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

# FORM 10-Q

*(Mark One)*

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

**For the quarterly period ended March 28, 2025**

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

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

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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of the close of business on April 25, 2025, 348,878,365 shares of common stock, par value $0.01 per share, were outstanding.

**WESTERN DIGITAL CORPORATION**

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**PART I. FINANCIAL INFORMATION**



**PART II. OTHER INFORMATION**



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 and WD are registered trademarks or trademarks of Western Digital or its affiliates in the United States 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 the completed separation of our hard disk drives ("HDD") and flash-based products ("Flash") business units (the "Separation"); the impact of the global macroeconomic environment, including tariffs; expectations regarding demand trends and market conditions for our products; expectations regarding our tax resolutions, effective tax rate and unrecognized tax benefits; expectations regarding the merits of our positions and plans with respect to certain litigation matters; statements regarding our quarterly dividend program; 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 us as of the date of this Quarterly Report on Form 10-Q 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 include, but are not limited to:*

- *adverse global or regional conditions, including new or additional tariffs or trade restrictions, and our responsive actions thereto;*
- *dependence on a limited number of suppliers or disruptions in our supply chain;*
- *the outcome and impact of the completed separation of our HDD and Flash business units, including with respect to stock price volatility and the diversion of management's attention from ongoing business operations and opportunities;*
- *future responses to and effects of public health crises;*
- *the impact of business and market conditions;*
- *damage or disruption to our operations or to those of our suppliers;*
- *hiring and retention of key employees;*
- *compromise, damage or interruption from cybersecurity incidents or other data or system security risks;*
- *product defects;*
- *our reliance on strategic relationships with key partners;*
- *the competitive environment, including actions by our competitors, and the impact of competitive products and pricing;*
- *our development and introduction of products based on new technologies and expansion into new data storage markets;*
- *risks associated with cost saving initiatives, restructurings, acquisitions, divestitures, mergers, joint ventures and our strategic relationships;*
- *changes to our relationships with key customers;*
- *our ability to respond to market and other changes in our distribution channel and retail market;*
- *our level of debt and other financial obligations;*
- *changes in tax laws or unanticipated tax liabilities;*
- *fluctuations in currency exchange rates in connection with our international operations;*
- *risks associated with compliance with changing legal and regulatory requirements and the outcome of legal proceedings;*
- *any decisions to reduce or discontinue paying cash dividends;*
- *risks associated with our goals relating to sustainability matters, including our ability to meet our greenhouse gas emissions reduction and other sustainability goals;*
- *our reliance on intellectual property and other proprietary information; and*
- *the other risks and uncertainties disclosed in Part I, Item 1A of our Annual Report on Form 10-K for the year ended June 28, 2024 (our "2024 Annual Report on Form 10-K"), as amended, supplemented or superseded in our other reports filed with the Securities and Exchange Commission ("SEC"), including under "Risk Factors" in Item 1A of our subsequent Quarterly Reports on Form 10-Q.*

*You are urged to carefully review the disclosures we make concerning these risks and review the additional disclosures we make concerning material 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 our 2024 Annual Report on Form 10-K and any of those made in our other reports filed with the SEC, including under "Risk Factors" in Item 1A of subsequent Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q that may from time to time amend, supplement or supersede the risks and uncertainties disclosed in our 2024 Annual Report on Form 10-K. You are cautioned not to place undue reliance on the forward-looking statements included in this Quarterly Report on Form 10-Q, which speak only as of the date of this document. 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.*

# PART I. FINANCIAL INFORMATION

**Item 1.** ***Financial Statements (unaudited)***

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

| | March 28, 2025 | June 28, 2024 |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 3,477 | $ 1,551 |
| Accounts receivable, net | 1,469 | 1,231 |
| Inventories | 1,311 | 1,387 |
| Retained interest in Sandisk | 1,412 | — |
| Other current assets | 417 | 360 |
| Current assets of discontinued operations | — | 3,531 |
| Total current assets | 8,086 | 8,060 |
| Property, plant and equipment, net | 2,347 | 2,359 |
| Goodwill | 4,319 | 4,319 |
| Other intangible assets, net | 76 | 78 |
| Other non-current assets | 1,540 | 759 |
| Non-current assets of discontinued operations | — | 8,613 |
| Total assets | $ 16,368 | $ 24,188 |
| **LIABILITIES, CONVERTIBLE PREFERRED STOCK AND SHAREHOLDERS' EQUITY** | | |
| Current liabilities: | | |
| Accounts payable | $ 1,287 | $ 1,054 |
| Accrued expenses | 774 | 1,053 |
| Income taxes payable | 373 | 471 |
| Accrued compensation | 322 | 435 |
| Current portion of long-term debt | 2,426 | 1,750 |
| Current liabilities of discontinued operations | — | 1,324 |
| Total current liabilities | 5,182 | 6,087 |
| Long-term debt | 4,907 | 5,684 |
| Other liabilities | 873 | 1,002 |
| Non-current liabilities of discontinued operations | — | 368 |
| Total liabilities | 10,962 | 13,141 |
| Commitments and contingencies (Notes 10, 12 and 16) | | |
| Convertible preferred stock, $0.01 par value; authorized — 5 shares; issued and outstanding — 0.2 shares; aggregate liquidation preference of $265 and $257, respectively | 229 | 229 |
| Shareholders' equity: | | |
| Common stock, $0.01 par value; authorized — 750 shares; issued and outstanding — 349 shares and 343 shares, respectively | 3 | 3 |
| Additional paid-in capital | 4,642 | 4,752 |
| Accumulated other comprehensive income (loss) | 11 | (712) |
| Retained earnings | 521 | 6,775 |
| Total shareholders' equity | 5,177 | 10,818 |
| Total liabilities, convertible preferred stock and shareholders' equity | $ 16,368 | $ 24,188 |

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

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

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | March 28, 2025 | March 29, 2024 | March 28, 2025 | March 29, 2024 |
| Revenue, net | $ 2,294 | $ 1,752 | $ 6,915 | $ 4,313 |
| Cost of revenue | 1,382 | 1,233 | 4,290 | 3,237 |
| Gross profit | 912 | 519 | 2,625 | 1,076 |
| Operating expenses: | | | | |
| Research and development | 245 | 243 | 732 | 683 |
| Selling, general and administrative | 108 | 176 | 444 | 542 |
| Litigation matter | (201) | — | (198) | — |
| Employee termination, asset impairment and other | — | 6 | (7) | 163 |
| Total operating expenses | 152 | 425 | 971 | 1,388 |
| Operating income (loss) | 760 | 94 | 1,654 | (312) |
| Interest and other expense: | | | | |
| Interest income | 10 | 8 | 25 | 25 |
| Interest expense | (91) | (108) | (283) | (312) |
| Unrealized loss on retained interest in Sandisk | (606) | — | (606) | — |
| Other income (expense), net | 1 | (6) | (7) | 53 |
| Total interest and other expense, net | (686) | (106) | (871) | (234) |
| Income (loss) before taxes | 74 | (12) | 783 | (546) |
| Income tax benefit | (698) | (4) | (608) | (27) |
| Net income (loss) from continuing operations | 772 | (8) | 1,391 | (519) |
| Net income (loss) from discontinued operations, net of taxes | (252) | 143 | 216 | (318) |
| Net income (loss) | $ 520 | $ 135 | $ 1,607 | $ (837) |
| | | | | |
| Net income (loss) per common share: | | | | |
| Basic: | | | | |
| Continuing operations | $ 2.17 | $ (0.07) | $ 3.91 | $ (1.74) |
| Discontinued operations | $ (0.71) | $ 0.42 | $ 0.62 | $ (0.98) |
| Net income (loss) per share | $ 1.46 | $ 0.35 | $ 4.53 | $ (2.72) |
| Diluted: | | | | |
| Continuing operations | $ 2.11 | $ (0.07) | $ 3.79 | $ (1.74) |
| Discontinued operations | $ (0.69) | $ 0.41 | $ 0.59 | $ (0.98) |
| Net income (loss) per share | $ 1.42 | $ 0.34 | $ 4.38 | $ (2.72) |

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

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

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | March 28, 2025 | March 29, 2024 | March 28, 2025 | March 29, 2024 |
| Net income (loss) | $ 520 | $ 135 | $ 1,607 | $ (837) |
| Other comprehensive income (loss), before tax: | | | | |
| Foreign currency translation adjustment | 24 | (75) | 45 | (55) |
| Net unrealized gain (loss) on derivative contracts | 98 | (86) | 172 | (45) |
| Total other comprehensive income (loss), before tax | 122 | (161) | 217 | (100) |
| Income tax benefit (expense) related to items of other comprehensive income (loss), before tax | (24) | 18 | (40) | 12 |
| Other comprehensive income (loss), net of tax | 98 | (143) | 177 | (88) |
| Total comprehensive income (loss) | $ 618 | $ (8) | $ 1,784 | $ (925) |

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

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

| | Nine Months Ended | |
|---|---|---|
| | March 28, 2025 | March 29, 2024 |
| **Cash flows from operating activities** | | |
| Net income (loss) | $ 1,607 | $ (837) |
| Adjustments to reconcile net income (loss) to net cash provided by (used in) operations: | | |
| Depreciation and amortization | 365 | 430 |
| Stock-based compensation | 220 | 226 |
| Deferred income taxes | (682) | (120) |
| Gain on disposal of assets | (3) | (87) |
| Gain on business divestiture | (113) | — |
| Asset impairment | — | 99 |
| Gain on repurchase of debt | — | (4) |
| Amortization of debt issuance costs and discounts | 21 | 14 |
| Unrealized loss on retained interest in Sandisk | 606 | — |
| Other non-cash operating activities, net | 75 | 24 |
| Changes in: | | |
| Accounts receivable, net | 96 | (202) |
| Inventories | (429) | 483 |
| Accounts payable | 341 | 211 |
| Accounts payable to related parties | (39) | 18 |
| Accrued expenses | (316) | (310) |
| Income taxes payable | (80) | (524) |
| Accrued compensation | (131) | 97 |
| Other assets and liabilities, net | (593) | (178) |
| Net cash provided by (used in) operating activities | 945 | (660) |
| **Cash flows from investing activities** | | |
| Purchases of property, plant and equipment | (341) | (371) |
| Proceeds from the sale of property, plant and equipment | 5 | 195 |
| Net proceeds from business divestiture | 401 | — |
| Notes receivable issuances to Flash Ventures | (266) | (184) |
| Notes receivable proceeds from Flash Ventures | 239 | 391 |
| Distribution from Flash Ventures | 175 | — |
| Strategic investments and other, net | 7 | — |
| Net cash provided by investing activities | 220 | 31 |
| **Cash flows from financing activities** | | |
| Issuance of stock under employee stock plans | 69 | 40 |
| Taxes paid on vested stock awards under employee stock plans | (92) | (66) |
| Convertible preferred stock issuance costs | — | (5) |
| Purchase of capped calls | — | (155) |
| Repurchases of debt | — | (505) |
| Repayments of debt | (257) | (1,267) |
| Proceeds from debt | 2,150 | 2,500 |
| Debt issuance costs | (74) | (36) |
| Cash transferred to Sandisk related to Separation | (1,366) | — |
| Net cash provided by financing activities | 430 | 506 |
| Effect of exchange rate changes on cash | 3 | (6) |
| Net increase in cash and cash equivalents | 1,598 | (129) |
| Cash and cash equivalents, beginning of year | 1,879 | 2,023 |
| Cash and cash equivalents, end of period | $ 3,477 | $ 1,894 |
| **Supplemental disclosure of cash flow information:** | | |
| Cash paid for income taxes | $ 762 | $ 874 |
| Cash paid for interest | $ 295 | $ 321 |

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

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

| | Convertible Preferred Stock | | Common Stock | | Additional Paid-In Capital | Accumulated Other Comprehensive Income (Loss) | Retained Earnings | Total Shareholders' Equity |
|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Shares | Amount | | | | |
| **Balance at June 28, 2024** | 0.2 | $ 229 | 343 | $ 3 | $ 4,752 | $ (712) | $ 6,775 | $ 10,818 |
| Net income | — | — | — | — | — | — | 493 | 493 |
| Employee stock plans | — | — | 3 | — | (64) | — | — | (64) |
| Stock-based compensation | — | — | — | — | 84 | — | — | 84 |
| Foreign currency translation adjustment | — | — | — | — | — | 121 | — | 121 |
| Net unrealized gain on derivative contracts, net of taxes | — | — | — | — | — | 191 | — | 191 |
| **Balance at September 27, 2024** | 0.2 | 229 | 346 | 3 | 4,772 | (400) | 7,268 | 11,643 |
| Net income | — | — | — | — | — | — | 594 | 594 |
| Employee stock plans | — | — | 2 | — | 36 | — | — | 36 |
| Stock-based compensation | — | — | — | — | 77 | — | — | 77 |
| Foreign currency translation adjustment | — | — | — | — | — | (100) | — | (100) |
| Net unrealized loss on derivative contracts, net of taxes | — | — | — | — | — | (133) | — | (133) |
| **Balance at December 27, 2024** | 0.2 | 229 | 348 | 3 | 4,885 | (633) | 7,862 | 12,117 |
| Net income | — | — | — | — | — | — | 520 | 520 |
| Distribution in connection with the Separation | — | — | — | — | (307) | 546 | (7,857) | (7,618) |
| Employee stock plans | — | — | 1 | — | 5 | — | — | 5 |
| Stock-based compensation | — | — | — | — | 59 | — | — | 59 |
| Dividends to shareholders | — | — | — | — | — | — | (4) | (4) |
| Foreign currency translation adjustment | — | — | — | — | — | 24 | — | 24 |
| Net unrealized gain on derivative contracts, net of taxes | — | — | — | — | — | 74 | — | 74 |
| **Balance at March 28, 2025** | 0.2 | $ 229 | 349 | $ 3 | $ 4,642 | $ 11 | $ 521 | $ 5,177 |

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

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

| | Convertible Preferred Stock | | Common Stock | | Additional Paid-In Capital | Accumulated Other Comprehensive Loss | Retained Earnings | Total Shareholders' Equity |
|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Shares | Amount | | | | |
| **Balance at June 30, 2023** | 0.9 | $ 876 | 322 | $ 3 | $ 3,936 | $ (548) | $ 7,573 | $ 10,964 |
| Net loss | — | — | — | — | — | — | (685) | (685) |
| Employee stock plans | — | — | 2 | — | (43) | — | — | (43) |
| Stock-based compensation | — | — | — | — | 77 | — | — | 77 |
| Foreign currency translation adjustment | — | — | — | — | — | (38) | — | (38) |
| Net unrealized loss on derivative contracts, net of taxes | — | — | — | — | — | (45) | — | (45) |
| **Balance at September 29, 2023** | 0.9 | 876 | 324 | 3 | 3,970 | (631) | 6,888 | 10,230 |
| Net loss | — | — | — | — | — | — | (287) | (287) |
| Employee stock plans | — | — | 2 | — | 33 | — | — | 33 |
| Stock-based compensation | — | — | — | — | 72 | — | — | 72 |
| Purchase of capped calls related to the issuance of convertible notes, net of tax | — | — | — | — | (118) | — | — | (118) |
| Foreign currency translation adjustment | — | — | — | — | — | 58 | — | 58 |
| Net unrealized gain on derivative contracts, net of taxes | — | — | — | — | — | 80 | — | 80 |
| **Balance at December 29, 2023** | 0.9 | 876 | 326 | 3 | 3,957 | (493) | 6,601 | 10,068 |
| Net income | — | — | — | — | — | — | 135 | 135 |
| Employee stock plans | — | — | — | — | (16) | — | — | (16) |
| Stock-based compensation | — | — | — | — | 77 | — | — | 77 |
| Foreign currency translation adjustment | — | — | — | — | — | (75) | — | (75) |
| Net unrealized loss on derivative contracts, net of taxes | — | — | — | — | — | (68) | — | (68) |
| **Balance at March 29, 2024** | 0.9 | $ 876 | 326 | $ 3 | $ 4,018 | $ (636) | $ 6,736 | $ 10,121 |

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

**WESTERN DIGITAL CORPORATION**
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
**(Unaudited)**

**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 hard disk drive ("HDD") technology.

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. Its 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 portfolio, which is included in each of these three end market categories.

The accounting policies followed by the Company are set forth in Part II, Item 8, Note 1, *Organization and Basis of Presentation,* of the Notes to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended June 28, 2024 (the "2024 Annual Report on Form 10-K"). In the opinion of management, all adjustments necessary to fairly state the Condensed Consolidated Financial Statements have been made. Such adjustments consist of items of a normal, recurring nature. Certain information and footnote disclosures normally included in the Consolidated Financial Statements prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). These Condensed Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and the notes thereto included in the 2024 Annual Report on Form 10-K. The results of operations for interim periods are not necessarily indicative of results to be expected for the full year.

Information provided herein is presented on a continuing operations basis to reflect the impact of the Separation of the Company's Flash business as discussed in further detail in Note 3, *Discontinued Operations*.

*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 year 2025, which will end on June 27, 2025, and fiscal year 2024, which ended on June 28, 2024, are each comprised of 52 weeks, with all quarters presented consisting of 13 weeks.

*Segment Reporting*

Historically, the Company had been managed and operated under two reportable segments: hard disk drives ("HDD") and Flash-based products ("Flash"). As a result of the Separation (as defined in Note 3, *Discontinued Operations*) and disposition of the Flash segment, the Company's continuing operations now consist of a single reportable segment, HDD. The Chief Executive Officer, who is the Company's Chief Operating Decision Maker ("CODM"), now evaluates the performance of the Company and makes decisions regarding the allocation of resources based on the Company's consolidated results.

*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.

**Note 2. Recent Accounting Pronouncements**

*Accounting Pronouncements Recently Adopted*

In September 2022, the Financial Accounting Standards Board ("FASB") issued accounting standards update ("ASU") No. 2022-04, "Liabilities—Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations" ("ASU 2022-04"), which requires annual and interim disclosures for entities that use supplier finance programs in connection with the purchase of goods and services. As required by ASU 2022-04, the Company began to provide disclosure of outstanding obligations to such suppliers for all balance sheet dates presented beginning with the Company's first quarter of 2024 (see Note 15, *Supplier Finance Program*). Additionally, the Company will provide certain annual roll-forward information related to those obligations beginning with the Company's financial statements for the year ending June 27, 2025.

*Recently Issued Accounting Pronouncements Not Yet Adopted*

In November 2024, the FASB issued ASU No. 2024-03, "Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses," which is intended to improve disclosures about the expenses of public entities. The new guidance requires more detailed information about the types of expenses in commonly presented expense captions (such as cost of sales and selling, general and administrative expenses) and requires public entities to disclose, on an annual and interim basis, the amounts of expenses included in each relevant expense caption presented on the face of the income statement, within continuing operations, in a tabular format. Additionally, public entities will be required to disclose a qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively, the total amount of selling expenses, and, in annual reporting periods, the definition of selling expenses. This standard is effective on either a prospective or retrospective basis for fiscal years beginning after December 15, 2026, and interim periods within fiscal years following adoption, with early adoption permitted. The Company is currently compiling the information required for these disclosures and assessing the basis of adoption and expects to adopt the guidance for annual reporting periods in its annual report for the year ending June 30, 2028.

