

**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 October 1, 2021

Or

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

For the transition period from _____ to _____

Commission file number: 1-8703

Western Digital®

WESTERN DIGITAL CORPORATION

(Exact Name of Registrant as Specified in Its Charter)

Delaware

*(State or other jurisdiction of
incorporation or organization)*

5601 Great Oaks Parkway San Jose, California
(Address of principal executive offices)

33-0956711

(I.R.S. Employer Identification No.)

95119
(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$.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
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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 October 28, 2021, 311,622,921 shares of common stock, par value \$0.01 per share, were outstanding.

WESTERN DIGITAL CORPORATION

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

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

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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: expectations regarding the effects of the COVID-19 pandemic and measures intended to reduce its spread; expectations regarding supply chain conditions and constraints; expectations regarding demand trends and market conditions for our products and expected future financial performance; expectations regarding our product momentum and product development and technology plans; expectations regarding capital expenditure plans and investments, including relating to our Flash Ventures joint venture with Kioxia Corporation (“Kioxia”), and sources of funding for those expenditures; and our beliefs regarding the sufficiency of our available liquidity to meet our working capital, debt and capital expenditure needs.

These forward-looking statements are based on information available to the Company as of the date of this Quarterly Report on Form 10-Q and are based on management’s current views and assumptions. They are conditioned upon and involve a number of risks, uncertainties and other factors that could cause actual results or performance to differ materially from those expressed in the forward-looking statements. These risks and uncertainties include, but are not limited to:

- *future responses to and effects of the COVID-19 pandemic;*
- *volatility in global economic conditions;*
- *impact of business and market conditions;*
- *impact of competitive products and pricing;*
- *our development and introduction of products based on new technologies and expansion into new data storage markets;*
- *risks associated with cost saving initiatives, restructurings, acquisitions, divestitures, mergers, joint ventures and our strategic relationships;*
- *difficulties or delays in manufacturing or other supply chain disruptions;*
- *hiring and retention of key employees;*
- *our substantial level of debt and other financial obligations;*
- *changes to our relationships with key customers;*
- *disruptions in operations from cyberattacks or other system security risks;*
- *actions by competitors;*
- *risks associated with compliance with changing legal and regulatory requirements and the outcome of legal proceedings; and*
- *the other risks and uncertainties disclosed in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended July 2, 2021 (the “2021 Annual Report on Form 10-K”).*

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 2021 Annual Report on Form 10-K and any of those made in our other reports filed with the Securities and Exchange Commission, 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 the 2021 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 events or circumstances 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)

	October 1, 2021	July 2, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,290	\$ 3,370
Accounts receivable, net	2,446	2,257
Inventories	3,544	3,616
Other current assets	576	514
Total current assets	9,856	9,757
Property, plant and equipment, net	3,260	3,188
Notes receivable and investments in Flash Ventures	1,646	1,586
Goodwill	10,066	10,066
Other intangible assets, net	364	442
Other non-current assets	1,199	1,093
Total assets	\$ 26,391	\$ 26,132
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,896	\$ 1,934
Accounts payable to related parties	378	398
Accrued expenses	1,617	1,653
Accrued compensation	567	634
Current portion of long-term debt	251	251
Total current liabilities	4,709	4,870
Long-term debt	8,270	8,474
Other liabilities	2,051	2,067
Total liabilities	15,030	15,411
Commitments and contingencies (Notes 9, 10, 12 and 16)		
Shareholders' equity:		
Preferred stock, \$0.01 par value; authorized — 5 shares; issued and outstanding — none	—	—
Common stock, \$0.01 par value; authorized — 450 shares; issued — 312 shares; outstanding — 311 shares and 308 shares, respectively	3	3
Additional paid-in capital	3,401	3,608
Accumulated other comprehensive loss	(167)	(197)
Retained earnings	8,149	7,539
Treasury stock — common shares at cost; 1 shares and 4 shares, respectively	(25)	(232)
Total shareholders' equity	11,361	10,721
Total liabilities and shareholders' equity	\$ 26,391	\$ 26,132

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	
	October 1, 2021	October 2, 2020
Revenue, net	\$ 5,051	\$ 3,922
Cost of revenue	3,386	3,018
Gross profit	1,665	904
Operating expenses:		
Research and development	578	555
Selling, general and administrative	291	256
Employee termination, asset impairment, and other charges	18	23
Total operating expenses	887	834
Operating income	778	70
Interest and other income (expense):		
Interest income	2	2
Interest expense	(78)	(84)
Other income, net	2	9
Total interest and other expense, net	(74)	(73)
Income (loss) before taxes	704	(3)
Income tax expense	94	57
Net income (loss)	\$ 610	\$ (60)
Income (loss) per common share		
Basic	\$ 1.97	\$ (0.20)
Diluted	\$ 1.93	\$ (0.20)
Weighted average shares outstanding:		
Basic	310	303
Diluted	316	303

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	
	October 1, 2021	October 2, 2020
Net income (loss)	\$ 610	\$ (60)
Other comprehensive income, before tax:		
Actuarial pension gain	1	1
Foreign currency translation adjustment	4	32
Net unrealized gain on derivative contracts and available-for-sale securities	33	30
Total other comprehensive income, before tax	38	63
Income tax expense related to items of other comprehensive income, before tax	(8)	(7)
Other comprehensive income, net of tax	30	56
Total comprehensive income (loss)	<u>\$ 640</u>	<u>\$ (4)</u>

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)

	Three Months Ended	
	October 1, 2021	October 2, 2020
Cash flows from operating activities		
Net income (loss)	\$ 610	\$ (60)
Adjustments to reconcile net income (loss) to net cash provided by operations:		
Depreciation and amortization	250	374
Stock-based compensation	76	76
Deferred income taxes	27	11
Loss on disposal of assets	—	1
Amortization of debt discounts	10	10
Other non-cash operating activities, net	(12)	(6)
Changes in:		
Accounts receivable, net	(188)	282
Inventories	73	(285)
Accounts payable	(41)	99
Accounts payable to related parties	(20)	(3)
Accrued expenses	(36)	(23)
Accrued compensation	(67)	26
Other assets and liabilities, net	(161)	(139)
Net cash provided by operating activities	521	363
Cash flows from investing activities		
Purchases of property, plant and equipment	(245)	(337)
Proceeds from the sale of property, plant and equipment	—	7
Notes receivable issuances to Flash Ventures	(165)	(114)
Notes receivable proceeds from Flash Ventures	113	277
Strategic investments and other, net	(15)	1
Net cash used in investing activities	(312)	(166)
Cash flows from financing activities		
Issuance of stock under employee stock plans	2	1
Taxes paid on vested stock awards under employee stock plans	(78)	(41)
Repayment of debt	(213)	(213)
Net cash used in financing activities	(289)	(253)
Effect of exchange rate changes on cash	—	3
Net decrease in cash and cash equivalents	(80)	(53)
Cash and cash equivalents, beginning of year	3,370	3,048
Cash and cash equivalents, end of period	\$ 3,290	\$ 2,995
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	\$ 221	\$ 144
Cash paid for interest	\$ 99	\$ 104

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

WESTERN DIGITAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(in millions)

	Common Stock		Treasury Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Shareholders' Equity
	Shares	Amount	Shares	Amount				
Balance at July 2, 2021	312	\$ 3	(4)	\$ (232)	\$ 3,608	\$ (197)	\$ 7,539	\$ 10,721
Net income	—	—	—	—	—	—	610	610
Employee stock plans	—	—	3	207	(283)	—	—	(76)
Stock-based compensation	—	—	—	—	76	—	—	76
Actuarial pension gain	—	—	—	—	—	1	—	1
Foreign currency translation adjustment	—	—	—	—	—	4	—	4
Net unrealized gain on derivative contracts	—	—	—	—	—	25	—	25
Balance at October 1, 2021	<u>312</u>	<u>\$ 3</u>	<u>(1)</u>	<u>\$ (25)</u>	<u>\$ 3,401</u>	<u>\$ (167)</u>	<u>\$ 8,149</u>	<u>\$ 11,361</u>

WESTERN DIGITAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(in millions)

	Common Stock		Treasury Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Shareholders' Equity
	Shares	Amount	Shares	Amount				
Balance at July 3, 2020	312	\$ 3	(10)	\$ (737)	\$ 3,717	\$ (157)	\$ 6,725	\$ 9,551
Net income	—	—	—	—	—	—	(60)	(60)
Adoption of new accounting standards	—	—	—	—	—	—	(7)	(7)
Employee stock plans	—	—	2	216	(256)	—	—	(40)
Stock-based compensation	—	—	—	—	76	—	—	76
Actuarial pension gain	—	—	—	—	—	1	—	1
Foreign currency translation adjustment	—	—	—	—	—	32	—	32
Net unrealized loss on derivative contracts	—	—	—	—	—	23	—	23
Balance at October 2, 2020	<u>312</u>	<u>\$ 3</u>	<u>(8)</u>	<u>\$ (521)</u>	<u>\$ 3,537</u>	<u>\$ (101)</u>	<u>\$ 6,658</u>	<u>\$ 9,576</u>

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 that address the evolving needs of the information technology (“IT”) industry and the infrastructure that enables the proliferation of data in virtually every other industry. The Company creates environments for data to thrive. The Company is driving the innovation needed to help customers capture, preserve, access and transform an ever-increasing diversity of data. Everywhere data lives, from advanced data centers to mobile sensors to personal devices, the Company’s industry-leading solutions deliver the possibilities of data.

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 Consolidated Financial Statements included in the Company’s Annual Report on Form 10-K for the fiscal year ended July 2, 2021. In the opinion of management, all adjustments necessary to fairly state the Condensed Consolidated Financial Statements have been made. All such adjustments are 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 Company’s Annual Report on Form 10-K for the fiscal year ended July 2, 2021. The results of operations for interim periods are not necessarily indicative of results to be expected for the full year.

Fiscal Year

The Company’s fiscal year ends on the Friday nearest to June 30 and typically consists of 52 weeks. Approximately every five to six years, the Company reports a 53-week fiscal year to align the fiscal year with the foregoing policy. Fiscal years 2022, which ends on July 1, 2022, and 2021, which ended on July 2, 2021, are each comprised of 52 weeks, with all quarters presented consisting of 13 weeks.

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 with consideration given to the potential impacts of the ongoing COVID-19 pandemic. However, actual results could differ materially from these estimates and be significantly affected by the severity and duration of the pandemic, the extent of actions to contain or treat COVID-19, the timing, distribution, efficacy and public acceptance of vaccines around the world, any possible resurgence of COVID-19, including the emergence of more contagious or vaccine-resistant variants and how quickly and to what extent normal economic and operating activity can resume.

Note 2. Recent Accounting Pronouncements*Accounting Pronouncements Recently Adopted*

In December 2019, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2019-12, “Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes” (“ASU 2019-12”). ASU 2019-12 removes certain exceptions for recognizing deferred taxes for investments, performing intraperiod allocation and calculating income taxes in interim periods. The ASU also adds guidance to reduce complexity in certain areas, including recognizing deferred taxes for tax goodwill and allocating taxes to members of a consolidated group. The Company adopted this ASU on July 3, 2021, which is the beginning of fiscal 2022, and its adoption did not have a material impact on the Company’s Condensed Consolidated Financial Statements.

Recently Issued Accounting Pronouncements Not Yet Adopted

In August 2020, the FASB issued ASU No. 2020-06, “Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity” (“ASU 2020-06”). ASU 2020-06 reduces the number of accounting models for convertible debt instruments and convertible preferred stock and results in fewer instruments with embedded conversion features being separately recognized from the host contract as compared with current standards. Those instruments that do not have a separately recognized embedded conversion feature will no longer recognize a debt issuance discount related to such a conversion feature and would recognize less interest expense on a periodic basis. Additionally, the ASU amends the calculation of the share dilution impact related to a conversion feature and eliminates the treasury method as an option. For instruments that do not have a component mandatorily settled in cash, the change will likely result in a higher amount of share dilution in the calculation of earnings per share. The Company expects to adopt this ASU in the first quarter of fiscal 2023, and is currently assessing the impact of adoption.

WESTERN DIGITAL CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 3. Segment Information

The Company manufactures, markets, and sells data storage devices and solutions in the U.S. and in foreign countries through its sales personnel, dealers, distributors, retailers, and subsidiaries. Historically, the Company had been managed and reported under a single operating segment. Late in the first quarter of fiscal 2021, the Chief Executive Officer, who is the Company's Chief Operating Decision Maker ("CODM"), announced a decision to reorganize the Company's business by forming two separate product business units: hard disk drives ("HDD") and flash-based products ("Flash"). To align with the new operating model and business structure, the Company made management organizational changes and implemented new reporting modules and processes to provide discrete information to manage the business. Effective July 3, 2021, the Company's management finalized its assessment of the Company's operating segments and concluded that the Company now has two reportable segments: HDD and Flash.

The CODM evaluates performance of the Company and makes decisions regarding allocation of resources based on each operating segment's net revenue and gross margin, which are summarized below. Because of the integrated nature of the Company's production and distribution activities, separate segment asset measures are not available or reviewed by the CODM to evaluate the performance of or to allocate resources to the segments.

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

	Three Months Ended	
	October 1, 2021	October 2, 2020
	<i>(in millions)</i>	
Net revenue:		
HDD	\$ 2,561	\$ 1,844
Flash	2,490	2,078
Total net revenue	<u>\$ 5,051</u>	<u>\$ 3,922</u>
Gross profit		
HDD	\$ 792	\$ 483
Flash	921	548
Total gross profit for segments	<u>1,713</u>	<u>1,031</u>
Unallocated corporate items:		
Amortization of acquired intangible assets	39	145
Stock-based compensation expense	9	12
Charges related to a power outage incident and related recovery	—	(30)
Total unallocated corporate items	<u>(48)</u>	<u>(127)</u>
Consolidated gross profit	<u>\$ 1,665</u>	<u>\$ 904</u>
Gross margin:		
HDD	30.9 %	26.2 %
Flash	37.0 %	26.4 %
Consolidated gross margin	33.0 %	23.0 %

WESTERN DIGITAL CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Disaggregated Revenue

The Company's broad portfolio of technology and products address multiple end markets. In the fiscal first quarter of 2022, the Company refined the end markets it reports to be Cloud, Client and Consumer. Cloud represents a large and growing end market comprised primarily of products for public or private cloud environments and end customers, which the Company believes it is uniquely positioned to address as the only provider of both hard drive and flash products. Through the Client end market, the Company provides its original equipment manufacturer ("OEM") and channel customers a broad array of high-performance flash and hard drive solutions across personal computer, mobile, gaming, automotive, virtual reality headsets, at-home entertainment, and industrial spaces. The Consumer end market is highlighted by the Company's broad range of retail and other end-user products, which capitalize on the strength of the Company's product brand recognition and vast points of presence around the world.

The Company's disaggregated revenue information is as follows:

	Three Months Ended	
	October 1, 2021	October 2, 2020
	<i>(in millions)</i>	
Revenue by End Market		
Cloud	\$ 2,225	\$ 1,291
Client	1,853	1,750
Consumer	973	881
Total Revenue	\$ 5,051	\$ 3,922
Revenue by Geography		
Americas	\$ 1,614	\$ 1,079
Europe, Middle East and Africa	762	629
Asia	2,675	2,214
Total Revenue	\$ 5,051	\$ 3,922

The Company's top 10 customers accounted for 43% of its net revenue for the three months ended October 1, 2021, and 44% of its net revenue for the three months ended October 2, 2020. For the three months ended October 1, 2021 and October 2, 2020, no single customer accounted for 10% or more of the Company's net revenue.

Goodwill

In connection with the Company's determination of its reportable segments, effective July 3, 2021, the Company allocated its goodwill between its segments based on the estimated relative fair values of the business units. In addition, management performed a goodwill impairment assessment for each segment and concluded no impairment indicators as of both the beginning and end of the three months ended October 1, 2021. The following table provides a summary of goodwill activity for the period.

	HDD	Flash	Total
	<i>(in millions)</i>		
Balance at July 3, 2021	\$ 4,328	\$ 5,738	\$ 10,066
Foreign currency translation adjustment	—	—	—
Balance at October 1, 2021	\$ 4,328	\$ 5,738	\$ 10,066

WESTERN DIGITAL CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 4. Revenues

Contract assets represent the Company's rights to consideration where performance obligations are completed but the customer payments are not due until another performance obligation is satisfied. The Company did not have any contract assets as of either October 1, 2021 or July 2, 2021.

The Company incurs sales commissions and other direct incremental costs to obtain sales contracts. The Company has applied the practical expedient to recognize the direct incremental costs of obtaining contracts as an expense when incurred if the amortization period is expected to be one year or less or the amount is not material, with these costs charged to Selling, general and administrative expenses. Other direct incremental costs to obtain contracts that have an expected benefit of greater than one year are amortized over the period of expected cash flows from the related contracts, and the amortization expense is recorded as a reduction to revenue. Total capitalized contract costs as of October 1, 2021 and July 2, 2021 as well as the related amortization for the three months ended October 1, 2021 and October 2, 2020 were not material.

Contract liabilities relate to customers' payments in advance of performance under the contract and primarily relate to remaining performance obligations under support and maintenance contracts. As of October 1, 2021 and July 2, 2021, contract liabilities were not material.

The Company applies the practical expedients and does not disclose transaction price allocated to the remaining performance obligations for (i) arrangements that have an original expected duration of one year or less, which mainly consist of support and maintenance contracts, and (ii) variable consideration amounts for sale-based or usage-based royalties for IP license arrangements, which typically range longer than one year. Remaining performance obligations are mainly attributed to right-to-access patent license arrangements and customer support and service contracts, which will be recognized over the remaining contract period. The transaction price allocated to the remaining performance obligations as of October 1, 2021 was \$61 million, which is mainly attributable to the functional IP license and service arrangements. The Company expects to recognize this amount as revenue as follows: \$30 million during the remainder of fiscal 2022, \$30 million in fiscal 2023, and \$1 million in fiscal 2024 and thereafter.

WESTERN DIGITAL CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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. The Company did not sell any trade accounts receivable during the three months ended October 1, 2021. During the three months ended October 2, 2020, the Company sold trade accounts receivable for cash proceeds of \$128 million. The discounts on the trade accounts receivable sold were not material and were recorded within Other income, net in the Condensed Consolidated Statements of Operations. There were no factored receivables outstanding as of October 1, 2021 and July 2, 2021.

Inventories

	October 1, 2021	July 2, 2021
<i>(in millions)</i>		
Inventories:		
Raw materials and component parts	\$ 1,720	\$ 1,623
Work-in-process	1,036	1,088
Finished goods	788	905
Total inventories	\$ 3,544	\$ 3,616

Property, plant and equipment, net

	October 1, 2021	July 2, 2021
<i>(in millions)</i>		
Property, plant and equipment:		
Land	\$ 278	\$ 278
Buildings and improvements	1,875	1,854
Machinery and equipment	8,102	7,860
Computer equipment and software	455	440
Furniture and fixtures	52	51
Construction-in-process	419	476
Property, plant and equipment, gross	11,181	10,959
Accumulated depreciation	(7,921)	(7,771)
Property, plant and equipment, net	\$ 3,260	\$ 3,188

Intangible assets

	October 1, 2021	July 2, 2021
<i>(in millions)</i>		
Finite-lived intangible assets	\$ 5,508	\$ 5,508
In-process research and development	80	80
Accumulated amortization	(5,224)	(5,146)
Intangible assets, net	\$ 364	\$ 442

As part of prior acquisitions, the Company recorded at the time of the 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.

WESTERN DIGITAL CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Product warranty liability

Changes in the warranty accrual were as follows:

	Three Months Ended	
	October 1, 2021	October 2, 2020
	<i>(in millions)</i>	
Warranty accrual, beginning of period	\$ 363	\$ 408
Charges to operations	40	35
Utilization	(23)	(31)
Changes in estimate related to pre-existing warranties	(10)	(21)
Warranty accrual, end of period	<u>\$ 370</u>	<u>\$ 391</u>

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

	October 1, 2021	July 2, 2021
		<i>(in millions)</i>
Warranty accrual		
Current portion (included in Accrued expenses)	\$ 175	\$ 1
Long-term portion (included in Other liabilities)	195	1
Total warranty accrual	<u>\$ 370</u>	<u>\$ 3</u>

Other liabilities

	October 1, 2021	July 2, 2021
		<i>(in millions)</i>
Other liabilities:		
Non-current net tax payable	\$ 575	\$ 684
Payables related to unrecognized tax benefits	758	750
Other non-current liabilities	718	633
Total other liabilities	<u>\$ 2,051</u>	<u>\$ 2,067</u>

WESTERN DIGITAL CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Accumulated other comprehensive income (loss)

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

	Actuarial Pension Gains (Losses)	Foreign Currency Translation Adjustment	Unrealized Gains (Losses) on Derivative Contracts	Total Accumulated Comprehensive Income (Loss)
	<i>(in millions)</i>			
Balance at July 2, 2021	\$ (35)	\$ (38)	\$ (124)	\$ (197)
Other comprehensive income (loss) before reclassifications	1	4	(17)	(12)
Amounts reclassified from accumulated other comprehensive income	—	—	50	50
Income tax benefit related to items of other comprehensive income	—	—	(8)	(8)
Net current-period other comprehensive income	1	4	25	30
Balance at October 1, 2021	<u>\$ (34)</u>	<u>\$ (34)</u>	<u>\$ (99)</u>	<u>\$ (167)</u>

During the three months ended October 1, 2021, the amounts reclassified out of AOCI were losses related to foreign exchange contracts of \$37 million that were substantially all charged to Cost of revenue and losses related to interest rate swap contracts of \$12 million that were charged to Interest expense in the Condensed Consolidated Statements of Operations. During the three months ended October 2, 2020, the amounts reclassified out of AOCI primarily related to foreign exchange contracts and were substantially all charged to Cost of revenue in the Condensed Consolidated Statements of Operations.

As of October 1, 2021, the amount of existing net losses related to cash flow hedges recorded in AOCI included \$19 million related to the Company’s interest rate swaps that is expected to be reclassified to earnings after twelve months. In addition, as of October 1, 2021, the Company did not have any foreign exchange forward contracts with credit-risk-related contingent features.

WESTERN DIGITAL CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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 assets and liabilities that are measured at fair value on a recurring basis as of October 1, 2021 and July 2, 2021, and indicate the fair value hierarchy of the valuation techniques utilized to determine such values:

	October 1, 2021			
	Level 1	Level 2	Level 3	Total
	<i>(in millions)</i>			
Assets:				
Cash equivalents - Money market funds	\$ 388	\$ —	\$ —	\$ 388
Foreign exchange contracts	—	14	—	14
Total assets at fair value	<u>\$ 388</u>	<u>\$ 14</u>	<u>\$ —</u>	<u>\$ 402</u>
Liabilities:				
Foreign exchange contracts	\$ —	\$ 47	\$ —	\$ 47
Interest rate swap contract	—	69	—	69
Total liabilities at fair value	<u>\$ —</u>	<u>\$ 116</u>	<u>\$ —</u>	<u>\$ 116</u>
	July 2, 2021			
	Level 1	Level 2	Level 3	Total
	<i>(in millions)</i>			
Assets:				
Cash equivalents - Money market funds	\$ 1,283	\$ —	\$ —	\$ 1,283
Foreign exchange contracts	—	14	—	14
Total assets at fair value	<u>\$ 1,283</u>	<u>\$ 14</u>	<u>\$ —</u>	<u>\$ 1,297</u>
Liabilities:				
Foreign exchange contracts	\$ —	\$ 65	\$ —	\$ 65
Interest rate swap contract	—	80	—	80
Total liabilities at fair value	<u>\$ —</u>	<u>\$ 145</u>	<u>\$ —</u>	<u>\$ 145</u>

During the three months ended October 1, 2021 and October 2, 2020, the Company had no transfers of financial assets and liabilities between levels and there were no changes in valuation techniques or the inputs used in the fair value measurement.

WESTERN DIGITAL CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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 first quarter of fiscal 2022 and the fourth quarter of fiscal 2021, respectively.

	October 1, 2021		July 2, 2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	<i>(in millions)</i>			
Variable interest rate Term Loan A-1 maturing 2023	\$ 4,264	\$ 4,282	\$ 4,327	\$ 4,346
Variable interest rate Term Loan B-4 maturing 2023	943	944	1,093	1,094
1.50% convertible notes due 2024	1,025	1,112	1,017	1,173
4.75% senior unsecured notes due 2026	2,289	2,550	2,288	2,556
Total	\$ 8,521	\$ 8,888	\$ 8,725	\$ 9,169

WESTERN DIGITAL CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 7. Derivative Instruments and Hedging Activities

As of October 1, 2021, the Company had outstanding foreign exchange forward contracts that were designated as either cash flow hedges or non-designated hedges. Substantially all of the contract maturity dates of these foreign exchange forward contracts do not exceed 12 months. In addition, the Company had outstanding pay-fixed interest rate swaps that were designated as cash flow hedges of variable rate interest payments on a portion of its term loans through February 2023.

