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

FORM 10-K

(Mark One)

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

For the fiscal year ended July 3, 2026

Or

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

For the transition period from __________ to __________

Commission file number: 1-8703

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

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

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

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

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 Par Value Per Share	WDC	The Nasdaq Stock Market LLC (Nasdaq Global Select Market)

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

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

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

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

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

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

Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company	Emerging growth company
☒	☐	☐	☐	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

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

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

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

The aggregate market value of the registrant’s common stock held by non-affiliates of the registrant on January 2, 2026, the last business day of the registrant’s most recently completed second fiscal quarter, was $47.69 billion, based on the closing sale price as reported on the Nasdaq Global Select Market.

There were 360,540,944 shares of common stock, par value $0.01 per share, outstanding as of the close of business on August 7, 2026.

Documents Incorporated by Reference

Part III incorporates by reference certain information from the registrant’s definitive proxy statement (the “Proxy Statement”) for the 2026 Annual Meeting of Stockholders, which we intend to file with the Securities and Exchange Commission within 120 days after the end of the 2026 fiscal year. Except with respect to information specifically incorporated by reference in this Form 10-K, the Proxy Statement is not deemed to be filed as part hereof.

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

WD, 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.

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: the impact of the global macroeconomic environment, including tariffs; expectations regarding demand trends, market opportunities and our market position, including related to artificial intelligence ("AI"); our product development and technology plans and business strategies; consumer trends and market conditions; expectations regarding our future financial performance; expectations regarding capital expenditure plans and investments; expectations regarding our tax resolutions, effective tax rate and our unrecognized tax benefits; expectations regarding the merits of our position and our plans with respect to certain litigation matters; and our beliefs regarding our capital allocation plans, including our quarterly dividend program and our share repurchase program, and the sufficiency of our available liquidity to meet our working capital, debt and capital expenditure needs.

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

WEBSITE REFERENCES

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

PART I

Item 1. *Business*

General

Western Digital was founded in 1970 and is a Standard & Poor's 500 ("S&P 500") company headquartered in San Jose, California. We are a leading developer, manufacturer, and provider of data storage devices and solutions based on hard disk drive ("HDD") technology. HDDs are critical components in the worldwide data infrastructure market, powering the AI-driven digital economy. HDDs provide reliable, cost-effective, high-capacity storage needs for a wide range of applications, ranging from cloud data centers, enterprise storage systems, edge computing, and smart video to client and consumer devices.

At Western Digital, we believe that data storage provides the strategic foundation for the AI-driven data economy. We focus on designing and building data storage solutions that are intelligent, efficient, and reliable. We execute on this mission through rigorous scientific research, engineering excellence, and deep customer collaboration, so that each product advancement provides value for our customers and shareholders.

With much of the world's data stored on Western Digital products, our innovation helps drive the global storage technology ecosystem, anchored in the cloud, and extending from consumer devices to the edge.

Our broad portfolio of technology and products, sold under the Western Digital® and WD® brands, addresses our customers' storage needs through multiple end markets: "Cloud," "Client" and "Consumer".

Cloud. Cloud represents our largest and fastest growing end market comprised primarily of products for public or private cloud environments and enterprise customers. We enable cloud, Internet and social media infrastructure players to build more powerful, cost-effective and efficient data centers. We provide the Cloud end market with an array of high-capacity enterprise HDDs. Our high-capacity enterprise HDDs address growing storage demands with high reliability, easy scalability, and lower time to value for our customers — all while delivering a low total cost of ownership for cloud data center and smart video system markets. These drives are primarily for use in data storage systems, in tiered storage models and where data must be stored reliably for years.

Client. Through the Client end market, we provide our original equipment manufacturer ("OEM") and channel customers a broad array of high-performance HDD solutions across desktop and notebooks. Our products are designed for use in devices requiring high performance, reliability and capacity with various attributes such as low cost per gigabyte, quiet acoustics, and low power consumption.

Consumer. We have also built strong consumer brand recognition with tools to help individuals manage vast libraries of personal content and to push the limits of what is possible for storage. We serve the Consumer end market with a portfolio of HDD external storage products that we offer globally through our retail and channel partners.

Industry

We operate in the data storage industry. The ability to access, store and share data from anywhere on any device is increasingly important to our customers and end users. From the intelligent edge to the cloud, data storage is not just foundational to AI, but also a fundamental component underpinning global technology architecture. Our strengths in innovation, areal density and cost leadership provide a foundation upon which we are solidifying our position as an essential building block of the AI-driven data economy. We believe there is tremendous market opportunity created by the rapid global adoption of technology built with cloud infrastructure, connected intelligent devices, and high-performance networks.

The increase in computing complexity and advancements in AI, along with growth in cloud computing applications, connected mobile devices and Internet-connected products and edge devices is driving rapid growth in the volume of digital content to be stored and used. While this growth has led to the creation of several form factors for data storage and an increasing use of a tiered architecture approach, HDDs occupy a unique place in the market by providing an economical means to create, store and utilize an increasing amount of data in the age of AI. We believe HDDs provide a sustainable total cost of ownership advantage to our cloud customers to meet their storage needs.

Research and Technology

The strong growth in the amount, value and use of data continues to create a global need for larger, faster and more capable storage solutions. We have extensive customer, partner and channel relationships across our end markets and geographies and a rich heritage of innovation and operational excellence. We have a wide range of intellectual property ("IP") assets, including patent portfolios containing approximately 4,700 active patents, covering groundbreaking data storage technologies, magnetic recording and other technology building blocks. We have broad research and development ("R&D") capabilities and devote substantial resources to the development of new products and the improvement of existing products. We focus our engineering efforts on optimizing our product design and manufacturing processes to bring our products to market in a cost-effective and timely manner. We continue to transform ourselves to address the growth in data by providing what we believe to be the broadest range of storage technologies in the industry with a comprehensive product portfolio and global reach. For a discussion of associated risks, see Part I, Item 1A, *Risk Factors*, of this Annual Report on Form 10-K.

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

Competition

We believe we are well-positioned in a competitive industry with our leading product portfolio, differentiated innovation engine, global manufacturing footprint, and leadership in driving areal density and cost efficiency. Nevertheless, we face strong competition from several manufacturers of storage products and storage systems and solutions, whether directly or indirectly. Our competitors include HDD competitors such as Seagate Technology Holdings plc, and Toshiba Electronic Devices & Storage Corporation along with NAND flash suppliers that provide and enable alternative storage technologies, as well as storage systems and solutions providers.

Business Strategy

Our vision is to unleash the power and value of data. Our mission is to be the market leader in data storage by delivering storage solutions for now and the future. By understanding our customers' needs, together we can help them unlock the value and power of data that we are starting to see come to the fore, especially in this age of AI.

Our overall strategy focuses on leadership, innovation and execution, based on our core capabilities grounded in magnetics and photonics expertise and our strength in nano-feature fabrication. Our goal is to further WD as an industry-leading and broad-based developer, manufacturer and provider of advanced technology storage devices and solutions that support and enable the proliferation of data. We believe this positions us well for emerging opportunities in adjacent and new technology markets. Our strategy reflects the following foundational elements: (1) Enhanced customer focus for driving greater customer advocacy and deeper customer engagement across our current and future addressable markets, (2) Product and technology leadership for realizing the best total cost of ownership through disciplined product management and for enabling innovation in new product categories, (3) Rigorous financial discipline by having a clear capital allocation strategy, ambitious financial targets and prudent capital investment, (4) Operational excellence for driving best-in-class cost to achieve industry-leading margin profiles with strong execution, (5) Innovation and growth for creating new products and applications and identifying new market opportunities, and (6) High performance teams with the skill sets to meet go-forward business needs.

Patents, Licenses and Proprietary Information

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

We have approximately 4,700 active patents worldwide and have many patent applications in process. We continually seek additional United States ("U.S.") and international patents on our technology. We believe that, although our active patents and patent applications have considerable value, the successful manufacturing and marketing of our products also depends upon the technical and managerial competence of our staff. Accordingly, the patents held and applied for cannot alone ensure our future success.

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

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

Manufacturing and Suppliers

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

HDD manufacturing is a complex process involving the production and assembly of precision components with narrow tolerances and rigorous testing. The manufacturing processes involve a number of steps that are dependent on each other and occur in "clean room" environments that demand skill in process engineering and efficient space utilization to control the operating costs of these manufacturing environments. We continually evaluate our manufacturing processes in an effort to increase productivity, sustain and improve quality and decrease manufacturing costs. We continually evaluate which steps in the manufacturing process would benefit from automation and how automated manufacturing processes can improve productivity and reduce manufacturing costs. We also leverage contract manufacturers when strategically advantageous.

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

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

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

Sales and Distribution

We focus on markets where our storage technologies deliver exceptional scale, efficiency, and economics. By combining HDD innovation with systems, firmware, and software, we enable customers to manage and monetize data at global scale. We sell our products to hyperscale cloud service providers, neoclouds, computer manufacturers and OEMs, resellers, distributors and retailers throughout the world, utilizing long-term agreements with certain customers. Our sales organization blends technical depth with market expertise, enabling effective engagement with customers across diverse use cases. Our sales engagements mostly involve sales, customer technical support engineers, and product engineers, who support pre-sales and post-sales activities, collaborating with customers to design, test, and qualify system solutions built on our technologies.

Our sales and marketing teams are strategically located across the major geographies of the Americas, Asia Pacific, Europe and the Middle East. Our international sales, which include sales to foreign subsidiaries of U.S. companies but do not include sales to U.S. subsidiaries of foreign companies, represented 60%, 55%, and 58% of our net revenue for 2026, 2025, and 2024, respectively. Our sales are subject to certain risks, including exposure to tariffs and various trade regulations. For a discussion of such risks, see Part I, Item 1A, *Risk Factors*, of this Annual Report on Form 10-K.

We perform our marketing and advertising functions through a combination of internal teams and outside firms utilizing business and consumer media as well as trade publications to engage our end-user markets. We maintain customer relationships through direct communication and by providing information and support through our digital platforms. In accordance with standard storage industry practice, we offer distributors and retailers limited price protection and programs under which we reimburse certain marketing expenditures. We also offer sales incentive programs to distributors, resellers, and OEMs.

For 2026, three customers accounted for 16%, 15%, and 13%, respectively, of our net revenue. For 2025, three customers accounted for 17%, 12%, and 10%, respectively, of our net revenue. For 2024, no single customer accounted for 10% or more of our net revenue.

Cyclicality and Seasonality

Although much less than in the past, our business is subject to variability of sales because it is largely dependent on the buying patterns of our large Cloud customers, driven by their needs for deploying our technology in their data center buildouts, as well as on their ability to procure other products that go into such buildouts. Our business is also impacted by cyclicality in the industry, as well as macroeconomic factors. For a discussion of associated risks, see Part I, Item 1A, *Risk Factors*, of this Annual Report on Form 10-K.

Service and Warranty

We generally warrant our newly manufactured products against defects in materials and workmanship for up to five years from the date of sale depending on the type of product. Our warranty obligation is generally limited to repair or replacement. We have engaged third parties in various countries in multiple regions to provide various levels of testing, processing or recertification of returned products for our customers. For additional information regarding our service and warranty policy, see Part II, Item 8, Note 1, *Organization and Basis of Presentation,* and Note 5, *Supplemental Financial Statement Data,* of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K.

Human Capital

Our people strategy supports our vision of unleashing the power and value of data and our mission to be the market leader in data storage, delivering solutions for now and the future. At the end of 2026, we employed approximately 40,000 people worldwide. Our global workforce spans 24 countries with approximately 88% of our employees in Asia Pacific, approximately 11% in the Americas and less than 1% in Europe, the Middle East and Africa.

Talent Growth and Engagement

We invest in developing our people to lead us into the future, and as AI transforms work, we remain human-first, helping them grow, adapt, and thrive. To help our employees reach their full potential, we aim to cultivate an environment that encourages learning, development and career growth. We are providing training to our employees to help them adopt AI, become future-ready, and improve their productivity. Our performance framework includes setting goals to establish clear expectations and receiving feedback and coaching to achieve them. Our on-demand learning management system offers learning activities to help employees map their career journey, access learning online and track progress against development goals. We also provide upskilling and reskilling opportunities to our factory employees through on-the-job training, technical classes, workshops and partnerships with universities and colleges.

We make it a priority to recruit exceptional talent across the organization. We continue to foster the next generation of talent through our intern and new college graduate recruitment programs, and we converted about 40% of our eligible global intern population to employees in 2025. In 2026, we became an approved employer for the U.S. Department of Defense SkillBridge program, serving as a career pathway for veterans who are transitioning to the civilian workforce.

We believe employee engagement is key to performance and retention and that by listening to our employees we can better understand how we enable them to do their best work. We use a combination of our employee survey and listening sessions at all levels to understand what we are doing well and identify opportunities to strengthen employee engagement in support of our business strategy.

We strive to cultivate an inclusive environment where every individual feels valued, respected, and appreciated, thereby enabling them to contribute effectively to the organization and excel in their roles. Our initiatives celebrate the varied perspectives, talents, and backgrounds of our workforce and ensure that all voices are heard. Our Driver Resource Groups are employee-led and foster connections based on a shared identity or background and are open to all employees who want to join.

We continued our commitment to conducting business in an ethical way around the world. In 2026, we were named one of the World's Most Ethical Companies by Ethisphere for the eighth consecutive year. Our employees also regularly participate in philanthropy to support the communities in which they work and live. In 2026, more than half of our employees around the world gave their time to participate in company-sponsored volunteer events.

Total Rewards

We believe that competitive compensation is crucial for retaining and motivating our employees, and we are committed to rewarding performance with competitive compensation consisting of base salary and short-term incentives and, for select roles, long-term incentives. We also offer a global recognition program to celebrate the contributions of employees who bring to life our core values: Customers, Results, Connection, Excellence, and Innovation.

We invest in the physical, mental and financial well-being of our people through dynamic and differentiated benefit programs that align to our culture and values. We provide competitive benefits (which vary by country or region), including health coverage, life and disability insurance, retirement plans, paid time off, employee assistance program, and employee stock purchase plan.

We benchmark our Total Rewards programs annually using market data from reputable third-party consultants. We also conduct internal focus groups and employee surveys to inform programs and identify opportunities. To ensure that our pay practices are fair, we conduct regular pay equity assessments to promote equal pay for equal work, as well as regularly engaging in a living wage analysis.

Health and Safety

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

Government Regulation

Our worldwide business activities are subject to various laws, rules and regulations of the U.S. as well as of foreign governments. Compliance with existing or future governmental regulations, including, but not limited to, those pertaining to global trade, the environment, consumer and data protection, employee health and safety, and taxes, could have a material impact on our capital expenditures, earnings, competitive position and overall business. See Part I, Item 1A, *Risk Factors,* of this Annual Report on Form 10-K for a discussion of these potential impacts.

Corporate Responsibility and Sustainability

At WD, we incorporate sustainability into our business strategy and operations to support long-term value creation. Through environmental stewardship, stakeholder empowerment, and responsible business practices, we drive sustainable data storage technologies that deliver meaningful progress toward a responsible AI infrastructure.

Environmental Stewardship: We help protect the planet and the environment by setting and delivering robust environmental targets and driving innovation, accountability, and partnerships for systemic impact.

- We work to reduce energy consumption, greenhouse gas emissions, water withdrawal, and waste to landfills, and innovate to enhance the energy and material efficiency of our products. In 2025, we achieved 66% carbon-free energy to power our global operations as well as reduced emissions by 31% per petabyte from customers' use of sold products from 2020.
- We periodically assess and disclose climate-related risks and opportunities and implement measures to mitigate relevant risks and enhance climate resiliency.
- We collaborate with customers, suppliers, industry associations, governments, academics, and standards organizations to reduce emissions across our ecosystem, and increase circularity to reduce raw materials extraction, enabled by our Advanced Recovery and Rare Earth Material Capture program.
- In the latest sustainability assessments, we earned a Carbon Disclosure Project A- Leadership level rating for climate in 2025 and were included in the 2026 S&P Dow Jones Best-in-Class Index North America.

Stakeholder Empowerment: We engage stakeholders across our value chain, including our workforce, customers, suppliers, and communities.

- We support an inclusive workplace by developing team members through a variety of experiences and creating opportunities for connections across the company through our Driver Resource Groups.
- Our corporate philanthropy strategy focuses on hunger relief, environmental stewardship and science, technology, engineering and math ("STEM") education, and we activate employees to create positive impact on their local communities.
- We implement policies, procedures, and programs designed to uphold human rights and mitigate risks of compulsory and child labor within our operations and supply chain.
- We engage targeted suppliers for most material sustainability issues, including decarbonization, human rights, and responsible minerals.

Responsible Business: We build trust through principled leadership, embedding accountability, integrity, and sustainability into decision-making processes.

- We establish policies and practices to support the responsible, ethical, and secure development, deployment, and usage of AI. As AI becomes a greater part of our daily experience and product offerings, we implemented an AI policy to effectively manage and mitigate AI-related risks.
- We educate our employees annually on relevant ethics and compliance topics, publish guidance on ethical issues in our Global Code of Conduct and support the reporting of concerns through global and local reporting channels.

Available Information

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

Item 1A. *Risk Factors*

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

BUSINESS AND OPERATIONAL RISKS

Loss of revenue from Cloud or other key customers could harm our operating results.

There is significant revenue concentration in our Cloud end market and among our top customers. For the year ended July 3, 2026, the Cloud end market accounted for 89% of our net revenue and our top 10 customers accounted for 73% of our net revenue, with three customers each accounting for 10% or more of our net revenue.

If demand declines for any reason, and/or we fail to respond to changes in demand, in Cloud or other key customers, our business could suffer. The impact of generative AI on the storage and data management markets and regulation thereof is still unfolding and could evolve unpredictably, and it could be difficult to accurately forecast related demands. As it evolves, our hyperscale customers could lower their investment in AI infrastructure. Our ability to maintain strong relationships with our principal customers is essential to our future performance. We have experienced and may in the future experience events such as the loss of a key customer, prohibition or restriction of sales to a key customer by law, regulation or other government action, reductions in sales to or orders by a key customer, customer requirements to reduce our prices before we are able to reduce costs or the acquisition of a key customer by one of our competitors. Further, government authorities may implement laws or regulations or take other actions that could result in significant changes to the business or operating models of our key customers. Any of these events could negatively impact our operating results.

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

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

As we compete in new product areas, the overall complexity of our business may increase and may result in increases in R&D expenses and substantial investments in manufacturing capability, technology enhancements and go-to-market capability. Our gross margin could also face pressure if we are unable to achieve the desired manufacturing yields when we ramp our new technologies. Further, technological changes can reduce the volume and profitability of sales of existing products.

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

Moving to new technologies and products may require us to align to, and build, a new supply base. Our success in new product areas may depend on our ability to enter into favorable supply agreements. In addition, if our customers choose to delay transition to new technologies, if demand for the products that we develop is lower than we expected or if the supporting technologies to implement these new technologies are not available, we may be unable to achieve the cost structure required to support our profit objectives or may be unable to grow or maintain our market position.

Additionally, new technologies could impact demand for our products in unforeseen or unexpected ways. For example, if a shift away from Cloud and toward on-premises hardware diminishes the need for large-scale data center infrastructure, demand for our storage products could decline, and prior investments we have made in anticipation of storage demand may not generate the returns we expect. Further, new techniques to optimize data storage and usage could have an adverse impact on data growth. Moreover, new products could substitute for our current products and make them obsolete, each of which would harm our business. We also develop products to meet certain industry and technical standards, which may change and cause us to incur substantial costs as we adapt to new standards or invest in different manufacturing processes to remain competitive.

We may also experience changes to our customer base, such as a greater portion of our business shifting to neocloud and other customers. To remain competitive, we must respond to these changes by ensuring we have proper scale in this evolving market, as well as offer products that meet the technological requirements of our customer base at competitive pricing points. To the extent we are not successful in adequately responding to these changes, our operating results and financial condition could be harmed.

Further, some of our competitors offer products that we do not offer, which may allow them to win sales from us. We expect that competition will continue to be intense, and our competitors may be able to gain a product offering or cost structure advantage over us, which would harm our business. We may also have difficulty effectively competing with manufacturers benefiting from governmental investments and may be subject to increased complexity and reduced efficiency in our supply chain as a result of governmental efforts to promote domestic technologies in various jurisdictions.

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

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

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

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

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

Long-term agreements expose us to certain execution, financial, and market risks, which could be significant.

We have entered into long-term agreements with certain customers that commit us to deliver and our customers to purchase substantial volumes of products over multi-quarter or multi-year periods. These agreements also generally commit us to sell agreed volumes to these customers at predetermined or formula-based prices for the duration of the contract terms. As a result, we may be obligated to continue selling products to these customers even when demand from other customers, prevailing market prices, or other sales opportunities would be more favorable to us, and we may be unable to take full advantage of periods of rising prices, increased demand, or supply shortages. If market prices for our products increase above the prices set under these agreements, or if higher-margin or otherwise more attractive alternatives become available, our commitments under these agreements could prevent us from realizing the benefit of those conditions, which could result in significant opportunity costs and could have a material adverse effect on our results of operations and financial condition.

Our ability to fulfill our obligations under these agreements depends on a number of factors, including our manufacturing capacity, production yields, supply chain performance, and the availability of raw materials and other critical inputs. There can be no assurance that we will be able to perform these contractual obligations throughout the contract terms without disruption or shortfall. If we are unable to deliver products in the quantities, at the times, or meeting the specifications required under these agreements, we may be subject to pricing or volume reductions, contractual damages, other financial losses, or early termination. Any failure to perform could harm our customer relationships, damage our reputation, and have a material adverse effect on our results of operations and financial condition.

If a customer were to breach its purchase obligations, including by failing to meet its purchase commitments, or if a customer were to terminate the agreement due to our material breach of supply commitments, we may need to find alternative customers for any affected product volumes. Depending on market conditions at the time, we may be unable to resell those products at comparable prices, or at all, which could result in reduced revenue, lower margins, excess inventory, or manufacturing underutilization or asset impairment charges, and could have a material adverse effect on our business, results of operations, and financial condition.

Each agreement provides for certain remedies designed to protect us if the customer fails to perform its purchase obligations. In such event, these contractual remedies are expected to offset at least some portion of revenue that may be lost due to the customer's failure to perform, but they may not fully offset such lost revenue depending on the reason for such nonperformance, our ability to recover in any action and other factors. Any enforcement of these contractual remedies by us could be costly and time-consuming and could adversely affect our customer relationships. If we are unable or unsuccessful in enforcing or if we choose not to enforce any contractual remedy in the event of a customer's failure to perform its purchase obligations, we may experience consequences that could have a material adverse effect on our business and results of operations.

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

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

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

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

Our success depends upon the continued contributions of our talent. Changes in our key management team have resulted in and may in the future result in loss of continuity, loss of accumulated knowledge, departure of other key employees, disruptions to our operations and inefficiency during transitional periods. Global competition for skilled employees in the technology industry is intense, and our business success is increasingly dependent on our ability to attract, develop and retain top talent, implement succession plans for key management and staff and replace aging skilled employees. Changes in immigration laws and regulations, or more robust enforcement of new or existing laws, may impair our ability to recruit and hire technical and professional talent.

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

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

We have made and expect to continue to make acquisitions and divestitures, such as the separation of our former flash-based products ("Flash") business in 2025 (the "Separation"), and engage in cost saving measures. In order to successfully execute on strategic initiatives, we must continue to identify and successfully complete attractive transactions, some of which may be large and complex, and manage post-closing issues such as integration of the acquired company or employees, integration of processes and systems, and post-Separation changes. We may not be able to identify or complete appealing acquisition or investment opportunities given the intense competition for these transactions. Even if we identify and complete suitable corporate transactions, we may not be able to successfully address any integration challenges in a timely manner or at all. There have been and may continue to be difficulties with implementing new systems and processes or with integrating systems and processes of companies with complex operations, which may result in inconsistencies in standards, controls, procedures and policies and may increase our vulnerability to cybersecurity attacks or the risk that our internal controls are found to be ineffective.

Failing to successfully integrate or realign our business to take advantage of efficiencies or reduce redundancies of an acquisition or divestiture may result in not realizing all or any of the anticipated benefits of the transaction. In addition, failing to achieve the financial model projections for an acquisition or changes in technology development and related roadmaps following an acquisition may result in the incurrence of impairment charges (including goodwill impairments or other asset write-downs) and other expenses, both of which could negatively impact our results of operations or financial condition. Acquisitions and investments may also result in the issuance of equity securities that may be dilutive to our stockholders as well as earn-out or other contingent consideration payments and the issuance of additional indebtedness that would put pressure on liquidity. Furthermore, we may agree to provide continuing service obligations or enter into other agreements in order to obtain certain regulatory approvals of our corporate transactions, and failure to satisfy these additional obligations could result in our failing to obtain regulatory approvals or the imposition of additional obligations on us, any of which could negatively affect our business. In addition, new legislation or additional regulations may affect or impair our ability to invest with or in certain other countries or require us to obtain regulatory approvals to do so, including investments in joint ventures, minority investments and outbound technology transfers to certain countries.

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

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

Our strategic relationships subject us to risks and uncertainties that could harm our business.

We have entered into and expect to continue to enter into strategic relationships with various partners for product development, manufacturing, sales growth and the supply of technologies, components, equipment and materials for use in our product design and manufacturing. Please see the risk factor entitled “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,” for a further description of the risks associated with our reliance on external suppliers. Our strategic relationships are subject to various risks that could harm the value of our investments, our revenue and costs, our future rate of spending, our technology plans and our future growth opportunities. Further, our control over the operations of our strategic partnerships may be limited, and our interests could diverge from our strategic partners’ interests regarding ongoing and future activities.

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

MACROECONOMIC AND INDUSTRY RISKS

Adverse global or regional conditions could harm our business.

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

In addition, armed conflicts and heightened geopolitical tensions can result in sanctions, export controls, tariffs and other trade restrictions, limit or restrict our ability to access certain markets and disrupt critical logistics networks, including air and ocean freight routes. For example, the escalation of the conflict involving Iran and heightened tensions in the Middle East could cause disruption to critical logistics and supply routes, which could affect the availability and cost of materials used in our business. Additionally, China has imposed export restrictions on rare earth minerals and related materials critical to semiconductor and hard drive manufacturing. These developments have increased, and could further increase, costs for, or limit the availability of, energy, rare earth minerals, materials, components and transportation, constrain manufacturing capacity and may require us to redesign products or reconfigure aspects of our global supply chain. Geopolitical instability may also elevate cybersecurity risks, including state-sponsored attacks, which could disrupt our operations or those of our suppliers, customers or partners, and further adversely affect demand for our products.