In November 2023, the FASB issued ASU No. 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures" ("ASU 2023-07"), which expands on segment reporting requirements primarily through enhanced disclosures surrounding significant segment expenses. ASU 2023-07 requires 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 is currently assessing these reporting requirements and expects to provide any required disclosures at the required time.

In December 2023, the FASB issued ASU No. 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures" ("ASU 2023-09"). ASU 2023-09 calls for enhanced income tax disclosure requirements surrounding the tabular rate reconciliation and income taxes paid. These incremental disclosures will be required beginning with the Company's financial statements for the year ending July 3, 2026, with early adoption permitted. The Company is currently compiling the information required for these disclosures and expects to provide any required disclosures in the year ending July 3, 2026.

**Note 3. Discontinued Operations**

On October 30, 2023, the Company announced that its Board of Directors had completed its strategic review of the 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. In connection with the Separation, the Company has incurred separation and transition costs, which are recorded as Business separation costs within discontinued operations in the Company's Condensed Consolidated Financial Statements as further detailed in the summary of net income (loss) from discontinued operations, net of taxes, below.

On February 21, 2025, the Company completed the previously announced separation of its Flash business (the "Separation") through a pro rata distribution of 80.1% of the outstanding shares of Sandisk Corporation ("Sandisk") to Western Digital stockholders. The Separation is intended to be tax-free for U.S. federal income tax purposes. To reflect the completion of the Separation, the Company recorded a decrease in shareholders' equity for the net book value of applicable assets and liabilities derecognized in connection with the Separation, net of the Company's retained 19.9% ownership interest, initially based on the net book value of the applicable assets and liabilities derecognized. As a result of the Separation, Sandisk became an independent public company and Western Digital no longer consolidates Sandisk into the Company's financial results. The historical net income of Sandisk and applicable assets and liabilities included in the Separation are now reported in the Company's Condensed Consolidated Financial Statements as discontinued operations. Following the Separation, as the Company no longer controls or has the ability to exert significant influence over Sandisk, the Company measures, at fair value on a recurring basis, its retained ownership interest in Sandisk common stock (see additional information in Note 6, *Fair Value Measurements and Investments*). The Company expects to monetize its stake in Sandisk within one year from the Separation date.

The Company entered into various agreements to effect the Separation and provide for the temporary framework of the relationship between Western Digital and Sandisk following the Separation, including, among others, a separation and distribution agreement, a tax matters agreement, and a transition services agreement. The transition services agreement provides for transition service support to be provided for various periods of time ranging up to 15 months. The amounts involved under these agreements are not expected to be material.

The historical results of Sandisk have been reflected as discontinued operations in the Company's Condensed Consolidated Financial Statements for all periods prior to the Separation on February 21, 2025.

WESTERN DIGITAL CORPORATION
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(Unaudited)

The following table provides a summary of the assets and liabilities classified as discontinued operations:

| Assets and Liabilities of Discontinued Operations | June 28, 2024 |
|---|---|
| | *(in millions)* |
| **Assets** | |
| Cash and cash equivalents | $ 328 |
| Accounts receivable, net | 935 |
| Inventories | 1,955 |
| Other current assets | 313 |
| Current assets of discontinued operations | $ 3,531 |
| Property, plant and equipment, net | $ 808 |
| Notes receivable and investments in Flash Ventures | 991 |
| Goodwill | 5,713 |
| Other non-current assets | 1,101 |
| Non-current assets of discontinued operations | $ 8,613 |
| **Liabilities** | |
| Accounts payable | $ 357 |
| Accounts payable to related parties | 313 |
| Accrued expenses | 427 |
| Income taxes payable | 54 |
| Accrued compensation | 173 |
| Current liabilities of discontinued operations | $ 1,324 |
| Non-current liabilities of discontinued operations | $ 368 |

The following table provides a summary of net income (loss) from discontinued operations, net of taxes:

| Net Income (Loss) from Discontinued Operations, Net of Taxes | Three Months Ended March 28, 2025 | Three Months Ended March 29, 2024 | Nine Months Ended March 28, 2025 | Nine Months Ended March 29, 2024 |
|---|---|---|---|---|
| | *(in millions)* | | | |
| Revenue, net | $ 602 | $ 1,705 | $ 4,361 | $ 4,926 |
| Cost of revenue | 485 | 1,223 | 2,892 | 4,410 |
| Operating expenses: | | | | |
| Research and development | 185 | 251 | 718 | 686 |
| Selling, general and administrative | 84 | 27 | 229 | 66 |
| Gain on business divestiture | — | — | (113) | — |
| Business separation costs | 57 | 23 | 144 | 59 |
| Employee termination, asset impairment and other | — | 2 | 3 | (74) |
| Operating income (loss) | (209) | 179 | 488 | (221) |
| Total interest and other income (expense), net | 1 | 11 | (36) | 4 |
| Income (loss) before taxes | (208) | 190 | 452 | (217) |
| Income tax expense | 44 | 47 | 236 | 101 |
| Net income (loss) from discontinued operations, net of taxes | $ (252) | $ 143 | $ 216 | $ (318) |

Cash flows related to discontinued operations have not been segregated and are included in the Condensed Consolidated Statements of Cash Flows for all periods presented. The following table provides selected financial information related to cash flows from discontinued operations:

| | Nine Months Ended | |
|---|---|---|
| **Select Cash Flow Information from Discontinued Operations** | **March 28, 2025** | **March 29, 2024** |
| | *(in millions)* | |
| Depreciation and amortization | $ 117 | $ 166 |
| Purchases of property, plant and equipment | 139 | 128 |
| Stock-based compensation | 98 | 71 |

On February 21, 2025, prior to the effective time of the Separation, Sandisk entered into a loan agreement (the "Sandisk Loan Agreement") by and among Sandisk, the lenders party thereto, JPMorgan Chase Bank, N.A., as administrative agent and collateral agent, and others party thereto. The Sandisk Loan Agreement comprises a term loan B facility in the principal amount of $2 billion (the "Sandisk Term Loan Facility") and a revolving credit facility in the principal amount of $1.5 billion (the "Sandisk Revolving Credit Facility" and together with the Sandisk Term Loan Facility, the "Sandisk Facilities"). The obligations under this facility were retained by Sandisk upon the Separation.

The Company previously had business ventures with Kioxia Corporation ("Kioxia"), which consisted of three separate legal entities: Flash Partners Ltd., Flash Alliance Ltd., and Flash Forward Ltd. The Company also previously had a business venture with Unisplendour Corporation Limited and Unissoft (Wuxi) Group Co. Ltd., both collectively referred to as the "Unis Venture." All business ventures with Kioxia and Unis Venture were distributed to Sandisk in connection with the Separation and are included in discontinued operations.

Prior to the Separation, effective September 28, 2024, the Company sold 80% of its equity interest in an indirect wholly-owned subsidiary in its Flash business, SanDisk Semiconductor (Shanghai) Co. Ltd. ("SDSS"), resulting in a gain on divestiture of $113 million. Net proceeds from the sale received prior to the Separation were $401 million. The rights to the remaining future proceeds from the sale and the 20% retained interest in SDSS were distributed to Sandisk in connection with the Separation.

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**Note 4. Disaggregated Revenue, Geographic Information, and Concentrations of Risk**

*Disaggregated Revenue*

The Company's broad portfolio of technology and products addresses multiple end markets. Cloud is comprised primarily of products for public or private cloud environments and enterprise customers. Through the Client end market, the Company provides its original equipment manufacturer ("OEM") and channel customers a broad array of high-performance HDD solutions across desktop and notebooks. The Consumer end market provides a broad range of retail and other end-user products, which capitalize on the strength of the Company's product brand recognition and vast presence around the world.

The Company's disaggregated revenue information was as follows:

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | March 28, 2025 | March 29, 2024 | March 28, 2025 | March 29, 2024 |
| | (in millions) | | | |
| Revenue by end market | | | | |
| Cloud | $ 2,007 | $ 1,455 | $ 6,012 | $ 3,340 |
| Client | 137 | 140 | 416 | 440 |
| Consumer | 150 | 157 | 487 | 533 |
| Total revenue | $ 2,294 | $ 1,752 | $ 6,915 | $ 4,313 |
| | | | | |
| Revenue by geography | | | | |
| Asia | $ 753 | $ 600 | $ 2,349 | $ 1,677 |
| Americas | 1,182 | 882 | 3,468 | 1,844 |
| Europe, Middle East and Africa | 359 | 270 | 1,098 | 792 |
| Total revenue | $ 2,294 | $ 1,752 | $ 6,915 | $ 4,313 |

The Company's top 10 customers accounted for 73% and 68% of its net revenue for the three and nine months ended March 28, 2025, respectively, compared to 59% and 53% of its net revenue for the three and nine months ended March 29, 2024, respectively. For the three months ended March 28, 2025, three customers accounted for 18%, 16%, and 13% of the Company's net revenue, and for the nine months ended March 28, 2025, two customers accounted for 18% and 11% of the Company's net revenue. For the three months ended March 29, 2024, one customer accounted for 12% of the Company's net revenue, and for the nine months ended March 29, 2024, no customer accounted for 10% or more of the Company's net revenue.

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### Note 5. 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. There were no trade accounts receivable sold during the nine months ended March 28, 2025. During the nine months ended March 29, 2024, the Company sold trade accounts receivable aggregating to $284 million. The discounts on the trade accounts receivable sold were not material and were recorded within Other income (expense), net in the Condensed Consolidated Statements of Operations. There were no factored receivables outstanding as of March 28, 2025 and June 28, 2024.

*Inventories*

| | March 28, 2025 | June 28, 2024 |
|---|---|---|
| | *(in millions)* | |
| Inventories: | | |
| Raw materials and component parts | $ 227 | $ 329 |
| Work-in-process | 786 | 829 |
| Finished goods | 298 | 229 |
| Total inventories | $ 1,311 | $ 1,387 |

*Property, plant and equipment, net*

| | March 28, 2025 | June 28, 2024 |
|---|---|---|
| | *(in millions)* | |
| Property, plant and equipment: | | |
| Land and improvements | $ 225 | $ 225 |
| Buildings and improvements | 1,543 | 1,419 |
| Machinery and equipment | 6,468 | 6,301 |
| Computer equipment and software | 323 | 313 |
| Furniture and fixtures | 33 | 32 |
| Construction-in-process | 576 | 685 |
| Property, plant and equipment, gross | 9,168 | 8,975 |
| Accumulated depreciation | (6,821) | (6,616) |
| Property, plant and equipment, net | $ 2,347 | $ 2,359 |

*Other intangible assets, net*

As part of the Company's prior acquisitions, the Company recorded, at the time of each acquisition, acquired in-process research and development ("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 both March 28, 2025 and June 28, 2024, IPR&D included in intangible assets, net was $72 million. During the three and nine months ended March 28, 2025 and March 29, 2024, the Company did not record any impairment charges related to IPR&D.

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**(Unaudited)**

*Non-current assets*

| | March 28, 2025 | June 28, 2024 |
|---|---|---|
| | (in millions) | |
| Non-current assets: | | |
| Deferred tax assets | $ 989 | $ 225 |
| Other non-current assets | 551 | 534 |
| Total non-current assets | $ 1,540 | $ 759 |

*Product warranty liability*

Changes in the warranty accrual were as follows:

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | March 28, 2025 | March 29, 2024 | March 28, 2025 | March 29, 2024 |
| | (in millions) | | | |
| Warranty accrual, beginning of period | $ 121 | $ 159 | $ 142 | $ 202 |
| Charges to operations | 24 | 21 | 73 | 55 |
| Utilization | (18) | (21) | (61) | (87) |
| Changes in estimate related to pre-existing warranties | (11) | 1 | (38) | (10) |
| Warranty accrual, end of period | $ 116 | $ 160 | $ 116 | $ 160 |

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

| | March 28, 2025 | June 28, 2024 |
|---|---|---|
| | (in millions) | |
| Warranty accrual: | | |
| Current portion | $ 33 | $ 9 |
| Long-term portion | 83 | 133 |
| Total warranty accrual | $ 116 | $ 142 |

*Other liabilities*

| | March 28, 2025 | June 28, 2024 |
|---|---|---|
| | (in millions) | |
| Other liabilities: | | |
| Non-current net tax payable | $ — | $ 144 |
| Non-current portion of unrecognized tax benefits | 473 | 499 |
| Other non-current liabilities | 400 | 359 |
| Total other liabilities | $ 873 | $ 1,002 |

*Goodwill*

Goodwill is not amortized. Instead, it is tested for impairment annually as of the beginning of the Company’s fourth quarter, or more frequently if events or changes in circumstances indicate that goodwill may be impaired. Management performed goodwill impairment assessments and concluded there were no impairments for the three- and nine-month periods ended March 28, 2025 and March 29, 2024. The carrying amount of goodwill was $4.32 billion as of both March 28, 2025 and June 28, 2024.

*Accumulated other comprehensive income (loss)*

Accumulated other comprehensive income (loss), 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 components of accumulated other comprehensive income (loss) were as follows:

| | Actuarial Pension Gains | Foreign Currency Translation Adjustment | Unrealized Losses on Derivative Contracts | Total Accumulated Comprehensive Income (Loss) |
|---|---|---|---|---|
| | | (in millions) | | |
| **Balance at June 28, 2024** | $ 14 | $ (505) | $ (221) | $ (712) |
| Other comprehensive income before reclassifications | — | 45 | 21 | 66 |
| Amounts reclassified from accumulated other comprehensive loss | — | — | 151 | 151 |
| Income tax expense related to items of other comprehensive income | — | — | (40) | (40) |
| Net current-period other comprehensive income | — | 45 | 132 | 177 |
| Distribution in connection with the Separation | — | 458 | 88 | 546 |
| **Balance at March 28, 2025** | $ 14 | $ (2) | $ (1) | $ 11 |

During the three and nine months ended March 28, 2025, the amounts reclassified out of accumulated other comprehensive loss were losses related to foreign exchange contracts that were substantially charged to Cost of revenue in the Condensed Consolidated Statements of Operations.

As of March 28, 2025, all existing net losses related to cash flow hedges recorded in accumulated other comprehensive income (loss) are expected to be reclassified to earnings within the next twelve months.

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**Note 6. 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 instruments that were measured at fair value on a recurring basis for the periods presented and indicate the fair value hierarchy of the valuation techniques utilized to determine such values:

| | March 28, 2025 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| | (in millions) | | | |
| Assets: | | | | |
| Cash equivalents - Money market funds | $ 1,447 | $ — | $ — | $ 1,447 |
| Retained interest in Sandisk | 1,412 | — | — | 1,412 |
| Foreign exchange contracts | — | 5 | — | 5 |
| Total assets at fair value | $ 2,859 | $ 5 | $ — | $ 2,864 |
| Liabilities: | | | | |
| Foreign exchange contracts | $ — | $ 9 | $ — | $ 9 |
| Total liabilities at fair value | $ — | $ 9 | $ — | $ 9 |

| | June 28, 2024 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| | (in millions) | | | |
| Assets: | | | | |
| Cash equivalents - Money market funds | $ 388 | $ — | $ — | $ 388 |
| Foreign exchange contracts | — | 1 | — | 1 |
| Total assets at fair value | $ 388 | $ 1 | $ — | $ 389 |
| Liabilities: | | | | |
| Foreign exchange contracts | $ — | $ 18 | $ — | $ 18 |
| Total liabilities at fair value | $ — | $ 18 | $ — | $ 18 |

During the periods presented, the Company had no transfers of financial instruments between levels and there were no changes in valuation techniques or the inputs used in the fair value measurement.

*Financial Instruments Not Carried at Fair Value*

For financial instruments where the carrying value (which includes principal adjusted for any unamortized issuance costs and discounts or premiums) differs from fair value (which is based on quoted market prices), the following table represents the related carrying value and fair value 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 third quarter of 2025 and the fourth quarter of 2024, respectively.

| | March 28, 2025 | | June 28, 2024 | |
|---|---|---|---|---|
| | Carrying Value | Fair Value | Carrying Value | Fair Value |
| | *(in millions)* | | | |
| 4.75% senior unsecured notes due 2026 | $ 2,298 | $ 2,292 | $ 2,296 | $ 2,253 |
| Variable interest rate Term Loan A-2 maturing 2027 | — | — | 2,578 | 2,539 |
| Variable interest rate Term Loan A-3 maturing 2027 | 2,469 | 2,458 | — | — |
| 3.00% convertible notes due 2028 | 1,573 | 2,068 | 1,568 | 2,556 |
| 2.85% senior notes due 2029 | 497 | 454 | 496 | 434 |
| 3.10% senior notes due 2032 | 496 | 421 | 496 | 407 |
| Total | $ 7,333 | $ 7,693 | $ 7,434 | $ 8,189 |

**Note 7. Derivative Instruments and Hedging Activities**

As of March 28, 2025, the Company had outstanding foreign exchange forward contracts that were designated as either cash flow hedges or non-designated hedges. All of the contract maturity dates of these foreign exchange forward contracts do not exceed 12 months. As of March 28, 2025, 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 were recognized in Other income (expense), net and were largely offset by corresponding changes in the fair values of the foreign currency-denominated monetary assets and liabilities. For each of the three and nine months ended March 28, 2025 and March 29, 2024, total net realized and unrealized transaction and foreign exchange contract currency gains and losses were not material to the Company's Condensed Consolidated Financial Statements.

Unrealized gains or losses on designated cash flow hedges were recognized in Accumulated other comprehensive income (loss). For more information regarding cash flow hedges, see Note 5, *Supplemental Financial Statement Data ─ Accumulated other comprehensive income (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 March 28, 2025 and June 28, 2024, the effect of offset rights was not material, and the Company did not offset or net the fair value amounts of derivative instruments in its Condensed Consolidated Balance Sheets.

**Note 8. Debt**

Debt consisted of the following:

| | March 28, 2025 | June 28, 2024 |
|---|---|---|
| | *(in millions)* | |
| 4.75% senior unsecured notes due 2026 | $ 2,300 | $ 2,300 |
| Variable interest rate Term Loan A-2 maturing 2027 | — | 2,588 |
| Variable interest rate Term Loan A-3 maturing 2027 | 2,480 | — |
| 3.00% convertible notes due 2028 | 1,600 | 1,600 |
| 2.85% senior notes due 2029 | 500 | 500 |
| 3.10% senior notes due 2032 | 500 | 500 |
| Total debt | 7,380 | 7,488 |
| Issuance costs | (47) | (54) |
| Subtotal | 7,333 | 7,434 |
| Less: current portion of long-term debt | (2,426) | (1,750) |
| Long-term debt | $ 4,907 | $ 5,684 |

On February 20, 2025, the Company entered into a fourth amendment to the loan agreement governing the Company's revolving credit facility maturing in January 2027 (the "2027 Revolving Credit Facility") and term loan facility, dated as of January 7, 2022 (as amended, the "Loan Agreement") that, among other changes, (a) permitted the Separation, (b) provided for the automatic release, in connection with the Separation, of guarantees and liens on collateral provided by Sandisk (as defined below) and Sandisk Technologies, Inc. under the Loan Agreement, (c) provided for the issuance of a new $2.51 billion Term Loan A-3 maturing in January 2027 (the "Term Loan A-3") in a noncash exchange to replace the Company's previously existing Term Loan A-2 (the "Term Loan A-2" and, together with the Term Loan A-3, the "Term Loan Facility"), (d) facilitates a potential future debt for equity exchange with respect to the Term Loan A-3 in connection with the Sandisk retained interest, and (e) in connection with the Separation, reduced the aggregate commitments under the 2027 Revolving Credit Facility from $2.25 billion to $1.25 billion.