Changes in fair values of the non-designated foreign exchange contracts are recognized in Other income, net and are largely offset by corresponding changes in the fair values of the foreign currency denominated monetary assets and liabilities. For each of the three months ended October 1, 2021 and October 2, 2020, 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 are recognized in AOCI. For more information regarding cash flow hedges, see Part I, Item 1, Note 5. *Supplemental Information - Accumulated other comprehensive income (losses)*, of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

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 October 1, 2021 and July 2, 2021, the effect of rights of offset was not material and the Company did not offset or net the fair value amounts of derivative instruments in its Condensed Consolidated Balance Sheets.

WESTERN DIGITAL CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 8. Debt

Debt consisted of the following as of October 1, 2021 and July 2, 2021:

	October 1, 2021	July 2, 2021
	<i>(in millions)</i>	
Variable interest rate Term Loan A-1 maturing 2023	\$ 4,269	\$ 4,332
Variable interest rate Term Loan B-4 maturing 2023	943	1,093
1.50% convertible notes due 2024	1,100	1,100
4.75% senior unsecured notes due 2026	2,300	2,300
Total debt	8,612	8,825
Issuance costs and debt discounts	(91)	(100)
Subtotal	8,521	8,725
Less current portion of long-term debt	(251)	(251)
Long-term debt	\$ 8,270	\$ 8,474

The credit agreement governing the revolving credit facility and Term Loan A-1 requires the Company to comply with certain financial covenants, consisting of a leverage ratio and an interest coverage ratio. As of October 1, 2021, the Company was in compliance with these financial covenants.

During the three months ended October 1, 2021, the Company made a voluntary prepayment of \$150 million on its Term Loan B-4. On October 22, 2021, the Company voluntarily prepaid the remaining principal balance of \$943 million on its Term Loan B-4.

WESTERN DIGITAL CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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 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:

	October 1, 2021	July 2, 2021
	<i>(in millions)</i>	
Benefit obligation at end of period	\$ 359	\$ 359
Fair value of plan assets at end of period	229	227
Unfunded status	<u>\$ 130</u>	<u>\$ 132</u>

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

	October 1, 2021	July 2, 2021
	<i>(in millions)</i>	
Current liabilities	\$ 1	\$ 1
Non-current liabilities	129	131
Net amount recognized	<u>\$ 130</u>	<u>\$ 132</u>

Net periodic benefit costs were not material for the three months ended October 1, 2021.

WESTERN DIGITAL CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 10. Related Parties and Related Commitments and Contingencies*Flash Ventures*

The Company's business ventures with Kioxia Corporation ("Kioxia") consist of three separate legal entities: Flash Partners Ltd. ("Flash Partners"), Flash Alliance Ltd. ("Flash Alliance"), and Flash Forward Ltd. ("Flash Forward"), collectively referred to as "Flash Ventures".

The following table presents the notes receivable from, and equity investments in, Flash Ventures as of October 1, 2021 and July 2, 2021:

	October 1, 2021	July 2, 2021
	<i>(in millions)</i>	
Notes receivable, Flash Partners	\$ 145	\$ 191
Notes receivable, Flash Alliance	194	213
Notes receivable, Flash Forward	681	561
Investment in Flash Partners	201	199
Investment in Flash Alliance	294	293
Investment in Flash Forward	131	129
Total notes receivable and investments in Flash Ventures	<u>\$ 1,646</u>	<u>\$ 1,586</u>

During the three months ended October 1, 2021 and October 2, 2020, the Company made net payments to Flash Ventures of \$1.19 billion and \$981 million, respectively, for purchased flash-based memory wafers and net loans.

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

As of October 1, 2021 and July 2, 2021, the Company had Accounts payable balances due to Flash Ventures of \$378 million and \$398 million, respectively.

The Company's maximum reasonably estimable loss exposure (excluding lost profits) as a result of its involvement with Flash Ventures, based upon the Japanese yen to U.S. dollar exchange rate at October 1, 2021, is presented below. Investments in Flash Ventures are denominated in Japanese yen, and the maximum estimable loss exposure excludes any cumulative translation adjustment due to revaluation from the Japanese yen to the U.S. dollar.

	October 1, 2021
	<i>(in millions)</i>
Notes receivable	\$ 1,020
Equity investments	626
Operating lease guarantees	1,985
Inventory and prepayments	790
Maximum estimable loss exposure	<u>\$ 4,421</u>

WESTERN DIGITAL CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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

In June 2019, an unexpected power outage incident occurred at the flash-based memory manufacturing facilities operated in Yokkaichi, Japan. The power outage incident impacted the facilities and process tools and resulted in damage to flash wafers in production and a reduction in the Company's flash wafer availability. During the three months ended October 2, 2020, the Company recovered \$30 million related to this incident from its insurance carriers, which was recorded in Cost of revenue.

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

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

Off-Balance Sheet Liabilities

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

The following table presents the Company's portion of the remaining guarantee obligations under the Flash Ventures' lease facilities in both Japanese yen and U.S. dollar-equivalent, based upon the Japanese yen to U.S. dollar exchange rate as of October 1, 2021.

	Lease Amounts	
	(Japanese yen, in billions)	(U.S. dollar, in millions)
Total guarantee obligations	¥ 220	\$ 1,985

The following table details the breakdown of the Company's remaining guarantee obligations between the principal amortization and the purchase option exercise price at the end of the term of the Flash Ventures lease agreements, in annual installments as of October 1, 2021 in U.S. dollars, based upon the Japanese yen to U.S. dollar exchange rate as of October 1, 2021:

Annual Installments	Payment of Principal Amortization	Purchase Option Exercise Price at Final Lease Terms	Guarantee Amount
	(in millions)		
Remaining nine months of 2022	\$ 443	\$ 22	\$ 465
2023	481	65	546
2024	325	117	442
2025	138	107	245
2026	91	162	253
Thereafter	4	30	34
Total guarantee obligations	\$ 1,482	\$ 503	\$ 1,985

WESTERN DIGITAL CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The Company and Kioxia have agreed to mutually contribute to, and indemnify each other and Flash Ventures for, environmental remediation costs or liability resulting from Flash Ventures' manufacturing operations in certain circumstances. The Company has not made any indemnification payments, nor recorded any indemnification receivables, under any such agreements. As of October 1, 2021, no amounts have been accrued in the Condensed Consolidated Financial Statements with respect to these indemnification agreements.

Unis Venture

The Company has a joint venture with Unisplendour Corporation Limited and Unissoft (Wuxi) Group Co. Ltd. ("Unis"), referred to as the "Unis Venture", to market and sell the Company's products in China and to develop data storage systems for the Chinese market in the future. The Unis Venture is 49% owned by the Company and 51% owned by Unis. The Company accounts for its investment in the Unis Venture under the equity method of accounting. Revenue on products distributed by the Unis Venture is recognized upon sell through to third-party customers. For the three months ended October 1, 2021 and October 2, 2020, the Company recognized approximately 5% and 2%, respectively, of its consolidated revenue on products distributed by the Unis Venture. The outstanding accounts receivable due from and investment in the Unis Venture were 7% and 6% of Accounts receivable, net as of October 1, 2021 and July 2, 2021, respectively.

WESTERN DIGITAL CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 11. 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 summarizes supplemental balance sheet information related to operating leases as of October 1, 2021:

	Lease Amounts	
	<i>(\$ in millions)</i>	
Minimum lease payments by fiscal year:		
Remaining nine months of 2022	\$	33
2023		43
2024		43
2025		41
2026		42
Thereafter		187
Total future minimum lease payments		389
Less: Imputed Interest		60
Present value of lease liabilities		329
Less: Current portion (included in Accrued expenses)		35
Long-term operating lease liabilities (included in Other liabilities)	\$	294
Operating lease right-of-use assets (included in Other non-current assets)	\$	316
Weighted average remaining lease term in years		8.9
Weighted average discount rate		3.4 %

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

	Three Months Ended	
	October 1, 2021	October 2, 2020
	<i>(in millions)</i>	
Cost of operating leases	\$ 13	\$ 13
Cash paid for operating leases	12	12
Operating lease assets obtained in exchange for operating lease liabilities	112	7

WESTERN DIGITAL CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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 October 1, 2021, the Company had the following minimum long-term commitments:

	<u>Long-term commitments</u> <i>(in millions)</i>
Fiscal year:	
Remaining nine months of 2022	\$ 423
2023	534
2024	306
2025	148
2026	20
Thereafter	170
Total	<u>\$ 1,601</u>

WESTERN DIGITAL CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 12. Shareholders' Equity
Stock-based Compensation Expense

The following tables present the Company's stock-based compensation for equity-settled awards by type (i.e., stock options, 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 as well as the related tax benefit included in the Company's Condensed Consolidated Statements of Operations:

	Three Months Ended	
	October 1, 2021	October 2, 2020
	<i>(in millions)</i>	
RSUs and PSUs	\$ 67	\$ 67
ESPP	9	9
Total	\$ 76	\$ 76

	Three Months Ended	
	October 1, 2021	October 2, 2020
	<i>(in millions)</i>	
Cost of revenue	\$ 9	\$ 12
Research and development	40	39
Selling, general and administrative	27	25
Subtotal	76	76
Tax benefit	(15)	(11)
Total	\$ 61	\$ 65

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 expense, were not material for the periods presented.

Compensation cost related to unvested stock options, RSUs, PSUs, and rights to purchase shares of common stock under the ESPP will generally be amortized on a straight-line basis over the remaining average service period. The following table presents the unamortized compensation cost and weighted average service period of all unvested outstanding awards as of October 1, 2021:

	Unamortized Compensation Costs	Weighted Average Service Period
	<i>(in millions)</i>	<i>(years)</i>
RSUs and PSUs ⁽¹⁾	\$ 755	2.8
ESPP	56	1.6
Total unamortized compensation cost	\$ 811	

⁽¹⁾ Weighted average service period assumes the performance metrics are met for the PSUs.

WESTERN DIGITAL CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Plan Activities*Stock Options*

The following table summarizes stock option activity under the Company's incentive plans. All outstanding options were exercisable at October 1, 2021:

	Number of Shares <i>(in millions)</i>	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Life <i>(in years)</i>	Aggregate Intrinsic Value <i>(in millions)</i>
Options outstanding at July 2, 2021	1.5	\$ 72.84	1.2	\$ 15
Exercised	—	44.78		\$ 1
Canceled or expired	(0.4)	99.71		
Options outstanding at October 1, 2021	<u>1.1</u>	\$ 64.61	1.2	\$ 7

RSUs and PSUs

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

	Number of Shares <i>(in millions)</i>	Weighted Average Grant Date Fair Value	Aggregate Intrinsic Value at Vest Date <i>(in millions)</i>
RSUs and PSUs outstanding at July 2, 2021	16.1	\$ 50.12	
Granted	4.9	63.68	
Vested	(4.5)	53.99	\$ 277
Forfeited	(0.6)	52.62	
RSUs and PSUs outstanding at October 1, 2021	<u>15.9</u>	\$ 53.17	

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.

Stock Repurchase Program

The Company's Board of Directors has authorized a stock repurchase program for the repurchase of up to \$5.0 billion of the Company's common stock, which authorization is effective through July 25, 2023. The Company did not make any stock repurchases during the three months ended October 1, 2021 and has not repurchased any shares of its common stock pursuant to its stock repurchase program since the first quarter of fiscal 2019. The remaining amount available to be repurchased under the Company's current stock repurchase program as of October 1, 2021 was \$4.5 billion. Repurchases under the stock repurchase program may be made in the open market or in privately negotiated transactions and may be made under a Rule 10b5-1 plan. The Company expects stock repurchases to be funded principally by operating cash flows.

WESTERN DIGITAL CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 13. Income Tax Expense

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

The following table presents the Company’s Income tax expense and the effective tax rate:

	Three Months Ended	
	October 1, 2021	October 2, 2020
	(\$ in millions)	
Income (loss) before taxes	\$ 704	\$ (3)
Income tax expense	94	57
Effective tax rate	13 %	(1,900) %

The primary drivers of the difference between the effective tax rate for the three months ended October 1, 2021 and the U.S. Federal statutory rate of 21%, are the relative mix of earnings and losses by jurisdiction, the deduction for foreign derived intangible income, credits, and tax holidays in Malaysia, the Philippines and Thailand that will expire at various dates during fiscal years 2024 through 2031. In addition, the effective tax rate for the three months ended October 1, 2021 includes the discrete effect of an increase to unrecognized tax benefits of \$16 million as a result of ongoing discussions with various taxing authorities.

The primary drivers of the difference between the effective tax rate for the three months ended October 2, 2020 and the U.S. Federal statutory rate of 21% are the relative mix of earnings and losses by jurisdiction, the deduction for foreign derived intangible income, credits, and tax holidays in Malaysia, Philippines and Thailand. In addition, the effective tax rate for the three months ended October 2, 2020 includes the discrete effects of net tax deficiencies from shortfalls of \$11 million related to the vesting of stock-based awards and additional tax expense of \$10 million from the re-measurement of purchase accounting deferred tax liabilities due to restructuring activities. The discrete items had no impact on the amount of income taxes paid by the Company.

As previously disclosed, the IRS issued statutory notices of deficiency with respect to adjustments relating to transfer pricing with the Company’s foreign subsidiaries and intercompany payable balances for fiscal years 2008 through 2009 and fiscal years 2010 through 2012. The Company filed petitions with the U.S. Tax Court with respect to the statutory notices of deficiency for fiscal years 2008 through 2009 and the fiscal years 2010 through 2012. The U.S. Tax Court consolidated the case for fiscal years 2008 through 2009 with the case for fiscal years 2010 through 2012. In May 2020, the IRS filed with the U.S. Tax Court Amendments to Answer to assert penalties totaling \$340 million on the proposed adjustments relating to transfer pricing with respect to fiscal years 2008 through 2012. In June 2021, the IRS filed with the U.S. Tax Court Second Amendments to Answer to assert additional adjustments relating to transfer pricing with the Company’s foreign subsidiaries for fiscal years 2008 through 2009 and fiscal years 2010 through 2012. The Second Amendments to Answer replace the amounts asserted in the statutory notices of deficiency. With its Second Amendments to Answer, the IRS seeks to increase the Company’s U.S. taxable income by amounts that would result in additional federal income tax liabilities totaling approximately \$335 million for fiscal years 2008 through 2009 and approximately \$922 million for fiscal years 2010 through 2012, subject to interest and the IRS’s claim for penalties. In September 2020 and December 2020, the IRS proposed adjustments relating to transfer pricing with the Company’s foreign subsidiaries and intercompany payable balances for fiscal years 2013 through 2015 that, if sustained, would result in additional federal income tax liabilities totaling approximately \$343 million for those fiscal years. In March 2021, the IRS asserted penalties totaling \$109 million on the proposed adjustments relating to transfer pricing with respect to fiscal years 2013 through 2015. The Company disagrees with the proposed adjustments relating to transfer pricing and related penalties, and continues to believe that its tax positions are properly supported and will vigorously contest the position taken by the IRS. Also in March 2021, the Company and the IRS tentatively reached a basis for resolving the

WESTERN DIGITAL CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

intercompany payable balances matter for all fiscal years at issue and the impact was not material to the Consolidated Financial Statements.

The Company believes that adequate provision has been made for any adjustments that may result from tax examinations. However, the outcome of 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 October 1, 2021, 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.

As of October 1, 2021, the liability for unrecognized tax benefits (excluding accrued interest and penalties) was approximately \$762 million. Accrued interest and penalties related to unrecognized tax benefits as of October 1, 2021 was approximately \$132 million. Of these amounts, approximately \$758 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.

WESTERN DIGITAL CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 14. Net Income (Loss) Per Common Share

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

	Three Months Ended	
	October 1, 2021	October 2, 2020
	<i>(in millions, except per share data)</i>	
Net income (loss)	\$ 610	\$ (60)
Weighted average shares outstanding:		
Basic	310	303
Employee stock options, RSUs, PSUs and ESPP	6	—
Basic and diluted	316	303
Income (loss) per common share		
Basic	\$ 1.97	\$ (0.20)
Diluted	\$ 1.93	\$ (0.20)
Anti-dilutive potential common shares excluded	1	16

The Company computes basic income (loss) per common share using Net income (loss) and the weighted average number of common shares outstanding during the period. Diluted income (loss) per common share is computed using Net income (loss) and the weighted average number of common shares and potentially dilutive common shares outstanding during the period. Potentially dilutive common shares include dilutive outstanding employee stock options, RSUs and PSUs, and rights to purchase shares of common stock under the Company's ESPP. For the three months ended October 2, 2020, the Company recorded net loss, and all shares subject to outstanding equity awards have been excluded for this period because including them would be anti-dilutive.

WESTERN DIGITAL CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 15. Employee Termination, Asset Impairment and Other Charges

The Company recorded the following charges related to employee termination benefits, asset impairment, and other charges:

	Three Months Ended	
	October 1, 2021	October 2, 2020
	<i>(in millions)</i>	
Employee termination and other charges:		
Business Realignment	\$ 15	\$ 23
Total employee termination and other charges	15	23
Asset impairment:		
Business Realignment	3	—
Total employee termination, asset impairment, and other charges	\$ 18	\$ 23

Business Realignment

The Company periodically incurs charges as part of the integration process of recent acquisitions and 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 following table presents an analysis of the components of these activities against the reserve during the three months ended October 1, 2021:

	Employee Termination Benefits
	<i>(in millions)</i>
Accrual balance at July 2, 2021	\$ 2
Charges	15
Cash payments	(4)
Accrual balance at October 1, 2021	\$ 13

Note 16. Legal Proceedings*Tax*

For disclosures regarding statutory notices of deficiency issued by the IRS on June 28, 2018 and December 10, 2018, petitions filed by the Company with the U.S. Tax Court in September 2018 and March 2019, additional penalties asserted by the IRS in March 2021 and a tentative resolution with respect to certain matters, see Note 13, *Income Tax Expense*.

Other Matters

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

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 Annual Report on Form 10-K for the fiscal year ended July 2, 2021. 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 that address the evolving needs of information technology ("IT") and the infrastructure that enables the proliferation of data in virtually every industry. We create environments for data to thrive. We are driving the innovation needed to help customers capture, preserve, access and transform an ever-increasing diversity of data. Everywhere data lives, from advanced data centers to mobile sensors to personal devices, our industry-leading solutions deliver the possibilities of data.

Our fiscal year ends on the Friday nearest to June 30 and typically consists of 52 weeks. Approximately every five to six years, we report a 53-week fiscal year to align the fiscal year with the foregoing policy. Fiscal years 2022, which ends on July 1, 2022, and 2021, which ended on July 2, 2021, are each comprised of 52 weeks, with all quarters presented consisting of 13 weeks.

Key Developments

Business Structure

Historically, our company had been managed and reported under a single operating segment. Late in the first quarter of fiscal 2021, the Chief Executive Officer, who is our Chief Operating Decision Maker ("CODM"), announced a decision to reorganize our business by forming two separate product business units: hard disk drives ("HDD") and flash-based products ("Flash"). The new structure is intended to provide each business unit with focus and responsibility for identifying current and future customer requirements while driving the strategy, roadmap, pricing and overall profitability for their respective product areas. To align with the new operating model and business structure, we made management organizational changes and implemented new reporting modules and processes to provide discrete information to manage the business. Effective July 3, 2021, management finalized its assessment of our operating segments and concluded that we now have two reportable segments: HDD and Flash.

Our broad portfolio of technology and products address multiple end markets. In the fiscal first quarter of 2022, we refined the end markets we report to be Cloud, Client and Consumer. Cloud represents a large and growing end market comprised primarily of products for public or private cloud environments and end customers, which we believe we are uniquely positioned to address as the only provider of both hard drive and flash products. Through the Client end market, we provide our OEM and channel customers a broad array of high-performance flash and hard drive solutions across personal computer, mobile, gaming, automotive, virtual reality headsets, at-home entertainment, and industrial spaces. The Consumer end market is highlighted by our broad range of retail and other end-user products, which capitalize on the strength of our product brand recognition and vast points of presence around the world.

The discussion and analysis included under *Results of Operations* below reflects our new business unit structure and end markets discussed above.

COVID-19 Pandemic and Operational Update

As the ongoing COVID-19 pandemic has evolved, we have implemented and maintained more thorough sanitation practices as outlined by health organizations and supported vaccination efforts. As we begin to phase in a return to site for more employees, we are monitoring and adopting practices recommended by health organizations to ensure the continued safety of our employees and business partners. In addition, the responses to COVID-19 taken by others in the supply chain have increased the costs of their services which have in turn impacted our operations. We incurred incremental charges primarily

related to logistics, absorption and other factory-related costs of approximately \$56 million and \$28 million during the three months ended October 1, 2021 and October 2, 2020, respectively, which were recorded in Cost of revenue.

The technology hardware and semiconductor industries faced supply chain disruptions during the quarter that negatively impacted both our and our customers' ability to manufacture products, which collectively reduced revenues across all of our end markets. While these supply disruptions may continue for the near term, we ultimately expect that they will be transitory as demand for our products has remained solid during the pandemic, with work-from-home, distance learning, and at home entertainment driving demand for cloud environments, new devices, and retail products.

The COVID-19 environment remains dynamic and we will continue to actively monitor the situation and may take further actions altering our business operations that we determine are in the best interests of our employees, customers, partners, suppliers, and stakeholders, or as required by federal, state, or local authorities. See "The COVID-19 pandemic could negatively affect our business" and "We are dependent on a limited number of qualified suppliers who provide critical services, materials or components, and a disruption in our supply chain could negatively affect our business" in Part I, Item 1A, *Risk Factors*, of our Annual Report on Form 10-K for the fiscal year ended July 2, 2021 for more information regarding the risks we face as a result of the COVID-19 pandemic and supply chain disruptions.

Flash Ventures

In October 2020, Kioxia announced the start of construction of the shell for a new fabrication facility in Yokkaichi, Japan, referred to as "Y7". We expect to continue Flash Ventures investments into Y7 in due course, following the completion of agreements with Kioxia governing the construction and operation of the new facility and according to the then-prevailing market trends.

Results of Operations

First Quarter 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⁾:

	October 1, 2021		October 2, 2020		\$ Change	% Change
	(\$ in millions)					
Revenue, net	\$ 5,051	100.0 %	\$ 3,922	100.0 %	\$ 1,129	29 %
Cost of revenue	3,386	67.0	3,018	77.0	368	12
Gross profit	1,665	33.0	904	23.0	761	84
Operating Expenses:						
Research and development	578	11.4	555	14.2	23	4
Selling, general and administrative	291	5.8	256	6.5	35	14
Employee termination, asset impairment, and other charges	18	0.4	23	0.6	(5)	(22)
Total operating expenses	887	17.6	834	21.3	53	6
Operating income	778	15.4	70	1.8	708	1,011
Interest and other income (expense):						
Interest income	2	—	2	0.1	—	—
Interest expense	(78)	(1.5)	(84)	(2.1)	6	(7)
Other income, net	2	—	9	0.2	(7)	(78)
Total interest and other expense, net	(74)	(1.5)	(73)	(1.9)	(1)	1
Income before taxes	704	13.9	(3)	(0.1)	707	(23,567)
Income tax expense	94	1.9	57	1.5	37	65
Net income	\$ 610	12.1	\$ (60)	(1.5)	670	(1,117)

⁽¹⁾ Percentages may not total due to rounding.

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

	Three Months Ended	
	October 1, 2021	October 2, 2020
<i>(in millions)</i>		
Net revenue:		
HDD	\$ 2,561	\$ 1,844
Flash	2,490	2,078
Total net revenue	<u>\$ 5,051</u>	<u>\$ 3,922</u>
Gross profit		
HDD	\$ 792	\$ 483
Flash	921	548
Unallocated corporate items:		
Amortization of acquired intangible assets	39	145
Stock-based compensation expense	9	12
Charges related to a power outage incident and related recovery	—	(30)
Total unallocated corporate items	<u>(48)</u>	<u>(127)</u>
Consolidated gross profit	<u>\$ 1,665</u>	<u>\$ 904</u>
Gross margin:		
HDD	30.9 %	26.2 %
Flash	37.0 %	26.4 %
Consolidated gross margin	33.0 %	23.0 %

The Company's disaggregated revenue information is as follows:

	Three Months Ended	
	October 1, 2021	October 2, 2020
<i>(in millions)</i>		
Revenue by End Market		
Cloud	\$ 2,225	\$ 1,291
Client	1,853	1,750
Consumer	973	881
Total Revenue	<u>\$ 5,051</u>	<u>\$ 3,922</u>
Revenue by Geography		
Americas	\$ 1,614	\$ 1,079
Europe, Middle East and Africa	762	629
Asia	2,675	2,214
Total Revenue	<u>\$ 5,051</u>	<u>\$ 3,922</u>

Net Revenue

Comparison of Three Months Ended October 1, 2021 to Three Months Ended October 2, 2020

Consolidated net revenue increased 29% for the three months ended October 1, 2021 compared to the three months ended October 2, 2020, which reflects an increase in exabytes of HDD and flash sold as discussed below. The revenue increase driven by exabytes was partially offset by a decline in the average price per gigabyte of storage for both HDD and Flash as product mix shifted.