Our revenue growth is significantly dependent on the growth of international markets, and we are subject to risks that could harm our business associated with our global manufacturing operations, global sales efforts and our utilization of contract manufacturers. These risks include: the need to obtain governmental approvals and compliance with evolving foreign regulations; the need to comply with regulations on international business, including the Foreign Corrupt Practices Act, the United Kingdom Bribery Act 2010, the anti-bribery laws of other countries and rules regarding conflict minerals; the effects of political and economic instability; exchange, currency and tax controls and reallocations; the ongoing development and applicability of global and local tax systems; weaker protection of IP rights; policies and financial incentives by governments in China, the U.S., and countries in Europe and Asia designed to reduce dependence on foreign manufacturing capabilities; trade restrictions, such as export controls, export bans, import restrictions, embargoes, sanctions, license and certification requirements (including encryption and other technology), trade wars, tariffs and complex customs regulations; difficulties in managing international operations, including appropriate internal controls; and fluctuations in financial markets and interruptions to supply chains from public health crises.

In addition, if we fail to effectively manage our government relationships in various jurisdictions in which we operate, we may experience missed opportunities (including incentives and investments), unfavorable policy outcomes or operational inefficiencies, any of which would put us at a competitive disadvantage.

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

Our business, financial condition and results of operations may be adversely affected by uncertainty and changes in U.S. trade policies, including tariffs, trade agreements or other trade restrictions imposed by the U.S. or other governments. Changes to U.S. trade policy, in particular with regard to tariffs, have caused substantial market uncertainty and, in certain cases, retaliatory measures by trading partners.

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

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

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

Our industry is subject to variations in demand, pricing and competitive factors, which can negatively impact our business.

Demand for and prices of our products are influenced by, among other factors, the actual and projected growth of data to be stored, the spending plans of our large hyperscale customers, the balance between supply and demand in the storage market, macroeconomic factors (such as tariffs and actual or perceived threat of recessions), business conditions, the emergence or growth of new or existing technologies (including AI), technology transitions and other actions taken by us or our competitors. We experience competition from other companies that produce alternative storage technologies such as flash memory, particularly in our legacy markets where we participate with our lower capacity, smaller form factor HDDs. The storage market has in the past experienced, and may in the future experience, periods of excess capacity leading to our factories running below the desired utilization levels, resulting in us taking underutilization charges, inventory write-downs and reductions in average selling prices (“ASPs”), all of which lead to negative impacts on our revenue and gross margins.

While our ASPs tend to be relatively stable, we may experience periods during an industry downturn when we face adverse headwinds to our ASPs. Additionally, our gross margin may face downward pressure if we are unable to migrate our product mix to the higher capacity needs of our customers and/or to reach the desired manufacturing yield in our production.

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

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

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

We may incur losses beyond the limits of, or outside the scope of, the coverage of our insurance policies. There can be no assurance that in the future we will be able to maintain existing insurance coverage or that premiums will not increase substantially. Due to market availability, pricing or other reasons, we may elect not to purchase insurance coverage or to purchase only limited coverage. We maintain limited insurance coverage and, in some cases, no coverage at all, for natural disasters and damage to our facilities, as these types of insurance are sometimes not available or available only at a prohibitive cost. Climate change may reduce the availability or increase the cost of certain types of insurance by contributing to an increase in the incidence and severity of certain natural disasters and adverse weather events. Losses not covered by insurance may be significant, which could materially harm our results of operations and financial condition.

We may be adversely affected by the risks, challenges, and evolving regulatory landscape associated with the use of AI in our operations, product development, and business practices.

We are increasingly leveraging AI technologies, including generative AI applications and tools, to support and enhance our various operational processes. While AI may promote efficiency and offer analytical advantages, it is complex and rapidly-changing, and its implementation carries inherent risks. Implementation of AI technologies can be costly and time-consuming, and the effectiveness or potential benefits of such technologies may vary depending on use case, integration, and oversight. The incorporation of AI algorithms or training methodologies into our operations or decision-making processes may result in flawed, irrelevant, insufficient, inaccurate, biased or non-compliant outputs, potentially impacting our strategic choices, operational effectiveness, and regulatory compliance. These inaccuracies can arise from limitations in training data, algorithmic design, or unintended consequences of machine learning models. Actual or perceived deficiencies, failures or misuse in our implementation or use of AI could result in competitive disadvantages, operational inefficiencies, regulatory action, legal liability, brand or reputational harm, and negative financial results.

In addition, the use of AI in the development of our products could potentially lead to ambiguities in intellectual property ownership, infringement or misappropriation risks, which could impact our competitive position and expose us to litigation, monetary penalties, or operational disruptions. The unauthorized or unapproved use of generative AI tools by our employees, contractors, or other third parties, as well as overreliance on AI automation or agentic AI without appropriate human oversight, may lead to the inadvertent disclosure of confidential, proprietary, or personal information, flawed or unauthorized actions, or other adverse consequences, including disruptions to business operations, exposing us to data security, privacy, legal, regulatory, and reputational risks.

Misuse of such tools can also result in violations of applicable laws and regulations, including data protection and intellectual property laws. Governments worldwide are adopting or proposing AI-specific regulations, including the European Union's Artificial Intelligence Act, as well as various proposed frameworks in the U.S., China, and other jurisdictions. These regulations may impose requirements on the development, deployment, and use of AI systems in our products or operations, require jurisdiction-specific product configurations, increase compliance costs, or limit our ability to leverage AI technologies. The evolving and potentially divergent nature of these regulations creates uncertainty and could adversely affect our business. Public and governmental perceptions regarding the use and impact of AI may evolve over time and could give rise to new regulatory requirements, legal liability, or reputational harm. If we enable or offer products that support AI solutions that draw controversy due to their perceived or actual impact on society, including concerns relating to human rights, privacy, employment, or other social, economic, or political issues, we may experience reputational harm, competitive harm, or legal liability, even if we do not directly control the end-use applications.

Further, the rapid growth of AI infrastructure, including data centers that use our products, requires substantial energy consumption. Environmental concerns about the energy demands of AI workloads, including actual or perceived environmental issues associated with data center power consumption, could lead to regulatory constraints on data center development, increased sustainability reporting obligations, or shifts in customer or public sentiment regarding AI infrastructure expansion. Any of these developments could adversely affect demand for our products or increase our customers' costs of deploying storage solutions in AI environments, which could have a material adverse effect on our business.

We have historically experienced variability in our sales and cyclicality in our industry, which could cause our operating results to fluctuate. In addition, accurately forecasting demand is difficult, which could harm our business.

Our business is subject to variability of sales because it is largely dependent on the buying patterns of our large Cloud customers, driven by their needs for deploying our technology in their data center buildouts, as well as on their ability to procure other products that go into such buildouts. Changes in their demand patterns and in cyclical supply and demand patterns have made it, and could continue to make it, difficult for us to forecast demand. Changes in the linearity of our business within a quarter can also impact our business. As a result of the above or other factors, our forecast of financial results for a given quarter may differ materially from our actual financial results.

The variety and volume of products we manufacture are based in part on accurately forecasting market and customer demand for our products, which are influenced by a wide variety of factors. As a result of the number and complexity of these factors, accurately forecasting demand has at times been difficult for us, our customers and our suppliers. In addition, because our products are designed to be largely interchangeable with competitors' products, our demand forecasts may be impacted significantly by the strategic actions of our competitors. If our forecasts exceed actual market demand, there could be periods of product oversupply, excess inventory, underutilization of manufacturing capacity and price decreases, which could impact our sales, ASPs and gross margin or require us to incur inventory write-downs or charges for unabsorbed manufacturing overhead, thereby negatively affecting our operating results and our financial condition. If market demand increases significantly beyond our forecasts or beyond our ability to add manufacturing capacity, then we may not be able to satisfy customer product needs, possibly resulting in a loss of market share if our competitors are able to meet customer demands. In addition, some of our components have long lead-times, requiring us to place orders several months in advance of anticipated demand. Such long lead-times increase the risk of excess inventory, potentially resulting in inventory write-downs, or loss of sales in the event our forecasts vary substantially from actual demand.

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

We have experienced cybersecurity incidents of varying degrees on our technology infrastructure and information systems and, as a result, unauthorized parties have obtained in the past, and may obtain in the future, access to our computer systems and networks, including cloud-based platforms. These incidents have in the past caused, and may in the future cause, disruption to parts of our business operations and result in various investigation, recovery and remediation expenses. In addition, the technology infrastructure and information systems of some of our suppliers, vendors, service providers, cloud solution providers and partners have in the past experienced, and may in the future experience, such incidents. Types of cybersecurity incidents include but are not limited to ransomware, network or computer denial-of-service attacks, unauthorized access to and theft of confidential data, or other attacks, including the covert introduction of malware to computers and networks, and the use of techniques or processes that change frequently, may be disguised or difficult to detect, or are designed to remain dormant until a triggering event, and may continue undetected for an extended period of time. Cybersecurity incidents have in the past resulted from, and may in the future result from, social engineering or impersonation of authorized users, and may also result from efforts to discover and exploit any design flaws, bugs, security vulnerabilities or security weaknesses, intentional or unintentional acts by employees or other insiders with access privileges, intentional acts of vandalism or fraud by third parties and sabotage. In some instances, efforts to correct vulnerabilities or prevent incidents have in the past, and may in the future, reduce the functionality or performance of our information systems and networks, which could negatively impact our business. We believe malicious cybersecurity acts are increasing in number and that cybersecurity threat actors are increasingly organized and well-financed or supported by state actors and are developing increasingly sophisticated systems and means to not only infiltrate information systems, but also to evade detection or to obscure their activities. Additionally, as AI capabilities continue to evolve and become more readily available, we may face increasingly sophisticated cyberattacks that leverage AI technologies. These may include highly convincing phishing or social engineering attacks that use AI-generated deepfakes, the exploitation of vulnerabilities in electronic identity validation security programs via AI-replicated images or voices, or the inadvertent incorporation of malicious or hallucinated content generated by AI tools into our systems or those of our customers or partners. Separately, the AI technologies that we employ for business purposes may be vulnerable to prompt-injection or other adversarial attacks, which could result in unauthorized access to or leakage of sensitive information. Geopolitical tensions or conflicts may also create heightened risk of cybersecurity incidents.

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

When efforts to breach our infrastructure, information systems or products are successful, we have in the past suffered, and could in the future suffer, interruptions, delays or cessation of operations of our information systems, and loss or misuse of proprietary or confidential information, IP, or sensitive or personal information. We may also experience disruptions or outages of our information systems due to internal or third-party mistakes or technical errors, including due to software updates, which could disrupt our business operations. Compromises of our infrastructure, information systems or products could also cause our customers and other affected third parties to suffer loss or misuse of proprietary or confidential information, IP, or sensitive or personal information and could harm our relationships with customers and other third parties and subject us to liability. As a result of actual or perceived cybersecurity incidents or other information system disruptions, we have in the past experienced and may in the future experience additional costs, notification requirements, civil and administrative fines and penalties, indemnification claims, litigation or damage to our brand and reputation. All of these consequences could harm our reputation and our business and materially and negatively impact our operating results and financial condition.

FINANCIAL RISKS

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

We utilize debt financing in our capital structure. Our past debt levels have at times been substantial, and we may in the future incur additional debt, including under our revolving credit facility maturing in January 2027 (the “Revolving Credit Facility”), subject to customary conditions in our loan agreements. Substantial levels of debt could have significant consequences, including limiting our ability to obtain additional financing for working capital, capital expenditures, acquisitions or other general corporate purposes; requiring a substantial portion of our cash flows to be dedicated to debt service payments instead of other purposes; and imposing financial and other restrictive covenants on our operations.

We also utilize convertible debt in our capital structure. Our 3.00% convertible senior notes due 2028 (the “2028 Convertible Notes”) are currently convertible as a result of the sale price conditional feature being triggered, and as a result, the holders of the 2028 Convertible Notes have the right to convert the notes during the next succeeding calendar quarter. As such, these convertible notes were classified as current debt as of July 3, 2026. When holders of our convertible debt exercise conversion rights, we are required to settle the principal amount of the converted notes in cash and may pay or deliver, as the case may be, cash, shares of our common stock or a combination thereof, at our election, in respect of the remainder, if any, of our conversion obligation in excess of the principal amount. The satisfaction of our conversion obligations, therefore, could reduce available cash, result in the incurrence of additional borrowings, and/or result in the issuance of a significant number of shares of our common stock, which issuance could dilute our existing stockholders, reduce the value of our common stock, or both.

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

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

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

Changes in tax laws in the U.S., the European Union and around the globe have impacted and will continue to impact our effective worldwide tax rate, which may materially affect our financial position and results of operations. In the U.S., the One Big Beautiful Bill Act of 2025 (OBBBA) includes broad tax reform provisions. Further, the Organization for Economic Cooperation and Development (OECD) two-pillar approach to taxation with a global corporate minimum tax rate of 15% has been enacted in several jurisdictions. Due to the large scale of our U.S. and international business operations, enacted and proposed changes to tax laws — including those affecting the taxation of our global activities — could materially affect our worldwide effective tax rate and adversely impact our financial results and cash flows.

Additionally, portions of our operations are subject to a reduced tax rate or are free of tax under various tax holidays that expire in whole or in part from time to time, or may be terminated if certain conditions are not met. Although many of these holidays may be extended when certain conditions are met, in the past we have not been able to, and in the future, we may not be able to meet such conditions. If the tax holidays are not extended, or if we fail to satisfy the conditions of the reduced tax rate, then our effective tax rate could increase in the future. Our effective tax rate may be negatively impacted if we are unable to realize deferred tax assets. We regularly review our deferred tax assets for recoverability and establish a valuation allowance if it is more likely than not that some portion or all of a deferred tax asset will not be realized. If we are unable to generate sufficient future taxable income or if there is a change to the time period within which the underlying temporary differences become taxable or deductible, we could be required to increase our valuation allowance against our deferred tax assets, which could result in a material increase in our effective tax rate.

Our determination of our tax liability in the U.S. and other jurisdictions is subject to review by applicable domestic and foreign tax authorities. For example, as disclosed in Part II, Item 8, Note 9, *Income Taxes*, of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K, we are under examination by the Internal Revenue Service for certain fiscal years. Although we believe our tax positions are properly supported, the final timing and resolution of any tax examinations are subject to significant uncertainty and could result in litigation or the payment of significant amounts to the applicable tax authority in order to resolve examination of our tax positions, which could result in an increase of our current estimate of unrecognized tax benefits and may harm our business.

If the completed Separation of Sandisk were to fail to qualify as a transaction that is generally tax-free for U.S. federal income tax purposes, we and our stockholders could be subject to significant tax liabilities.

On February 21, 2025, we completed our planned spin-off of our Flash business unit from our remaining HDD business (which we refer to as the Separation), as a result of which Sandisk Corporation ("Sandisk") became an independent public company. While the Separation was intended to be tax-free to our stockholders for U.S. federal income tax purposes, there is no assurance that the Separation will qualify for this treatment. If the Separation is ultimately determined to be taxable, Western Digital, Sandisk, or our stockholders could incur income tax and/or other liabilities that could be significant. Any of these factors could have a material adverse effect on our business, financial condition, results of operations, cash flows, and the price of our common stock.

Any decisions to reduce or discontinue paying cash dividends to our stockholders or the repurchase of our shares of common stock pursuant to our previously announced share repurchase program could cause the market price for our common stock to decline.

Although our Board of Directors authorized the adoption of a quarterly cash dividend program and a share repurchase program during the fourth quarter of 2025, we are under no obligation to pay cash dividends to our stockholders in the future or to repurchase shares of our common stock at any particular price or at all. The declaration and payment of any future dividends and any future repurchase of our common stock is at the discretion of our Board of Directors. Our payment of quarterly cash dividends and the repurchase of shares of our common stock pursuant to our share repurchase program are subject to, among other things, our financial position and results of operations, available cash and cash flow, capital and regulatory requirements, market and economic conditions, the market price of our common stock, and other factors. Any reduction or discontinuance by us of the payment of quarterly cash dividends or the repurchase of shares of our common stock could cause the market price of our common stock to decline. Moreover, in the event our payment of quarterly cash dividends or repurchases of shares of our common stock is reduced or discontinued, our failure or inability to resume such activities could result in a persistent lower market valuation for our common stock.

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

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

Prices for our products are substantially U.S. dollar denominated, even when sold to customers that are located outside the U.S. Therefore, as a substantial portion of our sales are from countries outside the U.S., fluctuations in currency exchange rates, such as the strengthening of the U.S. dollar against other foreign currencies, could increase the cost of our products in those countries and negatively impact demand and revenue growth. In addition, currency variations may adversely affect, and from time to time have adversely affected, margins on sales of our products in countries outside the U.S.

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

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

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

LEGAL AND COMPLIANCE RISKS

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

We are subject to laws, rules and regulations relating to the collection, use, security and privacy of data, including data that relates to or identifies an individual person. We are also subject to the terms of our privacy policies and obligations to third parties related to privacy, data protection and security. In many cases, these requirements apply not only to third-party transactions, but also to transfers of information between our information systems and our subsidiaries, and among us, our subsidiaries and other parties with which we have commercial relations. Our possession and use of data, including personal data and employee data in conducting our business, subjects us to legal and regulatory obligations that require us to notify vendors, customers or employees or other parties with which we have commercial relations of a data security breach and to respond to regulatory inquiries and to enforcement proceedings. Managing these notifications, especially in large volumes, can lead to significant expenses, even with cybersecurity insurance coverage. Laws and regulations relating to the collection, use, security and privacy of data change over time and new laws and regulations become effective from time to time. We are subject to notice and privacy statement requirements, as well as obligations to respond to data subject requests. Global privacy and data protection legislation, enforcement and policy activity in this area are rapidly expanding and evolving, including with respect to the use of AI, and may be inconsistent from jurisdiction to jurisdiction. We may also be subject to restrictions on cross-border data transfers and requirements for localized storage of data that could increase our compliance costs and risks and affect the ability of our global operations to coordinate activities and respond to customers and individuals. Our use of AI technology may create new privacy and security risks, especially where personal data is involved. The use of AI may raise ethical concerns, lead to flawed outcomes, or present other privacy and security risks that could make it more difficult to adopt or implement effectively. Compliance requirements or even our inadvertent failure to comply with applicable laws may cause us to incur substantial costs, subject us to proceedings by governmental entities or others, and cause us to incur penalties or other significant legal liability or lead us to change our business practices.

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

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

Litigation is subject to inherent risks and uncertainties that may cause actual results to differ materially from our expectations. In the event of an adverse outcome in any litigation, investigation or governmental proceeding, we could be required to pay substantial damages, fines or penalties and cease certain practices or activities, including the manufacture, use and sale of products. With or without merit, such matters may be complex, may extend for a protracted period of time, may be very expensive and the expense may be unpredictable. Litigation initiated by us could also result in counter-claims against us, which could increase the costs associated with the litigation and result in our payment of damages or other judgments against us. In addition, litigation, investigations or governmental proceedings and any related publicity may divert the efforts and attention of some of our key personnel, affect demand for our products and harm the market prices of our securities.

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

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

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

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

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

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

Our success depends, in significant part, on the proprietary nature of our technology, including non-patentable IP such as our process technology. If we fail to protect our technology, IP or contract rights, our customers and others may seek to use our technology and IP without the payment of license fees and royalties, which could weaken our competitive position, reduce our operating results and increase the likelihood of costly litigation. We primarily rely on patent, copyright, trademark and trade secret laws, as well as non-disclosure agreements and other methods, to protect our proprietary technologies and processes. There can be no assurance that our existing patents will continue to be held valid, if challenged, or that they will have sufficient scope or strength to protect us. It is also possible that competitors or other unauthorized third parties may obtain, copy, use or disclose, illegally or otherwise, our proprietary technologies and processes, despite our efforts to protect our proprietary technologies and processes. If a competitor is able to reproduce or otherwise capitalize on our technology despite the safeguards we have in place, it may be difficult, expensive or impossible for us to obtain necessary legal protection. There are entities whom we believe may infringe our IP. Enforcement of our rights often requires litigation. If we bring a patent infringement action and are not successful, our competitors may be able to use similar technology to compete with us. Moreover, the defendant in such an action may successfully countersue us for infringement of their patents or assert a counterclaim that our patents are invalid or unenforceable. Also, the laws of some foreign countries may not protect our IP to the same extent as do U.S. laws. In addition to patent protection of IP rights, we consider elements of our product designs and processes to be proprietary and confidential. We rely upon employee, consultant and vendor non-disclosure agreements and contractual provisions and a system of internal safeguards to protect our proprietary information. However, we cannot be certain that these contracts and safeguards have not been and will not be breached, that we will be able to timely detect unauthorized use or transfer of our technology and IP, that we will have adequate remedies for any breach or that our trade secrets will not otherwise become known or be independently discovered by competitors. Any of our registered or unregistered IP rights may be challenged or exploited by others in the industry, which could harm our operating results.

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

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

We are subject to, and may become subject to, additional, state, federal and international laws and regulations governing our environmental, labor, trade, health and safety practices and public company reporting and disclosures requirements. These laws and regulations, particularly those applicable to our international operations, are or may be complex, extensive and subject to change. If we or our suppliers, customers and partners do not timely comply with such laws and regulations, it may result in an increase in our operating costs. Legislation has been, and may in the future be, enacted in locations where we manufacture or sell our products, which could impair our ability to conduct business in certain jurisdictions or with certain customers and harm our operating results. In addition, climate change and financial reform legislation is a significant topic of discussion and has generated and may continue to generate federal, international or other regulatory responses in the near future, which could substantially increase the complexity of our public-company reporting and disclosure requirements and our compliance and operating costs. If we or our suppliers, customers or partners fail to timely comply with applicable legislation, certain customers may refuse to purchase our products or we may face increased operating costs as a result of taxes, fines or penalties, or legal liability and reputational damage, which could harm our business.

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

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

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

Further, our stakeholders, including investors, customers, employees, and regulators, may have different, and at times conflicting, expectations regarding our ESG initiatives and goals. Proponents and opponents of sustainability and corporate responsibility initiatives are increasingly resorting to activism or litigation to advance their respective positions. Actions we take in response to one set of stakeholder expectations may be viewed unfavorably by others, which could expose us to reputational harm, loss of business or litigation regardless of the approach we adopt.

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

Our Bylaws provide that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or the federal district court in the State of Delaware if the Court of Chancery does not have subject matter jurisdiction) is the sole and exclusive forum for (i) any derivative action brought on behalf of the company, (ii) any action asserting a claim of breach of a fiduciary duty owed by any current or former director, officer or other employee of the company or its stockholders, (iii) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law or our Certificate of Incorporation or Bylaws, or (iv) any action asserting a claim governed by the internal affairs doctrine (the "Delaware Exclusive Forum Provision"). Our Bylaws further provide that the federal district courts of the

U.S. will, to the fullest extent permitted by law, be the exclusive forum for resolving any complaint asserting a cause of action under the Securities Act of 1933, as amended (the "Federal Forum Provision").

The Delaware Exclusive Forum Provision is intended to apply to claims arising under Delaware state law and would not apply to claims brought pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act") or any other claim for which the federal courts have exclusive jurisdiction. In addition, the Federal Forum Provision is intended to apply to claims arising under the Securities Act of 1933, as amended (the "Securities Act") and would not apply to claims brought pursuant to the Exchange Act. The exclusive forum provisions in our Bylaws will not relieve us of our duties to comply with the federal securities laws and the rules and regulations thereunder and, accordingly, actions by our stockholders to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder must be brought in federal courts. Our stockholders will not be deemed to have waived our compliance with these laws, rules and regulations.

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

Item 1B. *Unresolved Staff Comments*

Not applicable.

Item 1C. *Cybersecurity*

Risk Management and Strategy

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

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

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

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

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

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

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

Governance

We have implemented a governance framework related to cybersecurity that includes operational risk-mitigation practices and Board-level cybersecurity risk oversight.

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

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

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

Item 2. *Properties*

Our principal executive offices are located in San Jose, California. Our leased facilities have contracts expiring at various times through 2034. Our principal manufacturing, R&D, marketing and administrative facilities as of July 3, 2026 were as follows:

Location	Buildings Owned or Leased	Approximate Square Footage	Description
United States			
California			
Fremont	Leased	295,000	Manufacturing and R&D
Irvine	Leased	258,000	R&D, administrative, marketing and sales
San Jose	Owned	1,957,000	Manufacturing, R&D, administrative, marketing and sales
Colorado			
Colorado Springs	Leased	54,000	R&D
Minnesota			
Rochester	Leased	111,000	R&D
Asia			
China			
Shenzhen	Owned and Leased	614,000	Manufacturing
India			
Bangalore	Leased	209,000	R&D and administrative
Japan			
Fujisawa	Owned	638,000	R&D
Malaysia			
Johor Bahru	Owned	277,000	Manufacturing
Kuala Lumpur	Owned	145,000	R&D and administrative
Kuching	Owned	638,000	Manufacturing and R&D
Penang	Owned	1,192,000	Manufacturing
Philippines			
Laguna	Owned	632,000	Manufacturing and administrative
Singapore	Leased	6,000	Administrative, marketing and sales
Thailand			
Bang Pa-In	Owned and Leased	1,595,000	Manufacturing and R&D
Prachinburi	Owned	1,568,000	Manufacturing

We also lease office space in various other locations worldwide primarily for R&D, marketing and sales, and administration. Although we believe our present facilities are adequate for our current needs, we anticipate making additional investments to enhance our operations.

Item 3. *Legal Proceedings*

See Part II, Item 8, Note 16, *Legal Proceedings* of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K for disclosures regarding certain legal proceedings, which are incorporated by reference herein.

Item 4. *Mine Safety Disclosures*

Not applicable.

PART II

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

Market Information for Common Stock

Our common stock is listed on the Nasdaq Global Select Market under the symbol "WDC". The approximate number of holders of record of our common stock as of August 7, 2026 was 644.

Dividends

Cash Dividend Program

On April 29, 2025, our Board of Directors authorized the adoption of a quarterly cash dividend program. Under the cash dividend program, holders of our common stock will receive dividends when and as declared by our Board of Directors. During the year ended July 3, 2026, we paid aggregate cash dividends of $0.50 per share on our outstanding common stock, totaling $174 million, plus $2 million paid to the holders of our then-outstanding Series A Preferred Stock ("Preferred Shares") in accordance with their participation rights.