During the three and nine months ended March 28, 2025, the Company made scheduled repayments of $32 million and $107 million, respectively, under the Term Loan Facility. The Term Loan A-3 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 the Credit Rating Agencies (as defined in the Loan Agreement), with an initial interest rate of Adjusted Term SOFR plus 1.500%. The all-in interest rate for Term Loan A-3 as of March 28, 2025 was 5.927%.

During the nine months ended March 28, 2025, the Company drew and repaid $150 million principal amount under the 2027 Revolving Credit Facility. As of March 28, 2025, the Company had no outstanding standby letters of credit and the available capacity under the 2027 Revolving Credit Facility was $1.25 billion as of that date.

The Loan Agreement requires the Company to comply with a financial leverage ratio covenant. As of March 28, 2025, the Company was in compliance with the financial covenant.

As of March 28, 2025, the Company had outstanding $1.60 billion aggregate principal amount of convertible senior notes pursuant to an indenture dated as of November 3, 2023 (the "Indenture"), 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 2028 Convertible Notes are convertible at the option of any holder beginning August 15, 2028, at a conversion price of approximately $37.89 per share of common stock (which conversion price has been adjusted from its original conversion price of approximately $52.20 in accordance with the Indenture as a result of the Separation). Prior to August 15, 2028, 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 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 August 15, 2028, 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 calendar quarter ended June 30, 2024, the sale price conditional conversion feature of the 2028 Convertible Notes was triggered. As a result, the holder of the 2028 Convertible Notes had the right to convert the 2028 Convertible Notes during the next succeeding calendar quarter through September 30, 2024. Consequently, the Company classified the 2028 Convertible Notes in the Current portion of long-term debt in the Condensed Consolidated Financial Statements as of June 28, 2024. The sale price conditional conversion feature was not triggered during the calendar quarter ended March 31, 2025 and accordingly, the holders of the 2028 Convertible Notes do not have the right to convert the notes during the succeeding calendar quarter ending June 30, 2025. As a result, the 2028 Convertible Notes were classified as Long-term debt in the Condensed Consolidated Financial Statements as of March 28, 2025. The Company will continue to evaluate the conversion feature quarterly to determine if the 2028 Convertible Notes become convertible in future periods.

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 $37.89 per share, which has been adjusted from its original conversion price of approximately $52.20 per share according to the terms of the agreements and corresponds to the current conversion price of the 2028 Convertible Notes. The Capped Calls are subject to the same adjustments applicable to the conversion price of the convertible notes, which the Company expects will result in adjusted cap prices of approximately $51.00 per share, subject to certain adjustments. The Capped Calls cover, subject to anti-dilution adjustments, approximately 11 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 shareholders' equity and are not accounted for as derivatives.

Subsequent to March 28, 2025, the Company redeemed, at its election, $1.80 billion aggregate principal amount of its 4.75% senior unsecured notes due 2026 (the "2026 Notes") at par plus accrued interest. Following such redemption, $500 million aggregate principal amount of the 2026 Notes remained outstanding.

**Note 9. 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. All pension and other post-retirement benefit plans outside of the Company's Japan, Thailand, and the Philippines defined benefit pension plans (the "Pension Plans") are immaterial to the Condensed 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:

| | March 28, 2025 | June 28, 2024 |
|---|---|---|
| | *(in millions)* | |
| Benefit obligation at end of period | $ 256 | $ 244 |
| Fair value of plan assets at end of period | 188 | 184 |
| Unfunded status | $ 68 | $ 60 |

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

| | March 28, 2025 | June 28, 2024 |
|---|---|---|
| | *(in millions)* | |
| Current liabilities (included in Accrued expenses) | $ 1 | $ 1 |
| Non-current liabilities (included in Other liabilities) | 67 | 59 |
| Net amount recognized | $ 68 | $ 60 |

Net periodic benefit costs were immaterial for the three and nine months ended March 28, 2025 and March 29, 2024.

**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 2034. 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 Condensed Consolidated Balance Sheets:

| | March 28, 2025 | June 28, 2024 |
|---|---|---|
| | *(in millions)* | |
| Operating lease right-of-use assets (included in Other non-current assets) | $ 129 | $ 143 |
| Operating lease liabilities: | | |
| Current portion of long-term operating lease liabilities (included in Accrued expenses) | 31 | 28 |
| Long-term operating lease liabilities (included in Other liabilities) | 116 | 133 |
| Total operating lease liabilities | $ 147 | $ 161 |

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

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | March 28, 2025 | March 29, 2024 | March 28, 2025 | March 29, 2024 |
| | *(in millions)* | | | |
| Cost of operating leases | $ 7 | $ 10 | $ 24 | $ 30 |
| Cash paid for operating leases | 8 | 11 | 28 | 33 |
| Operating lease assets obtained in exchange for operating lease liabilities | 6 | 1 | 18 | 10 |

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

| | March 28, 2025 | June 28, 2024 |
|---|---|---|
| Weighted average remaining lease term in years | 6.2 | 6.6 |
| Weighted average discount rate | 5.0 % | 5.0 % |

As of March 28, 2025, minimum lease payments were as follows:

| | Lease Amounts |
|---|---|
| | *(in millions)* |
| Remaining three months of 2025 | $ 9 |
| 2026 | 36 |
| 2027 | 30 |
| 2028 | 23 |
| 2029 | 17 |
| Thereafter | 57 |
| Total future minimum lease payments | 172 |
| Less: imputed interest | 25 |
| Present value of lease liabilities | $ 147 |

*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 March 28, 2025, the Company had the following minimum long-term commitments:

| | Long-Term Commitments |
|---|---|
| | *(in millions)* |
| Remaining three months of 2025 | $ 45 |
| 2026 | 49 |
| 2027 | 27 |
| Total | $ 121 |

## Note 11. Shareholders' Equity and Convertible Preferred Stock

*Stock-based Compensation Expense*

In connection with the Separation (as discussed in Note 3, *Discontinued Operations),* on February 21, 2025, all outstanding stock-based compensation awards associated with continuing Western Digital employees were adjusted with the intent to preserve the intrinsic value of each award immediately before and after the Separation. The adjustments were determined using a ratio calculated based on the closing price of the Company's common stock immediately before the Separation and the average of the closing price on each of the first five days of trading after the Separation. The terms of the outstanding awards remain the same and any unvested stock awards will continue to vest over the original vesting periods. An incremental value of approximately $40 million resulting from the adjustment of the unvested awards will be recognized ratably over the remaining service periods. Upon the Separation, approximately 3.1 million unvested stock-based compensation awards were retained by Sandisk employees and will vest upon completion of any remaining service period with Sandisk and approximately 3.5 million awards were cancelled from the Company's incentive plans.

The following tables present the Company's stock-based compensation for equity-settled awards by type (i.e., restricted stock units ("RSUs"), restricted stock unit awards with performance conditions or market conditions ("PSUs"), and rights to purchase shares of common stock under the Company's Employee Stock Purchase Plan ("ESPP")) and financial statement line items as well as the related tax benefit included in the Company's Condensed Consolidated Statements of Operations:

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | March 28, 2025 | March 29, 2024 | March 28, 2025 | March 29, 2024 |
| | (in millions) | | | |
| RSUs and PSUs | $ 34 | $ 44 | $ 110 | $ 137 |
| ESPP | 1 | 8 | 12 | 18 |
| Total | $ 35 | $ 52 | $ 122 | $ 155 |

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | March 28, 2025 | March 29, 2024 | March 28, 2025 | March 29, 2024 |
| | (in millions) | | | |
| Cost of revenue | $ 7 | $ 8 | $ 26 | $ 28 |
| Research and development | 17 | 17 | 52 | 49 |
| Selling, general and administrative | 11 | 27 | 44 | 78 |
| Subtotal | 35 | 52 | 122 | 155 |
| Tax benefit | (4) | (7) | (15) | (21) |
| Total | $ 31 | $ 45 | $ 107 | $ 134 |

Any shortfalls or excess windfall tax benefits and tax deficiencies for shortfalls related to the vesting and exercise of stock-based awards, which are recognized as a component of the Company's Income tax benefit, were immaterial for the periods presented.

Compensation cost related to unvested RSUs, PSUs, and rights to purchase shares of common stock under the ESPP are generally 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 March 28, 2025:

| | Unamortized Compensation Costs | Weighted Average Service Period |
|---|---|---|
| | *(in millions)* | *(years)* |
| RSUs and PSUs [1] | $ 270 | 2.2 |

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

**Plan Activities**

*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 June 28, 2024 | 13.0 | $ 44.42 | |
| Granted | 5.2 | 59.54 | |
| Vested | (5.0) | 42.92 | $ 304 |
| Forfeited | (1.1) | 45.71 | |
| Share conversion due to Separation | 2.6 | 52.15 | |
| Awards cancelled due to Separation | (3.5) | 52.32 | |
| RSUs and PSUs outstanding at March 28, 2025 | 11.2 | $ 37.88 | |

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.

*Dividends*

On April 29, 2025, the Company's Board of Directors authorized the adoption of a quarterly cash dividend program. Under the cash dividend program, holders of the Company's common stock will receive dividends when and as declared by the Board of Directors. In conjunction with the adoption of the cash dividend program, the Board of Directors declared a cash dividend of $0.10 per share of the Company's common stock, which will be paid on June 18, 2025 to shareholders of record as of the close of business on June 4, 2025. The Company may suspend or discontinue its cash dividend program at any time.

**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 5,000,000 authorized but unissued shares of preferred stock and issued the Preferred Shares through a private placement. As of March 28, 2025 and June 28, 2024, 235,000 of the Preferred Shares were outstanding.

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The Preferred Shares have an initial 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. Such dividends are payable on a quarterly basis in cash or in-kind through an increase to the stated value. Through December 27, 2024, the Company paid quarterly dividends on the Preferred Shares in-kind through an increase to the stated value. On January 25, 2025, the Board of the Directors of the Company declared its first cash dividend on the Preferred Shares, which was paid subsequent to quarter end on March 31, 2025, to the holders of the Preferred Shares as of March 15, 2025, the record date for the dividend. As of March 28, 2025 and June 28, 2024, unpaid and cumulative dividends payable with respect to the Preferred Shares were $30 million and $22 million, respectively. The Preferred Shares also participate in any dividends declared for common shareholders on an as-converted equivalent basis.

As of March 28, 2025, the Preferred Shares are convertible into shares of the Company’s common stock at a conversion rate of approximately $35.51 per share (the “Conversion Price”). The conversion rate was adjusted from the initial conversion rate of $47.75 per share as a result of the Separation, in accordance with the Certificate of Designations for the Preferred Shares, using a ratio of the closing price of the Company’s and Sandisk’s common stock over the first 10 trading days after the Separation. This rate is subject to future anti-dilution adjustments and certain other one-time adjustments in the event of various specified spin-off transactions. The conversion applies to the total of the stated value of the Preferred Shares plus any cumulative accrued but unpaid dividends. In the case of future standalone spin-off transactions, holders of the Preferred Shares may convert one-third of their shares into a similar class of preferred shares of the spin-off entity. The Company may opt to convert the Preferred Shares 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 before the Company's conversion notice.

As of March 28, 2025 and June 28, 2024, the Preferred Shares outstanding had an aggregate liquidation preference of $265 million and $257 million, respectively, and would have been convertible, if otherwise permitted, into approximately 7 million and 5 million shares of common stock, respectively, based on the conversion rate in effect at each date.

## Note 12. Income Taxes

Beginning in fiscal year 2023, the Tax Cuts and Jobs Act requires the Company to capitalize and amortize research and development ("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 the three and nine months ended March 28, 2025 and March 29, 2024.

On August 16, 2022, President Biden signed into law the Inflation Reduction Act of 2022, which contained significant changes to laws 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 $1.0 billion. The CAMT was effective for the Company beginning with fiscal year 2024. The Company does not expect to be subject to CAMT for fiscal year 2025 as its average annual AFSI did not exceed $1.0 billion for the preceding three-year period.

On December 20, 2021, the Organization for Economic Co-operation and Development G20 ("OECD/G20") Inclusive Framework on Base Erosion and Profit Shifting released Model Global Anti-Base Erosion rules under Pillar Two. Several non-U.S. jurisdictions have either enacted legislation or announced their intention to enact future legislation to adopt certain or all components of Pillar Two, also known as Global Minimum Tax ("GMT"), some of which are effective for the Company in fiscal year 2025. For fiscal year 2025, the Company currently expects to be able to meet certain transitional safe harbors and does not expect any material GMT taxes. As more jurisdictions adopt this legislation in fiscal year 2026, there may be material increases in the Company's future tax obligations in certain jurisdictions.

The following table presents the Company's Income tax benefit and the effective tax rate:

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | March 28, 2025 | March 29, 2024 | March 28, 2025 | March 29, 2024 |
| | ($ in millions) | | | |
| Income (loss) before taxes | $ 74 | $ (12) | $ 783 | $ (546) |
| Income tax benefit | (698) | (4) | (608) | (27) |
| Effective tax rate | (943)% | 33 % | (78)% | 5 % |

The primary drivers of the difference between the effective tax rate for the three and nine months ended March 28, 2025 and the U.S. Federal statutory rate of 21% are the relative mix of earnings and losses by jurisdiction, credits, and tax holidays in the Philippines and Thailand that will expire at various dates during years 2026 through 2033. These resulted in decreases to the Company's effective tax rate below the U.S. statutory rate for the three and nine months ended March 28, 2025. However, the tax effects of the mandatory capitalization of R&D expenses offset these decreases, resulting in the Company's effective tax rate being close to the U.S. Federal statutory rate for the three and nine months ended March 28, 2025. In anticipation of operating as a standalone HDD business in a GMT environment, the Company executed an inter-entity asset transfer in conjunction with the separation of its Flash business. This resulted in the recognition of one-time deferred tax benefits to continuing operations of $711 million for the three and nine months ended March 28, 2025.

The primary drivers of the difference between the effective tax rate for the three and nine months ended March 29, 2024 and the U.S. Federal statutory rate of 21% were 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. In addition, the effective tax rate for the nine months ended March 29, 2024 includes the discrete effect of a net decrease of $30 million to the liability for unrecognized tax benefits, which includes interest and offsetting tax benefits, as a result of adjustments to align with U.S. Internal Revenue Service ("IRS") calculations.

*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 Condensed Consolidated Balance Sheets.

The following is a tabular reconciliation of the total amounts of unrecognized tax benefits excluding accrued interest and penalties for the nine months ended March 28, 2025 (in millions):

| | | |
|---|---|---|
| Accrual balance at June 28, 2024 | $ | 721 |
| Gross increases related to current year tax positions | | 11 |
| Gross increases related to prior year tax positions | | 4 |
| Gross decreases related to prior year tax positions | | (7) |
| Settlements | | (40) |
| Lapse of statute of limitations | | (2) |
| Transfer to discontinued operations | | (126) |
| Accrual balance at March 28, 2025 | $ | 561 |

In addition to the amounts noted above, 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 March 28, 2025 were $70 million. Of the aggregate unrecognized tax benefits, including interest and penalties, as of March 28, 2025, approximately $476 million could result in potential cash payments. The Company is not able to provide a reasonable estimate of the timing of future tax payments related to these obligations.

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 also reached a final agreement for resolving the notices of proposed adjustments with respect to years 2013 through 2015. During the nine months ended March 28, 2025, the Company made a payment of $130 million for interest with respect to years 2008 through 2012 and $32 million for tax and interest with respect to years 2013 through 2015, resulting in no remaining liability as of March 28, 2025 related to all years from 2008 through 2015.

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 approximately $166 million. Of this amount, $65 million of the interest savings from the interest paid with respect to years 2008 through 2015 is classified as a deferred tax asset due to interest expense limitation rules.

The Company believes that an 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 March 28, 2025, with the exception of the IRS matter discussed above, 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 or settlements relating to the examination of the Company's tax returns.

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**Note 13. Net Income (Loss) Per Common Share**

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

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | March 28, 2025 | March 29, 2024 | March 28, 2025 | March 29, 2024 |
| | *(in millions, except per share data)* | | | |
| Net income (loss) from continuing operations | $ 772 | $ (8) | $ 1,391 | $ (519) |
| Less: dividends allocated to preferred shareholders | 4 | 15 | 12 | 44 |
| Less: income attributable to participating securities[1] | 13 | (1) | 25 | — |
| Net income (loss) from continuing operations attributable to common shareholders - basic | 755 | (22) | 1,354 | (563) |
| Net income (loss) from discontinued operations, net of taxes | (248) | 135 | 213 | (318) |
| Net income (loss) attributable to common shareholders - basic | $ 507 | $ 113 | $ 1,567 | $ (881) |
| | | | | |
| Net income (loss) from continuing operations attributable to common shareholders - basic | $ 755 | $ (22) | $ 1,354 | $ (563) |
| Re-allocation of participating securities considered potentially dilutive securities | — | — | 1 | — |
| Net income (loss) from continuing operations attributable to common shareholders - diluted | 755 | (22) | 1,355 | (563) |
| Net income (loss) from discontinued operations, net of taxes | (248) | 135 | 213 | (318) |
| Net income (loss) attributable to common shareholders - diluted | $ 507 | $ 113 | $ 1,568 | $ (881) |
| | | | | |
| Weighted average shares outstanding: | | | | |
| Basic | 348 | 326 | 346 | 324 |
| RSUs, PSUs, ESPP, and the convertible notes | 10 | 9 | 12 | — |
| Diluted | 358 | 335 | 358 | 324 |
| | | | | |
| Net income (loss) per common share | | | | |
| Continuing operations - basic | $ 2.17 | $ (0.07) | $ 3.91 | $ (1.74) |
| Discontinued operations - basic | $ (0.71) | $ 0.42 | $ 0.62 | $ (0.98) |
| Net income (loss) per common share - basic | $ 1.46 | $ 0.35 | $ 4.53 | $ (2.72) |
| | | | | |
| Continuing operations - diluted | $ 2.11 | $ (0.07) | $ 3.79 | $ (1.74) |
| Discontinued operations - diluted | $ (0.69) | $ 0.41 | $ 0.59 | $ (0.98) |
| Net income (loss) per common share - diluted | $ 1.42 | $ 0.34 | $ 4.38 | $ (2.72) |
| | | | | |
| Anti-dilutive potential common shares excluded | — | — | — | 13 |

[1] Preferred stock represents participating securities because they participate in any dividends on shares of common stock on a pari passu, pro rata basis. Preferred stock does not participate in undistributed net losses.

Basic net income (loss) per share attributable to common shareholders is computed using (i) net income (loss) less (ii) dividends allocated to preferred shareholders less (iii) net income (loss) attributable to participating securities divided by (iv) weighted average basic shares outstanding. Diluted net income or 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.

