial interest in any of those entities. In determining whether the Company is the primary beneficiary, the Company analyzed the primary purpose and design of Flash Ventures, the activities that most significantly impact Flash Ventures' economic performance, and whether the Company had the power to direct those activities. The Company concluded, based upon its 49.9% ownership, the voting structure and the manner in which the day-to-day operations are conducted for each entity within Flash Ventures, that the Company lacked the power to direct most of the activities that most significantly impact the economic performance of each entity within Flash Ventures.

The following table presents the notes receivable from, and equity investments in, Flash Ventures as of June 28, 2024 and June 30, 2023:

	June 28, 2024	June 30, 2023
	(in millions)	
Notes receivable, Flash Partners	$ 1	$ 37
Notes receivable, Flash Alliance	5	48
Notes receivable, Flash Forward	485	709
Investment in Flash Partners	149	161
Investment in Flash Alliance	216	276
Investment in Flash Forward	135	179
Total notes receivable and investments in Flash Ventures	$ 991	$ 1,410

During 2024, 2023 and 2022, the Company made net payments to Flash Ventures of $3.35 billion, $4.20 billion and $4.70 billion, respectively, for purchased flash-based memory wafers and net loans.

The Company makes, or will make, loans to Flash Ventures to fund equipment investments for new process technologies and additional wafer capacity. The Company aggregates its Flash Ventures' notes receivable into one class of financing receivables due to the similar ownership interest and common structure in each Flash Venture entity. For all reporting periods presented, no loans were past due and no loan impairments were recorded. The Company's notes receivable from each Flash Ventures entity, denominated in Japanese yen, are secured by equipment owned by that Flash Ventures entity.

As of June 28, 2024 and June 30, 2023, the Company had Accounts payable balances due to Flash Ventures of $313 million and $292 million, respectively.

The Company's maximum reasonably estimable loss exposure (excluding lost profits) as a result of its involvement with Flash Ventures, based upon the Japanese yen to U.S. dollar exchange rate at June 28, 2024, is presented below. Investments in Flash Ventures are denominated in Japanese yen, and the maximum estimable loss exposure excludes any cumulative translation adjustment due to revaluation from the Japanese yen to the U.S. dollar.

	June 28, 2024
	(in millions)
Notes receivable	$ 491
Equity investments	500
Operating lease guarantees	1,299
Inventory and prepayments	1,069
Maximum estimable loss exposure	$ 3,359

As of June 28, 2024 and June 30, 2023, the Company's retained earnings included cumulative undistributed earnings of Flash Ventures of $158 million and $219 million, respectively.

The Company is obligated to pay for variable costs incurred in producing its share of Flash Ventures' flash-based memory wafer supply, based on its three-month forecast, which generally equals 50% of Flash Ventures' output. The Company is not able to estimate its total wafer purchase commitment obligation beyond its rolling three-month purchase commitment because the price is determined by reference to the future cost of producing the semiconductor wafers. In addition, the Company is obligated to pay for half of Flash Ventures' fixed costs regardless of the output the Company chooses to purchase. The Company is also committed to fund 49.9% to 50.0% of each Flash Ventures entity's capital investments to the extent that Flash Ventures entity's operating cash flow is insufficient to fund these investments.

Flash Ventures has historically operated near 100% of its manufacturing capacity. During 2024 and 2023, as a result of flash business conditions, the Company temporarily reduced its utilization of its share of Flash Ventures' manufacturing capacity to an abnormally low level to more closely align the Company's flash-based wafer supply with projected demand. In 2024 and 2023, the Company incurred costs of $249 million and $286 million, respectively, associated with the reduction in utilization related to Flash Ventures, which was recorded as a charge to Cost of revenue.

In February 2022, contamination of certain material used in manufacturing processes occurred at Flash Ventures' fabrication facilities in both Yokkaichi and Kitakami, Japan which resulted in damage to inventory units in production, a temporary disruption to production operations and a reduction in the Company's flash wafer availability. During 2022, the Company incurred charges of $207 million related to this contamination incident that were recorded in Cost of revenue and primarily consisted of scrapped inventory and rework costs, decontamination and other costs needed to restore the facilities to normal capacity, as well as charges for under absorption of overhead costs. During 2024, the Company received a recovery of $36 million related to this incident from its insurance carriers, which was recorded in Cost of revenue. The Company continues to pursue recovery of its remaining losses associated with this event; however, the total amount of recovery cannot be estimated at this time.

Inventory Purchase Commitments with Flash Ventures. Purchase orders placed under Flash Ventures for up to three months are binding and cannot be canceled.

Research and Development Activities. The Company participates in common R&D activities with Kioxia and is contractually committed to a minimum funding level. R&D commitments are immaterial to the Consolidated Financial Statements.

Off-Balance Sheet Liabilities

Flash Ventures sells to and leases back from a consortium of financial institutions a portion of its tools and has entered into equipment lease agreements of which the Company guarantees half or all of the outstanding obligations under each lease agreement. The lease agreements are subject to customary covenants and cancellation events related to Flash Ventures and each of the guarantors. The occurrence of a cancellation event could result in an acceleration of Flash Ventures' obligations and a call on the Company's guarantees.

The following table presents the Company's portion of the remaining guarantee obligations under the Flash Ventures' lease facilities in both Japanese yen and U.S. dollar-equivalent, based upon the Japanese yen to U.S. dollar exchange rate as of June 28, 2024.

	Lease Amounts	
	(Japanese yen, in billions)	*(U.S. dollar, in millions)*
Total guarantee obligations	¥ 208,382	$ 1,299

The following table details the breakdown of the Company's remaining guarantee obligations between the principal amortization and the purchase option exercise price at the end of the term of the Flash Ventures lease agreements, in annual installments as of June 28, 2024 in U.S. dollars, based upon the Japanese yen to U.S. dollar exchange rate as of June 28, 2024:

Annual Installments	Payment of Principal Amortization	Purchase Option Exercise Price at Final Lease Terms	Guarantee Amount
		(in millions)	
2025	$ 285	$ 74	$ 359
2026	359	111	470
2027	164	95	259
2028	58	92	150
2029	11	50	61
Total guarantee obligations	$ 877	$ 422	$ 1,299

The Company and Kioxia have agreed to mutually contribute to, and indemnify each other and Flash Ventures for, environmental remediation costs or liability resulting from Flash Ventures' manufacturing operations in certain circumstances. The Company has not made any indemnification payments, nor recorded any indemnification receivables, under any such agreements. As of June 28, 2024, no amounts have been accrued in the Consolidated Financial Statements with respect to these indemnification agreements.

Unis Venture

The Company has a joint venture with Unisplendour Corporation Limited and Unissoft (Wuxi) Group Co. Ltd. ("Unis"), referred to as the "Unis Venture", to market and sell the Company's products in China and to develop data storage systems for the Chinese market in the future. The Unis Venture is 49% owned by the Company and 51% owned by Unis. The Company accounts for its investment in the Unis Venture under the equity method of accounting. Revenue on products distributed by the Unis Venture is recognized upon sell through to third-party customers. For the years ended June 28, 2024, June 30, 2023 and July 1, 2022, the Company recognized approximately 3%, 3% and 4% of its consolidated revenue on products distributed by the Unis Venture, respectively. The outstanding accounts receivable due from the Unis Venture were 7% and 8% of Accounts receivable, net as of June 28, 2024 and June 30, 2023, respectively.

Note 10. Leases and Other Commitments

Leases

The Company leases certain domestic and international facilities and data center space under long-term, non-cancelable operating leases that expire at various dates through 2039. These leases include no material variable or contingent lease payments. Operating lease assets and liabilities are recognized based on the present value of the remaining lease payments discounted using the Company's incremental borrowing rate. Operating lease assets also include prepaid lease payments minus any lease incentives. Extension or termination options present in the Company's lease agreements are included in determining the right-of-use asset and lease liability when it is reasonably certain the Company will exercise those options. Lease expense is recognized on a straight-line basis over the lease term.

The following table presents right-of-use lease assets and lease liabilities included in the Company's Consolidated Balance Sheets:

	June 28, 2024	June 30, 2023
	(in millions)	
Operating lease right-of-use assets (included in Other non-current assets)	$ 326	$ 260
Operating lease liabilities:		
Current portion of long-term operating lease liabilities (included in Accrued expenses)	42	40
Long-term operating lease liabilities (included in Other liabilities)	307	244
Total operating lease liabilities	$ 349	$ 284

The following table summarizes supplemental disclosures of operating cost and cash flow information related to operating leases:

	June 28, 2024	June 30, 2023	July 1, 2022
		(in millions)	
Cost of operating leases	$ 64	$ 57	$ 58
Cash paid for operating leases	69	51	51
Operating lease assets obtained in exchange for operating lease liabilities	178	17	137
Decrease in operating lease liabilities and right-of-use assets due to lease remeasurement	71	—	—

The weighted average remaining lease term and discount rate for the Company's operating leases were as follows:

	2024	2023
Weighted average remaining lease term in years	10.4	7.6
Weighted average discount rate	6.6 %	4.2 %

As of June 28, 2024, minimum lease payments were as follows:

	Lease Amounts
	(in millions)
2025	$ 60
2026	57
2027	50
2028	42
2029	36
Thereafter	254
Total future minimum lease payments	499
Less: imputed interest	150
Present value of lease liabilities	$ 349

Sale-Leaseback

During the year ended June 28, 2024, the Company completed a sale and leaseback of its facility in Milpitas, California. The Company received net proceeds of $191 million in cash and recorded a gain of $85 million on the sale. In connection with the sale, the Company agreed to lease back the facility at an annual lease rate of $16 million for the first year, increasing by 3% per year thereafter through January 1, 2039. The lease includes three 5-year renewal options and one 4-year renewal option for the ability to extend through December 2057. The supplemental balance sheet information and supplemental disclosures of operating cost and cash flow information related to the lease are included in the tables above.

Purchase Agreements and Other Commitments

In the normal course of business, the Company enters into purchase orders with suppliers for the purchase of components used to manufacture its products. These purchase orders generally cover forecasted component supplies needed for production during the next quarter, are recorded as a liability upon receipt of the components, and generally may be changed or canceled at any time prior to shipment of the components. The Company also enters into long-term agreements with suppliers that contain fixed future commitments, which are contingent on certain conditions such as performance, quality and technology of the vendor's components. As of June 28, 2024, the Company had the following minimum long-term commitments:

	Long-term commitments
	(in millions)
Fiscal year:	
2025	$ 172
2026	96
2027	59
2028	20
2029	20
Thereafter	110
Total	$ 477

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Note 11. Western Digital Corporation 401(k) Plan

The Company maintains the Western Digital Corporation 401(k) Plan (the "Plan"). The Plan covers substantially all domestic employees, subject to certain eligibility requirements. Eligible employees receive employer matching contributions immediately upon hire. Eligible employees do not include individuals that are covered by a collective bargaining agreement, provide services as a consultant, interns, independent contractors, leased or temporary employees, or who otherwise are not treated as common-law employees.

Eligible employees are able to contribute up to 85% of their eligible compensation on a combined pre-tax and Roth basis regardless of age, and 10% of their eligible compensation on an after-tax basis, all subject to Internal Revenue Service limitations. The Company may make a basic matching contribution equal to 50% of each eligible participant's contribution that does not exceed 6% of the eligible participant's annual compensation in the year of contribution. Furthermore, the Company's employer matching contributions vest immediately. Contributions, including the Company's matching contribution to the Plan, are recorded as soon as administratively possible after the Company makes payroll deductions from Plan participants.

Effective February 18, 2023, the Company announced its decision to suspend its previous practice of matching contributions. The Company later resumed matching contributions effective January 1, 2024.

For 2024, 2023 and 2022, the Company made Plan contributions of $13 million, $22 million and $36 million, respectively.

Note 12. Shareholders' Equity and Convertible Preferred Stock

2021 Long-Term Incentive Plan

In November 2021, stockholders approved the Western Digital Corporation 2021 Long-Term Incentive Plan, (as amended and restated, the "2021 Plan"). Upon the effective date of the 2021 Plan, no new awards were granted under the Western Digital Corporation Amended and Restated 2017 Performance Incentive Plan (the "2017 Plan"). The types of awards that may be granted under the 2021 Plan include stock options, stock appreciation rights ("SARs"), RSUs, PSUs, restricted stock and other forms of awards granted or denominated in the Company's common stock or units of the Company's common stock, as well as cash awards. Persons eligible to receive awards under the 2021 Plan include officers and employees of the Company or any of its subsidiaries, directors of the Company and certain consultants and advisors to the Company or any of its subsidiaries. The vesting of awards under the 2021 Plan and the 2017 Plan is determined at the date of grant. Each award expires on a date determined at the date of grant; however, the maximum term of options and SARs is ten years after the grant date of the award. RSUs typically vest over periods ranging from two to four years from the date of grant. PSUs are granted to certain employees and vest only after the achievement of pre-determined performance conditions or market conditions and completion of requisite service periods. Once the performance conditions or market conditions are met, the employee's vesting of PSUs is generally subject to continued service.

Outstanding RSU and PSU awards have dividend equivalent rights which entitle holders of such outstanding awards to the same dividend value per share as holders of common stock. Dividend equivalent rights are subject to the same vesting and other terms and conditions as the corresponding unvested RSUs and PSUs. Dividend equivalent rights are accumulated and paid in additional shares when the underlying shares vest.

As of June 28, 2024, the maximum number of shares of the Company's common stock that was authorized for award grants under the 2021 Plan was 21.3 million shares. The 2021 Plan will terminate on November 22, 2031, unless terminated earlier by the Company's Board of Directors.

Employee Stock Purchase Plan

Under the Company's ESPP, eligible employees may authorize payroll deductions of up to 10% of their eligible compensation, subject to IRS limitations, during prescribed offering periods to purchase shares of the Company's common stock at 95% of the fair market value of common stock either at the beginning of that offering period or on the applicable exercise date, whichever is less. A participant may participate in only one offering period at a time, and a new offering period generally begins each June 1st and December 1st. Each offering period is generally 24 months and consists of four exercise dates (each, generally six months following the start of the offering period or the preceding exercise date, as the case may be). If the fair market value of the Company's common stock is less on a given exercise date than on the date of grant, employee participation in that offering period ends and participants are automatically re-enrolled in the next new offering period.

During 2024, 2023 and 2022, the Company issued 2.4 million, 2.7 million and 2.1 million shares, respectively, under the ESPP for aggregate purchase amounts of $81 million, $92 million and $113 million, respectively.

To the extent available, the Company may issue shares out of treasury stock upon the vesting of awards, the exercise of employee stock options and the purchase of shares pursuant to the ESPP.

Stock-based Compensation Expense

The following tables present the Company's stock-based compensation for equity-settled awards by type and financial statement line as well as the related tax benefit included in the Company's Consolidated Statements of Operations:

	2024	2023	2022
		(in millions)	
RSUs and PSUs	$ 262	$ 283	$ 286
ESPP	33	35	40
Total	$ 295	$ 318	$ 326

	2024	2023	2022
		(in millions)	
Cost of revenue	$ 49	$ 49	$ 48
Research and development	133	152	167
Selling, general and administrative	113	117	111
Subtotal	295	318	326
Tax benefit	(41)	(43)	(48)
Total	$ 254	$ 275	$ 278

Any shortfalls or excess windfall tax benefits related to the vesting and exercise of stock-based awards, which are recognized as a component of the Company's Income tax expense, were not material for the periods presented.

Compensation cost related to unvested RSUs, PSUs and rights to purchase shares of common stock under the ESPP will generally be amortized on a straight-line basis over the remaining average service period. The following table presents the unamortized compensation cost and weighted average service period of all unvested outstanding awards as of June 28, 2024:

	Unamortized Compensation Costs	Weighted Average Service Period
	(in millions)	*(years)*
RSUs and PSUs [1]	$ 442	2.2
ESPP	23	0.5
Total unamortized compensation cost	$ 465	

[1] Weighted average service period assumes the performance conditions are met for the PSUs.

Plan Activities

Stock Options

The following table summarizes stock option activity under the Company's incentive plans:

	Number of Shares	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
	(in millions)		*(in years)*	*(in millions)*
Options outstanding at July 2, 2021	1.5	$ 72.84		
Exercised	(0.2)	43.80		$ 3
Canceled or expired	(0.4)	97.65		
Options outstanding at July 1, 2022	0.9	66.76		
Canceled or expired	(0.6)	80.72		
Options outstanding at June 30, 2023	0.3	44.95	0.10	
Canceled or expired	(0.3)	44.95		
Options outstanding at June 28, 2024	—	$ —		

No options were granted in 2024, 2023 or 2022. As of June 28, 2024, there were no remaining outstanding options.

RSUs and PSUs

The following table summarizes RSU and PSU activity under the Company's incentive plans:

	Number of Shares	Weighted Average Grant Date Fair Value	Aggregate Intrinsic Value at Vest Date
	(in millions)		*(in millions)*
RSUs and PSUs outstanding at July 2, 2021	16.1	$ 50.12	
Granted	6.9	60.00	
Vested	(5.2)	54.27	$ 317
Forfeited	(2.4)	52.14	
RSUs and PSUs outstanding at July 1, 2022	15.4	52.89	
Granted	6.6	41.27	
Vested	(6.6)	54.05	$ 274
Forfeited	(1.6)	54.56	
RSUs and PSUs outstanding at June 30, 2023	13.8	46.56	
Granted	6.6	42.29	
Vested	(5.8)	48.26	$ 297
Forfeited	(1.6)	45.62	
RSUs and PSUs outstanding at June 28, 2024	13.0	$ 44.42	

RSUs and PSUs are generally settled in an equal number of shares of the Company's common stock at the time of vesting of the units.

Fair Value Valuation Assumptions

RSU and PSU Grants

The fair value of the Company's RSU and PSU awards with a performance condition is determined based upon the closing price of the Company's stock price on the date of grant. The fair value of PSU awards with a market condition is estimated using a Monte Carlo simulation model on the date of grant.

ESPP – Black-Scholes-Merton Model

The fair value of ESPP purchase rights issued is estimated at the date of grant of the purchase rights using the Black-Scholes-Merton option pricing model. The Black-Scholes-Merton option pricing model requires the input of assumptions such as the expected stock price volatility and the expected period until options are exercised. Purchase rights under the ESPP are generally granted on either June 1st or December 1st of each year.

The fair values of ESPP purchase rights have been estimated at the date of grant using a Black-Scholes-Merton option pricing model with the following weighted average assumptions:

	2024	2023	2022
Weighted-average expected term (in years)	1.25	1.25	1.25
Risk-free interest rate	4.93%	4.52%	1.42%
Stock price volatility	0.39	0.46	0.48
Dividend yield	—%	—%	—%
Fair value	$15.08	$9.70	$15.56

Convertible Preferred Stock

On January 31, 2023, the Board of Directors of the Company authorized the designation of 900,000 shares of Series A Convertible Perpetual Preferred Stock, par value $0.01 per share (the "Preferred Shares"), from the Company's existing five million authorized but unissued shares of preferred stock and issued the Preferred Shares through a private placement for an aggregate purchase price of $900 million, less issuance costs of $24 million. During the year ended June 28, 2024, 665,000 of the Preferred Shares were converted into approximately 15 million shares of common stock in accordance with the original term of the agreement. As of June 28, 2024 and June 30, 2023, 235,000 and 900,000 of the Preferred Shares were outstanding, respectively.

Dividend provisions

The Preferred Shares have a stated value of $1,000 per share and accrue a cumulative preferred dividend at an annual rate of 6.25% per annum (increasing to 7.25% per annum on January 31, 2030 and to 8.25% per annum on January 31, 2033) compounded on a quarterly basis. The Preferred Shares also participate in any dividends declared for common shareholders on an as-converted equivalent basis. No dividends have been declared or paid since the issuance of the Preferred Shares. As of June 28, 2024 and June 30, 2023, unpaid and undeclared cumulative dividends payable with respect to the Preferred Shares were $22 million and $24 million, respectively.

During the year ended June 28, 2024, $56 million in unpaid and undeclared cumulative dividends payable were included in the aggregate liquidation preference of the 665,000 of the Preferred Shares that were converted into approximately 15 million shares of common stock, as noted above.

Conversion rights

The Preferred Shares are convertible into shares of the Company's common stock at an initial conversion rate of $47.75 per share (the "Conversion Price") (subject to anti-dilution adjustments and certain other one-time adjustments upon the occurrence of various specified spin-off transactions) applied to the aggregate sum of the stated value of the Preferred Shares plus any cumulative accrued but unpaid dividends (the "Accumulated Stated Value"). In the event of a standalone spin-off transaction, the holders of the Preferred Shares may have one third of their Preferred Shares converted to a similar class of preferred shares of the spin-off entity. The Preferred Shares will be convertible at the option of the Company after January 31, 2026 if the closing price per share of the Company's common stock exceeds 150% of the Conversion Price for at least 20 out of 30 consecutive trading days immediately prior to the Company's conversion notice.

As of June 28, 2024 and June 30, 2023, the Preferred Shares outstanding would have been convertible, if otherwise permitted, into 5 million and 19 million shares of common stock, respectively.

Redemption

After January 31, 2030, the Company will have the right, but not the obligation, to redeem the Preferred Shares for an amount in cash equal to 110% of the Accumulated Stated Value. Redemption is contingently mandatory in the event of a fundamental change in the business as defined in the designation of the Preferred Shares.