HDD revenue increased 39% year over year, primarily driven by a 52% increase in exabytes sold. Higher volume was due to continued demand for our latest generation energy assisted drives among our public and private cloud customers. The strong demand in Cloud was partly offset by a decline in HDD exabytes sold in our Client and Consumer end markets due to pressure in the commercial channel related to component issues impacting our customers' ability to ship product, greater component sourcing constraints within our own operations and uneven geographic demand due to COVID lockdowns. The revenue increase driven by exabytes was partially offset by a decline in the average price per gigabyte as noted above.

Flash revenue increased 20% year over year, primarily driven by a 30% increase in exabytes sold. The growth in volume was due to strong demand in Cloud for our latest generation of enterprise SSD products and the ramp of new 5G-based mobile phones incorporating our latest BiCS5 flash solutions. Higher volume was also driven by strong demand in gaming along with a growing brand recognition of WD_Black based products. The revenue increase driven by exabytes was partially offset by a decline in the average price per gigabyte as noted above.

The increase in Cloud revenue compared to the prior year was led by growth in both capacity enterprise hard drives and enterprise SSDs as we ramped sales of latest generation products after another successful quarter of qualifications with customers. In Client, we experienced growth—specifically in mobile, gaming, automotive, IOT and industrial applications. Our strength in this end market was partially offset by pressure in desktop and notebook hard drives due to supply disruptions at our customers and within our own operations. In Consumer, revenue growth was driven by strong demand in gaming along with a growing brand recognition of WD_Black. In the current year quarter, we experienced some supply disruptions, in addition to uneven geographic demand due to COVID lockdowns, which tempered revenue growth in each of our end-markets. However, we expect these impacts to be transitory.

The changes in net revenue by geography reflect an increase in the Americas driven by higher sales of HDD capacity enterprise products to cloud customers in the region and an increase in Asia primarily driven by our increased sales of Flash mobility products to manufacturers in the region.

Our top 10 customers accounted for 43% and 44% of our net revenue for the three months ended October 1, 2021 and October 2, 2020, respectively. For the three months ended October 1, 2021 and October 2, 2020, no single customer accounted for 10% or more of our net revenue.

Consistent with standard industry practice, we have sales incentive and marketing programs that provide customers with price protection and other incentives or reimbursements that are recorded as a reduction to gross revenue. For both the three months ended October 1, 2021 and October 2, 2020, the programs represented 18% of gross revenues, and adjustments due to changes in accruals for these programs have generally averaged less than 1% of gross revenue year over year. The amounts attributed to our sales incentive and marketing programs generally vary according to several factors including industry conditions, list pricing strategies, seasonal demand, competitor actions, channel mix and overall availability of products. Changes in future customer demand and market conditions may require us to adjust our incentive programs as a percentage of gross revenue.

We believe future revenues will be supported by the introduction of our new 20TB HDD, which we are moving forward in qualifications with public and private cloud customers. Within Cloud, our enterprise SSDs are now qualified with three cloud titans and we have made progress on the qualification process with public and private cloud customers and distribution channels. We expect these qualifications to drive accelerated growth in 2022 as customers begin to deploy these products into their networks. We also expect the migration to 5G, combined with a continued increase in the amount of storage per phone, to drive revenue growth in our Client end market in the near term. In Consumer, we also expect to see near term revenue growth due to continued growth in the brand recognition of our WD_Black-based products in the channel and retail.

Gross Profit and Gross Margin

Consolidated gross profit increased by \$761 million for the three months ended October 1, 2021 from the comparable period in the prior year, which reflects the increase in revenue in both HDD and Flash, as well as a \$106 million decrease in charges in the current period related to amortization expense on acquired intangible assets, some of which became fully amortized.

Consolidated gross margin increased 10.0 percentage points for the three months ended October 1, 2021 from the comparable period in the prior year, which reflects higher gross margin in both HDD and Flash and the lower charges for amortization of acquired intangible assets noted above. HDD and Flash gross margin increased by 4.7 and 10.6 percentage points year over year, respectively, reflecting cost reductions as we ramped production on higher capacity drives.

Operating Expenses

Research and development (“R&D”) expense increased \$23 million for the three months ended October 1, 2021 from the comparable period in the prior year. The increase was driven by higher compensation costs due to merit increases and increased headcount, as well as higher variable compensation cost due to improved earnings.

Selling, general and administrative (“SG&A”) expense increased \$35 million for the three months ended October 1, 2021 from the comparable period in the prior year. The increase was driven by approximately \$20 million for professional services and approximately \$10 million of higher compensation costs due to merit increases and increased headcount, as well as higher variable compensation cost due to improved earnings.

Employee termination, asset impairment and other charges decreased from the comparable period in the prior year as some of the actions initiated in the prior year have been substantially completed. For information regarding Employee termination, asset impairment and other charges, see Part I, Item 1, Note 15, *Employee Termination, Asset Impairment and Other Charges*, of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

Interest and Other Income (Expense)

Total interest and other expense, net for the three months ended October 1, 2021 was relatively flat with the prior year, reflecting lower interest expense resulting from the pay-down of principal on our debt, partially offset by a lower impact from foreign exchange rates and other gains.

Income Tax Expense

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

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

	Three Months Ended	
	October 1, 2021	October 2, 2020
	(\$ in millions)	
Income (loss) before taxes	\$ 704	\$ (3)
Income tax expense	94	57
Effective tax rate	13 %	(1,900) %

The primary drivers of the difference between the effective tax rate for the three months ended October 1, 2021 and the U.S. Federal statutory rate of 21%, are the relative mix of earnings and losses by jurisdiction, the deduction for foreign derived intangible income, credits, and tax holidays in Malaysia, the Philippines and Thailand that will expire at various dates during fiscal years 2024 through 2031. In addition, the effective tax rate for the three months ended October 1, 2021 includes the discrete effect of an increase to unrecognized tax benefits of \$16 million as a result of ongoing discussions with various taxing authorities.

The primary drivers of the difference between the effective tax rate for the three months ended October 2, 2020 and the U.S. Federal statutory rate of 21% are the relative mix of earnings and losses by jurisdiction, the deduction for foreign derived intangible income, credits, and tax holidays in Malaysia, Philippines and Thailand. In addition, the effective tax rate for the three months ended October 2, 2020 includes the discrete effects of net tax deficiencies from shortfalls of \$11 million related to the vesting of stock-based awards and additional tax expense of \$10 million from the re-measurement of purchase accounting deferred tax liabilities due to restructuring activities. The discrete items had no impact on the amount of income taxes paid.

Our future effective tax rate is subject to future regulatory developments and changes in the mix of our U.S. earnings compared to foreign earnings. Our total tax expense in future fiscal years may also vary as a result of discrete items such as excess tax benefits or deficiencies.

For additional information regarding Income tax expense (benefit), see Part I, Item 1, Note 13, *Income Tax Expense*, 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:

	Three Months Ended	
	October 1, 2021	October 2, 2020
	(in millions)	
Net cash provided by (used in):		
Operating activities	\$ 521	\$ 363
Investing activities	(312)	(166)
Financing activities	(289)	(253)
Effect of exchange rate changes on cash	—	3
Net decrease in cash and cash equivalents	\$ (80)	\$ (53)

We believe our cash, cash equivalents and cash generated from operations as well as our available credit facilities will be sufficient to meet our working capital, debt and capital expenditure needs for at least the next twelve months. Our ability to sustain our working capital position is subject to a number of risks that we discuss in Part I, Item 1A, *Risk Factors*, in our Annual Report on Form 10-K for the fiscal year ended July 2, 2021.

We have also filed a shelf registration statement (the “Shelf Registration Statement”) with the Securities and Exchange Commission that expires in August 2024, which 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.

During fiscal 2022, we expect expenditures for property, plant and equipment for our company plus our portion of the capital expenditures by our Flash Ventures joint venture with Kioxia for its operations to aggregate approximately \$3.1 billion. After consideration of the Flash Ventures’ lease financing of its capital expenditures and net operating cash flow, we expect net cash used for our purchases of property, plant and equipment and net activity in notes receivable relating to Flash Ventures to be a cash outflow of approximately \$2.0 billion during fiscal 2022. The total expected cash to be used could vary depending on the timing and completion of various capital projects and the availability, timing and terms of related financing.

A total of \$2.41 billion and \$1.97 billion of our Cash and cash equivalents was held outside of the U.S. as of October 1, 2021 and October 2, 2020, respectively. There are no material tax consequences that were not previously accrued for on the repatriation of this cash.

Operating Activities

Cash flow from operating activities primarily consists of net income, adjusted for non-cash charges, plus or minus changes in operating assets and liabilities. This represents our principal source of cash. Net cash used for changes in operating assets and liabilities was \$440 million for the three months ended October 1, 2021, as compared to \$43 million of net cash used for changes in operating assets and liabilities for the three months ended October 2, 2020. Changes in our operating assets and liabilities are largely affected by our working capital requirements, which are dependent on the effective management of our cash conversion cycle as well as timing of payments for taxes. Our cash conversion cycle measures how quickly we can convert our products into cash through sales. The cash conversion cycles were as follows:

	Three Months Ended	
	October 1, 2021	October 2, 2020
	<i>(in days)</i>	
Days sales outstanding	44	49
Days in inventory	95	101
Days payables outstanding	(61)	(71)
Cash conversion cycle	78	79

Changes in days sales outstanding (“DSO”) are generally due to the timing of shipments. Changes in days in inventory (“DIO”) are generally related to the timing of inventory builds. 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 negotiate to modify the timing of payments to our vendors to manage our vendor relationships and to manage our cash flows, including our cash balances.

For the three months ended October 1, 2021, DSO decreased by 5 days from the comparable period in the prior year, primarily reflecting the timing of shipments and customer collections. We have seen no significant deterioration in our receivables as a result of COVID-19. DIO and DPO decreased by 6 days and 10 days, respectively, from the comparable period in the prior year primarily reflecting improved supply chain management in the HDD business, as well as routine variations in the timing of purchases and payments during the period.

Investing Activities

Net cash used in investing activities for the three months ended October 1, 2021 primarily consisted of \$245 million in capital expenditures and a \$52 million net increase in notes receivable issuances to Flash Ventures. Net cash used in investing activities for the three months ended October 2, 2020 primarily consisted of \$337 million in capital expenditures partially offset by a \$163 million net decrease in notes receivable issuances to Flash Ventures to fund its capital expansion.

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 invest directly in U.S. Treasury securities, U.S. and international government agency securities, certificates of deposit, asset backed securities and corporate and municipal notes and bonds.

Financing Activities

During the three months ended October 1, 2021, net cash used in financing activities primarily consisted of \$213 million for repayment of debt, which included a \$150 million voluntary prepayment on our Term Loan B-4, and \$78 million for taxes paid on vested stock awards under employee stock plans. Net cash used in financing activities for the three months ended October 2, 2020 primarily consisted of \$213 million for the repayment of our debt, which included a \$150 million voluntary prepayment on our Term Loan B-4, and \$41 million for taxes paid on vested stock awards under employee stock plans.

On October 22, 2021, we voluntarily prepaid the remaining principal balance of \$943 million on our Term Loan B-4.

Off-Balance Sheet Arrangements

Other than the commitments related to Flash Ventures incurred in the normal course of business and certain indemnification provisions (see “Short and Long-term Liquidity-Contractual Obligations and 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, with the exception of Flash Ventures and our joint venture with Unisplendour Corporation Limited and Unisoft (Wuxi) Group Co. Ltd., we do not have an interest in, or relationships with, any variable interest entities. For additional information regarding our off-balance sheet arrangements, see Part I, Item 1, Note 10, *Related Parties and Related Commitments and Contingencies*, of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

Short- and Long-term Liquidity*Contractual Obligations and Commitments*

The following is a summary of our known contractual cash obligations and commercial commitments as of October 1, 2021:

	Total	Remaining nine months of 2022	2023-2024	2025-2026	Beyond 2026
	<i>(in millions)</i>				
Long-term debt, including current portion ⁽¹⁾	\$ 8,612	\$ 251	\$ 6,061	\$ 2,300	\$ —
Interest on debt	733	169	345	219	—
Flash Ventures related commitments ⁽²⁾	6,122	2,553	2,379	1,024	166
Operating leases	389	33	86	83	187
Purchase obligations and other commitments	3,703	2,368	997	168	170
Mandatory Deemed Repatriation Tax	819	—	284	535	—
Total	\$ 20,378	\$ 5,374	\$ 10,152	\$ 4,329	\$ 523

- ⁽¹⁾ Principal portion of debt, excluding discounts and issuance costs. On October 22, 2021, we voluntarily prepaid the remaining principal balance of \$943 million on our Term Loan B-4, which was scheduled to mature in 2023.
- ⁽²⁾ Includes reimbursement for depreciation and lease payments on owned and committed equipment, funding commitments for loans and equity investments and payments for other committed expenses, including R&D and building depreciation. Funding commitments assume no additional operating lease guarantees. Additional operating lease guarantees can reduce funding commitments.

Debt

In addition to our existing debt, we have \$2.25 billion available for borrowing under our revolving credit facility, subject to customary conditions under the credit agreement. Additional information regarding our indebtedness, including information about availability under our revolving credit facility and the principal repayment terms, interest rates, covenants and other key terms of our outstanding indebtedness, is included in Part I, Item 1, Note 7, *Debt*, of the Notes to Condensed Consolidated Financial Statements in this Quarterly Report on Form 10-Q and in Part II, Item 8, Note 6, *Debt*, of the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended July 2, 2021. The credit agreement governing our revolving credit facility and Term Loan A-1 requires us to comply with certain financial covenants, consisting of a leverage ratio and an interest coverage ratio. As of October 1, 2021, we were in compliance with these financial covenants.

We may issue additional debt securities in the future that may also 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 information for the Obligor Group is presented on combined basis, excluding intercompany balances and transactions between the Company and the Guarantor 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:

	October 1, 2021	July 2, 2021
	<i>(in millions)</i>	
Current assets (excluding net intercompany receivable from non-guarantor subsidiaries)	\$ 2,458	\$ 2,898
Non-current assets	1,855	1,903
Net intercompany payable to non-guarantor subsidiaries	(275)	(463)
Current liabilities	2,217	2,325
Non-current liabilities	9,409	9,726

The operating results and transactions with non-guarantor subsidiaries of the Obligor Group include the following:

	Three Months Ended October 1, 2021	Year Ended July 2, 2021
	<i>(in millions)</i>	
Net sales	\$ 2,220	\$ 12,378
Gross profit	572	1,861
Operating income	39	142
Net income	27	377
Intercompany revenue	626	5,190
Net intercompany interest expense	22	23
Intercompany dividends	76	528

Flash Ventures

Flash Ventures sells to and leases back from a consortium of financial institutions a portion of its tools and has entered into equipment lease agreements of which we guarantee half or all of the outstanding obligations under each lease agreement. The leases are subject to customary covenants and cancellation events that relate to Flash Ventures and each of the guarantors. The occurrence of a cancellation event could result in an acceleration of the lease obligations and a call on our guarantees. As of October 1, 2021, we were in compliance with all covenants under these Japanese lease facilities. See Part I, Item 1, Note 10, *Related Parties and Related Commitments and Contingencies*, of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q for information regarding Flash Ventures.

Purchase Obligations and Other Commitments

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

Mandatory Deemed Repatriation Tax

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

	October 1, 2021
2023	\$ 106
2024	178
2025	238
2026	297
Total	<u>\$ 819</u>

For additional information regarding our estimate of the total tax liability for the mandatory deemed repatriation tax, see Part II, Item 8, Note 14, *Income Tax Expense*, of the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended July 2, 2021.

Unrecognized Tax Benefits

As of October 1, 2021, the liability for unrecognized tax benefits (excluding accrued interest and penalties) was approximately \$762 million. Accrued interest and penalties related to unrecognized tax benefits as of October 1, 2021 was approximately \$132 million. Of these amounts, approximately \$758 million could result in potential cash payments. We are not able to provide a reasonable estimate of the timing of future tax payments related to these obligations.

Interest Rate Swap

We have generally held a balance of fixed and variable rate debt. At October 1, 2021, we had \$5.21 billion of variable rate debt, comprising 61% of the par value of our debt. To balance the portfolio and moderate our exposure to fluctuations in interest rates underlying our variable debt, we entered into pay-fixed interest rate swaps on \$2.00 billion notional amount, which effectively converts a portion of our term loan to fixed rates through February 2023. After giving effect to the \$2.00 billion of interest rate swaps, we effectively had \$3.21 billion of Long-term debt subject to variations in interest rates and a one percent increase in the variable rate of interest would increase annual interest expense by \$32 million.

Foreign Exchange Contracts

We purchase foreign exchange contracts to hedge the impact of foreign currency fluctuations on certain underlying assets, liabilities and commitments for Operating expenses and product costs denominated in foreign currencies. For a description of our current foreign exchange contract commitments, see Part I, Item 1, Note 7, *Derivative Instruments and Hedging Activities*, of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

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 IP infringement claims made by third parties. In addition, we have entered into indemnification agreements with our directors and certain of our officers that will require us, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors or officers. We maintain director and officer insurance, which may cover certain liabilities arising from our obligation to indemnify our directors and officers in certain circumstances.

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

Stock Repurchase Program

Our Board of Directors has authorized a stock repurchase program for the repurchase of up to \$5.0 billion of our common stock, which authorization is effective through July 25, 2023. We did not make any stock repurchases during the three months ended October 1, 2021 and have not repurchased any shares of our common stock pursuant to our stock repurchase program since the first quarter of fiscal 2019. Although we will reevaluate the repurchasing of our common stock when appropriate, there can be no assurance if, when or at what level we may resume such activity. The remaining amount available to be repurchased under our current stock repurchase program as of October 1, 2021 was \$4.5 billion. Repurchases under the stock repurchase program may be made in the open market or in privately negotiated transactions and may be made under a Rule 10b5-1 plan.

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 Annual Report on Form 10-K for the fiscal year ended July 2, 2021. Please refer to Part II, Item 7 of our Annual Report on Form 10-K for the fiscal year ended July 2, 2021 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 during the three months ended October 1, 2021. See Part II, Item 7A, *Quantitative and Qualitative Disclosures About Market Risks* in our Annual Report on Form 10-K for the fiscal year ended July 2, 2021 for further information about our exposure to market risk.

Foreign Currency Risk

We performed sensitivity analyses as of October 1, 2021 and July 2, 2021 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 October 1, 2021 and July 2, 2021. 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 \$296 million and \$183 million at October 1, 2021 and July 2, 2021, respectively.

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 Control over Financial Reporting

In the first quarter of fiscal 2022, we implemented new reporting modules and processes to provide more discrete information to support our new business unit organizational structure. After considering these changes, our management has determined that there has been no change in our internal control over financial reporting during the first quarter of fiscal 2022 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. *Legal Proceedings*

See Note 13, *Income Tax Expense*, of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q for disclosures regarding statutory notices of deficiency issued by the IRS on June 28, 2018 and December 10, 2018, petitions filed by the Company with the U.S. Tax Court in September 2018 and March 2019, additional penalties asserted by the IRS in March 2021 and a tentative resolution with respect to certain matters.

Item 1A. *Risk Factors*

We have described under the heading “Risk Factors” in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended July 2, 2021 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. There have been no material changes from these risk factors previously described in our Annual Report on Form 10-K for the fiscal year ended July 2, 2021. 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.

Item 6. Exhibits

The exhibits listed in the Exhibit Index below are filed with, or incorporated by reference in, this Quarterly Report on Form 10-Q, as specified in the Exhibit List, from exhibits previously filed with the Securities and Exchange Commission. 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
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 Quarterly Report on Form 10-Q (File No. 1-08703) with the Securities and Exchange Commission on February 8, 2006)
3.2	Amended and Restated By-Laws of Western Digital Corporation, as amended effective as of February 10, 2021 (Filed as Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 1-08703) with the Securities and Exchange Commission on February 12, 2021)
10.1	Form of Notice and Grant of Performance Stock Units and Performance Stock Unit Award Agreement- Financial Measure, under the Amended and Restated Western Digital Corporation 2017 Performance Incentive Plan†*
10.2	Form of Notice and Grant of Performance Stock Units and Performance Stock Unit Award Agreement- TSR Measure, under the Amended and Restated Western Digital Corporation 2017 Performance Incentive Plan†*
10.3	Form of Notice of Grant of Restricted Stock Units and Restricted Stock Unit Award Agreement- Vice President and Above, under the Amended and Restated Western Digital Corporation 2017 Performance Incentive Plan†*
10.4	Western Digital Corporation Amended and Restated 2017 Performance Incentive Plan Non-Employee Director Restricted Stock Unit Grant Program, amended and restated as of August 16, 2021†*
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.

* Management contract or compensatory plan or arrangement required to be filed as an exhibit pursuant to applicable rules of the Securities and Exchange Commission.

** Furnished with this report.

**WESTERN DIGITAL CORPORATION
 AMENDED AND RESTATED 2017 PERFORMANCE INCENTIVE PLAN
 GRANT NOTICE FOR
 PERFORMANCE STOCK UNIT AWARD
 (FINANCIAL MEASURES)**

FOR GOOD AND VALUABLE CONSIDERATION, Western Digital Corporation (the “*Corporation*”), hereby grants to the Participant named below the number of Performance Stock Units (the “*PSUs*”) listed below (this “*Award*”) under the Western Digital Corporation Amended and Restated 2017 Performance Incentive Plan (as amended from time to time, the “*Plan*”). Each PSU represents the right to receive one share of Common Stock, subject to the terms and conditions in this Grant Notice, the Plan and the Standard Terms and Conditions (the “*Standard Terms and Conditions*”) of such Plan, attached as Exhibit A hereto. Capitalized terms not otherwise defined here shall have the meaning set forth in the Plan.

Name of Participant:	
Employee ID	
Grant Date:	
Grant Number	
Target Number of PSUs:	
Vesting Schedule:	The vesting date of the PSUs is [_____] (the “ <i>Vesting Date</i> ”). Vesting shall be subject to Participant’s Continuous Service (as defined in the Standard Terms and Conditions) from the Grant Date through the Vesting Date, unless provided otherwise under Section 2 of the Standard Terms and Conditions.
Measurement Period:	The Measurement Period begins [_____] and ends [_____]. The actual number of PSUs that may become eligible to vest on the Vesting Date based on performance during a Measurement Period may range from [0%] to [200%] of the Target Number of PSUs corresponding to that Measurement Period, subject to forfeiture as provided in the Standard Terms and Conditions.

IN CONNECTION WITH THIS GRANT, AND IN ADDITION TO THIS GRANT NOTICE, PARTICIPANT HAS RECEIVED A COPY OF THE PLAN AND THE STANDARD TERMS AND CONDITIONS. PARTICIPANT MAY REJECT THIS AWARD BY NOTIFYING THE COMPANY NO LATER THAN THE FIFTH BUSINESS DAY FOLLOWING RECEIPT OF THIS AWARD AGREEMENT. FAILURE TO REJECT THIS AWARD WITHIN SUCH 5-DAY PERIOD SHALL BE DEEMED ACCEPTANCE OF THIS AWARD AND THE TERMS AND CONDITIONS OF THE AWARD AGREEMENT.

Grant Notice for
 Performance Stock Unit Award

EXHIBIT A

WESTERN DIGITAL CORPORATION AMENDED AND RESTATED 2017 PERFORMANCE INCENTIVE PLAN

STANDARD TERMS AND CONDITIONS FOR PERFORMANCE STOCK UNITS

These Standard Terms and Conditions apply to this Award of Performance Stock Units granted under the Western Digital Corporation Amended and Restated 2017 Performance Incentive Plan (as amended from time to time, the “**Plan**”). The Performance Stock Units are also subject to the terms of the Plan and the attached Grant Notice, which are incorporated here by this reference. Capitalized terms not otherwise defined here shall have the meaning set forth in the Plan.

1. TERMS OF PERFORMANCE STOCK UNITS

Western Digital Corporation (the “**Corporation**”) has granted to the Participant named in the attached Grant Notice an award of Performance Stock Units (this “**Award**” or the “**PSUs**”) described in the Grant Notice, with each PSU representing the right to receive one share of Common Stock. For purposes of these Standard Terms and Conditions and the Grant Notice, any reference to the Corporation shall include a reference to any Subsidiary.

2. VESTING AND SETTLEMENT OF PERFORMANCE STOCK UNITS

(a) The Award shall be unvested as of the Grant Date and be forfeitable unless and until otherwise vested pursuant to the terms of the Grant Notice and these Standard Terms and Conditions. After the Grant Date, subject to termination or acceleration as provided in these Standard Terms and Conditions and the Plan, this Award shall become vested as described in the Grant Notice. PSUs that have vested and are no longer subject to forfeiture are referred to as “**Vested PSUs**.” PSUs that are not vested and remain subject to forfeiture are referred to as “**Unvested PSUs**.” No portion of this Award, nor the shares of Common Stock subject to this Award, may be deferred under the Western Digital Corporation Deferred Compensation Plan (or any applicable successor plan) or any other deferred compensation arrangement of the Corporation.