Subsequent to year-end, on August 4, 2026, our Board of Directors declared a cash dividend of $0.15 per share of our common stock, which will be paid on September 17, 2026 to our shareholders of record as of the close of business on September 8, 2026.

We may modify, suspend, or cancel our cash dividend program in any manner and at any time. The amount of future dividends under our cash dividend program, and the declaration and payment thereof, will be based upon all relevant factors, including our financial position, results of operations, cash flows, capital requirements and restrictions under our credit and other financing agreements, and shall be in compliance with applicable law.

Issuer Purchases of Equity Securities

The following table provides information about repurchases by us of shares of our common stock during the quarter ended July 3, 2026:

(in millions, except average price paid per share)	Total Number of Shares Purchased	Average Price Paid per Share[1]	Total Number of Shares Purchased As Part of Publicly Announced Program[2]	Maximum Value of Shares that May Yet be Purchased Under the Program[2]
April 4, 2026 - May 1, 2026	0.8	$ 362.89	0.8	$ 3,635
May 2, 2026 - May 29, 2026	2.5[3]	485.14	0.6	$ 3,340
May 30, 2026 - July 3, 2026	3.1[4][5]	532.06	0.2	$ 3,260
Total for the quarter ended July 3, 2026	6.4	$ 426.16	1.6	

(1) Includes commissions.

(2) On May 9, 2025, our Board of Directors authorized a Share Repurchase Program (as defined below) for the repurchase of up to $2.0 billion of our common stock, and on February 2, 2026, our Board of Directors authorized the repurchase of up to an additional $4.0 billion of the Company's common stock. There is no expiration date for the Share Repurchase Program. Repurchases under the Share Repurchase Program may be made in the open market or in privately negotiated transactions and may be made under a Rule 10b5-1 plan. We expect share repurchases to be funded primarily by operating cash flows. The amount and timing of share repurchases will depend on market conditions and other corporate considerations. We may suspend or discontinue the Share Repurchase Program at any time.

(3) Amount includes an aggregate of 1,865,801 shares of our common stock that we received on May 7, 2026 in exchange for an aggregate of 653,203 shares of common stock of Sandisk. This transaction is not part of our publicly announced Share Repurchase Program and the shares received in this equity-for-equity exchange are not reflected in the column captioned "Average Price Paid per Share."

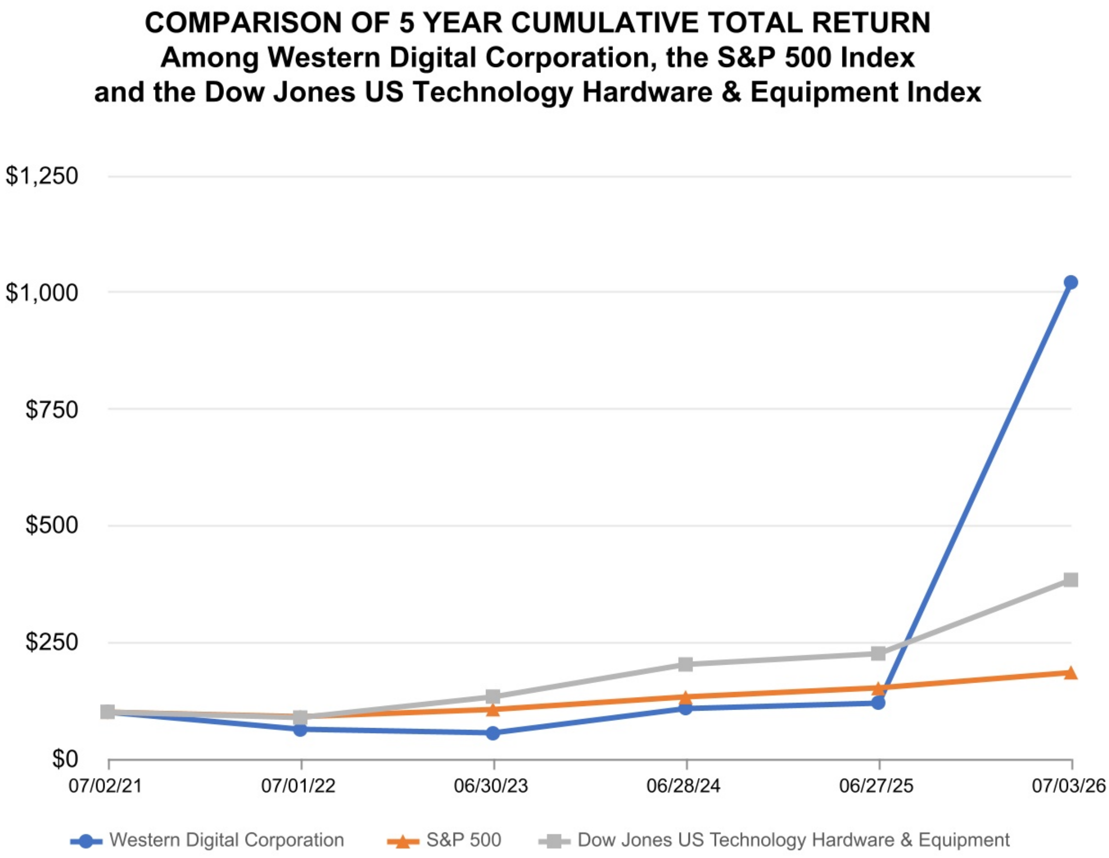
(4) Amount includes an aggregate of 15,554 shares of our common stock that we received in June 2026 upon the settlement of $32 million notional amount of Capped Calls (as defined below) in connection with the settlement of the same principal amount of 2028 Convertible Notes that had been tendered by the holders. This transaction is not part of our publicly announced Share Repurchase Program and the shares received from the settlement of these Capped Calls are not reflected in the column captioned "Average Price Paid per Share."

(5) Amount includes an aggregate of 2,890,702 shares of our common stock that we received on June 22, 2026 in exchange for an aggregate of 1,038,681 shares of common stock of Sandisk. This transaction is not part of our publicly announced Share Repurchase Program and the shares received in this equity-for-equity exchange are not reflected in the column captioned "Average Price Paid per Share."

Stock Performance Graph

The following graph compares the cumulative total stockholder return of our common stock with the cumulative total return of the S&P 500 Index and the Dow Jones U.S. Technology Hardware & Equipment Index for the five years ended July 3, 2026. The graph assumes that $100 was invested in our common stock at the close of market on July 2, 2021 and that all dividends, including the distribution of Sandisk shares at Separation, were reinvested. Stockholder returns over the indicated period should not be considered indicative of future shareholder returns.

TOTAL RETURN TO STOCKHOLDERS
(Assumes $100 investment at market close on July 2, 2021)



Total Return Analysis

	July 2, 2021	July 1, 2022	June 30, 2023	June 28, 2024	June 27, 2025	July 3, 2026
Western Digital Corporation	$ 100.00	$ 61.84	$ 54.02	$ 107.92	$ 119.52	$ 1,020.64
S&P 500 Index	$ 100.00	$ 89.17	$ 105.53	$ 131.44	$ 150.59	$ 184.79
Dow Jones U.S. Technology Hardware & Equipment Index	$ 100.00	$ 87.80	$ 132.54	$ 201.65	$ 225.09	$ 383.01

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

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

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

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

Our Company

We are a leading developer, manufacturer, and provider of data storage devices and solutions based on HDD technology. HDDs are critical components of the global data infrastructure market and play an essential role in enabling the AI-driven data economy. They provide reliable, cost-effective, high-capacity storage for a broad range of applications, including cloud data centers, enterprise storage systems, edge computing, smart video, client and consumer devices.

Our broad portfolio of technology and products, sold under the Western Digital® and WD® brands, addresses our customers’ storage needs through multiple end markets: “Cloud,” “Client” and “Consumer”. Cloud is our largest and fastest growing end market comprised primarily of products for public or private cloud environments and enterprise customers. Through the Client end market, we provide our OEM and channel customers a broad array of high-performance HDD solutions across desktop and notebooks. The Consumer end market offers a comprehensive portfolio of HDD external storage products that we offer globally through our retail and channel partners.

Our fiscal year ends on the Friday nearest to June 30 and typically consists of 52 weeks. Approximately every five to six years, we report a 53-week fiscal year to align the fiscal year with the foregoing policy. Fiscal year 2026, which ended on July 3, 2026, comprised 53 weeks, with the first quarter consisting of 14 weeks and the remaining quarters consisting of 13 weeks. Fiscal years 2025 and 2024, which ended on June 27, 2025 and June 28, 2024, respectively, each comprised 52 weeks, with all quarters presented consisting of 13 weeks.

Key Developments

Market Conditions and Outlook

The increasing long-term demand for data storage in the cloud is benefiting our HDD business. The adoption of AI and workloads driven by hybrid data are propelling growth in data storage as well. This creates an accelerated demand for higher-capacity drives, which have greater manufacturing complexity and longer production lead times. In response, customers are partnering with us earlier to support their future growth requirements and are extending the duration of their commercial arrangements, which improves our long-term visibility of demand.

Separation of Business Units and Monetization of Sandisk Shares

In the previous fiscal year, on February 21, 2025, we completed the Separation to create two independent public companies, with WD continuing our existing HDD business and Sandisk, formerly a wholly-owned subsidiary of the Company, operating the Flash business. We believe the Separation has better positioned us as a pure-play HDD company that can execute innovative technology and product development, capitalize on unique growth opportunities, extend our leadership position, operate more efficiently, and pursue capital allocation strategies to maximize long-term shareholder value. As part of the Separation, we initially retained 28.8 million shares of Sandisk common stock. In June 2025, we used 21.3 million shares of Sandisk common stock in a tax-free exchange to reduce approximately $800 million in principal amount of our term loan A-3 (the “Term Loan A-3”). In February 2026, we executed a series of transactions pursuant to which we used 5.8 million shares of Sandisk common stock to further reduce our debt and fully redeem our previously outstanding 4.75% senior unsecured notes due 2026, 2.85% senior notes due 2029, 3.10% senior notes due 2032 and Term Loan A-3 through a tax-free exchange. In the fourth quarter of 2026, we completed two separate equity-for-equity exchanges, which used our remaining 1.7 million shares of Sandisk common stock to acquire 4.8 million shares of our common stock, thereby reducing our share count. As of July 3, 2026, we no longer held shares of Sandisk common stock.

Capital Allocation Actions

In addition to the actions taken to monetize our initial retained interest in shares of Sandisk, as noted above, we have continued to take significant actions to deleverage our business, reduce dilution and return capital to our investors.

In February 2026, we converted all remaining outstanding shares of our Preferred Shares, in accordance with their terms, into 7 million shares of our common stock.

In June 2026, we fully settled the conversion obligation on $32 million in aggregate principal amount of our 2028 Convertible Notes that were tendered in March 2026 (the “Tendered Notes”). We used $32 million of cash to settle the principal amount of the Tendered Notes, as required by the indenture, and elected to use an additional $328 million of cash to settle the conversion premium instead of settling the premium with 0.8 million shares of our common stock.

Also in June 2026, we entered into separate, privately negotiated exchange agreements with certain holders of $858 million in aggregate principal of our 2028 Convertible Notes. Pursuant to these agreements, we fully settled the obligation for $860 million in cash (which reflected principal amount and a small inducement cost) and 21.3 million shares of our common stock.

During our previous fiscal year, our Board of Directors authorized the adoption of a quarterly cash dividend program. Under the cash dividend program, holders of our common stock will receive dividends when and as declared by our Board of Directors. During the year ended July 3, 2026, we paid aggregate cash dividends of $0.50 per share of our outstanding common stock, totaling $174 million, plus $2 million paid to holders of our then-outstanding Preferred Shares in accordance with their participation rights.

Subsequent to year-end, on August 4, 2026, our Board of Directors declared a cash dividend of $0.15 per share of our common stock, which will be paid on September 17, 2026 to our shareholders of record as of the close of business on September 8, 2026.

During our previous fiscal year, our Board of Directors authorized a Share Repurchase Program for the repurchase of up to $2.0 billion of our common stock, and in February 2026, our Board of Directors authorized the repurchase of up to an additional $4.0 billion of our common stock. During the year ended July 3, 2026, we repurchased 14.7 million shares for a total cost of $2.59 billion. As of July 3, 2026, we had $3.26 billion available for repurchases under the Share Repurchase Program. Repurchases under the Share Repurchase Program may be made in the open market or in privately negotiated transactions and may be made under a Rule 10b5-1 plan. We expect shares repurchased under the Share Repurchase Program to be funded primarily by operating cash flows.

During the year ended July 3, 2026, our repurchases under our Share Repurchase Program and our election to settle the conversion premium on the Tendered Notes in cash, instead of shares of common stock, aggregated $2.92 billion, which resulted in an effective impact to our outstanding shares of common stock of approximately 15.5 million shares.

Information regarding our indebtedness, including the principal repayment terms, interest rates, covenants and other key terms of our outstanding indebtedness, and additional information on the terms of our Preferred Shares is included in Part II, Item 8, Note 7, *Debt*, and Note 13, *Shareholders' Equity and Convertible Preferred Stock*, of the Notes to Consolidated Financial Statements in this Annual Report on Form 10-K.

Results of Operations

Information provided herein is presented on a continuing operations basis to reflect the impact of the Separation. See Part II, Item 8, Note 4, *Discontinued Operations*, of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K for additional information regarding the Separation.

Summary Comparison of 2026, 2025 and 2024

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

	2026		2025		2024	
	(in millions, except percentages)					
Revenue, net	$ 12,919	100.0 %	$ 9,520	100.0 %	$ 6,317	100.0 %
Cost of revenue	6,608	51.1	5,828	61.2	4,544	71.9
Gross profit	6,311	48.9	3,692	38.8	1,773	28.1
Operating expenses:						
Research and development	1,161	9.0	994	10.4	950	15.0
Selling, general and administrative	551	4.3	568	6.0	726	11.5
Litigation matter	—	—	(198)	(2.1)	291	4.6
Business realignment charges (credits)	146	1.1	(6)	(0.1)	209	3.3
Total operating expenses	1,858	14.4	1,358	14.3	2,176	34.4
Operating income (loss)	4,453	34.5	2,334	24.5	(403)	(6.4)
Interest and other income (expense):						
Interest income	51	0.4	45	0.5	33	0.5
Interest expense	(165)	(1.3)	(357)	(3.8)	(414)	(6.6)
Gain (loss) on retained interest in Sandisk	6,498	50.3	(772)	(8.1)	—	—
Costs in connection with debt-for-equity exchange	(545)	(4.2)	(100)	(1.1)	—	—
Costs in connection with convertible notes transactions	(108)	(0.8)	—	—	—	—
Costs in connection with equity-for-equity exchanges	(254)	(2.0)	—	—	—	—
Other income (expense), net	(25)	(0.2)	(20)	(0.2)	45	0.7
Total interest and other income (expense), net	5,452	42.2	(1,204)	(12.6)	(336)	(5.3)
Income (loss) before taxes	9,905	76.7	1,130	11.9	(739)	(11.7)
Income tax expense (benefit)	481	3.7	(513)	(5.4)	26	0.4
Net income (loss) from continuing operations	$ 9,424	72.9 %	$ 1,643	17.3 %	$ (765)	(12.1)%

(1) Percentages may not total due to rounding.

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

	2026	2025	2024
		(in millions)	
Net revenue by end market			
Cloud	$ 11,490	$ 8,341	$ 5,052
Client	726	556	577
Consumer	703	623	688
Total net revenue	$ 12,919	$ 9,520	$ 6,317
Net revenue by geography[1]			
Americas	$ 5,682	$ 4,592	$ 2,858
Asia	5,123	3,392	2,392
Europe, Middle East and Africa	2,114	1,536	1,067
Total net revenue	$ 12,919	$ 9,520	$ 6,317

[1] Net revenue is attributed to geographic regions based on the ship-to location of the customer.

Net Revenue

Net revenue increased by 36% in 2026 compared to 2025, primarily driven by a 25% increase in exabytes sold and an 8% increase in ASPs per exabyte, both of which were driven by strong demand across all of our end markets.

Cloud revenue, representing 89% of total net revenue, increased by 38% in 2026 compared to 2025, driven by a 27% increase in exabytes sold and an 8% increase in ASPs per exabyte. The increase in exabytes sold was driven by strong demand for our high-capacity enterprise products. The increase in ASPs per exabyte was due to an improved pricing environment.

Client revenue, representing 6% of total net revenue, increased by 31% in 2026 compared to 2025, driven by a 3% increase in exabytes sold and a 26% increase in ASPs per exabyte. The increase in exabytes sold and ASPs per exabyte were driven by dynamics largely consistent with our other end markets.

Consumer revenue, representing 5% of total net revenue, increased by 13% in 2026 compared to 2025, driven by a 1% increase in exabytes sold and a 12% increase in ASPs per exabyte. The increase in exabytes sold and ASPs per exabyte were driven by dynamics largely consistent with our other end markets.

For 2026, 2025 and 2024, our top 10 customers accounted for 73%, 68% and 55%, respectively, of our net revenue. For 2026, three customers accounted for 16%, 15%, and 13%, respectively, of our net revenue. For 2025, three customers accounted for 17%, 12%, and 10%, respectively, of our net revenue. For 2024, 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 2026, 2025 and 2024, these programs represented 9%, 10% and 11%, respectively, of gross revenue. The amounts attributed to our sales incentive and marketing programs generally vary according to several factors, including industry conditions, list pricing strategies, channel mix and overall availability of products. Changes in future customer demand and market conditions may require us to adjust our incentive programs as a percentage of gross revenue.

Gross Profit and Gross Margin

Gross profit increased by $2.62 billion in 2026 compared to 2025. The increase was largely due to an increased volume of shipments, a better cost structure on our newer generation products, a mix shift towards higher capacity drives and improved pricing. Gross margin increased 10.1 percentage points in 2026 compared to 2025. The shift toward higher capacity drives has benefited gross margin through both a better cost structure and improved pricing.

Operating Expenses

R&D expense increased by $167 million or 17% in 2026 compared to 2025. This increase was attributable to $70 million of incremental product development related costs as we continue to execute on our innovative technology and product roadmap, along with $75 million of higher compensation-related costs, reflecting increased headcount and variable compensation aligned with our improved financial performance during the current year.

Selling, general and administrative expense decreased by $17 million or 3% in 2026 compared to 2025, as 2025 included higher costs associated with the final planning and execution of the Separation, including transitional personnel costs and higher outside service fees.

For information regarding Litigation matter, see Part II Item 8, Note 16, *Legal Proceedings*, of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K.

For information regarding Business realignment charges (credits), see Part II Item 8, Note 10, *Business Realignment Charges (Credits)*, of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K.

Interest and Other Expense

Total interest and other income (expense), net changed by $6.66 billion or 553% in 2026 compared to 2025. The change primarily reflects a mark-to-market gain on our retained interest in Sandisk of $6.50 billion in the current year compared to a loss of $772 million in the prior year. The change also reflects $545 million of costs incurred in connection with our debt-for-equity exchange in the current year compared to $100 million in the prior year, $254 million of costs in connection with our equity-for-equity exchanges and $108 million of costs in connection with our convertible notes transactions in the current year, as well as lower interest expense of $192 million, which reflects the reduction in our debt levels.

Income Tax Expense (Benefit)

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

	2026	2025	2024
	(in millions, except percentages)		
Income (loss) before taxes	$ 9,905	$ 1,130	$ (739)
Income tax expense (benefit)	481	(513)	26
Effective tax rate	5 %	(45)%	(4)%

The primary drivers of the difference between the effective tax rate for 2026 and the U.S. Federal statutory rate of 21% are the relative mix of earnings and losses by jurisdiction, the deduction for Foreign-Derived Deduction Eligible Income ("FDDEI") tax credits, and the gain on the retained interest in Sandisk being tax-free due to the Separation. These resulted in decreases to the Company's effective tax rate below the U.S. Federal statutory rate. The Company's income tax provision for 2026 includes Global Minimum Tax ("GMT") for Malaysia as well as Thailand, a country for which the Company maintains a tax holiday.

The primary drivers of the difference between the effective tax rate for 2025 and the U.S. Federal statutory rate of 21% are the relative mix of earnings and losses by jurisdiction, the deduction for FDDEI, credits, and tax holidays in the Philippines and Thailand. These resulted in decreases to our effective tax rate below the U.S. Federal statutory rate for 2025. In anticipation of us operating as a standalone HDD business in a GMT environment, we executed an inter-entity asset transfer in conjunction with the Separation. This resulted in the recognition of one-time deferred tax benefits to continuing operations of $690 million. Our income before tax is reduced by a loss in our retained interest in Sandisk. This loss is not deductible for tax purposes and provides no income tax benefit to us.

For additional information regarding Income tax expense (benefit), see Part II, Item 8, Note 9, *Income Taxes*, of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K.

A discussion of our results of operations for 2024, including a comparison of such results of operations to 2025, is included in Part II, Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations,* included in our Annual Report on Form 10-K for the year ended June 27, 2025 filed with the SEC on August 14, 2025.

Liquidity and Capital Resources

The following table summarizes our statements of cash flows, which are presented on a consolidated basis. Cash flows related to discontinued operations have not been segregated. See Part II, Item 8, Note 4, *Discontinued Operations*, of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K for additional cash flow information related to our discontinued operations.

	2026	2025	2024
		(in millions)	
Net cash provided by (used in):			
Operating activities	$ 3,929	$ 1,691	$ (294)
Investing activities	(429)	150	(27)
Financing activities	(4,032)	(1,612)	187
Effect of exchange rate changes on cash	(3)	6	(10)
Net increase (decrease) in cash and cash equivalents	$ (535)	$ 235	$ (144)

Operating Activities

Net cash provided by or used in operating activities primarily consists of net income or loss, adjusted for non-cash charges, plus or minus changes in operating assets and liabilities. The significant improvement in cash from operating activities was driven by the improved profitability in the business during 2026. Net cash used for changes in operating assets and liabilities was $658 million for 2026, as compared to $1.03 billion of net cash used for such changes for 2025. Net cash used for changes in operating assets and liabilities in 2026 primarily consisted of a $627 million decrease in taxes payable resulting from the timing of payments, a $541 million increase in accounts receivable driven by our growth in shipments to customers, and a $218 million increase in inventories as we ramped production in response to growing demand. These uses were partially offset by a $385 million increase in accounts payable as we ramped up purchases for production as well as more favorable payment terms with suppliers, a $144 million increase in accrued compensation driven by higher performance on our variable compensation plans, and $230 million from other assets and liabilities primarily driven by recognition and payment of other taxes. Net cash used for changes in operating assets and liabilities in 2025 primarily consisted of a $409 million increase in inventories as we ramped production in response to growing demand, a $366 million decrease in accrued expenses resulting from a significant reduction in our derivative hedging activities since the Separation, and a $905 million decrease in other assets and liabilities, driven by the timing of recognition and realization of income taxes receivable. These uses were partially offset by a $307 million increase in accounts payable as we ramped up purchases for production as well as more favorable payment terms with suppliers and a $348 million increase in taxes payable resulting from the timing of payments.

Investing Activities

Net cash used in investing activities in 2026 primarily consisted of $418 million in capital expenditures. Net cash provided by investing activities in 2025 primarily consisted of $401 million in net proceeds from our sale of a majority interest in one of our subsidiaries and $148 million in net notes receivable proceeds from Flash Ventures, partially offset by $412 million in capital expenditures.

Financing Activities

During 2026, net cash used in financing activities primarily consisted of $2.59 billion for share repurchases, $1.22 billion to settle a portion of our 2028 Convertible Notes, $1.66 billion for repayments of our other debt, $376 million for taxes paid on vested stock awards under employee stock plans, and $184 million for dividends on our common stock and Preferred Shares. These uses were partially offset by $1.95 billion of proceeds from a bridge loan and a drawdown on our Revolving Credit Facility, along with $64 million of proceeds from the issuance of stock under our employee stock plans. During 2025, net cash used in financing activities primarily consisted of $2.09 billion used for the partial repayment of our 4.75% senior unsecured notes due 2026, repayment of borrowings on the Revolving Credit Facility, and scheduled principal payments on our term loans; $1.37 billion of cash transferred to Sandisk at the Separation; $149 million in share repurchases; $113 million for taxes paid on vested stock awards; $73 million in debt issuance costs; and $44 million in dividends on our common stock and our Preferred Shares. These uses were partially offset by $2.00 billion of proceeds from drawing on the Sandisk credit facilities in connection with the Separation, $150 million from the Revolving Credit Facility, and $77 million from issuances of shares under our employee stock plans.

In August 2024, we filed a shelf registration statement (the “Shelf Registration Statement”) with the SEC that expires in August 2027. The Shelf Registration Statement allows us to offer and sell shares of common stock, preferred stock, warrants, and debt securities. We may use the Shelf Registration Statement or other capital sources, including other offerings of equity or debt securities or the credit markets, to satisfy future financing needs, including planned or unanticipated capital expenditures, investments, debt repayments or other expenses. Any such additional financing will be subject to market conditions and may not be available on terms acceptable to us or at all.

Over the next five years, we expect our capital expenditures to average between 4% to 6% of our net revenue.

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

A total of $1.08 billion and $0.98 billion of our cash and cash equivalents were held outside of the U.S. as of July 3, 2026 and June 27, 2025, respectively. There are no material tax consequences that were not previously accrued for relating to the repatriation of this cash.

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

A discussion of our cash flows for 2024, including a comparison of such cash flows to 2025, is included in Part II, Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources*, included in our Annual Report on Form 10-K for the year ended June 27, 2025 filed with the SEC on August 14, 2025.

Off-Balance Sheet Arrangements

Other than certain indemnification provisions (see "Short- and Long-term Liquidity – *Purchase Obligations and Other Commitments*" below), we do not have any other material off-balance sheet financing arrangements or liabilities, guarantee contracts, retained or contingent interests in transferred assets, or any other obligation arising out of a material variable interest in an unconsolidated entity. We do not have any majority-owned subsidiaries that are not included in the Consolidated Financial Statements. Additionally, we do not have an interest in, or relationships with, any variable interest entities.

Short- and Long-term Liquidity

Material Cash Requirements

The following is a summary of our known material cash requirements, including those for capital expenditures, as of July 3, 2026. In addition, see the discussions further below related to our cash dividend program, share repurchase program, liability for unrecognized tax benefits, global minimum tax, foreign exchange contracts, litigation matters and indemnifications.