Potentially dilutive common shares include dilutive outstanding employee stock options, RSUs and PSUs, rights to purchase shares of common stock under the Company's ESPP, shares issuable in connection with the Company's convertible notes, and preferred shares. For the nine months ended March 29, 2024, the Company recorded a net loss, and all shares subject to outstanding equity awards were excluded from the calculation of diluted shares for those periods because their impact would have been anti-dilutive. For the three and nine months ended March 28, 2025 and three months ended March 29, 2024, based on the Company's average stock price during the period, an insignificant number of common shares subject to outstanding equity awards were anti-dilutive.

**Note 14. 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, for the nine months ended March 29, 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 and other assets and the recognition of a liability for certain contract termination costs.

The Company recorded the following net charges related to these actions for the periods presented:

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | March 28, 2025 | March 29, 2024 | March 28, 2025 | March 29, 2024 |
| | (in millions) | | | |
| Employee termination benefits | $ — | $ 1 | $ — | $ 35 |
| Asset impairments | — | 5 | — | 99 |
| Other charges (gains): | | | | |
| Recovery of non-cancellable purchase order | — | — | (9) | — |
| Contract termination and other | — | — | 2 | 29 |
| Total employee termination, asset impairment and other | $ — | $ 6 | $ (7) | $ 163 |

The following table presents an analysis of the components of these activities against the reserve (included in Accrued expenses) during the nine months ended March 28, 2025:

| | Contract Termination and Other |
|---|---|
| | (in millions) |
| Accrual balance at June 28, 2024 | $ 28 |
| Charges | 2 |
| Cash payments | (9) |
| Recovery of non-cancellable purchase order | (9) |
| Accrual balance at March 28, 2025 | $ 12 |

**Note 15. 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. 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 $44 million and $37 million as of March 28, 2025 and June 28, 2024, respectively, and are included within Accounts payable on the Company's Condensed Consolidated Balance Sheets.

**Note 16. Legal Proceedings**

*Tax*

For disclosures regarding the status of statutory notices of deficiency issued by the IRS with regard to tax years 2008 through 2015, see Note 12, *Income Taxes*.

*Intellectual Property Litigation*

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 in July 2024 on the remaining two patents (together, the "MRT Patents"). The trial 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. In addition, MRT requested attorney's fees and post-judgment interest.

In the fourth quarter of fiscal year 2024, the Company recognized an aggregate liability for this matter of $384 million with $291 million recognized as an Operating expense under Litigation matter for the year ended June 28, 2024 and $93 million recognized as Other non-current assets for the patent licenses, to be amortized over their remaining lives.

Subsequent to March 28, 2025, pursuant to a confidential agreement effective as of April 17, 2025, MRT and the Company reached a global settlement of $130 million for all pending legal disputes. The settlement results in the dismissal of the MRT matter, as well as a second patent litigation matter MRT filed on August 22, 2024 against the Company. As a result of the settlement, the Company reversed $201 million of previously recorded charges in Operating expense under Litigation matter and $6 million of post-judgment interest previously recorded in Other income (expense), net.

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 one claim related to U.S. Patent No. 6,088,802 and asserted this against certain HDD products that may include certain encryption capabilities. The trial commenced on October 8, 2024, and concluded on October 18, 2024, and the jury awarded SPEX damages of $316 million for the use of one claim related to U.S. Patent No. 6,088,802 in the past, prior to its expiration in 2017. On January 8, 2025, the Court entered judgment for SPEX in accordance with the verdict and also awarded SPEX prejudgment interest of $237 million and legal costs. The Company is contesting the judgment and, based on available arguments, the Company believes the judgment, including any prejudgment interest and legal costs will be reversed, amended or vacated based on the Company's motions for judgment as a matter of law in the district court or when the Company presents its appeal to the United States Court of Appeals for the Federal Circuit, if necessary. The Company therefore believes a loss is not probable and has not accrued a liability as a result of the jury verdict or the entry of judgment in its financial statements as of March 28, 2025.

*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 reasonably possible 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.

The ability to predict the ultimate outcome of any legal proceeding involves judgments, estimates and inherent uncertainties. The actual outcome of these matters could differ materially from management's estimates.

**Item 2.** ***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 unaudited Condensed Consolidated Financial Statements and the notes thereto included in this Quarterly Report on Form 10-Q, and the audited Consolidated Financial Statements and notes thereto included in Part II, Item 8 of our 2024 Annual Report on Form 10-K. See also "Forward-Looking Statements" immediately prior to Part I, Item 1 in this Quarterly Report on Form 10-Q.

Unless otherwise indicated, references herein to specific years and quarters are to our fiscal years and fiscal quarters. As used herein, the terms "we," "us," "our," and the "Company" refer to Western Digital Corporation and its subsidiaries.

**Our Company**

We are a leading developer, manufacturer, and provider of data storage devices and solutions based on hard disk drive ("HDD") technology. With a differentiated innovation engine driving advancements in storage and semiconductor technologies, our broad and ever-expanding portfolio delivers powerful HDD 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 original equipment manufacturer ("OEM") and channel customers a broad array of high-performance HDD solutions across desktop and notebooks. The Consumer end market provides a broad range of retail and other end-user products, which capitalize on the strength of our product brand recognition and vast 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 year 2025, which will end on June 27, 2025, and fiscal year 2024, which ended on June 28, 2024, are each comprised of 52 weeks, with all quarters presented consisting of 13 weeks.

**Key Developments**

*Separation of Business Units*

On February 21, 2025, we completed the separation of our HDD and Flash business units (the "Separation") to create two independent, public companies, with Sandisk Corporation ("Sandisk"), formerly a wholly-owned subsidiary of the Company, holding the Flash business, and Western Digital focusing on our existing HDD business. We believe the Separation better positions 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 Separation was effected through a pro rata distribution of 80.1% of the outstanding shares of Sandisk common stock to holders of the Company's common stock as of February 12, 2025, the record date for the distribution. The Company did not issue fractional shares of Sandisk common stock in connection with the distribution. Sandisk is now an independent public company, and Sandisk common stock commenced trading "regular way" under the symbol "SNDK" on the Nasdaq Stock Market LLC ("Nasdaq") on February 24, 2025, which was the next trading day following the distribution date. The Company continues to trade on Nasdaq under the symbol "WDC" following the Separation. Following the Separation, the Company beneficially owns 19.9% of the outstanding shares of Sandisk common stock and no longer consolidates Sandisk within the Company's financial results. The Company expects to monetize its stake in Sandisk within one year from the Separation date.

Information provided herein is presented on a continuing operations basis to reflect the impact of the Separation. See Part I, Item 1, Note 3, *Discontinued Operations*, of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q for additional information regarding the Separation.

*Macroeconomic Conditions*

The United States has recently announced changes to its trade policy, including increasing tariffs on imports, in some cases significantly. Several of these recent tariff actions have been followed by announcements of limited exemptions and temporary pauses. These actions are unprecedented, have caused substantial uncertainty and have also resulted in retaliatory measures on U.S. goods. Our business and results of operations were not materially impacted during the third quarter of 2025 or to date during the fourth quarter of 2025 as a result of the recent tariff actions. We are actively monitoring developments and plan to leverage tariff exemptions where possible and will take other actions as appropriate to offset any resulting increase in the cost of importing our products or the costs for materials or components in our products, including optimizing our supply chain, sourcing from alternative suppliers or increasing our prices. There can be no assurance that we will be able to successfully offset or mitigate any resulting increase in our costs. In addition, the impact of the tariff actions on our customers, retaliatory measures by other countries in response to U.S. trade policy and any resulting decline in consumer confidence, significant inflation and diminished expectations for the economy could reduce demand for our products and adversely affect our business, financial condition and results of operations. For additional information, please see Part II, Item 1A, *Risk Factors*, included in this Quarterly Report on Form 10-Q.

*Operational Update*

Macroeconomic factors such as inflation, changes in interest rates, and recession concerns softened demand for our products during 2024. As a result, we and our industry experienced a supply-demand imbalance, which resulted in reduced shipments, negatively impacted pricing, and resulted in incremental charges for employee termination, asset impairment, and charges for unabsorbed manufacturing overhead costs due to the underutilization of facilities as we temporarily scaled back production and took other actions to align our operations to the market at the time. However, we have seen an improvement in the supply and demand dynamic in HDD, leading to improved revenues in fiscal 2025 from the comparable period in the prior year. We anticipate that digital transformation, including the artificial intelligence data-cycle, will drive improved market conditions in the long term.

We will continue to actively monitor developments impacting our business and may take additional responsive actions that we determine to be in the best interest of our business and stakeholders.

*Tax Resolution*

As previously disclosed, we had reached a final agreement with the IRS and received notices of deficiency with respect to years 2008 through 2012 and in February 2024, also reached a final agreement for resolving the notices of proposed adjustments with respect to years 2013 through 2015. During the nine months ended March 28, 2025, we made payments aggregating to $162 million for tax and interest with respect to years 2008 through 2015 and have no remaining liability as of March 28, 2025 related to all years from 2008 through 2015. Additional information regarding these settlements and related tax matters is provided in Part I, Item 1, Note 12, *Income Taxes*, of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

**Results of Operations**

*Third Quarter and Nine Month Overview*

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

| | Three Months Ended | | | | | |
|---|---|---|---|---|---|---|
| | March 28, 2025 | | March 29, 2024 | | $ Change | % Change |
| | $ in millions | | | | | |
| Revenue, net | $ 2,294 | 100.0 % | $ 1,752 | 100.0 % | $ 542 | 31 % |
| Cost of revenue | 1,382 | 60.2 | 1,233 | 70.4 | 149 | 12 |
| Gross profit | 912 | 39.8 | 519 | 29.6 | 393 | 76 |
| Operating expenses: | | | | | | |
| Research and development | 245 | 10.7 | 243 | 13.9 | 2 | 1 |
| Selling, general and administrative | 108 | 4.7 | 176 | 10.0 | (68) | (39) |
| Litigation matter | (201) | (8.8) | — | — | (201) | n/a |
| Employee termination, asset impairment and other | — | — | 6 | 0.3 | (6) | (100) |
| Total operating expenses | 152 | 6.6 | 425 | 24.3 | (273) | (64) |
| Operating income | 760 | 33.1 | 94 | 5.4 | 666 | 709 |
| Interest and other expense: | | | | | | |
| Interest income | 10 | 0.4 | 8 | 0.5 | 2 | 25 |
| Interest expense | (91) | (4.0) | (108) | (6.2) | 17 | (16) |
| Unrealized loss on retained interest in Sandisk | (606) | (26.4) | — | — | (606) | n/a |
| Other income (expense), net | 1 | — | (6) | (0.3) | 7 | 117 |
| Total interest and other expense, net | (686) | (29.9) | (106) | (6.1) | (580) | 547 |
| Income (loss) before taxes | 74 | 3.2 | (12) | (0.7) | 86 | 717 |
| Income tax benefit | (698) | (30.4) | (4) | (0.2) | (694) | 17,350 |
| Net income (loss) from continuing operations | $ 772 | 33.7 % | $ (8) | (0.5)% | $ 780 | 9,750 % |

(1) Percentages may not total due to rounding.

| | Nine Months Ended | | | | | |
|---|---|---|---|---|---|---|
| | March 28, 2025 | | March 29, 2024 | | $ Change | % Change |
| | $ in millions | | | | | |
| Revenue, net | $ 6,915 | 100.0 % | $ 4,313 | 100.0 % | $ 2,602 | 60 % |
| Cost of revenue | 4,290 | 62.0 | 3,237 | 75.1 | 1,053 | 33 |
| Gross profit | 2,625 | 38.0 | 1,076 | 24.9 | 1,549 | 144 |
| Operating expenses: | | | | | | |
| Research and development | 732 | 10.6 | 683 | 15.8 | 49 | 7 |
| Selling, general and administrative | 444 | 6.4 | 542 | 12.6 | (98) | (18) |
| Litigation matter | (198) | (2.9) | — | — | (198) | n/a |
| Employee termination, asset impairment and other | (7) | (0.1) | 163 | 3.8 | (170) | (104) |
| Total operating expenses | 971 | 14.0 | 1,388 | 32.2 | (417) | (30) |
| Operating income (loss) | 1,654 | 23.9 | (312) | (7.2) | 1,966 | 630 |
| Interest and other expense: | | | | | | |
| Interest income | 25 | 0.4 | 25 | 0.6 | — | — |
| Interest expense | (283) | (4.1) | (312) | (7.2) | 29 | (9) |
| Unrealized loss on retained interest in Sandisk | (606) | (8.8) | — | — | (606) | n/a |
| Other income (expense), net | (7) | (0.1) | 53 | 1.2 | (60) | (113) |
| Total interest and other expense, net | (871) | (12.6) | (234) | (5.4) | (637) | 272 |
| Income (loss) before taxes | 783 | 11.3 | (546) | (12.7) | 1,329 | 243 |
| Income tax benefit | (608) | (8.8) | (27) | (0.6) | (581) | 2,152 |
| Net income (loss) from continuing operations | $ 1,391 | 20.1 % | $ (519) | (12.0)% | $ 1,910 | 368 % |

(1) Percentages may not total due to rounding.

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

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | March 28, 2025 | March 29, 2024 | March 28, 2025 | March 29, 2024 |
| | (in millions) | | | |
| Revenue by end market | | | | |
| Cloud | $ 2,007 | $ 1,455 | $ 6,012 | $ 3,340 |
| Client | 137 | 140 | 416 | 440 |
| Consumer | 150 | 157 | 487 | 533 |
| Total revenue | $ 2,294 | $ 1,752 | $ 6,915 | $ 4,313 |
| | | | | |
| Revenue by geography | | | | |
| Asia | $ 753 | $ 600 | $ 2,349 | $ 1,677 |
| Americas | 1,182 | 882 | 3,468 | 1,844 |
| Europe, Middle East and Africa | 359 | 270 | 1,098 | 792 |
| Total revenue | $ 2,294 | $ 1,752 | $ 6,915 | $ 4,313 |

*Net Revenue*

*Comparison of Three and Nine Months Ended March 28, 2025 to Three and Nine Months Ended March 29, 2024*

Net revenue increased by 31% for the three months ended March 28, 2025 from the comparable period in the prior year, as a result of a 4% increase in units sold, primarily from higher shipments of our high capacity enterprise products stemming from data center expansions, with a 23% increase in pricing. Net revenue increased by 60% for the nine months ended March 28, 2025 from the comparable period in the prior year, as a result of an 18% increase in units sold, with a 35% increase in average selling price per unit, primarily due to a shift in the product mix to larger capacity drives.

Cloud revenue increased by 38% for the three months ended March 28, 2025 from the comparable period in the prior year, reflecting a 14% increase in units sold and an 18% increase in average selling price per unit. The increase in units sold was driven by higher shipments of our high-capacity enterprise products stemming from data center expansions. The increase in average selling price per unit was primarily due to variations in product mix during the period. Cloud revenue increased by 80% for the nine months ended March 28, 2025 from the comparable period in the prior year, reflecting a 44% increase in units sold and a 24% increase in average selling price per unit. The increase in units sold and increase in average selling price per unit are attributed to the same factors described for the three-month period.

Client revenue declined by 2% for the three months ended March 28, 2025 from the comparable period in the prior year, reflecting a 23% decrease in units sold, partially offset by a 27% increase in average selling price per unit. Client revenue decreased by 5% for the nine months ended March 28, 2025 from the comparable period in the prior year, reflecting an 18% decrease in units sold, partially offset by a 15% increase in average selling price per unit.

Consumer revenue declined by 4% for the three months ended March 28, 2025 from the comparable period in the prior year, which was driven by a drop in pricing, while volume remained relatively flat. Consumer revenue declined by 9% for the nine months ended March 28, 2025 from the comparable period in the prior year, reflecting a 13% decline in units due to softer demand in the market, partially offset by improved pricing due to product mix.

Net revenue by geography for the three months ended March 28, 2025 was relatively consistent with the prior year. The changes in net revenue by geography for the nine months ended March 28, 2025 from the comparable period in the prior year reflected higher revenue in the Americas region in the current year from higher sales to Cloud customers, as noted above.

Our top 10 customers accounted for 73% and 68% of our net revenue for the three and nine months ended March 28, 2025, respectively, compared to 59% and 53% of our net revenue for the three and nine months ended March 29, 2024, respectively. For the three months ended March 28, 2025, three customers accounted for 18%, 16% and 13% of our net revenue, and for the nine months ended March 28, 2025, two customers accounted for 18% and 11% of our net revenue. For the three months ended March 29, 2024, one customer accounted for 12% of our net revenue, and for the nine months ended March 29, 2024, no 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. These programs represented 11% and 10% of gross revenue for the three and nine months ended March 28, 2025 and 10% and 12% for the three and nine months ended March 29, 2024, respectively. 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. The decrease in program amounts in the current period reflects the improved demand and pricing environment. 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*

Gross profit increased by $393 million for the three months ended March 28, 2025 from the comparable period in the prior year, primarily due to higher product shipments and improved pricing. In addition, the prior year period included charges for unabsorbed manufacturing overhead costs as a result of the reduced utilization of our manufacturing capacity of $16 million, which were not incurred in the current period. Gross margin increased by 10 percentage points year over year, mainly due to improved pricing, with approximately 1 percentage point of the increase due to the unabsorbed manufacturing overhead costs incurred in the prior year period but not incurred in the current period.

Gross profit increased by $1.55 billion for the nine months ended March 28, 2025 from the comparable period in the prior year, primarily due to higher product shipments, improved pricing, and favorable product mix. In addition, the prior year period included charges for unabsorbed manufacturing overhead costs as a result of the reduced utilization of our manufacturing capacity of $148 million, which were not incurred in the current period. Gross margin increased by approximately 13 percentage points year over year, mainly due to improved pricing and favorable product mix with approximately 3 percentage points of the increase due to the unabsorbed manufacturing overhead costs incurred in the prior year period but not incurred in the current period.

*Operating Expenses*

Research and development ("R&D") expense for the three months ended March 28, 2025 remained relatively consistent with the comparable period in the prior year. R&D expense increased by $49 million for the nine months ended March 28, 2025 from the comparable period in the prior year. The increase was primarily driven by a $41 million increase in compensation and benefits due to higher variable compensation and increased headcount and increases in spending for R&D projects as we continue to invest in innovation.

Selling, general and administrative ("SG&A") expense decreased by $68 million for the three months ended March 28, 2025 from the comparable period in the prior year. The decrease primarily reflects a $55 million decrease in compensation and benefits, which was driven by certain general corporate overhead roles in the prior year that have since transferred to Sandisk and were not backfilled after the Separation. The decrease also reflects a $13 million decrease in services due to decreased sales and marketing expenses and legal fees. SG&A expense decreased by $98 million for the nine months ended March 28, 2025 from the comparable period in the prior year. The decrease was primarily driven by a $76 million decrease in compensation and benefits due to the same factors noted above for the three-month period along with a $16 million decrease in services due to decreased sales and marketing expenses.

For information regarding Employee termination, asset impairment and other, see Part I, Item 1, Note 14, *Employee Termination, Asset Impairment and Other,* of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

For information regarding litigation matters, see Part I, Item 1, Note 16, *Legal Proceedings,* of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

*Interest and Other Expense*

Total interest and other expense, net increased by $580 million and $637 million for the three and nine months ended March 28, 2025, respectively, from the comparable periods in the prior year. The increases primarily reflect an unrealized loss of $606 million on our retained interest in Sandisk based on the mark-to-market value as of March 28, 2025 and lower foreign exchange transaction gains.