(b) Following the end of the Measurement Period, the Administrator shall determine the extent to which the applicable performance goals have been achieved and the number of PSUs eligible to vest. Any PSUs (including any related credited dividend equivalents) corresponding to the Measurement Period that do not become eligible to vest shall terminate as of the end of the Measurement Period. The PSUs that become eligible to vest based on performance during the Measurement Period shall vest on the Vesting Date set forth in the Grant Notice, subject to Continuous Service (as defined below) through such date, except as expressly provided in Section 2(c) or Section 2(d) below. The Corporation shall deliver to the Participant on the Settlement Date (as defined below) a number of shares of Common Stock equal to the number of Vested PSUs. The Corporation may, in its sole discretion, settle any PSUs accrued as dividend equivalents by a cash payment equal to the Fair Market Value of a share of Common Stock on the date of payment (as opposed to payment in the form of shares of Common Stock).

“**Continuous Service**” means the Participant’s service with the Corporation or a Subsidiary, whether as an employee, director, or consultant or advisor, is not interrupted or terminated. Unless the express policy of the Corporation or any Subsidiary, or the Administrator, otherwise provides, or except as otherwise required by applicable law, a Participant will not be deemed to have terminated Continuous Service in the case of (i) sick leave, (ii) military leave, (iii) transfer from one Affiliate (as defined below) to another Affiliate, or (iv) any other leave of absence authorized by the Corporation (or Subsidiary) or the Administrator, provided that such leave is for a period of not more than three months (unless the Administrator otherwise provides or reemployment or continued service is guaranteed by contract or law upon the expiration of such leave). In the case of any Participant of the Corporation or one of its Subsidiaries on an approved leave of absence, continued vesting of an Award while on leave from the service of the Corporation or one of its Subsidiaries may be suspended until the Participant returns to service, unless the Administrator otherwise provides or applicable law otherwise requires. For purposes of the Plan

and any Award, if an entity ceases to be a Subsidiary, a termination of Continuous Service shall be deemed to have occurred with respect to each Participant in respect of such Subsidiary who does not continue as an employee, director or consultant or advisor in respect of the Corporation or another Subsidiary that continues as such after giving effect to the transaction or other event giving rise to the change in status. In addition, if required for exemption from or compliance with Section 409A of the Code, the determination of whether there has been a termination of Continuous Service will be made, and such term will be construed, in a manner that is consistent with the definition of "separation from service" as defined under U.S. Treasury Regulation Section 1.409A-1(h) (without regard to any alternative definition thereunder). For purposes of this definition, "**Affiliate**" means, at the time of determination, any "parent" or "subsidiary" of the Corporation, as such terms are defined in Rule 405 of the Securities Act. The Administrator will have the authority to determine the time or times at which "parent" or "subsidiary" status is determined within the foregoing definition.

"**Settlement Date**" means as soon as practicable following the vesting of the PSUs on the Vesting Date but in no event later than December 31 of the calendar year in which the Vesting Date occurs.

(c) *Termination due to Death; Termination due to a Qualifying Retirement; Termination without Cause under the Executive Severance Plan.* (1) Upon Participant's termination of Continuous Service due to death, (2) upon Participant's termination of employment due to a Qualifying Retirement (as defined below), or (3) for a Participant who is subject to the terms of the Western Digital Corporation Amended and Restated Executive Severance Plan, as applicable (or any applicable successor plan) (the "**Executive Severance Plan**") at the time of termination of Continuous Service, then upon Participant's termination of employment by the Corporation without Cause (as defined in the Executive Severance Plan) under circumstances that would entitle the Participant to severance benefits under the Executive Severance Plan, subject to compliance with the terms of the Executive Severance Plan, then the PSUs will be payable in accordance with the Vesting Schedule set forth in the Grant Notice above, with no acceleration, and vest as follows:

(i) If the Measurement Period has not ended as of the date of termination of Continuous Service, the PSUs (and any credited dividend equivalent rights) will remain outstanding and a pro-rated portion will vest, if at all, based on the actual achievement of the applicable performance goal(s) (with the number of shares vesting determined before taking the crediting of (if applicable) dividend equivalent rights into account) with such pro-rated portion equal to a fraction with a numerator equal to the total number of calendar days in the period beginning with the first day of the Measurement Period through and including the Participant's termination of Continuous Service and a denominator equal to the total number of calendar days in the Measurement Period.

(ii) If the Measurement Period has ended as of the date of termination of Continuous Service, the PSUs (and any credited dividend equivalents) will remain outstanding and will vest, if at all, based on the actual achievement of the applicable performance goal(s).

Any Unvested PSUs that do not vest as described above shall be forfeited as of the date of the Participant's termination of Continuous Service; provided, that the Unvested PSUs shall remain eligible to vest in accordance with the Grant Notice and these Standard Terms and Conditions in the event the Participant terminates employment due to a Qualifying Retirement yet continues to provide services to the Corporation and its Subsidiaries in a capacity other than as an employee. Such continued vesting is subject to the Participant's Continuous Services through each applicable vesting date.

"**Qualifying Retirement**" means the termination of the Participant's employment with the Corporation and its Subsidiaries due to his or her retirement from employment with the Corporation or one of its Subsidiaries after satisfying all of the following requirements at the time of such termination: (i) the Participant is at least 55 years of age, (ii) the Participant has five or more whole years of credited service with the Corporation and/or any of its Subsidiaries; and (iii) the Participant's age plus years of credited service with the Corporation and/or any of its Subsidiaries (including only whole years in the case of both age and credited service for purposes of this requirement) totals at least 70.

(d) *Termination without Cause or for Good Reason under the Change in Control Severance Plan.* For a Participant who is subject to the terms of the Western Digital Corporation Amended and Restated Change in Control Severance Plan, as applicable (or any applicable successor plan) (the “**CIC Severance Plan**”) at the time of termination of Continuous Service, then upon Participant’s termination of employment by the Corporation without Cause or due to a resignation by Participant for Good Reason (both as defined in the CIC Severance Plan) under circumstances that would entitle the Participant to severance benefits under the CIC Severance Plan, subject to compliance with the terms of the CIC Severance Plan, the PSUs (and any credited dividend equivalents) will be payable upon the Participant’s termination of Continuous Service and vest as follows:

(i) If the Measurement Period has not ended as of the date of termination of Continuous Service, the number of shares of Common Stock that will vest shall be equal to the greater of (x) the target number of PSUs corresponding to the Measurement Period or (y) the number of shares of Common Stock subject to the PSUs corresponding to the Measurement Period that would vest based on the treatment set forth in the definitive agreement providing for the Change in Control Event.

(ii) If the Measurement Period has ended as of the date of termination of Continuous Service, the PSUs corresponding to such Measurement Period will remain outstanding and will vest, if at all, based on the actual achievement of the applicable performance goal(s).

(e) *Resignation.* Upon Participant’s termination of Continuous Service by the Corporation due to a resignation by Participant for any reason, other than a Qualifying Retirement or a resignation for Good Reason under circumstances that would entitle the Participant to severance benefits under the CIC Severance Plan, subject to compliance with the terms of the CIC Severance Plan, the PSUs held by the Participant shall be forfeited as of the date of the Participant’s termination of Continuous Service.

(f) Upon Participant’s termination of Continuous Service by the Corporation for Cause, the entire Award held by the Participant shall be forfeited as of the date of the Participant’s termination of Continuous Service.

(g) *Non-U.S. Eligible Employees Participating in the Executive Severance Plan and Change in Control Severance Plan.* For avoidance of doubt, if Participant is not a U.S. Eligible Employee (as defined in the applicable severance plan), the Participant will only be eligible for the vesting treatment on a termination without Cause as described in Section 2(c) or termination without Cause or resignation for Good Reason as described in Section 2(d) in accordance with the terms of the applicable severance plan, which provides that the administrator of such severance plan will compare any Local Severance Benefits (as defined in the applicable severance plan) with the Plan Severance Benefits (as defined in the applicable severance plan) and if the value of the Local Severance Benefits equals or exceeds the value of the Plan Severance Benefits, the Participant will not be eligible to receive the vesting treatment on a termination without Cause as described in Section 2(c) or termination without Cause or resignation for Good Reason as described in Section 2(d). For the avoidance of doubt, a Participant who is retirement-eligible and receives Local Severance Benefits shall also receive the vesting treatment described in Section 2(c) as though the Participant had experienced a Qualifying Retirement.

3. RIGHTS AS STOCKHOLDER; DIVIDEND EQUIVALENTS

(a) Participant shall not be, nor have any of the rights or privileges of, a stockholder of the Corporation in respect of any PSUs unless and until shares of Common Stock settled for such PSUs shall have been issued by the Corporation to Participant.

(b) Notwithstanding Section 3(a), from and after the Grant Date and until the earlier of (i) the Participant’s receipt of Common Stock upon settlement of the PSUs and (ii) the time when the Participant’s right to receive Common Stock upon settlement of the PSUs is forfeited, the Participant shall be entitled to receive as a dividend equivalent a number of additional PSUs on the date that the Corporation pays a cash dividend (if any) to Common Stock holders generally. Such dividend equivalent shall be determined by dividing (i) the product of (A)

the dollar amount of the cash dividend paid per share of Common Stock on such date and (B) the total number of PSUs (including dividend equivalents accrued thereon) previously credited to the Participant as of such date, by (ii) the Fair Market Value per share of Common Stock on such date. Such dividend equivalents (if any) shall be subject to the same terms and conditions and shall be settled or forfeited in the same manner and at the same time as the PSUs to which the dividend equivalents were credited. Dividend equivalents shall be settled in whole shares of Common Stock with any dividend equivalents accrued in the form of fractional PSUs settled in cash. However, for the avoidance of doubt, the Corporation may, in its sole discretion, settle any PSUs accrued as dividend equivalents by a cash payment equal to the Fair Market Value of a share of Common Stock on the date of payment (as opposed to payment in the form of shares of Common Stock). For the avoidance of doubt, in no event will any dividend equivalents credited to PSUs be delivered to the Participant unless and until such PSUs vest and settle.

4. RESTRICTIONS ON RESALES OF SHARES

The Corporation may impose such restrictions as it determines appropriate as to the timing and manner of any resales by the Participant or other subsequent transfers by the Participant of any shares of Common Stock issued pursuant to Vested PSUs, including (a) restrictions under an insider trading policy, (b) restrictions designed to delay and/or coordinate the timing and manner of sales by Participant and other holders and (c) restrictions as to the use of a specified brokerage firm for such resales or other transfers.

5. INCOME TAXES

The Participant may satisfy tax withholding obligations relating to the PSUs by any combination of the following: (i) a cash payment; (ii) a Corporation deduction from any amounts payable to Participant; (iii) Corporation withholding of shares from the Common Stock issuable to the Participant in connection with the PSUs (only up to the amount permitted that will not cause an adverse accounting consequence); or (iv) Corporation withholding a payment from the proceeds from the sale of shares of Common Stock issued pursuant to the PSUs. In addition, the Administrator may, in its sole discretion but only to the extent consistent with Section 409A of the Code, reduce the number of PSUs remaining subject to this Award, with each such PSU to have a value for such purpose equal to the then Fair Market Value of a share of Common Stock, to satisfy such withholding obligation at the applicable withholding rates.

6. NONTRANSFERABILITY OF AWARD

The Participant agrees that, except as otherwise provided in the Plan or as permitted by the Administrator, this Award may not be sold, assigned, transferred, pledged or otherwise directly or indirectly encumbered or disposed of other than by will or the laws of descent and distribution or pursuant to the terms of a qualified domestic relations order, official marital settlement agreement or other divorce or separation instrument.

7. OTHER AGREEMENTS SUPERSEDED

The Grant Notice, these Standard Terms and Conditions and the Plan constitute the entire understanding between the Participant and the Corporation regarding this Award. Any prior agreements, commitments or negotiations concerning this Award are superseded.

8. NO ADDITIONAL RIGHTS

The Participant's receipt of the PSUs does not confer upon the Participant any right to continue to serve the Corporation or an Affiliate in any capacity and will not affect the right of the Corporation or an Affiliate to terminate the service of the Participant.

9. GENERAL

(a) In the event that any provision of these Standard Terms and Conditions (including, for the avoidance of doubt, the Plan, which is incorporated here by this reference) is declared to be unenforceable by an

arbitrator selected in accordance with Section 11 below or a court of competent jurisdiction, such provision shall be reformed, if possible, to the extent necessary to render it enforceable, or otherwise deleted, and the remainder of these Standard Terms and Conditions shall not be affected except to the extent necessary to reform or delete such unenforceable provision. Furthermore, except as otherwise provided by Section 11, it is the parties' intent that any order striking any portion of this Award Agreement and/or the Plan should modify the stricken terms as narrowly as possible to give as much effect as possible to the intentions of the parties hereunder.

(b) The headings preceding the text of the sections in these Standard Terms and Conditions are inserted solely for convenience of reference, and shall not constitute a part of these Standard Terms and Conditions, nor shall they affect its meaning, construction or effect. References to any agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and not prohibited by the Plan or these Standard Terms and Conditions.

(c) These Standard Terms and Conditions shall inure to the benefit of and be binding upon the parties and their respective permitted heirs, beneficiaries, successors and assigns.

(d) These Standard Terms and Conditions shall be interpreted in accordance with and governed by the laws of the State of Delaware, without regard to principles of conflicts of law.

(e) In the event of any conflict between the Grant Notice, these Standard Terms and Conditions and the Plan, the Grant Notice and these Standard Terms and Conditions shall control. In the event of any conflict between the Grant Notice and these Standard Terms and Conditions, the Grant Notice shall control.

(f) The PSUs and any shares of Common Stock acquired under the Plan, and the income and value of the same, are not part of the Participant's normal or expected compensation for any purposes including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, holiday pay, long-service awards, leave-related pay, pension or retirement benefits or payments or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Corporation or the Participant's employer or any Subsidiary.

(g) All questions under the Plan or under these Standard Terms and Conditions shall be decided by the Administrator in its total and absolute discretion.

(h) This Award will be subject to recoupment in accordance with the Corporation's compensation recovery (clawback) policy or policies then in effect. No recovery of compensation under any such policy will be an event giving rise to a right to resign for "good reason" or "constructive termination" (or similar term) under any agreement with the Corporation or a Subsidiary.

10. ELECTRONIC DELIVERY

By accepting the Grant Notice, the Participant hereby consents to the delivery of information (including, without limitation, information required to be delivered to the Participant pursuant to applicable securities laws) regarding the Corporation and the Subsidiaries, the Plan, and the PSUs via Corporation web site or other electronic delivery.

11. ARBITRATION

Any controversy arising out of or relating to the Grant Notice, these Standard Terms and Conditions, and/or the Plan ("**Covered Claims**"), shall be resolved in accordance with the terms and conditions of the Western Digital

Technologies, Inc. Dispute Resolution Agreement (the “**DRA**”), except with respect to any specific performance provided for in Section 13(f) below.

If, however, Participant has opted out of the DRA, any Covered Claims shall be submitted to arbitration pursuant to this Section 11. Such arbitration shall be held in Orange County, California, U.S.A., before a sole arbitrator selected from Judicial Arbitration and Mediation Services, Inc., Orange, California, or its successor (“**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 the Federal Arbitration Act; provided, however, that provisional injunctive relief may, but need not, be sought by either party in a court of law to maintain the status quo while arbitration proceedings are pending, and any provisional injunctive relief granted by such court shall remain effective until the matter is finally determined by the arbitrator. Any such action for provisional injunctive relief shall be subject to the exclusive jurisdiction of the Delaware Chancery Court and each party consents to jurisdiction with respect to any such action in Delaware Chancery Court. To the fullest extent permitted by applicable law, Participant and the Corporation agree to bring any Covered Claims on an individual basis only, and not on a class, collective, joint, or representative basis. If, however, the preceding sentence be determined invalid or unenforceable by a court of competent jurisdiction and not by an arbitrator with respect to any particular Covered Claim, then that Covered Claim will not proceed in arbitration but rather will be resolved in a court of competent jurisdiction for that Covered Claim only. All other Covered Claims must be resolved in arbitration on an individual basis. Any award or relief granted by the arbitrator shall be final and binding on the Corporation and the Participant and may be enforced by any court of competent jurisdiction.

The Corporation shall be responsible for payment of the forum costs of any arbitration hereunder, including the arbitrator’s fee. Each party shall bear its own attorney’s fees and costs (other than forum costs associated with the arbitration) incurred by it or him or her in connection with the resolution of the dispute. If, however, any party prevails on a statutory claim, which affords the prevailing party attorneys’ fees and costs, then the arbitrator may award reasonable fees and costs to the prevailing party. The parties agree that they are hereby waiving any rights to trial by jury in relation to any matter arising out of or in any way connected with any Covered Claim(s).

12. NON-U.S. EMPLOYEES

The Award shall be subject to any additional terms and conditions for non-U.S. employees set forth in Appendix A (“**Appendix A**”) and any terms and conditions for the Participant’s country set forth in Appendix B (“**Appendix B**”). Moreover, if the Participant relocates to one of the countries included in Appendix B, the terms and conditions for such country will apply to the Participant to the extent the Corporation determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. Appendix A and Appendix B constitute part of the Agreement.

13. ADDITIONAL PARTICIPANT OBLIGATIONS

(a) The Participant, in accepting this Award, (i) agrees to the terms of this Award as set forth in this Award Agreement generally, and (ii) specifically (and without limiting the generality of clause (i)) agrees to the provisions of this Section 13.

(b) The Participant agrees that during the Restricted Period (as defined below), the Participant will not directly or indirectly solicit, induce or encourage, or attempt to solicit, induce or encourage, any employee or independent contractor of the Corporation or any of its Subsidiaries to leave the employ or service, as applicable, of the Corporation or any such Subsidiary, or become employed or engaged by any third party, or in any way interfere with the relationship between the Corporation or any such Subsidiary, on the one hand, and any employee or independent contractor thereof, on the other hand. This Section 13(b) does not limit any general advertising or job posting not directed at any individual or group of employees of the Corporation or any of its Subsidiaries. For purposes of this Award Agreement, “**Restricted Period**” means the period of time the Participant is employed by or provides services to the Corporation or one of its Subsidiaries and the period of twenty-four (24) months after the date on which the Participant’s Continuous Service terminates.

(c) The Participant agrees that if the Participant were to become employed by, or substantially involved in, the business of a competitor of the Corporation or any of its Subsidiaries, it would be very difficult for the Participant not to rely on or use the Corporation's and its Subsidiaries' trade secrets and confidential information. Thus, to avoid the inevitable disclosure of the Corporation's and its Subsidiaries' trade secrets and confidential information, and to protect such trade secrets and confidential information and the Corporation's and its Subsidiaries' relationships and goodwill with customers, during the Restricted Period, the Participant will not directly or indirectly through any other person engage in, enter the employ of, render any services to, have any ownership interest in, nor participate in the financing, operation, management or control of, any Competing Business (as defined below). For purposes of this Agreement, the phrase "directly or indirectly through any other Person engage in" shall include, without limitation, any direct or indirect ownership or profit participation interest in such enterprise, whether as an owner, stockholder, member, partner, joint venturer or otherwise, and shall include any direct or indirect participation in such enterprise as an employee, consultant, director, officer, advisor, licensor of technology or otherwise. For purposes of this Agreement, "**Competing Business**" means a person anywhere in the continental United States and elsewhere in the world where the Corporation or any of its Subsidiaries engages in business, or reasonably anticipates engaging in business, (the "**Restricted Area**") that is engaged in design, development, manufacture, maintenance, offering, production or sales of hard disk drives or flash-based memory or other data storage devices or solutions. However, nothing in this Section 13(c) shall prohibit the Participant from being a passive owner of a *de minimis* amount of outstanding stock of any class of a corporation which is publicly traded, so long as such ownership is indirect through a mutual fund, similar passive common investment fund, or a broadly-diversified account managed by an unaffiliated third party.

(d) The Participant acknowledges that, in the course of the Participant's employment with the Corporation and/or its Subsidiaries and their predecessors, the Participant has become familiar, or will become familiar, with the Corporation's and its Subsidiaries' and their predecessors' trade secrets and with other confidential and proprietary information concerning the Corporation, its Subsidiaries and their respective predecessors and that the Participant's services have been and will be of special, unique and extraordinary value to the Corporation and its Subsidiaries. The Participant agrees that the covenants set forth in Sections 13(b) and (c) (together, the "**Restrictive Covenants**") are reasonable and necessary to protect the Corporation's and its Subsidiaries' trade secrets and other confidential and proprietary information, good will, stable workforce, and customer relations.

(e) Without limiting the generality of the Participant's agreement in Section 13(d), the Participant (i) represents that the Participant is familiar with and has carefully considered the Restrictive Covenants, (ii) represents that the Participant is fully aware of the Participant's obligations hereunder, (iii) agrees to the reasonableness of the length of time, scope and geographic coverage, as applicable, of the Restrictive Covenants, (iv) agrees that the Corporation and its Subsidiaries currently conduct business throughout the world, and (v) agrees that the Restrictive Covenants will continue in effect for the applicable periods set forth above in this Section 13 regardless of whether the Participant is then entitled to receive any form of compensation, severance pay or benefits from the Corporation or any of its Subsidiaries. The Participant understands that the Restrictive Covenants may limit the Participant's ability to earn a livelihood in a business similar to the business of the Corporation or any of its Subsidiaries, but the Participant nevertheless believes that the Participant has received and will receive sufficient consideration and other benefits as an employee of the Corporation or one of its Subsidiaries, and as otherwise provided hereunder, to clearly justify such restrictions which, in any event (given the Participant's education, skills and ability), the Participant does not believe would prevent the Participant from otherwise earning a living. The Participant agrees that the Restrictive Covenants do not confer a benefit upon the Corporation and its Subsidiaries that is disproportionate to the detriment of the Participant.

(f) The Participant agrees that a breach by the Participant of any of the covenants in this Section 13 would cause immediate and irreparable harm to the Corporation that would be difficult or impossible to measure, and that damages to the Corporation for any such injury would therefore be an inadequate remedy for any such breach. Therefore, the Participant agrees that in the event of any breach or threatened breach of any provision of this Section 13, the Corporation (or its applicable Subsidiary, as the case may be) shall be entitled, in addition to and without limitation upon all other remedies the Corporation (or any of its Subsidiaries) may have under this Award Agreement, at law or otherwise, to obtain specific performance, injunctive relief and/or other appropriate relief (without posting any bond or deposit) in order to enforce or prevent any violations of the provisions of this Section

13, or require the Participant to account for and pay over to the Corporation all compensation, profits, moneys, accruals, increments or other benefits derived from or received as a result of any transactions constituting a breach of this Section 13 if and when final judgment of a court of competent jurisdiction or arbitrator, as applicable, is so entered against the Participant. The Participant further agrees that the applicable period of time any Restrictive Covenant is in effect following the date of the Participant's termination of Continuous Service shall be extended by the same amount of time that the Participant is in breach of any Restrictive Covenant following the date on which the Participant's Continuous Service terminates. The Participant further agrees that in the event of any breach of any provision of this Section 13, in addition to and without limitation upon all other remedies the Corporation (or any of its Subsidiaries) may have under this Award Agreement, at law or otherwise, this Award (to the extent outstanding at the time of such breach) shall automatically terminate and be forfeited as of the time of such breach.

EXHIBIT B

PERFORMANCE STOCK UNIT AWARD – FINANCIAL MEASURES
Performance Measures and Goals

[To be inserted]

Exhibit B
Performance Measures and Goals

APPENDIX A

ADDITIONAL TERMS AND CONDITIONS OF PERFORMANCE STOCK UNIT AWARD AGREEMENT FOR NON-U.S. EMPLOYEES

1. Terms of Plan Participation for Non-U.S. Participants

The Participant understands that this Appendix A contains additional terms and conditions that, together with the Plan and the Award Agreement, govern the Participant's participation in the Plan if the Participant is working or resident in a country other than the United States. The Participant further understands that the Participant's participation in the Plan also will be subject to any terms and conditions for the Participant's country set forth in Appendix B. *Capitalized terms used but not defined in this Appendix A shall have the same meanings assigned to them in the Plan and/or Award Agreement.*

2. Withholding Taxes

The following provision supplements Section 5 of the Standard Terms and Conditions:

The Participant acknowledges that, regardless of any action taken by the Corporation or, if different, the Participant's employer ("**Employer**"), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to the Participant's participation in the Plan and this Award and legally applicable to the Participant ("**Tax-Related Items**") is and remains the Participant's responsibility and may exceed the amount, if any, actually withheld by the Corporation or the Employer. The Participant further acknowledges that the Corporation and/or the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the PSUs; and (b) are not obligated to structure the terms of the grant or any aspect of the PSUs to reduce or eliminate the Participant's liability for Tax-Related Items or achieve any particular tax result. If the Participant is or becomes subject to Tax-Related Items in more than one jurisdiction, the Participant acknowledges that the Corporation and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

The Participant agrees, prior to any relevant taxable or tax withholding event, as applicable, to make adequate arrangements satisfactory to the Corporation and/or the Employer to satisfy all Tax-Related Items. In this regard, the Participant authorizes the Corporation and/or the Employer to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the methods set forth in Section 8.5 of the Plan and Section 5 of the Standard Terms and Conditions. In addition, the Participant authorizes withholding from proceeds of the sale of shares of Common Stock acquired upon settlement of the PSUs either through a voluntary sale or through a mandatory sale arranged by the Corporation (on the Participant's behalf pursuant to this authorization without further consent). If the Participant is subject to Section 16 of the Exchange Act, then withholding for Tax-Related Items shall be satisfied in accordance with Section 8.5 of the Plan, Section 5 of the Standard Terms and Conditions, and the withholding methodology approved by the Administrator for officers subject to Section 16 of the Exchange Act.