	Total	1 Year (2027)	2-3 Years (2028-2029)	4-5 Years (2030-2031)	More than 5 Years (Beyond 2031)
			(in millions)		
Debt, including interest	$ 1,075	$ 1,075	$ —	$ —	$ —
Operating leases	160	37	55	34	34
Purchase obligations and other commitments	310	65	77	97	71
Total	$ 1,545	$ 1,177	$ 132	$ 131	$ 105

Debt

As described in "Key Developments – *Capital Allocation Actions*" above, we undertook several financing actions during 2026, to settle a substantial portion of our debt.

As described in Part II, Item 8, Note 7, *Debt*, of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K, as of July 3, 2026, $710 million in aggregate principal amount of our 2028 Convertible Notes remained outstanding. The holders of the notes have had and continue to have the right to convert the notes through the calendar quarter ending September 30, 2026 based on the sale price conditional conversion feature in their terms. As of July 3, 2026, $343 million in aggregate principal amount of these notes had been tendered for conversion and we believe the remaining $367 million principal amount will likely be tendered in the next few months. We expect the settlement of these notes will require the use of an aggregate $710 million of cash to settle the principal amount with substantially all of any premium being settled in shares under the original terms of the notes.

In addition, as of July 3, 2026, we had $350 million outstanding on our Revolving Credit Facility maturing in January 2027. As of July 3, 2026, we had $900 million remaining available borrowing capacity under this facility, subject to customary conditions under the loan agreement. Additional information regarding our indebtedness, including information about availability under our Revolving Credit Facility, interest rates, covenants, collateral and other key terms of our outstanding indebtedness, is included in Part II, Item 8, Note 7, *Debt*, of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K.

We believe our existing cash and cash expected to be generated from our business will be adequate to meet our debt repayment requirements.

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

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

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

	July 3, 2026	June 27, 2025
	(in millions)	
Current assets	$ 2,360	$ 2,992
Non-current assets	4,415	4,553
Net intercompany payables to non-guarantor subsidiaries	516	1,543
Current liabilities	2,204	3,800
Non-current liabilities	449	2,873

The operating results of the Obligor Group include the following:

	Year Ended	
	July 3, 2026	June 27, 2025
	(in millions)	
Net sales	$ 5,726	$ 5,249
Gross profit	2,543	1,941
Operating income	1,092	279
Net income (loss)	6,196	(320)

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

	Year Ended	
	July 3, 2026	June 27, 2025
	(in millions)	
Intercompany revenue	$ 7,458	$ 1,378
Net intercompany interest (income) expense	33	(4)
Intercompany dividend income	94	2,215

Purchase Obligations and Other Commitments

We incur material capital expenditures to design and manufacture our products that depend on advanced technologies and manufacturing techniques. Our commitments as of July 3, 2026, are included under “Purchase obligations and other commitments” in the table above. For 2027, we expect capital expenditures to be higher than 2026 as we are making the necessary investments in our heads and media operations, as well as in automation to increase our productivity.

In the normal course of business, we also 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.

Cash Dividend Program

On April 29, 2025, our Board of Directors authorized the adoption of a quarterly cash dividend program. See Note 13, *Shareholders’ Equity and Convertible Preferred Stock*, of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K under the caption “Dividends to Common Shareholders” for further details.

Share Repurchase Program

Our Board of Directors has authorized a Share Repurchase Program and as of July 3, 2026, we had $3.26 billion available for repurchases under the program. See Note 13, *Shareholders’ Equity and Convertible Preferred Stock*, of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K under the caption “Share Repurchase Program” for further details.

Liability for Unrecognized Tax Benefits

As of July 3, 2026, the liability for unrecognized tax benefits (excluding accrued interest and penalties) was approximately $610 million. Accrued interest and penalties related to unrecognized tax benefits are recognized in liabilities for uncertain tax positions and are recorded in the provision for income taxes. Accrued interest and penalties related to unrecognized tax benefits as of July 3, 2026, were approximately $130 million. Of these amounts, approximately $585 million could result in potential cash payments, of which $349 million is reasonably expected to be paid within the next twelve months. The potential cash payments are expected to be netted with offsetting favorable tax receivables totaling $213 million, including a reduction to our mandatory deemed repatriation tax obligations related to the settlement for the years 2008 through 2015, for potential net cash payments of $136 million.

In connection with IRS settlements for the years 2008 through 2015, we expect to realize reductions to our mandatory deemed repatriation tax obligations and tax savings from interest deductions in future years aggregating to approximately $166 million. Of this amount, $65 million of savings is expected from the deductible interest paid with respect to years 2008 through 2015 that were previously classified as a deferred tax asset due to interest expense limitation rules have been utilized during the year ended July 3, 2026. See Part II, Item 8, Note 9, *Income Taxes* of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K.

Global Minimum Tax

As of July 3, 2026, we have accrued GMT liabilities of $89 million that are not expected to be paid until the second quarter of 2028.

Foreign Exchange Contracts

We purchase foreign exchange contracts to hedge the impact of foreign currency fluctuations on certain underlying assets, liabilities and commitments for operating expenses and product costs denominated in foreign currencies. For a description of our current foreign exchange contract commitments, see Part II, Item 7A., *Quantitative and Qualitative Disclosures About Market Risk*, included in this Annual Report on Form 10-K.

Litigation Matters

For additional information on our litigation matters, see Part II, Item 8, Note 16, *Legal Proceedings*, of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K.

Indemnifications

In the ordinary course of business, we may provide indemnifications of varying scope and terms to customers, vendors, lessors, business partners and other parties with respect to certain matters, including, but not limited to, losses arising out of our breach of agreements, products or services to be provided by us, environmental compliance, or from 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.

Recent Accounting Pronouncements

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

Critical Accounting Policies and Estimates

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

Revenue

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

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

Inventories

We periodically perform an analysis of potential excess and obsolete inventory based on assumptions, which includes changes in business and economic conditions, changes in technology and projected demand of our products. If in any period we anticipate a change in those assumptions to be less favorable than our previous estimates, additional inventory write-downs may be required and could materially and negatively impact our gross margin. Excess and obsolete reserves are released only when the underlying units are either sold or scrapped.

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

Income Taxes

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

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

Litigation and Contingencies

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

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

Disclosure About Foreign Currency Risk

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

We have performed sensitivity analyses for 2026 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 July 3, 2026. 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 $74 million at July 3, 2026.

During 2026, 2025 and 2024, total net realized and unrealized transaction and foreign exchange contract currency gains and losses were not material to our Consolidated Financial Statements.

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

Disclosure About Interest Rate Risk

Interest Rate Risk

We have historically held a balance of fixed and variable rate debt. As of July 3, 2026, our variable rate debt outstanding consisted of borrowings under our Revolving Credit Facility, which are based on index rates as discussed further in Note 7, *Debt*, of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K. As of July 3, 2026, the outstanding balance on our Revolving Credit Facility was $350 million, and a 1% increase in the variable rate of interest would increase annual interest expense by $4 million.

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

Index to Financial Statements

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors
Western Digital Corporation:

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

We have audited the accompanying consolidated balance sheets of Western Digital Corporation and subsidiaries (the Company) as of July 3, 2026 and June 27, 2025, the related consolidated statements of operations, comprehensive income (loss), cash flows, and convertible preferred stock and shareholders' equity for each of the fiscal years in the three-year period ended July 3, 2026, and the related notes (collectively, the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of July 3, 2026, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of July 3, 2026 and June 27, 2025, and the results of its operations and its cash flows for each of the fiscal years in the three-year period ended July 3, 2026, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of July 3, 2026 based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Basis for Opinions

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

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

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

Definition and Limitations of Internal Control Over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

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

Evaluation of sufficiency of audit evidence over certain variable consideration reductions to revenue

As discussed in Note 1 to the consolidated financial statements, the Company provides distributors and retailers (collectively referred to as resellers) with limited price protection and resellers and original equipment manufacturers (OEMs) with other sales incentive programs. The Company records the estimated variable consideration related to these items as a reduction to revenue at the time of revenue recognition.

We identified the evaluation of the sufficiency of audit evidence over certain variable consideration reductions to revenue for sales to resellers and OEMs as a critical audit matter. This matter required a high degree of auditor effort in performing procedures to assess the reasonableness of certain variable consideration and associated customer-related accruals as such reductions to revenue involve a number of complex integrated information technology (IT) systems. Therefore, our audit procedures required the involvement of IT professionals with specialized skills and knowledge and auditor judgment was required to determine the nature and extent of audit evidence obtained and to evaluate the results of the procedures.

The following are the primary procedures we performed to address this critical audit matter.

- We evaluated the design and tested the operating effectiveness of certain internal controls related to the Company’s process for determining variable consideration.
- We involved IT professionals with specialized skills and knowledge, who assisted in the determination and testing of certain IT general and application controls that are used by the Company to determine variable consideration.
- We assessed certain of the recorded variable consideration by selecting a sample of transactions and comparing the amounts recognized for consistency with underlying documentation.
- We evaluated the overall sufficiency of audit evidence obtained by assessing the results of procedures performed, including the appropriateness of such evidence.

Tax-free determination of the Flash business separation and debt-for-equity and equity-for-equity exchanges

As described in Note 4 to the consolidated financial statements, on February 21, 2025, the Company completed the separation of its Flash business through a pro rata distribution of 80.1% of the outstanding shares of Sandisk Corporation (Sandisk) to the Company's stockholders. In February 2026, in connection with the separation, and consistent with its original intent to monetize its retained interest in Sandisk, the Company completed an exchange of Sandisk common stock for its Bridge Loan and existing Term Loan A-3. Additionally, the Company completed exchanges of Sandisk common stock for 4.8 million shares of the Company's common stock. Management determined that the separation, debt-for-equity exchanges and equity-for-equity exchanges (collectively referred to as the Transactions) qualified as tax-free transactions under the applicable sections of the United States (U.S.) Internal Revenue Code. The determination of the tax consequences of these Transactions required management to make judgments about the application of tax laws and regulations.

We identified the evaluation of income tax treatment of the Transactions as a critical audit matter. This matter required especially subjective auditor judgment and effort in assessing the significant judgments by management in applying relevant tax laws and regulations in determining the tax-free treatment of the Transactions and in performing procedures and evaluating audit evidence. Involvement of professionals with specialized tax skills and knowledge was required.

The following are the primary procedures we performed to address this critical audit matter.

- We evaluated the design and tested the operating effectiveness of certain internal controls relating to management's determination of the tax-free treatment of the Transactions.

- We involved professionals with specialized skills and knowledge to assist in assessing the Company's identification, interpretation, and application of tax laws and evaluating the Company's analyses prepared to support management's determination that the Transactions qualified as tax-free.

/s/ KPMG LLP

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

Santa Clara, California
August 14, 2026

WESTERN DIGITAL CORPORATION
CONSOLIDATED BALANCE SHEETS
(in millions)

	July 3, 2026	June 27, 2025
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,579	$ 2,114
Accounts receivable, net	2,026	1,486
Inventories	1,511	1,291
Retained interest in Sandisk	—	354
Other current assets	518	611
Total current assets	5,634	5,856
Property, plant and equipment, net	2,476	2,343
Goodwill	4,321	4,319
Other non-current assets	1,430	1,484
Total assets	$ 13,861	$ 14,002
LIABILITIES, CONVERTIBLE PREFERRED STOCK AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 1,774	$ 1,266
Accrued expenses	690	719
Income taxes payable	173	800
Accrued compensation	551	407
Current portion of long-term debt	1,052	2,226
Total current liabilities	4,240	5,418
Long-term debt	—	2,485
Other liabilities	757	559
Total liabilities	4,997	8,462
Commitments and contingencies (Notes 8, 9 and 16)		
Convertible preferred stock	—	229
Shareholders' equity:		
Common stock	4	3
Additional paid-in capital	961	4,621
Accumulated other comprehensive income	23	20
Retained earnings	9,998	762
Treasury stock	(2,122)	(95)
Total shareholders' equity	8,864	5,311
Total liabilities, convertible preferred stock and shareholders' equity	$ 13,861	$ 14,002

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

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

	Year Ended		
	July 3, 2026	June 27, 2025	June 28, 2024
Revenue, net	$ 12,919	$ 9,520	$ 6,317
Cost of revenue	6,608	5,828	4,544
Gross profit	6,311	3,692	1,773
Operating expenses:			
Research and development	1,161	994	950
Selling, general and administrative	551	568	726
Litigation matter	—	(198)	291
Business realignment charges (credits)	146	(6)	209
Total operating expenses	1,858	1,358	2,176
Operating income (loss)	4,453	2,334	(403)
Interest and other income (expense):			
Interest income	51	45	33
Interest expense	(165)	(357)	(414)
Gain (loss) on retained interest in Sandisk	6,498	(772)	—
Costs in connection with debt-for-equity exchange	(545)	(100)	—
Costs in connection with convertible notes transactions	(108)	—	—
Costs in connection with equity-for-equity exchanges	(254)	—	—
Other income (expense), net	(25)	(20)	45
Total interest and other income (expense), net	5,452	(1,204)	(336)
Income (loss) before taxes	9,905	1,130	(739)
Income tax expense (benefit)	481	(513)	26
Net income (loss) from continuing operations	9,424	1,643	(765)
Net income (loss) from discontinued operations, net of taxes	—	246	(33)
Net income (loss)	$ 9,424	$ 1,889	$ (798)
Net income (loss) per common share:			
Basic:			
Continuing operations	$ 26.92	$ 4.61	$ (2.51)
Discontinued operations	—	0.70	(0.10)
Net income (loss) per share	26.92	5.31	(2.61)
Diluted:			
Continuing operations	24.28	4.45	(2.51)
Discontinued operations	—	0.67	(0.10)
Net income (loss) per share	24.28	5.12	(2.61)

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

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

	Year Ended		
	July 3, 2026	**June 27, 2025**	**June 28, 2024**
Net income (loss)	$ 9,424	$ 1,889	$ (798)
Other comprehensive income (loss), before tax:			
Actuarial pension gain	28	3	23
Foreign currency translation adjustment	(1)	45	(115)
Net unrealized gain (loss) on derivative contracts	(20)	180	(87)
Total other comprehensive income (loss), before tax	7	228	(179)
Income tax benefit (expense) related to items of other comprehensive income (loss), before tax	(4)	(42)	15
Other comprehensive income (loss), net of tax	3	186	(164)
Total comprehensive income (loss)	$ 9,427	$ 2,075	$ (962)

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

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

	Year Ended		
	July 3, 2026	June 27, 2025	June 28, 2024
Cash flows from operating activities			
Net income (loss)	$ 9,424	$ 1,889	$ (798)
Adjustments to reconcile net income (loss) to net cash provided by operations:			
Depreciation and amortization	375	451	568
Stock-based compensation	204	265	295
Deferred income taxes	129	(745)	(161)
Gain on disposal of assets	—	(2)	(87)
Non-cash asset impairment	35	2	158
Gain on business divestiture	—	(113)	—
(Gain) loss on retained interest in Sandisk	(6,498)	772	—
Costs in connection with debt-for-equity exchange	545	100	—
Costs in connection with convertible notes transactions	108	—	—
Costs in connection with equity-for-equity exchanges	254	—	—
Other non-cash operating activities, net	11	103	38
Changes in:			
Accounts receivable, net	(541)	79	(568)
Inventories	(218)	(409)	356
Accounts payable	385	307	244
Accounts payable to related parties	—	(39)	21
Accrued expenses	(31)	(366)	197
Income taxes payable	(627)	348	(474)
Accrued compensation	144	(46)	259
Other assets and liabilities, net	230	(905)	(342)
Net cash provided by (used in) operating activities	3,929	1,691	(294)
Cash flows from investing activities			
Purchases of property, plant and equipment	(418)	(412)	(487)
Proceeds from the sale of property, plant and equipment	—	5	195
Net proceeds from business divestiture	—	401	—
Notes receivable issuances to Flash Ventures	—	(266)	(243)
Notes receivable proceeds from Flash Ventures	—	239	482
Distribution from Flash Ventures	—	175	—
Strategic investments and other, net	(11)	8	26
Net cash provided by (used in) investing activities	(429)	150	(27)
Cash flows from financing activities			
Issuance of stock under employee stock plans	64	77	80
Taxes paid on vested stock awards under employee stock plans	(376)	(113)	(88)
Purchase of capped calls	—	—	(155)
Proceeds from convertible preferred stock, net of issuance costs	—	—	(5)
Repurchases of common stock	(2,592)	(149)	—
Dividends paid to common shareholders	(174)	(44)	—
Dividends paid to preferred shareholders	(10)	—	—
Settlement of convertible notes transactions	(1,220)	—	—
Debt issuance and equity transaction costs	(6)	(73)	(36)
Repurchases of debt	—	—	(505)
Repayment of debt	(1,664)	(2,094)	(2,104)
Proceeds from debt	1,946	2,150	3,000
Cash transferred to Sandisk related to Separation	—	(1,366)	—
Net cash provided by (used in) financing activities	(4,032)	(1,612)	187
Effect of exchange rate changes on cash	(3)	6	(10)
Net increase (decrease) in cash and cash equivalents	(535)	235	(144)
Cash and cash equivalents, beginning of year	2,114	1,879	2,023
Cash and cash equivalents, end of year	$ 1,579	$ 2,114	$ 1,879
Supplemental disclosure of cash flow information:			
Cash paid for income taxes	$ 734	$ 789	$ 920
Cash paid for interest	$ 169	$ 367	$ 396

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

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

	Convertible Preferred Stock		Common Stock		Treasury Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Shareholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance at June 30, 2023	0.9	$ 876	322	$ 3	—	$ —	$ 3,936	$ (548)	$ 7,573	$ 10,964
Net loss	—	—	—	—	—	—	—	—	(798)	(798)
Purchase of capped calls related to the issuance of convertible notes, net of tax	—	—	—	—	—	—	(118)	—	—	(118)
Conversion of convertible preferred stock	(0.7)	(647)	15	—	—	—	647	—	—	647
Employee stock plans	—	—	6	—	—	—	(8)	—	—	(8)
Stock-based compensation	—	—	—	—	—	—	295	—	—	295
Actuarial pension gain	—	—	—	—	—	—	—	16	—	16
Foreign currency translation adjustment	—	—	—	—	—	—	—	(116)	—	(116)
Net unrealized loss on derivative contracts	—	—	—	—	—	—	—	(64)	—	(64)
Balance at June 28, 2024	0.2	229	343	3	—	—	4,752	(712)	6,775	10,818
Net income	—	—	—	—	—	—	—	—	1,889	1,889
Distribution in connection with the Separation	—	—	—	—	—	—	(307)	546	(7,857)	(7,618)
Repurchases of common stock	—	—	—	—	(3)	(149)	—	—	—	(149)
Employee stock plans	—	—	6	—	1	54	(90)	—	—	(36)
Stock-based compensation	—	—	—	—	—	—	265	—	—	265
Common stock dividends	—	—	—	—	—	—	1	—	(37)	(36)
Preferred stock dividends	—	—	—	—	—	—	—	—	(8)	(8)
Actuarial pension gain	—	—	—	—	—	—	—	2	—	2
Foreign currency translation adjustment	—	—	—	—	—	—	—	45	—	45
Net unrealized gain on derivative contracts	—	—	—	—	—	—	—	139	—	139
Balance at June 27, 2025	0.2	229	349	3	(2)	(95)	4,621	20	762	5,311
Net income	—	—	—	—	—	—	—	—	9,424	9,424
Repurchases of common stock	—	—	—	—	(15)	(2,592)	—	—	—	(2,592)
Conversion of convertible preferred stock	(0.2)	(229)	—	—	7	796	(567)	—	—	229
Employee stock plans	—	—	—	—	6	554	(866)	—	—	(312)
Stock-based compensation	—	—	—	—	—	—	204	—	—	204
Convertible notes transactions	—	—	15	1	6	2,204	(2,435)	—	—	(230)
Exchange of Sandisk shares to acquire Company common stock	—	—	—	—	(5)	(2,989)	—	—	—	(2,989)
Common stock dividends	—	—	—	—	—	—	4	—	(178)	(174)
Preferred stock dividends	—	—	—	—	—	—	—	—	(10)	(10)

Actuarial pension gain	—		—	—		—	—		—	—		23		—		23
Foreign currency translation adjustment	—		—	—		—	—		—	—		(1)		—		(1)
Net unrealized gain on derivative contracts	—		—	—		—	—		—	—		(19)		—		(19)
Balance at July 3, 2026	—	$	—	364	$	4	(3)	$	(2,122)	$	961	$	23	$	9,998	$	8,864

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

WESTERN DIGITAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Organization and Basis of Presentation

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

The Company manufactures, markets, and sells data storage devices and solutions globally through its sales personnel, dealers, distributors, retailers, and subsidiaries. Its extensive portfolio of technology and products addresses the following key end markets: "Cloud," "Client," and "Consumer." Cloud is comprised primarily of products for public or private cloud environments and enterprise customers. Through the Client end market, the Company provides its original equipment manufacturer ("OEM") and channel customers a broad array of high-performance HDD solutions across desktop and notebooks. The Consumer end market provides a wide range of retail and other end-user products, which capitalize on the strength of the Company's product brand recognition and vast presence around the world.

Basis of Presentation

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

Information provided herein is presented on a continuing operations basis to reflect the impact of the separation of the Company's Flash business (the "Separation") as discussed in further detail in Note 4, *Discontinued Operations*.

Fiscal Year

The Company's fiscal year ends on the Friday nearest to June 30 and typically consists of 52 weeks. Approximately every five to six years, the Company reports a 53-week fiscal year to align the fiscal year with the foregoing policy. Fiscal year 2026, which ended on July 3, 2026, comprised 53 weeks, with the first quarter consisting of 14 weeks and the remaining quarters consisting of 13 weeks. Fiscal years 2025 and 2024, which ended on June 27, 2025 and June 28, 2024, respectively, each comprised 52 weeks, with all quarters presented consisting of 13 weeks. Unless otherwise indicated, references herein to specific years and quarters are to fiscal years and fiscal quarters, and references to financial information are on a consolidated continuing operations basis.

Segment Reporting

Prior to the Separation, the Company had been managed and operated under two reportable segments: HDD and Flash-based products ("Flash"). Upon the Separation and disposition of the Flash segment, the Company's continuing operations now consist of a single reportable segment, HDD. The Chief Executive Officer, who is the Company's Chief Operating Decision Maker ("CODM"), now evaluates the performance of the Company and makes decisions regarding the allocation of resources based on the Company's consolidated results.

Basis of Consolidation

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

Reclassification

Certain prior year amounts have been reclassified in the Consolidated Statements of Cash Flows to conform to the current year presentation.

Use of Estimates

Company management has made estimates and assumptions relating to the reporting of certain assets and liabilities in conformity with U.S. GAAP. These estimates and assumptions have been applied using methodologies that are consistent throughout the periods presented. However, actual results could differ materially from these estimates and be significantly affected by changes in U.S. trade policies, including tariffs, trade agreements or other trade restrictions imposed by the United States ("U.S.") or other governments and possible retaliatory measures on U.S. goods.

Cash Equivalents

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

Equity Investments

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

After Separation, the Company's retained interest in Sandisk Corporation ("Sandisk") was less than 20% and the Company did not have the ability to exercise significant influence over Sandisk's operating and financial policies. As such, the Company accounted for this interest at fair value. The Company also has an immaterial amount of equity securities of other companies that do not have a readily determinable fair value. These securities are measured and recorded using the measurement alternative under Accounting Standards Update ("ASU") No. 2016-01, "Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities," which is cost minus impairment, if any, plus or minus changes resulting from observable price changes. These investments are recorded within Other non-current assets in the Consolidated Balance Sheets and are periodically analyzed to determine whether or not there are indicators of impairment.

Fair Value of Financial Instruments

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

Inventories

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

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

Property, Plant and Equipment

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

Goodwill and Other Long-Lived Assets

As of both July 3, 2026 and June 27, 2025, the carrying amount of goodwill was $4.32 billion. Goodwill is not amortized. Instead, it is tested for impairment on an annual basis or more frequently whenever events or changes in circumstances indicate that goodwill may be impaired. The Company performs an annual impairment test as of the beginning of its fourth quarter. The Company uses qualitative factors to determine whether goodwill is more likely than not impaired and whether a quantitative test for impairment is considered necessary. If the Company concludes from the qualitative assessment that goodwill is more likely than not impaired, the Company is required to perform a quantitative approach to determine the amount of impairment. The Company's assessments resulted in no impairment of goodwill in 2026, 2025 or 2024.

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

As of July 3, 2026 and June 27, 2025, the carrying amount of in-process research and development ("IPR&D") was $77 million and $72 million, respectively. IPR&D is an intangible asset accounted for as an indefinite-lived asset until the completion or abandonment of the associated research and development effort. During the development period, the Company conducts an IPR&D impairment test at least annually or whenever events or changes in facts and circumstances indicate that it is more likely than not that the IPR&D is impaired. Events which might indicate impairment include, but are not limited to, adverse cost factors, strategic decisions made in response to economic, market, and competitive conditions, and the impact of the economic environment on the Company and on its customer base. If impairment is indicated, the impairment is measured as the amount by which the carrying amounts of the assets exceed the fair values of the assets. The Company's assessment resulted in no impairment of IPR&D in 2026, 2025 or 2024.

Other long-lived assets are depreciated or amortized over their estimated useful lives based on the pattern in which the economic benefits are expected to be received. Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable from undiscounted cash flows. If impairment is indicated, the impairment is measured as the amount by which the carrying amounts of the assets exceed the fair values of the assets. The estimates of fair value require evaluation of future market conditions and product lifecycles as well as projected revenue, earnings and cash flow. See Note 5, *Supplemental Financial Statement Data*, for additional disclosures related to the Company's other long-lived assets.

Revenue and Accounts Receivable

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

Substantially all of the Company's revenue is from the sale of tangible products for which the performance obligations are satisfied at a point in time, based on the underlying Incoterms.

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 ("SG&A") expenses. The Company had no direct incremental costs to obtain contracts that have an expected benefit of greater than one year.

The Company also applies the practical expedients and does not disclose transaction price allocated to the remaining performance obligations for arrangements that have an original expected duration of one year or less. The transaction prices allocated to the Company's remaining performance obligations as of July 3, 2026 and June 27, 2025, were not material.

Contract assets and contract liabilities as of July 3, 2026 and June 27, 2025 were not material.