*Income Taxes*

Beginning in 2023, the Tax Cuts and Jobs Act (the "2017 Act") has required 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 our effective tax rate for the three and nine months ended March 28, 2025 and March 29, 2024. The tax effects related to the capitalization of R&D expenses had a material impact on our effective tax rate for the three and nine months ended March 28, 2025 but did not have a material impact on the effective tax rate for the three and nine months ended March 29, 2024.

On August 16, 2022, President Biden signed into law the Inflation Reduction Act of 2022, which contained significant changes to laws 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 $1.0 billion. The CAMT became effective for us beginning with fiscal year 2024. We do not expect to be subject to the CAMT of 15% for fiscal year 2025 as our annual average AFSI did not exceed $1.0 billion for the preceding three-year period.

On December 20, 2021, the Organization for Economic Co-operation and Development G20 ("OECD/G20") Inclusive Framework on Base Erosion and Profit Shifting released Model Global Anti-Base Erosion rules under Pillar Two. Several non-U.S. jurisdictions have either enacted legislation or announced their intention to enact future legislation to adopt certain or all components of Pillar Two, some of which are effective for us in fiscal year 2025. For fiscal year 2025, we currently expect to be able to meet certain transitional safe harbors and do not expect any material GMT taxes. As more jurisdictions adopt this legislation in fiscal year 2026, there may be material increases in our future tax obligations in certain jurisdictions.

The following table presents our Income tax benefit and the effective tax rate:

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | March 28, 2025 | March 29, 2024 | March 28, 2025 | March 29, 2024 |
| | *$ in millions* | | | |
| Income (loss) before taxes | $ 74 | $ (12) | $ 783 | $ (546) |
| Income tax benefit | (698) | (4) | (608) | (27) |
| Effective tax rate | (943)% | 33% | (78)% | 5% |

The primary drivers of the difference between the effective tax rate for the three and nine months ended March 28, 2025 and the U.S. Federal statutory rate of 21% are the relative mix of earnings and losses by jurisdiction, credits, and tax holidays in the Philippines and Thailand that will expire at various dates during years 2026 through 2033. These resulted in decreases to our effective tax rate below the U.S. Federal statutory rate for the three and nine months ended March 28, 2025. In anticipation of us operating as a standalone HDD business in a GMT environment, we executed an inter-entity asset transfer in conjunction with the separation of our Flash business. This resulted in the recognition of one-time deferred tax benefits to continuing operations of $711 million for the three and nine months ended March 28, 2025.

The primary drivers of the difference between the effective tax rate for the three and nine months ended March 29, 2024 and the U.S. Federal statutory rate of 21% were 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. In addition, the effective tax rate for the nine months ended March 29, 2024 includes the discrete effect of a net decrease of $30 million to the liability for unrecognized tax benefits, which includes interest and offsetting tax benefits, as a result of adjustments to align with IRS calculations.

For additional information regarding Income tax benefit, see Part I, Item 1, Note 12, *Income Taxes*, of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

**Liquidity and Capital Resources**

The following table summarizes our statements of cash flows, which are presented on a consolidated basis. Cash flows related to discontinued operations have not been segregated. See Part I, Item 1, Note 3, *Discontinued Operations*, of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q for additional cash flow information related to our discontinued operations.

| | Nine Months Ended | |
|---|---|---|
| | March 28, 2025 | March 29, 2024 |
| | *(in millions)* | |
| Net cash provided by (used in): | | |
| Operating activities | $ 945 | $ (660) |
| Investing activities | 220 | 31 |
| Financing activities | 430 | 506 |
| Effect of exchange rate changes on cash | 3 | (6) |
| Net increase (decrease) in cash and cash equivalents | $ 1,598 | $ (129) |

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, also reached a final agreement for resolving the notices of proposed adjustments with respect to years 2013 through 2015. During the nine months ended March 28, 2025, we made payments of $130 million for interest with respect to years 2008 through 2012 and $32 million for tax and interest with respect to years 2013 through 2015, resulting in no remaining liability as of March 28, 2025 related to all years from 2008 through 2015.

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 $166 million. Of this amount, $65 million of interest savings from the interest paid with respect to years 2008 through 2015 is classified as a deferred tax asset due to interest expense limitation rules. See Part I, Item 1, Note 12, *Income Taxes*, of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q for further details.

In August 2024, we filed a shelf registration statement (the "Shelf Registration Statement") with the Securities and Exchange Commission that expires in August 2027. The Shelf Registration Statement allows us to offer and sell shares of common stock, preferred stock, warrants, and debt securities. 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 a result of the Separation, we no longer have any capital expenditure requirements for the Flash business or its joint ventures with Kioxia Corporation. We currently expect our capital expenditures for the remainder of fiscal 2025 to be approximately $100 million.

We believe our cash and cash equivalents and our available 2027 Revolving Credit Facility (as defined below) will be sufficient to meet our working capital, debt, dividend 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 debt and equity 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 II, Item 1A, *Risk Factors*, in this Quarterly Report on Form 10-Q and in Part I, Item 1A, *Risk Factors*, in our 2024 Annual Report on Form 10-K.

A total of $1.05 billion of our Cash and cash equivalents was held by our foreign subsidiaries as of March 28, 2025 and June 28, 2024, 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 $1.15 billion for the nine months ended March 28, 2025, compared to $405 million for the nine months ended March 29, 2024, which largely reflects an increase in the volume of our business, as discussed above.

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 the timing of payments for taxes. Our cash conversion cycle measures how quickly we can convert our products into cash through sales. The cash conversion cycles, calculated on a continuing operations basis, were as follows (in days):

| | Three Months Ended | |
|---|---|---|
| | March 28, 2025 | March 29, 2024 |
| Days sales outstanding | 58 | 51 |
| Days in inventory | 86 | 110 |
| Days payable outstanding | (85) | (75) |
| Cash conversion cycle | 59 | 86 |

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.

For the three months ended March 28, 2025, DSO increased by seven days from the comparable period in the prior year, of which four days reflected an increase from lower trade accounts receivable factoring and the remainder reflected the timing of shipments and customer collections. DIO decreased by 24 days from the comparable period in the prior year, primarily reflecting higher consumption of inventory driven by increased sales in the current period. DPO increased by 10 days from the comparable period in 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 provided by investing activities for the nine months ended March 28, 2025 primarily consisted of $401 million in net proceeds from our sale of a majority interest in one of our subsidiaries and $148 million in net proceeds from activity related to Flash Ventures, partially offset by $336 million in capital expenditures, net of proceeds from disposals of assets. Net cash provided by investing activities for the nine months ended March 29, 2024 primarily consisted of $207 million in net proceeds from activity related to Flash Ventures, partially offset by $176 million in capital expenditures, net of proceeds from disposals of assets, which included the proceeds from the sale-leaseback of our Milpitas, California facility.

*Financing Activities*

During the nine months ended March 28, 2025, net cash provided by financing activities primarily consisted of $2.15 billion of proceeds from drawing on the Sandisk credit facilities in connection with the Separation as well as the 2027 Revolving Credit Facility and $69 million of proceeds from the issuance of stock under employee stock plans, partially offset by $1.37 billion of cash transferred to Sandisk in connection with the Separation, $257 million for repayment of amounts borrowed under the 2027 Revolving Credit Facility and scheduled repayments on the Term Loan A-2 and Term Loan A-3, $92 million for taxes paid on vested stock awards under employee stock plans, and $74 million paid for debt issuance costs. During the nine months ended March 29, 2024, net cash provided by financing activities primarily consisted of $2.50 billion in proceeds from the issuance of the 2028 Convertible Notes and the drawdown of our delayed draw term loan, partially offset by $1.27 billion to settle the remainder of the 2024 Convertible Notes at maturity and repayments of our delayed draw term loan and Term Loan A-2, $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.

**Off-Balance Sheet Arrangements**

Other than certain indemnification provisions (see "Short- and Long-term Liquidity – *Purchase Obligations and Other Commitments*" 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 Condensed Consolidated Financial Statements. Additionally, we do not have an interest in, or relationships with, any variable interest entities.

**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 March 28, 2025. In addition, see the discussions further below related to unrecognized tax benefits, litigation matters, cash dividend program, dividend rights with respect to the Series A Preferred Stock, foreign exchange contracts and indemnifications.

| | Total | 1 Year (Remaining Three Months of 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] | $ 7,380 | $ 31 | $ 4,749 | $ 2,100 | $ 500 |
| Interest on debt | 734 | 63 | 492 | 132 | 47 |
| Operating leases | 172 | 9 | 66 | 41 | 56 |
| Purchase obligations and other commitments | 121 | 45 | 76 | — | — |
| Mandatory deemed repatriation tax | 331 | — | 331 | — | — |
| Total | $ 8,738 | $ 148 | $ 5,714 | $ 2,273 | $ 603 |

(1) Principal portion of debt, excluding issuance costs.

*Unrecognized Tax Benefits*

As of March 28, 2025, the liability for unrecognized tax benefits (excluding accrued interest and penalties) was $561 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 included in our liability related to unrecognized tax benefits as of March 28, 2025 was $70 million. Of these amounts, approximately $476 million could result in potential cash payments. As of March 28, 2025, with respect to the IRS matter discussed below, 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.

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 also reached a final agreement for resolving the notices of proposed adjustments with respect to years 2013 through 2015. During the nine months ended March 28, 2025, we made payments of $130 million for interest with respect to years 2008 through 2012 and $32 million for tax and interest with respect to years 2013 through 2015, resulting in no remaining liability as of March 28, 2025 related to all years from 2008 through 2015.

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 $166 million. Of this amount, $65 million of interest savings from the interest paid with respect to years 2008 through 2015 is classified as a deferred tax asset due to interest expense limitation rules.

*Litigation Matters*

For additional information on the litigation matters, see Part I, Item 1, Note 16, *Legal Proceedings*, of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

*Cash Dividend Program*

On April 29, 2025, our Board of Directors authorized the adoption of a quarterly cash dividend program. Under the cash dividend program, holders of our common stock will receive dividends when and as declared by our Board of Directors. In conjunction with the adoption of the cash dividend program, our Board of Directors declared a cash dividend of $0.10 per share of our common stock, which will be paid on June 18, 2025 to our shareholders of record as of the close of business on June 4, 2025. We may suspend or discontinue our cash dividend program at any time.

*Dividend Rights*

As of March 28, 2025, 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 the Consolidated Financial Statements in our 2024 Annual Report on Form 10-K and Part I, Item 1, Note 11, *Shareholders' Equity and Convertible Preferred Stock*, of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q for more information regarding the dividend provisions.

*Debt*

As described in Part I, Item 1, Note 8, *Debt*, of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q, the Company issued $1.60 billion aggregate principal amount of convertible senior notes in November 2023, which bear interest at an annual rate of 3.00% and mature on November 15, 2028 (the "2028 Convertible Notes"). The 2028 Convertible Notes are convertible at the option of any holder beginning August 15, 2028 at a conversion price of approximately $37.89 per share of common stock (which conversion price has been adjusted from approximately $52.20 in accordance with the indenture as a result of the Separation). Prior to August 15, 2028, 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 August 15, 2028 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.

The sale price conditional conversion feature of the 2028 Convertible Notes was not triggered during the calendar quarter ended March 31, 2025 and, accordingly, the holders of the 2028 Convertible Notes do not have the right to convert the notes during the succeeding calendar quarter ending June 30, 2025. As a result, the 2028 Convertible Notes were classified as Long-term debt in the Condensed Consolidated Financial Statements as of March 28, 2025. The Company will continue to evaluate the conversion feature quarterly to determine if the 2028 Convertible Notes become convertible in future periods.

In addition to our outstanding debt, as of March 28, 2025, we had $1.25 billion available for borrowing under our revolving credit facility maturing in January 2027 (the "2027 Revolving Credit Facility"), 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. The loan agreement governing our 2027 Revolving Credit Facility and our Term Loan A-3 (as amended, the "Loan Agreement") requires us to comply with a financial leverage ratio covenant. As of March 28, 2025, we were in compliance with the financial covenant. Additional information regarding our indebtedness, including information about availability under our 2027 Revolving Credit Facility and the principal repayment terms, interest rates, covenants, collateral and other key terms of our outstanding indebtedness, is included in Part II, Item 8, Note 7, *Debt*, of the Notes to the Consolidated Financial Statements included in our 2024 Annual Report on Form 10-K and Note 8, *Debt*, of the Notes to Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

In connection with the Separation, we entered into an amendment with our existing lenders under the Loan Agreement governing our Term Loan Facility and the 2027 Revolving Credit Facility that, among other changes, (a) permitted the Separation, (b) provided for the automatic release, in connection with the Separation, of guarantees and liens on collateral provided by Sandisk and Sandisk Technologies, Inc. under the Loan Agreement, (c) provided for the issuance of a new $2.51 billion Term Loan A-3 maturing in January 2027 (the "Term Loan A-3") to replace our previously existing Term Loan A-2 (the "Term Loan A-2" and, together with the Term Loan A-3, the "Term Loan Facility"), (d) facilitates a potential future debt for equity exchange with respect to the Term Loan A-3 in connection with the Sandisk retained interest, and (e) in connection with the Separation, reduced the aggregate commitments under the 2027 Revolving Credit Facility from $2.25 billion to $1.25 billion.

We may issue additional debt securities in the future that may be guaranteed by our 100% owned domestic subsidiary, Western Digital Technologies, Inc. (“Guarantor” and, together with Western Digital Corporation, the “Obligor Group”). Such guarantees may be full and unconditional, joint and several, on a secured or unsecured, subordinated or unsubordinated basis, and may be subject to certain customary guarantor release conditions. We conduct operations almost entirely through our subsidiaries. Accordingly, the Obligor Group’s cash flow and ability to service any guaranteed registered debt securities will depend on the earnings of our subsidiaries and the distribution of those earnings to the Obligor Group, including the earnings of the non-guarantor subsidiaries, whether by dividends, loans or otherwise. Holders of such guaranteed registered debt securities would have a direct claim only against the Obligor Group.

The following tables include summarized financial information for the Obligor Group. The financial information for the Obligor Group is presented on combined basis, excluding intercompany balances and transactions between the Company and the Guarantor, excluding net intercompany balances between the Obligor Group and non-guarantor subsidiaries, and excluding investments in and equity in the earnings of non-guarantor subsidiaries. The Obligor Group’s amounts due from, amounts due to, and transactions with non-guarantor subsidiaries have been presented in separate line items in the tables below.

The assets and liabilities of the Obligor Group include the following:

| | March 28, 2025 | June 28, 2024 |
|---|---|---|
| | *(in millions)* | |
| Current assets | $ 5,313 | $ 2,149 |
| Non-current assets | 4,677 | 2,208 |
| Net intercompany receivables from (payables to) non-guarantor subsidiaries | (757) | 2,473 |
| Current liabilities | 3,530 | 3,758 |
| Non-current liabilities | 5,502 | 6,626 |

The operating results of the Obligor Group include the following:

| | Nine Months Ended March 28, 2025 | Year Ended June 28, 2024 |
|---|---|---|
| | *(in millions)* | |
| Net sales | $ 4,115 | $ 4,066 |
| Gross profit | 1,656 | 1,002 |
| Operating income (loss) | 435 | (927) |
| Net income (loss) | 138 | (1,211) |

Results for the Obligor Group include the following transactions with non-guarantor subsidiaries:

| | Nine Months Ended March 28, 2025 | Year Ended June 28, 2024 |
|---|---|---|
| | *(in millions)* | |
| Intercompany revenue | $ 1,128 | $ 1,416 |
| Net intercompany interest (income) expense | (4) | 8 |
| Intercompany dividend income | 1,695 | 567 |

*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*

As of March 28, 2025, our estimated mandatory deemed repatriation tax obligation was $331 million and is expected to be paid within the next twelve months.

*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 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. See Part I, Item 3, *Quantitative and Qualitative Disclosures About Market Risk*, included in this Quarterly Report on Form 10-Q for additional information.

*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 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 I, Item 1, Note 2, *Recent Accounting Pronouncements*, of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

**Critical Accounting Policies and Estimates**

We have prepared the accompanying unaudited Condensed 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 Condensed Consolidated Financial Statements may be material.

There have been no material changes in our critical accounting policies and estimates from those disclosed in our 2024 Annual Report on Form 10-K. Please refer to Part II, Item 7 of our 2024 Annual Report on Form 10-K for a discussion of our critical accounting policies and estimates.

**Item 3.** ***Quantitative and Qualitative Disclosures About Market Risk***

Except as disclosed below, there have been no material changes to our market risk exposure during the nine months ended March 28, 2025. See Part II, Item 7A, *Quantitative and Qualitative Disclosures About Market Risk* in our 2024 Annual Report on Form 10-K for further information about our exposure to market risk.

*Foreign Currency Risk*

We performed sensitivity analyses as of March 28, 2025, 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 March 28, 2025. 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 $68 million at March 28, 2025.

*Interest Rate Risk*

We have generally held a balance of fixed and variable rate debt. As of March 28, 2025, our variable rate debt outstanding consisted of our Term Loan A-3, which is based on various index rates as discussed further in Note 8, *Debt*, of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q. As of March 28, 2025, the outstanding balance on our variable rate debt was $2.5 billion and a one percent increase in the variable rate of interest would increase our annual interest expense by $25 million.

**Item 4.** ***Controls and Procedures***

*Evaluation of Disclosure Controls and Procedures*

As required by Rule 13a-15(b) promulgated by the Securities and Exchange Commission under 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 Quarterly Report on Form 10-Q. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this Quarterly Report on Form 10-Q, our disclosure controls and procedures were effective.

*Changes in Internal Controls over Financial Reporting*

During the quarter ended March 28, 2025, we completed the separation of our Flash business (the “Separation”). In connection with the Separation, certain controls within our internal control over financial reporting related to the divested operations were removed from our control environment.

Other than the changes related to the Separation described above, there were no changes in our internal control over financial reporting during the third quarter of fiscal year 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

# PART II. OTHER INFORMATION

**Item 1.** ***Legal Proceedings***

See Note 16, *Legal Proceedings* of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q for disclosures regarding certain legal proceedings, which are incorporated by reference herein.

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

We have described under the heading “Risk Factors” in Part I, Item 1A of our 2024 Annual Report on Form 10-K a number of risks and uncertainties that could cause our actual results of operations and financial condition to vary materially from past, or from anticipated future, results of operations and financial condition. In light of the Separation, risks related to our joint venture with Kioxia Corporation as disclosed in Part I, Item 1A, *Risk Factors*, in our 2024 Annual Report on Form 10-K are no longer material. Except as set forth below, there have been no other material changes from these risk factors previously described in Part I, Item 1A of our 2024 Annual Report on Form 10-K. These risks and uncertainties are not the only risks facing us. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also adversely affect our business, financial condition, results of operations or the market price of our common stock.

***Changes in U.S. trade policy and the impact of tariffs may have a material adverse effect on our business and results of operations.***

Our business, financial condition and results of operations may be adversely affected by uncertainty and changes in U.S. trade policies, including tariffs, trade agreements or other trade restrictions imposed by the United States or other governments. For example, the United States has recently announced changes to its trade policy, including increasing tariffs on imports, in some cases significantly. Several of these recent tariff actions have been followed by announcements of limited exemptions and temporary pauses. These actions are unprecedented, have caused substantial uncertainty and have also resulted in retaliatory measures on U.S. goods.