Depending on the withholding method, the Corporation and/or the Employer may withhold or account for Tax-Related Items by considering applicable minimum withholding amounts or other applicable withholding rates, including maximum applicable rates. In the event of over-withholding, the Participant may receive a refund of any over-withheld amount in cash and will have no entitlement to the equivalent in Common Stock from the Corporation or the Employer; otherwise, the Participant may be able to seek a refund from the local tax authorities. In the event of under-withholding, the Participant may be required to pay any additional Tax-Related Items directly to the applicable tax authority or to the Corporation and/or the Employer. If the Tax-Related Items are satisfied by withholding in shares of Common Stock, for tax purposes, the Participant is deemed to have been issued the full number of shares subject to the vested PSUs, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items.

The Participant further agrees to pay to the Corporation or the Employer, any amount of Tax-Related Items that the Corporation or the Employer may be required to withhold or account for as a result of the Participant's participation in the Plan that cannot be satisfied by the means previously described. The

Corporation may refuse to issue or deliver the shares of Common Stock or the proceeds from the sale of shares if the Participant fails to comply with the Participant's obligations in connection with the Tax-Related Items.

3. Nature of Grant

By accepting the PSUs and any shares of Common Stock, the Participant agrees that:

- (a) the Plan is established voluntarily by the Corporation, it is discretionary in nature, and may be amended, suspended or terminated by the Corporation at any time, to the extent permitted by the Plan;
- (b) the grant of the PSUs is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of PSUs, or benefits in lieu of PSUs, even if PSUs have been granted in the past;
- (c) all decisions with respect to future PSUs or other grants, if any, will be at the sole discretion of the Corporation;
- (d) the Participant is voluntarily participating in the Plan;
- (e) the PSUs and any shares of Common Stock acquired under the Plan, and the income and value of the same, are not intended to replace any pension rights or compensation;
- (f) the PSUs and any shares of Common Stock acquired under the Plan, and the income and value of the same, are not part of the Participant's normal or expected compensation for any purposes including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, holiday pay, long-service awards, leave-related pay, pension or retirement benefits or payments or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Corporation or the Employer or any Subsidiary;
- (g) the future value of the shares of Common Stock underlying the PSUs is unknown, indeterminable, and cannot be predicted with certainty;
- (h) unless otherwise agreed with the Corporation, the PSUs and the shares of Common Stock acquired under the Plan, and the income and value of same, are not granted as consideration for, or in connection with, the service the Participant may provide as a director of any Subsidiary;
- (i) no claim or entitlement to compensation or damages shall arise from forfeiture of the PSUs resulting from the termination of the Participant's employment (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or providing services, or the terms of the Participant's employment or service agreement, if any);
- (j) unless otherwise provided in the Plan or by the Corporation in its discretion, the PSUs and the benefits evidenced by the Award Agreement do not create any entitlement to have the PSUs or any such benefits transferred to, or assumed by, another Corporation nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the shares; and
- (k) neither the Corporation, the Employer nor any Subsidiary shall be liable for any foreign exchange rate fluctuation between the Participant's local currency and the U.S. dollar that may affect the value of the PSUs or of any amounts due to the Participant pursuant to the vesting of the PSUs or the subsequent sale of any shares of Common Stock acquired upon vesting.

4. Data Privacy

By accepting the PSUs via the Corporation's acceptance procedure, the Participant is declaring that he or she agrees with the data processing practices described herein and consents to the collection, processing and use of Personal Data (as defined below) by the Corporation and the transfer of Personal Data to the recipients mentioned herein, including recipients located in countries which do not adduce an adequate level

of protection from a European (or other non-U.S.) data protection law perspective, for the purposes described herein.

(a) Declaration of Consent. The Participant understands that he or she needs to review the following information about the processing of the Participant's personal data by or on behalf of the Corporation, the Employer and/or any Subsidiary as described in this Award Agreement and any other PSU grant materials (the "Personal Data") and declare his or her consent. As regards the processing of the Participant's Personal Data in connection with the Plan and this Award Agreement, the Participant understands that the Corporation is the controller of the Participant's Personal Data.

(b) Data Processing and Legal Basis. The Corporation collects, uses and otherwise processes Personal Data about the Participant for the purposes of allocating shares of Common Stock and implementing, administering and managing the Plan. The Participant understands that this Personal Data may include, without limitation, the Participant's name, home address and telephone number, email address, date of birth, social insurance number, passport number or other identification number (e.g., resident registration number), salary, nationality, job title, any shares of stock or directorships held in the Corporation or its Subsidiaries, details of all PSUs or any other entitlement to shares of stock or equivalent benefits awarded, canceled, exercised, vested, unvested or outstanding in the Participant's favor. The legal basis for the processing of the Participant's Personal Data will be the Participant's consent.

(c) Stock Plan Administration Service Providers. The Participant understands that the Corporation transfers the Participant's Personal Data, or parts thereof, to E*TRADE Financial Corporation Services, Inc. (and its affiliated companies), an independent service provider based in the United States or IBI Capital for Israeli employees, each of which assists the Corporation with the implementation, administration and management of the Plan. In the future, the Corporation may select a different service provider and share the Participant's Personal Data with such different service provider that serves the Corporation in a similar manner. The Participant understands and acknowledges that the Corporation's service provider will open an account for the Participant to receive and trade shares of Common Stock acquired under the Plan and that the Participant will be asked to agree on separate terms and data processing practices with the service provider, which is a condition of the Participant's ability to participate in the Plan.

(d) International Data Transfers. The Participant understands that the Corporation and, as of the date hereof, any third parties assisting in the implementation, administration and management of the Plan, such as the Corporation's service providers, are based in the United States. If the Participant is located outside the United States, the Participant understands and acknowledges that the Participant's country has enacted data privacy laws that are different from the laws of the United States. Transfers of personal data from the EEA or the United Kingdom to the United States can be made on the basis of Standard Contractual Clauses approved by the European Commission, United Kingdom or other appropriate safeguards permissible under the applicable law. If the Participant is located in the EU, EEA or the United Kingdom, the Corporation may receive, process and transfer the Participant's Personal Data onward to third-party service providers solely on the basis of appropriate data transfer agreements or other appropriate safeguards permissible under applicable law. If applicable, the Participant understands that the Participant can ask for a copy of the appropriate data processing agreements underlying the transfer of the Participant's Personal Data by contacting the Participant's local human resources representative. The Corporation's legal basis for the transfer of the Participant's Personal Data is the Participant's consent.

(e) Data Retention. The Corporation will hold and use the Data only as long as is necessary to implement, administer and manage participation in the Plan or as required to comply with tax, exchange control, labor and securities laws, other applicable law, exercise or defense of legal rights, and archiving, back-up and deletion processes. This period may extend beyond the Participant's period of employment with the Employer.

(f) Voluntariness and Consequences of Denial/Withdrawal of Consent. Participation in the Plan is voluntary and the Participant is providing the consents herein on a purely voluntary basis. If the Participant does not consent, or later seeks to revoke their consent, the Participant's salary from or employment or other service with the Employer will not be affected; the only consequence of refusing or withdrawing consent is that the Corporation would not be able to grant PSUs or other equity awards to the Participant or administer or maintain such awards.

(g) **Data Subject Rights.** *The Participant understands that data subject rights regarding the processing of personal data vary depending on the applicable law and that, depending on where the Participant is based and subject to the conditions set out in the applicable law, the Participant may have, without limitation, the rights to (i) inquire whether and what kind of Personal Data the Corporation holds about the Participant and how it is processed, and to access or request copies of such Personal Data, (ii) request the correction or supplementation of Personal Data about the Participant that is inaccurate, incomplete or out-of-date in light of the purposes underlying the processing, (iii) obtain the erasure of Personal Data no longer necessary for the purposes underlying the processing, processed based on withdrawn consent, processed for legitimate interests that, in the context of the Participant's objection, does not prove to be compelling, or processed in non-compliance with applicable legal requirements, (iv) request the Corporation to restrict the processing of the Participant's Personal Data in certain situations where the Participant feels its processing is inappropriate, (v) object, in certain circumstances, to the processing of Personal Data for legitimate interests, and to (vi) request portability of the Participant's Personal Data that the Participant has actively or passively provided to the Corporation (which does not include data derived or inferred from the collected data), where the processing of such Personal Data is based on consent or the Participant's employment or service contract and is carried out by automated means. In case of concerns, the Participant understands that the Participant may also have the right to lodge a complaint with the competent local data protection authority. Further, to receive clarification of, or to exercise any of, the Participant's rights the Participant understands that the Participant should contact the Participant's local human resources representative.*

(h) **Alternate Basis and Additional Consents.** *Finally, the Participant understands that the Corporation may rely on a different basis for the processing or transfer of Personal Data in the future and/or request that the Participant provide another data privacy consent. If applicable, the Participant agrees that upon request of the Corporation or the Employer, the Participant will provide an executed acknowledgement or data privacy consent form (or any other agreements or consents) that the Corporation and/or the Employer may deem necessary to obtain from the Participant for the purpose of administering the Participant's participation in the Plan in compliance with the data privacy laws in the Participant's country, either now or in the future. The Participant understands and agrees that he or she will not be able to participate in the Plan if he or she fails to provide any such consent or agreement requested by the Corporation and/or the Employer.*

5. Electronic Delivery and Acceptance

The Participant agrees that the Corporation may decide, in its sole discretion, to deliver by email or other electronic means any documents relating to the Plan or the PSUs. Further, the Participant agrees to participate in the Plan through an on-line or electronic system established and maintained by the Corporation or by a third party designated by the Corporation.

6. Insider Trading/Market Abuse Laws

The Participant agrees to comply with the Corporation's policy on insider trading (to the extent that it is applicable to the Participant). Depending on the Participant's country or the designated broker's country or country where the Common Stock is listed, the Participant may be subject to insider trading restrictions and/or market abuse laws, which may affect the Participant's ability to accept, acquire, sell, attempt to sell or otherwise dispose of Common Stock, rights to Common Stock (e.g., the PSUs) or rights linked to the value of Common Stock (e.g., phantom awards, futures) during such times as the Participant is considered to have "inside information" regarding the Corporation (as defined by the laws or regulations in the Participant's country). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders the Participant placed before possessing inside information. Furthermore, the Participant could be prohibited from (i) disclosing the inside information to any third party (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. Third parties include fellow employees. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Corporation insider trading policy. The Participant is responsible for ensuring compliance with any applicable restrictions and should consult his or her personal legal advisor on this matter.

7. Exchange Control, Tax and/or Foreign Asset/Account Reporting

The Participant acknowledges that there may be exchange control, tax, foreign asset and/or account reporting requirements which may affect the Participant's ability to acquire or hold shares of Common Stock acquired under the Plan or cash received from participating in the Plan (including from any dividend equivalents paid with respect to the PSUs or dividends paid on shares of Common Stock acquired under the Plan) in a brokerage/bank account or legal entity outside the Participant's country. The Participant may be required to report such accounts, assets, the balances therein, the value thereof and/or the transactions related thereto to the tax or other authorities in the Participant's country. The Participant also may be required to repatriate sale proceeds or other funds received as a result of the Participant's participation in the Plan to the Participant's country through a designated bank or broker within a certain time after receipt. The Participant acknowledges that it is the Participant's responsibility to be compliant with such regulations, and the Participant should consult his or her personal legal advisor for any details.

8. Language

The Participant acknowledges that he or she is sufficiently proficient in English, or has consulted with an advisor who is sufficiently proficient in English so as to allow the Participant to understand the terms and conditions of this Award Agreement. Furthermore, if the Award Agreement or any other document related to the Plan has been translated into a language other than English and the meaning of the translated version is different than the English version, the English version will control.

**WESTERN DIGITAL CORPORATION
 AMENDED AND RESTATED 2017 PERFORMANCE INCENTIVE PLAN
 GRANT NOTICE FOR
 PERFORMANCE STOCK UNIT AWARD
 (TSR MEASURE)**

FOR GOOD AND VALUABLE CONSIDERATION, Western Digital Corporation (the “*Corporation*”), hereby grants to the Participant named below the number of Performance Stock Units (the “*PSUs*”) listed below (this “*Award*”) under the Western Digital Corporation Amended and Restated 2017 Performance Incentive Plan (as amended from time to time, the “*Plan*”). Each PSU represents the right to receive one share of Common Stock, subject to the terms and conditions in this Grant Notice, the Plan and the Standard Terms and Conditions (the “*Standard Terms and Conditions*”) of such Plan, attached as Exhibit A hereto. Capitalized terms not otherwise defined here shall have the meaning set forth in the Plan.

Name of Participant:	
Employee ID	
Grant Date:	
Grant Number	
Target Number of PSUs:	
Vesting Schedule:	The vesting date of the PSUs is [_____] (the “ <i>Vesting Date</i> ”). Vesting shall be subject to Participant’s Continuous Service (as defined in the Standard Terms and Conditions) from the Grant Date through the Vesting Date, unless provided otherwise under Section 2 of the Standard Terms and Conditions.
Measurement Period:	The Measurement Period begins [_____] and ends [_____]. The actual number of PSUs that may become eligible to vest on the Vesting Date based on performance during a Measurement Period may range from [0%] to [200%] of the Target Number of PSUs corresponding to that Measurement Period, subject to forfeiture as provided in the Standard Terms and Conditions.

IN CONNECTION WITH THIS GRANT, AND IN ADDITION TO THIS GRANT NOTICE, PARTICIPANT HAS RECEIVED A COPY OF THE PLAN AND THE STANDARD TERMS AND CONDITIONS. PARTICIPANT MAY REJECT THIS AWARD BY NOTIFYING THE COMPANY NO LATER THAN THE FIFTH BUSINESS DAY FOLLOWING RECEIPT OF THIS AWARD AGREEMENT. FAILURE TO REJECT THIS AWARD WITHIN SUCH 5-DAY PERIOD SHALL BE DEEMED ACCEPTANCE OF THIS AWARD AND THE TERMS AND CONDITIONS OF THE AWARD AGREEMENT.

Grant Notice for
 Performance Stock Unit Award

EXHIBIT A

WESTERN DIGITAL CORPORATION AMENDED AND RESTATED 2017 PERFORMANCE INCENTIVE PLAN

STANDARD TERMS AND CONDITIONS FOR PERFORMANCE STOCK UNITS

These Standard Terms and Conditions apply to this Award of Performance Stock Units granted under the Western Digital Corporation Amended and Restated 2017 Performance Incentive Plan (as amended from time to time, the “*Plan*”). The Performance Stock Units are also subject to the terms of the Plan and the attached Grant Notice, which are incorporated here by this reference. Capitalized terms not otherwise defined here shall have the meaning set forth in the Plan.

1. TERMS OF PERFORMANCE STOCK UNITS

Western Digital Corporation (the “*Corporation*”) has granted to the Participant named in the attached Grant Notice an award of Performance Stock Units (this “*Award*” or the “*PSUs*”) described in the Grant Notice, with each PSU representing the right to receive one share of Common Stock. For purposes of these Standard Terms and Conditions and the Grant Notice, any reference to the Corporation shall include a reference to any Subsidiary.

2. VESTING AND SETTLEMENT OF PERFORMANCE STOCK UNITS

(a) The Award shall be unvested as of the Grant Date and be forfeitable unless and until otherwise vested pursuant to the terms of the Grant Notice and these Standard Terms and Conditions. After the Grant Date, subject to termination or acceleration as provided in these Standard Terms and Conditions and the Plan, this Award shall become vested as described in the Grant Notice. PSUs that have vested and are no longer subject to forfeiture are referred to as “*Vested PSUs*.” PSUs that are not vested and remain subject to forfeiture are referred to as “*Unvested PSUs*.” No portion of this Award, nor the shares of Common Stock subject to this Award, may be deferred under the Western Digital Corporation Deferred Compensation Plan (or any applicable successor plan) or any other deferred compensation arrangement of the Corporation.

(b) Following the end of the Measurement Period, the Administrator shall determine the extent to which the applicable performance goals have been achieved and the number of PSUs eligible to vest. Any PSUs (including any related credited dividend equivalents) corresponding to the Measurement Period that do not become eligible to vest shall terminate as of the end of the Measurement Period. The PSUs that become eligible to vest based on performance during the Measurement Period shall vest on the Vesting Date set forth in the Grant Notice, subject to Continuous Service (as defined below) through such date, except as expressly provided in Section 2(c) or Section 2(d) below. The Corporation shall deliver to the Participant on the Settlement Date (as defined below) a number of shares of Common Stock equal to the number of Vested PSUs. The Corporation may, in its sole discretion, settle any PSUs accrued as dividend equivalents by a cash payment equal to the Fair Market Value of a share of Common Stock on the date of payment (as opposed to payment in the form of shares of Common Stock).

“*Continuous Service*” means the Participant’s service with the Corporation or a Subsidiary, whether as an employee, director, or consultant or advisor, is not interrupted or terminated. Unless the express policy of the Corporation or any Subsidiary, or the Administrator, otherwise provides, or except as otherwise required by applicable law, a Participant will not be deemed to have terminated Continuous Service in the case of (i) sick leave, (ii) military leave, (iii) transfer from one Affiliate (as defined below) to another Affiliate, or (iv) any other leave of absence authorized by the Corporation (or Subsidiary) or the Administrator, provided that such leave is for a period of not more than three months (unless the Administrator otherwise provides or reemployment or continued service is guaranteed by contract or law upon the expiration of such leave). In the case of any Participant of the Corporation or one of its Subsidiaries on an approved leave of absence, continued vesting of an Award while on leave from the service of the Corporation or one of its Subsidiaries may be suspended until the Participant returns to service, unless the Administrator otherwise provides or applicable law otherwise requires. For purposes of the Plan

Exhibit A
Standard Terms and Conditions

and any Award, if an entity ceases to be a Subsidiary, a termination of Continuous Service shall be deemed to have occurred with respect to each Participant in respect of such Subsidiary who does not continue as an employee, director or consultant or advisor in respect of the Corporation or another Subsidiary that continues as such after giving effect to the transaction or other event giving rise to the change in status. In addition, if required for exemption from or compliance with Section 409A of the Code, the determination of whether there has been a termination of Continuous Service will be made, and such term will be construed, in a manner that is consistent with the definition of “separation from service” as defined under U.S. Treasury Regulation Section 1.409A-1(h) (without regard to any alternative definition thereunder). For purposes of this definition, “*Affiliate*” means, at the time of determination, any “parent” or “subsidiary” of the Corporation, as such terms are defined in Rule 405 of the Securities Act. The Administrator will have the authority to determine the time or times at which “parent” or “subsidiary” status is determined within the foregoing definition.

“*Settlement Date*” means as soon as practicable following the vesting of the PSUs on the Vesting Date but in no event later than December 31 of the calendar year in which the Vesting Date occurs.

(c) *Termination due to Death; Termination due to a Qualifying Retirement; Termination without Cause under the Executive Severance Plan.* (1) Upon Participant’s termination of Continuous Service due to death, (2) upon Participant’s termination of employment due to a Qualifying Retirement (as defined below), or (3) for a Participant who is subject to the terms of the Western Digital Corporation Amended and Restated Executive Severance Plan, as applicable (or any applicable successor plan) (the “*Executive Severance Plan*”) at the time of termination of Continuous Service, then upon Participant’s termination of employment by the Corporation without Cause (as defined in the Executive Severance Plan) under circumstances that would entitle the Participant to severance benefits under the Executive Severance Plan, subject to compliance with the terms of the Executive Severance Plan, then the PSUs will be payable in accordance with the Vesting Schedule set forth in the Grant Notice above, with no acceleration, and vest as follows:

(i) If the Measurement Period has not ended as of the date of termination of Continuous Service, the PSUs (and any credited dividend equivalent rights) will remain outstanding and a pro-rated portion will vest, if at all, based on the actual achievement of the applicable performance goal(s) (with the number of shares vesting determined before taking the crediting of (if applicable) dividend equivalent rights into account) with such pro-rated portion equal to a fraction with a numerator equal to the total number of calendar days in the period beginning with the first day of the Measurement Period through and including the Participant’s termination of Continuous Service and a denominator equal to the total number of calendar days in the Measurement Period.

(ii) If the Measurement Period has ended as of the date of termination of Continuous Service, the PSUs (and any credited dividend equivalents) will remain outstanding and will vest, if at all, based on the actual achievement of the applicable performance goal(s).

Any Unvested PSUs that do not vest as described above shall be forfeited as of the date of the Participant’s termination of Continuous Service; provided, that the Unvested PSUs shall remain eligible to vest in accordance with the Grant Notice and these Standard Terms and Conditions in the event the Participant terminates employment due to a Qualifying Retirement yet continues to provide services to the Corporation and its Subsidiaries in a capacity other than as an employee. Such continued vesting is subject to the Participant’s Continuous Services through each applicable vesting date.

“*Qualifying Retirement*” means the termination of the Participant’s employment with the Corporation and its Subsidiaries due to his or her retirement from employment with the Corporation or one of its Subsidiaries after satisfying all of the following requirements at the time of such termination: (i) the Participant is at least 55 years of age, (ii) the Participant has five or more whole years of credited service with the Corporation and/or any of its Subsidiaries; and (iii) the Participant’s age plus years of credited service with the Corporation and/or any of its Subsidiaries (including only whole years in the case of both age and credited service for purposes of this requirement) totals at least 70.

(d) *Termination without Cause or for Good Reason under the Change in Control Severance Plan.* For a Participant who is subject to the terms of the Western Digital Corporation Amended and Restated Change in Control Severance Plan, as applicable (or any applicable successor plan) (the “**CIC Severance Plan**”) at the time of termination of Continuous Service, then upon Participant’s termination of employment by the Corporation without Cause or due to a resignation by Participant for Good Reason (both as defined in the CIC Severance Plan) under circumstances that would entitle the Participant to severance benefits under the CIC Severance Plan, subject to compliance with the terms of the CIC Severance Plan, the PSUs (and any credited dividend equivalents) will be payable upon the Participant’s termination of Continuous Service and vest as follows:

(i) If the Measurement Period has not ended as of the date of termination of Continuous Service, the number of shares of Common Stock that will vest shall be equal to the greater of (x) the target number of PSUs corresponding to the Measurement Period or (y) the number of shares of Common Stock subject to the PSUs corresponding to the Measurement Period that would vest based on the treatment set forth in the definitive agreement providing for the Change in Control Event.

(ii) If the Measurement Period has ended as of the date of termination of Continuous Service, the PSUs corresponding to such Measurement Period will remain outstanding and will vest, if at all, based on the actual achievement of the applicable performance goal(s).

(e) *Resignation.* Upon Participant’s termination of Continuous Service by the Corporation due to a resignation by Participant for any reason, other than a Qualifying Retirement or a resignation for Good Reason under circumstances that would entitle the Participant to severance benefits under the CIC Severance Plan, subject to compliance with the terms of the CIC Severance Plan, the PSUs held by the Participant shall be forfeited as of the date of the Participant’s termination of Continuous Service.

(f) Upon Participant’s termination of Continuous Service by the Corporation for Cause, the entire Award held by the Participant shall be forfeited as of the date of the Participant’s termination of Continuous Service.

(g) *Non-U.S. Eligible Employees Participating in the Executive Severance Plan and Change in Control Severance Plan.* For avoidance of doubt, if Participant is not a U.S. Eligible Employee (as defined in the applicable severance plan), the Participant will only be eligible for the vesting treatment on a termination without Cause as described in Section 2(c) or termination without Cause or resignation for Good Reason as described in Section 2(d) in accordance with the terms of the applicable severance plan, which provides that the administrator of such severance plan will compare any Local Severance Benefits (as defined in the applicable severance plan) with the Plan Severance Benefits (as defined in the applicable severance plan) and if the value of the Local Severance Benefits equals or exceeds the value of the Plan Severance Benefits, the Participant will not be eligible to receive the vesting treatment on a termination without Cause as described in Section 2(c) or termination without Cause or resignation for Good Reason as described in Section 2(d). For the avoidance of doubt, a Participant who is retirement-eligible and receives Local Severance Benefits shall also receive the vesting treatment described in Section 2(c) as though the Participant had experienced a Qualifying Retirement.

3. RIGHTS AS STOCKHOLDER; DIVIDEND EQUIVALENTS

(a) Participant shall not be, nor have any of the rights or privileges of, a stockholder of the Corporation in respect of any PSUs unless and until shares of Common Stock settled for such PSUs shall have been issued by the Corporation to Participant.