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

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

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

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

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

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

Warranty

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

Litigation and Other Contingencies

When the Company becomes aware of a claim or potential claim, the Company assesses the likelihood of any loss or exposure. The Company discloses information regarding each claim where the likelihood of a material loss contingency is probable or reasonably possible. If a loss contingency is probable and the amount of the loss can be reasonably estimated, the Company records an accrual for the loss. In such cases, there may be an exposure to potential loss in excess of the amount accrued. Where a loss is not probable but is reasonably possible or where a loss in excess of the amount accrued is reasonably possible, the Company discloses an estimate of the amount of the loss or range of possible losses for the claim if a reasonable estimate can be made, unless the amount of such reasonably possible losses is not material to the Company's financial position, results of operations or cash flows. The ability to predict the ultimate outcome of such matters involves judgments, estimates and inherent uncertainties. The actual outcome of such matters could differ materially from management's estimates. See Note 16, *Legal Proceedings*, for additional disclosures related to the Company's litigation.

Advertising Expense

Advertising costs are expensed as incurred and amounted to $25 million, $32 million and $51 million in 2026, 2025 and 2024, respectively. These expenses are included in Selling, general and administrative in the Consolidated Statements of Operations.

Research and Development Expense

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

Income Taxes

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

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

Net Income (Loss) Per Common Share

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

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

Stock-Based Compensation

The Company accounts for all stock-based compensation at fair value. Stock-based compensation cost is measured at the grant date based on the fair value of the award and is recognized as expense over the vesting period. Compensation expense is adjusted for forfeitures as they occur. The fair values of RSUs and PSUs without market conditions are determined based on the closing market price of the Company's stock on the date of the grant. The fair values of all ESPP purchase rights are estimated using the Black-Scholes-Merton option pricing model and require the input of subjective assumptions. The fair values of PSUs with market conditions are estimated using a Monte Carlo simulation model. PSUs are granted to certain employees and vest only after the achievement of pre-determined performance and market conditions and completion of a requisite service period. At the end of each reporting period, the Company evaluates the probability that PSUs with a performance condition will be earned and records the related stock-based compensation expense over the service period. Compensation expense for PSUs with market conditions is recognized ratably over the required service period regardless of expected or actual achievement.

Other Comprehensive Income (Loss), Net of Tax

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

Derivative Contracts

The majority of the Company's transactions are in U.S. dollars; however, some transactions are based in various foreign currencies. The Company purchases foreign exchange contracts to hedge the impact of foreign currency exchange fluctuations on certain underlying assets, liabilities and commitments for operating expenses and product costs denominated in foreign currencies. The purpose of entering into these hedging transactions is to minimize the impact of foreign currency fluctuations on the Company's results of operations. All contract maturity dates are 12 months or less. All foreign exchange contracts are for risk management purposes only. The Company does not purchase foreign exchange contracts for speculative or trading purposes. The Company had foreign exchange contracts with commercial banks for the British pound sterling, European euro, Japanese yen, Malaysian ringgit, Philippine peso, Singaporean dollar and Thai baht, which had an aggregate notional amount of $1.31 billion and $1.14 billion at July 3, 2026 and June 27, 2025, respectively.

If the derivative is designated as a cash flow hedge and is determined to be highly effective, the change in fair value of the derivative is initially deferred in Other comprehensive income (loss), net of tax. These amounts are subsequently recognized into earnings when the underlying cash flow being hedged is recognized into earnings. Recognized gains and losses on foreign exchange contracts are reported in Cost of revenue and Operating expenses and presented within cash flows from operating activities. Hedge effectiveness is measured by comparing the hedging instrument's cumulative change in fair value from inception to maturity to the underlying exposure's terminal value. The Company determined the ineffectiveness associated with its cash flow hedges to be immaterial to the Consolidated Financial Statements for all years presented.

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

Pensions and Other Post-Retirement Benefit Plans

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

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

Leases

The Company leases certain domestic and international facilities and data center space under long-term, non-cancelable operating leases that expire at various dates through 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 that option. Lease expense is recognized on a straight-line basis over the lease term.

Note 2. Recent Accounting Pronouncements

Accounting Pronouncements Recently Adopted

In December 2023, the Financial Accounting Standards Board ("FASB") issued ASU No. 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures" ("ASU 2023-09"). ASU 2023-09 calls for enhanced income tax disclosure requirements surrounding the tabular rate reconciliation and income taxes paid. This standard is effective on either a prospective or retrospective basis. The Company adopted this standard on a prospective basis for the year ended July 3, 2026. The newly required disclosures are included in Note 9, *Income Taxes*.

In November 2024, the FASB issued ASU No. 2024-04, "Debt - Debt with Conversions and Other Options (Subtopic 470-20): Induced Conversions of Convertible Debt Instruments." This ASU clarifies the requirements for determining whether certain settlements of convertible debt instruments should be accounted for as an induced conversion. The standard is effective for the year beginning July 4, 2026, with early adoption permitted. The Company adopted the standard on a prospective basis for the year ended July 3, 2026 and applied it to the exchange transactions of the 2028 Convertible Notes (as defined in Note 7. *Debt*). See Note 7. *Debt,* for further details.

Recently Issued Accounting Pronouncements Not Yet Adopted

In May 2026, the FASB issued ASU No. 2026-02, "Environmental Credits and Environmental Credit Obligations (Topic 818)," which introduces specific accounting models for entities that generate, purchase, or hold environmental credits, or have an enforceable regulatory compliance obligation that may be settled with such credits. Under the new guidance, environmental credits intended for compliance are recorded at cost, while certain non-compliance credits are tested for impairment or can be subject to a fair value accounting policy election. Additionally, the standard requires gross financial statement presentation, prohibiting the netting of environmental credit assets against related compliance obligations. This standard is effective for the year beginning July 1, 2028, and interim periods within that year, with early adoption permitted. Adoption will be applied on a retrospective basis through a cumulative-effect adjustment to the opening balance of retained earnings. The Company is currently assessing the impact of this standard on its consolidated financial statements and related disclosures.

In December 2025, the FASB issued ASU No. 2025-10, "Government Grants (Topic 832): Accounting for Government Grants Received by Business Entities" ("ASU 2025-10"), which establishes guidance on the recognition, measurement, and presentation of government grants. The standard may be adopted using a full retrospective, modified retrospective, or modified prospective transition method. ASU 2025-10 is effective for the year beginning June 30, 2029, and interim periods within that year, with early adoption permitted. The Company is currently assessing the impact of this guidance on its consolidated financial statements and related disclosures.

In November 2025, the FASB issued ASU No. 2025-09, "Derivatives and Hedging (Topic 815): Hedge Accounting Improvements" ("ASU 2025-09"), which introduces targeted improvements to better align hedge accounting with entities' risk management activities. ASU 2025-09 is effective for the year beginning July 3, 2027, and interim periods within that year, with early adoption permitted. The Company is currently assessing the impact of this guidance on its consolidated financial statements and related disclosures.

In September 2025, the FASB issued ASU No. 2025-07, "Derivatives and Hedging (Topic 815) and Revenue from Contracts with Customers (Topic 606): Derivatives Scope Refinements and Scope Clarification for Share-Based Noncash Consideration from a Customer in a Revenue Contract" ("ASU 2025-07"), which (i) expands the scope exception of Topic 815 to exclude certain contracts with a variable that is based on operations or activities specific to one of the parties to the contract and (ii) clarifies the scope of share-based payments from a customer in a revenue contract. ASU 2025-07 is effective for the year beginning July 3, 2027, and interim periods within that year. Early adoption is permitted and must be applied as of the beginning of the fiscal year that includes the interim period. The Company currently does not expect this standard to have a material impact on its consolidated financial statements and related disclosures.

In September 2025, the FASB issued ASU No. 2025-06, "Intangibles – Goodwill and Other – Internal-Use Software (Topic 350): Targeted Improvements to the Accounting for Internal-Use Software" ("ASU 2025-06"). ASU 2025-06 amends existing references to prescriptive and sequential software development stages to better align with current software development methods, such as agile development. Under the new standard, entities will begin to capitalize eligible software costs when (i) management has authorized and committed to funding the software project, and (ii) it is probable that the project will be completed and the software will be used to perform the function intended. ASU 2025-06 is effective for the year beginning July 1, 2028, and interim periods within that year, with early adoption permitted. The Company is currently assessing the impact of this standard on its consolidated financial statements and related disclosures.

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

Note 3. Disaggregated Revenue, Geographic Information, Concentrations of Risk, and Segment Reporting

The Company's disaggregated net revenue by end market is as follows:

	2026	2025	2024
		(in millions)	
Net revenue by end market			
Cloud	$ 11,490	$ 8,341	$ 5,052
Client	726	556	577
Consumer	703	623	688
Total net revenue	$ 12,919	$ 9,520	$ 6,317

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

	2026	2025	2024
		(in millions)	
Net revenue [(1)]			
United States	$ 5,169	$ 4,328	$ 2,636
China	2,541	1,549	488
Hong Kong	1,487	1,051	1,331
Rest of Asia	1,095	792	573
Europe, Middle East and Africa	2,114	1,536	1,067
Other	513	264	222
Total	$ 12,919	$ 9,520	$ 6,317

[(1)] Net revenue is attributed to geographic regions based on the ship-to location of the customer.

	July 3, 2026	June 27, 2025
	(in millions)	
Long-lived assets [(1)]		
United States	$ 792	$ 807
Thailand	867	791
Malaysia	443	378
China	94	87
Rest of Asia	260	279
Europe, Middle East and Africa	20	1
Total	$ 2,476	$ 2,343

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

Customer Concentration and Credit Risk

The Company sells its products to hyperscale cloud service providers, neoclouds, computer manufacturers and OEMs, resellers, distributors and retailers throughout the world. For 2026, three customers accounted for 16%, 15%, and 13%, respectively, of the Company's net revenue. For 2025, three customers accounted for 17%, 12% and 10%, respectively, of the Company's net revenue. For 2024, no single customer accounted for 10% or more of the Company's net revenue. For 2026, 2025, and 2024, the Company's top 10 customers accounted for 73%, 68%, and 55%, respectively, of the Company's net revenue.

The Company performs ongoing credit evaluations of its customers' financial condition to manage collection risk, in some cases supplemented by collateral. The Company maintains allowances for potential credit losses, and such losses have historically been within management's expectations. At any given point in time, the total amount outstanding from any one of a number of its customers may be individually significant to the Company's financial condition. As of July 3, 2026 and June 27, 2025, net accounts receivable were $2.03 billion and $1.49 billion, respectively, and reserves for potential credit losses were not material. As of July 3, 2026, two customers accounted for 25% and 17%, respectively, of the Company's net accounts receivable and as of June 27, 2025, three customers accounted for 20%, 19%, and 12%, respectively, of the Company's net accounts receivable.

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

Segment Reporting

The Company's Chief Executive Officer is the Company's CODM. The CODM manages the business as a provider of data storage devices and solutions based on HDD technology. The CODM evaluates the performance of the Company and makes decisions regarding the allocation of resources based on the Company's Net income (loss) from continuing operations and Total assets. The Company has therefore determined that it has one reportable segment: HDD.

The following table is a reconciliation of the Company's measure of segment profit or loss, significant segment expenses and other segment items:

	2026	2025	2024
		(in millions)	
Revenue, net	$ 12,919	$ 9,520	$ 6,317
Less: Significant expenses and other segment items			
Cost of revenue[(1)]	6,570	5,771	4,506
Research and development[(1)]	1,071	920	885
Selling, general and administrative[(1)]	461	503	583
Litigation matter	—	(179)	291
Business realignment charges (credits)[(1)]	137	(6)	209
Stock-based compensation	204	167	202
Strategic review	—	—	38
Interest expense, net	114	312	381
Loss on retained interest in Sandisk	(6,498)	772	—
Costs in connection with debt-for-equity exchange	545	100	—
Costs in connection with convertible notes transactions	108	—	—
Costs in connection with equity-for-equity exchanges	254	—	—
Other expense, net	9	2	14
Other segment items[(2)]	39	28	(53)
Income tax expense (benefit)	481	(513)	26
Net income (loss) from continuing operations	$ 9,424	$ 1,643	$ (765)

(1) Excludes amounts related to stock-based compensation and strategic review which are presented separately in the table above.
(2) Other segment items include activity from strategic investments and other small charges.

Supplier Concentration

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

Note 4. Discontinued Operations

On February 21, 2025, the Company completed the Separation of its Flash business through a pro rata distribution of 80.1% of the outstanding shares of Sandisk to Western Digital stockholders. The Separation is intended to be tax-free for U.S. federal income tax purposes. To reflect the completion of the Separation, the Company recorded a decrease in shareholders' equity for the net book value of applicable assets and liabilities derecognized in connection with the Separation, net of the Company's retained 19.9% ownership interest, or 28.8 million shares, initially based on the net book value of the applicable assets and liabilities derecognized. As a result of the Separation, Sandisk became an independent public company and Western Digital no longer consolidates Sandisk into the Company's financial results. The historical net income of Sandisk and applicable assets and liabilities included in the Separation are now reported in the Company's Consolidated Financial Statements as discontinued operations for all periods prior to the Separation on February 21, 2025. Following the Separation, as the Company no longer controlled nor had the ability to exert significant influence over Sandisk, the Company measured its retained ownership interest in Sandisk common stock at fair value on a recurring basis (see additional information in Note 6, *Fair Value Measurements and Investments*).

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

Net Income (Loss) from Discontinued Operations, Net of Taxes	**2025**	**2024**
	(in millions)	
Revenue, net	$ 4,361	$ 6,686
Cost of revenue	2,892	5,514
Operating expenses:		
Research and development	718	957
Selling, general and administrative	229	102
Gain on business divestiture	(113)	—
Business separation costs	144	97
Business realignment charges (credits)	3	(70)
Operating income	488	86
Total interest and other expense, net	(36)	(8)
Income before taxes	452	78
Income tax expense	206	111
Net income (loss) from discontinued operations, net of taxes	$ 246	$ (33)

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

Select Cash Flow Information from Discontinued Operations	**2025**	**2024**
	(in millions)	
Depreciation and amortization	$ 115	$ 221
Purchases of property, plant and equipment	139	166
Stock-based compensation	98	92

Consistent with the Company's original intent to monetize its retained interest in Sandisk, the Company began executing a series of strategic transactions to optimize its capital structure. In June 2025, the Company used 21.3 million shares of Sandisk common stock in a tax-free exchange to retire $800 million in principal amount of the Company's Term Loan A-3 maturing in January 2027 (the "Term Loan A-3"). In February 2026, the Company executed a series of transactions to monetize additional Sandisk shares and further reduce its outstanding debt. Initially, the Company entered into a $1.50 billion Bridge Loan (as defined below), which was utilized to fully redeem all of its Senior Notes (as defined below) and consolidate the broad creditor base to two holders to facilitate a debt-for-equity exchange. Following the redemptions of the Senior Notes, the Company retired the Bridge Loan and its existing Term Loan A-3 through a tax-free exchange for 5.8 million shares of Sandisk common stock. See Note 7, *Debt*, for further details. Additionally, the Company used its remaining 1.7 million shares of Sandisk common stock to acquire 4.8 million shares of the Company's common stock. See Note 13, *Shareholders' Equity and Convertible Preferred Stock*, for further details. As of July 3, 2026, the Company no longer held any shares of Sandisk common stock.

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

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

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

During the year ended June 28, 2024, the Company completed a sale and leaseback of its facility in Milpitas, California associated with the Flash business. The Company received net proceeds of $191 million in cash and recorded a gain of $85 million on the sale.

Note 5. Supplemental Financial Statement Data

Inventories

	July 3, 2026	June 27, 2025
	(in millions)	
Inventories:		
Raw materials and component parts	$ 285	$ 227
Work-in-process	829	785
Finished goods	397	279
Total inventories	$ 1,511	$ 1,291

Property, plant and equipment, net

	July 3, 2026	June 27, 2025
	(in millions)	
Property, plant and equipment:		
Land and improvements	$ 225	$ 225
Buildings and improvements	1,611	1,550
Machinery and equipment	6,830	6,488
Computer equipment and software	292	257
Furniture and fixtures	40	33
Construction-in-process	457	532
Property, plant and equipment, gross	9,455	9,085
Accumulated depreciation	(6,979)	(6,742)
Property, plant and equipment, net	$ 2,476	$ 2,343

Depreciation expense for property, plant and equipment totaled $372 million, $334 million and $347 million in 2026, 2025 and 2024, respectively. Purchases of property, plant and equipment included in accounts payable and accrued expense were $216 million, $99 million and $117 million, as of July 3, 2026, June 27, 2025 and June 28, 2024, respectively.

Non-current assets

	July 3, 2026	June 27, 2025
	(in millions)	
Non-current assets:		
Deferred tax assets	$ 872	$ 1,007
Other non-current assets	558	477
Total non-current assets	$ 1,430	$ 1,484

WESTERN DIGITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Product warranty liability

Changes in the warranty accrual were as follows:

	2026	2025	2024
		(in millions)	
Warranty accrual, beginning of period	$ 152	$ 142	$ 202
Charges to operations	128	99	79
Utilization	(79)	(83)	(119)
Changes in estimate related to pre-existing warranties	6	(6)	(20)
Warranty accrual, end of period	$ 207	$ 152	$ 142

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:

	July 3, 2026	June 27, 2025
	(in millions)	
Warranty accrual:		
Current portion (included in Accrued expenses)	$ 42	$ 57
Long-term portion (included in Other liabilities)	165	95
Total warranty accrual	$ 207	$ 152

Other liabilities

	July 3, 2026	June 27, 2025
	(in millions)	
Other liabilities:		
Non-current portion of unrecognized tax benefits	$ 235	$ 163
Other non-current liabilities	522	396
Total other liabilities	$ 757	$ 559

WESTERN DIGITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Accumulated other comprehensive income (loss)

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

	Actuarial Pension Gains (Losses)	Foreign Currency Translation Adjustment	Unrealized Gains (Losses) on Derivative Contracts	Total Accumulated Other Comprehensive Income (Loss)
		(in millions)		
Balance at June 28, 2024	$ 14	$ (505)	$ (221)	$ (712)
Other comprehensive income before reclassifications	3	45	31	79
Amounts reclassified from accumulated other comprehensive income (loss)	—	—	149	149
Income tax expense related to items of other comprehensive income	(1)	—	(41)	(42)
Net current-period other comprehensive income	2	45	139	186
Distribution in connection with the Separation	—	458	88	546
Balance at June 27, 2025	16	(2)	6	20
Other comprehensive income (loss) before reclassifications	28	(1)	(20)	7
Income tax benefit (expense) related to items of other comprehensive income (loss)	(5)	—	1	(4)
Net current-period other comprehensive income (loss)	23	(1)	(19)	3
Balance at July 3, 2026	$ 39	$ (3)	$ (13)	$ 23

There were no amounts reclassified out of Accumulated other comprehensive income (loss) during 2026. During 2025, the amounts reclassified out of Accumulated other comprehensive income (loss) included losses of $149 million related to foreign exchange contracts.

As of July 3, 2026, all existing unrealized net losses related to cash flow hedges recorded in Accumulated other comprehensive income (loss) are expected to be reclassified to earnings within the next twelve months.

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.

Following the Separation, through the date of disposal of its retained ownership interest in Sandisk common stock, the Company did not control or have the ability to exert significant influence over Sandisk. Accordingly, the Company measured its retained ownership interest in Sandisk common stock at fair value on a recurring basis over that period.

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 July 3, 2026 and June 27, 2025, and indicate the fair value hierarchy of the valuation techniques utilized to determine such values:

	July 3, 2026			
	Level 1	Level 2	Level 3	Total
	(in millions)			
Assets:				
Cash equivalents – Money market funds	$ 67	$ —	$ —	$ 67
Foreign exchange contracts	—	2	—	2
Total assets at fair value	$ 67	$ 2	$ —	$ 69
Liabilities:				
Foreign exchange contracts	$ —	$ 22	$ —	$ 22
Total liabilities at fair value	$ —	$ 22	$ —	$ 22

	June 27, 2025			
	Level 1	Level 2	Level 3	Total
	(in millions)			
Assets:				
Retained interest in Sandisk	$ 354	$ —	$ —	$ 354
Cash equivalents – Money market funds	285	—	—	285
Foreign exchange contracts	—	10	—	10
Total assets at fair value	$ 639	$ 10	$ —	$ 649
Liabilities:				
Foreign exchange contracts	$ —	$ 4	$ —	$ 4
Total liabilities at fair value	$ —	$ 4	$ —	$ 4

Retained Interest in Sandisk. The Company retained 28.8 million shares of Sandisk at the Separation. These shares were valued based on quoted market prices. As discussed in Note 7, *Debt*, the Company exchanged 21.3 million shares of Sandisk to settle a portion of the Company's Term Loan A-3 and an additional 5.8 million shares to retire the Bridge Loan and the remaining outstanding balance of Term Loan A-3. As discussed in Note 13, *Shareholders' Equity and Convertible Preferred Stock*, the Company used its remaining 1.7 million shares of Sandisk common stock to acquire 4.8 million shares of the Company's common stock. As of July 3, 2026, the Company no longer held any shares of Sandisk common stock.

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

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

During 2026 and 2025, the Company had no transfers of financial assets and liabilities between levels and there were no changes in valuation techniques and the inputs used in the fair value measurement.

Financial Instruments Not Carried at Fair Value

The following table contains the related carrying value (which includes principal adjusted for any unamortized issuance costs, and discounts or premiums) and fair value (which is based on quoted market prices) for each of the Company's outstanding financial instruments. Each of the financial instruments presented below was categorized as Level 2 for all periods presented, based on the frequency of trading immediately prior to the end of the fourth quarter of 2026 and the fourth quarter of 2025, respectively.

	July 3, 2026		June 27, 2025	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(in millions)			
3.00% convertible notes due 2028	$ 702	$ 10,109	$ 1,575	$ 2,849
Revolving Credit Facility maturing January 2027	350	350	—	—
Variable interest rate Term Loan A-3 maturing 2027	—	—	1,642	1,655
4.75% senior unsecured notes due 2026	—	—	500	499
2.85% senior notes due 2029	—	—	498	463
3.10% senior notes due 2032	—	—	496	442
Total	$ 1,052	$ 10,459	$ 4,711	$ 5,908

Note 7. Debt

Debt consisted of the following:

	July 3, 2026	June 27, 2025
	(in millions)	
3.00% convertible notes due 2028	$ 710	$ 1,600
Revolving Credit Facility maturing January 2027	350	—
Variable interest rate Term Loan A-3 maturing 2027	—	1,649
4.75% senior unsecured notes due 2026	—	500
2.85% senior notes due 2029	—	500
3.10% senior notes due 2032	—	500
Total debt	1,060	4,749
Issuance costs	(8)	(38)
Subtotal	1,052	4,711
Less: current portion of long-term debt	(1,052)	(2,226)
Long-term debt	$ —	$ 2,485

Revolving Credit Facility and Term Loans

On February 20, 2025, the Company entered into a fourth amendment to the loan agreement governing the Company’s revolving credit facility maturing in January 2027 (the “Revolving Credit Facility”) and Term Loan Facility (as defined below), dated as of January 7, 2022 (as amended, the “Loan Agreement”) that, among other changes, (a) permitted the Separation, (b) provided for the automatic release, in connection with the Separation, of guarantees and liens on collateral provided by Sandisk and Sandisk Technologies, Inc. under the Loan Agreement, (c) provided for the issuance of a new $2.51 billion Term Loan A-3 in a non-cash exchange to replace the Company’s previously existing Term Loan A-2 (the “Term Loan A-2” and, together with the Term Loan A-3, the “Term Loan Facility”), (d) facilitated the exchange of Sandisk shares retained at the Separation to settle a portion of the Term Loan A-3 in connection with the Sandisk retained interest, and (e) in connection with the Separation, reduced the aggregate commitments under the Revolving Credit Facility from $2.25 billion to $1.25 billion. In June 2025, the Company settled $800 million of the Term Loan A-3 principal amount, through a non-cash exchange of 21.3 million shares of Sandisk common stock held by the Company, and a $4 million cash payment, resulting in $100 million recorded in Costs in connection with debt-for-equity exchange in the Consolidated Statement of Operations.

In September and December 2025, the Company made scheduled principal repayments aggregating to $63 million under Term Loan A-3. In February 2026, the Company executed a series of transactions to further reduce its outstanding debt. Initially, the Company entered into a $1.50 billion bridge loan (the “Bridge Loan”). The Bridge Loan was utilized to consolidate the holders of the 4.75% senior unsecured notes due 2026, the 2.85% senior notes due 2029, and the 3.10% senior notes due 2032 (collectively, the “Senior Notes”) from a broad creditor base into two holders to facilitate a debt-for-equity exchange. The proceeds of the Bridge Loan were used to fully redeem all of the Senior Notes in cash, at par plus accrued interest. In connection with the redemptions, the Company wrote off $6 million of remaining unamortized issuance costs. Following the redemptions, the Company retired the Bridge Loan and its existing Term Loan A-3 through a non-cash, tax-free exchange for 5.8 million shares of Sandisk common stock held by the Company, valued at $3.62 billion on the date of exchange. The exchange resulted in $539 million recorded in Costs in connection with debt-for-equity exchange in the Consolidated Statement of Operations. This amount primarily reflects a discount to the market price of Sandisk shares provided to the counterparties in connection with the exchange and was primarily driven by volatility of Sandisk’s stock price over the period between exchange and settlement.

In 2025, the Company drew and repaid $150 million principal amount under the Revolving Credit Facility. In June 2026, the Company drew $450 million in principal amount and repaid $100 million thereunder, with $350 million remaining outstanding as of July 3, 2026. The remaining available capacity under the Revolving Credit Facility was $900 million as of July 3, 2026, net of an immaterial amount of outstanding letters of credit.

Borrowings under the Loan Agreement bear interest, at the Company's option, at a per annum rate equal to either (x) the Adjusted Term SOFR Rate (as defined in the Loan Agreement) plus an applicable margin varying from 1.125% to 2.000% or (y) a base rate plus an applicable margin varying from 0.125% to 1.000%, in each case depending on the corporate family ratings of the Company from at least two of the Credit Rating Agencies (as defined in the Loan Agreement). The Company is also required to pay an unused commitment fee on the Revolving Credit Facility ranging from 0.120% to 0.350% based on the corporate family ratings of the Company from at least two of the Credit Rating Agencies, with an initial unused commitment fee of 0.200%. The all-in interest rate for the Revolving Credit Facility was 5.127% as of July 3, 2026.

The Loan Agreement governing the Revolving Credit Facility requires the Company to maintain a ratio of total funded debt to Consolidated Adjusted EBITDA (as defined in the Loan Agreement) below a maximum, at the end of each quarter, which is currently 3.25 times for all periods through maturity. As of July 3, 2026, the Company was in compliance with all financial covenants under the Loan Agreement.