The Preferred Shares has been classified as mezzanine equity in the Company's Consolidated Balance Sheets because, in the event of certain fundamental change in the business that are not solely within the control of the Company, the Preferred Shares would become redeemable at the option of the holders. The Company did not adjust the carrying values of the Preferred Shares to the current redemption value of such shares since a liquidation event was not probable at any of the balance sheet dates. Subsequent adjustments to increase or decrease the carrying values to the ultimate redemption value will be made only if and when it becomes probable that such a fundamental change in the business will occur.

Voting right

The Preferred Shares will vote, to the extent permitted under the Nasdaq listing rules, on an as-converted equivalent basis along with holders of the Company's common stock.

Liquidation preference

In the event of any voluntary or involuntary liquidation, holders of the Preferred Shares will be senior to the holders of the Company's common stock and the liquidation preference is the greater of (i) the sum of an amount in cash equal to 110% of the Accumulated Stated Value plus accrued and unpaid dividends and (ii) the payment that the holders of the Preferred Shares would have received had all the Preferred Shares been converted into common stock immediately prior to such liquidation, before any distributions are made to common shareholders and all other classes of junior capital stock of the Company. As of June 28, 2024 and June 30, 2023, the total aggregate liquidation preference was $257 million and $924 million, respectively.

Stock Reserved for Issuance

The following table summarizes all common stock reserved for issuance at June 28, 2024:

	Number of Shares
	(in millions)
Convertible notes	40
Outstanding awards and shares available for award grants	22
Convertible preferred stock	10
ESPP	5
Total	77

Dividends to Shareholders

The Company issued a quarterly cash dividend from the first quarter of 2013 up to the third quarter of 2020. In April 2020, the Company suspended its dividend to reinvest in the business and to support its ongoing deleveraging efforts.

Note 13. Income Tax Expense

Income (Loss) Before Taxes

The domestic and foreign components of Income (loss) before taxes were as follows:

	2024	2023	2022
		(in millions)	
Foreign	$ (351)	$ (2,019)	$ 1,432
Domestic	(310)	469	739
Income (loss) before taxes	$ (661)	$ (1,550)	$ 2,171

Income Tax Expense

The components of the income tax expense were as follows:

	2024	2023	2022
		(in millions)	
Current:			
Foreign	$ 260	$ 153	$ 143
Domestic - Federal	34	35	341
Domestic - State	4	(6)	25
	298	182	509
Deferred:			
Foreign	13	(6)	29
Domestic - Federal	(152)	(36)	84
Domestic - State	(22)	(6)	3
	(161)	(48)	116
Income tax expense	$ 137	$ 134	$ 625

The Tax Cuts and Jobs Act (the "2017 Act"), enacted on December 22, 2017, includes a broad range of tax reform proposals affecting businesses. The Company completed its accounting for the tax effects of the enactment of the 2017 Act during the second quarter of 2019. However, the U.S. Treasury and the Internal Revenue Services ("IRS") have issued tax guidance on certain provisions of the 2017 Act since the enactment date, and the Company anticipates the issuance of additional regulatory and interpretive guidance. The Company applied a reasonable interpretation of the 2017 Act along with the then-available guidance in finalizing its accounting for the tax effects of the 2017 Act. Any additional regulatory or interpretive guidance would constitute new information, which may require further refinements to the Company's estimates in future periods.

On August 16, 2022, President Biden signed into law the Inflation Reduction Act of 2022, which contained significant law changes related to tax, climate, energy and health care. The tax measures include, among other things, a corporate alternative minimum tax ("CAMT") of 15% on corporations with three-year average annual adjusted financial statement income ("AFSI") exceeding $1.00 billion. The corporate alternative minimum tax is effective for the Company beginning with 2024. The Company is not subject to the CAMT of 15% for fiscal year 2024 as its average annual AFSI did not exceed $1.00 billion for the preceding three-year period.

Deferred Taxes

Temporary differences and carryforwards, which give rise to a significant portion of deferred tax assets and liabilities were as follows:

	June 28, 2024	June 30, 2023
	(in millions)	
Deferred tax assets:		
Sales related reserves and accrued expenses not currently deductible	$ 66	$ 69
Accrued compensation and benefits not currently deductible	116	88
Net operating loss carryforward	175	183
Business credit carryforward	528	478
Long-lived assets	75	72
Interest and hedging costs not currently deductible	254	76
Other	59	71
Total deferred tax assets	1,273	1,037
Deferred tax liabilities:		
Long-lived assets	(46)	(57)
Unremitted earnings of certain non-U.S. entities	(286)	(291)
Other	(33)	(7)
Total deferred tax liabilities	(365)	(355)
Valuation allowances	(582)	(565)
Deferred tax assets, net	$ 326	$ 117

The increase in the deferred tax assets is attributable primarily to the IRS interest payments made in connection with the notice of deficiency received for years 2008 through 2011 that are not currently deductible under §163(j) of the Internal Revenue Code of 1986, as amended, and the unamortized original issue discount ("OID") related to the premium paid to purchase Capped Calls in connection with the offering of the 2028 Convertible Notes. As described in Note 7, *Debt*, the deferred tax asset related to the unamortized OID was recorded as a decrease to Additional paid-in capital. The assessment of valuation allowances against deferred tax assets requires estimations and significant judgment. The Company continues to assess and adjust its valuation allowance based on operating results and market conditions. After weighing both the positive and negative evidence available, including, but not limited to, earnings history, projected future outcomes, industry and market trends and the nature of each of the deferred tax assets, the Company determined that it is able to realize its deferred tax assets except for certain loss and credit carryforwards.

The Company is permanently reinvested with respect to certain foreign earnings. There is no unrecognized deferred tax liability associated with the repatriation of these foreign undistributed earnings as it can be achieved without additional federal tax consequences.

Effective Tax Rate

Reconciliation of the U.S. Federal statutory rate to the Company's effective tax rate is as follows:

	2024	2023	2022
U.S. Federal statutory rate	21 %	21 %	21 %
Tax rate differential on international income	(46)	(33)	(9)
Tax effect of U.S. foreign income inclusion	(2)	(1)	—
Tax effect of U.S. foreign minimum tax	—	—	5
Tax effect of U.S. foreign derived intangible income	3	4	(1)
Tax effect of U.S. non-deductible stock-based compensation	(1)	(1)	1
Tax effect of U.S. permanent differences	1	—	—
IRS Settlement	(1)	1	15
Change in valuation allowance	(3)	1	1
Unremitted earnings of certain non-U.S. entities	(4)	—	1
Foreign income tax credits	1	—	(3)
R&D tax credits	8	5	(4)
U.S. return to provision	—	(2)	—
Tax reserves	1	(1)	2
Other	1	(3)	—
Effective tax rate	(21)%	(9)%	29 %

Tax Holidays and Carryforwards

A substantial portion of the Company's manufacturing operations in Malaysia, the Philippines and Thailand operate under various tax holidays and tax incentive programs, which will expire in whole or in part at various dates during 2025 through 2031. Certain tax holidays and tax incentive programs may be extended if specific conditions are met. On November 1, 2023, one of the Company's tax holidays in Malaysia expired. The Company has applied for an extension and anticipates this extension, if granted, will be applied retroactively and begin on November 2, 2023. Because the exact terms of the extension are not currently known, the Company is applying the Malaysia corporate statutory tax rate on the expired tax holiday income. If a retroactive extension is granted, the Company will make an adjustment to its effective tax rate in that period.

The net impact of these tax holidays and tax incentives was an increase to the Company's net earnings by $209 million, or $0.64 per diluted share, $140 million, or $0.44 per diluted share, and $566 million, or $1.79 per diluted share, in 2024, 2023 and 2022, respectively.

As of June 28, 2024, the Company had varying amounts of federal and state NOL/tax credit carryforwards that do not expire or, if not used, expire in various years. Following is a summary of the Company's federal and state NOL/tax credit carryforwards and the related expiration dates of these NOL/tax credit carryforwards:

Jurisdiction	NOL/Tax Credit Carryforward Amount	Expiration
	(in millions)	
Federal NOL (Pre 2017 Act Generation)	$ 578	2026 to 2038
State NOL	342	2037 to 2045
Federal tax credits	61	2025 to 2044
State tax credits	746	No expiration

The federal and state NOLs and credits relating to various acquisitions are subject to limitations under Sections 382 and 383 of the Internal Revenue Code. The Company expects the total amount of federal and state NOLs ultimately realized will be reduced as a result of these provisions by $116 million and $240 million, respectively. The Company expects the total amount of federal and state credits ultimately realized will be reduced as a result of these provisions by $27 million and $2 million, respectively.

As of June 28, 2024, the Company had varying amounts of foreign NOL carryforwards that do not expire or, if not used, expire in various years, depending on the country. The major jurisdictions that the Company receives foreign NOL carryforwards and the related amounts and expiration dates of these NOL carryforwards are as follows:

Jurisdiction	NOL Carryforward Amount	Expiration
	(in millions)	
Belgium	$ 114	No expiration
Malaysia	108	2028 to 2030
Japan	61	2025 to 2026
Spain	46	No expiration
Netherlands	12	2026

Uncertain Tax Positions

With the exception of certain unrecognized tax benefits that are directly associated with the tax position taken, unrecognized tax benefits are presented gross in the Consolidated Balance Sheets.

The following is a tabular reconciliation of the total amounts of unrecognized tax benefits excluding accrued interest and penalties:

	2024	2023	2022
		(in millions)	
Unrecognized tax benefit, beginning balance	$ 1,021	$ 1,047	$ 748
Gross increases related to current year tax positions	25	7	12
Gross increases related to prior year tax positions	73	22	358
Gross decreases related to prior year tax positions	(32)	(47)	(65)
Settlements	(363)	(5)	(1)
Lapse of statute of limitations	(3)	(3)	(5)
Unrecognized tax benefit, ending balance	$ 721	$ 1,021	$ 1,047

As of June 28, 2024, June 30, 2023 and July 1, 2022, the portion of the gross unrecognized tax benefits, if recognized, that would affect the effective tax rate is $555 million, $855 million and $903 million, respectively. Interest and penalties related to unrecognized tax benefits are recognized in liabilities recorded for uncertain tax positions and are recorded in the provision for income taxes. Accrued interest and penalties included in the Company's liability related to unrecognized tax benefits as of June 28, 2024, June 30, 2023 and July 1, 2022 was $181 million, $289 million and $254 million, respectively. As of June 28, 2024, June 30, 2023 and July 1, 2022, the Company's payables related to unrecognized tax benefits, including accrued interest and penalties, were $736 million, $1.14 billion and $1.16 billion, respectively. Of these amounts, the Company believes it is reasonably likely that payments of $185 million may be made within the next twelve months and have classified that portion of these unrecognized tax benefits, including interest, in Income taxes payable on the Consolidated Balance Sheets as of June 28, 2024. The remaining payables related to unrecognized tax benefits are included in Other liabilities on the Consolidated Balance Sheets as of June 28, 2024, June 30, 2023 and July 1, 2022.

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Sandisk Technologies, Inc. et al v. Polaris Powerled Technologies, LLC

The Company files U.S. Federal, U.S. state and foreign tax returns. For both federal and state tax returns, with few exceptions, the Company is subject to examination for 2016 through 2023. The Company is no longer subject to examination by the IRS for periods prior to 2016, although carry forwards generated prior to those periods may still be adjusted upon examination by the IRS or state taxing authority if they either have been or will be used in a subsequent period. In the following major foreign jurisdictions where there is no tax holiday, the Company could be subject to examination as noted below:

Jurisdiction	Period Subject to Examination
China (calendar)	2014-2023
Ireland (fiscal)	2020-2023
India (fiscal)	2009-2023
Israel (fiscal)	2014-2023
Japan (fiscal)	2015-2023
Malaysia (fiscal)	2017-2023
Thailand (fiscal)	2014-2023
Singapore (fiscal)	2020-2023
United Kingdom (fiscal)	2022-2023

The Company had previously reached a final agreement with the IRS regarding notices of deficiency with respect to years 2008 through 2012 and in February 2024, reached a final agreement for resolving the notices of proposed adjustments with respect to years 2013 through 2015. During 2024, the Company made payments of $363 million for tax and $161 million for interest with respect to years 2008 through 2012 and recognized adjustments to align with IRS calculations, resulting in a remaining liability of $185 million related to all years from 2008 through 2015. The Company expects to pay any remaining balance with respect to this matter within the next twelve months.

In connection with settlements for the years 2008 through 2015, the Company expects to realize reductions to its mandatory deemed repatriation tax obligations and tax savings from interest deductions in future years aggregating to $165 million. Of this amount, $34 million of the interest savings from the interest paid with respect to years 2008 through 2012 is classified as a deferred tax asset due to interest expense limitation rules.

The Company believes that adequate provision has been made for any adjustments that may result from any other tax examinations. However, the outcome of such tax examinations cannot be predicted with certainty. If any issues addressed in the Company's tax examinations are resolved in a manner not consistent with management's expectations, the Company could be required to adjust its provision for income taxes in the period such resolution occurs. As of June 28, 2024, with the exception of the final agreement with the IRS, it was not possible to estimate the amount of change, if any, in the unrecognized tax benefits that is reasonably possible within the next twelve months. Any significant change in the amount of the Company's liability for unrecognized tax benefits would most likely result from additional information relating to the examination of the Company's tax returns.

Note 14. Net Income (Loss) Per Common Share

The following table presents the computation of basic and diluted income (loss) per common share:

	2024	2023	2022
		(in millions, except per share data)	
Net income (loss)	$ (798)	$ (1,684)	$ 1,546
Less: cumulative dividends allocated to preferred shareholders	54	24	—
Net income (loss) attributable to common shareholders	$ (852)	$ (1,708)	$ 1,546
Weighted average shares outstanding:			
Basic	326	318	312
Employee stock options, RSUs, PSUs and ESPP	—	—	4
Diluted	326	318	316
Net income (loss) per common share:			
Basic	$ (2.61)	$ (5.37)	$ 4.96
Diluted	$ (2.61)	$ (5.37)	$ 4.89
Anti-dilutive potential common shares excluded	22	14	3

Basic income (loss) per share attributable to common shareholders is computed using (i) net income (loss) less (ii) dividends paid to holders of Preferred Shares less (iii) net income (loss) attributable to participating securities divided by (iv) weighted average basic shares outstanding. Diluted net income (loss) per share attributable to common shareholders is computed as (i) basic net income (loss) attributable to common shareholders plus (ii) diluted adjustments to income allocable to participating securities divided by (iii) weighted average diluted shares outstanding. The "if-converted" method is used to determine the dilutive impact for the convertible notes and the Preferred Shares. The treasury stock method is used to determine the dilutive impact of unvested equity awards.

For 2024 and 2023, the Company recorded a net loss and all shares subject to outstanding equity awards were excluded from the calculation of diluted shares for the period because their impact would have been anti-dilutive. For 2022, the Company excluded common shares subject to certain outstanding equity awards from the calculation of diluted shares because their impact would have been anti-dilutive based on the Company's average stock price during those periods.

Note 15. Employee Termination, Asset Impairment, and Other

Business Realignment

The Company periodically incurs charges to realign its operations with anticipated market demand, primarily consisting of organization rationalization designed to streamline its business, reduce its cost structure and focus its resources. The Company may also record credits related to gains upon sale of property in connection with these activities. In this regard, in 2024, the Company reassessed existing capacity development plans and made a decision to cancel certain projects, including projects to expand capacity in its Penang, Malaysia facility, resulting in the impairment of existing construction in progress, other assets and the recognition of a liability for certain contract termination costs. The Company has also taken actions to reduce the amount of capital invested in facilities, including the sale-leaseback of its facility in Milpitas, California in 2024.

The Company recorded the following charges related to these actions:

	2024	2023	2022
		(in millions)	
Employee termination benefits	$ 44	$ 176	$ 50
Asset impairments	146	20	—
Other charges (gains):			
Gain on disposition of assets and other charges	—	(8)	(7)
Contract termination and other	34	5	—
Gain on sale-leaseback of facility	(85)	—	—
Total employee termination, asset impairment, and other	$ 139	$ 193	$ 43

The following table presents an analysis of the components of these activities against the reserve during the year ended June 28, 2024:

	Employee Termination Benefits	Contract Termination and Other	Total
		(in millions)	
Accrual balance at June 30, 2023	$ 31	$ 5	$ 36
Charges	44	34	78
Cash payments	(75)	(11)	(86)
Accrual balance at June 28, 2024	$ —	$ 28	$ 28

Note 16. Supplier Finance Program

The Company maintains a voluntary supplier finance program that provides participating suppliers with enhanced receivable options. The program allows participating suppliers of the Company, at their sole discretion and cost, to sell their receivables due from the Company to a third-party financial institution and receive early payment at terms negotiated between the supplier and the third-party financial institution. The Company's vendor payment terms and amounts are not impacted by a supplier's decision to participate in this program.

The Company's current payment terms with its suppliers under these programs generally range from 60 to 90 days and payment terms that the Company negotiates with its suppliers are not impacted by whether a supplier participates in the program. The Company does not provide any guarantees to any third parties and no assets are pledged in connection with the arrangements.

The Company's outstanding payment obligations to vendors eligible to participate under its supplier finance program were $37 million and $38 million as of June 28, 2024 and June 30, 2023, respectively, and are included within Accounts payable on the Company's Consolidated Balance Sheets.

Note 17. Legal Proceedings

Tax

For disclosures regarding statutory notices of deficiency issued by the IRS on June 28, 2018 and December 10, 2018, and the status of resolution with respect to certain matters, see Note 13, *Income Tax Expense*.

Intellectual Property Litigation

Unless otherwise stated, for each of the matters described below, the Company has either recorded an accrual for losses that are probable and reasonably estimable or has determined that, while a loss is reasonably possible (including potential losses in excess of the amounts accrued by the Company), a reasonable estimate of the amount of loss or range of possible losses with respect to the claim or in excess of amounts already accrued by the Company cannot be made. The ability to predict the ultimate outcome of such matters involves judgments, estimates and inherent uncertainties. The actual outcome of such matters could differ materially from management's estimates.

On August 26, 2022, MR Technologies, GmbH ("MRT") filed an action in the United States District Court for the Central District of California (the "Central District Court") against the Company's wholly-owned subsidiary, Western Digital Technologies, Inc., alleging infringement of U.S. Patent Nos. 9,978,413, 9,928,864, 11,133,031 and 11,138,997, each of which relate to hard disk drive media. As the case progressed, MRT dropped its claims with respect to U.S Patent Nos. 9,978,413 and 11,133,031, and the case proceeded to trial on the remaining two patents (together, the "MRT Patents"). The trial commenced on July 16, 2024 and concluded on July 26, 2024, and the jury awarded MRT a lump sum of $262 million for use of the MRT Patents in the past and through their remaining lives. MRT also requested and was awarded prejudgment interest totaling $117 million in a judgment entered on August 15, 2024. We anticipate that MRT will also request costs, attorney's fees and post-judgment interest. The Company has recognized an aggregate liability for this matter of $384 million within Accrued expenses on the Company's Consolidated Balance Sheets as of June 28, 2024. Of this amount, $291 million was recognized as Litigation matter under Operating expenses on the Company's Consolidated Statements of Operations for the year ended June 28, 2024 and $93 million recognized within Other non-current assets on the Company's Consolidated Balance Sheets as of June 28, 2024, to be amortized over the remaining lives of the MRT Patents. The Company believes it has meritorious defenses, plans to file post-trial motions, and if not successful, plans to appeal the judgment and continue to defend itself vigorously.

On September 28, 2016, SPEX Technologies, Inc. ("SPEX") filed a lawsuit in the Central District Court against the Company and two of the Company's current or former wholly-owned subsidiaries, Western Digital Technologies, Inc. and HGST Inc., alleging infringement of U.S. Patent Nos. 6,088,802 and 6,003,135, both of which allegedly relate to moving a security mechanism (e.g., the encrypting/decrypting mechanism) from a host computer or a separate device to a peripheral device that provides data storage. As the case progressed, SPEX dismissed its allegations relating to U.S. Patent No. 6,003,135 and narrowed its case to three claims under U.S. Patent No. 6,088,802 asserted against certain HDD products that may include certain encryption capabilities. Trial is scheduled to commence on October 8, 2024, and the Company intends to defend itself vigorously.

Other Matters

In the normal course of business, the Company is subject to legal proceedings, lawsuits and other claims. Although the ultimate aggregate amount of probable monetary liability or financial impact with respect to these other matters is subject to many uncertainties, management believes that any monetary liability or financial impact to the Company from these matters, individually and in the aggregate, would not be material to the Company's financial condition, results of operations or cash flows. However, any monetary liability and financial impact to the Company from these matters could differ materially from management's expectations.

Note 18. Revision of Previously Issued Financial Statements

As described in Note 1, in connection with the preparation of its Condensed Consolidated Financial Statements as of and for the three and six months ended December 29, 2023, the Company identified certain errors related to the Company's reporting and recording of its interests in its equity method investments in Flash Ventures. These errors related to unadjusted differences between the Flash Ventures' application of Japanese generally accepted accounting principles to certain lease-related transactions compared to the applicable U.S. generally accepted accounting principles. These unadjusted differences resulted in differences in the equity in earnings from these entities recognized by the Company in Other income (expense), net and the carrying value of the Company's equity method investments in Flash Ventures.

The following tables provide a summary of the revisions made to the Company's Condensed Consolidated Financial Statements for the periods presented.