(b) Notwithstanding Section 3(a), from and after the Grant Date and until the earlier of (i) the Participant’s receipt of Common Stock upon settlement of the PSUs and (ii) the time when the Participant’s right to receive Common Stock upon settlement of the PSUs is forfeited, the Participant shall be entitled to receive as a dividend equivalent a number of additional PSUs on the date that the Corporation pays a cash dividend (if any) to Common Stock holders generally. Such dividend equivalent shall be determined by dividing (i) the product of (A)

the dollar amount of the cash dividend paid per share of Common Stock on such date and (B) the total number of PSUs (including dividend equivalents accrued thereon) previously credited to the Participant as of such date, by (ii) the Fair Market Value per share of Common Stock on such date. Such dividend equivalents (if any) shall be subject to the same terms and conditions and shall be settled or forfeited in the same manner and at the same time as the PSUs to which the dividend equivalents were credited. Dividend equivalents shall be settled in whole shares of Common Stock with any dividend equivalents accrued in the form of fractional PSUs settled in cash. However, for the avoidance of doubt, the Corporation may, in its sole discretion, settle any PSUs accrued as dividend equivalents by a cash payment equal to the Fair Market Value of a share of Common Stock on the date of payment (as opposed to payment in the form of shares of Common Stock). For the avoidance of doubt, in no event will any dividend equivalents credited to PSUs be delivered to the Participant unless and until such PSUs vest and settle.

4. RESTRICTIONS ON RESALES OF SHARES

The Corporation may impose such restrictions as it determines appropriate as to the timing and manner of any resales by the Participant or other subsequent transfers by the Participant of any shares of Common Stock issued pursuant to Vested PSUs, including (a) restrictions under an insider trading policy, (b) restrictions designed to delay and/or coordinate the timing and manner of sales by Participant and other holders and (c) restrictions as to the use of a specified brokerage firm for such resales or other transfers.

5. INCOME TAXES

The Participant may satisfy tax withholding obligations relating to the PSUs by any combination of the following: (i) a cash payment; (ii) a Corporation deduction from any amounts payable to Participant; (iii) Corporation withholding of shares from the Common Stock issuable to the Participant in connection with the PSUs (only up to the amount permitted that will not cause an adverse accounting consequence); or (iv) Corporation withholding a payment from the proceeds from the sale of shares of Common Stock issued pursuant to the PSUs. In addition, the Administrator may, in its sole discretion but only to the extent consistent with Section 409A of the Code, reduce the number of PSUs remaining subject to this Award, with each such PSU to have a value for such purpose equal to the then Fair Market Value of a share of Common Stock, to satisfy such withholding obligation at the applicable withholding rates.

6. NONTRANSFERABILITY OF AWARD

The Participant agrees that, except as otherwise provided in the Plan or as permitted by the Administrator, this Award may not be sold, assigned, transferred, pledged or otherwise directly or indirectly encumbered or disposed of other than by will or the laws of descent and distribution or pursuant to the terms of a qualified domestic relations order, official marital settlement agreement or other divorce or separation instrument.

7. OTHER AGREEMENTS SUPERSEDED

The Grant Notice, these Standard Terms and Conditions and the Plan constitute the entire understanding between the Participant and the Corporation regarding this Award. Any prior agreements, commitments or negotiations concerning this Award are superseded.

8. NO ADDITIONAL RIGHTS

The Participant's receipt of the PSUs does not confer upon the Participant any right to continue to serve the Corporation or an Affiliate in any capacity and will not affect the right of the Corporation or an Affiliate to terminate the service of the Participant.

9. GENERAL

(a) In the event that any provision of these Standard Terms and Conditions (including, for the avoidance of doubt, the Plan, which is incorporated here by this reference) is declared to be unenforceable by an

arbitrator selected in accordance with Section 11 below or a court of competent jurisdiction, such provision shall be reformed, if possible, to the extent necessary to render it enforceable, or otherwise deleted, and the remainder of these Standard Terms and Conditions shall not be affected except to the extent necessary to reform or delete such unenforceable provision. Furthermore, except as otherwise provided by Section 11, it is the parties' intent that any order striking any portion of this Award Agreement and/or the Plan should modify the stricken terms as narrowly as possible to give as much effect as possible to the intentions of the parties hereunder.

(b) The headings preceding the text of the sections in these Standard Terms and Conditions are inserted solely for convenience of reference, and shall not constitute a part of these Standard Terms and Conditions, nor shall they affect its meaning, construction or effect. References to any agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and not prohibited by the Plan or these Standard Terms and Conditions.

(c) These Standard Terms and Conditions shall inure to the benefit of and be binding upon the parties and their respective permitted heirs, beneficiaries, successors and assigns.

(d) These Standard Terms and Conditions shall be interpreted in accordance with and governed by the laws of the State of Delaware, without regard to principles of conflicts of law.

(e) In the event of any conflict between the Grant Notice, these Standard Terms and Conditions and the Plan, the Grant Notice and these Standard Terms and Conditions shall control. In the event of any conflict between the Grant Notice and these Standard Terms and Conditions, the Grant Notice shall control.

(f) The PSUs and any shares of Common Stock acquired under the Plan, and the income and value of the same, are not part of the Participant's normal or expected compensation for any purposes including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, holiday pay, long-service awards, leave-related pay, pension or retirement benefits or payments or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Corporation or the Participant's employer or any Subsidiary.

(g) All questions under the Plan or under these Standard Terms and Conditions shall be decided by the Administrator in its total and absolute discretion.

(h) This Award will be subject to recoupment in accordance with the Corporation's compensation recovery (clawback) policy or policies then in effect. No recovery of compensation under any such policy will be an event giving rise to a right to resign for "good reason" or "constructive termination" (or similar term) under any agreement with the Corporation or a Subsidiary.

10. ELECTRONIC DELIVERY

By accepting the Grant Notice, the Participant hereby consents to the delivery of information (including, without limitation, information required to be delivered to the Participant pursuant to applicable securities laws) regarding the Corporation and the Subsidiaries, the Plan, and the PSUs via Corporation web site or other electronic delivery.

11. ARBITRATION

Any controversy arising out of or relating to the Grant Notice, these Standard Terms and Conditions, and/or the Plan ("**Covered Claims**"), shall be resolved in accordance with the terms and conditions of the Western Digital

Technologies, Inc. Dispute Resolution Agreement (the “**DRA**”), except with respect to any specific performance provided for in Section 13(f) below.

If, however, Participant has opted out of the DRA, any Covered Claims shall be submitted to arbitration pursuant to this Section 11. Such arbitration shall be held in Orange County, California, U.S.A., before a sole arbitrator selected from Judicial Arbitration and Mediation Services, Inc., Orange, California, or its successor (“**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 the Federal Arbitration Act; provided, however, that provisional injunctive relief may, but need not, be sought by either party in a court of law to maintain the status quo while arbitration proceedings are pending, and any provisional injunctive relief granted by such court shall remain effective until the matter is finally determined by the arbitrator. Any such action for provisional injunctive relief shall be subject to the exclusive jurisdiction of the Delaware Chancery Court and each party consents to jurisdiction with respect to any such action in Delaware Chancery Court. To the fullest extent permitted by applicable law, Participant and the Corporation agree to bring any Covered Claims on an individual basis only, and not on a class, collective, joint, or representative basis. If, however, the preceding sentence be determined invalid or unenforceable by a court of competent jurisdiction and not by an arbitrator with respect to any particular Covered Claim, then that Covered Claim will not proceed in arbitration but rather will be resolved in a court of competent jurisdiction for that Covered Claim only. All other Covered Claims must be resolved in arbitration on an individual basis. Any award or relief granted by the arbitrator shall be final and binding on the Corporation and the Participant and may be enforced by any court of competent jurisdiction.

The Corporation shall be responsible for payment of the forum costs of any arbitration hereunder, including the arbitrator’s fee. Each party shall bear its own attorney’s fees and costs (other than forum costs associated with the arbitration) incurred by it or him or her in connection with the resolution of the dispute. If, however, any party prevails on a statutory claim, which affords the prevailing party attorneys’ fees and costs, then the arbitrator may award reasonable fees and costs to the prevailing party. The parties agree that they are hereby waiving any rights to trial by jury in relation to any matter arising out of or in any way connected with any Covered Claim(s).

12. NON-U.S. EMPLOYEES

The Award shall be subject to any additional terms and conditions for non-U.S. employees set forth in Appendix A (“**Appendix A**”) and any terms and conditions for the Participant’s country set forth in Appendix B (“**Appendix B**”). Moreover, if the Participant relocates to one of the countries included in Appendix B, the terms and conditions for such country will apply to the Participant to the extent the Corporation determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. Appendix A and Appendix B constitute part of the Agreement.

13. ADDITIONAL PARTICIPANT OBLIGATIONS

(a) The Participant, in accepting this Award, (i) agrees to the terms of this Award as set forth in this Award Agreement generally, and (ii) specifically (and without limiting the generality of clause (i)) agrees to the provisions of this Section 13.

(b) The Participant agrees that during the Restricted Period (as defined below), the Participant will not directly or indirectly solicit, induce or encourage, or attempt to solicit, induce or encourage, any employee or independent contractor of the Corporation or any of its Subsidiaries to leave the employ or service, as applicable, of the Corporation or any such Subsidiary, or become employed or engaged by any third party, or in any way interfere with the relationship between the Corporation or any such Subsidiary, on the one hand, and any employee or independent contractor thereof, on the other hand. This Section 13(b) does not limit any general advertising or job posting not directed at any individual or group of employees of the Corporation or any of its Subsidiaries. For purposes of this Award Agreement, “**Restricted Period**” means the period of time the Participant is employed by or provides services to the Corporation or one of its Subsidiaries and the period of twenty-four (24) months after the date on which the Participant’s Continuous Service terminates.

(c) The Participant agrees that if the Participant were to become employed by, or substantially involved in, the business of a competitor of the Corporation or any of its Subsidiaries, it would be very difficult for the Participant not to rely on or use the Corporation's and its Subsidiaries' trade secrets and confidential information. Thus, to avoid the inevitable disclosure of the Corporation's and its Subsidiaries' trade secrets and confidential information, and to protect such trade secrets and confidential information and the Corporation's and its Subsidiaries' relationships and goodwill with customers, during the Restricted Period, the Participant will not directly or indirectly through any other person engage in, enter the employ of, render any services to, have any ownership interest in, nor participate in the financing, operation, management or control of, any Competing Business (as defined below). For purposes of this Agreement, the phrase "directly or indirectly through any other Person engage in" shall include, without limitation, any direct or indirect ownership or profit participation interest in such enterprise, whether as an owner, stockholder, member, partner, joint venturer or otherwise, and shall include any direct or indirect participation in such enterprise as an employee, consultant, director, officer, advisor, licensor of technology or otherwise. For purposes of this Agreement, "**Competing Business**" means a person anywhere in the continental United States and elsewhere in the world where the Corporation or any of its Subsidiaries engages in business, or reasonably anticipates engaging in business, (the "**Restricted Area**") that is engaged in design, development, manufacture, maintenance, offering, production or sales of hard disk drives or flash-based memory or other data storage devices or solutions. However, nothing in this Section 13(c) shall prohibit the Participant from being a passive owner of a *de minimis* amount of outstanding stock of any class of a corporation which is publicly traded, so long as such ownership is indirect through a mutual fund, similar passive common investment fund, or a broadly-diversified account managed by an unaffiliated third party.

(d) The Participant acknowledges that, in the course of the Participant's employment with the Corporation and/or its Subsidiaries and their predecessors, the Participant has become familiar, or will become familiar, with the Corporation's and its Subsidiaries' and their predecessors' trade secrets and with other confidential and proprietary information concerning the Corporation, its Subsidiaries and their respective predecessors and that the Participant's services have been and will be of special, unique and extraordinary value to the Corporation and its Subsidiaries. The Participant agrees that the covenants set forth in Sections 13(b) and (c) (together, the "**Restrictive Covenants**") are reasonable and necessary to protect the Corporation's and its Subsidiaries' trade secrets and other confidential and proprietary information, good will, stable workforce, and customer relations.

(e) Without limiting the generality of the Participant's agreement in Section 13(d), the Participant (i) represents that the Participant is familiar with and has carefully considered the Restrictive Covenants, (ii) represents that the Participant is fully aware of the Participant's obligations hereunder, (iii) agrees to the reasonableness of the length of time, scope and geographic coverage, as applicable, of the Restrictive Covenants, (iv) agrees that the Corporation and its Subsidiaries currently conduct business throughout the world, and (v) agrees that the Restrictive Covenants will continue in effect for the applicable periods set forth above in this Section 13 regardless of whether the Participant is then entitled to receive any form of compensation, severance pay or benefits from the Corporation or any of its Subsidiaries. The Participant understands that the Restrictive Covenants may limit the Participant's ability to earn a livelihood in a business similar to the business of the Corporation or any of its Subsidiaries, but the Participant nevertheless believes that the Participant has received and will receive sufficient consideration and other benefits as an employee of the Corporation or one of its Subsidiaries, and as otherwise provided hereunder, to clearly justify such restrictions which, in any event (given the Participant's education, skills and ability), the Participant does not believe would prevent the Participant from otherwise earning a living. The Participant agrees that the Restrictive Covenants do not confer a benefit upon the Corporation and its Subsidiaries that is disproportionate to the detriment of the Participant.

(f) The Participant agrees that a breach by the Participant of any of the covenants in this Section 13 would cause immediate and irreparable harm to the Corporation that would be difficult or impossible to measure, and that damages to the Corporation for any such injury would therefore be an inadequate remedy for any such breach. Therefore, the Participant agrees that in the event of any breach or threatened breach of any provision of this Section 13, the Corporation (or its applicable Subsidiary, as the case may be) shall be entitled, in addition to and without limitation upon all other remedies the Corporation (or any of its Subsidiaries) may have under this Award Agreement, at law or otherwise, to obtain specific performance, injunctive relief and/or other appropriate relief (without posting any bond or deposit) in order to enforce or prevent any violations of the provisions of this Section

13, or require the Participant to account for and pay over to the Corporation all compensation, profits, moneys, accruals, increments or other benefits derived from or received as a result of any transactions constituting a breach of this Section 13 if and when final judgment of a court of competent jurisdiction or arbitrator, as applicable, is so entered against the Participant. The Participant further agrees that the applicable period of time any Restrictive Covenant is in effect following the date of the Participant's termination of Continuous Service shall be extended by the same amount of time that the Participant is in breach of any Restrictive Covenant following the date on which the Participant's Continuous Service terminates. The Participant further agrees that in the event of any breach of any provision of this Section 13, in addition to and without limitation upon all other remedies the Corporation (or any of its Subsidiaries) may have under this Award Agreement, at law or otherwise, this Award (to the extent outstanding at the time of such breach) shall automatically terminate and be forfeited as of the time of such breach.

EXHIBIT B

PERFORMANCE STOCK UNIT AWARD – TSR MEASURE
Performance Measures and Goals

[To be inserted]

Exhibit B
Performance Measures and Goals

APPENDIX A

ADDITIONAL TERMS AND CONDITIONS OF PERFORMANCE STOCK UNIT AWARD AGREEMENT FOR NON-U.S. EMPLOYEES

1. Terms of Plan Participation for Non-U.S. Participants

The Participant understands that this Appendix A contains additional terms and conditions that, together with the Plan and the Award Agreement, govern the Participant's participation in the Plan if the Participant is working or resident in a country other than the United States. The Participant further understands that the Participant's participation in the Plan also will be subject to any terms and conditions for the Participant's country set forth in Appendix B. *Capitalized terms used but not defined in this Appendix A shall have the same meanings assigned to them in the Plan and/or Award Agreement.*

2. Withholding Taxes

The following provision supplements Section 5 of the Standard Terms and Conditions:

The Participant acknowledges that, regardless of any action taken by the Corporation or, if different, the Participant's employer ("**Employer**"), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to the Participant's participation in the Plan and this Award and legally applicable to the Participant ("**Tax-Related Items**") is and remains the Participant's responsibility and may exceed the amount, if any, actually withheld by the Corporation or the Employer. The Participant further acknowledges that the Corporation and/or the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the PSUs; and (b) are not obligated to structure the terms of the grant or any aspect of the PSUs to reduce or eliminate the Participant's liability for Tax-Related Items or achieve any particular tax result. If the Participant is or becomes subject to Tax-Related Items in more than one jurisdiction, the Participant acknowledges that the Corporation and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

The Participant agrees, prior to any relevant taxable or tax withholding event, as applicable, to make adequate arrangements satisfactory to the Corporation and/or the Employer to satisfy all Tax-Related Items. In this regard, the Participant authorizes the Corporation and/or the Employer to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the methods set forth in Section 8.5 of the Plan and Section 5 of the Standard Terms and Conditions. In addition, the Participant authorizes withholding from proceeds of the sale of shares of Common Stock acquired upon settlement of the PSUs either through a voluntary sale or through a mandatory sale arranged by the Corporation (on the Participant's behalf pursuant to this authorization without further consent). If the Participant is subject to Section 16 of the Exchange Act, then withholding for Tax-Related Items shall be satisfied in accordance with Section 8.5 of the Plan, Section 5 of the Standard Terms and Conditions, and the withholding methodology approved by the Administrator for officers subject to Section 16 of the Exchange Act.

Depending on the withholding method, the Corporation and/or the Employer may withhold or account for Tax-Related Items by considering applicable minimum withholding amounts or other applicable withholding rates, including maximum applicable rates. In the event of over-withholding, the Participant may receive a refund of any over-withheld amount in cash and will have no entitlement to the equivalent in Common Stock from the Corporation or the Employer; otherwise, the Participant may be able to seek a refund from the local tax authorities. In the event of under-withholding, the Participant may be required to pay any additional Tax-Related Items directly to the applicable tax authority or to the Corporation and/or the Employer. If the Tax-Related Items are satisfied by withholding in shares of Common Stock, for tax purposes, the Participant is deemed to have been issued the full number of shares subject to the vested PSUs, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items.

The Participant further agrees to pay to the Corporation or the Employer, any amount of Tax-Related Items that the Corporation or the Employer may be required to withhold or account for as a result of the Participant's participation in the Plan that cannot be satisfied by the means previously described. The

Corporation may refuse to issue or deliver the shares of Common Stock or the proceeds from the sale of shares if the Participant fails to comply with the Participant's obligations in connection with the Tax-Related Items.

3. Nature of Grant

By accepting the PSUs and any shares of Common Stock, the Participant agrees that:

- (a) the Plan is established voluntarily by the Corporation, it is discretionary in nature, and may be amended, suspended or terminated by the Corporation at any time, to the extent permitted by the Plan;
- (b) the grant of the PSUs is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of PSUs, or benefits in lieu of PSUs, even if PSUs have been granted in the past;
- (c) all decisions with respect to future PSUs or other grants, if any, will be at the sole discretion of the Corporation;
- (d) the Participant is voluntarily participating in the Plan;
- (e) the PSUs and any shares of Common Stock acquired under the Plan, and the income and value of the same, are not intended to replace any pension rights or compensation;
- (f) the PSUs and any shares of Common Stock acquired under the Plan, and the income and value of the same, are not part of the Participant's normal or expected compensation for any purposes including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, holiday pay, long-service awards, leave-related pay, pension or retirement benefits or payments or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Corporation or the Employer or any Subsidiary;
- (g) the future value of the shares of Common Stock underlying the PSUs is unknown, indeterminable, and cannot be predicted with certainty;
- (h) unless otherwise agreed with the Corporation, the PSUs and the shares of Common Stock acquired under the Plan, and the income and value of same, are not granted as consideration for, or in connection with, the service the Participant may provide as a director of any Subsidiary;
- (i) no claim or entitlement to compensation or damages shall arise from forfeiture of the PSUs resulting from the termination of the Participant's employment (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or providing services, or the terms of the Participant's employment or service agreement, if any);
- (j) unless otherwise provided in the Plan or by the Corporation in its discretion, the PSUs and the benefits evidenced by the Award Agreement do not create any entitlement to have the PSUs or any such benefits transferred to, or assumed by, another Corporation nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the shares; and
- (k) neither the Corporation, the Employer nor any Subsidiary shall be liable for any foreign exchange rate fluctuation between the Participant's local currency and the U.S. dollar that may affect the value of the PSUs or of any amounts due to the Participant pursuant to the vesting of the PSUs or the subsequent sale of any shares of Common Stock acquired upon vesting.

4. Data Privacy

By accepting the PSUs via the Corporation's acceptance procedure, the Participant is declaring that he or she agrees with the data processing practices described herein and consents to the collection, processing and use of Personal Data (as defined below) by the Corporation and the transfer of Personal Data to the recipients mentioned herein, including recipients located in countries which do not adduce an adequate level

of protection from a European (or other non-U.S.) data protection law perspective, for the purposes described herein.

(a) Declaration of Consent. The Participant understands that he or she needs to review the following information about the processing of the Participant's personal data by or on behalf of the Corporation, the Employer and/or any Subsidiary as described in this Award Agreement and any other PSU grant materials (the "Personal Data") and declare his or her consent. As regards the processing of the Participant's Personal Data in connection with the Plan and this Award Agreement, the Participant understands that the Corporation is the controller of the Participant's Personal Data.

(b) Data Processing and Legal Basis. The Corporation collects, uses and otherwise processes Personal Data about the Participant for the purposes of allocating shares of Common Stock and implementing, administering and managing the Plan. The Participant understands that this Personal Data may include, without limitation, the Participant's name, home address and telephone number, email address, date of birth, social insurance number, passport number or other identification number (e.g., resident registration number), salary, nationality, job title, any shares of stock or directorships held in the Corporation or its Subsidiaries, details of all PSUs or any other entitlement to shares of stock or equivalent benefits awarded, canceled, exercised, vested, unvested or outstanding in the Participant's favor. The legal basis for the processing of the Participant's Personal Data will be the Participant's consent.

(c) Stock Plan Administration Service Providers. The Participant understands that the Corporation transfers the Participant's Personal Data, or parts thereof, to E*TRADE Financial Corporation Services, Inc. (and its affiliated companies), an independent service provider based in the United States or IBI Capital for Israeli employees, each of which assists the Corporation with the implementation, administration and management of the Plan. In the future, the Corporation may select a different service provider and share the Participant's Personal Data with such different service provider that serves the Corporation in a similar manner. The Participant understands and acknowledges that the Corporation's service provider will open an account for the Participant to receive and trade shares of Common Stock acquired under the Plan and that the Participant will be asked to agree on separate terms and data processing practices with the service provider, which is a condition of the Participant's ability to participate in the Plan.

(d) International Data Transfers. The Participant understands that the Corporation and, as of the date hereof, any third parties assisting in the implementation, administration and management of the Plan, such as the Corporation's service providers, are based in the United States. If the Participant is located outside the United States, the Participant understands and acknowledges that the Participant's country has enacted data privacy laws that are different from the laws of the United States. Transfers of personal data from the EEA or the United Kingdom to the United States can be made on the basis of Standard Contractual Clauses approved by the European Commission, United Kingdom or other appropriate safeguards permissible under the applicable law. If the Participant is located in the EU, EEA or the United Kingdom, the Corporation may receive, process and transfer the Participant's Personal Data onward to third-party service providers solely on the basis of appropriate data transfer agreements or other appropriate safeguards permissible under applicable law. If applicable, the Participant understands that the Participant can ask for a copy of the appropriate data processing agreements underlying the transfer of the Participant's Personal Data by contacting the Participant's local human resources representative. The Corporation's legal basis for the transfer of the Participant's Personal Data is the Participant's consent.

(e) Data Retention. The Corporation will hold and use the Data only as long as is necessary to implement, administer and manage participation in the Plan or as required to comply with tax, exchange control, labor and securities laws, other applicable law, exercise or defense of legal rights, and archiving, back-up and deletion processes. This period may extend beyond the Participant's period of employment with the Employer.

(f) Voluntariness and Consequences of Denial/Withdrawal of Consent. Participation in the Plan is voluntary and the Participant is providing the consents herein on a purely voluntary basis. If the Participant does not consent, or later seeks to revoke their consent, the Participant's salary from or employment or other service with the Employer will not be affected; the only consequence of refusing or withdrawing consent is that the Corporation would not be able to grant PSUs or other equity awards to the Participant or administer or maintain such awards.