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

Convertible Notes

On November 3, 2023, the Company issued $1.60 billion in aggregate principal amount of convertible senior notes which bear interest at an annual rate of 3.00% and mature on November 15, 2028, unless earlier repurchased, redeemed or converted (the "2028 Convertible Notes"). Net proceeds from the 2028 Convertible Notes were approximately $1.56 billion after deducting issuance costs of approximately $37 million. Debt issuance costs are amortized to interest expense over the term of the 2028 Convertible Notes. As of July 3, 2026, $8 million of issuance costs remained unamortized. Interest is payable on May 15 and November 15 of each year. The Company is not required to make principal payments on the 2028 Convertible Notes prior to the maturity date. The 2028 Convertible Notes are guaranteed by Western Digital Technologies, Inc., the Company's wholly-owned subsidiary.

The 2028 Convertible Notes are convertible at the option of any holder beginning on August 15, 2028, at a conversion price of approximately $37.72 per share of common stock as of July 3, 2026 (which has been adjusted from its original conversion price of approximately $52.20 in accordance with the indenture, as a result of the Separation and dividends paid on the Company's common stock). Prior to August 15, 2028, if the trading price of the Company's common stock remains above 130% of the conversion price for at least 20 trading days (whether or not consecutive) during the 30 consecutive trading-day period prior to the end of a calendar quarter, holders of the 2028 Convertible Notes would have the right to convert the 2028 Convertible Notes during the next succeeding calendar quarter. The 2028 Convertible Notes are also convertible prior to August 15, 2028 upon the occurrence of certain corporate events. Upon any conversion of the 2028 Convertible Notes, the Company will pay cash for the aggregate principal amount of the notes to be converted and pay or deliver, as the case may be, cash, shares of the Company's common stock or a combination thereof, at the Company's election, in respect of the remainder, if any, of its conversion obligation in excess of the aggregate principal amount of the notes being converted. On or after November 15, 2026, the Company may redeem for cash, at par plus accrued interest, all or any portion of the 2028 Convertible Notes, at its option, if the last reported sale price of the Company's common stock has been at least 130% of the conversion price then in effect for at least 10 trading days during any 20 consecutive trading day period immediately preceding the date of the Company's redemption notice.

The sale price conditional conversion feature of the 2028 Convertible Notes has been triggered since June 30, 2025, which has provided, and continues to provide, the holders of those notes with the right to convert through September 30, 2026, at which point the common stock price will be re-evaluated to determine whether the 2028 Convertible Notes will continue to be convertible in the subsequent calendar quarter. Accordingly, the Company has classified the 2028 Convertible Notes as current liabilities in the Company's Consolidated Financial Statements as of July 3, 2026 and June 27, 2025.

In March 2026, holders of $32 million in aggregate principal amount of the 2028 Convertible Notes tendered them for conversion (the "Tendered Notes"). At that same time, the Company made an irrevocable election to settle in cash the conversion obligation in excess of the principal amount of the Tendered Notes, as permitted by the Indenture. On June 2, 2026, the Company used $360 million in cash to fully settle the Tendered Notes. The election to settle the conversion premium in cash, instead of shares, required the allocation of a portion of the settlement proceeds to the embedded conversion feature as a derivative instrument pursuant to Accounting Standards Codification 815, *Derivatives and Hedging*. Driven by the appreciation of the Company's common stock from the tendered date through the settlement date, the derivative instrument was remeasured to a fair value of $106 million and was recognized in Costs in connection with convertible notes transactions in the Consolidated Statements of Operations.

In June 2026, the Company entered into separate, privately negotiated exchange agreements with certain holders of the 2028 Convertible Notes, in an aggregate principal amount of $858 million, pursuant to which the Company fully settled the obligation for an aggregate $860 million cash (which reflected principal amount and a small inducement cost) and 21.3 million shares of the Company's common stock for the conversion premium of $12.5 billion. In connection with these exchange transactions, the Company wrote off $10 million of remaining unamortized issuance costs. The Company accounted for these exchange transactions as induced conversion transactions and recognized an immaterial induced conversion expense in Costs in connection with convertible notes transactions in the Consolidated Statements of Operations. There was no settlement or modification made to the related capped call transactions in connection with the exchange agreements (see "Capped Calls" below).

As of July 3, 2026, $710 million in aggregate principal amount of the 2028 Convertible Notes remained outstanding. Through July 3, 2026, $343 million in aggregate principal amount of these notes had been tendered for conversion. The Company has elected to issue shares of its common stock to satisfy the conversion obligation in excess of the principal amount for substantially all of these notes, which have settled or are expected to settle in the first quarter of 2027.

The Company continues to retain the right to settle any conversion obligation in excess of the principal amount of any of the remaining 2028 Convertible Notes in cash or shares or a combination thereof, at its election.

Capped Calls

In connection with the issuance of the 2028 Convertible Notes, the Company also entered into privately negotiated capped call transactions with certain counterparties (the "Capped Calls"). As of July 3, 2026, the Capped Calls each have a strike price of approximately $37.72 per share and a cap price of approximately $50.40 per share, each of which has been adjusted from their original price, in accordance with the terms of the agreements. The Capped Calls are generally intended to reduce or offset the potential dilution to the Company's common stock upon any conversion of the 2028 Convertible Notes with such reduction or offset, as the case may be, subject to a cap based on the cap price. If the market price per share of the Company's common stock, as measured under the terms of the Capped Calls, exceeds the cap prices of the Capped Calls, there would not be an offset for the excess. The Capped Calls are separate transactions and not part of the terms of the 2028 Convertible Notes. As these transactions met certain accounting criteria, the Capped Calls were recorded in shareholders' equity and are not accounted for as derivatives. The original cost of the Capped Calls of $155 million, net of $37 million in deferred tax assets, was recorded as a decrease to Additional paid-in capital on the Company's Consolidated Balance Sheets. In June 2026, in connection with the settlement of the Tendered Notes, the Company received an immaterial number of shares of its common stock from the settlement of a pro rata amount of the Capped Calls. As of July 3, 2026, the outstanding Capped Calls had an aggregate notional value of $1.57 billion. Subsequent to July 3, 2026, in connection with the additional $343 million in aggregate principal amount of the 2028 Convertible Notes tendered for conversion, the Company has received or will receive additional shares of its common stock in the first quarter of 2027 from the settlement of a pro rata amount of the Capped Calls.

Senior Notes

In December 2021, the Company issued $500 million in aggregate principal amount of 2.850% senior notes due February 1, 2029 and $500 million in aggregate principal amount of 3.100% senior notes due February 1, 2032. As discussed above, in February 2026, the outstanding principal balances of these notes were fully redeemed in cash using the proceeds of the Bridge Loan.

In February 2018, the Company issued $2.30 billion in aggregate principal amount of 4.750% senior unsecured notes due February 15, 2026. In April 2025, the Company redeemed, at its election, $1.80 billion in aggregate principal amount of these notes at par plus accrued interest. As discussed above, in February 2026, the remaining outstanding principal balance of these notes was fully redeemed in cash using the proceeds of the Bridge Loan.

Collateral and Restrictive Covenants

Historically, under the terms of the Loan Agreement, the Revolving Credit Facility and Term Loan Facility were unconditionally guaranteed by Western Digital Technologies, Inc. (the “Guarantor”) and were secured on a first-priority basis (subject to permitted liens) by a lien on substantially all assets and properties of the Company and the Guarantor (the “Collateral”), subject to certain exceptions.

During the third quarter of 2026, the Company obtained investment-grade ratings from two rating agencies, and therefore, pursuant to the terms of the Loan Agreement, the guarantee and the lien on the Collateral on the Revolving Credit Facility have been fully released.

The indenture governing the 2028 Convertible Notes contains various restrictive covenants, which can include limitations on the Company’s and its subsidiaries’ ability to, among other things, consolidate, merge or sell all or substantially all of their assets; create liens; and incur, assume or guarantee additional indebtedness, and are subject to a number of limitations and exceptions.

Note 8. Leases and Other Commitments

Leases

The Company leases certain domestic and international facilities and data center space under long-term, non-cancelable operating leases that expire at various dates through 2034. These leases include no material variable or contingent lease payments. Operating lease assets and liabilities are recognized based on the present value of the remaining lease payments discounted using the Company's incremental borrowing rate. Operating lease assets also include prepaid lease payments minus any lease incentives. Extension or termination options present in the Company's lease agreements are included in determining the right-of-use asset and lease liability when it is reasonably certain the Company will exercise those options. Lease expense is recognized on a straight-line basis over the lease term.

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

	July 3, 2026	June 27, 2025
	(in millions)	
Operating lease right-of-use assets (included in Other non-current assets)	$ 122	$ 123
Operating lease liabilities:		
Current portion of long-term operating lease liabilities (included in Accrued expenses)	32	31
Long-term operating lease liabilities (included in Other liabilities)	107	110
Total operating lease liabilities	$ 139	$ 141

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

	2026	2025	2024
		(in millions)	
Cost of operating leases	$ 37	$ 33	$ 41
Cash paid for operating leases	36	36	44
Operating lease assets obtained in exchange for operating lease liabilities	29	18	10

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

	July 3, 2026	June 27, 2025
Weighted average remaining lease term in years	5.6	6.1
Weighted average discount rate	5.1 %	5.0 %

As of July 3, 2026, minimum lease payments were as follows:

	Lease Amounts
	(in millions)
2027	$ 37
2028	30
2029	25
2030	18
2031	16
Thereafter	34
Total future minimum lease payments	160
Less: imputed interest	21
Present value of lease liabilities	$ 139

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 July 3, 2026, the Company had the following minimum long-term commitments:

	Long-term Commitments
	(in millions)
2027	$ 65
2028	27
2029	50
2030	97
Thereafter	71
Total	$ 310

Note 9. Income Taxes

Income (Loss) Before Taxes

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

	2026	2025	2024
		(in millions)	
Foreign	$ 925	$ 2,602	$ (492)
Domestic	8,980	(1,472)	(247)
Income (loss) before taxes	$ 9,905	$ 1,130	$ (739)

Income Tax Expense (Benefit)

The components of Income tax expense (benefit) were as follows:

	2026	2025	2024
		(in millions)	
Current:			
Foreign	$ 189	$ 213	$ 77
Domestic - Federal	125	90	34
Domestic - State	38	(1)	6
	352	302	117
Deferred:			
Foreign	(64)	(1)	(8)
Domestic - Federal	193	(773)	(68)
Domestic - State	—	(41)	(15)
	129	(815)	(91)
Income tax expense (benefit)	$ 481	$ (513)	$ 26

Previously, the Tax Cuts and Jobs Act of 2017 (“TCJA”) eliminated the ability to deduct R&D expenditures in the year incurred, requiring capitalization and amortization under Internal Revenue Code Section 174. In July 2025, the One Big Beautiful Bill Act of 2025 was signed into law, which includes broad tax reform provisions that extend and modify key elements of the TCJA. Notably, the new legislation now allows an option for the immediate expensing of domestic R&D expenditures, beginning with 2026. The legislation also includes favorable modifications to international tax provisions, including changes to the Global Intangible Low-Taxed Income regime and enhancements to the Foreign Derived Deduction Eligible Income (“FDDEI”) deduction that will become effective for the Company in 2027.

In August 2022, the Inflation Reduction Act of 2022 was signed into law, which contained, among other things, a corporate alternative minimum tax (“CAMT”) of 15% on corporations with three-year average annual adjusted financial statement income (“AFSI”) exceeding $1.0 billion. Although CAMT went into effect in 2024, the Company was not subject to CAMT in 2024 and 2025. The Company is not subject to CAMT in 2026 as its average annual AFSI did not exceed $1.0 billion for the preceding three-year period.

WESTERN DIGITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

In December 2021, the Organization for Economic Co-operation and Development G20 (“OECD/G20”) Inclusive Framework on Base Erosion and Profit Shifting released Model Global Anti-Base Erosion rules under Pillar Two. Several non-U.S. jurisdictions have either enacted legislation or announced their intention to enact future legislation to adopt certain or all components of Pillar Two, also known as Global Minimum Tax (“GMT”). For 2026, the Company is subject to GMT in Malaysia and Thailand.

Deferred Taxes

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

	July 3, 2026	June 27, 2025
	(in millions)	
Deferred tax assets:		
Sales related reserves and accrued expenses not currently deductible	$ 71	$ 38
Accrued compensation and benefits not currently deductible	101	75
Net operating loss carryforward	114	133
Business credit carryforward	562	562
Long-lived assets	748	796
Interest and hedging costs not currently deductible	22	166
Other	44	29
Total deferred tax assets	1,662	1,799
Deferred tax liabilities:		
Long-lived assets	(69)	(40)
Unremitted earnings of certain non-U.S. entities	(114)	(149)
Other	(1)	(12)
Total deferred tax liabilities	(184)	(201)
Valuation allowances	(611)	(598)
Deferred tax assets, net	$ 867	$ 1,000

The decrease in the deferred tax assets is attributable primarily to the utilization of interest expense carryforwards that had been previously deferred due to interest expense limitations. This decrease includes the interest paid in connection with the IRS settlement for years 2008 through 2015 that was previously deferred.

The Company continues to assess and adjust its valuation allowance based on operating results and market conditions. After weighing both the positive and negative evidence available, including, but not limited to, earnings history, projected future outcomes, industry and market trends and the nature of each of the deferred tax assets, the Company determined that it is able to realize its deferred tax assets except for certain loss and credit carryforwards.

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

Effective Tax Rate

The following table reconciles the income tax provision with the amount calculated using the U.S. federal statutory rate applied to pretax income, reflecting the adoption of ASU 2023-09 (amounts in millions, except for percentages):

	2026	
	Amount	**Percent**
US Federal Statutory Income Tax Rate	$ 2,080	21 %
State and Local Income Taxes, Net of Federal Income Tax Effect [(1)]	40	1
Foreign Tax Effects		
Thailand		
Tax Holiday Exempt Income	(140)	(1)
Pillar Two	82	1
Other	(17)	—
Other Foreign Jurisdictions	(30)	(1)
Effect of Changes in Tax Laws or Rates Enacted in the Current Period	—	—
Effect of Cross-Border Tax Laws		
FDDEI Deduction	(112)	(1)
Other	(20)	—
Tax Credits	(64)	(1)
Valuation Allowance	—	—
Non-taxable or Non-deductible Items:		
Stock-based Compensation [(2)]	(202)	(2)
Tax-free disposition of retained interest in Sandisk	(1,199)	(12)
Other	14	—
Uncertain Tax Positions [(3)]	87	1
Other	(38)	(1)
Total Tax Provision and Effective Tax Rate	$ 481	5 %

(1) State taxes in Illinois, New Jersey, and Utah comprised greater than 50% of the tax effect in this category.

(2) Includes amounts related to non-deductible stock-based compensation, in addition to excess tax benefits or shortfalls from stock-based compensation. Our tax provision includes $155 million of tax windfalls from stock-based compensation.

(3) Changes in unrecognized tax benefits are presented on an aggregated basis for all jurisdictions.

Cash paid for income taxes, net of refunds received, by jurisdiction, pursuant to the disclosure requirements of ASU 2023-09, is as follows:

	2026
	(in millions)
Federal	$ 506
State	49
Foreign	
Thailand	39
Malaysia	41
Other	99
Cash paid for income taxes, net of refunds received	$ 734

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

	2025	2024
U.S. Federal statutory rate	21 %	21 %
Tax rate differential on international income	(36)	(22)
Tax effect of U.S. foreign income inclusion	1	(1)
Tax effect of U.S. foreign minimum tax	25	(6)
Tax effect of U.S. stock-based compensation	(2)	(1)
Tax effect of non-deductible loss on retained interest in Sandisk	16	—
Tax effect of U.S. permanent differences	—	5
State income tax, net of federal tax	—	2
Change in valuation allowance	6	(3)
Unremitted earnings of certain non-U.S. entities	(2)	(2)
Foreign income tax credits	(8)	1
R&D tax credits	(6)	5
U.S. return to provision	1	—
Tax reserves	1	(3)
Inter-entity asset transfer	(61)	—
Other	(1)	—
Effective tax rate	(45)%	(4)%

The tax rate differential on international income is comprised primarily of reduced tax rates from the Company tax holidays.

Tax Holidays

A substantial portion of the Company's manufacturing operations in the Philippines and Thailand operate under various tax holidays and tax incentive programs, which will expire in whole or in part at various dates beginning in the first quarter of 2027 through 2033. Certain tax holidays and tax incentive programs may be extended if specific conditions are met.

The Company's tax holiday in Malaysia expired on November 1, 2023. The Company has applied for a new incentive and is engaged in active discussions with the Malaysian Investment Development Authority. Because no formal agreement is in place, the Company is applying the Malaysia corporate statutory tax rate on its post-expiration Malaysian income. If a new incentive is granted, the Company will make an adjustment to its effective tax rate in that period.

One of the Company's tax holidays in Thailand is scheduled to expire on August 31, 2026. While the Company's earnings in Thailand for the current fiscal year remain eligible for this incentive, certain deferred tax balances are scheduled to reverse after the expiration date. The Company is in active discussions with the Thailand Board of Investment regarding an extension; however, because no formal agreement is in place, the Company has measured these reversing deferred taxes using the Thailand statutory corporate tax rate. If an extension is granted, the Company will make an adjustment to its effective tax rate in the period of enactment.

The direct tax impact of these tax holidays and tax incentives was an increase to the Company's net earnings by $60 million, or $0.16 per diluted share, $551 million, or $1.54 per diluted share, and $209 million, or $0.64 per diluted share, in 2026, 2025 and 2024, respectively. The direct tax impact of these tax holidays and tax incentives amount was reduced for GMT in Thailand, which became applicable for the Company in 2026.

Tax Carryforwards

As of July 3, 2026, the Company had varying amounts of federal and state NOL/tax credit carryforwards that do not expire or, if not used, expire in various years. Following is a summary of the Company's federal and state NOL/tax credit carryforwards and the related expiration dates of these NOL/tax credit carryforwards:

Jurisdiction	NOL/Tax Credit Carryforward Amount	Expiration
	(in millions)	
Federal NOL (Pre 2017 Act Generation)	$ 546	2027 to 2038
California NOL	353	2028 to 2047
Other State NOL	194	Various
Federal tax credits	49	2027 to 2035
State tax credits	774	No expiration

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

As of July 3, 2026, the Company had varying amounts of foreign NOL carryforwards that do not expire or, if not used, expire in various years, depending on the country. The major jurisdictions that the Company receives foreign NOL carryforwards and the related amounts and expiration dates of these NOL carryforwards are as follows:

Jurisdiction	NOL Carryforward Amount	Expiration
	(in millions)	
Malaysia	$ 76	2029

Uncertain Tax Positions

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

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

	2026	2025	2024
		(in millions)	
Unrecognized tax benefit, beginning balance	$ 569	$ 721	$ 1,021
Gross increases related to current year tax positions	13	11	25
Gross increases related to prior year tax positions	34	26	73
Gross decreases related to prior year tax positions	—	(13)	(32)
Settlements	(4)	(40)	(363)
Lapse of statute of limitations	(2)	(10)	(3)
Distribution in connection with the Separation	—	(126)	—
Unrecognized tax benefit, ending balance	$ 610	$ 569	$ 721

As of July 3, 2026, June 27, 2025 and June 28, 2024, the portion of the gross unrecognized tax benefits, if recognized, that would affect the effective tax rate is $455 million, $416 million and $555 million, respectively. It is the Company's policy to include interest and penalties related to its gross unrecognized tax benefits as a component of the provision for income taxes. Accrued interest and penalties included in the Company's liability related to unrecognized tax benefits as of July 3, 2026, June 27, 2025 and June 28, 2024 was $130 million, $82 million and $181 million, respectively. As of July 3, 2026, June 27, 2025 and June 28, 2024, the Company's payables related to unrecognized tax benefits, including accrued interest and penalties, were $585 million, $498 million and $736 million, respectively. Of these amounts, approximately $349 million, including interest and penalties, could result in potential cash payments to be made within the next twelve months and have been included in Income taxes payable on the Consolidated Balance Sheets as of July 3, 2026. The remaining payables related to unrecognized tax benefits, including accrued interest and penalties, are included in Other liabilities on the Consolidated Balance Sheets as of July 3, 2026 and June 27, 2025.

The potential cash payments of $349 million is expected to be netted with offsetting favorable tax receivables totaling $213 million, including among other things, a reduction to our mandatory deemed repatriation tax obligations related to the settlement for the years 2008 through 2015, for potential net cash payments of $136 million. These tax receivables are classified in Other current assets on the Consolidated Balance Sheets as of July 3, 2026.

In connection with Internal Revenue Service ("IRS") settlements for the years 2008 through 2015, the Company expects to realize reductions to its mandatory deemed repatriation tax obligations and tax savings from interest deductions in future years aggregating to approximately $166 million. Of this amount, $65 million of interest savings from the interest paid with respect to years 2008 through 2015 that were previously classified as a deferred tax asset due to interest expense limitation rules have been utilized during the fiscal year.

The Company files U.S. Federal, U.S. state and foreign tax returns. For both federal and state tax returns, with few exceptions, the Company is subject to examination for 2016 through 2025. The Company is no longer subject to examination by the IRS for periods prior to 2016, although carry forwards generated prior to those periods may still be adjusted upon examination by the IRS or state taxing authority if they either have been or will be used in a subsequent period. In the following major foreign jurisdictions, the Company could be subject to examination as noted below:

Jurisdiction	Period Subject to Examination
China (calendar)	2015-2025
India (fiscal)	2018-2025
Japan (fiscal)	2017-2025
Malaysia (fiscal)	2019-2025
Thailand (fiscal)	2015-2025
Singapore (fiscal)	2022-2025
United Kingdom (fiscal)	2024-2025

The Company believes that adequate provision has been made for any adjustments that may result from any other tax examinations. The outcome of such tax examinations, however, 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 July 3, 2026, with the exception of the net potential cash payment of $136 million, it was not possible to estimate the amount of change, if any, in the unrecognized tax benefits that is reasonably possible within the next twelve months. Any significant change in the amount of the Company's liability for unrecognized tax benefits would most likely result from additional information relating to the examination of the Company's tax returns.

Note 10. Business Realignment Charges (Credits)

The Company periodically incurs charges to realign its business operations with anticipated business needs, primarily consisting of organization rationalization designed to streamline its business, reduce its cost structure and focus its resources. These actions have resulted in charges for employee termination benefits and charges from the impairment of intangible assets and other long-lived assets. In 2026, the Company canceled certain facility projects and impaired related construction in progress assets as realigned resources to optimize capacity to support recent growth. In 2024, the Company reassessed capacity development plans at that time and made a decision to cancel certain projects, including projects to expand capacity in its Penang, Malaysia facility, resulting in the impairment of existing construction in progress, other assets and the recognition of a liability for certain contract termination costs. The Company may also periodically record credits related to gains upon the sale of property in connection with these activities.

The Company recorded the following charges related to these actions:

	2026	2025	2024
		(in millions)	
Cash-based employee termination benefits	$ 97	$ 2	$ 34
Stock-based employee termination benefits	9	—	—
Asset impairments and recoveries, net	33	—	146
Contract termination and other	7	(8)	29
Total business realignment charges (credits)	$ 146	$ (6)	$ 209

The following table presents an analysis of the components of these activities against the reserve (included in Accrued expenses) during the year ended July 3, 2026:

	Employee Termination Benefits	Contract Termination and Other	Total
		(in millions)	
Accrual balance as of June 27, 2025	$ 1	$ 9	$ 10
Charges	97	7	104
Cash payments	(98)	(3)	(101)
Accrual balance as of July 3, 2026	$ —	$ 13	$ 13

Note 11. Pension and Other Post-Retirement Benefit Plans

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

Obligations and Funded Status

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

	2026	2025	2024
		(in millions)	
Change in benefit obligation:			
Projected benefit obligation at beginning of period	$ 272	$ 244	$ 273
Service cost	9	9	9
Interest cost	7	7	6
Actuarial gain	(25)	(6)	(17)
Benefits paid	(10)	(8)	(7)
Settlement/curtailment	—	—	2
Non-U.S. currency movement	(16)	26	(22)
Projected benefit obligation at end of period	237	272	244
Change in plan assets:			
Fair value of plan assets at beginning of period	204	184	185
Actual return on plan assets	10	3	12
Employer contributions	5	6	13
Benefits paid	(10)	(8)	(7)
Non-U.S. currency movement	(20)	19	(19)
Fair value of plan assets at end of period	189	204	184
Unfunded status	$ 48	$ 68	$ 60

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

	July 3, 2026	June 27, 2025
	(in millions)	
Current liabilities	$ 1	$ 1
Non-current liabilities	47	67
Net amount recognized	$ 48	$ 68

The accumulated benefit obligation for the Pension Plans was $237 million at July 3, 2026. As of July 3, 2026, the accumulated other income pension balance was $53 million. There were no material prior service credits for the Pension Plans recognized in Accumulated other comprehensive income (loss) in the Consolidated Balance Sheet as of July 3, 2026.

Net periodic benefit costs were not material for 2026, 2025 and 2024.

Assumptions

Weighted-Average Assumptions

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

	2026	2025	2024
Discount rate	3.8 %	2.9 %	3.0 %
Rate of compensation increase	3.0 %	2.7 %	2.7 %

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

	2026	2025	2024
Discount rate	2.9 %	3.0 %	2.2 %
Expected long-term rate of return on plan assets	2.5 %	2.5 %	2.5 %
Rate of compensation increase	2.7 %	2.7 %	2.4 %

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

The Company develops the expected long-term rate of return on plan assets by analyzing rates of return in each plan as well as the investment portfolio applicable to the plan depending on each plan’s economic environment. The Company’s estimates of future rates of return on assets is based in large part on the projected rate of return from the respective investment managers using a long-term view of historical returns, as well as actuarial recommendations using the most current generational and mortality tables and rates. As of July 3, 2026, the Pension Plans’ assets materially consisted of plan assets related to the Japan pension plan and, as such, the assumption used herein is primarily related to the Japan pension plan.