	Year Ended July 1, 2022		
Condensed Consolidated Statement of Operations	**As Previously Reported**	**Adjustment**	**As Revised**
	(in millions, except per share amounts)		
Operating income	$ 2,391	$ —	$ 2,391
Interest and other income:			
Interest income	6	—	6
Interest expense	(304)	—	(304)
Other income, net	30	48	78
Total interest and other income, net	(268)	48	(220)
Income before taxes	2,123	48	2,171
Income tax expense	623	2	625
Net income	$ 1,500	$ 46	$ 1,546
Net income per common share:			
Basic	$ 4.81	$ 0.15	$ 4.96
Diluted	$ 4.75	$ 0.14	$ 4.89

	Year Ended June 30, 2023		
Condensed Consolidated Statement of Operations	**As Previously Reported**	**Adjustment**	**As Revised**
	(in millions, except per share amounts)		
Operating loss	$ (1,285)	$ —	$ (1,285)
Interest and other income:			
Interest income	24	—	24
Interest expense	(312)	—	(312)
Other income, net	13	10	23
Total interest and other income, net	(275)	10	(265)
Loss before taxes	(1,560)	10	(1,550)
Income tax expense	146	(12)	134
Net loss	(1,706)	22	(1,684)
Less: cumulative dividends allocated to preferred shareholders	24	—	24
Net loss attributable to common shareholders	$ (1,730)	$ 22	$ (1,708)
Net loss per common share:			
Basic	$ (5.44)	$ 0.07	$ (5.37)
Diluted	$ (5.44)	$ 0.07	$ (5.37)

Condensed Consolidated Statement of Comprehensive Income	Year Ended July 1, 2022		
	As Previously Reported	Adjustment	As Revised
		(in millions)	
Net income	$ 1,500	$ 46	$ 1,546
Other comprehensive loss, before tax:			
Actuarial pension gain	26	—	26
Foreign currency translation adjustment	(239)	(23)	(262)
Net unrealized loss on derivative contracts	(180)	—	(180)
Total other comprehensive loss, before tax	(393)	(23)	(416)
Income tax benefit related to items of other comprehensive loss, before tax	36	—	36
Other comprehensive loss, net of tax	(357)	(23)	(380)
Total comprehensive income	$ 1,143	$ 23	$ 1,166

Condensed Consolidated Statement of Comprehensive Loss	Year Ended June 30, 2023		
	As Previously Reported	Adjustment	As Revised
		(in millions)	
Net loss	$ (1,706)	$ 22	$ (1,684)
Other comprehensive income, before tax:			
Actuarial pension gain	12	—	12
Foreign currency translation adjustment	(81)	(7)	(88)
Net unrealized gain on derivative contracts	138	—	138
Total other comprehensive income, before tax	69	(7)	62
Income tax expense related to items of other comprehensive income, before tax	(31)	—	(31)
Other comprehensive income, net of tax	38	(7)	31
Total comprehensive loss	$ (1,668)	$ 15	$ (1,653)

Condensed Consolidated Statement of Cash Flows	Year Ended July 1, 2022		
	As Previously Reported	Adjustment	As Revised
		(in millions)	
Cash flows from operating activities			
Net income	$ 1,500	$ 46	$ 1,546
Deferred income taxes	114	2	116
Other non-cash operating activities, net	67	(48)	19
Other assets and liabilities, net	(349)	—	(349)
Net cash provided by operating activities	1,880	—	1,880

WESTERN DIGITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Condensed Consolidated Statement of Cash Flows	Year Ended June 30, 2023		
	As Previously Reported	Adjustment	As Revised
		(in millions)	
Cash flows from operating activities			
Net loss	$ (1,706)	$ 22	$ (1,684)
Deferred income taxes	(34)	(14)	(48)
Other non-cash operating activities, net	71	(10)	61
Other assets and liabilities, net	(185)	2	(183)
Net cash used in operating activities	(408)	—	(408)

Condensed Consolidated Statement of Shareholders' Equity	As Previously Reported	Adjustment	As Revised
		(in millions)	
Retained earnings as of:			
July 2, 2021	$ 7,539	$ 81	$ 7,620
Accumulated other comprehensive loss as of:			
July 2, 2021	(197)	(2)	(199)
Foreign currency translation adjustment for the year ended June 30, 2023	(80)	(7)	(87)

Item 9. ***Changes in and Disagreements With Accountants on Accounting and Financial Disclosure***

None.

Item 9A. ***Controls and Procedures***

Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this Annual Report on Form 10-K.

Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this Annual Report on Form 10-K, our disclosure controls and procedures were effective.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that the transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and our directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Our management evaluated the effectiveness of our internal control over financial reporting using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control – Integrated Framework (2013).* Based on this evaluation, our management concluded that our internal control over financial reporting was effective as of the end of the period covered by this Annual Report on Form 10-K. KPMG LLP, our independent registered public accounting firm, which audited the Consolidated Financial Statements included in this Annual Report on Form 10-K, has issued an audit report on our internal control over financial reporting. See Report of Independent Registered Public Accounting Firm herein.

Changes in Internal Control over Financial Reporting

There has been no change in our internal control over financial reporting during the quarter ended June 28, 2024, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations of Effectiveness of Controls

Our management, including our Chief Executive Officer and our Chief Financial Officer, does not expect our internal controls over financial reporting will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the benefits of controls must be considered relative to their costs. Because of the inherent limitations in a system of internal control over financial reporting, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Item 9B. ***Other Information***

Insider Trading Arrangements

During the quarter ended June 28, 2024, the following directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted trading arrangements for the purchase or sale of securities that are intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) of the Exchange Act ("Rule 10b5-1 Plan"):

- Kimberly E. Alexy, a director of the Company, adopted a Rule 10b5-1 Plan on May 24, 2024. Under this plan, beginning on August 23, 2024, up to an aggregate of 4,963 shares of the Company's common stock may be sold before the plan expires on February 24, 2025.

- Matthew E. Massengill, a director of the Company, adopted a Rule 10b5-1 Plan on May 30, 2024. Under this plan, beginning on August 29, 2024, up to an aggregate of 23,593 shares of the Company's common stock may be sold before the plan expires on December 6, 2024.

- David Goeckeler, Chief Executive Officer of the Company adopted a Rule 10b5-1 Plan on June 6, 2024. Under this plan, beginning on September 5, 2024, up to an aggregate of 300,000 shares of the Company's common stock may be sold before the plan expires on December 31, 2024.

Item 9C. ***Disclosure Regarding Foreign Jurisdictions that Prevent Inspections***

Not applicable.

PART III

Item 10. ***Directors, Executive Officers and Corporate Governance***

There is incorporated herein by reference to the information required by this Item included in the Company's Proxy Statement for the 2024 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after the close of the year ended June 28, 2024. In addition, our Board of Directors has adopted a Code of Business Ethics that applies to all of our directors, employees and officers, including our Chief Executive Officer and Chief Financial Officer. The current version of the Code of Business Ethics is available on our website under the Corporate Governance section at *www.westerndigital.com*. To the extent required by rules adopted by the SEC and The Nasdaq Stock Market LLC, we intend to promptly disclose future amendments to certain provisions of the Code of Business Ethics, or waivers of such provisions granted to executive officers and directors, on our website under the Corporate Governance section at *www.westerndigital.com*.

Item 11. ***Executive Compensation***

There is incorporated herein by reference to the information required by this Item included in the Company's Proxy Statement for the 2024 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after the close of the year ended June 28, 2024.

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters***

There is incorporated herein by reference to the information required by this Item included in the Company's Proxy Statement for the 2024 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after the close of the year ended June 28, 2024.

Item 13. ***Certain Relationships and Related Transactions, and Director Independence***

There is incorporated herein by reference to the information required by this Item included in the Company's Proxy Statement for the 2024 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after the close of the year ended June 28, 2024.

Item 14. ***Principal Accountant Fees and Services***

There is incorporated herein by reference to the information required by this Item included in the Company's Proxy Statement for the 2024 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after the close of the year ended June 28, 2024.

PART IV

Item 15. ***Exhibits and Financial Statement Schedules***

The following documents are filed as a part of this Annual Report on Form 10-K:

(1) *Financial Statements.* The financial statements included in Part II, Item 8 of this document are filed as part of this Annual Report on Form 10-K.

(2) *Financial Statement Schedules.*

All schedules are omitted as the required information is immaterial, inapplicable or the information is presented in the Consolidated Financial Statements or related Notes.

(3) *Exhibits.* The exhibits listed in the Exhibit Index below are filed with, or incorporated by reference in, this Annual Report on Form 10-K, as specified in the Exhibit List, from exhibits previously filed with the SEC. Certain agreements listed in the Exhibit List that we have filed or incorporated by reference may contain representations and warranties by us or our subsidiaries. These representations and warranties have been made solely for the benefit of the other party or parties to such agreements and (i) may have been qualified by disclosures made to such other party or parties, (ii) were made only as of the date of such agreements or such other date(s) as may be specified in such agreements and are subject to more recent developments, which may not be fully reflected in our public disclosures, (iii) may reflect the allocation of risk among the parties to such agreements and (iv) may apply materiality standards different from what may be viewed as material to investors. Accordingly, these representations and warranties may not describe the actual state of affairs at the date hereof and should not be relied upon.

EXHIBIT INDEX

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation of Western Digital Corporation, as amended to date†
3.2	Certificate of Designations, Preferences and Rights of Series A Convertible Perpetual Preferred Stock (Filed as Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 1-08703) with the Securities and Exchange Commission on February 1, 2023)
3.3	Amended and Restated By-Laws of Western Digital Corporation, as amended effective as of February 10, 2021 (Filed as Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 1-08703) with the Securities and Exchange Commission on February 12, 2021)
4.1	Description of Western Digital Corporation's Capital Stock†
4.2	Indenture (including Form of 4.750% Senior Notes due 2026), dated as of February 13, 2018, among Western Digital Corporation; HGST, Inc., WD Media, LLC, Western Digital (Fremont), LLC and Western Digital Technologies, Inc., as guarantors; and U.S. Bank National Association, as trustee (Filed as Exhibit 4.1 to the Company's Current Report on Form 8-K (File No. 333-222762) with the Securities and Exchange Commission on February 13, 2018)
4.3	First Supplemental Indenture, dated as of June 20, 2023, by and among Western Digital Technologies, Inc. and U.S. Bank Trust Company, National Association, as Trustee (Filed as Exhibit 10.8 to the Company's Current Report on Form 8-K (File No. 1-08703) with the Securities and Exchange Commission on June 21, 2023)
4.4	Second Supplemental Indenture, dated as of April 26, 2024, between Western Digital Corporation, SanDisk Corporation, a subsidiary of the Company, SanDisk Technologies, Inc., a subsidiary of Western Digital Technologies, Inc. and U.S. Bank Trust Company, National Association, as successor in interest to U.S. Bank National Association, as trustee†
4.5	Indenture, dated as of December 10, 2021, between Western Digital Corporation and U.S. Bank National Association, as trustee (Filed as Exhibit 4.1 to the Company's Current Report on Form 8-K (File No. 1-08703) with the Securities and Exchange Commission on December 10, 2021)
4.6	First Supplemental Indenture (including Form of 2.850% Senior Notes due 2029 and Form of 3.100% Senior Notes due 2032), dated as of December 10, 2021, between Western Digital Corporation and U.S. Bank National Association, as trustee (Filed as Exhibit 4.2 to the Company's Current Report on Form 8-K (File No. 1-08703) with the Securities and Exchange Commission on December 10, 2021)
4.7	Indenture (including Form of 3.00% Convertible Senior Notes due 2028), dated as of November 3, 2023 (the "Indenture"), among (i) Western Digital Corporation, (ii) Western Digital Technologies, Inc., as guarantor, and (iii) U.S. Bank Trust Company, National Association, as trustee (Filed as Exhibit 4.1 to the Company's Current Report on Form 8-K (File No. 1-08703) with the Securities and Exchange Commission on November 3, 2023)
4.8	First Supplemental Indenture, dated as of April 26, 2024, between (i) Western Digital Corporation, (ii) SanDisk Corporation, (iii) SanDisk Technologies, Inc., a subsidiary of Western Digital Technologies, Inc. and (iv) U.S. Bank Trust Company, National Association, as trustee†
10.1	Western Digital Corporation Amended and Restated 2017 Performance Incentive Plan, amended and restated as of August 11, 2020 (Filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q (File No. 1-08703) with the Securities and Exchange Commission on February 9, 2021)*
10.1(1)	Form of Notice and Grant of Performance Stock Units and Performance Stock Unit Award Agreement- Financial Measure, under the Amended and Restated Western Digital Corporation 2017 Performance Incentive Plan (Filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q (File No. 1-08703) with the Securities and Exchange Commission on November 4, 2021)*
10.1(2)	Form of Notice and Grant of Performance Stock Units and Performance Stock Unit Award Agreement- TSR Measure, under the Amended and Restated Western Digital Corporation 2017 Performance Incentive Plan (Filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q (File No. 1-08703) with the Securities and Exchange Commission on November 4, 2021)*
10.1(3)	Form of Notice of Grant of Restricted Stock Units and Restricted Stock Unit Award Agreement – Vice President and Above, under the Amended and Restated Western Digital Corporation 2017 Performance Incentive Plan (Filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q (Filed No. 1-08703) with the Securities and Exchange Commission on February 9, 2021)*
10.1(4)	Form of Notice of Grant of Restricted Stock Units and Restricted Stock Unit Award Agreement - Vice President and Above, under the Amended and Restated Western Digital Corporation 2017 Performance Incentive Plan (Filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q (File No. 1-08703) with the Securities and Exchange Commission on November 4, 2021)*
10.2	Western Digital Corporation Amended and Restated 2021 Long-Term Incentive Plan (Filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-08703) with the Securities and Exchange Commission on November 17, 2023)*
10.2(1)	Form of Notice of Grant of Performance Stock Units and Performance Stock Unit Award Agreement under the Western Digital Corporation 2021 Long-Term Incentive Plan (Filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q (File No. 1-08703) with the Securities and Exchange Commission on November 2, 2022)*
10.2(2)	Form of Grant Notice for Performance Stock Unit Award under the Western Digital Corporation 2021 Long-Term Incentive Plan (Filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q (File No. 1-08703) with the Securities and Exchange Commission on November 7, 2023)*

Exhibit Number	Description
10.2(3)	Form of Grant Notice for Restricted Stock Unit Award – Vice President and Above, under the Western Digital Corporation 2021 Long-Term Incentive Plan (Filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q (File No. 1-08703) with the Securities and Exchange Commission on February 3, 2022)*
10.2(4)	Form of Grant Notice for Restricted Stock Unit Award – Vice President and Above, under the Western Digital Corporation Amended and Restated 2021 Long-Term Incentive Plan (Filed as Exhibit 10.2(3) to the Company's Annual Report on Form 10-K (File No. 1-08703) with the Securities and Exchange Commission on August 22, 2023)*
10.2(5)	Western Digital Corporation Amended and Restated 2021 Long-Term Incentive Plan Non-Employee Director Restricted Stock Unit Grant Program, amended and restated as of May 23, 2023 (Filed as Exhibit 10.2(4) to the Company's Annual Report on Form 10-K (File No. 1-08703) with the Securities and Exchange Commission on August 22, 2023)*
10.3	Western Digital Corporation Executive Short-Term Incentive Plan (supersedes the Western Digital Corporation Executive Short-Term Incentive Plan dated August 7, 2019), dated February 9, 2021 (Filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q (File No. 1-08703) with the Securities and Exchange Commission on May 6, 2021)*
10.4	Western Digital Corporation Amended and Restated 2005 Employee Stock Purchase Plan, amended and restated as of August 25, 2022 (Filed as Exhibit 10.2 to the Company's Current Report on Form 8-K (File No. 1-08703) with the Securities and Exchange Commission on November 18, 2022)*
10.5	Amended and Restated Deferred Compensation Plan, amended and restated effective January 1, 2013 (Filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q (File No. 1-08703) with the Securities and Exchange Commission on November 2, 2012)*
10.6	Western Digital Corporation Amended and Restated Change in Control Severance Plan, amended and restated as of May 24, 2021 (Filed as Exhibit 10.6 to the Company's Annual Report on Form 10-K (File No. 1-08703) with the Securities and Exchange Commission on August 27, 2021)*
10.7	Western Digital Corporation Amended and Restated Executive Severance Plan, amended and restated as of May 24, 2021 (Filed as Exhibit 10.7 to the Company's Annual Report on Form 10-K (File No. 1-08703) with the Securities and Exchange Commission on August 27, 2021)*
10.8	Form of Indemnity Agreement for Directors of Western Digital Corporation (Filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q (File No. 1-08703) with the Securities and Exchange Commission on November 8, 2002)*
10.9	Form of Indemnity Agreement for Officers of Western Digital Corporation (Filed as Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q (File No. 1-08703) with the Securities and Exchange Commission on November 8, 2002)*
10.10	Offer Letter, dated as of February 18, 2020, to David Goeckeler (Filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q (File No. 1-08703) with the Securities and Exchange Commission on May 8, 2020)*
10.11	Offer Letter, dated as of December 14, 2021, to Wissam Jabre (Filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q (File No. 1-08703) with the Securities and Exchange Commission on May 4, 2022)*
10.12	Amended and Restated Letter Agreement, dated January 31, 2023, by and between Western Digital Corporation and Elliott Investment Management L.P. (Filed as Exhibit 10.4 to the Company's Current Report on Form 8-K (File No. 1-08703) with the Securities and Exchange Commission on February 1, 2023)
10.13	Investment Agreement, dated January 31, 2023, by and between Western Digital Corporation and AP WD Holdings, L.P. (Filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q (File No. 1-08703) with the Securities and Exchange Commission on May 10, 2023)
10.14	Investment Agreement, dated January 31, 2023, by and among Western Digital Corporation, Elliott Associates, L.P. and Elliott International, L.P. (Filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q (File No. 1-08703) with the Securities and Exchange Commission on May 10, 2023)
10.15	Registration Rights Agreement, dated January 31, 2023, by and among Western Digital Corporation, AP WD Holdings, L.P., Elliott Associates, L.P. and Elliott International, L.P. (Filed as Exhibit 10.3 to the Company's Current Report on Form 8-K (File No. 1-08703) with the Securities and Exchange Commission on February 1, 2023)
10.16	Restatement Agreement, dated January 7, 2022, by and among Western Digital Corporation, JPMorgan Chase Bank, N.A., as administrative agent, and the lenders party thereto (Filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q (File No. 1-08703) with the Securities and Exchange Commission on May 4, 2022)
10.16(1)	Amendment No. 1, dated as of December 23, 2022, to the Amended and Restated Loan Agreement, dated as of January 7, 2022, by and among Western Digital Corporation, each lender party thereto, J.P. Morgan Chase Bank, N.A. as Administrative Agent and the other parties thereto (Filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 1-08703) with the Securities and Exchange Commission on December 23, 2022)
10.16(2)	Amendment No. 2, dated as of June 20, 2023, to the Amended and Restated Loan Agreement, dated as of January 7, 2022, by and among Western Digital Corporation, each lender party thereto, J.P. Morgan Chase Bank, N.A. as Administrative Agent and the other parties thereto (Filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 1-08703) with the Securities and Exchange Commission on June 21, 2023)
10.16(3)	Amendment No. 3, dated as of June 11, 2024, to the Amended and Restated Loan Agreement dated as of January 7, 2022 by and among Western Digital Corporation, each lender party thereto, J.P. Morgan Chase Bank, N.A. as Administrative Agent and the other parties thereto†