(g) **Data Subject Rights.** *The Participant understands that data subject rights regarding the processing of personal data vary depending on the applicable law and that, depending on where the Participant is based and subject to the conditions set out in the applicable law, the Participant may have, without limitation, the rights to (i) inquire whether and what kind of Personal Data the Corporation holds about the Participant and how it is processed, and to access or request copies of such Personal Data, (ii) request the correction or supplementation of Personal Data about the Participant that is inaccurate, incomplete or out-of-date in light of the purposes underlying the processing, (iii) obtain the erasure of Personal Data no longer necessary for the purposes underlying the processing, processed based on withdrawn consent, processed for legitimate interests that, in the context of the Participant's objection, does not prove to be compelling, or processed in non-compliance with applicable legal requirements, (iv) request the Corporation to restrict the processing of the Participant's Personal Data in certain situations where the Participant feels its processing is inappropriate, (v) object, in certain circumstances, to the processing of Personal Data for legitimate interests, and to (vi) request portability of the Participant's Personal Data that the Participant has actively or passively provided to the Corporation (which does not include data derived or inferred from the collected data), where the processing of such Personal Data is based on consent or the Participant's employment or service contract and is carried out by automated means. In case of concerns, the Participant understands that the Participant may also have the right to lodge a complaint with the competent local data protection authority. Further, to receive clarification of, or to exercise any of, the Participant's rights the Participant understands that the Participant should contact the Participant's local human resources representative.*

(h) **Alternate Basis and Additional Consents.** *Finally, the Participant understands that the Corporation may rely on a different basis for the processing or transfer of Personal Data in the future and/or request that the Participant provide another data privacy consent. If applicable, the Participant agrees that upon request of the Corporation or the Employer, the Participant will provide an executed acknowledgement or data privacy consent form (or any other agreements or consents) that the Corporation and/or the Employer may deem necessary to obtain from the Participant for the purpose of administering the Participant's participation in the Plan in compliance with the data privacy laws in the Participant's country, either now or in the future. The Participant understands and agrees that he or she will not be able to participate in the Plan if he or she fails to provide any such consent or agreement requested by the Corporation and/or the Employer.*

5. Electronic Delivery and Acceptance

The Participant agrees that the Corporation may decide, in its sole discretion, to deliver by email or other electronic means any documents relating to the Plan or the PSUs. Further, the Participant agrees to participate in the Plan through an on-line or electronic system established and maintained by the Corporation or by a third party designated by the Corporation.

6. Insider Trading/Market Abuse Laws

The Participant agrees to comply with the Corporation's policy on insider trading (to the extent that it is applicable to the Participant). Depending on the Participant's country or the designated broker's country or country where the Common Stock is listed, the Participant may be subject to insider trading restrictions and/or market abuse laws, which may affect the Participant's ability to accept, acquire, sell, attempt to sell or otherwise dispose of Common Stock, rights to Common Stock (e.g., the PSUs) or rights linked to the value of Common Stock (e.g., phantom awards, futures) during such times as the Participant is considered to have "inside information" regarding the Corporation (as defined by the laws or regulations in the Participant's country). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders the Participant placed before possessing inside information. Furthermore, the Participant could be prohibited from (i) disclosing the inside information to any third party (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. Third parties include fellow employees. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Corporation insider trading policy. The Participant is responsible for ensuring compliance with any applicable restrictions and should consult his or her personal legal advisor on this matter.

7. Exchange Control, Tax and/or Foreign Asset/Account Reporting

The Participant acknowledges that there may be exchange control, tax, foreign asset and/or account reporting requirements which may affect the Participant's ability to acquire or hold shares of Common Stock acquired under the Plan or cash received from participating in the Plan (including from any dividend equivalents paid with respect to the PSUs or dividends paid on shares of Common Stock acquired under the Plan) in a brokerage/bank account or legal entity outside the Participant's country. The Participant may be required to report such accounts, assets, the balances therein, the value thereof and/or the transactions related thereto to the tax or other authorities in the Participant's country. The Participant also may be required to repatriate sale proceeds or other funds received as a result of the Participant's participation in the Plan to the Participant's country through a designated bank or broker within a certain time after receipt. The Participant acknowledges that it is the Participant's responsibility to be compliant with such regulations, and the Participant should consult his or her personal legal advisor for any details.

8. Language

The Participant acknowledges that he or she is sufficiently proficient in English, or has consulted with an advisor who is sufficiently proficient in English so as to allow the Participant to understand the terms and conditions of this Award Agreement. Furthermore, if the Award Agreement or any other document related to the Plan has been translated into a language other than English and the meaning of the translated version is different than the English version, the English version will control.

**WESTERN DIGITAL CORPORATION
 AMENDED AND RESTATED 2017 PERFORMANCE INCENTIVE PLAN
 GRANT NOTICE FOR
 RESTRICTED STOCK UNIT AWARD – VICE PRESIDENT AND ABOVE**

FOR GOOD AND VALUABLE CONSIDERATION, Western Digital Corporation (the “*Corporation*”) hereby grants to the Participant named below the number of Restricted Stock Units (the “*RSUs*”) listed below (this “*Award*”) under the Western Digital Corporation Amended and Restated 2017 Performance Incentive Plan (as amended from time to time, the “*Plan*”). Each RSU represents the right to receive one share of Common Stock, subject to the terms and conditions in this Grant Notice, the Plan and the Standard Terms and Conditions (the “*Standard Terms and Conditions*”) of such Plan, attached as Exhibit A hereto. Capitalized terms not otherwise defined here shall have the meaning set forth in the Plan.

Name of Participant:	
Employee ID	
Grant Date:	
Grant Number	
Number of RSUs:	
Vesting Schedule:	<p>The RSUs shall vest in accordance with the following schedule:</p> <ul style="list-style-type: none"> • 25% of the RSUs shall vest on the one-year anniversary of the Grant Date (the “<i>first vesting date</i>”); • The remaining RSUs shall vest thereafter in twelve (12) equal installments of 6.25% every three months thereafter following the first vesting date. <p>Vesting shall be subject to Participant’s Continuous Service (as defined in the Standard Terms and Conditions) from the Grant Date through each applicable vesting date, unless provided otherwise under Section 2 of the Standard Terms and Conditions.</p>

IN CONNECTION WITH THIS GRANT, AND IN ADDITION TO THIS GRANT NOTICE, PARTICIPANT HAS RECEIVED A COPY OF THE PLAN AND THE STANDARD TERMS AND CONDITIONS. PARTICIPANT MAY REJECT THIS AWARD BY NOTIFYING THE COMPANY NO LATER THAN THE FIFTH BUSINESS DAY FOLLOWING RECEIPT OF THIS AWARD AGREEMENT. FAILURE TO REJECT THIS AWARD WITHIN SUCH 5-DAY PERIOD SHALL BE DEEMED ACCEPTANCE OF THIS AWARD AND THE TERMS AND CONDITIONS OF THIS AWARD AGREEMENT.

Grant Notice for
 Restricted Stock Unit Award

EXHIBIT A

WESTERN DIGITAL CORPORATION AMENDED AND RESTATED 2017 PERFORMANCE INCENTIVE PLAN

STANDARD TERMS AND CONDITIONS FOR RESTRICTED STOCK UNITS

These Standard Terms and Conditions apply to this Award of Restricted Stock Units granted under the Western Digital Corporation Amended and Restated 2017 Performance Incentive Plan (the "**Plan**"). The Restricted Stock Units are also subject to the terms of the Plan and the attached Grant Notice, which are incorporated here by this reference. Capitalized terms not otherwise defined here shall have the meaning set forth in the Plan.

1. TERMS OF RESTRICTED STOCK UNITS

Western Digital Corporation (the "**Corporation**") has granted to the Participant named in the attached Grant Notice an award of Restricted Stock Units (this "**Award**" or the "**RSUs**") described in the Grant Notice, with each Restricted Stock Unit representing the right to receive one share of Common Stock. For purposes of these Standard Terms and Conditions and the Grant Notice, any reference to the Corporation shall include a reference to any Subsidiary.

2. VESTING AND SETTLEMENT OF RESTRICTED STOCK UNITS

(a) The Award shall be unvested as of the Grant Date and be forfeitable unless and until otherwise vested pursuant to the terms of the Grant Notice and these Standard Terms and Conditions. After the Grant Date, subject to termination or acceleration as provided in these Standard Terms and Conditions and the Plan, this Award shall become vested as described in the Grant Notice. RSUs that have vested and are no longer subject to forfeiture are referred to as "**Vested RSUs**." RSUs that are not vested and remain subject to forfeiture are referred to as "**Unvested RSUs**." No portion of this Award, nor the shares of Common Stock subject to this Award, may be deferred under the Western Digital Corporation Deferred Compensation Plan (or any applicable successor plan) or any other deferred compensation arrangement of the Corporation.

(b) Following the vesting of the RSUs on a vesting date, the Corporation shall deliver to the Participant on the Settlement Date a number of shares of Common Stock equal to the number of RSUs that vested on such vesting date. The Corporation may, in its sole discretion, settle any RSUs accrued as dividend equivalents by a cash payment equal to the Fair Market Value of a share of Common Stock on the date of payment (as opposed to payment in the form of shares of Common Stock). "**Settlement Date**" means as soon as practicable following the vesting of the RSUs on the applicable vesting date but in no event later than 60 days after the applicable vesting date.

(c) *Termination due to Death; Termination without Cause under the Executive Severance Plan.* (1) Upon Participant's termination of Continuous Service (as defined below) due to death or (2) for a Participant who is subject to the terms of the Western Digital Corporation Amended and Restated Executive Severance Plan, as applicable (or any applicable successor plan) (the "**Executive Severance Plan**") at the time of termination of Continuous Service, then upon Participant's termination of employment by the Corporation without Cause (as defined in the Executive Severance Plan) under circumstances that would entitle the Participant to severance benefits under the Executive Severance Plan, subject to compliance with the terms of the Executive Severance Plan any then Unvested RSUs and any credited dividend equivalents held by the Participant shall vest in accordance with the following formula:

(i) (x) a fraction with a numerator equal to the total number of calendar days from the Grant Date of this Award through and including the Participant's termination of Continuous Service and a denominator equal to the total number of calendar days from the Grant Date of this Award through and including the last scheduled vesting date applicable to this Award **multiplied by** (y) the total number of shares of

Common Stock originally subject to this Award (subject to adjustment as provided in the Plan but before taking into account any crediting of dividend equivalents); minus

(ii) the number of shares of Common Stock that have already vested on or prior to the Participant's termination of Continuous Service (before taking any accelerated vesting contemplated by this subsection into account and before taking into account any crediting (if applicable) of dividend equivalent rights).

Any Unvested RSUs that do not vest as described above shall be forfeited as of the date of the Participant's termination of Continuous Service.

"Continuous Service" means the Participant's service with the Corporation or a Subsidiary, whether as an employee, director, or consultant or advisor, is not interrupted or terminated. Unless the express policy of the Corporation or any Subsidiary, or the Administrator, otherwise provides, or except as otherwise required by applicable law, a Participant will not be deemed to have terminated Continuous Service in the case of (i) sick leave, (ii) military leave, (iii) transfer from one Affiliate (as defined below) to another Affiliate, or (iv) any other leave of absence authorized by the Corporation (or Subsidiary) or the Administrator, provided that such leave is for a period of not more than three months (unless the Administrator otherwise provides or reemployment or continued service is guaranteed by contract or law upon the expiration of such leave). In the case of any Participant of the Corporation or one of its Subsidiaries on an approved leave of absence, continued vesting of an Award while on leave from the service of the Corporation or one of its Subsidiaries may be suspended until the Participant returns to service, unless the Administrator otherwise provides or applicable law otherwise requires. For purposes of the Plan and any Award, if an entity ceases to be a Subsidiary, a termination of Continuous Service shall be deemed to have occurred with respect to each Participant in respect of such Subsidiary who does not continue as an employee, director or consultant or advisor in respect of the Corporation or another Subsidiary that continues as such after giving effect to the transaction or other event giving rise to the change in status. In addition, if required for exemption from or compliance with Section 409A of the Code, the determination of whether there has been a termination of Continuous Service will be made, and such term will be construed, in a manner that is consistent with the definition of "separation from service" as defined under U.S. Treasury Regulation Section 1.409A-1(h) (without regard to any alternative definition thereunder). For purposes of this definition, "**Affiliate**" means, at the time of determination, any "parent" or "subsidiary" of the Corporation, as such terms are defined in Rule 405 of the Securities Act. The Administrator will have the authority to determine the time or times at which "parent" or "subsidiary" status is determined within the foregoing definition.

(d) *Termination without Cause or for Good Reason under the Change in Control Severance Plan.* For a Participant who is subject to the terms of the Western Digital Corporation Amended and Restated Change in Control Severance Plan, as applicable (or any applicable successor plan) (the "**CIC Severance Plan**") at the time of termination of Continuous Service, then upon Participant's termination of employment by the Corporation without Cause or due to a resignation by Participant for Good Reason (both as defined in the CIC Severance Plan) under circumstances that would entitle the Participant to severance benefits under the CIC Severance Plan, subject to compliance with the terms of the CIC Severance Plan, any then Unvested RSUs held by the Participant and any credited dividend equivalents will vest in full.

(e) *Resignation.* Upon Participant's termination of Continuous Service by the Corporation due to a resignation by Participant for any reason, other than a resignation for Good Reason under circumstances that would entitle the Participant to severance benefits under the CIC Severance Plan, subject to compliance with the terms of the CIC Severance Plan, the Unvested RSUs held by the Participant shall be forfeited as of the date of the Participant's termination of Continuous Service.

(f) Upon Participant's termination of Continuous Service by the Corporation for Cause, the entire Award (both Vested RSUs that have yet to be settled and Unvested RSUs) held by the Participant shall be forfeited as of the date of the Participant's termination of Continuous Service.

(g) *Non-U.S. Eligible Employees Participating in the Executive Severance Plan and Change in Control Severance Plan.* For avoidance of doubt, if Participant is not a U.S. Eligible Employee (as defined in the

applicable severance plan), the Participant will only be eligible for the vesting treatment on a termination without Cause as described in Section 2(c) or termination without Cause or resignation for Good Reason as described in Section 2(d) in accordance with the terms of the applicable severance plan, which provides that the administrator of such severance plan will compare any Local Severance Benefits (as defined in the applicable severance plan) with the Plan Severance Benefits (as defined in the applicable severance plan) and if the value of the Local Severance Benefits equals or exceeds the value of the Plan Severance Benefits, the Participant will not be eligible to receive the vesting treatment on a termination without Cause as described in Section 2(c) or termination without Cause or resignation for Good Reason as described in Section 2(d).

3. RIGHTS AS STOCKHOLDER; DIVIDEND EQUIVALENTS

(a) Participant shall not be, nor have any of the rights or privileges of, a stockholder of the Corporation in respect of any RSUs unless and until shares of Common Stock settled for such RSUs shall have been issued by the Corporation to Participant.

(b) Notwithstanding Section 3(a), from and after the Grant Date and until the earlier of (i) the Participant's receipt of Common Stock upon settlement of the RSUs and (ii) the time when the Participant's right to receive Common Stock upon settlement of the RSUs is forfeited, the Participant shall be entitled to receive as a dividend equivalent a number of additional RSUs on the date(s) that the Corporation pays a cash dividend (if any) to Common Stock holders generally. Such dividend equivalent shall be determined by dividing (i) the product of (A) the dollar amount of the cash dividend paid per share of Common Stock on such date and (B) the total number of RSUs (including dividend equivalents accrued thereon) previously credited to the Participant as of such date, by (ii) the Fair Market Value per share of Common Stock on such date. Such dividend equivalents (if any) shall be subject to the same terms and conditions and shall be settled or forfeited in the same manner and at the same time as the RSUs to which the dividend equivalents were credited. Dividend equivalents shall be settled in whole shares of Common Stock with any dividend equivalents accrued in the form of fractional RSUs settled in cash. However, for the avoidance of doubt, the Corporation may, in its sole discretion, settle any RSUs credited as dividend equivalents by a cash payment equal to the Fair Market Value of a share of Common Stock on the date of payment (as opposed to payment in the form of shares of Common Stock). For the avoidance of doubt, in no event will any dividend equivalents credited to RSUs be delivered to the Participant unless and until such RSUs vest and settle.

4. RESTRICTIONS ON REALES OF SHARES

The Corporation may impose such restrictions as it determines appropriate as to the timing and manner of any resales by the Participant or other subsequent transfers by the Participant of any shares of Common Stock issued pursuant to Vested RSUs, including (a) restrictions under an insider trading policy, (b) restrictions designed to delay and/or coordinate the timing and manner of sales by Participant and other holders and (c) restrictions as to the use of a specified brokerage firm for such resales or other transfers.

5. INCOME TAXES

The Participant may satisfy tax withholding obligations relating to the RSUs by any combination of the following: (i) a cash payment; (ii) a Corporation deduction from any amounts payable to Participant; (iii) Corporation withholding of shares from the Common Stock issuable to the Participant in connection with the RSUs (only up to the amount permitted that will not cause an adverse accounting consequence); or (iv) Corporation withholding a payment from the proceeds from the sale of shares of Common Stock issued pursuant to the RSUs. In addition, the Administrator may, in its sole discretion but only to the extent consistent with Section 409A of the Code, reduce the number of RSUs remaining subject to this Award, with each such RSU to have a value for such purpose equal to the then Fair Market Value of a share of Common Stock, to satisfy such withholding obligation at the applicable withholding rates.

6. NONTRANSFERABILITY OF AWARD

The Participant agrees that, except as otherwise provided in the Plan or as permitted by the Administrator, this Award may not be sold, assigned, transferred, pledged or otherwise directly or indirectly encumbered or disposed of other than by will or the laws of descent and distribution or pursuant to the terms of a qualified domestic relations order, official marital settlement agreement or other divorce or separation instrument.

7. OTHER AGREEMENTS SUPERSEDED

The Grant Notice, these Standard Terms and Conditions and the Plan constitute the entire understanding between the Participant and the Corporation regarding this Award. Any prior agreements, commitments or negotiations concerning this Award are superseded.

8. NO ADDITIONAL RIGHTS

The Participant's receipt of the RSUs does not confer upon the Participant any right to continue to serve the Corporation or an Affiliate in any capacity and will not affect the right of the Corporation or an Affiliate to terminate the service of the Participant.

9. GENERAL

(a) In the event that any provision of these Standard Terms and Conditions (including, for the avoidance of doubt, the Plan, which is incorporated here by this reference) is declared to be unenforceable by an arbitrator selected in accordance with Section 11 below or a court of competent jurisdiction, such provision shall be reformed, if possible, to the extent necessary to render it enforceable, or otherwise deleted, and the remainder of these Standard Terms and Conditions shall not be affected except to the extent necessary to reform or delete such unenforceable provision. Furthermore, except as otherwise provided by Section 11, it is the parties' intent that any order striking any portion of this Award Agreement and/or the Plan should modify the stricken terms as narrowly as possible to give as much effect as possible to the intentions of the parties hereunder.

(b) The headings preceding the text of the sections in these Standard Terms and Conditions are inserted solely for convenience of reference, and shall not constitute a part of these Standard Terms and Conditions, nor shall they affect its meaning, construction or effect. References to any agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and not prohibited by the Plan or these Standard Terms and Conditions.

(c) These Standard Terms and Conditions shall inure to the benefit of and be binding upon the parties and their respective permitted heirs, beneficiaries, successors and assigns.

(d) These Standard Terms and Conditions shall be interpreted in accordance with and governed by the laws of the State of Delaware, without regard to principles of conflicts of law.

(e) In the event of any conflict between the Grant Notice, these Standard Terms and Conditions and the Plan, the Grant Notice and these Standard Terms and Conditions shall control. In the event of any conflict between the Grant Notice and these Standard Terms and Conditions, the Grant Notice shall control.

(f) The RSUs and any shares of Common Stock acquired under the Plan, and the income and value of the same, are not part of the Participant's normal or expected compensation for any purposes including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, holiday pay, long-service awards, leave-related pay, pension or retirement benefits or payments or welfare

benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Corporation or the Participant's employer or any Subsidiary.

(g) All questions under the Plan or under these Standard Terms and Conditions shall be decided by the Administrator in its total and absolute discretion.

(h) This Award will be subject to recoupment in accordance with the Corporation's compensation recovery (clawback) policy or policies then in effect. No recovery of compensation under any such policy will be an event giving rise to a right to resign for "good reason" or "constructive termination" (or similar term) under any agreement with the Corporation or a Subsidiary.

10. ELECTRONIC DELIVERY

By accepting the Grant Notice, the Participant hereby consents to the delivery of information (including, without limitation, information required to be delivered to the Participant pursuant to applicable securities laws) regarding the Corporation and the Subsidiaries, the Plan, and the RSUs via Corporation web site or other electronic delivery.

11. ARBITRATION

Any controversy arising out of or relating to the Grant Notice, these Standard Terms and Conditions, and/or the Plan ("**Covered Claims**"), shall be resolved in accordance with the terms and conditions of the Western Digital Technologies, Inc. Dispute Resolution Agreement (the "**DRA**").

If, however, Participant has opted out of the DRA, any Covered Claims shall be submitted to arbitration pursuant to this Section 11. Such arbitration shall be held in Orange County, California, U.S.A., before a sole arbitrator selected from Judicial Arbitration and Mediation Services, Inc., Orange, California, or its successor ("**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 the Federal Arbitration Act; provided, however, that provisional injunctive relief may, but need not, be sought by either party in a court of law to maintain the status quo while arbitration proceedings are pending, and any provisional injunctive relief granted by such court shall remain effective until the matter is finally determined by the arbitrator. Any such action for provisional injunctive relief shall be subject to the exclusive jurisdiction of the Delaware Chancery Court and each party consents to jurisdiction with respect to any such action in Delaware Chancery Court. To the fullest extent permitted by applicable law, Participant and the Corporation agree to bring any Covered Claims on an individual basis only, and not on a class, collective, joint, or representative basis. If, however, the preceding sentence be determined invalid or unenforceable by a court of competent jurisdiction and not by an arbitrator with respect to any particular Covered Claim, then that Covered Claim will not proceed in arbitration but rather will be resolved in a court of competent jurisdiction for that Covered Claim only. All other Covered Claims must be resolved in arbitration on an individual basis. Any award or relief granted by the arbitrator shall be final and binding on the Corporation and the Participant and may be enforced by any court of competent jurisdiction.

The Corporation shall be responsible for payment of the forum costs of any arbitration hereunder, including the arbitrator's fee. Each party shall bear its own attorney's fees and costs (other than forum costs associated with the arbitration) incurred by it or him or her in connection with the resolution of the dispute. If, however, any party prevails on a statutory claim, which affords the prevailing party attorneys' fees and costs, then the arbitrator may award reasonable fees and costs to the prevailing party. The parties agree that they are hereby waiving any rights to trial by jury in relation to any matter arising out of or in any way connected with any Covered Claim(s).

12. NON-U.S. EMPLOYEES

The Award shall be subject to any additional terms and conditions for non-U.S. employees set forth in Appendix A ("**Appendix A**") and any terms and conditions for the Participant's country set forth in Appendix B ("**Appendix B**"). Moreover, if the Participant relocates to one of the countries included in Appendix B, the terms and conditions for such country will apply to the Participant to the extent the Corporation determines that the application of such

terms and conditions is necessary or advisable for legal or administrative reasons. Appendix A and Appendix B constitute part of the Agreement.

APPENDIX A

ADDITIONAL TERMS AND CONDITIONS OF RESTRICTED STOCK UNIT AWARD AGREEMENT FOR NON-U.S. EMPLOYEES

1. Terms of Plan Participation for Non-U.S. Participants

The Participant understands that this Appendix A contains additional terms and conditions that, together with the Plan and the Award Agreement, govern the Participant's participation in the Plan if the Participant is working or resident in a country other than the United States. The Participant further understands that the Participant's participation in the Plan also will be subject to any terms and conditions for the Participant's country set forth in Appendix B. *Capitalized terms used but not defined in this Appendix A shall have the same meanings assigned to them in the Plan and/or Award Agreement.*

2. Withholding Taxes

The following provision supplements Section 5 of the Standard Terms and Conditions:

The Participant acknowledges that, regardless of any action taken by the Corporation or, if different, the Participant's employer ("**Employer**"), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to the Participant's participation in the Plan and this Award and legally applicable to the Participant ("**Tax-Related Items**") is and remains the Participant's responsibility and may exceed the amount, if any, actually withheld by the Corporation or the Employer. The Participant further acknowledges that the Corporation and/or the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the RSUs; and (b) are not obligated to structure the terms of the grant or any aspect of the RSUs to reduce or eliminate the Participant's liability for Tax-Related Items or achieve any particular tax result. If the Participant is or becomes subject to Tax-Related Items in more than one jurisdiction, the Participant acknowledges that the Corporation and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

The Participant agrees, prior to any relevant taxable or tax withholding event, as applicable, to make adequate arrangements satisfactory to the Corporation and/or the Employer to satisfy all Tax-Related Items. In this regard, the Participant authorizes the Corporation and/or the Employer to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the methods set forth in Section 8.5 of the Plan and Section 5 of the Standard Terms and Conditions. In addition, the Participant authorizes withholding from proceeds of the sale of shares of Common Stock acquired upon settlement of the RSUs either through a voluntary sale or through a mandatory sale arranged by the Corporation (on the Participant's behalf pursuant to this authorization without further consent). If the Participant is subject to Section 16 of the Exchange Act, then withholding for Tax-Related Items shall be satisfied in accordance with Section 8.5 of the Plan, Section 5 of the Standard Terms and Conditions, and the withholding methodology approved by the Administrator for officers subject to Section 16 of the Exchange Act.

Depending on the withholding method, the Corporation and/or the Employer may withhold or account for Tax-Related Items by considering applicable minimum withholding amounts or other applicable withholding rates, including maximum applicable rates. In the event of over-withholding, the Participant may receive a refund of any over-withheld amount in cash and will have no entitlement to the equivalent in Common Stock from the Corporation or the Employer; otherwise, the Participant may be able to seek a refund from the local tax authorities. In the event of under-withholding, the Participant may be required to pay any additional Tax-Related Items directly to the applicable tax authority or to the Corporation and/or the Employer. If the Tax-Related Items are satisfied by withholding in shares of Common Stock, for tax purposes, the Participant is deemed to have been issued the full number of shares subject to the vested RSUs, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items.