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

Plan Assets

Investment Policies and Strategies

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

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

Fair Value Measurements

The following tables present the Pension Plans' major asset categories and their associated fair values and net asset values as of July 3, 2026 and June 27, 2025:

	July 3, 2026			
	Level 1	Level 2	Level 3	Total
	(in millions)			
Plan assets measured at fair value:				
Equity:				
Equity commingled/mutual funds[1][2]	$ —	$ 60	$ —	$ 60
Fixed income:				
Fixed income commingled/mutual funds[1][3]	—	103	—	103
Net plan assets subject to leveling	—	163	—	163
Real estate investment trust at net asset value	—	—	—	26
Total investments at fair value	$ —	$ 163	$ —	$ 189

	June 27, 2025			
	Level 1	Level 2	Level 3	Total
	(in millions)			
Plan assets measured at fair value:				
Equity:				
Equity commingled/mutual funds[1][2]	$ —	$ 66	$ —	$ 66
Fixed income:				
Fixed income commingled/mutual funds[1][3]	—	110	—	110
Net plan assets subject to leveling	—	176	—	176
Real estate investment trust at net asset value	—	—	—	28
Total investments at fair value	$ —	$ 176	$ —	$ 204

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

There were no significant movements of assets between any level categories in 2026 or 2025.

Fair Value Valuation Techniques

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

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

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

Cash Flows

The Company’s expected employer contributions for 2027 and annual benefit payments over the next five years for its Pension Plans are not expected to be material.

Note 12. Western Digital Corporation 401(k) Plan

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

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

For 2026, 2025 and 2024, the Company made Plan contributions of $23 million, $22 million and $8 million, respectively.

Note 13. Shareholders' Equity and Convertible Preferred Stock

2021 Long-Term Incentive Plan

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

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

As of July 3, 2026, the maximum number of shares of the Company's common stock that was authorized for award grants under the 2021 Plan was 34.8 million shares. The 2021 Plan will terminate on November 22, 2031, unless terminated earlier by the Company's Board of Directors.

Employee Stock Purchase Plan

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

During 2026, 2025 and 2024, the Company issued 1.6 million, 2.0 million and 2.4 million shares, respectively, under the ESPP for aggregate purchase amounts of $64 million, $77 million and $81 million, respectively.

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

Stock-based Compensation Expense

In connection with the Separation (as discussed in Note 4, *Discontinued Operations*), on February 21, 2025, all outstanding stock-based compensation awards associated with continuing Western Digital employees were adjusted with the intent to preserve the intrinsic value of each award immediately before and after the Separation. The adjustments were determined using a ratio calculated based on the closing price of the Company's common stock immediately before the Separation and the average of the closing price on each of the first five days of trading after the Separation. In addition, for PSUs, the conditions related to the Company's performance for the 2025 measurement period were modified and fixed at target. The remaining terms of the outstanding awards are unchanged and any unvested stock awards will continue to vest over the original vesting periods. An incremental value of approximately $40 million resulting from the adjustment of the unvested awards will be recognized ratably over the remaining service periods. Upon the Separation, approximately 3.1 million unvested stock-based compensation awards were retained by Sandisk employees and will vest upon completion of any remaining service period with Sandisk and approximately 3.5 million awards were cancelled from the Company's incentive plans.

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

	2026	2025	2024
		(in millions)	
RSUs and PSUs	$ 188	$ 151	$ 182
ESPP	16	16	20
Total	$ 204	$ 167	$ 202

	2026	2025	2024
		(in millions)	
Cost of revenue	$ 33	$ 34	$ 36
Research and development	87	73	65
Selling, general and administrative	75	60	101
Business realignment charges	9	—	—
Subtotal	204	167	202
Tax benefit	(36)	(23)	(30)
Total	$ 168	$ 144	$ 172

Any excess windfall tax benefits and tax deficiencies for shortfalls related to the vesting and exercise of stock-based awards are recognized as a component of the Company's Income tax expense (benefit). As of July 3, 2026, excess windfall tax benefits were $155 million. Excess windfall tax benefits and tax deficiencies for shortfalls were immaterial for the earlier periods presented.

Compensation costs related to unvested RSUs, PSUs and rights to purchase shares of common stock under the ESPP will generally be amortized on a straight-line basis over the remaining average service period. The following table presents the unamortized compensation cost and weighted average service period of all unvested outstanding awards as of July 3, 2026:

	Unamortized Compensation Costs	Weighted Average Service Period
	(in millions)	*(years)*
RSUs and PSUs [(1)]	$ 276	1.8
ESPP	16	0.5
Total unamortized compensation cost	$ 292	

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

Plan Activities

RSUs and PSUs

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

	Number of Shares	Weighted Average Grant Date Fair Value	Aggregate Intrinsic Value at Vest Date
	(in millions)		*(in millions)*
RSUs and PSUs outstanding at June 30, 2023	13.8	$ 46.56	
Granted	6.6	42.29	
Vested	(5.8)	48.26	$ 297
Forfeited	(1.6)	45.62	
RSUs and PSUs outstanding at June 28, 2024	13.0	44.42	
Granted	5.5	40.99	
Vested	(6.5)	41.08	$ 379
Forfeited	(1.4)	50.91	
Share conversion due to Separation	2.6	52.15	
Awards cancelled due to Separation	(3.5)	52.32	
RSUs and PSUs outstanding at June 27, 2025	9.7	33.56	
Granted	2.6	85.14	
Vested	(5.1)	35.77	$ 1,117
Forfeited	(0.6)	42.96	
RSUs and PSUs outstanding at July 3, 2026	6.6	$ 52.21	

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

Fair Value Valuation Assumptions

RSU and PSU Grants

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

ESPP – Black-Scholes-Merton Model

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

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

	2026	2025	2024
Weighted-average expected term (in years)	1.25	1.16	1.25
Risk-free interest rate	3.68%	4.19%	4.93%
Stock price volatility	0.59	0.39	0.39
Dividend yield	0.25%	0.01%	—%
Fair value	$87.23	$13.32	$15.08

Common Stock

The Company is authorized to issue 750 million shares of common stock, $0.01 par value per share. As of July 3, 2026 and June 27, 2025, there were 364 million and 349 million shares issued, and 361 million and 347 million shares outstanding, respectively, which are net of 3 million and 2 million shares of treasury stock held at cost, respectively.

Convertible Preferred Stock

On January 31, 2023, the Board of Directors of the Company authorized the designation of 900,000 shares of Series A Convertible Perpetual Preferred Stock, par value $0.01 per share (the “Preferred Shares”) from the Company’s existing five million authorized but unissued shares of preferred stock and issued the Preferred Shares through a private placement for an aggregate purchase price of $900 million, less issuance costs of $24 million. The Preferred Shares had an initial stated value of $1,000 per share and accrued a cumulative preferred dividend at an annual rate of 6.25% per annum, compounded on a quarterly basis. The Preferred Shares were classified as mezzanine equity in the Company’s Consolidated Balance Sheets because, in the event of certain fundamental changes in the business that were not solely within the control of the Company, the Preferred Shares would have become redeemable at the option of the holders. The Company did not adjust the carrying values of the Preferred Shares to the redemption value of such shares since a liquidation event was not probable at any of the historical balance sheet dates.

Pursuant to their terms, the Company had an option to convert the Preferred Shares after January 31, 2026, if the closing price per share of the Company’s common stock exceeded 150% of the conversion price for at least 20 out of 30 consecutive trading days immediately before the Company’s conversion notice. On February 17, 2026, the Company exercised this option and converted all remaining outstanding Preferred Shares into 7 million shares of the Company’s common stock based on the conversion price in effect at that time. Immediately prior to conversion, the Preferred Shares outstanding had an aggregate liquidation preference of $267 million, which included previous dividends paid in-kind of $32 million. On February 24, 2026, the Company filed a Certificate of Elimination with the Secretary of State of the State of Delaware with respect to the Preferred Shares, pursuant to which the Preferred Shares were eliminated and returned to the status of authorized and unissued preferred shares of the Company.

Through December 31, 2024, the Company paid quarterly dividends on the Preferred Shares in-kind through an increase to the stated value. Subsequently, quarterly dividends on the Preferred Shares were made in cash, which included $8 million declared and paid in 2025, and $8 million declared and paid in 2026 prior to conversion. The Preferred Shares also participated in any dividends declared for common shareholders on an as-converted equivalent basis. As of June 27, 2025, 235,000 Preferred Shares were outstanding, with an aggregate liquidation preference of $265 million, including accumulated dividends in-kind of $30 million.

During the year ended June 28, 2024, 665,000 of the Preferred Shares were converted into approximately 15 million shares of common stock in accordance with the original terms of the Preferred Shares.

Share Repurchase Program

On May 9, 2025, the Company's Board of Directors authorized a share repurchase program for the repurchase of up to $2.0 billion of the Company's common stock, and on February 2, 2026, the Company's Board of Directors authorized the repurchase of up to an additional $4.0 billion of the Company's common stock (collectively, the "Share Repurchase Program"). There is no expiration date for the Share Repurchase Program. For the year ended July 3, 2026, the Company repurchased 14.7 million shares for a total cost of $2.59 billion. The remaining amount available to be repurchased under the Company's share repurchase program as of July 3, 2026 was $3.26 billion. Repurchases under the Share 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 share repurchases to be funded primarily by operating cash flows. The amount and timing of share repurchases will depend on market conditions and other corporate considerations. The Company may suspend or discontinue the Share Repurchase Program at any time.

Apart from share repurchases under the Share Repurchase Program, in the fourth quarter of 2026, the Company completed two separate equity-for-equity exchanges, which used the Company's remaining 1.7 million shares of Sandisk common stock, valued at $3.24 billion based on the market price on the date of settlement, to acquire 4.8 million shares of the Company's common stock valued at $2.99 billion based on the market price on the date of settlement. The exchanges resulted in $254 million recorded in Costs in connection with equity-for-equity exchanges in the Consolidated Statement of Operations. This amount reflects the difference between the fair market value of the Sandisk common stock exchanged and the Company's common stock acquired on the settlement date.

Stock Reserved for Issuance

The following table summarizes all common stock reserved for issuance at July 3, 2026:

	Number of Shares
	(in millions)
Convertible notes	24
Outstanding awards and shares available for award grants	26
ESPP	10
Total	60

Dividends to Common Shareholders

On April 29, 2025, the Company's Board of Directors authorized the adoption of a quarterly cash dividend program. Under the cash dividend program, holders of the Company's common stock will receive dividends when and as declared by the Board of Directors. During the year ended July 3, 2026, the Company paid aggregate cash dividends of $0.50 per share of its outstanding common stock, totaling $174 million, plus $2 million paid to holders of the Company's then-outstanding Preferred Shares in accordance with their participation rights. During the year ended June 27, 2025, the Company paid cash dividends of $0.10 per share of its outstanding common stock, totaling $35 million, plus $1 million paid to holders of the Company's then-outstanding Preferred Shares in accordance with their participation rights.

Subsequent to year-end, on August 4, 2026, the Board of Directors declared a cash dividend of $0.15 per share of the Company's common stock, which will be paid on September 17, 2026 to shareholders of record as of the close of business on September 8, 2026.

The Company may modify, suspend, or cancel its cash dividend program in any matter and at any time. The amount of future dividends under the Company's cash dividend program, and the declaration and payment thereof, will be based upon all relevant factors, including the Company's financial position, results of operations, cash flows, capital requirements and restrictions under the Company's Loan Agreement and other financing agreements, and shall be in compliance with applicable law.

Note 14. Net Income (Loss) Per Common Share

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

	2026	2025	2024
	(in millions, except per share data)		
Net income (loss) from continuing operations	$ 9,424	$ 1,643	$ (765)
Dividends allocated to preferred shareholders	(12)	(17)	(54)
Income attributable to participating securities[1]	(126)	(28)	—
Net income (loss) from continuing operations attributable to common shareholders - basic	9,286	1,598	(819)
Net income (loss) from discontinued operations, net of taxes, attributable to common shareholders	—	242	(33)
Net income (loss) attributable to common shareholders - basic	$ 9,286	$ 1,840	$ (852)
Net income (loss) from continuing operations attributable to common shareholders - basic	$ 9,286	$ 1,598	$ (819)
Re-allocation of participating securities considered potentially dilutive	12	1	—
Net income (loss) from continuing operations attributable to common shareholders - diluted	9,298	1,599	(819)
Net income (loss) from discontinued operations, net of taxes, attributable to common shareholders	—	242	(33)
Net income (loss) attributable to common shareholders - diluted	$ 9,298	$ 1,841	$ (852)
Weighted average shares:			
Basic	345	347	326
RSUs, PSUs, ESPP, and the convertible notes	38	12	—
Diluted	383	359	326
Net income (loss) per common share:			
Basic:			
Continuing operations	$ 26.92	$ 4.61	$ (2.51)
Discontinued operations	—	0.70	(0.10)
Net income (loss) per common share	26.92	5.31	(2.61)
Diluted:			
Continuing operations	24.28	4.45	(2.51)
Discontinued operations	—	0.67	(0.10)
Net income (loss) per common share	24.28	5.12	(2.61)
Anti-dilutive potential common shares excluded	—	—	22

[1] Participating securities consisted of Preferred Shares prior to their conversion in February 2026, because they participated on a pro rata basis in any dividends declared on shares of common stock.

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

Potentially dilutive common shares include dilutive outstanding RSUs and PSUs, rights to purchase shares of common stock under the Company’s ESPP, shares issuable in connection with the Company’s convertible notes, and Preferred Shares. For 2026 and 2025, based on the Company’s average stock price during the period, an insignificant number of common shares subject to outstanding equity awards were anti-dilutive. For 2024, the Company recorded a net loss and all shares subject to outstanding equity awards were excluded from the calculation of diluted shares for the period because their impact would have been anti-dilutive.

Note 15. Supplier Finance Program

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

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

The Company's outstanding payment obligations to vendors eligible to participate under its supplier finance program were $76 million and $39 million as of July 3, 2026 and June 27, 2025, respectively, and are included within Accounts payable on the Company's Consolidated Balance Sheets with the associated payments reflected in the operating activities section of the Consolidated Statements of Cash Flows. The roll-forward of the Company's outstanding obligations confirmed as valid under its supplier finance program for the year ended July 3, 2026 is as follows (in millions):

Confirmed obligation outstanding at the beginning of the year	$ 39
Invoices confirmed during the year	301
Confirmed invoices paid during the year	(264)
Confirmed obligations outstanding at the end of the year	$ 76

Note 16. Legal Proceedings

Intellectual Property Litigation

On September 28, 2016, SPEX Technologies, Inc. ("SPEX") filed a lawsuit in the Central District Court against the Company and two of the Company's current or former wholly-owned subsidiaries, Western Digital Technologies, Inc. and HGST Inc., alleging infringement of U.S. Patent Nos. 6,088,802 and 6,003,135, both of which allegedly relate to moving a security mechanism (e.g., the encrypting/decrypting mechanism) from a host computer or a separate device to a peripheral device that provides data storage. As the case progressed, SPEX dismissed its allegations relating to U.S. Patent No. 6,003,135 and narrowed its case to one claim related to U.S. Patent No. 6,088,802 and asserted this against certain HDD products that may include certain encryption capabilities. The trial commenced on October 8, 2024, and concluded on October 18, 2024, and the jury awarded SPEX damages of $316 million for the use of one claim related to U.S. Patent No. 6,088,802 in the past, prior to its expiration in 2017. On January 8, 2025, the Court entered judgment for SPEX in accordance with the verdict and also awarded SPEX prejudgment interest of $237 million and legal costs. On June 16, 2025, the Court ruled on the Company's post-trial motions, finding that SPEX did not present sufficient evidence on which a damages award could be determined and therefore awarded nominal damages of $1. On June 27, 2025, the Court entered an amended judgment awarding SPEX nominal damages of $1 with no prejudgment interest and no legal costs. The Company has appealed the infringement finding, and SPEX has appealed damages-related issues. Based on available appellate arguments, the Company believes a loss is not probable and has not accrued a liability as a result of the jury verdict or the entry of amended judgment in its financial statements as of July 3, 2026.

In August 2022, MRT filed an action against the Company, alleging infringement of certain patents related to HDD media. Following a jury trial and judgment in favor of the plaintiff, in the fourth quarter of 2024, the Company recognized an aggregate liability for this matter of $384 million with $291 million recognized as an Operating expense under Litigation matter for the year ended June 28, 2024 and $93 million recognized as Other non-current assets for the patent licenses, to be amortized over their remaining lives. In April 2025, the Company reached a global settlement of $130 million for all pending matters with MRT. As a result of the settlement, the Company reversed $201 million of previously recorded charges in Operating expense under Litigation matter and $6 million of post-judgment interest previously recorded in Other income (expense), net.

Other Matters

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

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

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

None.

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

Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15(b) promulgated by the SEC 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 Annual Report on Form 10-K.

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

Management’s Report on Internal Control over Financial Reporting

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

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

Changes in Internal Control over Financial Reporting

There has been no change in our internal control over financial reporting during the quarter ended July 3, 2026, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations of Effectiveness of Controls

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

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

Insider Trading Arrangements

During the quarter ended July 3, 2026, the following director and officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted trading arrangements for the purchase or sale of securities that are intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) of the Exchange Act (“Rule 10b5-1 Plan”):

- Ahmed Shihab, Executive Vice President and Chief Product Officer of the Company, adopted a Rule 10b5-1 Plan on May 28, 2026. Under this plan, up to an aggregate of 24,000 shares of the Company’s common stock may be sold before the plan expires on June 1, 2028.

- Kimberly Alexy, a director of the Company, adopted a Rule 10b5-1 Plan on May 29, 2026. Under this plan, up to an aggregate of 10,000 shares of the Company’s common stock may be sold before the plan expires on December 1, 2027.

- Brian Scott Davis, Executive Vice President and Chief Sales and Marketing Officer of the Company, adopted a Rule 10b5-1 Plan on June 5, 2026. Under this plan, up to an aggregate of 31,016 shares of the Company’s common stock may be sold before the plan expires on February 16, 2027.

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

Not applicable.

PART III

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

There is incorporated herein by reference to the information required by this Item included in the Company’s Proxy Statement for the 2026 Annual Meeting of Stockholders, which we intend to file with the SEC no later than 120 days after the close of the year ended July 3, 2026. In addition, our Board of Directors has adopted a Code of Business Ethics that applies to all of our directors, employees and officers, including our Chief Executive Officer and Chief Financial Officer. The current version of the Code of Business Ethics is available on our website under the Leadership section at *www.westerndigital.com*. To the extent required by rules adopted by the SEC and The Nasdaq Stock Market LLC, we intend to promptly disclose future amendments to certain provisions of the Code of Business Ethics, or waivers of such provisions granted to executive officers and directors, on our website under the Leadership section at *www.westerndigital.com*.

Item 11. *Executive Compensation*

There is incorporated herein by reference to the information required by this Item included in the Company’s Proxy Statement for the 2026 Annual Meeting of Stockholders, which we intend to file with the SEC no later than 120 days after the close of the year ended July 3, 2026.

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

There is incorporated herein by reference to the information required by this Item included in the Company’s Proxy Statement for the 2026 Annual Meeting of Stockholders, which we intend to file with the SEC no later than 120 days after the close of the year ended July 3, 2026.

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

There is incorporated herein by reference to the information required by this Item included in the Company’s Proxy Statement for the 2026 Annual Meeting of Stockholders, which we intend to file with the SEC no later than 120 days after the close of the year ended July 3, 2026.

Item 14. *Principal Accountant Fees and Services*

There is incorporated herein by reference to the information required by this Item included in the Company’s Proxy Statement for the 2026 Annual Meeting of Stockholders, which we intend to file with the SEC no later than 120 days after the close of the year ended July 3, 2026.

PART IV

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

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

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

(2) *Financial Statement Schedules.*

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

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

EXHIBIT INDEX

Exhibit Number	Description
2.1	Separation and Distribution Agreement, dated as of February 21, 2025, by and between Western Digital Corporation and Sandisk Corporation (incorporated by reference to Exhibit 2.1 of the Current Report on Form 8-K filed by the Company on February 24, 2025)#
3.1	Amended and Restated Certificate of Incorporation of Western Digital Corporation, as amended to date (incorporated by reference to Exhibit 3.1 to the Annual Report on Form 10-K filed by the Company on August 20, 2024)
3.2	Amended and Restated Bylaws of Western Digital Corporation, as amended effective as of March 13, 2025 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed by the Company on March 13, 2025)
4.1	Description of Western Digital Corporation's Capital Stock†
4.2	Indenture, dated as of December 10, 2021, between Western Digital Corporation and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed by the Company on December 10, 2021)
4.3	Indenture (including Form of 3.00% Convertible Senior Notes due 2028), dated as of November 3, 2023 (the "Indenture"), among (i) Western Digital Corporation, (ii) Western Digital Technologies, Inc., as guarantor, and (iii) U.S. Bank Trust Company, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K the Securities and Exchange Commission on November 3, 2023)
4.3.1	First Supplemental Indenture, dated as of April 26, 2024, between (i) Western Digital Corporation, (ii) SanDisk Corporation, (iii) SanDisk Technologies, Inc., and (iv) U.S. Bank Trust Company, National Association, as trustee (incorporated by reference to Exhibit 4.8 to the Annual Report on Form 10-K filed by the Company on August 20, 2024)
10.1	Restatement Agreement, dated January 7, 2022, by and among Western Digital Corporation, JPMorgan Chase Bank, N.A., as administrative agent, and the lenders party thereto (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q filed by the Company on May 4, 2022)
10.1.1	Amendment No. 1, dated as of December 23, 2022, to the Amended and Restated Loan Agreement, dated as of January 7, 2022, by and among Western Digital Corporation, each lender party thereto, J.P. Morgan Chase Bank, N.A. as Administrative Agent and the other parties thereto (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by the Company on December 23, 2022)
10.1.2	Amendment No. 2, dated as of June 20, 2023, to the Amended and Restated Loan Agreement, dated as of January 7, 2022, by and among Western Digital Corporation, each lender party thereto, J.P. Morgan Chase Bank, N.A. as Administrative Agent and the other parties thereto (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by the Company on June 21, 2023)
10.1.3	Amendment No. 3, dated as of June 11, 2024, to the Amended and Restated Loan Agreement dated as of January 7, 2022, by and among Western Digital Corporation, each lender party thereto, J.P. Morgan Chase Bank, N.A. as Administrative Agent and the other parties thereto (incorporated by reference to Exhibit 10.16(3) to the Annual Report on Form 10-K filed by the Company on August 20, 2024)
10.1.4	Amendment No. 4, dated as of February 20, 2025, to the Amended and Restated Loan Agreement, dated as of January 7, 2022, by and among Western Digital Corporation, JPMorgan Chase Bank, N.A., as administrative agent and the lenders party thereto (incorporated by reference to Exhibit 10.7 to the Current Report on Form 8-K filed by the Company on February 24, 2025)#
10.1.5	Amendment No. 5, dated as of May 21, 2025, to the Amended and Restated Loan Agreement, dated as of January 7, 2022, by and among Western Digital Corporation, JPMorgan Chase Bank, N.A., as administrative agent and the lenders party thereto (incorporated by reference to Exhibit 10.1.5 to the Annual Report on Form 10-K filed by the Company on August 15, 2025)
10.1.6	Amendment No. 6, dated as of February 5, 2026, to the Amended and Restated Loan Agreement, dated as of January 7, 2022, by and among Western Digital Corporation, JPMorgan Chase Bank, N.A., as administrative agent and the lenders party thereto (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q filed by the Company on May 1, 2026)
10.2	Guaranty, dated as of June 20, 2023, by and among Western Digital Corporation, Western Digital Technologies, Inc. and JPMorgan Chase Bank, N.A. as Administrative Agent (incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K filed by the Company on June 21, 2023)
10.3	Security Agreement, dated as of June 20, 2023, by and among Western Digital Corporation, Western Digital Technologies, Inc and JPMorgan Chase Bank, N.A. as collateral agent (incorporated by reference to Exhibit 10.6 to the Current Report on Form 8-K filed by the Company on June 21, 2023)
10.4	Form of Confirmation for Capped Call Transactions (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by the Company on November 3, 2023)
10.5	Tax Matters Agreement, dated as of February 21, 2025, by and between Western Digital Corporation and Sandisk Corporation (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed by the Company on February 24, 2025)#
10.6	Intellectual Property Cross-License Agreement, dated as of February 21, 2025, by and between Western Digital Corporation and Sandisk Corporation (incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K filed by the Company on February 24, 2025)#

Exhibit Number	Description
10.7	Transitional Trademark License Agreement, dated as of February 21, 2025, by and between Western Digital Corporation and Sandisk Corporation (incorporated by reference to Exhibit 10.5 to the Current Report on Form 8-K filed by the Company on February 24, 2025)#
10.8	Western Digital Corporation Amended and Restated 2017 Performance Incentive Plan, amended and restated as of August 11, 2020 (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q filed by the Company on February 9, 2021)**
10.8.1	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 (incorporated by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q filed by the Company on February 9, 2021)**
10.9	Western Digital Corporation Amended and Restated 2021 Long-Term Incentive Plan, amended and restated as of May 28, 2025 (incorporated by reference to Exhibit 4.1 to the Registration Statement on Form S-8 filed by the Company on June 4, 2025)**
10.9.1	Form of Grant Notice for Performance Stock Unit Award under the Western Digital Corporation 2021 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q filed by the Company on November 7, 2023)**
10.9.2	Form of Grant Notice for Restricted Stock Unit Award – Vice President and Above, under the Western Digital Corporation 2021 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q filed by the Company on February 3, 2022)**
10.9.3	Form of Grant Notice for Restricted Stock Unit Award – Vice President and Above, under the Western Digital Corporation Amended and Restated 2021 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.2(3) to the Annual Report on Form 10-K filed by the Company on August 22, 2023)**
10.9.4	Form of Grant Notice for Restricted Stock Unit Award – Vice President and Above, under the Western Digital Corporation Amended and Restated 2021 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q filed by the Company on October 31, 2024)**
10.9.5	Form of Grant Notice for Performance Stock Unit Award Agreement under the Western Digital Corporation 2021 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q filed by the Company on October 31, 2025)**
10.9.6	Western Digital Corporation Amended and Restated 2021 Long-Term Incentive Plan Non-Employee Director Restricted Stock Unit Grant Program, amended and restated as of May 23, 2023 (incorporated by reference to Exhibit 10.2(4) to the Annual Report on Form 10-K filed by the Company on August 22, 2023)**
10.9.7	Western Digital Corporation Amended and Restated 2021 Long-Term Incentive Plan Non-Employee Director Restricted Stock Unit Grant Program, amended and restated as of August 27, 2025 (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q filed by the Company on October 30, 2025)**
10.10	Western Digital Corporation Executive Short-Term Incentive Plan, dated February 9, 2021 (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q filed by the Company on May 6, 2021)**
10.11	Western Digital Corporation Amended and Restated 2005 Employee Stock Purchase Plan, amended and restated as of August 27, 2025 (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed by the Company on November 24, 2025)**
10.12	Western Digital Corporation Deferred Compensation Plan, amended and restated effective January 1, 2013 (incorporated by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q filed by the Company on November 2, 2012)**
10.12.1	Amendment No. 1, effective December 1, 2024, to the Western Digital Corporation Deferred Compensation Plan, amended and restated effective January 1, 2013 (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q filed by the Company on January 31, 2025)**
10.13	Western Digital Corporation Amended and Restated Change in Control Severance Plan, amended and restated as of March 13, 2025 (incorporated by reference to Exhibit 10.9 to the Quarterly Report on Form 10-Q filed by the Company on May 2, 2025)**
10.14	Western Digital Corporation Amended and Restated Executive Severance Plan, amended and restated as of May 24, 2021 (incorporated by reference to Exhibit 10.7 to the Annual Report on Form 10-K filed by the Company on August 27, 2021)**
10.15	Form of Indemnification Agreement for Directors and Officers of Western Digital Corporation (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by the Company on January 30, 2025)**
10.16	Offer Letter, dated as of February 11, 2025, to Irving Tan (incorporated by reference to Exhibit 10.10 to the Quarterly Report on Form 10-Q filed by the Company on May 2, 2025)**
10.17	Offer Letter, dated as of May 1 2025, to Kris Sennesael (incorporated by reference to Exhibit 10.22 to the Annual Report on Form 10-K filed by the Company on August 14, 2025)**
10.18	Amended and Restated Offer Letter, dated as of April 18, 2025, to Ahmed Shihab (incorporated by reference to Exhibit 10.11 to the Quarterly Report on Form 10-Q filed by the Company on May 2, 2025)**
19.1	Policy Regarding Insider Trading and Unauthorized Disclosures†

Exhibit Number	Description
21	Subsidiaries of Western Digital Corporation (incorporated by reference to Exhibit 21 to the Annual Report on Form 10-K filed by the Company on August 14, 2025)
23	Consent of Independent Registered Public Accounting Firm†
31.1	Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002†
31.2	Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002†
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
97.1	Western Digital Corporation Compensation Recovery (Clawback) Policy (incorporated by reference to Exhibit 97.1 to the Annual Report on Form 10-K filed by the Company on August 20, 2024)
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document†
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document†
101.LAB	XBRL Taxonomy Extension Label Linkbase Document†
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document†
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document†
104	Cover Page Interactive Data File - formatted in Inline XBRL and contained in Exhibit 101

† Filed with this report.