Any imposition of or increase in tariffs may increase the cost of importing our products or the costs for materials or components used in our products, which would increase our costs unless we are able to implement actions to offset these costs, such as leveraging tariff exemptions where possible, taking actions to optimize our supply chain or source from alternative suppliers or increasing our prices. There can be no assurance that we will be able to successfully offset or mitigate any resulting increase in our costs. If we are unable to pass on any cost increases or if supply and demand conditions will not support price increases for our products, our revenue and gross margin would be negatively impacted. In addition, retaliatory actions by other countries in response to U.S. trade policy would increase prices for our products and could negatively affect demand for our products.

Tariffs or other trade restrictions may also lead to increased costs for our customers, declining consumer confidence, significant inflation and diminished expectations for the economy, as well as ultimately reduced demand for our products. Such conditions could have a material adverse impact on our business, results of operations and cash flows. In addition, tariff actions by the United States and retaliatory actions by other countries have caused and may in the future cause significant disruption and volatility in the financial markets, which could adversely affect the availability, terms and cost of capital, including to refinance our existing debt, and which in turn could reduce our cash flows and harm our business.

Changes in tariffs and trade restrictions can be announced with little or no advance notice. The adoption and expansion of tariffs or other trade restrictions, increasing trade tensions, or other changes in governmental policies related to tariffs, trade agreements or trade policies are difficult to predict, which makes risks difficult to anticipate and mitigate. If we are unable to navigate further changes in U.S. or international trade policy, it could have a material adverse impact on our business, financial condition and results of operations.

***Any decisions to reduce or discontinue paying cash dividends to our shareholders could cause the market price for our common stock to decline.***

We may modify, suspend or cancel our cash dividend program in any manner and at any time. Any reduction or discontinuance by us of the payment of quarterly cash dividends could cause the market price of our common stock to decline. Moreover, in the event our payment of quarterly cash dividends is reduced or discontinued, our failure or inability to resume paying cash dividends could cause the market price of our common stock to decline.

**Item 5.** ***Other Information***

*Insider Trading Arrangements*

During the quarter ended March 28, 2025, the following officer (as defined in Rule 16a-1(f) of the Exchange Act) adopted a trading arrangement for the purchase or sale of securities of Western Digital that is intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) of the Exchange Act ("Rule 10b5-1 Plan"):

- Gene Zamiska, Senior Vice President, Global Accounting and Chief Accounting Officer of the Company, adopted a Rule 10b5-1 Plan on March 6, 2025. Under this plan, up to an aggregate of 29,653 shares of the Company's common stock may be sold before the plan expires on September 4, 2026.

**Item 6.** ***Exhibits***

The exhibits listed in the Exhibit Index below are filed or furnished with, or incorporated by reference in, this Quarterly Report on Form 10-Q, as specified in the Exhibit List. Certain agreements listed in the Exhibit Index 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 |
|---|---|
| 2.1 | Separation and Distribution Agreement, dated as of February 21, 2025, by and between Western Digital Corporation and Sandisk Corporation (Filed as Exhibit 2.1 to the Company’s Current Report on Form 8-K with the Securities and Exchange Commission on February 24, 2025)# |
| 3.1 | Amended and Restated Certificate of Incorporation of Western Digital Corporation, as amended to date (Filed as Exhibit 3.1 to the Company’s Annual Report on Form 10-K with the Securities and Exchange Commission on August 20, 2024) |
| 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 with the Securities and Exchange Commission on February 1, 2023) |
| 3.3 | Amended and Restated Bylaws of Western Digital Corporation, as amended effective as of March 13, 2025 (Filed as Exhibit 3.1 to the Company’s Current Report on Form 8-K with the Securities and Exchange Commission on March 13, 2025) |
| 10.1 | Form of Indemnification Agreement for Directors and Officers of Western Digital Corporation (Filed as Exhibit 10.1 to the Company’s Current Report on Form 8-K with the Securities and Exchange Commission on January 30, 2025)** |
| 10.2 | Transition Services Agreement, dated as of February 21, 2025, by and between Western Digital Corporation and Sandisk Corporation (Filed as Exhibit 10.1 to the Company’s Current Report on Form 8-K with the Securities and Exchange Commission on February 24, 2025)# |
| 10.3 | Tax Matters Agreement, dated as of February 21, 2025, by and between Western Digital Corporation and Sandisk Corporation (Filed as Exhibit 10.2 to the Company’s Current Report on Form 8-K with the Securities and Exchange Commission on February 24, 2025)# |
| 10.4 | Employee Matters Agreement, dated as of February 21, 2025, by and between Western Digital Corporation and Sandisk Corporation (Filed as Exhibit 10.3 to the Company’s Current Report on Form 8-K with the Securities and Exchange Commission on February 24, 2025)# |
| 10.5 | Intellectual Property Cross-License Agreement, dated as of February 21, 2025, by and between Western Digital Corporation and Sandisk Corporation (Filed as Exhibit 10.4 to the Company’s Current Report on Form 8-K with the Securities and Exchange Commission on February 24, 2025)# |
| 10.6 | Transitional Trademark License Agreement, dated as of February 21, 2025, by and between Western Digital Corporation and Sandisk Corporation (Filed as Exhibit 10.5 to the Company’s Current Report on Form 8-K with the Securities and Exchange Commission on February 24, 2025)# |
| 10.7 | Stockholder’s and Registration Rights Agreement, dated as of February 21, 2025, by and between Western Digital Corporation and Sandisk Corporation (Filed as Exhibit 10.6 to the Company’s Current Report on Form 8-K with the Securities and Exchange Commission on February 24, 2025)# |
| 10.8 | Amendment No. 4 to the Amended and Restated Loan Agreement, dated as of February 20, 2025, among Western Digital Corporation, JPMorgan Chase Bank, N.A., as administrative agent and the lenders party thereto (Filed as Exhibit 10.7 to the Company’s Current Report on Form 8-K with the Securities and Exchange Commission on February 24, 2025)# |
| 10.9 | Western Digital Corporation Amended and Restated Change in Control Severance Plan, amended and restated as of March 13, 2025†** |
| 10.10 | Offer Letter, dated as of February 11, 2025, to Irving Tan†** |
| 10.11 | Amended and Restated Offer Letter, dated as of April 18, 2025, to Ahmed Shinhab†** |
| 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* |
| 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.
# Schedules and exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Registrant agrees to furnish supplementally a copy of any omitted schedule or exhibit to the U.S. Securities and Exchange Commission upon request.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Quarterly Report on Form 10-Q 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: May 2, 2025

**WESTERN DIGITAL CORPORATION**
**AMENDED AND RESTATED CHANGE IN CONTROL SEVERANCE PLAN**

## 1. PURPOSE; TERM

Effective as of March 13, 2025 (the "Effective Date"), Western Digital Corporation, a Delaware corporation (the "Company"), adopted this Western Digital Corporation Amended and Restated Change in Control Severance Plan (the "Plan"), which supersedes all prior plans. The Company established the Plan to reinforce and encourage the continued attention and dedication of Participants (as defined below) to their assigned duties in the event the Company undergoes a Change in Control (as defined below). The Plan shall remain in effect until modified or terminated pursuant to Section 8.

## 2. DEFINITIONS

"Administrator" means the Committee or any delegate of such committee acting pursuant to Section 7.

"Base Pay" means the Participant's wages earned on a monthly basis, determined as of the employment termination date, excluding incentive payments and commissions.

"Beneficially Own" or "Beneficial Owner" (as the context may require) means a "beneficial owner" as defined in Rule 13d-3 of the Exchange Act, except that a person shall also be deemed the beneficial owner of all securities which such person may have a right to acquire, whether or not such right is presently exercisable.

"Board" means the Board of Directors of the Company.

"Business Combination" means the consummation of any merger, consolidation, reorganization or other extraordinary transaction (or series of related transactions) involving the Company, a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or stock of another entity by the Company or any of its subsidiaries.

"Cause" means the occurrence or existence of any of the following with respect to a Participant: (a) the Participant's conviction by, or entry of a plea of guilty or nolo contendere in, a court of competent and final jurisdiction for any crime involving moral turpitude or any felony punishable by imprisonment in the jurisdiction involved; (b) whether prior or subsequent to the Effective Date, the Participant's willful engaging in dishonest or fraudulent actions or omissions which results directly or indirectly in any demonstrable material financial or economic harm to the Employer or any of their respective affiliates; (c) the Participant's failure or refusal to perform his or her duties as reasonably required by the Employer, provided that the Participant shall have first received written notice from the Employer stating with specificity the nature of such failure or refusal and affording the Participant at least five days to correct the act or omission complained of; (d) gross negligence, insubordination, material violation by the Participant of any duty of loyalty to the Employer or any of their respective affiliates, or any other material misconduct on the part of the Participant, provided that the Participant shall have first received written notice from the Employer stating with specificity the nature of such action or violation and affording the Participant at least five days to correct such action or violation; (e) conduct by the Participant which, upon reasonable investigation, is determined by the Company to violate the Employer's anti-harassment, discrimination or retaliation policies; (f) conduct endangering, or materially likely to endanger, the health or safety of another employee; (g) falsifying or misrepresenting information on the records of the Employer or any of their respective affiliates; (h) the Participant's physical destruction or theft of substantial property or assets of the Employer or any of their respective affiliates; or (i) material breach of any material policy of, or agreement with, the Employer or any of their respective affiliates applicable to the Participant or to which the Participant is otherwise bound, provided that the Participant shall have first received written notice from the Employer stating with specificity the nature of such breach and affording the Participant at least five days to correct such breach.

The Participant shall not be deemed to have been terminated for Cause unless and until all of the following conditions have been met: (x) the Employer delivers to the Participant a notice of termination specifying the alleged conduct of the Participant that constitutes "Cause"; (y) the Participant is provided a meaningful opportunity to rebut the allegations and be heard by the Board at a meeting called and held for that purpose; and (z) following any such meeting of the Board, the Board approves a legally binding resolution finding that the Participant was guilty of conduct constituting Cause with such resolution approved by the affirmative vote of not less than a majority of the entire membership of the Board (other than the Participant if he or she is a member of the Board at such time).

"Change in Control" means an occurrence of any of the following events, unless the Board shall provide otherwise:

(a) any Person, alone or together with its affiliates and associates, including any group of persons which is deemed a "person" under Section 13(d)(3) of the Exchange Act (other than the Employer or any employee benefit plan (or related trust) of the Employer, or any underwriter in connection with a firm commitment public offering of the Company's capital stock), becomes the Beneficial Owner of: (i) thirty-three and one-third percent or more of the then Outstanding Company Common Stock; or (ii) securities representing thirty-three and one-third percent or more of the Outstanding Company Voting Securities (in each case above, other than an acquisition in the context of a merger, consolidation, reorganization, asset sale or other extraordinary transaction covered by, and which does not constitute a Change in Control under, clause (c) below);

(b) a change, during any period of two consecutive years, of a majority of the Board as constituted as of the beginning of such period, unless the election, or nomination for election by the Company's stockholders, of each director who was not a director at the beginning of such period was approved by vote of at least two-thirds of the Incumbent Directors then in office;

(c) a Business Combination, unless, following such Business Combination, (1) all or substantially all of the individuals and entities that were the Beneficial Owners of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such Business Combination Beneficially Own, directly or indirectly, more than 50% of the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the entity resulting from such Business Combination (including, without limitation, a Parent), (2) no Person (excluding any entity resulting from such Business Combination or a Parent or any employee benefit plan (or related trust) of the Company or such entity resulting from such Business Combination or Parent, and excluding any underwriter in connection with a firm commitment public offering of the Company’s capital stock) Beneficially Owns, directly or indirectly, more than thirty-three and one-third percent of, respectively, the then-outstanding shares of common stock of the entity resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such entity, and (3) at least a majority of the members of the board of directors of the entity resulting from such Business Combination or a Parent were Incumbent Directors at the time of execution of the initial agreement or of the action of the Board providing for such Business Combination; or

(d) the stockholders of the Company approve a plan of complete liquidation or dissolution of the Company (other than in the context of a merger, consolidation, reorganization, asset sale or other extraordinary transaction covered by, and which does not constitute a Change in Control under, clause (c) above).

Notwithstanding the foregoing definition or any other provision of the Plan, the term Change in Control will not include a sale of assets, merger or other transaction effected exclusively for the purpose of changing the domicile of the Company. If required for compliance with Section 409A of the Code, in no event will a Change in Control be deemed to have occurred if such transaction is not also a “change in the ownership or effective control of” the Company or “a change in the ownership of a substantial portion of the assets of” the Company as determined under U.S. Treasury Regulation Section 1.409A-3(i)(5) (without regard to any alternative definition thereunder). The Board may, in its sole discretion and without a Participant’s consent, amend the definition of “Change in Control” to conform to the definition of “Change in Control” under Section 409A of the Code and related regulations.

"Change in Control Period" means:

(a) any period during which the Company or any of its Subsidiaries has become a party to a definitive agreement to consummate a transaction that would result in a Change in Control and before the termination of such agreement without the transaction being consummated;

(b) any period commencing upon the effective date of the Change in Control and ending on the 12-month anniversary of the effective date of such Change in Control.

Notwithstanding the foregoing, in no event will the Change in Control Period be deemed to have commenced earlier than six months prior to the Change in Control.

"Code" means the United States Internal Revenue Code of 1986, as amended.

"Code Section 409A" means Section 409A of the Code.

"Committee" means the Compensation and Talent Committee of the Board.

"Covered Termination" means:

(a) A Participant's termination of employment by the Employer without Cause (excluding by reason of death or Disability) during the Change in Control Period; or

(b) A Participant's termination of employment due to his or her resignation for Good Reason during the Change in Control Period.

"Disability" shall occur upon the Participant becoming eligible for disability benefits under the Employer's long-term disability plan, or, if earlier, upon the Participant becoming eligible for Social Security disability benefits or any comparable state-provided disability benefits for Participants located in non-United States jurisdictions.

"Eligible Employee" means an individual who is an employee on the payroll of the Employer. An Eligible Employee shall not include any person providing services to the Employer through a temporary service or on a leased basis or who is engaged by the Employer as an independent contractor, consultant, or otherwise as a person who is not an employee for purposes of applicable withholding taxes, as evidenced by payroll records or a written agreement with the individual, regardless of any contrary governmental agency determination or judicial holding relating to such status or tax withholding.

"Employer" means the Company and its Subsidiaries. For purposes of determining the entity responsible for making payments to a Participant, "Employer" shall mean the legal entity on whose payroll records the Participant is listed.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"Exchange Act" means the U.S. Securities Exchange Act of 1934, as amended, and the related rules and regulations.

"Good Reason" means any of the following without the Participant's express written consent: (a) a material diminution in the Participant's authority, duties or responsibilities in effect immediately prior to the Change in Control; (b) a material diminution by the Employer in the Participant's Base Pay in effect immediately prior to the Change in Control; (c) any material breach by the Employer of any provision of the Plan; (d) the relocation of the Participant's principal place of employment by more than 50 miles from his or her place of employment immediately prior to a Change in Control; or (e) the Company's failure to obtain a satisfactory agreement from any successor to assume and agree to perform the Employer's obligations under the Plan, as contemplated in Section 10.2 hereof. However, any such condition shall not constitute "Good Reason" unless (i) the Participant provides written notice to the Employer of the condition claimed to constitute Good Reason within 90 days of the initial existence of such condition and during the Change in Control Period and (ii) the Employer fails to remedy such condition within 30 days of receiving such written notice thereof; and provided, further, that in all events the termination of the Participant's employment with the Employer shall not be treated as a termination for "Good Reason" unless such termination occurs not more than 12 months following the initial existence of the condition claimed to constitute "Good Reason."

"Incumbent Directors" means the directors holding office as of the Effective Date and any person becoming a director subsequent to such date whose election, or nomination for election by the Company's stockholders, is approved by a vote of at least a majority of the Incumbent Directors then in office.

"JAMS" means the Judicial Arbitration and Mediation Services, Inc., in Orange County, California, or its successor.

"Outstanding Company Common Stock" means the outstanding shares of the Company's common stock.

"Outstanding Company Voting Securities" means the combined voting power of the Company's then outstanding voting securities.

"Parent" means an entity that, as a result of a Business Combination, owns the Company or all or substantially all of the Company's assets directly or through one or more subsidiaries.

"Participant" means an Eligible Employee who has been designated by the Board or Administrator to participate in the Plan, in accordance with Section 3.

"Person" means a person as defined in Sections 13(d) and 14(d) of the Exchange Act.

"Release" means a release of any and all claims in a form and manner acceptable to the Company.

"Separation from Service" with respect to a Participant, shall mean that the Participant dies, retires, or otherwise has a termination of employment with the Employer that constitutes a "separation from service" within the meaning of Treasury Regulation Section 1.409A-1(h)(1), without regard to the optional alternative definitions available under such regulation.

"Severance Benefits" means the severance payments and benefits specified for a Participant in Appendix A-1 or Appendix A-2, as applicable.

"Subsidiary" means any corporation or other entity a majority of whose outstanding voting stock or voting power is beneficially owned directly or indirectly by the Company.

"U.S. Eligible Employee" means any Eligible Employee who is paid from the United States payroll of the Employer.

**3. PARTICIPATION**

The Administrator may, from time to time, designate Eligible Employees as Participants; provided, that the Administrator shall limit the group of all persons eligible to participate in the Plan to a "select group of management or highly compensated employees" within the meaning of 29 C.F.R. 2520-104-23 or any similar successor provision.

The Administrator designates Participants into one of the following three categories: Tier 1 Participant per Appendix A-1, Tier 2 Participant per Appendix A-2 or Tier 3 Participant per Appendix A-2. The Administrator may, in its sole discretion, remove a Participant from the Plan or modify existing Participant tier designations, regardless of the general designations in Appendix A-1 or Appendix A-2.

**4. ACCRUED RIGHTS; COMPENSATION UPON A CHANGE IN CONTROL; SEVERANCE BENEFITS**

4.1 Compensation Upon a Change in Control. Commencing on the date a Change in Control occurs and for 12 months thereafter (or for such shorter period of time as the Participant remains employed following such Change in Control), the Participant shall be entitled to receive:

(i) Base Pay at a rate no less than the Base Pay immediately prior to the date of the Change in Control;

(ii) benefits under employee benefit plans or arrangements (including, without limitation, any pension or welfare plan, life, health, hospitalization and other forms of insurance and all other "fringe" benefits or perquisites) made available to the Participant by the Employer (or any successor thereto), and the Participant's level of participation in, or entitlements under, any such employee benefit plan of any successor to the Employer (or an affiliate thereof) shall be calculated as if the Participant had been an employee of such successor to the Employer (or an affiliate thereof) from the date of employment by Participant's Employer; and

(iii) reimbursement for all reasonable business expenses incurred by the Participant in the performance of his or her duties on behalf of the Employer for so long as the Participant is employed by Employer (or an affiliate thereof), and in no event shall the reimbursement be made later than the end of the taxable year following the taxable year that the related expenses were incurred.