Exhibit Number	Description
10.17	Guaranty, dated as of June 20, 2023, by and among Western Digital Corporation, Western Digital Technologies, Inc. and JPMorgan Chase Bank, N.A. as Administrative Agent (Filed as Exhibit 10.4 to the Company's Current Report on Form 8-K (File No. 1-08703) with the Securities and Exchange Commission on June 21, 2023)
10.17(1)	Assumption and Supplement to Guaranty Agreement, dated as of April 26, 2024, made by each of (i) SanDisk Technologies, Inc. and (ii) SanDisk Corporation†
10.18	Security Agreement, dated as of June 20, 2023, by and among Western Digital Corporation, Western Digital Technologies, Inc and JPMorgan Chase Bank, N.A. as Collateral Agent (Filed as Exhibit 10.6 to the Company's Current Report on Form 8-K (File No. 1-08703) with the Securities and Exchange Commission on June 21, 2023)
10.18(1)	Assumption and Supplemental Security Agreement, dated as of April 26, 2024, from SanDisk Corporation and SanDisk Technologies, Inc. to JPMorgan Chase Bank, N.A., as collateral agent for the Secured Parties†
10.19	Flash Alliance, Master Agreement dated as of July 7, 2006, by and among SanDisk Corporation, Toshiba Corporation and SanDisk (Ireland) Limited (Filed as Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q (File No. 1-08703) with the Securities and Exchange Commission on February 3, 2022)##
10.20	Operating Agreement of Flash Alliance, Ltd., dated as of July 7, 2006, by and between Toshiba Corporation and SanDisk (Ireland) Limited (Filed as Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q (File No. 1-08703) with the Securities and Exchange Commission on February 3, 2022)##
10.21	Joint Venture Restructure Agreement, dated as of January 29, 2009, by and among SanDisk Corporation, SanDisk (Ireland) Limited, SanDisk (Cayman) Limited, Toshiba Corporation, Flash Partners Limited and Flash Alliance Limited (Filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q (File No. 1-08703) with the Securities and Exchange Commission on April 30, 2024)##
10.22	New Y2 Facility Agreement, dated October 20, 2015, by and among SanDisk Corporation, SanDisk (Ireland) Limited, SanDisk (Cayman) Limited, SanDisk Flash B.V., Toshiba Corporation, Flash Partners Limited, Flash Alliance Limited and Flash Forward Limited (Filed as Exhibit 10.37 to SanDisk Corporation's Annual Report on Form 10-K (File No. 000-26734) with the Securities and Exchange Commission on February 12, 2016)#
10.23	FAL Commitment and Extension Agreement, dated as of December 12, 2017, by and among Western Digital Corporation, SanDisk LLC, SanDisk (Ireland) Limited and Toshiba Memory Corporation (Filed as Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q (File No. 1-08703) with the Securities and Exchange Commission on February 6, 2018)#
10.24	Y6 Facility Agreement, dated as of December 12, 2017, by and among Western Digital Corporation, SanDisk LLC, SanDisk (Cayman) Limited, SanDisk (Ireland) Limited, SanDisk Flash B.V., Flash Partners, Ltd., Flash Alliance, Ltd., Flash Forward, Ltd. and Toshiba Memory Corporation (Filed as Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q (File No. 1-08703) with the Securities and Exchange Commission on February 6, 2018)#
10.25	K1 Facility Agreement, dated as of May 15, 2019, by and among Western Digital, SanDisk LLC, SanDisk (Cayman) Limited, SanDisk (Ireland) Limited, SanDisk Flash B.V., Flash Partners, Ltd., Flash Alliance, Ltd., Flash Forward Ltd., Toshiba Memory Corporation and Toshiba Memory Corporation Iwate (Filed as Exhibit 10.21 to the Company's Annual Report on Form 10-K (File No. 1-08703) with the Securities and Exchange Commission on August 27, 2019)##
10.26	Confidential Settlement and Mutual Release Agreement, dated as of December 12, 2017, by and among Western Digital Corporation, SanDisk LLC, SanDisk (Cayman) Limited, SanDisk (Ireland) Limited, SanDisk Flash B.V., Toshiba Corporation and Toshiba Memory Corporation (Filed as Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q (File No. 1-08703) with the Securities and Exchange Commission on February 6, 2018)#
10.27	Confidential Settlement and Mutual Release Agreement, dated as of December 12, 2017, by and among Western Digital Corporation, SanDisk LLC, SanDisk (Cayman) Limited, SanDisk (Ireland) Limited, SanDisk Flash B.V., Bain Capital Private Equity, L.P., BCPE Pangea Cayman, L.P., BCPE Pangea Cayman2, Ltd., Bain Capital Fund XII, L.P., Bain Capital Asia Fund III, L.P. and K.K. Pangea (Filed as Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q (File No. 1-08703) with the Securities and Exchange Commission on February 6, 2018)#
10.28	Flash Forward Master Agreement, dated as of July 13, 2010, entered into by and among, on one side, Toshiba Corporation and, on the other side, SanDisk Corporation, and SanDisk Flash B.V. (Filed as Exhibit 10.26 to the Company's Annual Report on Form 10-K (File No. 1-08703) with the Securities and Exchange Commission on August 25, 2022)##
10.29	Operating Agreement of Flash Forward, Ltd, dated as of March 1, 2011, between Toshiba Corporation and SanDisk Flash B.V. (Filed as Exhibit 10.27 to the Company's Annual Report on Form 10-K (File No. 1-08703) with the Securities and Exchange Commission on August 25, 2022)##
10.30	FFL Commitment and Extension Agreement, dated as of December 12, 2017, by and among Toshiba Memory Corporation, Western Digital Corporation, SanDisk LLC and SanDisk Flash B.V. (Filed as Exhibit 10.28 to the Company's Annual Report on Form 10-K (File No. 1-08703) with the Securities and Exchange Commission on August 25, 2022)##
10.31	FFL Second Commitment and Extension Agreement, dated as of May 15, 2019, by and among Toshiba Memory Corporation, Toshiba Memory Iwate Corporation, Western Digital Corporation, SanDisk LLC, SanDisk (Cayman) Limited, SanDisk (Ireland) Limited, SanDisk Flash B.V., Flash Partners, Ltd., Flash Alliance, Ltd., and Flash Forward, Ltd. (Filed as Exhibit 10.29 to the Company's Annual Report on Form 10-K (File No. 1-08703) with the Securities and Exchange Commission on August 25, 2022)##
10.32	Equity Purchase Agreement, dated as of March 4, 2024, by and among SanDisk China Limited and JCET Management Co., Ltd. (Filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q (File No. 1-08703) with the Securities and Exchange Commission on April 30, 2024)##

Exhibit Number	Description
10.33	Form of Confirmation for Capped Call Transactions (Filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 1-08703) with the Securities and Exchange Commission on November 3, 2023)
19.1	Policy Regarding Insider Trading and Unauthorized Disclosures†
21	Subsidiaries of Western Digital Corporation†
23	Consent of Independent Registered Public Accounting Firm†
31.1	Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002†
31.2	Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002†
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**
97.1	Western Digital Corporation Compensation Recovery (Clawback) Policy†
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document†
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document†
101.LAB	XBRL Taxonomy Extension Label Linkbase Document†
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document†
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document†
104	Cover Page Interactive Data File - formatted in Inline XBRL and contained in Exhibit 101

† Filed with this report.
** Furnished with this report.
* Management contract or compensatory plan or arrangement required to be filed as an exhibit pursuant to applicable rules of the Securities and Exchange Commission.
# Pursuant to a request for confidential treatment, certain portions of this exhibit have been redacted from the publicly filed document and have been furnished separately to the Securities and Exchange Commission as required by Rule 24b-2 under the Securities Exchange Act of 1934, as amended.
As permitted by Regulation S-K, Item 601(b)(10)(iv) of the Securities Exchange Act of 1934, as amended, certain confidential portions of this exhibit have been redacted from the publicly filed document.

Item 16. ***Form 10-K Summary***

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

WESTERN DIGITAL CORPORATION

By: /s/ Gene Zamiska
Gene Zamiska
Senior Vice President, Global Accounting and Chief Accounting Officer
(Principal Accounting Officer and Duly Authorized Officer)

Dated: August 19, 2024

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ David V. Goeckeler David V. Goeckeler	Chief Executive Officer, Director (Principal Executive Officer)	August 19, 2024
/s/ Wissam Jabre Wissam Jabre	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	August 19, 2024
/s/ Gene Zamiska Gene Zamiska	Senior Vice President, Global Accounting and Chief Accounting Officer (Principal Accounting Officer)	August 19, 2024
/s/ Matthew E. Massengill Matthew E. Massengill	Chairman of the Board	August 19, 2024
/s/ Kimberly E. Alexy Kimberly E. Alexy	Director	August 19, 2024
/s/ Thomas Caulfield Thomas Caulfield	Director	August 19, 2024
/s/ Martin I. Cole Martin I. Cole	Director	August 19, 2024
/s/ Tunç Doluca Tunç Doluca	Director	August 19, 2024
/s/ Reed B. Rayman Reed B. Rayman	Director	August 19, 2024
/s/ Stephanie A. Streeter Stephanie A. Streeter	Director	August 19, 2024
/s/ Miyuki Suzuki Miyuki Suzuki	Director	August 19, 2024

Exhibit 3.1

State of Delaware
Secretary of State
Division of Corporations
Delivered 09:46 AM 05/13/2024
FILED 09:46 AM 05/13/2024
SR 2024053913 - File Number 3308006

CERTIFICATE OF AMENDMENT
TO THE
AMENDED AND RESTATED CERTIFICATE OF INCORPORATION
OF
WESTERN DIGITAL CORPORATION

Pursuant to Section 242 of the General
Corporation Law of the State of Delaware

Western Digital Corporation, a Delaware corporation (hereinafter called the "Corporation"), does hereby certify as follows:

FIRST: The name of the Corporation is Western Digital Corporation.

SECOND: Article IV of the Corporation's Amended and Restated Certificate of Incorporation is hereby amended to read in its entirety as set forth below:

"ARTICLE IV

AUTHORIZED CAPITAL STOCK

This corporation shall be authorized to issue two classes of shares of stock to be designated, respectively, "Preferred Stock" and "Common Stock"; the total number of shares which this corporation shall have authority to issue is Seven Hundred Fifty-Five Million (755,000,000); the total number of shares of Preferred Stock shall be Five Million (5,000,000) and each such share shall have a par value of one cent ($0.01); and the total number of shares of Common Stock shall be Seven Hundred Fifty Million (750,000,000) and each such share shall have a par value of one cent ($0.01).

The shares of Preferred Stock may be issued from time to time in one or more series. The Board of Directors is hereby vested with authority to fix by resolution or resolutions the designations and the powers, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, including without limitation the dividend rate, conversion rights, redemption price and liquidation preference, of any series of shares of Preferred Stock, and to fix the number of shares constituting any such series, and to increase or decrease the number of shares of any such series (but not below the number of shares thereof then outstanding). In case the number of shares of any such series shall be so decreased, the shares constituting such decrease shall resume the status which they had prior to the adoption of the resolution or resolutions originally fixing the number of shares of such series."

THIRD: Article VII of the Corporation's Amended and Restated Certificate of Incorporation is hereby amended to read in its entirety as set forth below:

"ARTICLE VII

LIMITATION OF DIRECTOR AND OFFICER LIABILITY

To the fullest extent permitted by the General Corporation Law of the State of Delaware as the same exists or may hereafter be amended, a director or officer of this corporation shall not be personally liable to this corporation or any of its stockholders for monetary damages for breach of fiduciary duty as a director or officer. No amendment to, or modification or repeal of, this Article VII shall adversely affect any right or protection of a director or officer of this corporation existing hereunder with respect to any state of facts existing or act or omission occurring, or any cause of action, suit or claim that, but for this Article VII, would accrue or arise, prior to such amendment, modification or repeal. If the General Corporation Law of the State of Delaware is amended after this Amended and Restated Certificate of Incorporation is filed with the Secretary of the State of Delaware to authorize corporate action further eliminating or limiting the personal liability of directors or officers, then the liability of a director or officer of this corporation shall be eliminated or limited to the fullest extent permitted by the General Corporation Law of the State of Delaware, as so amended. All references in this Article VII to an "officer" shall mean only a person who, at the time of an act or omission as to which liability is asserted, falls within the meaning of the term "officer," as defined in Section 102(b)(7) of the General Corporation Law of the State of Delaware."

FOURTH: Pursuant to resolutions adopted at a meeting of the Board of Directors of the Corporation approving the proposed amendment to the Amended and Restated Certificate of Incorporation of the Corporation, declaring the amendment to be advisable and calling a meeting of the stockholders of the Corporation for consideration thereof, the special meeting of the stockholders of the Corporation was duly called and held, upon notice in accordance with Section 222 of the General Corporation Law of the State of Delaware, at which meeting the necessary number of shares as required by statute were voted in favor of the amendment.

FIFTH: The foregoing amendments were duly adopted in accordance with Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, Western Digital Corporation has caused this Certificate to be duly executed in its corporate name this 13th day of May, 2024.

WESTERN DIGITAL CORPORATION,

By: /s/ Cynthia Tregillis
Name: Cynthia Tregillis
Title: Senior Vice President, Chief Legal Officer and Secretary

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 09:00 AM 01/08/2002
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CERTIFICATE OF AMENDMENT
OF
CERTIFICATE OF INCORPORATION
OF
WESTERN DIGITAL CORPORATION

Western Digital Corporation, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), hereby certifies as follows:

1. The name of the Corporation is Western Digital Corporation.

2. The Amended and Restated Certificate of Incorporation of the Corporation is hereby amended by striking out Article IV thereof in its entirety and by substituting in lieu of said Article the following new Article:

"ARTICLE IV

AUTHORIZED CAPITAL STOCK

This corporation shall be authorized to issue two classes of shares of stock to be designated, respectively, "Preferred Stock" and "Common Stock"; the total number of shares which this corporation shall have authority to issue is Four Hundred Fifty-Five Million (455,000,000); the total number of shares of Preferred Stock shall be Five Million (5,000,000) and each such share shall have a par value of one cent ($0.01); and the total number of shares of Common Stock shall be Four Hundred Fifty Million (450,000,000) and each such share shall have a par value of one cent ($0.01).

The shares of Preferred Stock may be issued from time to time in one or more series. The Board of Directors is hereby vested with authority to fix by resolution or resolutions the designations and the powers, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, including without limitation the dividend rate, conversion rights, redemption price and liquidation preference, of any series of shares of Preferred Stock, and to fix the number of shares constituting any such series, and to increase or decrease the number of shares of any such series (but not below the number of shares thereof then outstanding). In case the number of shares of any such series shall be so decreased, the shares constituting such decrease shall resume the status which they had prior to the adoption of the resolution or resolutions originally fixing the number of shares of such series."

3. Pursuant to resolutions adopted at a meeting of the Board of Directors of the Corporation approving the proposed amendment to the Certificate of Incorporation of the Corporation, declaring the amendment to be advisable and calling a meeting of the stockholders of the Corporation for consideration thereof, the annual meeting of the stockholders of the Corporation was duly called and held, upon notice in accordance with Section 222 of the General Corporation Law of the State of Delaware, at which meeting the necessary number of shares as required by statute were voted in favor of the amendment.

4. The amendment of the Amended and Restated Certificate of Incorporation of the Corporation herein certified has been duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment to be executed by its authorized officer on the 7th day of January, 2002.

WESTERN DIGITAL CORPORATION,
a Delaware corporation

/s/ Michael A. Cornelius

Michael A. Cornelius
Vice President, Law and Administration and Secretary

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 02:01 PM 04/06/2001
010169982 - 3308006

AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION OF
WESTERN DIGITAL HOLDINGS, INC.

Western Digital Holdings, Inc., a corporation organized and existing under the laws of the State of Delaware, hereby certifies as follows:

1. The name of this corporation is Western Digital Holdings, Inc. The original Certificate of Incorporation of this corporation was filed with the Secretary of State of the State of Delaware on the 26th day of October, 2000, under the name The Western Digital Group, Inc., and a Certificate of Amendment to the Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on March 22, 2001.

2. This corporation's Amended and Restated Certificate of Incorporation, in the form attached hereto as Exhibit A, has been duly adopted in accordance with the provisions of Sections 242 and 245 of the General Corporation Law of the State of Delaware by the directors and sole stockholder of this corporation.

3. The Amended and Restated Certificate of Incorporation so adopted reads in full as set forth in Exhibit A attached hereto and is incorporated herein by reference.

IN WITNESS WHEREOF, Western Digital Holdings, Inc. has caused this Certificate to be executed by its authorized officer as of the 6th day of April, 2001.

WESTERN DIGITAL HOLDINGS, INC.,
a Delaware corporation

/s/ Michael A. Cornelius

Michael A. Cornelius
Vice President, Law and Administration
and Secretary

Exhibit A

AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION OF
WESTERN DIGITAL HOLDINGS, INC.

ARTICLE I
NAME OF CORPORATION

The name of this corporation is:

WESTERN DIGITAL CORPORATION

ARTICLE II
REGISTERED OFFICE

The address of the registered office of this corporation in the State of Delaware is c/o National Registered Agents, Inc., 9 East Loockerman Street, in the City of Dover, County of Kent, and the name of its registered agent at that address is National Registered Agents, Inc.

ARTICLE III
PURPOSE

The purpose of this corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

ARTICLE IV
AUTHORIZED CAPITAL STOCK

This corporation shall be authorized to issue two classes of shares of stock to be designated, respectively, “Preferred Stock” and “Common Stock”; the total number of shares which this corporation shall have authority to issue is Two Hundred Thirty Million (230,000,000); the total number of shares of Preferred Stock shall be Five Million (5,000,000) and each such share shall have a par value of one cent ($0.01); and the total number of shares of Common Stock shall be Two Hundred Twenty-Five Million (225,000,000) and each such share shall have a par value of one cent ($0.01).

The shares of Preferred Stock may be issued from time to time in one or more series. The Board of Directors is hereby vested with authority to fix by resolution or resolutions the designations and the powers, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, including without limitation the dividend rate, conversion rights, redemption price and liquidation preference, of any series of shares of Preferred Stock, and to fix the number of shares constituting any such series, and to increase or decrease the number of shares of any such series (but not below the number of shares thereof then outstanding). In case the number of shares of any such series shall be so decreased, the shares constituting such decrease shall resume the status which they had prior to the adoption of the resolution or resolutions originally fixing the number of shares of such series.

ARTICLE V
BOARD POWER REGARDING BYLAWS

In furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized to make, repeal, alter, amend and rescind the Bylaws of this corporation.

ARTICLE VI
ELECTION OF DIRECTORS

Elections of directors need not be by written ballot unless the Bylaws of this corporation shall so provide.

ARTICLE VII
LIMITATION OF DIRECTOR LIABILITY

To the fullest extent permitted by the General Corporation Law of the State of Delaware as the same exists or may hereafter be amended, a director of this corporation shall not be liable to this corporation or its stockholders for monetary damages for breach of fiduciary duty as a director.

ARTICLE VIII
NO ACTIONS BY WRITTEN CONSENT OF STOCKHOLDERS

No action required to be taken or which may be taken at any annual or special meeting of stockholders of this corporation may be taken without a meeting, and the power of stockholders to consent in writing without a meeting to the taking of any action is specifically denied.

ARTICLE IX
CORPORATE POWER

This corporation reserves the right to amend, alter, change or repeal any provision contained in this Amended and Restated Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred on stockholders herein are granted subject to this reservation.

ARTICLE X
CREDITOR COMPROMISE OR ARRANGEMENT

Whenever a compromise or arrangement is proposed between this corporation and its creditors or any class of them and/or between this corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for this corporation under the provisions of Section 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for this corporation under the provisions of Section 279 of Title 8 of the Delaware Code order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this corporation as a consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of this corporation, as the case may be, and also on this corporation.

Exhibit 4.1

DESCRIPTION OF CAPITAL STOCK OF
WESTERN DIGITAL CORPORATION

The following is a summary of the material provisions of our Amended and Restated Certificate of Incorporation, as amended (our "Certificate of Incorporation"), and Amended and Restated Bylaws (our "Bylaws"), insofar as they relate to the material terms of our capital stock. This summary is qualified in its entirety by reference to our Certificate of Incorporation and Bylaws, each of which is an exhibit to the Annual Report on Form 10-K to which this description is an exhibit and to the Certificate of Designations, Preferences and Rights of the Series A Convertible Perpetual Preferred (the "Convertible Preferred Stock Certificate of Designations"), which was filed as Exhibit 3.1 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on February 1, 2023. Additionally, the General Corporation Law of the State of Delaware (the "DGCL") may also affect the terms of our capital stock.

Authorized Capitalization

Our authorized capital stock consists of:

- 750,000,000 shares of common stock, par value $0.01 per share ("Common Stock"); and
- 5,000,000 shares of preferred stock, par value $0.01 per share ("Preferred Stock").

Common Stock

Subject to the relative rights, limitations and preferences of the holders of any then outstanding Preferred Stock, holders of our Common Stock will be entitled to certain rights, including (i) to share ratably in dividends if, when and as declared by the Company's Board of Directors (our "Board") out of funds legally available therefor and (ii) in the event of liquidation, dissolution or winding up of the Company, to share ratably in the distribution of assets legally available therefor, after payment of debts and expenses. Each outstanding share of our Common Stock will entitle the holder to one vote on all matters submitted to a vote of the stockholders, including the election of directors. The holders of our Common Stock will not have cumulative voting rights in the election of directors or preemptive rights to subscribe for additional shares of our capital stock. Our Bylaws require that, in uncontested elections, each director be elected by the majority of votes cast with respect to such director. This means that the number of shares voted "for" a director nominee must exceed the number of votes cast "against" that nominee in order for that nominee to be elected.

Holders of shares of our Common Stock will have no preference, conversion, exchange, sinking fund, redemption or appraisal rights. The rights, preferences and privileges of holders of our Common Stock will be subject to the terms of any series of Preferred Stock which the Company has issued or may issue in the future. All outstanding shares of common stock are fully paid and nonassessable.

Preferred Stock

Our Board has the authority, within the limitations and restrictions stated in our Certificate of Incorporation, to authorize the issuance of shares of Preferred Stock, in one or more classes or series, and to fix the rights, preferences, privileges and restrictions thereof, including dividend rights, conversion rights, voting rights, terms of redemption, liquidation preferences, preemptive rights and the number of shares constituting any series or the designation of such series. The issuance or existence of Preferred Stock could have the effect of decreasing the market price of our Common Stock and could adversely affect the voting and other rights of the holders of our Common Stock.

Series A Convertible Perpetual Preferred Stock

A total of 900,000 shares of Preferred Stock have been designated as Series A Convertible Perpetual Preferred Stock, par value $0.01 per share (the "Convertible Preferred Stock"). The Convertible Preferred Stock have an initial stated value of $1,000 per share and are convertible into common stock as provided in the Convertible Preferred Stock Certificate of Designations. The shares of Convertible Preferred Stock vote on an as-converted equivalent basis along with holders of the Company's common stock and participate in any dividends declared for common stockholders on an as-converted equivalent basis, in addition to certain additional cumulative dividend rights.