The Participant further agrees to pay to the Corporation or the Employer, any amount of Tax-Related Items that the Corporation or the Employer may be required to withhold or account for as a result of the Participant's participation in the Plan that cannot be satisfied by the means previously described. The

Corporation may refuse to issue or deliver the shares of Common Stock or the proceeds from the sale of shares if the Participant fails to comply with the Participant's obligations in connection with the Tax-Related Items.

3. Nature of Grant

By accepting the RSUs and any shares of Common Stock, the Participant agrees that:

- (a) the Plan is established voluntarily by the Corporation, it is discretionary in nature, and may be amended, suspended or terminated by the Corporation at any time, to the extent permitted by the Plan;
- (b) the grant of the RSUs is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of RSUs, or benefits in lieu of RSUs, even if RSUs have been granted in the past;
- (c) all decisions with respect to future RSUs or other grants, if any, will be at the sole discretion of the Corporation;
- (d) the Participant is voluntarily participating in the Plan;
- (e) the RSUs and any shares of Common Stock acquired under the Plan, and the income and value of the same, are not intended to replace any pension rights or compensation;
- (f) the RSUs and any shares of Common Stock acquired under the Plan, and the income and value of the same, are not part of the Participant's normal or expected compensation for any purposes including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, holiday pay, long-service awards, leave-related pay, pension or retirement benefits or payments or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Corporation or the Employer or any Subsidiary;
- (g) the future value of the shares of Common Stock underlying the RSUs is unknown, indeterminable, and cannot be predicted with certainty;
- (h) unless otherwise agreed with the Corporation, the RSUs and the shares of Common Stock acquired under the Plan, and the income and value of same, are not granted as consideration for, or in connection with, the service the Participant may provide as a director of any Subsidiary;
- (i) no claim or entitlement to compensation or damages shall arise from forfeiture of the RSUs resulting from the termination of the Participant's employment (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or providing services, or the terms of the Participant's employment or service agreement, if any);
- (j) unless otherwise provided in the Plan or by the Corporation in its discretion, the RSUs and the benefits evidenced by the Award Agreement do not create any entitlement to have the RSUs or any such benefits transferred to, or assumed by, another Corporation nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the shares; and
- (k) neither the Corporation, the Employer nor any Subsidiary shall be liable for any foreign exchange rate fluctuation between the Participant's local currency and the U.S. dollar that may affect the value of the RSUs or of any amounts due to the Participant pursuant to the vesting of the RSUs or the subsequent sale of any shares of Common Stock acquired upon vesting.

4. Data Privacy

By accepting the RSUs via the Corporation's acceptance procedure, the Participant is declaring that he or she agrees with the data processing practices described herein and consents to the collection, processing and use of Personal Data (as defined below) by the Corporation and the transfer of Personal Data to the recipients mentioned herein, including recipients located in countries which do not adduce an adequate level

of protection from a European (or other non-U.S.) data protection law perspective, for the purposes described herein.

(a) Declaration of Consent. The Participant understands that he or she needs to review the following information about the processing of the Participant's personal data by or on behalf of the Corporation, the Employer and/or any Subsidiary as described in this Award Agreement and any other RSU grant materials (the "Personal Data") and declare his or her consent. As regards the processing of the Participant's Personal Data in connection with the Plan and this Award Agreement, the Participant understands that the Corporation is the controller of the Participant's Personal Data.

(b) Data Processing and Legal Basis. The Corporation collects, uses and otherwise processes Personal Data about the Participant for the purposes of allocating shares of Common Stock and implementing, administering and managing the Plan. The Participant understands that this Personal Data may include, without limitation, the Participant's name, home address and telephone number, email address, date of birth, social insurance number, passport number or other identification number (e.g., resident registration number), salary, nationality, job title, any shares of stock or directorships held in the Corporation or its Subsidiaries, details of all RSUs or any other entitlement to shares of stock or equivalent benefits awarded, canceled, exercised, vested, unvested or outstanding in the Participant's favor. The legal basis for the processing of the Participant's Personal Data will be the Participant's consent.

(c) Stock Plan Administration Service Providers. The Participant understands that the Corporation transfers the Participant's Personal Data, or parts thereof, to E*TRADE Financial Corporation Services, Inc. (and its affiliated companies), an independent service provider based in the United States or IBI Capital for Israeli employees, each of which assists the Corporation with the implementation, administration and management of the Plan. In the future, the Corporation may select a different service provider and share the Participant's Personal Data with such different service provider that serves the Corporation in a similar manner. The Participant understands and acknowledges that the Corporation's service provider will open an account for the Participant to receive and trade shares of Common Stock acquired under the Plan and that the Participant will be asked to agree on separate terms and data processing practices with the service provider, which is a condition of the Participant's ability to participate in the Plan.

(d) International Data Transfers. The Participant understands that the Corporation and, as of the date hereof, any third parties assisting in the implementation, administration and management of the Plan, such as the Corporation's service providers, are based in the United States. If the Participant is located outside the United States, the Participant understands and acknowledges that the Participant's country has enacted data privacy laws that are different from the laws of the United States. Transfers of personal data from the EEA or the United Kingdom to the United States can be made on the basis of Standard Contractual Clauses approved by the European Commission, United Kingdom or other appropriate safeguards permissible under the applicable law. If the Participant is located in the EU, EEA or the United Kingdom, the Corporation may receive, process and transfer the Participant's Personal Data onward to third-party service providers solely on the basis of appropriate data transfer agreements or other appropriate safeguards permissible under applicable law. If applicable, the Participant understands that the Participant can ask for a copy of the appropriate data processing agreements underlying the transfer of the Participant's Personal Data by contacting the Participant's local human resources representative. The Corporation's legal basis for the transfer of the Participant's Personal Data is the Participant's consent.

(e) Data Retention. The Corporation will hold and use the Data only as long as is necessary to implement, administer and manage participation in the Plan or as required to comply with tax, exchange control, labor and securities laws, other applicable law, exercise or defense of legal rights, and archiving, back-up and deletion processes. This period may extend beyond the Participant's period of employment with the Employer.

(f) Voluntariness and Consequences of Denial/Withdrawal of Consent. Participation in the Plan is voluntary and the Participant is providing the consents herein on a purely voluntary basis. If the Participant does not consent, or later seeks to revoke their consent, the Participant's salary from or employment or other service with the Employer will not be affected; the only consequence of refusing or withdrawing consent is that the Corporation would not be able to grant RSUs or other equity awards to the Participant or administer or maintain such awards.

(g) **Data Subject Rights.** *The Participant understands that data subject rights regarding the processing of personal data vary depending on the applicable law and that, depending on where the Participant is based and subject to the conditions set out in the applicable law, the Participant may have, without limitation, the rights to (i) inquire whether and what kind of Personal Data the Corporation holds about the Participant and how it is processed, and to access or request copies of such Personal Data, (ii) request the correction or supplementation of Personal Data about the Participant that is inaccurate, incomplete or out-of-date in light of the purposes underlying the processing, (iii) obtain the erasure of Personal Data no longer necessary for the purposes underlying the processing, processed based on withdrawn consent, processed for legitimate interests that, in the context of the Participant's objection, does not prove to be compelling, or processed in non-compliance with applicable legal requirements, (iv) request the Corporation to restrict the processing of the Participant's Personal Data in certain situations where the Participant feels its processing is inappropriate, (v) object, in certain circumstances, to the processing of Personal Data for legitimate interests, and to (vi) request portability of the Participant's Personal Data that the Participant has actively or passively provided to the Corporation (which does not include data derived or inferred from the collected data), where the processing of such Personal Data is based on consent or the Participant's employment or service contract and is carried out by automated means. In case of concerns, the Participant understands that the Participant may also have the right to lodge a complaint with the competent local data protection authority. Further, to receive clarification of, or to exercise any of, the Participant's rights the Participant understands that the Participant should contact the Participant's local human resources representative.*

(h) **Alternate Basis and Additional Consents.** *Finally, the Participant understands that the Corporation may rely on a different basis for the processing or transfer of Personal Data in the future and/or request that the Participant provide another data privacy consent. If applicable, the Participant agrees that upon request of the Corporation or the Employer, the Participant will provide an executed acknowledgement or data privacy consent form (or any other agreements or consents) that the Corporation and/or the Employer may deem necessary to obtain from the Participant for the purpose of administering the Participant's participation in the Plan in compliance with the data privacy laws in the Participant's country, either now or in the future. The Participant understands and agrees that he or she will not be able to participate in the Plan if he or she fails to provide any such consent or agreement requested by the Corporation and/or the Employer.*

5. Electronic Delivery and Acceptance

The Participant agrees that the Corporation may decide, in its sole discretion, to deliver by email or other electronic means any documents relating to the Plan or the RSUs. Further, the Participant agrees to participate in the Plan through an on-line or electronic system established and maintained by the Corporation or by a third party designated by the Corporation.

6. Insider Trading/Market Abuse Laws

The Participant agrees to comply with the Corporation's policy on insider trading (to the extent that it is applicable to the Participant). Depending on the Participant's country or the designated broker's country or country where the Common Stock is listed, the Participant may be subject to insider trading restrictions and/or market abuse laws, which may affect the Participant's ability to accept, acquire, sell, attempt to sell or otherwise dispose of Common Stock, rights to Common Stock (e.g., the RSUs) or rights linked to the value of Common Stock (e.g., phantom awards, futures) during such times as the Participant is considered to have "inside information" regarding the Corporation (as defined by the laws or regulations in the Participant's country). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders the Participant placed before possessing inside information. Furthermore, the Participant could be prohibited from (i) disclosing the inside information to any third party (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. Third parties include fellow employees. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Corporation insider trading policy. The Participant is responsible for ensuring compliance with any applicable restrictions and should consult his or her personal legal advisor on this matter.

7. Exchange Control, Tax and/or Foreign Asset/Account Reporting

The Participant acknowledges that there may be exchange control, tax, foreign asset and/or account reporting requirements which may affect the Participant's ability to acquire or hold shares of Common Stock acquired under the Plan or cash received from participating in the Plan (including from any dividend equivalents paid with respect to the RSUs or dividends paid on shares of Common Stock acquired under the Plan) in a brokerage/bank account or legal entity outside the Participant's country. The Participant may be required to report such accounts, assets, the balances therein, the value thereof and/or the transactions related thereto to the tax or other authorities in the Participant's country. The Participant also may be required to repatriate sale proceeds or other funds received as a result of the Participant's participation in the Plan to the Participant's country through a designated bank or broker within a certain time after receipt. The Participant acknowledges that it is the Participant's responsibility to be compliant with such regulations, and the Participant should consult his or her personal legal advisor for any details.

8. Language

The Participant acknowledges that he or she is sufficiently proficient in English, or has consulted with an advisor who is sufficiently proficient in English so as to allow the Participant to understand the terms and conditions of this Award Agreement. Furthermore, if the Award Agreement or any other document related to the Plan has been translated into a language other than English and the meaning of the translated version is different than the English version, the English version will control.

WESTERN DIGITAL CORPORATION
AMENDED AND RESTATED 2017 PERFORMANCE INCENTIVE PLAN
NON-EMPLOYEE DIRECTOR RESTRICTED STOCK UNIT GRANT PROGRAM

- 1. Establishment.** The Corporation maintains the Western Digital Corporation Non-Employee Directors Restricted Stock Unit Program (the “**Program**”), which is hereby amended and restated as of August, 16 2021 (the “**Effective Date**”). This amendment and restatement of the Program is effective as to grants on and after the Effective Date; awards granted under the Program prior to the Effective Date are governed by the applicable terms of the Program as in effect on the date of grant of the award. The Program has been restated as an Appendix to, and any shares of Common Stock issued with respect to awards granted under the Program on and after the Effective Date shall be charged against the applicable share limits of, the Western Digital Corporation Amended and Restated 2017 Performance Incentive Plan (the “**Plan**”). Except as otherwise expressly provided herein, the provisions of the Plan shall govern all awards made pursuant to the Program. Capitalized terms are defined in the Plan if not defined herein.
- 2. Purpose.** The purpose of the Program is to promote the success of the Corporation and the interests of its stockholders by providing members of the Board who are not officers or employees of the Corporation or one of its Subsidiaries (“**Non-Employee Directors**”) an opportunity to acquire an ownership interest in the Corporation and more closely aligning the interests of Non-Employee Directors and stockholders.
- 3. Participation.** An award of Stock Units (a “**Stock Unit Award**”) under the Program shall be made only to Non-Employee Directors, shall be evidenced by a Notice of Award of Stock Units substantially in the form attached as Exhibit 1 hereto and shall be further subject to such other terms and conditions set forth therein. As used in the Program, the term “**Stock Unit**” shall mean a non-voting unit of measurement which is deemed for bookkeeping purposes to be equivalent to one outstanding share of Common Stock (subject to adjustment as provided in Section 7.1 of the Plan) solely for purposes of the Program. Stock Units shall be used solely as a device for the determination of the number of shares of Common Stock to eventually be delivered to a Non-Employee Director if Stock Units held by such Non-Employee Director vest pursuant to Section 6 or Section 8. Stock Units shall not be treated as property or as a trust fund of any kind. Stock Units granted to a Non-Employee Director pursuant to the Program shall be credited to an unfunded bookkeeping account maintained by the Corporation on behalf of the Non-Employee Director (a “**Program Account**”).
- 4. Annual Stock Unit Awards.**

 - 4.1 Annual Awards.** On the date of and immediately following the Corporation’s regular annual meeting of stockholders in each year during the term of the Plan commencing with 2012, each Non-Employee Director then in office shall be granted automatically (without any action by the Board or the Administrator) a Stock Unit Award with respect to a number (rounded down to the nearest whole number) of Stock Units equal to (i) \$240,000 (\$290,000 in the case of a Non-Employee Director then serving as Chair of the Board and \$280,000 in the case of a Non-Employee Director then serving as

Lead Independent Director), divided by (ii) the Fair Market Value of a share of Common Stock on the applicable annual meeting date (subject to adjustment as provided in Section 7.1 of the Plan). An individual who was previously a member of the Board, who then ceased to be a member of the Board for any reason, and who then again becomes a Non-Employee Director shall thereupon again become eligible to be granted Stock Units under this Section 4.1.

4.2 Initial Award for New Directors. Upon first being appointed or elected to the Board, a Non-Employee Director who has not previously served on the Board shall be granted automatically (without any action by the Board or the Administrator) a Stock Unit Award with respect to a number of Stock Units equal to (i) the number of Stock Units in the Annual Award immediately preceding the date such Non-Employee Director is first appointed or elected to the Board, divided by (ii) 365, multiplied by (iii) the number of days from the date such Non-Employee Director is first appointed or elected to the Board to the scheduled date of the Corporation's next annual meeting of stockholders.

4.3 Transfer Restrictions. Stock Units granted pursuant to this Section 4 shall be subject to the transfer restrictions set forth in Section 5.7 of the Plan. For purposes of clarity, the Administrator has not approved any transfer exceptions with respect to Stock Units granted pursuant to the Program in accordance with Section 5.7.2 of the Plan.

5. Dividend and Voting Rights.

5.1 Limitation of Rights Associated with Stock Units. A Non-Employee Director shall have no rights as a stockholder of the Corporation, no dividend rights (except as expressly provided in Section 5.2 with respect to dividend equivalent rights) and no voting rights, with respect to Stock Units granted pursuant to the Program and any shares of Common Stock underlying or issuable in respect of such Stock Units until such shares of Common Stock are actually issued to and held of record by the Non-Employee Director. No adjustments will be made for dividends or other rights of a holder for which the record date is prior to the date of issuance of the stock certificate.

5.2 Dividend Equivalent Rights. As of any date that the Corporation pays a dividend (other than in shares of Common Stock) upon issued and outstanding Common Stock, or makes a distribution (other than in shares of Common Stock) with respect thereto, a Non-Employee Director's Program Account shall be credited with an additional number (rounded down to the nearest whole number) of Stock Units equal to (i) the "fair value" of any dividend (or other distribution) with respect to one share of Common Stock, multiplied by (ii) the number of unpaid Stock Units credited to the Non-Employee Director's Program Account immediately prior to such dividend or distribution, divided by (iii) the Fair Market Value of a share of Common Stock on the date of payment of such dividend or distribution. In the case of a cash dividend or distribution, the "fair value" thereof shall be the amount of such cash, and, in the case of any other dividend or distribution (other than in shares of Common Stock), the "fair value" thereof shall be such amount as shall be determined in good faith by the Administrator. Stock Units credited pursuant to the foregoing provisions of this Section 5.2 shall be subject to the

same vesting, payment and other terms, conditions and restrictions as the original Stock Units to which they relate. No adjustment shall be made pursuant to Section 7.1 of the Plan as to Stock Units granted pursuant to the Program in connection with any dividend (other than in shares of Common Stock) or distribution (other than in shares of Common Stock) for which dividend equivalents are credited pursuant to the foregoing provisions of this Section 5.2. Stock Units granted pursuant to the Program shall otherwise be subject to adjustment pursuant to Section 7.1 of the Plan (for example, and without limitation, in connection with a split or reverse split of the outstanding Common Stock).

6. Vesting. Subject to Section 8 hereof and Section 7 of the Plan, a Stock Unit Award granted to a Non-Employee Director pursuant to the Program (whether pursuant to Section 4 or Section 5.2) shall vest and become payable as to 100% of the total number of Stock Units subject thereto on the first to occur of (i) the first anniversary of the date of grant of the Stock Unit Award or (ii) immediately prior to the Corporation's first regular meeting of stockholders following the date of grant of the Stock Unit Award.

7. Continuation of Services. The vesting schedule requires continued service through each applicable vesting date as a condition to the vesting of the applicable installment of a Stock Unit Award and the rights and benefits under the Program. Service for only a portion of the vesting period, even if a substantial portion, will not entitle a Non-Employee Director to any proportionate vesting or avoid or mitigate a termination of rights and benefits upon or following a termination of services as provided in Section 8 below. Nothing contained in the Program constitutes a continued service commitment by the Corporation, confers upon a Non-Employee Director any right to remain in service to the Corporation, interferes with the right of the Corporation at any time to terminate such service, or affects the right of the Corporation to increase or decrease a Non-Employee Director's other compensation.

8. Termination of Directorship. Subject to earlier termination pursuant to Section 7 of the Plan, if a Non-Employee Director incurs a Separation from Service (as defined below) for any reason, the following rules shall apply with respect to any Stock Units granted to the Non-Employee Director pursuant to Section 4 above:

- other than as expressly provided below in this Section 8, all Stock Units granted to the Non-Employee Director pursuant to the Program that have not vested as of the Non-Employee Director's Separation from Service, shall immediately terminate without payment therefor;
- if the Non-Employee Director's Separation from Service occurs due to his or her death or Disability (as defined below), all Stock Units granted to the Non-Employee Director pursuant to the Program shall immediately vest and become payable as provided in Section 9;
- if the Non-Employee Director ceases to be a member of the Board due to his or her Removal, all then-unvested Stock Units granted to the Non-Employee Director pursuant to the Program shall immediately terminate without payment therefor.

For purposes of this Section 8, the term “**Disability**” shall mean a period of disability during which a Non-Employee Director qualified for permanent disability benefits under the Corporation’s long-term disability plan, or, if the Non-Employee Director does not participate in such a plan, a period of disability during which the Non-Employee Director would have qualified for permanent disability benefits under such a plan had the Non-Employee Director been a participant in such a plan, as determined in the sole discretion of the Administrator. If the Corporation does not sponsor such a plan, or discontinues to sponsor such a plan, Disability shall be determined by the Administrator in its sole discretion. For purposes of this Section 8, the term “**Removal**” shall mean the removal of a Non-Employee Director from the Board, with or without cause, in accordance with the Corporation’s Certificate of Incorporation, Bylaws or the Delaware General Corporation Law.

For purposes of this Section 8, the term “**Separation from Service**,” with respect to a Non-Employee Director, shall mean the date the Non-Employee Director ceases to be a member of the Board (regardless of the reason); provided, however, that if the Non-Employee Director is immediately thereafter employed by the Corporation or one of its Subsidiaries, such director’s Separation from Service shall be the date such director incurs a “separation from service” as such term is defined for purposes of Section 409A of the Code.

9. Timing and Manner of Payment of Stock Units. Except as provided in Section 10 below, on or within fifteen (15) business days following the first to occur of (i) the first anniversary of the date of grant of the Stock Unit Award, or (ii) the Non-Employee Director’s Separation from Service, the Corporation shall deliver to the Non-Employee Director a number of shares of Common Stock (either by delivering one or more certificates for such shares or by entering such shares in book entry form, as determined by the Corporation in its sole discretion) equal to the number of Stock Units (if any) that vested with respect to the corresponding Stock Unit Award in accordance with the provisions hereof, subject to adjustment as provided in Section 7 of the Plan; provided, however, that, to the extent permitted by the Corporation’s Amended and Restated Deferred Compensation Plan, as it may be amended from time to time (the “**Deferred Compensation Plan**”), a Non-Employee Director may elect to defer receipt of any or all shares of Common Stock payable with respect to Stock Units that vest pursuant to the Program. Such elections shall be made, and any such deferral shall be effected and administered, in accordance with the Deferred Compensation Plan. The Corporation’s obligation to deliver shares of Common Stock with respect to vested Stock Units is subject to the condition precedent that the Non-Employee Director (or other person entitled under the Plan to receive any shares with respect to the vested Stock Units) deliver to the Corporation any representations or other documents or assurances required pursuant to Section 8.1 of the Plan. A Non-Employee Director shall have no further rights with respect to any Stock Units that are paid or that are terminated pursuant to Section 8 hereof or Section 7 of the Plan, and such Stock Units shall be removed from the Non-Employee Director’s Program Account upon the date of such payment or termination.

10. Change in Control Events. A Stock Unit Award may vest and become payable in connection with the occurrence of certain events involving the Corporation as provided for in Section 7 of the Plan; provided, however, that, notwithstanding anything to the contrary in the

Program or the Plan, if the event giving rise to such accelerated vesting is not also a “change in the ownership or effective control” of the Corporation or a “change in the ownership of a substantial portion of the assets” of the Corporation for purposes of Section 409A of the Code or an acceleration of payment of the award would otherwise result in any tax liability pursuant to Section 409A of the Code, then payment with respect to such vested Stock Unit Award shall not be made until such Stock Unit Award would have become vested and payable without regard to this Section 10 or Section 7 of the Plan.

11. Plan Provisions; Maximum Number of Shares; Amendment; Administration; Construction. Stock Units granted under the Program shall otherwise be subject to the terms of the Plan (including, without limitation, the provisions of Section 7 of the Plan). If Stock Unit Awards otherwise required pursuant to the Program would otherwise exceed any applicable share limit under Section 4.2 of the Plan, such grants shall be made pro-rata to Non-Employee Directors entitled to such grants. The Board may from time to time amend the Program without stockholder approval; provided that no such amendment shall materially and adversely affect the rights of a Non-Employee Director as to a Stock Unit Award granted under the Program before the adoption of such amendment. The Board may amend, modify, suspend or terminate outstanding Stock Unit Awards; provided, however, that outstanding Stock Unit Awards shall not be amended, modified, suspended or terminated so as to impair any rights of the recipient of the award without the consent of such recipient. If any such amendment or modification to an outstanding Stock Unit Award has the result of accelerating the vesting of such award, then any election that had been made to defer receipt of payment with respect to any or all of the Stock Units subject to the award pursuant to the Deferred Compensation Plan shall be disregarded. The Program does not limit the Board’s authority to make other, discretionary award grants to Non-Employee Directors pursuant to the Plan. The Plan Administrator’s power and authority to construe and interpret the Plan and awards thereunder pursuant to Section 3.1 of the Plan shall extend to the Program and awards granted hereunder. As provided in Section 3.2 of the Plan, any action taken by, or inaction of, the Administrator relating or pursuant to the Program and within its authority or under applicable law shall be within the absolute discretion of that entity or body and shall be conclusive and binding upon all persons. It is intended that the terms of the Program and all Stock Unit Awards granted under the Program will not result in the imposition of any tax liability pursuant to Section 409A of the Code. The Program and all Stock Unit Awards granted hereunder shall be construed and interpreted consistent with that intent.

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

I, David V. Goeckeler, certify that:

1. I have reviewed this 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/ David V. Goeckeler

David V. Goeckeler
Chief Executive Officer

Dated: November 4, 2021

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

I, Robert K. Eulau, 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/ Robert K. Eulau

Robert K. Eulau
*Executive Vice President and Chief Financial Officer
(Principal Financial Officer)*

Dated: November 4, 2021

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 October 1, 2021 (the “Report”) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ David V. Goeckeler

David V. Goeckeler
Chief Executive Officer

Dated: November 4, 2021

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 October 1, 2021 (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/ Robert K. Eulau

Robert K. Eulau

*Executive Vice President and Chief Financial Officer
(Principal Financial Officer)*

Dated: November 4, 2021