4.2 Accrued Rights. Upon a termination of the Participant's employment for any reason, the Participant (or the Participant's estate) shall be entitled to receive the sum of the Participant's Base Pay through the date of termination that is unpaid; the monetary equivalent of any accrued but unused vacation days; any reasonable business expenses incurred in the performance of his or her duties to the Employer in accordance with applicable expense reimbursement policies and procedures and that remain unpaid as of the date of termination; and any amount owed to the Participant in connection with employee benefit plans (including without limitation, any disability or life insurance benefit plans, programs or arrangements), payable in accordance with the terms and conditions of such employee benefit plans.

4.3 Severance Benefits. In the event a Participant's termination of employment constitutes a Covered Termination, such Participant shall be entitled to receive the Severance Benefits from his or her Employer subject to the conditions set forth in Section 5. In no event shall a Participant become entitled to a duplication of benefits under the Plan and any other severance plan or program of the Employer (including the Company's Amended and Restated Executive Severance Plan). In the event a Participant is eligible to receive benefits under the Plan and any other severance plan or program of the Employer (including the Company's Amended and Restated Executive Severance Plan), Participant shall only receive benefits pursuant to the arrangement that yields the greatest benefit to the Participant. Notwithstanding any provision of the Plan to the contrary, to the extent that any Participant is entitled to any period of paid notice under Federal or state law including, but not limited to, the Worker Adjustment Retraining Notification Act, 29 U.S.C. Sections 2101 et seq., the benefits and amounts payable under the Plan shall be reduced (but not below zero) by the Base Pay received by the Participant during the period of such paid notice.

4.4 Specified Employees. It is the Company's intent that the Severance Benefits be exempt from Section 409A as a "short-term deferral" or separation pay due to an involuntary separation from service within the meaning of Code Section 409A. If the Severance Benefits (or any portion thereof) constitute non-exempt "deferred compensation" (within the meaning of Section 409A), then a Participant who is a "specified employee" within the meaning of Code Section 409A shall not be entitled to any such benefits hereunder until the earlier of (i) the date which is six months after the Participant's Separation from Service for any reason other than death, or (ii) the date of the Participant's death. Any amounts otherwise payable to the Participant upon or in the six-month period following the Participant's Separation from Service that are not paid by reason of this Section 4.4 shall be paid (without interest) as soon as practicable (and in all events within 30 days) after (x) the required six-month period or, if earlier (y) the date of the Participant's death.

## 5. CONDITIONS TO SEVERANCE BENEFITS

5.1 Release. The Employer's obligation to pay the Severance Benefits to a Participant is subject to: (i) the Participant's execution of a Release; and (ii) such Release not being revoked by the Participant (pursuant to any revocation rights afforded by applicable law) or otherwise rendered unenforceable by the Participant. The Employer will have no obligation to pay any of the Severance Benefits to the Participant under the Plan until such Release becomes effective.

5.2 Departure and Entitlement Procedure. As a condition to receiving the Severance Benefits, the Participant must return and deliver to the Employer all Employer property within seven days of the Participant's termination date.

5.3 Other Employment; Limitation On Employee Rights. A Participant shall not be required to mitigate the amount of any payments provided by the Plan by seeking employment or otherwise. The Employer reserves the right to offset the benefits payable under the Plan by any advanced monies the Participant owes the Employer. The Plan shall not give any employee the right to be retained in the service of the Employer or to interfere with or restrict the right of the Employer to discharge any employee at any time, with or without Cause.

**6. RESOLUTION OF DISPUTES**

6.1 Claim. Any Participant or other person who believes he or she is entitled to any payment under the Plan (referred to in this section as "claimant") may submit a claim in writing to the Administrator within 90 days of the earlier of (i) the date the claimant learned the amount of his or her benefits under the Plan or (ii) the date the claimant learned that he or she will not be entitled to any benefits under the Plan. If the claim is denied (in full or in part), the claimant will be provided a written notice explaining the specific reasons for the denial and referring to the provisions of the Plan on which the denial is based. The notice also will describe any additional information needed to support the claim and the Plan's procedures for appealing the denial. The denial notice will be provided within 90 days after the claim is received. If special circumstances require an extension of time (up to 90 days), written notice of the extension will be given within the initial 90-day period. This notice of extension will indicate the special circumstances requiring the extension of time and the expected date of the Administrator's decision.

6.2 Appeal Procedure. If the claim is denied, the claimant (or his or her authorized representative) may apply in writing to the Administrator for a review of the decision denying the claim. Review must be requested within 60 days following the date the claimant received the written notice of their claim denial or else the claimant loses the right to review. The claimant then has the right to review and obtain copies of all documents and other information relevant to the claim, upon request and at no charge, and to submit issues and comments in writing within ten business days after receiving documents and other information relevant to the claim. The Administrator will provide written notice of its decision on review within 60 days after it receives a review request. If additional time (up to 60 days) is needed to review the request, the claimant will be given written notice of the reason for the delay. This notice of extension will indicate the special circumstances requiring the extension of time and the expected date of the Administrator's decision. If the claim is denied (in full or in part), the claimant will be provided a written notice explaining the specific reasons for the denial and referring to the provisions of the Plan on which the denial is based. The notice also will include a statement that the claimant will be provided, upon request and free of charge, reasonable access to, and copies of, all documents and other information relevant to the claim and a statement regarding the claimant's right to bring an action under Section 502(a) of ERISA.

6.3 Arbitration. A claimant who followed the procedures in Sections 6.1 through 6.2, but has not obtained full relief on his or her claim for benefits, may, within 90 days following his or her receipt of the Administrator's written decision on review pursuant to Section 6.2, apply in writing to the Administrator for expedited and binding arbitration of his or her claim in Orange County, California, before a sole arbitrator selected from JAMS, or if JAMS is no longer able to supply the arbitrator, such arbitrator shall be selected from the American Arbitration Association, and shall be conducted in accordance with the provisions of California Code of Civil Procedure §§ 1280 et seq. as the exclusive forum for the resolution of such dispute. Any award or relief granted by the arbitrator shall be final and binding on the parties hereto and may be enforced by any court of competent jurisdiction. Any rights to trial by jury in any action, proceeding or counterclaim brought by any of the Company, a Subsidiary or a Participant in connection with any matter whatsoever arising out of or in any way connected with the Plan are hereby waived. The Employer shall be responsible for payment of the forum costs of any arbitration hereunder, including the arbitrator's fee.

6.4 Legal Fees and Expenses. If any dispute arises between the parties with respect to the interpretation or performance of the Plan, the prevailing party in any arbitration or proceeding shall be entitled to recover from the other party its attorneys' fees or court costs and other expenses incurred in connection with any such proceeding. Amounts, if any, paid to the Participant under this Section 6.4 shall be in addition to all other amounts due to the Participant pursuant to the Plan.

## 7. ADMINISTRATION

The Plan shall be administered and operated by the Administrator. The Administrator is empowered to construe and interpret the provisions of the Plan and to decide all questions of eligibility for benefits under the Plan and shall make such determinations in its sole and absolute discretion. The Administrator may at any time delegate to any other named person or body, or reassume from any delegate, any of its responsibilities or administrative duties with respect to the Plan.

## 8. AMENDMENT

The Administrator (or the Board) reserves the right to amend, suspend and/or terminate the Plan at any time in its sole discretion; provided, that, notwithstanding the foregoing, the Plan shall not be amended, suspended or terminated during a Change in Control Period or with respect to a Participant who is already entitled to payment under the Plan.

## 9. TAXES

Each Participant shall be solely responsible for his or her own tax liability with respect to participation in the Plan. The Employer may withhold from any amounts payable under the Plan such federal, state and local income, employment, or other applicable taxes as may be required to be withheld.

**10. GENERAL**

10.1 Assignment by Participants. None of the amounts payable pursuant to the Plan shall be subject to any claim of any creditor and shall not be subject to attachment or garnishment or other legal process by any creditor. Participants may not alienate, anticipate, commute, pledge, encumber or assign any of the amounts payable pursuant to the Plan. The amounts payable pursuant to the Plan shall inure to the benefit of and be enforceable by each Participant's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees, and legatees.

10.2 Binding Effect. The Employer will require any successor to all or substantially all of the business and/or assets of the Company or applicable Subsidiary to expressly assume and agree to perform all of the obligations of the Company or applicable Subsidiary under the Plan (including the obligation to cause any subsequent successor to also assume the obligations of the Plan) unless such assumption occurs by operation of law. For the avoidance of doubt, in the event that a successor of a Subsidiary assumes the Subsidiary's obligations under the Plan, the Company will have no obligations under the Plan with respect to the Participants employed by such Subsidiary.

10.3 No Waiver. No waiver of any term, provision or condition of the Plan, whether by conduct or otherwise, in any one or more instances shall be deemed or be construed as a further or continuing waiver of any such term, provision or condition or as a waiver of any other term, provision or condition of the Plan.

10.4 Expenses; Unsecured General Creditor. The benefits and costs of the Plan shall be paid by the Employer out of its general assets. The status of a claim against the Employer with respect to the benefits provided by the Plan shall be the same as the status of a claim against the Employer by any general or unsecured creditor.

10.5 ERISA. The Plan is an unfunded compensation arrangement for a select group of management or highly compensated employees of the Company or a Subsidiary and any exemptions under ERISA applicable to such an arrangement shall be applicable to the Plan.

10.6 WARN Act. Benefits payable under the Plan are intended to satisfy, where applicable, any Employer obligations under the Federal Worker Adjustment and Retraining Notification Act and any similar obligations that the Employer may have under any successor or other severance pay statute.

10.7 Governing Law. The provisions of the Plan will be construed, administered and enforced in accordance with ERISA and, to the extent applicable, the laws of the State of California without regard to its choice of law provisions.

10.8 Severability. If any provision of the Plan is held to be illegal, invalid or unenforceable under any present or future law, and if the rights or obligations of any party hereto under the Plan will not be materially and adversely affected hereby, (i) such provision will be fully severable, (ii) the Plan will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, (iii) the remaining provisions of the Plan will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance from here and (iv) in lieu of such illegal, invalid or unenforceable provision, there will be added automatically as a part of the Plan a legal, valid and enforceable provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible.

10.9 Additional Information.

| | |
|---|---|
| **Plan Name:** | Western Digital Corporation Amended and Restated Change in Control Severance Plan |
| **Plan Sponsor:** | Western Digital Corporation |
| **Identification Numbers:** | **EIN:** 33-0956711 |
| | **PLAN:** 002 |
| **Plan Year:** | January 1 to December 31 |
| **Plan Administrator:** | Western Digital Corporation<br>5601 Great Oaks Parkway<br>San Jose, California 95119<br>Attention: Compensation and Talent Committee<br>(408) 717-6000 |
| **Agent for Service of Legal Process:** | Western Digital Corporation<br>251 Little Falls Drive<br>Wilmington, Delaware 19808<br>Attention: Corporation Service Company |
| **Type of Plan:** | Severance Plan/Employee Welfare Benefit Plan |
| **Plan Costs:** | The cost of the Plan is paid by the Company. |

10.10 Statement of ERISA Rights. As a Participant under the Plan, you have certain rights and protections under ERISA:

You may examine (without charge) all Plan documents, including any amendments and copies of all documents filed with the U.S. Department of Labor. These documents are available for your review in the Company's Human Resources Department.

You may obtain copies of all Plan documents and other Plan information upon written request to the Administrator. A reasonable charge may be made for such copies.

In addition to creating rights for Participants, ERISA imposes duties upon the people who are responsible for the operation of the Plan. The people who operate the Plan (called "fiduciaries") have a duty to do so prudently and in the interests of you and the other Participants. No one, including the Company or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a benefit under the Plan or exercising your rights under ERISA. If your claim for payments or benefits under the Plan is denied, in whole or in part, you must receive a written explanation of the reason for the denial. You have the right to have the denial of your claim reviewed. The claim review procedure is explained in Section 6 above.

Under ERISA, there are steps you can take to enforce the above rights. For example, if you request materials and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Administrator to provide the materials and to pay you up to $110 a day until you receive the materials, unless the materials were not sent due to reasons beyond the control of the Administrator. If you have a claim which is denied or ignored, in whole or in part, you may file suit in a federal court. If it should happen that you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court.

In any case, the court will decide who will pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds that your claim is frivolous.

If you have any questions regarding the Plan, please contact the Administrator. If you have any questions about this statement or about your rights under ERISA, you may contact the nearest area office of the Employee Benefits Security Administration (formerly the Pension and Welfare Benefits Administration), U.S. Department of Labor, listed in your telephone directory, or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W. Washington, D.C. 20210. You also may obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

10.11 Section 280G.

Notwithstanding anything to the contrary in the Plan, if a Participant is a "disqualified individual" (as defined in Section 280G(c) of the Code), and the Severance Benefits provided for under the Plan, together with any other payments and benefits which the Participant has the right to receive from the Employer, would constitute a "parachute payment" (as defined in Section 280G(b)(2) of the Code), then the Severance Benefits provided for under the Plan shall be either (a) reduced (but not below zero) so that the present value of such total amounts and benefits received by the Participant from the Employer will be $1.00 less than three times the Participant's "base amount" (as defined in Section 280G(b)(3) of the Code) and so that no portion of such amounts and benefits received by the Participant shall be subject to the excise tax imposed by Section 4999 of the Code, or (b) paid in full, whichever produces the better net after-tax position to the Participant (taking into account any applicable excise tax under Section 4999 of the Code and any other applicable taxes). The determination as to whether any such reduction in the amount of the payments provided hereunder is necessary shall be made by the Employer in good faith. If a reduced payment is made or provided and through error or otherwise that payment, when aggregated with other payments and benefits from the Employer used in determining if a parachute payment exists, exceeds $1.00 less than three times the Participant's base amount, then the Participant shall immediately repay such excess to the Employer upon notification that an overpayment has been made. Nothing in the Plan shall require the Employer to be responsible for, or have any liability or obligation with respect to, the Participant's excise tax liabilities under Section 4999 of the Code.

**Appendix A-1**

Each of the following Participants shall be a Tier 1 Participant: (a) a Participant with a title of Executive Vice President (or its equivalent in the internal records of the Employer); (b) a Participant who is a member of the CEO Executive Leadership Team with a title of Senior Vice President or above (in the internal records of the Employer); and (c) a Participant who is an officer of the Company within the meaning of Section 16 of the Exchange Act. Such a Participant shall be eligible to receive the Severance Benefits described in this Appendix A-1.

1.1 Severance Benefits:

(a) Cash Severance Payment. A Participant shall receive a cash severance payment equal to two times the sum of (i) the Participant's Base Pay multiplied by 12 months; *plus* (ii) the Participant's target incentive opportunity under the incentive program in which the Participant participates for the incentive cycle in which the Participant's date of termination occurs; *plus* (iii) the Participant's annual car allowance; provided, that the Base Pay, target incentive opportunity and annual car allowance rates used for purposes of determining such cash severance shall each be based on the rate in effect immediately prior to the Change in Control or date of termination (whichever is higher).

(b) Earned Yet Unpaid Incentive Payments. A Participant shall receive payment for any incentive that was earned through a prior incentive cycle but has not yet been paid.

(c) Equity Awards. Equity awards shall be treated as follows:

(i) The Participant's equity awards that are only subject to time-based vesting, including any credited dividend equivalent rights, will fully vest and become exercisable or payable, as applicable.

(ii) The Participant's equity awards that are subject to performance-based vesting will fully vest and become payable as follows:

(A) With respect to any such award for which the applicable performance period has not ended as of the date of the Participant's termination of employment or the Change in Control (whichever occurs later), the number of shares of common stock of the Company that vest shall be equal to the greater of: (x) the target number of shares of common stock of the Company subject to the award; or (y) the number of shares of common stock of the Company subject to that award that would vest based on the treatment set forth in the definitive agreement providing for the Change in Control. Any credited dividend equivalent rights will also become proportionally vested.

(B) With respect to any such award for which the applicable performance period has ended as of the date of the Participant's termination of employment or the Change in Control (whichever occurs later), vesting shall be based on the actual achievement of the applicable performance goal(s).

(C) With respect to any such award granted on or following the Effective Date, the award shall be payable upon termination. With respect to any such award granted prior to the Effective Date, the award shall be payable in accordance with the original schedule set forth in the applicable award agreement, with no acceleration of the payment date.

The post-termination settlement and exercisability, as applicable, of such equity awards, as well any payments made in connection with such equity awards, shall be governed by the applicable stock incentive plan, as amended from time to time, and/or award agreement. In the event of a conflict regarding equity award treatment between an applicable award agreement and the Plan, the award agreement controls.

(d) COBRA Premium Payment. With respect to a Participant who is a U.S. Eligible Employee as of the date of such Participant's termination of employment, the Employer shall pay to the Participant a cash payment in an amount equal to the applicable COBRA premium payments (as reasonably determined by the Administrator) that would be payable by the Participant to continue the Participant's company-provided medical, dental, and/or vision coverage existing as of the Participant's termination date for a period of 24 months following such Participant's termination of employment. For purposes of clarity, such cash payment shall be made regardless of whether the Participant actually elects coverage under COBRA, and shall be determined as of the Participant's termination of employment and not impacted by, or adjusted for, events occurring after such date (including, without limitation, changes in coverage or premiums).

1.2. Payment Timing. Subject to Section 4.4 of the Plan, the payments set forth in Section 1.1 (a), (b) and (d) shall be paid to the Participant in a single lump sum cash payment, subject to applicable tax withholding, no later than the 30th day following the date on which the Release becomes effective; provided, that if the period during which the payment of such Severance Benefits can be initiated commences in one taxable year and ends in a second taxable year, such payment shall be made in the second taxable year to the extent required to avoid any tax, interest or penalties under Code Section 409A.

1.3 Participants who are Not U.S. Eligible Employee. The Administrator delegates to the Company's Chief Human Resources Officer (or equivalent role or any other person the Administrator deems appropriate) the duties of the Administrator set forth in Section 1.3(a) and Section 1.3(b). If a Participant who is not a U.S. Eligible Employee is eligible to receive payments or benefits upon a termination of employment under any applicable local law or Employer policy ("Local Severance"), then the payments and benefits described in this appendix shall be modified as follows:

(a) Benefit Comparison. The Administrator shall compare the payments and benefits payable to the Participant under the Local Severance (excluding the value of any equity awards that accelerate in connection with the Participant's termination of employment) (the "Local Severance Benefits") with the payments and benefits set forth in Section 1.1 of this appendix applicable to the Participant (the "Plan Severance Benefits"). The Administrator has sole discretion to determine the calculation of the Local Severance Benefits.

(b) Benefit Calculation. In the event the value of the Local Severance Benefits equals or exceeds the Plan Severance Benefits, as determined by the Administrator in its sole discretion, then the Participant shall not be eligible to receive any portion of the Plan Severance Benefits. In the event the value of the Local Severance Benefits is less than the value of the Plan Severance Benefits, as determined by the Administrator in its sole discretion, then the Participant shall receive the Plan Severance Benefits (excluding the benefits set forth in 1.1(d) (COBRA premium payments) in this Appendix) in place of any Local Severance Benefits. In the event a Participant is eligible to receive a cash payment under this Section 1.3(b), then references in the Plan to "Severance Benefits" shall be deemed to refer to such cash payment.