Anti-Takeover Effect of Our Certificate of Incorporation and Bylaws and Delaware Law

Our Certificate of Incorporation and Bylaws include provisions, summarized below, that are intended to discourage and prevent coercive takeover practices and inadequate takeover bids. These provisions are designed to encourage persons seeking to acquire control of the Company to first negotiate with our Board. They are also intended to provide our management with the flexibility to enhance the likelihood of continuity and stability if our Board determines that a takeover is not in the best interests of our stockholders. These provisions, however, could have the effect of discouraging others from making tender offers for our shares and may have the effect of deterring hostile takeovers or delaying changes in our control or management.

Special Stockholder Meetings

Under our Bylaws, only our Board, the Chairman of the Board or our Chief Executive Officer may call special meetings of stockholders. Stockholders do not have the authority to call a special meeting of stockholders.

Requirements for Advance Notification of Stockholder Nominations and Proposals

Our stockholders must comply with advance notice procedures set forth in our Bylaws to bring business before or nominate directors for election at a meeting of stockholders. A stockholder (or group of up to 20 stockholders) who has held at least 3% of our common stock for at least three years must also satisfy and comply with additional requirements set forth in our Bylaws to nominate and have any director nominee (generally not exceeding the greater of (i) two director nominees or (ii) 20% of the number of directors on the Board, rounded down to the nearest whole number) included in our proxy materials.

Elimination of Stockholder Action by Written Consent

The DGCL permits stockholder action by written consent unless the corporation's certificate of incorporation provides otherwise. Our Certificate of Incorporation eliminates the right of stockholders to act by written consent without a meeting.

No Cumulative Voting

Under Delaware law, cumulative voting for the election of directors is not permitted unless a corporation's certificate of incorporation authorizes cumulative voting. Our Certificate of Incorporation and Bylaws do not provide for cumulative voting in the election of directors. The absence of cumulative voting makes it more difficult for a minority stockholder to gain a seat on our Board to influence our Board's decision regarding a takeover.

Authorized but Unissued Shares

Subject to the requirements of The Nasdaq Stock Market LLC and other applicable law, our authorized but unissued shares of Common Stock may be available for future issuance without stockholder approval. We may use these additional shares for a variety of corporate purposes, including future public offerings to raise additional capital, corporate acquisitions and employee benefit plans. The existence of authorized but unissued shares of Common Stock could render more difficult or discourage an attempt to obtain control of us by means of a proxy contest, tender offer, merger or otherwise.

Undesignated Preferred Stock

The authorization of undesignated Preferred Stock makes it possible for our Board to issue Preferred Stock with voting or other rights or preferences that could impede the success of any attempt to change control of the Company.

Amendment of Provisions in Certificate of Incorporation and Bylaws

Our Certificate of Incorporation may be amended in accordance with Delaware law. Our Bylaws, or any of them, may be altered, amended or repealed, and new Bylaws may be adopted, (i) by our Board, by vote of a majority of the number of directors then in office as directors, acting at any duly called and held meeting of our Board, or (ii) by the stockholders, provided that notice of such proposed amendment, modification, repeal or adoption is given in the notice of special meeting.

Delaware Anti-Takeover Law

We are subject to Section 203 of the DGCL, which is an anti-takeover law. In general, Section 203 prohibits a publicly-held Delaware corporation from engaging in a business combination with an interested stockholder for a period of three years following the date that the person became an interested stockholder, unless the business combination or the transaction in which the person became an interested stockholder is approved in a prescribed manner. Generally, a business combination includes a merger, asset or stock sale, or another transaction resulting in a financial benefit to the interested stockholder.

Generally, an interested stockholder is a person who, together with affiliates and associates, owns 15% or more of the corporation's voting stock. Under Section 203, a business combination between a corporation and an interested stockholder is prohibited unless it satisfies one of the following conditions:

- before the stockholder became interested, the board of directors approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding, shares owned by persons who are directors and also officers, and employee stock plans, in some instances; or
- at or after the time the stockholder became interested, the business combination was approved by the board of directors of the corporation and authorized at an annual or special meeting of the stockholders by the affirmative vote of at least two-thirds of the outstanding voting stock which is not owned by the interested stockholder.

Exclusive Forum

Under the provisions of our Bylaws, unless we consent in writing to the selection of an alternative forum, (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our current or former directors, officers, other employees or stockholders to us or our stockholders, (iii) any action asserting a claim arising pursuant to any provision of the DGCL, or our Certificate of Incorporation or Bylaws or as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware, or (iv) any action asserting a claim governed by the internal affairs doctrine of the law of the State of Delaware will, to the fullest extent permitted by law, be exclusively brought in the Court of Chancery of the State of Delaware or, if such court does not have subject matter jurisdiction thereof, the federal district court of the State of Delaware (the "Delaware Exclusive Forum Provision"). In addition, under the provisions of our Bylaws, unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States will be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act of 1933, as amended (the "Federal Forum Provision"). Under our Bylaws and to the fullest extent permitted by law, any person or entity purchasing or otherwise acquiring or holding any interest in shares of our capital stock is deemed to have notice of and consented to the Delaware Exclusive Forum Provision and the Federal Forum Provision.

The Delaware Exclusive Forum Provision is intended to apply to claims arising under Delaware state law and would not apply to claims brought pursuant to the Securities Exchange Act of 1934, as amended ("Exchange Act"), or the Securities Act of 1933, as amended ("Securities Act"), or any other claim for which the federal courts have exclusive jurisdiction. In addition, the Federal Forum Provision is intended to apply to claims arising under the Securities Act and would not apply to claims brought pursuant to the

Exchange Act. The exclusive forum provisions in our Bylaws will not relieve us of our duties to comply with the federal securities laws and the rules and regulations thereunder and, accordingly, actions by our stockholders to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder must be brought in federal courts. Our stockholders will not be deemed to have waived our compliance with these laws, rules and regulations.

Listing

Our Common Stock is listed on The Nasdaq Global Select Market under the trading symbol "WDC."

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Equiniti Trust Company, LLC.

Exhibit 4.4

Execution Version

SECOND SUPPLEMENTAL INDENTURE

Second Supplemental Indenture (this "Supplemental Indenture"), dated as of April 26, 2024, between Western Digital Corporation, a Delaware corporation (the "Company"), SanDisk Corporation ("SDC"), a Delaware corporation and subsidiary of the Company, SanDisk Technologies, Inc.("SDT"), a Delaware corporation and subsidiary of Western Digital Technologies, Inc. (and together with SDT, the "Guaranteeing Subsidiaries" and each a "Guaranteeing Subsidiary") and U.S. Bank Trust Company, National Association, as successor in interest to U.S. Bank National Association, as trustee (the "Trustee").

W I T N E S S E T H

WHEREAS, the Company has heretofore executed and delivered to the Trustee an indenture (the "Indenture"), dated as of February 13, 2018, providing for the issuance of 4.750% Senior Notes due 2026 (the "Notes") as supplemented by that certain first supplemental indenture dated as of June 20, 2023;

WHEREAS, the Indenture provides that under certain circumstances each Guaranteeing Subsidiary shall execute and deliver to the Trustee a supplemental indenture pursuant to which such Guaranteeing Subsidiary shall unconditionally guarantee all of the Issuer's Obligations under the Notes and the Indenture on the terms and conditions set forth herein and under the Indenture (the "Guarantee"); and

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties mutually covenant and agree for the equal and ratable benefit of the holders of the Notes as follows:

(1) Capitalized Terms. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

(2) Guarantees; Release.

(a) Each Guaranteeing Subsidiary hereby agrees to be a Guarantor under the Indenture and to be bound by the terms of the Indenture applicable to a Guarantor in order to comply with Section 11.01 of the Indenture.

(b) Each Guaranteeing Subsidiary's Guarantee pursuant to this Supplemental Indenture shall be automatically released without the need for any further action on the part of such Guaranteeing Subsidiary, the Company, the Trustee or the holders of the Notes on the date that the Guarantee is no longer required pursuant to the Indenture, including as a result of any waiver, consent or amendment of Section 11.01 of the Indenture or as a result of a reduction in the amount of Non-Guarantor Subsidiary Debt. Any such release shall be evidenced by the delivery by the Company of an Officer's Certificate certifying to the same).

(3) Execution and Delivery. Each Guaranteeing Subsidiary agrees that its Guarantee shall remain in full force and effect notwithstanding the absence of the endorsement of any notation of such Guarantee on the Notes.

(4) Governing Law. THIS SUPPLEMENTAL INDENTURE WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, AS APPLIED TO CONTRACTS MADE AND PERFORMED WITHIN THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. THE GUARANTEEING SUBSIDIARY AND THE TRUSTEE HEREBY IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT

TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS SUPPLEMENTAL INDENTURE.

(5) Duplicate Originals. All parties may sign any number of copies of this Supplemental Indenture. Each signed copy or counterpart shall be an original, but all of them together shall represent the same agreement. The exchange of copies of this Supplemental Indenture and of signature pages by facsimile, PDF or other electronic transmission shall constitute effective execution and delivery of this Supplemental Indenture as to the parties hereto and may be used in lieu of the original Supplemental Indenture and signature pages for all purposes. Any signature (including, without limitation, (x) any electronic symbol or process attached to, or associated with, a contract or other record and adopted by a person with the intent to sign, authenticate or accept such contract or record and (y) any facsimile, E-pencil or .pdf signature) hereto or to any other certificate, agreement or document related to this Supplemental Indenture, and any contract formation or record-keeping, in each case, through electronic means, shall have the same legal validity and enforceability as a manually executed signature or use of a paper-based record-keeping system to the fullest extent permitted by applicable law. For the avoidance of doubt, the foregoing also applies to any amendment, extension or renewal of this Supplemental Indenture. Each of the parties to this Supplemental Indenture represents and warrants to the other parties that it has the corporate capacity and authority to execute this Supplemental Indenture through electronic means and there are no restrictions for doing so in that party's constitutive documents.

(6) Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

(7) The Trustee. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Guaranteeing Subsidiary. In entering into this Supplemental Indenture, the Trustee shall be entitled to the benefit of every provision of the Indenture relating to the conduct of, or affecting the liability of, the Trustee, whether or not elsewhere herein so provided.

(8) Benefits Acknowledged. Each Guaranteeing Subsidiary acknowledges that it will receive direct and indirect benefits from the financing arrangements contemplated by the Indenture and this Supplemental Indenture and that the guarantee and waivers made by it pursuant to this Guarantee are knowingly made in contemplation of such benefits.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed, all as of the date first above written.

SANDISK CORPORATION

By: /s/ Grace Lin
Name: Grace Lin
Title: Vice President, Treasury

SANDISK TECHNOLOGIES, INC.

By: /s/ Grace Lin
Name: Grace Lin
Title: Vice President, Treasury

[Signature Page to Second Supplemental Indenture]

WESTERN DIGITAL CORPORATION

By: /s/ Wissam Jabre
Name: Wissam Jabre
Title: Executive Vice President and Chief Financial Officer

[Signature Page to Second Supplemental Indenture]

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Trustee

By: /s/ David A. Jason
Name: David A. Jason
Title: Vice President

[Signature Page to Second Supplemental Indenture]

Exhibit 4.8

Execution Version

FIRST SUPPLEMENTAL INDENTURE

First Supplemental Indenture (this "Supplemental Indenture"), dated as of April 26, 2024, between Western Digital Corporation, a Delaware corporation (the "Company"), SanDisk Corporation ("SDC"), a Delaware corporation and subsidiary of the Company, SanDisk Technologies, Inc.("SDT"), a Delaware corporation and subsidiary of Western Digital Technologies, Inc. (and together with SDT, the "Guaranteeing Subsidiaries" and each a "Guaranteeing Subsidiary") and U.S. Bank Trust Company, National Association, as successor in interest to U.S. Bank National Association, as trustee (the "Trustee").

W I T N E S S E T H

WHEREAS, the Company has heretofore executed and delivered to the Trustee an indenture (the "Indenture"), dated as of November 3, 2023, providing for the issuance of 3.00% Convertible Senior Notes due 2028 (the "Notes");

WHEREAS, the Indenture provides that under certain circumstances the Guaranteeing Subsidiary shall execute and deliver to the Trustee a supplemental indenture pursuant to which the Guaranteeing Subsidiary shall unconditionally guarantee all of the Issuer's Obligations under the Notes and the Indenture on the terms and conditions set forth herein and under the Indenture (the "Guarantee"); and

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties mutually covenant and agree for the equal and ratable benefit of the holders of the Notes as follows:

(1) Capitalized Terms. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

(2) Guarantees; Release.

(a) Each Guaranteeing Subsidiary hereby agrees to be a Guarantor under the Indenture and to be bound by the terms of the Indenture applicable to a Guarantor in order to comply with Section 4.10 of the Indenture.

(b) Each Guaranteeing Subsidiary's Guarantee pursuant to this Supplemental Indenture shall be automatically released without the need for any further action on the part of such Guaranteeing Subsidiary, the Company, the Trustee or the holders of the Notes on the date that the Guarantee is no longer required pursuant to the Indenture, including as a result of any waiver, consent or amendment of Section 4.10 of the Indenture. Any such release shall be evidenced by the delivery by the Company of an Officer's Certificate certifying to the same).

(3) Execution and Delivery. Each Guaranteeing Subsidiary agrees that its Guarantee shall remain in full force and effect notwithstanding the absence of the endorsement of any notation of such Guarantee on the Notes.

(4) Governing Law. THIS SUPPLEMENTAL INDENTURE WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, AS APPLIED TO CONTRACTS MADE AND PERFORMED WITHIN THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. THE GUARANTEEING SUBSIDIARY AND THE TRUSTEE HEREBY IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS SUPPLEMENTAL INDENTURE.

(5) Duplicate Originals. All parties may sign any number of copies of this Supplemental Indenture. Each signed copy or counterpart shall be an original, but all of them together shall represent the same agreement. The exchange of copies of this Supplemental Indenture and of signature pages by facsimile, PDF or other electronic transmission shall constitute effective execution and delivery of this Supplemental Indenture as to the parties hereto and may be used in lieu of the original Supplemental Indenture and signature pages for all purposes. Any signature (including, without limitation, (x) any electronic symbol or process attached to, or associated with, a contract or other record and adopted by a person with the intent to sign, authenticate or accept such contract or record and (y) any facsimile, E-pencil or .pdf signature) hereto or to any other certificate, agreement or document related to this Supplemental Indenture, and any contract formation or record-keeping, in each case, through electronic means, shall have the same legal validity and enforceability as a manually executed signature or use of a paper-based record-keeping system to the fullest extent permitted by applicable law. For the avoidance of doubt, the foregoing also applies to any amendment, extension or renewal of this Supplemental Indenture. Each of the parties to this Supplemental Indenture represents and warrants to the other parties that it has the corporate capacity and authority to execute this Supplemental Indenture through electronic means and there are no restrictions for doing so in that party's constitutive documents.

(6) Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

(7) The Trustee. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Guaranteeing Subsidiary. In entering into this Supplemental Indenture, the Trustee shall be entitled to the benefit of every provision of the Indenture relating to the conduct of, or affecting the liability of, the Trustee, whether or not elsewhere herein so provided.

(8) Benefits Acknowledged. Each Guaranteeing Subsidiary acknowledges that it will receive direct and indirect benefits from the financing arrangements contemplated by the Indenture and this Supplemental Indenture and that the guarantee and waivers made by it pursuant to this Guarantee are knowingly made in contemplation of such benefits.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed, all as of the date first above written.

SANDISK CORPORATION

By: /s/ Grace Lin
Name: Grace Lin
Title: Vice President, Treasury

SANDISK TECHNOLOGIES, INC.

By: /s/ Grace Lin
Name: Grace Lin
Title: Vice President, Treasury

[Signature Page to First Supplemental Indenture]

WESTERN DIGITAL CORPORATION

By: /s/ Wissam Jabre
Name: Wissam Jabre
Title: Executive Vice President and Chief Financial Officer

[Signature Page to First Supplemental Indenture]

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Trustee

By: /s/ David A. Jason
Name: David A. Jason
Title: Vice President

[Signature Page to First Supplemental Indenture]

AMENDMENT NO. 3

AMENDMENT NO. 3, dated as of June 11, 2024 (this "Amendment"), to the Amended and Restated Loan Agreement dated as of January 7, 2022 (as amended by that certain Amendment No. 1, dated as of December 23, 2022, as amended by that certain Amendment No. 2, dated as of June 20, 2023, and as further amended, supplemented, amended and restated or otherwise modified from time to time prior to the date hereof, the "Loan Agreement") among WESTERN DIGITAL CORPORATION, a Delaware corporation (the "Lead Borrower"), each lender from time to time party thereto (collectively, the "Lenders" and individually, a "Lender"), JPMORGAN CHASE BANK, N.A., as Administrative Agent (in such capacity, the "Administrative Agent") and the other parties thereto. Capitalized terms used and not otherwise defined herein shall have the meanings assigned to them in the Loan Agreement.

WHEREAS, pursuant to Section 10.11 of the Loan Agreement, the Lead Borrower has requested certain amendments to the Loan Agreement, and the Lenders party hereto constitute the Lenders required pursuant to Section 10.11 of the Loan Agreement with respect to the amendments provided for in Section 2 below;

NOW, THEREFORE, in consideration of the premises and covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

Section 1. Defined Terms.

Capitalized terms used but not defined herein shall have the respective meanings assigned to such terms in the Amended Loan Agreement (as defined below).

Section 2. Amendments. Effective as of the Amendment No. 3 Effective Date (as defined below), the Loan Agreement is hereby amended as follows (the "Amended Loan Agreement"):

(a) Section 1.1 (Definitions). The definition of "Excluded Property" is hereby amended by deleting clause (g)(v) as it appears therein and inserting in lieu thereof "(v) the Great Oaks Property so long as definitive documentation has been signed in respect of the Great Oaks Sale/Leaseback Transaction within the first seven full fiscal quarters following the Amendment No. 2 Effective Date and the Great Oaks Sale/Leaseback Transaction has been consummated within the first nine full fiscal quarters following the Amendment No. 2 Effective Date,".

Section 3. Representations and Warranties.

The Lead Borrower represents and warrants as of the Amendment No. 3 Effective Date that:

(a) Immediately before and after giving effect to this Amendment, each of the representations and warranties set forth in the Amended Loan Agreement and in the other Loan Documents shall be and remain true and correct in all material respects (or, if qualified as to "materiality," "material adverse effect" or similar language, shall be true and correct in all respects (after giving effect to any such qualification therein)) as of said time, except to the extent the same expressly relate to an earlier date.

(b) At the time of and after giving effect to this Amendment, no Default or Event of Default shall have occurred and be continuing.

Section 4. Condition to Effectiveness. This Amendment shall become effective on the date on which the following condition is satisfied (the "Amendment No. 3 Effective Date"): the Administrative Agent shall have received counterparts of this Amendment, duly executed by the Lead Borrower and the Lenders who constitute the Required Lenders, which shall be originals or facsimiles or electronic copies (and, to the extent requested by the Administrative Agent, followed promptly by originals) unless otherwise specified.

Section 5. Acknowledgments.

The Lead Borrower hereby expressly acknowledges the terms of this Amendment and reaffirms, as of the date hereof, the covenants and agreements contained in each Loan Document to which it is a party, including, in each case, such covenants and agreements as in effect immediately after giving effect to this Amendment and the transactions contemplated hereby.

Section 6. Entire Agreement.

This Amendment, the Loan Agreement and the other Loan Documents constitute the entire agreement among the parties hereto with respect to the subject matter hereof and thereof and supersede all other prior agreements and understandings, both written and verbal, among the parties hereto with respect to the subject matter hereof. Except as expressly set forth herein, this Amendment and the Loan Agreement shall not by implication or otherwise limit, impair, constitute a waiver of, or otherwise affect the rights and remedies of any party under, the Loan Agreement, nor alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Loan Agreement, all of which are ratified and affirmed in all respects and shall continue in full force and effect. This Amendment shall not constitute a novation of the Loan Agreement or any of the Loan Documents. Upon and after the

execution of this Amendment by each of the parties hereto, each reference in the Loan Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Loan Agreement, and each reference in the other Loan Documents to "the Loan Agreement", "thereunder", "thereof" or words of like import referring to the Loan Agreement, shall mean and be a reference to the Loan Agreement as modified hereby. It is understood and agreed that this Amendment is a "Loan Document."

Section 7. Amendment, Modification and Waiver.

This Amendment may not be amended, modified or waived except pursuant to a writing signed by each of the parties hereto.

Section 8. Expenses.

The Lead Borrower agrees to reimburse the Administrative Agent for its reasonable and documented out-of-pocket expenses incurred by them in connection with this Amendment, including the reasonable and documented fees, charges and disbursements of Cahill Gordon & Reindel llp, counsel for the Administrative Agent.

Section 9. Counterparts.

This Amendment may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which when so executed and delivered shall be deemed to be an original, but all of which when taken together shall constitute a single instrument. Delivery of an executed counterpart of a signature page of this Amendment by facsimile transmission or electronic transmission shall be effective as delivery of a manually executed counterpart hereof. The words "execution," "signed," "signature," "delivery," and words of like import in or relating to this Amendment shall be deemed to include Electronic Signatures, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be.

Section 10. Governing Law and Waiver of Right to Trial by Jury.

THIS AMENDMENT AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK. SECTION 10.22 OF THE LOAN AGREEMENT IS HEREBY INCORPORATED BY REFERENCE INTO THIS AMENDMENT AND SHALL APPLY HERETO.

Section 11. Headings.