(c) Payment Timing. In the event a Participant is eligible to receive a cash payment under the immediately preceding Section 1.3(b), then such payment shall be paid to the Participant in a single lump sum cash payment no later than the 30th day following the date on which the Release becomes effective, subject to applicable tax withholding, local timing rules and subject to Section 4.4; provided, that if the period during which such payment can be made begins in one taxable year and ends in a second taxable year, such payment shall be made in the second taxable year to the extent required to avoid any tax, interest or penalties under Code Section 409A.

(d) Retirement-Eligible Vesting. Notwithstanding any provision of this Section 1.3 to the contrary, non-U.S. Eligible Employees who: (a) are retirement-eligible; and (b) receive Local Severance Benefits shall also receive retirement vesting on their applicable equity awards pursuant to the applicable stock incentive plans and/or award agreements governing such equity awards.

**Appendix A-2**

A Participant with a title of Senior Vice President (or its equivalent in the internal records of the Employer) shall be a Tier 2 Participant, and a Participant with a title of Vice President (or its equivalent in the internal records of the Employer) shall be a Tier 3 Participant.

Such Participants are subject to all the terms, and are eligible to receive all the Severance Benefits, described in Appendix A-1 above, subject to the changes set forth below.

| Provision | Tier 2 Participants | Tier 3 Participants |
|---|---|---|
| Section 1.1(a) Cash Severance Payment | A Participant shall receive a cash severance payment equal to 1.5 times the sum of (i) the Participant's Base Pay multiplied by 12 months; *plus* (ii) the Participant's target incentive opportunity under the incentive program in which the Participant participates for the incentive cycle in which the Participant's date of termination occurs; *plus* (iii) the Participant's annual car allowance; provided, that the Base Pay, target incentive opportunity and annual car allowance rates used for purposes of determining such cash severance shall each be based on the rate in effect immediately prior to the Change in Control or date of termination (whichever is higher) | A Participant shall receive a cash severance payment equal to one times the sum of (i) the Participant's Base Pay multiplied by 12 months; *plus* (ii) the Participant's target incentive opportunity under the incentive program in which the Participant participates for the incentive cycle in which the Participant's date of termination occurs; *plus* (iii) the Participant's annual car allowance; provided, that the Base Pay, target incentive opportunity and annual car allowance rates used for purposes of determining such cash severance shall each be based on the rate in effect immediately prior to the Change in Control or date of termination (whichever is higher) |
| Section 1.1(d) COBRA Premium Payment | With respect to a Participant who is a U.S. Eligible Employee as of the date of such Participant's termination of employment, the Employer shall pay to the Participant a cash payment in an amount equal to the applicable COBRA premium payments (as reasonably determined by the Administrator) that would be payable by the Participant to continue the Participant's company-provided medical, dental, and/or vision coverage existing as of the Participant's termination date for a period of 18 months following such Participant's termination of employment. For purposes of clarity, such cash payment shall be made regardless of whether the Participant actually elects coverage under COBRA, and shall be determined as of the Participant's termination of employment and not impacted by, or adjusted for, events occurring after such date (including, without limitation, changes in coverage or premiums). | With respect to a Participant who is a U.S. Eligible Employee as of the date of such Participant's termination of employment, the Employer shall pay to the Participant a cash payment in an amount equal to the applicable COBRA premium payments (as reasonably determined by the Administrator) that would be payable by the Participant to continue the Participant's company-provided medical, dental, and/or vision coverage existing as of the Participant's termination date for a period of 12 months following such Participant's termination of employment. For purposes of clarity, such cash payment shall be made regardless of whether the Participant actually elects coverage under COBRA, and shall be determined as of the Participant's termination of employment and not impacted by, or adjusted for, events occurring after such date (including, without limitation, changes in coverage or premiums). |

Western Digital

**Exhibit 10.10**

February 11, 2025

Dear Irving,

This letter states our offer to you for regular full-time employment in Western Digital (Singapore) Pte. Ltd. (“the Company”) and sets out the terms and conditions of your employment with the Company.

1. **General**

1.1 You will start your new position with the Company in a full-time capacity on the date you become the Chief Executive Officer (”CEO”) for the global company as determined by the Western Digital Board of Directors.

1.2 Your title will be CEO and you will report to the Western Digital Board of Directors. Your title may be changed by the Company in accordance with business needs.

1.3 In this position, you will devote all of your time, attention, and ability during normal business hours to the duties, responsibilities, and instructions reasonably assigned to you by the Company. These job duties and responsibilities may be altered by the Company from time to time in order to meet business needs.

1.4 Your primary place of work will be at 9 Tampines Grande, # 04-22, Singapore 528735 or at such other location in Singapore as the Company shall reasonably require, whether on a temporary or permanent basis.

2. **Compensation**

2.1 Your starting base annual salary will be SGD 1,358,700 (“**Base Salary**”), less all applicable tax withholdings and statutory and other deductions.

2.2 The company reviews salaries periodically as part of our compensation review process and any changes to compensation are at the sole discretion of the Company and/or its affiliates.

2.3 You will be eligible to participate in the Western Digital Executive Short Term Incentive plan (“STI”) in accordance with all terms and conditions of the STI plan. Your target STI under the STI plan will be 150% of your eligible earnings earned during each performance period. Payment of the STI is subject to the Western Digital’s corporate performance against financial and operational objectives and your individual performance for the performance period, subject to approval by the Compensation and Talent Committee of Western Digital’s Board of Directors.

2.4 The Company has the right to deduct from your salary any sums that you may owe to the Company, to the extent permitted by law.

3. **Benefits**

You will be eligible to participate in the Company’s benefit plans as established from time to time, at such times as you qualify for them or as they are offered to you. Participation in any benefit plan is subject to the rules of the respective plan. The Company reserves the right to change benefits providers or amend or discontinue any benefit plan in its sole discretion and without compensation to you for any such change, amendment or discontinuance. You may obtain full information about the Company’s benefit plans from Human Resources.

4. **Annual Leave and Public Holidays**

6.1 You will be entitled to the following paid annual leave for each calendar year worked. Such annual leave will be taken by you at times that will be determined, depending upon the requirements of the business activities of the Company and depending upon the provisions of applicable law.

| Years of Service (YOS) | Annual Leave Days (Working Days) |
|---|---|
| 3 months ≤ YOS < 1 | 15 |
| 1 ≤ YOS < 2 | 15 |
| 2 ≤ YOS < 3 | 16 |
| 3 ≤ YOS< 4 | 17 |
| 4 ≤ YOS < 5 | 18 |
| 5 ≤ YOS < 6 | 19 |
| 6 ≤ YOS < 7 | 20 |
| 7 ≤ YOS < 10 | 21 |
| 10 ≤ YOS | 22 |

6.2 Annual leave shall be taken between 1st January and 31st December in the year after the leave has been earned. You will earn a pro-rata leave entitlement from your hire date until December 31 of the year in which you were hired. Unless otherwise permitted by the Company at its discretion or as otherwise permitted in accordance with local labour laws, your annual leave earned but unconsumed in the current year may be carried forward to the second calendar year but must be taken before December 31 of the second calendar year, failing which the said unconsumed annual leave days of the current calendar year will be forfeited.

6.3 You are entitled to the gazetted public holidays observed in Singapore.

6.4 If you or the Company have given the other notice of termination of employment, you may be required to use any remaining leave entitlement during the applicable notice period at the Company's discretion to the extent permitted by law. Otherwise, you will be paid out any accrued but untaken leave.

**5. Professional Expenses**

Where applicable, the Company will reimburse you for reasonable and necessary business expenses incurred in furtherance of the Company's business, in accordance with the Company Travel Policy upon presentation of documentary evidence acceptable to the Company.

**6. Non-Solicitation**

You agree to, at all times, comply with the terms and conditions of the non-solicitation provision contained in the Employee Inventions and Confidentiality Agreement.

**7. Duration of Employment and Termination**

7.1 You or the Company may terminate your employment as follows:

a) **Voluntary Termination**: You may terminate your employment at any time by giving the Company two (2) months' written notice (the "**Resignation Notice Period**"). However, it is understood and agreed that the Company shall be entitled to waive all or part of that notice and accept your resignation at any earlier effective date, in which event your employment will terminate on your last day of actual and active employment. In the event that the Company waives the Resignation Notice

Period, you will be entitled to the lesser of (i) the amounts otherwise payable to you during the Resignation Notice Period or (ii) the minimum entitlements, if any, to termination pay, severance pay and benefits continuation as required by local labour laws.

b) **Termination for Cause**: The Company may terminate your employment for Cause, at any time and without advance notice or payment in lieu of notice. “Cause” for this purpose includes, but is not limited to, instances where the Company has reasonable grounds to believe you are guilty of gross or serious misconduct, gross negligence or are in material breach of one of the terms of your employment; dishonesty or unprofessional conduct, disclosure of confidential information, breach of confidence, breach of intellectual property rights; where you act in a way which in the reasonable opinion of the Company, reflects poorly on yourself and/or the Company, whether or not such act is directly related to the affairs of the Company; or any other act or omission that would legally permit the Company to, without notice or payment in lieu of notice, terminate the employment of an employee. The failure of the Company to rely on this provision does not constitute a waiver of the provision.

c) **Without Cause**: In the absence of Cause, the Company may, at its sole discretion and for any reason whatsoever, terminate your employment by providing you with: (i) notice of termination (or pay in lieu thereof) and severance pay (if applicable) in accordance with the provisions of the local labour laws or the Company’s applicable policies, as amended from time to time; (ii) continuation of your benefits for such period as may be required pursuant to local labour laws; and (iii) any portion of your Salary and accrued leave pay if any, that shall have been earned prior to the date of termination but not yet paid. Further, your rights and entitlements under any other applicable compensation or incentive plan or program shall terminate effective as of the date of termination.

The decision to provide actual notice, or pay in lieu, or any combination thereof, shall be in the sole discretion of the Company. The decision as to whether to provide pay in lieu of notice as a lump sum payment or otherwise is also in the sole discretion of the Company. All payments made under this paragraph will be subject to all required tax withholdings and statutory and other deductions.

Except as provided above, you will have no claim whatsoever against the Company or any associated or affiliated entity, or any of its or their officers, directors or employees for damages, wages, incentive or bonus pay, termination pay, severance pay, whether statutory or otherwise or pay in lieu of notice whether statutory or otherwise, arising out of your employment or the termination of your employment. This provision will continue to apply regardless of any change to your position in the future.

For the purposes of this section “date of termination” will be the date specified in the written notice of termination provided pursuant to this Section 7.1(c).

**8. Deductions**

By executing this Agreement, you agree that if your employment with the Company should cease for any reason and you have received any overpayment of salary (including leave taken or leave pay paid in excess of your annual leave entitlements) or other benefit, such overpaid amounts will be deducted from any final pay owed to you and you hereby consent to such deduction to the extent permitted by law.

**9. Data Protection**

9.1 During your employment, the Company may control and process your personal data (manually and electronically) for the purposes of the administration of this Agreement and the employment relationship, as well as the legitimate business needs of the Company, as set forth in the Company’s global privacy policy.

9.2 The Company recognizes the importance of protecting personal data and respecting your privacy. For the purposes of data protection, you agree to acknowledge receipt of and review the Company's Worker Data Protection Notice and the Company's privacy policies, including all updates to those documents, and, where required by applicable law, expressly consent to the Company's processing sensitive personal data, as that term is defined by law.

9.3 In accordance with the Global Privacy Policy, the Company will ensure that such information will be fairly and lawfully processed for limited purposes, that it is adequate, relevant, accurate and not excessive. The Company will ensure your data is not kept longer than is necessary, is processed in accordance with your rights, will be kept secure, and not transferred abroad without adequate protection.

**10. Miscellaneous**

10.1 The provisions of this Agreement are severable, and if any one provision is found to be unenforceable in whole or in part, the remainder of the Agreement will remain valid and enforceable.

10.2 You acknowledge and expressly represent that by executing this Agreement you agree to comply with all Company policies and procedures, as may be amended from time to time.

10.3 You agree to sign and at all times abide by the Employee Inventions and Confidentiality Agreement and the Company's Global Code of Conduct ("**Code of Conduct**") and that you will provide written acknowledgments of the Code of Conduct annually or as requested by the Company.

10.4 This Agreement and the attached Employee Inventions and Confidentiality Agreement and the Code of Conduct constitute the complete understanding between yourself and the Company with respect to your employment, and no statement, representation, warranty or covenant has been made by you or the Company with respect to this Agreement except as expressly set forth in the Agreement. This Agreement shall not be altered, modified, amended or terminated unless agreed to in writing by both yourself and the Company.

**11. Governing Law and Jurisdiction**

This Agreement shall be governed by and interpreted in accordance with the laws of the Republic of Singapore.

**12. Prior Agreement**

This Agreement supersedes all previous agreements, contracts and arrangements whether written, oral, or implied between the Company and yourself relating to your employment, all of which contracts, agreements and arrangements shall be deemed to have been terminated by mutual consent as from the date of commencement of your employment under this Agreement.

**13. Prior Obligations**

This offer is made on the understanding that you have discharged your legal obligations under all past and present work engagement, contracts, education bonds and guarantees (collectively referred to as "Prior Obligations"). You warrant that your acceptance of this offer will not be in breach of Prior Obligations and you agree to indemnify the Company in respect of any loss or damage that the Company may suffer directly or indirectly from your breach of Prior Obligations.

Please signify your acceptance of these terms of employment and return a duplicate copy of this letter agreement to the Company.

I hereby accept the offer of employment with the Company on the terms and conditions set out above.

| | | |
|---|---|---|
| /s/ Irving Tan | | 8 February, 2025 |
| Irving Tan | | Date |

Western Digital.

Western Digital Corporation
5601 Great Oaks Parkway
San Jose, California 95119

April 18, 2025
**To: Ahmed Shihab**

Dear Ahmed,

This letter amends and restates your Western Digital Corporation offer letter, dated February 23, 2025.

It is with great pleasure that we at Western Digital Corporation extend this offer of employment to you. Your position will be Executive Vice President, Chief Product Officer, reporting to me. Subject to appointment by our Board of Directors, you will be designated as an executive officer and a Section 16 officer of Western Digital as defined by applicable SEC regulations. This position is exempt and will pay an annual base salary of $615,000 (US Dollars). This offer is contingent upon successful completion of background checks.

You will be eligible to participate in Western Digital's Short-Term Incentive (STI) Plan. The STI performance period is the company’s fiscal year, which begins on or about July 1 of each year. Your start date must be at least one month prior to the end of the fiscal year to be eligible to participate. Your individual target award is 100% of your eligible wages earned during each performance period. The payout will be based on corporate business results and your individual accomplishments, subject to approval by the Compensation and Talent Committee of the Board of Directors (C&T Committee).

Contingent upon approval by the C&T Committee, we will recommend a sign-on RSU award with a target value of $7,000,000 (US Dollars) that will vest with respect to one third of the award on the first anniversary of the grant and then quarterly thereafter. Your sign-on RSU award will be converted to a number of units (rounded down to the nearest whole number) equal to (i) $7,000,000 (US Dollars), divided by (ii) the closing stock price of a share of the company’s common stock as of the grant date of the award.

Contingent upon approval of the C&T Committee, we will also recommend a Fiscal 2026 long-term incentive (LTI) award with a target value of $3,500,000 (US Dollars). The LTI award will consist of 50% RSUs and 50% performance stock units (PSUs).

Your Fiscal 2026 LTI award and your sign-on RSU award are each subject to Western Digital's Standard Terms and Conditions for RSU and PSU awards, as applicable, and will cease upon termination of your service with Western Digital or one of its subsidiaries, provided that if we terminate your employment without “Cause” (within the meaning of Western Digital’s Executive Severance Plan), any then-unvested portion of the applicable award will vest pro-rata based on your service through your termination date pursuant to the terms of your award agreement.

You will receive a sign-on cash award of $1,500,000 (US Dollars), payable on or prior to March 15, 2026. If your employment with Western Digital or one of its subsidiaries terminates prior to the one-year anniversary of the payment date, $750,000 (US Dollars) of your sign-on cash award must be repaid. Notwithstanding the foregoing, if we terminate your employment without “Cause” (within the meaning of Western Digital’s Executive Severance Plan or applicable post-Separation severance plan), you will not be required to repay the sign-on cash award if you provide a satisfactory release of claims to Western Digital. The sign-on cash award is considered taxable income to you when paid.

As a condition of employment, immediately upon hire you will be required to sign an Employee Inventions and Confidentiality Agreement governing inventions, proprietary information, and such other subject matter, which the company considers vital to protect its operation. Please also be advised that the company respects the confidential information and trade secrets of others and endeavors to comply with all laws regarding the use and protection of trade secret information. The company takes its obligations in this respect very seriously and expects the same from its employees. As you prepare to terminate your current employment, please ensure that all documents and property belonging to your employer are returned. This includes documents you may have prepared in the course of your employment and documents that may be in your home, on your home computer or in your car. The company does not want access to any confidential information belonging to your former employer and specifically directs you not to take this information with you or bring onto company premises. You are prohibited from using trade secret or confidential information or property of any previous employer or other person in connection with carrying out your job duties with the company.

You are employed by the company on an at-will basis. This means that either you or the company may terminate the employment relationship at any time, for any reason, with or without cause. The at-will nature of your employment with the company can only be changed by an agreement in writing signed by you and the company’s Chief Executive Officer. Furthermore, by accepting employment with the company, you warrant that you are not bound by the terms of an employment agreement with a third party that would preclude or limit your right to work for the company. You agree to provide the company with a copy of any and all agreements with a third party that contain any restrictions or obligations that conflict with, or are inconsistent with, the performance of your duties for the company.

As a senior leader in the organization, you will not accrue vacation hours, but will coordinate your time off requests with your manager around the needs of the business. You will be eligible on your first day of employment for our benefits plan, which allows you to choose the coverage that fits your needs. You will also be eligible to join the Western Digital Corporation 401(k) Plan immediately. You will receive a complete benefits summary during your orientation on your first day of employment.

Your principal place of employment will be at our corporate headquarters at 5601 Great Oaks Parkway, San Jose, CA 95119. Your first day of employment will be **March 17, 2025**. On your first day, we will conduct new hire orientation at our corporate headquarters, or your orientation will be conducted virtually, as needed. At that time, you will be required to provide authentic documents that establish your identity and employment eligibility.

If there are any questions of which I may be of assistance, please let me know.

Sincerely,

/s/ Irving Tan

Irving Tan
Chief Executive Officer

***Accepted and Agreed:***

/s/ Ahmed Shihab________________ Date: _April 18, 2025_______

Ahmed Shihab

**Exhibit 31.1**

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER**
**PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Irving Tan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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/ Irving Tan
Irving Tan
*Chief Executive Officer*

Dated: May 2, 2025

**Exhibit 31.2**

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER**
**PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Don R. Bennett, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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/ Don R. Bennett

Don R. Bennett
*Senior Vice President and Interim Chief Financial Officer*
*(Principal Financial Officer)*

Dated: May 2, 2025

**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 Quarterly Report on Form 10-Q of the Company for the period ended March 28, 2025 (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/ Irving Tan

Irving Tan

*Chief Executive Officer*

Dated: May 2, 2025

**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 Quarterly Report on Form 10-Q of the Company for the period ended March 28, 2025 (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/ Don R. Bennett

Don R. Bennett
*Senior Vice President and Interim Chief Financial Officer*
*(Principal Financial Officer)*

Dated: May 2, 2025