The headings of this Amendment are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

Section 12. Effect of Amendment.

Except as expressly set forth herein, this Amendment shall not by implication or otherwise limit, impair, constitute a waiver of or otherwise affect the rights and remedies of the Lenders or the Administrative Agent under the Loan Agreement or any other Loan Document, and shall not alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Loan Agreement or any other provision of the Loan Agreement or any other Loan Document, all of which are ratified and affirmed in all respects and shall continue in full force and effect.

[*Signature pages follow*]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first above written.

WESTERN DIGITAL CORPORATION

By: /s/ Grace Lin
Name: Grace Lin
Title: Authorized Signatory

[Signature Page to Amendment No. 3 to A&R Loan Agreement]

JPMORGAN CHASE BANK, N.A., as
Administrative Agent

By: /s/ Timothy Lee
Name: Timothy D. Lee
Title: Executive Director

[Signature Page to Amendment No. 3 to A&R Loan Agreement]

JPMORGAN CHASE BANK, N.A., as a Lender

By: /s/ Timothy Lee
Name: Timothy D. Lee
Title: Executive Director

[Signature Page to Amendment No. 3 to A&R Loan Agreement]

Bank of America, N.A., as a Lender

By: /s/ Puneet Lakhotia
Name: Puneet Lakhotia
Title: Director

[Signature Page to Amendment No. 3 to A&R Loan Agreement]

MIZUHO BANK, LTD., as a Lender

By: /s/ Tracy Rahn
Name: Tracy Rahn
Title: Managing Director

[Signature Page to Amendment No. 3 to A&R Loan Agreement]

ROYAL BANK OF CANADA, as a Lender

By: /s/ Harsh Grewal
Name: Harsh Grewal
Title: Authorized Signatory

[Signature Page to Amendment No. 3 to A&R Loan Agreement]

Wells Fargo Bank, National Association, as a Lender

By: /s/ Gambo Audu
Name: Gambo Audu
Title: Vice President

[Signature Page to Amendment No. 3 to A&R Loan Agreement]

CITIBANK, N.A., as a Lender

By: /s/ Carmen-Christina Kelleher
Name: Carmen-Christina Kelleher
Title: Vice President

[Signature Page to Amendment No. 3 to A&R Loan Agreement]

PNC Bank, National Association, as a Lender

By: /s/ Skyler Zweifel
Name: Skyler Zweifel
Title: Vice President

[Signature Page to Amendment No. 3 to A&R Loan Agreement]

The Toronto-Dominion Bank, New York Branch, as a Lender

By: /s/ David Perlman
Name: David Perlman
Title: Authorized Signatory

[Signature Page to Amendment No. 3 to A&R Loan Agreement]

Truist Bank, as a Lender

By: /s/ Shae Patel
Name: Shae Patel
Title: Director

[Signature Page to Amendment No. 3 to A&R Loan Agreement]

HSBC BANK USA, NATIONAL ASSOCIATION, as a Lender

By: /s/ Aleem Shamji
Name: Aleem Shamji
Title: Managing Director

[Signature Page to Amendment No. 3 to A&R Loan Agreement]

MUFG BANK, Ltd., as a Lender

By: /s/ Colin Donnarumma
Name: Colin Donnarumma
Title: Vice President

[Signature Page to Amendment No. 3 to A&R Loan Agreement]

U.S. BANK NATIONAL ASSOCIATION, Ltd., as a Lender
Lender

By: /s/ Brian Seipke
Name: BRIAN SEIPKE
Title: SENIOR VICE PRESIDENT

[Signature Page to Amendment No. 3 to A&R Loan Agreement]

BNP Paribas, as a Lender

By: /s/ Theodore Olson
Name: Theodore OLSON
Title: Managing Director

By: /s/ George Ko
Name: George Ko
Title: Director

[Signature Page to Amendment No. 3 to A&R Loan Agreement]

DBS BANK LTD., as a Lender

By: /s/ Josephine Lim
Name: Josephine Lim
Title: Executive Director

[Signature Page to Amendment No. 3 to A&R Loan Agreement]

BANCO BILBAO VIZCAYA ARGENTARIA,
S.A. NEW YORK BRANCH, as a Lender

By: /s/ Brian Crowley
Name: Brian Crowley
Title: Managing Director

By: /s/ Armen Semizian
Name: Armen Semizian
Title: Managing Director

[Signature Page to Amendment No. 3 to A&R Loan Agreement]

The Bank of Nova Scotia, as a Lender

By: /s/ David Dewar
Name: David Dewar
Title: Director

[Signature Page to Amendment No. 3 to A&R Loan Agreement]

DMO Bank N.A., as a Lender

By: /s/ Cecile Segovia
Name: Cecile Segovia
Title: Director

[Signature Page to Amendment No. 3 to A&R Loan Agreement]

Barclays Bank PLC, as a Lender

By: /s/ Joseph Tauro
Name: Joseph Tauro
Title: Associate Vice President

[Signature Page to Amendment No. 3 to A&R Loan Agreement]

The Bank of East Asia, Limited, New York Branch, as a Lender

By: /s/ James Hua
Name: James Hua
Title: DGM & Corporate Banking

By: /s/ Chong Tan
Name: Chong Tan
Title: DGM & Risk Management

[Signature Page to Amendment No. 3 to A&R Loan Agreement]

Industrial and Commercial Bank of China Limited,
New York Banks, as a Lender

By: /s/ Tony Huang
Name: Tony Huang
Title: Director

By: /s/ Yuanyuan Peng
Name: Yuanyuan Peng
Title: Executive Director

[Signature Page to Amendment No. 3 to A&R Loan Agreement]

Oversea-Chinese Banking Corporation Limited, New York Agency, as a Lender

By: /s/ Grace Sun

Name: Grace Sun

Title: Managing Director, Deputy General Manager

[Signature Page to Amendment No. 3 to A&R Loan Agreement]

ASSUMPTION AND SUPPLEMENT TO GUARANTY AGREEMENT

This Assumption and Supplement to Guaranty Agreement (the "*Agreement*") is dated as of this 26th day of April, 2024, made by each of (i) SanDisk Technologies, Inc., a Delaware corporation and (ii) SanDisk Corporation, a Delaware corporation (the "*New Guarantors*" and each a "*New Guarantor*");

WITNESSETH THAT:

WHEREAS, Western Digital Corporation, a Delaware corporation (the "*Lead Borrower*") and certain affiliates of the Lead Borrower from time to time party thereto, have executed and delivered to the Administrative Agent for the Guaranteed Creditors that certain Guaranty Agreement dated as of June 20, 2023 (such Guaranty Agreement, as the same may from time to time be extended, renewed, amended, restated, refinanced, replaced, amended and restated, supplemented or otherwise modified, including supplements thereto which add or substitute parties as Guarantors thereunder, being hereinafter referred to as the "*Guaranty*") pursuant to which such affiliates (the "*Existing Guarantors*") have guaranteed to the Guaranteed Creditors, the full and prompt payment of, among other things, any and all indebtedness, obligations and liabilities of the Borrowers arising under or relating to the Loan Agreement as defined therein; and

WHEREAS, each New Guarantor will directly and substantially benefit from credit and other financial accommodations extended and to be extended by the Guaranteed Creditors to the Borrowers;

NOW, THEREFORE, FOR VALUE RECEIVED, and in consideration of advances made or to be made, or credit accommodations given or to be given, to the Borrowers by the Guaranteed Creditors from time to time, each New Guarantor hereby agrees as follows:

1. Each New Guarantor acknowledges and agrees that it shall become a "Guarantor" party to the Guaranty effective upon the date of each New Guarantor's execution of this Agreement and the delivery of this Agreement to the Administrative Agent on behalf of the Guaranteed Creditors, and that upon such execution and delivery, all references in the Guaranty to the terms "Guarantor" or "Guarantors" shall be deemed to include such New Guarantor.

2. Each New Guarantor hereby assumes and becomes liable (jointly and severally with all the other Guarantors) for the Guaranteed Obligations (as defined in the Guaranty) and agrees to pay and otherwise perform all of the obligations of a Guarantor under the Guaranty according to, and otherwise on and subject to, the terms and conditions of the Guaranty to the same extent and with the same force and effect as if such New Guarantor had originally been one of the Existing Guarantors under the Guaranty and had originally executed the same as such an Existing Guarantor.

3. Each New Guarantor acknowledges and agrees that, as of the date hereof, such New Guarantor makes each and every representation and warranty that is set forth in Section 14 of the Guaranty.

4. All capitalized terms used in this Agreement without definition shall have the same meaning herein as such terms have in the Guaranty, except that any reference to the term "Guarantor" or "Guarantors" and any provision of the Guaranty providing meaning to such term shall be deemed a reference to the Existing Guarantors and each New Guarantor. Except as specifically modified hereby, all of the terms and conditions of the Guaranty shall stand and remain unchanged and in full force and effect.

5. No reference to this Agreement need be made in the Guaranty or in any other document or instrument making reference to the Guaranty, any reference to the Guaranty in any of such to be deemed a reference to the Guaranty as modified hereby.

6. All communications and notices hereunder shall be in writing and given as provided in Section 17 of the Guaranty and to the following address for each New Guarantor.

Address:
3355 Michelson Drive, Suite 100
Irvine, California 92612
Attention: Chief Legal Officer
Telephone: (949) 672-7000
Facsimile: (949) 672-9612

7. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED BY AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

SANDISK CORPORATION

By: /s/ Grace Lin
Name: Grace Lin
Title: Vice President, Treasury

SANDISK TECHNOLOGIES, INC.

By: /s/ Grace Lin
Name: Grace Lin
Title: Vice President, Treasury

[Signature Page to Supplement to Guaranty Agreement -Amended and Restated Loan Agreement]

Acknowledged and agreed as of the date first above written.

JPMORGAN CHASE BANK, N.A., as Administrative Agent for the Guaranteed Creditors

By: /s/ Timothy Lee
Name: Timothy Lee
Title: Executive Director

[Signature Page to Supplement to Guaranty Agreement -Amended and Restated Loan Agreement]

Execution Version

Assumption and Supplemental Security Agreement

This Agreement dated as of this 26th day of April, 2024 from the entities listed on the signature pages hereto (collectively, the "*New Debtors*"), to JPMorgan Chase Bank, N.A. ("*JPMorgan Chase Bank*"), as collateral agent for the Secured Parties (defined in the Security Agreement hereinafter identified and defined) (JPMorgan Chase Bank acting as such agent and any successor or successors to JPMorgan Chase Bank in such capacity being hereinafter referred to as the "*Collateral Agent*").

Preliminary Statements

A. Western Digital Corporation, a Delaware corporation (the *"Lead Borrower"*), and certain other parties have executed and delivered to the Collateral Agent that certain Security Agreement dated as of June 20, 2023 (such Security Agreement, as the same may from time to time be amended, restated, amended and restated, modified or restated, including supplements thereto which add additional parties as Debtors thereunder, being hereinafter referred to as the "*Security Agreement*"), pursuant to which such parties (the "*Existing Debtors*") have granted to the Collateral Agent for the benefit of the Secured Parties a lien on and security interest in the Existing Debtors' Collateral to secure the Secured Obligations.

B. All capitalized terms used in this Agreement without definition shall have the same meaning herein as such terms have in the Security Agreement, except that any reference to the term "Debtor" or "Debtors" and any provision of the Security Agreement providing meaning to such term shall be deemed a reference to the Existing Debtors and the New Debtors.

C. The Borrowers provide each New Debtor with substantial financial, managerial, administrative, and/or technical support and each New Debtors will benefit, directly and indirectly, from the financial accommodations extended by the Secured Parties to the Borrowers

Now, therefore, for value received, and in consideration of financial accommodations given or to be given to the Borrowers by the Secured Parties from time to time, each New Debtor hereby agrees as follows:

1. Each New Debtor acknowledges and agrees that it shall become a "Debtor" party to the Security Agreement effective upon the date of such New Debtor's execution of this Agreement and the delivery of this Agreement to the Collateral Agent, and that upon such execution and delivery, all references in the Security Agreement to the terms "Debtor" or "Debtors" shall be deemed to include such New Debtor. Without limiting the generality of the foregoing, each New Debtor hereby repeats and reaffirms all grants (including the grant of a lien and security interest), covenants, agreements, representations, and warranties contained in the Security Agreement as amended hereby, each and all of which are and shall remain applicable to the Collateral from time to time owned by such New Debtor or in which such New Debtor from time to time has any rights. Without limiting the foregoing, in order to secure payment of the Secured Obligations (and, to the extent provided in Section 15 of the Security Agreement, the 2029/2032 Notes Obligations), whether now existing or hereafter arising, each New Debtor does hereby grant to the Collateral Agent for the benefit of the Secured Parties (and, to the extent

provided in Section 15 of the Security Agreement, the 2029/2032 Notes Secured Parties), and hereby agrees that the Collateral Agent has and shall continue to have until the Termination Date (as such term is defined in the Loan Agreement referred to in the Security Agreement) for the benefit of the Secured Parties (and, to the extent provided in Section 15 of the Security Agreement, the 2029/2032 Notes Secured Parties) a continuing lien on and security interest in all of such New Debtor's Collateral, including, without limitation, all of such New Debtor's Accounts, Chattel Paper, Instruments, Documents, General Intangibles, Letter-of-Credit Rights, Supporting Obligations, Deposit Accounts, Investment Property, Inventory, Equipment, Fixtures, Commercial Tort Claims, and all of the other Collateral other than the Excluded Property, each and all of such granting clauses being incorporated herein by reference with the same force and effect as if set forth herein in their entirety, except that all references in such clauses to the Existing Debtors or any of them shall be deemed to include references to such New Debtor. Nothing contained herein shall in any manner impair the priority of the liens and security interests heretofore granted in favor of the Collateral Agent under the Security Agreement.

2. Schedules 1, 3, 4, 5, 6 and 7 to the Perfection Certificate shall be supplemented by the information set forth on the attached supplements to each of Schedules 1, 3, 4, 5, 6 and 7 to the Perfection Certificate with respect to each New Debtor.

3. Each New Debtor hereby acknowledges and agrees that the Secured Obligations (and, to the extent provided in Section 15 of the Security Agreement, the 2029/2032 Notes Obligations) are secured by all of the Collateral according to, and otherwise on and subject to, the terms and conditions of the Security Agreement to the same extent and with the same force and effect as if such New Debtor had originally been one of the Existing Debtors under the Security Agreement and had originally executed the same as such an Existing Debtor.

4. Except as specifically modified hereby, all of the terms and conditions of the Security Agreement shall stand and remain unchanged and in full force and effect.

5. Each New Debtor agrees to execute and deliver such further instruments and documents and do such further acts and things as the Collateral Agent may reasonably deem necessary or proper to carry out more effectively the purposes of this Agreement.

6. No reference to this Agreement need be made in the Security Agreement or in any other document or instrument making reference to the Security Agreement, any reference to the Security Agreement in any of such to be deemed a reference to the Security Agreement as modified hereby.

7. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED BY AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

[Remainder of page intentionally left blank]

SANDISK CORPORATION

By: /s/ Grace Lin
Name: Grace Lin
Title: Vice President, Treasury

SANDISK TECHNOLOGIES, INC.

By: /s/ Grace Lin
Name: Grace Lin
Title: Vice President, Treasury

[Signature Page to Supplement to Security Agreement – Amended & Restated Loan Agreement]

Accepted and agreed to as of the date first above written.

JPMORGAN CHASE BANK, N.A., as Collateral Agent

By: /s/ Timothy Lee
Name: Timothy Lee
Title: Executive Director

[Signature Page to Supplement to Security Agreement – Amended & Restated Loan Agreement]

SUPPLEMENTS

SUPPLEMENT TO SCHEDULE 1

LEGAL NAMES

No.	Legal Name	Form of Organization	Jurisdiction of Organization	Address of Sole Place of Business or Chief Executive Office, as applicable
1.	SanDisk Corporation	Corporation	Delaware	951 SanDisk Drive, Milpitas, CA 95035
2.	SanDisk Technologies, Inc.	Corporation	Delaware	951 SanDisk Drive, Milpitas, CA 95035

SUPPLEMENT TO SCHEDULE 3

OWNED REAL PROPERTY

None

SUPPLEMENT TO SCHEDULE 4

EQUITY INTERESTS IN A SUBSIDIARY AND OTHER EQUITY INTERESTS

(a) Equity Interests in a Subsidiary

No.	Name of Parent	Name of Issuer	Certificate No. (as applicable)	No. Shares/ Interests	Percent of such Shares/Interests Pledged
1.	SanDisk Technologies, Inc.	SanDisk Storage (Australia) Pty. Ltd.	None	1	65%

(b) Other Equity Interests

None

SUPPLEMENT TO SCHEDULE 5

INSTRUMENTS AND TANGIBLE CHATTEL PAPER

None

SUPPLEMENT TO SCHEDULE 6

INTELLECTUAL PROPERTY

None

SUPPLEMENT TO SCHEDULE 7

COMMERCIAL TORT CLAIMS

None

Western Digital.

Policy Regarding Insider Trading and Unauthorized Disclosures

1. Purpose

Western Digital Corporation (the "Company") and all directors, officers, and employees of the Company and its subsidiaries are subject to federal and state "insider trading" laws with respect to transactions involving Company securities. These laws prohibit: (i) purchasing or selling (also referred to herein as "trading in") securities of a company while in possession of Inside Information (as defined below), and (ii) disclosing Inside Information to others who may trade while in the possession of that information. As further described below, anyone violating these rules is subject to personal liability and could face criminal penalties. Under certain circumstances, companies and their controlling persons could also be subject to liability if they fail to take reasonable steps to prevent insider trading by company personnel.

The Company has adopted this policy to promote compliance with federal and state insider trading laws, rules and regulations, and any applicable listing standards of the Nasdaq Stock Market LLC and to protect the Company and its directors, officers, and employees (including officers and employees of subsidiaries of the Company) from the serious liabilities and penalties that can result from trading in Company securities in violation of these laws. **You, however, are responsible for ensuring that you do not violate federal or state insider trading laws, rules, and regulations or this policy.**

2. Scope

This policy applies to all directors, officers, and employees of the Company and its subsidiaries. The Company may from time to time also determine those other persons, such as contractors or consultants, should be subject to this policy because they have access to Inside Information concerning the Company or its subsidiaries. This policy applies to all purchases and sales in the Company's securities by such persons or anyone acting on behalf of such persons. This policy also prohibits such persons or anyone acting on behalf of such persons from engaging in certain types of transactions in the Company's securities that create a heightened legal risk or the appearance of improper conduct, including short sales and holding Company securities in a margin account.

2.1 Exclusions

Not Applicable

3. Corporate Policy

3.1 Inside Information

You, as an employee, officer or director of the Company or its subsidiaries, may come into possession of "Inside Information" in the course of your association with the Company. "Inside Information" is

information about the Company or its securities that is both “material” and “non-public.” For purposes of determining whether the information is Inside Information, the following provisions apply:

Material Information. Information about a company or its securities (either positive or negative) is considered “material” if there is a substantial likelihood that a reasonable investor would consider it important in deciding whether to buy or sell a company’s securities. Any information, if publicly disclosed, that would likely have an impact on the price of the Company’s securities, whether positive or negative, should be considered Inside Information. Examples of information that may constitute “material” information depending upon the circumstances include:

- Historical or future financial performance, including projections of future earnings or losses or other earnings guidance;
- A significant merger, acquisition, tender offer or exchange offer;
- A significant purchase or sale of assets or disposition of a subsidiary or division;
- Changes in dividend policies or practices or declaration of a stock split;
- The establishment of a repurchase program for Company securities;
- Offerings of additional securities, significant borrowings or other financing transactions out of the ordinary course;
- Change in the Company’s Chief Executive Officer;
- Change in control of the Company;
- Notification that the Company may no longer rely on the auditor’s report;
- A significant cybersecurity incident, data breach or similar incident;
- Significant pending joint ventures or strategic partnerships;
- Impending bankruptcy or the existence of severe liquidity problems;
- Significant actions by regulatory bodies; or
- Major litigation.

The foregoing list is for illustration only and is not exhaustive. The types of information listed above may not be material in every case, and other types of information not listed may be considered material at particular times, depending upon the circumstances. It is not possible to define all categories of material information, and the public, media, regulators and courts may use hindsight in judging what is material. As a result, it is important to err on the side of caution when considering potentially material information.

Non-Public Information. Information that has not been disclosed to the public is generally considered to be “non-public” unless and until it has been effectively communicated to the public and sufficient time has elapsed to permit the market to absorb and evaluate the information. Information generally would be considered effectively communicated to the public if it has been widely disseminated, such as through

the Dow Jones "broad tape," newswire services, a broadcast on widely available radio or television programs, publication in a widely-available newspaper, magazine or news website or in a public disclosure document filed with the Securities and Exchange Commission (the "SEC") that is available on the SEC's website. As a general rule, information will cease to be "non-public" one (1) full trading day after public release of the information. Depending on the particular circumstances, the Company may determine that a period longer than one (1) trading day is needed after the release of specific material, non-public information.

3.2 Risks and Penalties

It is illegal to trade in the Company's securities while in possession of Inside Information. Under federal securities laws, if you purchase or sell securities of the Company while in the possession of Inside Information:

- You may be liable to other traders in the amount of profit you make or loss you avoid.
- The SEC can bring an action against you to recover civil penalties of up to three times the amount of profit you make or loss you avoid.
- If your transaction was willful, the Department of Justice may bring an action against you for criminal penalties of up to twenty years' imprisonment and $5 million in fines (per violation).
- A federal court may enjoin you (temporarily or permanently) from serving as an officer or director of any public company.

Furthermore, if you disclose Inside Information to another person (called a "tippee") who then purchases or sells securities of the Company, you may be liable for the same civil penalties as if you had engaged in the transaction directly.

The size of the transaction or the amount of profit received by the employee or the tippee does not have to be large to result in prosecution. The SEC and other governmental and regulatory authorities find people violating these rules by engaging in routine market surveillance. Brokers and dealers who handle stock and option transactions for the Company or individuals are required by law to inform the SEC of any possible violations by people who may have Inside Information. The SEC aggressively investigates even small insider trading violations.

Insider trading also imposes significant risks on the Company. First, if you trade on Inside Information, the Company (as your employer) could become subject to severe civil and criminal penalties based on your actions. Second, disclosure of even small amounts of Inside Information could require the Company under federal securities laws to make complete disclosure regarding the matter in question (that is, if part of the story reaches the public domain, the Company may have a duty to disclose the full story). Third, disclosure of Inside Information could damage the Company's competitive position and jeopardize important strategic plans and opportunities.

3.3 Transactions Covered by this Policy

This policy applies to all purchases and sales in the Company's securities, including the Company's common stock or any other type of securities the Company may issue. "Purchase" and "sale" are defined broadly for purposes of the insider trading laws. "Purchase" includes the actual purchase of a security and any contract to purchase or otherwise acquire a security for value, and "sale" includes the actual sale of a security and any contract to sell or otherwise dispose of a security for value.

Examples of transactions subject to this policy include:

- open market or other purchases of common stock; and
- open market or other sales of common stock (including the sale of stock acquired: (i) pursuant to exercises of stock options, including by way of broker-assisted cashless exercise; (ii) upon the vesting of equity-based awards; or (iii) under the Employee Stock Purchase Plan ("ESPP")).

Notwithstanding anything to the contrary herein, the following transactions in the Company's securities are not subject to this policy: (a) the acquisition of common stock pursuant to the vesting of an equity- based award under the Company's stock incentive plans (but not the sale of stock acquired upon vesting);
(b) the acquisition of common stock pursuant to the exercise of stock options under the Company's stock incentive plans where the exercise price and applicable tax withholding amounts are paid in cash (but not the sale of the stock acquired upon exercise); (c) if permitted by the Company, the exercise of a tax withholding right pursuant to which the Company withholds shares of common stock subject to an equity award to satisfy tax withholding requirements; (d) the acquisition of the Company's common stock in the ESPP; and (e) trades in the Company's securities made pursuant to a trading plan adopted in accordance with the requirements of Rule 10b5-1 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the Company's Policy and Guidelines Regarding 10b5-1 Trading Plans.

3.4 Company Policies

In an effort to safeguard the Company's Inside Information and to avoid violation of federal securities laws, the Company requires that each director, officer and employee of the Company or any of its subsidiaries (and any other person designated by the Company as subject to this policy) observe the following policies.

- Do not buy or sell securities of the Company while you are in possession of Inside Information.
- Do not permit any Related Party (as defined below) or anyone acting on your behalf to buy or sell securities of the Company while you are in possession of Inside Information. The application of this policy to any Related Party is based on interpretations of beneficial ownership of securities under the federal securities laws. For purposes of this policy, a "Related Party" means your spouse, your minor children, other relatives (by marriage or otherwise) living in your home (collectively "Family"), trusts or other entities in which you or any member of your Family have a beneficial interest and trusts or other entities over which you or any member of your Family exercises control or investment influence.

- Do not recommend to anyone else that he or she buy or sell securities of the Company when you are in possession of Inside Information. You should also use caution when recommending trading in the Company's securities to anyone else, even if you believe that you do not know any Inside Information, because your recommendation will be reviewed with 20/20 hindsight. Remember that "tipping" Inside Information is always prohibited, and can result in the same civil or criminal penalties that apply if you engaged in insider trading directly.
- Do not disclose Inside Information to any person within the Company whose job does not require him or her to have that information, or outside the Company to any person who is not an employee of the Company (including friends, family, business associates, investors and expert consulting firms) unless such disclosure is made in accordance with the Company's policies regarding the protection or authorized external disclosure of Company information.
- If a member of the media contacts you, do not respond and forward the request to Public Relations. If a securities analyst or investor contacts you, please refer them to the Company's Investor Relations team. Contact the Legal Department for advice if you receive any requests for information from law enforcement, government agencies or public officials.
- Do not discuss Inside Information where it may be overheard, such as in restaurants, elevators, restrooms, airplanes and other public places. Remember that cellular phone conversations are often overheard.
- Use best efforts to keep all memoranda, correspondence and other documents that reflect Inside Information in a secure place.

These restrictions apply to **all employees**, directors and officers of the Company regardless of title or function. Additional restrictions on trading in the Company's securities apply to officers, directors and other designated employees of the Company pursuant to the Company's Policy and Procedures Regarding Pre-Trade Clearance and Section 16 Compliance.

In addition to Inside Information about the Company, you may become aware of similar confidential information about other companies such as suppliers, customers, or competitors, whose securities are publicly traded, in the course of your employment with the Company. In such a situation, you must handle the confidential information of the other company according to the same rules that apply to the Company's Inside Information. You can be liable for trading while in possession of material non-public information in any publicly traded company's securities or for disclosing such information to others who may trade while in possession of it.

3.5 Additional Restrictions

The Company has determined that certain types of transactions in the Company's securities create a heightened legal risk or the appearance of improper or inappropriate conduct even if they occur at a time when you are not in possession of Inside Information. Therefore, it is the Company's policy that directors, officers and employees of the Company or any of its subsidiaries (and all other persons designated by the Company as subject to this policy) may not engage in any of the following transactions:

- Short Sales. Short sales of the Company's securities (generally, the sale of a security that the seller does not own) may evidence an expectation on the part of the seller that the securities will decline in value, and therefore signal to the market that the seller lacks confidence in the Company's prospects. Additionally, short sales may reduce a seller's incentive to seek to improve the Company's performance. For these reasons, engaging in short sales of the Company's securities, *which are illegal for officers and directors pursuant to Section 16(c) of the Exchange Act*, is prohibited.
- Publicly Traded Options. Given the relatively short term of publicly-traded options, any purchase or sale of such options related to the Company's securities may create the appearance that a director, officer or employee is trading based on Inside Information and focus a director's, officer's or other employee's attention on short-term performance at the expense of the Company's long-term objectives. Accordingly, transactions in put options, call options or other derivative securities, on an exchange or in any other organized market, are prohibited.
- Hedging Transactions. Hedging or monetization transactions, such as prepaid variable forwards, equity swaps, collars and exchange funds, that hedge or offset, or are designed to hedge or offset, any decrease in the market value of the Company's securities may permit ownership of the Company's securities without the full risks and rewards of ownership. When that occurs, a director, officer or employee entering into such transactions may no longer have the same objectives as the Company's other stockholders. Therefore, directors, officers and employees are prohibited from engaging in these types of hedging or monetization transactions.
- Margin Accounts and Pledged Securities. Securities held in a margin account as collateral for a margin loan may be sold by the broker without the customer's consent if the customer fails to meet a margin call. Similarly, securities pledged (or hypothecated) as collateral for a loan may be sold in foreclosure if the borrower defaults on the loan. Because a margin sale or foreclosure sale may occur at a time when the pledgor is aware of Inside Information or otherwise is not permitted to trade in the Company's securities, directors, officers and employees are prohibited from margining the Company's securities in a margin account or otherwise pledging the Company's securities as collateral for a loan.

* * *

It is the Company's policy to cooperate fully with the SEC and other governmental and regulatory authorities in investigating possible violations by employees and others of applicable laws and regulations. If appropriate, the Company will assist authorities in the prosecution of persons who engage in illegal conduct.

Please contact the Company's Chief Legal Officer (or his or her designee) if you have any questions about these policies or their application to any specific set of facts.

POLICY AND PROCEDURES REGARDING
PRE-TRADE CLEARANCE AND SECTION 16 COMPLIANCE

Amended and Restated as of February 27, 2023

1. Purpose

The purpose of this Policy and Procedures Regarding Pre-Trade Clearance and Section 16 Compliance (this "Policy") is to assist Insiders (as defined below) in complying their obligations under the Western Digital Corporation (the "Company") insider trading policies and federal and state insider trading laws, rules and regulations and any applicable listing standards of the Nasdaq Stock Market LLC. This Policy sets forth:

- the pre-trade clearance policy for directors and officers of the Company who are subject to the reporting and liability provisions of Section 16 of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder ("Section 16" and such directors and officers, "Section 16 Insiders"), and officers and designated employees, consultants and contractors who, in the normal course of their duties or with respect to a particular matter, have or may have regular or special access to material non-public information about the Company or its subsidiaries ("Other Insiders" and, together with Section 16 Insiders, "Insiders"); and

- the Company's Section 16 compliance policy that is intended to assist Section 16 Insiders in complying with their responsibilities under Section 16.

2. Pre-Trade Clearance Requirements

You **must obtain written pre-trade clearance** from the Company's Chief Legal Officer (or his or her designee) **before you, or any Related Party** (as defined in the Company's Policy Regarding Insider Trading and Unauthorized Disclosures, referred to herein as the "Insider Trading Policy"), **engage in any Applicable Transaction** (as defined below). For purposes of this Policy, written pre-trade clearance includes pre-trade clearance by e-mail or electronic transmission by the Chief Legal Officer (or his or her designee). Written pre-trade clearance for any Applicable Transaction is required at all times, and you should establish procedures with each of your Related Parties to ensure compliance with this Policy. If you have any questions regarding the status of a person, trust or entity as a Related Party, please contact the Company's Chief Legal Officer before conducting any transactions.

2.1 Applicable Transactions

You must obtain pre-trade clearance for any "Applicable Transaction." An Applicable Transaction includes any transaction concerning the Company's securities, including:

- open market or other purchases of common stock;

- open market or other sales of common stock (including the sale of stock acquired: (i) pursuant to exercises of stock options, including by way of broker-assisted cashless exercise; (ii) upon the vesting of equity-based awards; or (ii) under the Company's Employee Stock Purchase Plan ("ESPP"));

- adoption of a trading plan under Rule 10b5-1 promulgated under the Securities Exchange Act of 1934, as amended (a "10b5-1 Trading Plan"); and
- gifts, contributions to trusts or any other direct or indirect transfer of Company securities.

Notwithstanding the foregoing, an Applicable Transaction does not include, and you will not be required to obtain pre-trade clearance for:

- the acquisition of common stock pursuant to the vesting of an equity-based award under the Company's stock incentive plans (but not the sale of the stock acquired upon vesting);
- if permitted by the Company, the exercise of a tax withholding right pursuant to which the Company withholds or reacquires shares subject to an equity award to satisfy tax withholding requirements;
- the acquisition of Company stock in the ESPP; and
- trades in the Company's securities made pursuant to a 10b5-1 Trading Plan that has been pre-cleared pursuant to the Company's Policy and Guidelines Regarding 10b5- 1 Trading Plans.

2.2 Pre-Trade Clearance Considerations

In determining whether to permit the consummation of an Applicable Transaction, the Company's Chief Legal Officer considers factors that include, among others, whether the transaction is permitted by the Insider Trading Policy, whether the Insider is in possession of material non-public information, the existence of a Blackout Period (as defined in the Company's Summary of Insider Designation Procedures), whether sufficient information regarding the proposed transaction has been provided, and, for Section 16 Insiders, whether there has been any non-exempt "opposite- way" transaction within the past six months for purposes of Section 16(b) of the Securities Exchange Act of 1934, as amended ("Section 16(b)"). **The Chief Legal Officer is under no obligation to permit a transaction submitted for pre-trade clearance, even if it would not violate the federal securities laws or specific provision of this Policy, and may determine not to permit the transaction**. You will not be able to consummate any Applicable Transaction during an applicable Blackout Period (other than the acquisition of common stock pursuant to a cash exercise of Company-issued stock options (but not the sale of the stock acquired upon exercise)).

2.3 Requesting Clearance

To request clearance for a transaction, you should submit an "Insider Trading Clearance Request" at least 24 hours (not including holidays and weekends) before the proposed transaction. The form is available on Connect, the Company's intranet. Complete the form online and submit as instructed. You may also send a copy of the form by email to Global Stock Administration or to the Chief Legal Officer. In the event the Chief Legal Officer desires to engage in an Applicable Transaction, he or she must submit a pre-trade clearance request to the Chief Executive Officer, Chief Financial Officer or President for approval (and, in such cases, all references to the Chief Legal Officer in this Policy shall refer to the Chief Executive Officer, Chief Financial Officer or President).

2.4 Receipt of Pre-trade Clearance

After completing and submitting the Insider Trading Clearance Request, you will receive an e- mail from the Company as to whether your proposed transaction has been cleared. **Pre-trade clearances are valid for five (5) trading days following the day on which the trade is approved** or as otherwise indicated. Once your proposed transaction has been cleared, please contact E*Trade (or its successor) to consummate the transaction.

Notwithstanding any pre-trade clearance of your proposed transaction pursuant to this Policy, you remain responsible for determining if you are in possession of material non-public information and any action by the Company, the Chief Legal Officer or any other employee pursuant to this Policy does not constitute legal advice or insulate you from potential liability under insider trading laws. Additionally, even if a trade has been pre-cleared by the Chief Legal Officer (or his or her designee), such trade may not be executed if (i) you become aware of material non-public information concerning the Company, any of its subsidiaries or its securities, (ii) the Chief Legal Officer (or his or her designee) subsequently revokes the pre-trade clearance, or (iii) a Blackout Period subsequently commences. If your proposed transaction is not completed within the period described above (or if the Chief Legal Officer revokes the pre-trade clearance or notifies you of a Blackout Period), the transaction must be resubmitted for pre-trade clearance to the Chief Legal Officer before it may be executed. The fact that a particular intended trade has been denied pre- clearance should be treated as confidential information and should not be disclosed to any person unless authorized by the Chief Legal Officer (or his or her designee).

Please contact the Company's Chief Legal Officer (or his or her designee) if you have any questions regarding these policies and procedures or their application to any specific transaction.

3. Section 16 Compliance

This section of the Policy only applies to Section 16 Insiders. Section 16 Insiders are determined, designated and notified in accordance with the Company's Summary of Insider Designation Procedures. If you are a Section 16 Insider, you are subject to Section 16, including the reporting obligations of Section 16(a) of the Securities Exchange Act of 1934, as amended, and the "short- swing" profit recapture provisions of Section 16(b).

Section 16(a) requires the Company's officers and directors and individuals who beneficially own greater than 10% of any class of the Company's equity securities to report their holdings of, and transactions in, the Company's equity securities beneficially owned by them to the Securities and Exchange Commission (the "SEC"). Any failure to do so in a timely manner must be disclosed in the Company's annual proxy statement and/or annual report on Form 10-K and could result in civil or criminal penalties.

Under Section 16(b), any stockholder of the Company may sue on behalf of the Company to recover all short-swing profits received by persons subject to Section 16 resulting from any combination of non-exempt "purchase and sale" or "sale and purchase" transactions in the Company's equity securities (and/or securities convertible into or having the right to acquire such equity securities) within any six-month period.

3.1 Filing Deadlines and Accelerated Two-Day Filing Requirement

Section 16 reports filed with the SEC include:

- Form 3 Reports (Initial Reports). Initial Form 3 reports are due within 10 calendar days of when a person first becomes a Section 16 Insider or a holder of more than 10% of the Company's securities. Upon becoming a Section Insider, a Form 3 is filed to report

- such person's initial holdings of Company equity securities, even if such person does not hold any securities.

- Form 4 Reports (Statement of Change of Beneficial Ownership Reports). Most transactions that involve Company equity securities, including gifts, are reported on a Form 4 and are due **before the end of the second business day (7:00 p.m., Pacific Time) following the day on which the subject transaction was executed**.

- Form 5 Reports (Annual Year-End Reports). A Form 5 report, if necessary, is required to be filed annually no later than 45 calendar days after the end of the Company's fiscal year. A Form 5 is used to report: (i) any transactions that were required to have been reported earlier under Section 16 but were not (e.g., late reports); and (ii) certain limited types of transactions eligible for deferred reporting (e.g., inheritances).

3.2 Company Assistance with the Preparation and Filing of Section 16 Reports

The Section 16(a) reporting rules are complex. It is the legal obligation of the Section 16 Insider to comply with Section 16(a) reporting requirements; however, the Company has a Section 16 compliance program to assist you in meeting your filing responsibilities under SEC regulations. The Company has designated Global Stock Administration as "Filing Coordinator" to assist in the preparation, review and filing of all SEC Form 3, 4 and 5 reports on your behalf.

The specifics of the program are described below; however, note that the initial step in the program is to complete an Insider Trading Clearance Request and submit it (as provided above) for pre-trade clearance of any proposed transaction in the Company's securities.

- Initial Preparation of Your Section 16 Reports. The Filing Coordinator assists in obtaining SEC filing codes and the preparation of a Form 3 when an individual first becomes a Section 16 Insider. The Filing Coordinator is apprised of any subsequent transactions reportable on Form 4 or Form 5 via the Insider Trading Clearance Request and based on information provided by you and/or your broker. The preparation of your Section 16 reports is based on such information, and thus it is imperative that all transaction information that is provided be accurate and timely. In this regard, **it is important to maintain a constant open line of communication with the Filing Coordinator so that your filings will similarly be accurate and timely**.

- Signing Your Section 16 Reports. You are responsible for timely signing and returning your Section 16 reports. You may manually sign and, if you have signed an Electronic Signature Attestation in advance, you can also e-sign your Section 16 reports. Alternatively, each Section 16 Insider may provide the Company with a current and valid Power of Attorney, permitting certain authorized parties at the Company to sign your Section 16 reports on your behalf. The SEC will not excuse a late filing simply because an individual is unavailable to sign at the time the report is due.

- Filing Your Section Reports. The Filing Coordinator can coordinate the filing of your Section 16 reports with the SEC.

- End of Service as a Section 16 Insider. You are still required to file a Form 4 for non- exempt reportable transactions **after** you cease to be a Section 16 Insider if the transactions occur within six months of an "opposite way" non-exempt transaction effected while a Section 16 Insider. Additionally, a Form 5 may be required with respect to certain exempt transactions that occurred before you ceased to be a Section

- 16 Insider. It is important to contact and work with the Filing Coordinator even after your service as a Section 16 Insider ends.

- Form 144. You should not sell or otherwise dispose of the Company's securities until you complete and file a SEC Form 144, which you can obtain from your broker or the Filing Coordinator. Form 144 is basically a notice of intent to dispose of the securities and must be filed with the SEC on or before the date of your trade.

Failure to comply with the Section 16 reporting regulations can result in large fines and penalties to you. The Company is required to disclose delinquent filings and failures to file by its officers and directors in its annual proxy statement and/or annual report on Form 10-K. Such disclosures by the Company could lead to inquiries and enforcement actions by the SEC against those who have not made timely filings.

3.3 Ultimate Responsibility

Section 16(a) reporting obligations and liability under Section 16(b) for "short-swing" trading profits remain, at all times, your sole responsibility and obligation. The Company's assistance in the preparation and filing of Section 16 reports does not relieve you of your responsibility with respect to Section 16 reporting obligations and liability. Further, the Company does not assume any legal responsibility in this regard. The Company will make a good faith effort to ensure the accuracy and timeliness of each Section 16 report for which it assists in preparing and filing. However, the Company cannot assure you that such reports will always be accurate and timely due to, among other things, the short reporting deadlines of Section 16(a) and the Company's need to rely on the accuracy of information provided by others in the preparation of such reports. Section 16 Insiders should recognize that it will remain their obligation to see that filings are accurate and timely, and that they do not engage in transactions that could result in liability under Section 16(b) for "short-swing" trading profits.

Western Digital.

POLICY AND GUIDELINES REGARDING
10b5-1 TRADING PLANS

Amended and Restated as of February 27, 2023

1. Purpose

Rule 10b5-1 under the Securities Exchange Act of 1934, as amended ("Rule 10b5-1"), provides an affirmative defense against allegations of insider trading if the trades occur under a pre-existing trading plan that complies with Rule 10b5-1 (a "10b5-1 Trading Plan"), including a requirement that the 10b5-1 Trading Plan is entered into in good faith at a time when the insider is not aware of material non-public information. An insider that has adopted a 10b5-1 Trading Plan can engage in transactions over an extended period of time, even during blackout periods, as long as the insider is not aware of material nonpublic information at the time the insider entered into the 10b5- 1 Trading Plan and has acted in good faith with respect to the plan.

Western Digital Corporation (the "Company") has adopted this Policy and Guidelines Regarding 10b5-1 Trading Plans (this "Policy") to:

- set forth the Company's policy regarding the adoption of a 10b5-1 Trading Plan with respect to the Company's securities, the required terms of 10b5-1 Trading Plans and who is eligible to adopt a 10b5-1 Trading Plan; and
- assist the Company's employees, officers and directors who are eligible to adopt a 10b5-1 Trading Plan to meet the requirements of the affirmative defense created by Rule 10b5-1.

2. Eligibility and Scope

10b5-1 Trading Plans may be adopted by: (i) officers and directors ("Section 16 Insiders") who are subject to the reporting and liability provisions of Section 16 of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder ("Section 16"); (ii) other employees, consultants or contractors who are designated to be Insiders under the Company's Summary of Insider Designation Procedures ("Other Insiders" and, together with Section 16 Insiders, "Insiders"); and (iii) such other persons approved in writing by the Chief Legal Officer (or his or her designee).

All 10b5-1 Trading Plans adopted by Insiders are required to comply with this Policy and Rule 10b5-1.

In certain circumstances, award agreements under the Company's stock incentive plans may contain mandatory trading plans that are intended to comply with the requirements of Rule 10b5-
1. Such trading plans are not subject to this Policy if they constitute a Sell-to-Cover Plan (as defined below). For the avoidance of doubt, this Policy does not apply to any plan implemented by the Company pursuant to Rule 10b5-1 in connection with the Company's repurchase of shares of its common stock. The Company may implement a 10b5-1 Trading Plan at any time and in any manner it deems advisable, subject to any applicable federal and state laws, rules and regulations.

3. Rule 10b5-1 Requirements for a 10b5-1 Trading Plan

A 10b5-1 Trading Plan must meet the following requirements under Rule 10b5-1:

- The 10b5-1 Trading Plan must be adopted when the Insider is not aware of material non-public information about the Company or its securities, and must contain a representation confirming that the Insider is not aware of material non-public information about the Company or its securities.
- The 10b5-1 Trading Plan must be "entered into in good faith" and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1, the Insider must act in good faith with respect to the 10b5-1 Trading Plan and the 10b5-1 Trading Plan must contain a representation confirming that such plan is being "entered into in good faith" and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1.
- The 10b5-1 Trading Plan must be in the form of a binding written plan or contract;
- The 10b5-1 Trading Plan must specify the amount of securities to be traded, the prices and the dates of transactions or a written algorithm or formula for determining the amounts, prices and dates of transactions.
- After a 10b5-1 Trading Plan is adopted, any purchases or sales of securities covered by the 10b5-1 Trading Plan must occur pursuant to the 10b5-1 Trading Plan and the Insider adopting the 10b5-1 Trading Plan may not exercise any subsequent influence over how, when or whether to make purchases or sales of those securities or otherwise alter or deviate from the 10b5-1 Trading Plan or enter into or alter a corresponding or hedging transaction or position with respect to the securities to be purchased or sold under the 10b5-1 Trading Plan.
- The 10b5-1 Trading Plan must provide that the first trade shall not occur until the later of: (i) 90 days after the adoption or modification (e.g., change to the amount, price or timing of the purchase or sale of the securities underlying the 10b5-1 Trading Plan) of such plan; or (ii) two business days following the disclosure in periodic reports on Forms 10-Q or 10-K of the Company's financial results for the fiscal quarter in which the 10b5-1 Trading Plan was adopted or modified, in either case, subject to a maximum of 120 days after the adoption or modification of the 10b5-1 Trading Plan (such period in which trades may not occur, the "Cooling-Off Period").
- No more than one 10b5-1 Trading Plan shall be in effect at any time with respect to Company securities beneficially owned by the Insider, except that, during the term of a 10b5-1 Trading Plan, the Insider may:
    - adopt a second 10b5-1 Trading Plan in compliance with this Policy with any transactions to take effect upon the completion or expiration of the Insider's current 10b5-1 Trading Plan; provided, however, that if the current 10b5-1 Trading Plan is terminated before its originally scheduled completion or

expiration date, then the Cooling-Off Period for the later-commencing plan shall run from the date of such termination (and not from the date the later commencing plan was adopted); and

- enter into another contract, instruction or plan providing only for the sale of such securities as are necessary to satisfy tax withholding obligations arising exclusively from the vesting of a compensatory award, such as restricted stock or restricted stock units, and provided that the Insider does not exercise control over the timing of such sales (a "Sell-to-Cover Plan").

- Other than Sell-to-Cover Plans, during any 12-month period, no Insider may adopt more than one "single-trade" 10b5-1 Trading Plan, which is a plan that is designed to effect the open market purchase or sale of the total amount of the securities subject to the 10b5-1 Trading Plan as a single transaction.

4. Additional Requirements for a 10b5-1 Trading Plan

In addition to the Rule 10b5-1 requirements for 10b5-1 Trading Plans specified above, all 10b5-1 Trading Plans must satisfy the following additional terms and conditions:

- A 10b5-1 Trading Plan may not be adopted during a Blackout Period (as defined in the Company's Summary of Insider Designation Procedures).

- The 10b5-1 Trading Plan must provide for a minimum term of 6 months.

- Because a 10b5-1 Trading Plan must be entered into and acted on in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1, a 10b5-1 Trading Plan should be adopted with the intention that it will not be modified or terminated, because changes to a 10b5-1 Trading Plan may raise issues as to an individual's good faith. For this reason, although modifications to, and early termination of, a 10b5-1 Trading Plan are not prohibited, any modification or termination of a 10b5-1 Trading Plan is subject to pre-clearance by the Chief Legal Officer (or his or her designee) and the following additional requirements:

  - the 10b5-1 Trading Plan may not be modified or terminated during a Blackout Period or when the Insider is aware of material non-public information concerning the Company or its securities;

  - the 10b5-1 Trading Plan may not be modified more than once during its term;

  - a 10b5-1 Trading Plan that is modified must satisfy all of the requirements of Rule 10b5-1 and this Policy that apply to the adoption of a new 10b5-1 Trading Plan; and

  - if an Insider terminates a 10b5-1 Trading Plan during its term, a new 10b5-1 Trading Plan may not be adopted by the Insider for a period of 90 days following such termination.

5. Disclosure Requirements for a 10b5-1 Trading Plan

To the extent required by applicable SEC rules or regulations, the Company will disclose quarterly on Forms 10-Q and 10-K: (i) whether any Section 16 Insider has adopted, modified or terminated a 10b5-1 Trading Plan during the last completed quarter; and (ii) a description of the material terms of the 10b5-1 Trading Plan. In addition, Section 16 Insiders are required to indicate in Form 4 and Form 5 filings whether a Section 16 Insider transaction of Company stock was made pursuant to a 10b5-1 Trading Plan, as well as the date of the adoption of the 10b5-1 Trading Plan.

6. Procedures for Adoption

6.1 Brokerage Account

Before entering into a 10b5-1 Trading Plan, the Insider must first choose a broker that is qualified to administer a 10b5-1 Trading Plan and must use only one broker to execute covered trades in the Company's stock while the 10b5-1 Trading Plan is in place. The Company recommends that E*TRADE be used for this purpose.

If the Insider does not have a brokerage account with E*TRADE, the Insider should first complete a brokerage account application with E*TRADE to open a brokerage account. The Insider must then coordinate with E*TRADE to prepare a 10b5-1 Trading Plan. If the Insider chooses a broker other than E*TRADE, the Insider must receive clearance from the Chief Legal Officer (or his or her designee), regarding such broker's Rule 10b5-1 trading plan template prior to entering in a 10b5-1 Trading Plan.

6.2 Pre-Clearance of 10b5-1 Trading Plan

Before the Insider may adopt a 10b5-1 Trading Plan, the plan must be pre-cleared by the Chief Legal Officer (or his or her designee), except that 10b5-1 Trading Plan clearance requests submitted by the Chief Legal Officer must be approved by the Chief Executive Officer, Chief Financial Officer or President (and, in such cases, all references to the Chief Legal Officer below shall refer to the Chief Executive Officer, Chief Financial Officer or President). The Chief Legal Officer is under no obligation to clear any proposed 10b5-1 Trading Plan, even if it would not violate the federal securities laws or specific provision of this Policy, and may make such determination in its sole and absolute discretion. **Pre-clearance of a 10b5-1 Trading Plan by the Chief Legal Officer (or his or her designee) will be valid for five (5) trading days following the day on which the plan is approved** or as otherwise indicated. Once the Insider's proposed 10b5-1 Trading Plan has been cleared, the Insider should promptly contact his or her broker to finalize adoption of the 10b5-1 Trading Plan and the broker should coordinate with Global Stock Administration, as necessary, to coordinate the transfer of the Company's securities and/or funds. A copy of the final 10b5-1 Trading Plan must also be provided to Global Stock Administration.

Notwithstanding any pre-clearance of a proposed 10b5-1 Trading Plan pursuant to this Policy, the Insider remains responsible for determining whether he or she is aware of material non-public information and for ensuring compliance with Rule 10b5-1. Any action by the Company, the Chief Legal Officer or any other person to pre-clear a proposed 10b5-1 Trading Plan pursuant to this Policy does not constitute legal advice to the Insider establishing the 10b5-1 Trading Plan, a representation or warranty that the 10b5-1 Trading Plan is valid under Rule

10b5-1 or otherwise insulate such Insider from potential liability under insider trading laws. Additionally, even if a 10b5- 1 Trading Plan has been pre-cleared by the Chief Legal Officer (or his or her designee), such plan may not be adopted if: (i) the Insider becomes aware of material non-public information concerning the Company or its securities; (ii) the Chief Legal Officer (or his or her designee) subsequently revokes the pre-clearance; or (iii) a Blackout Period subsequently commences. If the Insider has not adopted the 10b5-1 Trading Plan within the period described above (or if the Chief Legal Officer revokes the pre-clearance or notifies the Insider of a Blackout Period), the 10b5-1 Trading Plan must be resubmitted for pre-clearance to the Chief Legal Officer before it may be adopted. The fact that a 10b5-1 Trading Plan has been denied pre-clearance should be treated as confidential information and should not be disclosed to any person unless authorized by the Chief Legal Officer (or his or her designee).

Transactions effected pursuant to a pre-cleared 10b5-1 Trading Plan will not require further pre- clearance at the time of any transaction made pursuant to the 10b5-1 Trading Plan. However, transactions effected pursuant to any 10b5-1 Trading Plan adopted by a Section 16 Insider are still subject to certain short reporting deadlines under Section 16 and thus must be reported immediately to the Company in accordance with the Company's Policy and Procedures Regarding Pre-Trade Clearance and Section 16 Compliance, so that a Section 16 report may be prepared and timely filed. Section 16 Insiders should also coordinate with their brokers to file a Form 144 for sales to be effected under the 10b5-1 Trading Plan as required by applicable law.

Exhibit 21

WESTERN DIGITAL CORPORATION
SUBSIDIARIES OF THE COMPANY

Name of Entity	State or Other Jurisdiction of Incorporation or Organization
Amplidata N.V.	Belgium
EasyStore Memory Limited	Ireland
Fusion-io Poland SP.Z.O.O.	Poland
Fusion-io Singapore Private Ltd	Singapore
HGST (Shenzhen) Co., Ltd.	China
HGST Malaysia Sdn. Bhd.	Malaysia
HGST Netherlands B.V.	Netherlands
HICAP Properties Corp.	Philippines
Keen Personal Media, Inc.	Delaware
Pacifica Insurance Corporation	Hawaii
Prestadora SD, S. de R.L. de C.V.	Mexico
Read-Rite Philippines, Inc.	Philippines
SanDisk (Cayman) Limited	Cayman Islands
SanDisk (Ireland) Limited	Ireland
SanDisk 3D IP Holdings Ltd	Cayman Islands
SanDisk Australia Pty. Ltd.	Australia
SanDisk Capital Global Ltd.	Cayman Islands
SanDisk Capital LLC	Delaware
SanDisk Cayman Holdings Limited	Cayman Islands
SanDisk China Limited	Ireland
SanDisk China LLC	Delaware
Sandisk Corporation	Delaware
Sandisk Federal, LLC	Delaware
SanDisk Denmark ApS	Denmark
SanDisk Flash B.V.	Netherlands
SanDisk France	France
SanDisk Germany GmbH	Germany
SanDisk Holding Limited	Cayman Islands
SanDisk Holdings B.V.	Netherlands
SanDisk Hong Kong Limited	Hong Kong
SanDisk India Device Design Centre Private Limited	India
SanDisk Information Technology (Shanghai) Co. Ltd.	China
SanDisk International Limited	Ireland
SanDisk International Middle East FZE	United Arab Emirates
SanDisk Italy S.R.L.	Italy
SanDisk Korea Limited	Korea
SanDisk LLC	Delaware

SanDisk Manufacturing Americas, LLC	Delaware
SanDisk Pazarlama Ve Ticaret Limited Sirketi	Turkey
SanDisk Semiconductor (Shanghai) Co. Ltd.	China
SanDisk Spain, S.L.U.	Spain
SanDisk Storage (Italy) S.R.L.	Italy
SanDisk Storage Malaysia Sdn. Bhd.	Malaysia
SanDisk Storage (Philippines) Corp.	Philippines
SanDisk Storage Pte. Ltd.	Singapore
SanDisk Sweden AB	Sweden
SanDisk Switzerland Sarl	Switzerland
SanDisk Technologies LLC	Texas
Sandisk Technologies, Inc.	Delaware
SanDisk Trading (Shanghai) Co. Ltd.	China
SanDisk Trading Holdings Limited	Ireland
SanDisk UK Holdings Limited	United Kingdom
SanDisk UK Limited	United Kingdom
SMART Storage Systems GmbH	Austria
STEC International Holding, LLC	California
Suntech Realty, Inc.	Philippines
Virident Systems International Holdings Ltd.	Cayman Islands
Virident Systems, LLC	Delaware
WD ACC Holdings Corporation	Philippines
WD Media (Malaysia) Sdn.	Malaysia
WD Storage Technologies India Private Limited	India
WD Technologies Nigeria Limited	Nigeria
Western Digital (Argentina) S.A.	Argentina
Western Digital (France) SARL	France
Western Digital (Malaysia) Sdn. Bhd.	Malaysia
Western Digital (Singapore) Pte. Ltd.	Singapore
Western Digital (UK) Limited	United Kingdom
Western Digital (Vietnam) Limited Liability Company	Vietnam
Western Digital Australia Pty Ltd	Australia
Western Digital Canada Corporation	Ontario, Canada
Western Digital Capital Global, Ltd.	Cayman Islands
Western Digital Capital, LLC	Delaware
Western Digital Cayman Holdings Limited	Cayman Islands
Western Digital Denmark ApS	Denmark
Western Digital Deutschland GmbH	Germany
Western Digital Do Brasil Comercio E Distribuicao De Produtos De Informatica Ltda.	Brazil
Western Digital Federal, LLC	Delaware
Western Digital GK	Japan
Western Digital Hong Kong Limited	Hong Kong
Western Digital Information Technology (Shanghai) Company Ltd.	China

Western Digital Israel Ltd.	Israel
Western Digital Korea Limited	Korea
Western Digital Latin America, LLC	Delaware
Western Digital Marketing GK	Japan
Western Digital Storage Technologies (Philippines) Corp.	Philippines
Western Digital Storage Technologies (Shanghai) Co. Ltd.	China
Western Digital Storage Technologies (Thailand) Ltd.	Thailand
Western Digital Storage Technology Innovation Center (Shenzhen) Co. Ltd.	China
Western Digital Tech and Regional Center (M) Sdn. Bhd.	Malaysia
Western Digital Technologies GK	Japan
Western Digital Technologies Spain, S.L.	Spain
Western Digital Technologies, Inc.	Delaware

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of Western Digital Corporation:

We consent to the incorporation by reference in the registration statements on Form S-8 (Nos. 333-41423, 333-122475, 333-129813, 333-155661, 333-163133, 333-180286, 333-185194, 333-191216, 333-191910, 333-202646, 333-207842, 333-211420, 33-60168, 333-221407, 333-228331, 333-235257, 333-250968, 333-261184, 333-268479, and 333-275641), and the registration statement on Form S-3 (No. 333-259102) of our report dated August 19, 2024, with respect to the consolidated financial statements of Western Digital Corporation and subsidiaries and the effectiveness of internal control over financial reporting.

/s/ KPMG LLP

Santa Clara, California
August 19, 2024

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, David V. Goeckeler, certify that:

1. I have reviewed this Annual Report on Form 10-K of Western Digital Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15(d)-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ David V. Goeckeler
David V. Goeckeler
Chief Executive Officer

Dated: August 19, 2024

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Wissam Jabre, certify that:

1. I have reviewed this Annual Report on Form 10-K of Western Digital Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15(d)-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Wissam Jabre
Wissam Jabre
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Dated: August 19, 2024

Exhibit 32.1

The following certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350 and in accordance with SEC Release No. 33-8238. This certification shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section, nor shall it be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that Western Digital Corporation specifically incorporates it by reference.

Certification of Chief Executive Officer

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Western Digital Corporation, a Delaware corporation (the "Company"), hereby certifies, to his knowledge, that:

(i) the accompanying Annual Report on Form 10-K of the Company for the period ended June 28, 2024 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ David V. Goeckeler
David V. Goeckeler
Chief Executive Officer

Dated: August 19, 2024

Exhibit 32.2

The following certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350 and in accordance with SEC Release No. 33-8238. This certification shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section, nor shall it be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that Western Digital Corporation specifically incorporates it by reference.

Certification of Chief Financial Officer

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Western Digital Corporation, a Delaware corporation (the "Company"), hereby certifies, to his knowledge, that:

(i) the accompanying Annual Report on Form 10-K of the Company for the period ended June 28, 2024 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Wissam Jabre

Wissam Jabre

Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Dated: August 19, 2024

WESTERN DIGITAL CORPORATION

COMPENSATION RECOVERY (CLAWBACK) POLICY

Recovery of Incentive-Based Compensation

It is the policy of Western Digital Corporation (the "Company") that, in the event the Company is required to prepare an accounting restatement of the Company's financial statements due to the Company's material non-compliance with any financial reporting requirement under the federal securities laws (including any such correction that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period), the Company will recover on a reasonably prompt basis the amount of any Incentive-Based Compensation Received by a Covered Executive during the Recovery Period that exceeds the amount that otherwise would have been Received had it been determined based on the restated financial statements.

Policy Administration and Definitions

This Policy is administered by the Compensation and Talent Committee (the "Committee") of the Company's Board of Directors and is intended to comply with, and, as applicable, to be administered and interpreted consistent with, and subject to the exceptions set forth in, Listing Standard 5608 adopted by The Nasdaq Stock Market to implement Rule 10D-1 under the Securities Exchange Act of 1934, as amended (collectively, "Rule 10D-1").

For purposes of this Policy:

"Incentive-Based Compensation" means any compensation granted, earned, or vested based in whole or in part on the Company's attainment of a financial reporting measure that was Received by a person: (i) on or after October 2, 2023 and after the person began service as a Covered Executive; and (ii) who served as a Covered Executive at any time during the performance period for the Incentive-Based Compensation. A financial reporting measure is: (i) any measure that is determined and presented in accordance with the accounting principles used in preparing the Company's financial statements and any measure derived wholly or in part from such a measure; and (ii) any measure based in whole or in part on the Company's stock price or total shareholder return.

Incentive-Based Compensation is deemed to be "Received" in the fiscal period during which the relevant financial reporting measure is attained, regardless of when the compensation is actually paid or awarded.

"Covered Executive" means any "executive officer" of the Company as defined under Rule 10D-1.

"Recovery Period" means the three completed fiscal years immediately preceding the date that the Company is required to prepare the accounting restatement described in this Policy, all as determined pursuant to Rule 10D-1, and, if the Company changes its fiscal year, any transition period of less than nine months that is within or immediately following such three fiscal years.

If the Committee determines the amount of Incentive-Based Compensation Received by a Covered Executive during a Recovery Period exceeds the amount that would have been Received if determined or calculated based on the Company's restated financial results, such excess amount of Incentive-Based Compensation shall be subject to recoupment by the Company pursuant to this Policy. For Incentive-Based Compensation based on stock price or total shareholder return, where the amount of erroneously awarded compensation is not subject to mathematical recalculation directly from the information in an accounting restatement, the Committee will determine the amount based on a reasonable estimate of the effect of the accounting restatement on the relevant stock price or total shareholder return. In all cases, the calculation of the excess amount of Incentive-Based Compensation to be recovered will be determined without regard to any taxes paid with respect to such compensation. The Company will maintain and, to the extent required by Rule 10D-1, will provide to The Nasdaq Stock Market, documentation of all determinations and actions taken in complying with this Policy. Any determinations made by the Committee under this Policy shall be final and binding on all affected individuals.

The Company may effect any recovery pursuant to this Policy by requiring payment of such amount(s) to the Company, by set-off, by reducing future compensation, or by such other means or combination of means as the Committee determines to be appropriate. The Company need not recover the excess amount of Incentive-Based Compensation if and to the extent that the Committee determines that such recovery is impracticable, subject to and in accordance with any applicable exceptions under The Nasdaq Stock Market listing rules, and not required under Rule 10D-1, including if the Committee determines that the direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered after making a reasonable attempt to recover such amounts. The Company is authorized to take appropriate steps to implement this Policy with respect to Incentive-Based Compensation arrangements with Covered Executives.

Any right of recoupment or recovery pursuant to this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company pursuant to the terms of any other policy, any employment agreement or plan or award terms, and any other legal remedies available to the Company; provided that the Company shall not recoup amounts pursuant to such other policy, terms or remedies to the extent it is recovered pursuant to this Policy. The Company shall not indemnify any Covered Executive against the loss of any Incentive-Based Compensation (or provide any advancement of expenses in such instance), including any payment or reimbursement for the cost of third-party insurance purchased by any Covered Executives to fund potential recovery obligations under this Policy.

This Policy, which is effective as of November 14, 2023, replaces and supersedes the Company's Compensation Recovery Policy, as amended on March 4, 2020.