* Furnished with this report.

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

Schedules and exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Registrant agrees to furnish supplementally a copy of any omitted schedule or exhibit to the U.S. Securities and Exchange Commission upon request.

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

None.

SIGNATURES

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

WESTERN DIGITAL CORPORATION

By: /s/ Brad Feller
Brad Feller
Senior Vice President and Chief Accounting Officer
(Principal Accounting Officer and Duly Authorized Officer)

Dated: August 14, 2026

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

Signature	Title	Date
/s/ Irving Tan Irving Tan	Chief Executive Officer, Director (Principal Executive Officer)	August 14, 2026
/s/ Kris Sennesael Kris Sennesael	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	August 14, 2026
/s/ Brad Feller Brad Feller	Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)	August 14, 2026
/s/ Martin I. Cole Martin I. Cole	Chair of the Board	August 14, 2026
/s/ Kimberly E. Alexy Kimberly E. Alexy	Director	August 14, 2026
/s/ Manuvir Das Manuvir Das	Director	August 14, 2026
/s/ Tunç Doluca Tunç Doluca	Director	August 14, 2026
/s/ Bruce Kiddoo Bruce Kiddoo	Director	August 14, 2026
/s/ Matthew E. Massengill Matthew E. Massengill	Director	August 14, 2026
/s/ Roxanne Oulman Roxanne Oulman	Director	August 14, 2026
/s/ Stephanie A. Streeter Stephanie A. Streeter	Director	August 14, 2026

Exhibit 4.1

DESCRIPTION OF CAPITAL STOCK OF WESTERN DIGITAL CORPORATION

The following is a summary of the material provisions of our Amended and Restated Certificate of Incorporation, as amended (our "Certificate of Incorporation"), and Amended and Restated Bylaws (our "Bylaws"), insofar as they relate to the material terms of our capital stock. This summary is qualified in its entirety by reference to our Certificate of Incorporation and Bylaws, each of which is an exhibit to the Annual Report on Form 10-K to which this description is an exhibit. Additionally, the General Corporation Law of the State of Delaware (the "DGCL") may also affect the terms of our capital stock.

Authorized Capitalization

Our authorized capital stock consists of:

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

Common Stock

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

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

Preferred Stock

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

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

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

Special Stockholder Meetings

Under our Bylaws, subject to the rights of the holders of any series of Preferred Stock and to the requirements of applicable law, only our Board, our Board Chair or our Chief Executive Officer may call special meetings of stockholders. Stockholders do not have the authority to call a special meeting of stockholders.

Requirements for Advance Notification of Stockholder Nominations and Proposals

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

Elimination of Stockholder Action by Written Consent

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

No Cumulative Voting

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

Authorized but Unissued Shares

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

Undesignated Preferred Stock

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

Amendment of Provisions in Certificate of Incorporation and Bylaws

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

Delaware Anti-Takeover Law

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

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

- before the stockholder became interested, the board of directors approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;

- upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding, shares owned by persons who are directors and also officers, and employee stock plans, in some instances; or

- at or after the time the stockholder became interested, the business combination was approved by the board of directors of the corporation and authorized at an annual or special meeting of the stockholders by the affirmative vote of at least two-thirds of the outstanding voting stock that is not owned by the interested stockholder.

Exclusive Forum

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

The Delaware Exclusive Forum Provision is intended to apply to claims arising under Delaware state law and would not apply to claims brought pursuant to the Securities Exchange Act of 1934, as amended ("Exchange Act"), or the Securities Act of 1933, as amended ("Securities Act"), or any other claim for which the federal courts have exclusive jurisdiction. In addition, the Federal Forum Provision is intended to apply to claims arising under the Securities Act and would not apply to claims brought pursuant to the Exchange Act. The exclusive forum provisions in our Bylaws will not relieve us of our duties to comply with the federal securities laws and the rules and regulations thereunder and, accordingly, actions by our stockholders to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder must be brought in federal courts. Our stockholders will not be deemed to have waived our compliance with these laws, rules and regulations.

Listing

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

Transfer Agent and Registrar

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

Policy Regarding Insider Trading and Unauthorized Disclosures

1. Purpose

Western Digital Corporation (the "Company") and all directors, officers and employees of the Company and its subsidiaries are subject to federal and state "insider trading" laws with respect to transactions involving Company securities. These laws prohibit: (i) purchasing or selling (also referred to herein as "trading in") securities of a company while in possession of Inside Information (as defined below); and (ii) disclosing Inside Information to others who may trade while in the possession of that information. As further described below, anyone violating these rules is subject to personal liability and could face criminal penalties. Under certain circumstances, companies and their controlling persons could also be subject to liability if they fail to take reasonable steps to prevent insider trading by company personnel.

The Company has adopted this policy to promote compliance with federal and state insider trading laws, rules and regulations and any applicable listing standards of the Nasdaq Stock Market LLC and to protect the Company and its directors, officers and employees (including officers and employees of subsidiaries of the Company) from the serious liabilities and penalties that can result from trading in Company securities in violation of these laws. **<u>You, however, are responsible for ensuring that you do not violate federal or state insider trading laws, rules and regulations or this policy</u>.**

2. Scope

This policy applies to all directors, officers and employees of the Company and its subsidiaries. The Company may from time to time also determine that other persons, such as contractors or consultants, should be subject to this policy because they have access to Inside Information concerning the Company or its subsidiaries. This policy applies to all purchases and sales in the Company's securities by such persons or anyone acting on behalf of such persons. This policy also prohibits such persons or anyone acting on behalf of such persons from engaging in certain types of transactions in the Company's securities that create a heightened legal risk or the appearance of improper conduct, including short sales and holding Company securities in a margin account.

2.1 Exclusions

Not Applicable

3. Corporate Policy

3.1 Inside Information

You, as an employee, officer or director of the Company or its subsidiaries, may come into possession of “Inside Information” in the course of your association with the Company. “Inside Information” is information about the Company or its securities that is both “material” and “non-public.” For purposes of determining whether information is Inside Information, the following provisions apply:

Material Information. Information about a company or its securities (either positive or negative) is considered “material” if there is a substantial likelihood that a reasonable investor would consider it important in deciding whether to buy or sell a company’s securities. Any information, if publicly disclosed, that would likely have an impact on the price of the Company’s securities, whether positive or negative, should be considered Inside Information. Examples of information that may constitute “material” information depending upon the circumstances include:

- Historical or future financial performance, including projections of future earnings or losses or other earnings guidance;
- A significant merger, acquisition, tender offer or exchange offer;
- A significant purchase or sale of assets or disposition of a subsidiary or division;
- Changes in dividend policies or practices or declaration of a stock split;
- The establishment of a repurchase program for Company securities;
- Offerings of additional securities, significant borrowings or other financing transactions out of the ordinary course;
- Change in the Company’s Chief Executive Officer;
- Change in control of the Company;
- Notification that the Company may no longer rely on the auditor’s report;
- A significant cybersecurity incident, data breach or similar incident;
- Significant pending joint ventures or strategic partnerships;
- Impending bankruptcy or the existence of severe liquidity problems;
- Significant actions by regulatory bodies; or
- Major litigation.

The foregoing list is for illustration only and is not exhaustive. The types of information listed above may not be material in every case, and other types of information not listed may be considered material at particular times, depending upon the circumstances. It is not possible to define all categories of material information, and the public, media, regulators and courts may use hindsight in judging what is material. As a result, it is important to err on the side of caution when considering potentially material information.

Non-Public Information. Information that has not been disclosed to the public is generally considered to be “non-public” unless and until it has been effectively communicated to the public and sufficient time has elapsed to permit the market to absorb and evaluate the information.

Information generally would be considered effectively communicated to the public if it has been widely disseminated, such as through the Dow Jones "broad tape," newswire services, a broadcast on widely-available radio or television programs, publication in a widely-available newspaper, magazine or news website or in a public disclosure document filed with the Securities and Exchange Commission (the "SEC") that is available on the SEC's website. As a general rule, information will cease to be "non-public" one (1) full trading day after public release of the information. Depending on the particular circumstances, the Company may determine that a period longer than one (1) trading day is needed after the release of specific material, non-public information.

3.2 Risks and Penalties

It is illegal to trade in the Company's securities while in possession of Inside Information. Under federal securities laws, if you purchase or sell securities of the Company while in the possession of Inside Information:

- You may be liable to other traders in the amount of profit you make or loss you avoid.
- The SEC can bring an action against you to recover civil penalties of up to three times the amount of profit you make or loss you avoid.
- If your transaction was willful, the Department of Justice may bring an action against you for criminal penalties of up to twenty years' imprisonment and $5 million in fines (per violation).
- A federal court may enjoin you (temporarily or permanently) from serving as an officer or director of any public company.

Furthermore, if you disclose Inside Information to another person (called a "tippee") who then purchases or sells securities of the Company, you may be liable for the same civil penalties as if you had engaged in the transaction directly.

The size of the transaction or the amount of profit received by the employee or the tippee does not have to be large to result in prosecution. The SEC and other governmental and regulatory authorities find people violating these rules by engaging in routine market surveillance. Brokers and dealers who handle stock and option transactions for the Company or individuals are required by law to inform the SEC of any possible violations by people who may have Inside Information. The SEC aggressively investigates even small insider trading violations.

Insider trading also imposes significant risks on the Company. First, if you trade on Inside Information, the Company (as your employer) could become subject to severe civil and criminal penalties based on your actions. Second, disclosure of even small amounts of Inside Information could require the Company under federal securities laws to make complete disclosure regarding the matter in question (that is, if part of the story reaches the public domain, the Company may have a duty to disclose the full story). Third, disclosure of Inside Information could damage the Company's competitive position and jeopardize important strategic plans and opportunities.

3.3 Transactions Covered by this Policy

This policy applies to all purchases and sales in the Company's securities, including the Company's common stock or any other type of securities the Company may issue. "Purchase" and “sale” are defined broadly for purposes of the insider trading laws. “Purchase” includes the actual purchase of a security and any contract to purchase or otherwise acquire a security for value, and “sale” includes the actual sale of a security and any contract to sell or otherwise dispose of a security for value.

Examples of transactions subject to this policy include:

- open market or other purchases of common stock; and
- open market or other sales of common stock (including the sale of stock acquired: (i) pursuant to exercises of stock options, including by way of broker-assisted cashless exercise; (ii) upon the vesting of equity-based awards; or (iii) under the Employee Stock Purchase Plan (“ESPP”)).

Notwithstanding anything to the contrary herein, the following transactions in the Company’s securities are not subject to this policy: (a) the acquisition of common stock pursuant to the vesting of an equity-based award under the Company’s stock incentive plans (but not the sale of stock acquired upon vesting); (b) the acquisition of common stock pursuant to the exercise of stock options under the Company’s stock incentive plans where the exercise price and applicable tax withholding amounts are paid in cash (but not the sale of the stock acquired upon exercise); (c) if permitted by the Company, the exercise of a tax withholding right pursuant to which the Company withholds shares of common stock subject to an equity award to satisfy tax withholding requirements; (d) the acquisition of the Company’s common stock in the ESPP; and (e) trades in the Company’s securities made pursuant to a trading plan adopted in accordance with the requirements of Rule 10b5-1 promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and the Company’s Policy and Guidelines Regarding 10b5-1 Trading Plans.

3.4 Company Policies

In an effort to safeguard the Company’s Inside Information and to avoid violation of federal securities laws, the Company requires that each director, officer and employee of the Company or any of its subsidiaries (and any other person designated by the Company as subject to this policy) observe the following policies.

- Do not buy or sell securities of the Company while you are in possession of Inside Information.
- Do not permit any Related Party (as defined below) or anyone acting on your behalf to buy or sell securities of the Company while you are in possession of Inside Information. The application of this policy to any Related Party is based on interpretations of beneficial ownership of securities under the federal securities laws. For purposes of this policy, a “Related Party” means your spouse, your minor children, other relatives (by marriage or otherwise) living in your home (collectively “Family”), trusts or other entities in which you or any member of your Family have a beneficial interest and trusts or other entities over which you or any member of your Family exercises control or investment influence.
- Do not recommend to anyone else that he or she buy or sell securities of the Company when you are in possession of Inside Information. You should also use caution when recommending trading in the Company’s securities to anyone else, even if you believe that you do not know any Inside Information, because your recommendation will be reviewed with 20/20 hindsight. Remember that “tipping”

Inside Information is always prohibited, and can result in the same civil or criminal penalties that apply if you engaged in insider trading directly.

- Do not participate in “prediction markets,” betting platforms or similar platforms to bet, wager or establish positions in event contracts where (i) the Company or its securities is the subject; or (ii) any other company, including the Company’s suppliers, customers, or competitors, is the subject and you are in possession of material non-public information about that company or related event obtained through your work with the Company. This prohibition applies whether or not the activity technically constitutes securities trading under federal law.
- Do not disclose Inside Information to any person within the Company whose job does not require him or her to have that information, or outside the Company to any person who is not an employee of the Company (including friends, family, business associates, investors and expert consulting firms) unless such disclosure is made in accordance with the Company’s policies regarding the protection or authorized external disclosure of Company information.
- If a member of the media contacts you, do not respond and forward the request to Public Relations. If a securities analyst or investor contacts you, please refer them to the Company’s Investor Relations team. Contact the Legal Department for advice if you receive any requests for information from law enforcement, government agencies or public officials.
- Do not discuss Inside Information where it may be overheard, such as in restaurants, elevators, restrooms, airplanes and other public places. Remember that cellular phone conversations are often overheard.
- Use best efforts to keep all memoranda, correspondence and other documents that reflect Inside Information in a secure place.

These restrictions apply to **all employees**, directors and officers of the Company regardless of title or function. Additional restrictions on trading in the Company’s securities apply to officers, directors and other designated employees of the Company pursuant to the Company’s Policy and Procedures Regarding Pre-Trade Clearance and Section 16 Compliance.

In addition to Inside Information about the Company, you may become aware of material non-public information about other companies such as suppliers, customers, or competitors, whose securities are publicly traded, in the course of your employment with the Company. In such a situation, you must handle the information of the other company according to the same rules that apply to the Company’s Inside Information. You can be liable for trading while in possession of material non-public information in any publicly traded company’s securities or for disclosing such information to others who may trade while in possession of it.

3.5Additional Restrictions

The Company has determined that certain types of transactions in the Company’s securities create a heightened legal risk or the appearance of improper or inappropriate conduct even if they occur at a time when you are not in possession of Inside Information. Therefore, it is the Company’s policy that directors, officers and employees of the Company or any of its subsidiaries (and all other persons designated by the Company as subject to this policy) may not engage in any of the following transactions:

- Short Sales. Short sales of the Company's securities (generally, the sale of a security that the seller does not own) may evidence an expectation on the part of the seller that the securities will decline in value, and therefore signal to the market that the seller lacks confidence in the Company's prospects. Additionally, short sales may reduce a seller's incentive to seek to improve the Company's performance. For these reasons, engaging in short sales of the Company's securities, *which are illegal for officers and directors pursuant to Section 16(c) of the Exchange Act*, is prohibited.
- Publicly Traded Options. Given the relatively short term of publicly-traded options, any purchase or sale of such options related to the Company's securities may create the appearance that a director, officer or employee is trading based on Inside Information and focus a director's, officer's or other employee's attention on short-term performance at the expense of the Company's long-term objectives. Accordingly, transactions in put options, call options or other derivative securities, on an exchange or in any other organized market, are prohibited.
- Hedging Transactions. Hedging or monetization transactions, such as prepaid variable forwards, equity swaps, collars and exchange funds, that hedge or offset, or are designed to hedge or offset, any decrease in the market value of the Company's securities may permit ownership of the Company's securities without the full risks and rewards of ownership. When that occurs, a director, officer or employee entering into such transactions may no longer have the same objectives as the Company's other stockholders. Therefore, directors, officers and employees are prohibited from engaging in these types of hedging or monetization transactions.
- Margin Accounts and Pledged Securities. Securities held in a margin account as collateral for a margin loan may be sold by the broker without the customer's consent if the customer fails to meet a margin call. Similarly, securities pledged (or hypothecated) as collateral for a loan may be sold in foreclosure if the borrower defaults on the loan. Because a margin sale or foreclosure sale may occur at a time when the pledgor is aware of Inside Information or otherwise is not permitted to trade in the Company's securities, directors, officers and employees are prohibited from margining the Company's securities in a margin account or otherwise pledging the Company's securities as collateral for a loan.

* * *

It is the Company's policy to cooperate fully with the SEC and other governmental and regulatory authorities in investigating possible violations by employees and others of applicable laws and regulations. If appropriate, the Company will assist authorities in the prosecution of persons who engage in illegal conduct.

Please contact the Company's Chief Legal Officer (or his or her designee) if you have any questions about these policies or their application to any specific set of facts.

YOUR OBSERVANCE OF THE FOREGOING POLICIES IS EXTREMELY IMPORTANT. VIOLATION OF ANY OF THESE POLICIES WILL BE VIEWED AS A VERY SERIOUS MATTER AND MAY CONSTITUTE GROUNDS FOR TERMINATION OF YOUR EMPLOYMENT BY THE COMPANY.

POLICY AND PROCEDURES REGARDING
PRE-TRADE CLEARANCE AND SECTION 16 COMPLIANCE

Amended and Restated as of November 20, 2024

1. Purpose

The purpose of this Policy and Procedures Regarding Pre-Trade Clearance and Section 16 Compliance (this "Policy") is to assist Insiders (as defined below) in complying their obligations under the Western Digital Corporation (the "Company") insider trading policies and federal and state insider trading laws, rules and regulations and any applicable listing standards of the Nasdaq Stock Market LLC. This Policy sets forth:

- the pre-trade clearance policy for directors and officers of the Company who are subject to the reporting and liability provisions of Section 16 of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder ("Section 16" and such directors and officers, "Section 16 Insiders"), and officers and designated employees, consultants and contractors who, in the normal course of their duties or with respect to a particular matter, have or may have regular or special access to material non-public information about the Company or its subsidiaries ("Other Insiders" and, together with Section 16 Insiders, "Insiders"); and

- the Company's Section 16 compliance policy that is intended to assist Section 16 Insiders in complying with their responsibilities under Section 16.

2. Pre-Trade Clearance Requirements

You **must obtain written pre-trade clearance** from the Company's Chief Legal Officer (or his or her designee) **before you, or any Related Party** (as defined in the Company's Policy Regarding Insider Trading and Unauthorized Disclosures, referred to herein as the "Insider Trading Policy"), **engage in any Applicable Transaction** (as defined below). For purposes of this Policy, written pre-trade clearance includes pre-trade clearance by e-mail or electronic transmission by the Chief Legal Officer (or his or her designee). Written pre-trade clearance for any Applicable Transaction is required at all times, and you should establish procedures with each of your Related Parties to ensure compliance with this Policy. If you have any questions regarding the status of a person, trust or entity as a Related Party, please contact the Company's Chief Legal Officer before conducting any transactions.

2.1 Applicable Transactions

You must obtain pre-trade clearance for any "Applicable Transaction." An Applicable Transaction includes any transaction concerning the Company's securities, including:

- open market or other purchases of common stock;

- open market or other sales of common stock (including the sale of stock acquired: (i) pursuant to exercises of stock options, including by way of broker-assisted cashless exercise; (ii) upon the vesting of equity-based awards; or (ii) under the Company's Employee Stock Purchase Plan ("ESPP"));

- adoption or modification of a trading plan under Rule 10b5-1 promulgated under the Securities Exchange Act of 1934, as amended (a "10b5-1 Trading Plan"); and
- gifts, contributions to trusts or any other direct or indirect transfer of Company securities.

Notwithstanding the foregoing, an Applicable Transaction does not include, and you will not be required to obtain pre-trade clearance for:

- the acquisition of common stock pursuant to the vesting of an equity-based award under the Company's stock incentive plans (but not the sale of the stock acquired upon vesting);
- if permitted by the Company, the exercise of a tax withholding right pursuant to which the Company withholds or reacquires shares subject to an equity award to satisfy tax withholding requirements;
- the acquisition of Company stock in the ESPP; and
- trades in the Company's securities made pursuant to a 10b5-1 Trading Plan that has been pre-cleared pursuant to the Company's Policy and Guidelines Regarding 10b5-1 Trading Plans.

2.2 Pre-Trade Clearance Considerations

In determining whether to permit the consummation of an Applicable Transaction, the Company's Chief Legal Officer considers factors that include, among others, whether the transaction is permitted by the Insider Trading Policy, whether the Insider is in possession of material non-public information, the existence of a Blackout Period (as defined below), whether sufficient information regarding the proposed transaction has been provided, and, for Section 16 Insiders, whether there has been any non-exempt "opposite-way" transaction within the past six months for purposes of Section 16(b) of the Securities Exchange Act of 1934, as amended ("Section 16(b)"). **The Chief Legal Officer is under no obligation to permit a transaction submitted for pre-trade clearance, even if it would not violate the federal securities laws or specific provision of this Policy, and may determine not to permit the transaction**. You will not be able to consummate any Applicable Transaction during an applicable Blackout Period (other than the acquisition of common stock pursuant to a cash exercise of Company-issued stock options (but not the sale of the stock acquired upon exercise)).

2.3 Blackout Periods

The Company has established certain periods in which Insiders generally will not be allowed to take certain actions with respect to the Company's securities, referred to as "Blackout Periods." The Company's general Blackout Periods begin at 1:00 p.m. U.S. Pacific Time on the 7th day of the third month of each fiscal quarter and end one (1) full trading day after public release of earnings results for that quarter. Prior to the commencement and expiration of each such Blackout Period, the Chief Legal Officer (or his or her designee) will send a notice to each Insider, notifying such Insider of the commencement or expiration, as applicable, of the relevant Blackout Period. The Chief Legal Officer may also designate additional Blackout Periods during periods of significant corporate activity. In each case, the Chief Legal Officer (or his or her designee) shall notify impacted individuals of the commencement or expiration of the additional Blackout Period.

2.4 Requesting Clearance

To request clearance for a transaction, you should submit an “Insider Trading Clearance Request” at least 24 hours (not including holidays and weekends) before the proposed transaction. The form is available on Connect, the Company’s intranet. Complete the form online and submit as instructed. You may also send a copy of the form by email to Global Stock Administration or to the Chief Legal Officer. In the event the Chief Legal Officer desires to engage in an Applicable Transaction, he or she must submit a pre-trade clearance request to the Chief Executive Officer, Chief Financial Officer or President for approval (and, in such cases, all references to the Chief Legal Officer in this Policy shall refer to the Chief Executive Officer, Chief Financial Officer or President).

2.5 Receipt of Pre-trade Clearance

After completing and submitting the Insider Trading Clearance Request, you will receive an e-mail from the Company as to whether your proposed transaction has been cleared. **Pre-trade clearances are valid for five (5) trading days following the day on which the trade is approved** or as otherwise indicated. Once your proposed transaction has been cleared, please contact E*Trade (or its successor) to consummate the transaction.

Notwithstanding any pre-trade clearance of your proposed transaction pursuant to this Policy, you remain responsible for determining if you are in possession of material non-public information and any action by the Company, the Chief Legal Officer or any other employee pursuant to this Policy does not constitute legal advice or insulate you from potential liability under insider trading laws. Additionally, even if a trade has been pre-cleared by the Chief Legal Officer (or his or her designee), such trade may not be executed if (i) you become aware of material non-public information concerning the Company, any of its subsidiaries or its securities, (ii) the Chief Legal Officer (or his or her designee) subsequently revokes the pre-trade clearance, or (iii) a Blackout Period subsequently commences. If your proposed transaction is not completed within the period described above (or if the Chief Legal Officer revokes the pre-trade clearance or notifies you of a Blackout Period), the transaction must be resubmitted for pre-trade clearance to the Chief Legal Officer before it may be executed. The fact that a particular intended trade has been denied pre-clearance should be treated as confidential information and should not be disclosed to any person unless authorized by the Chief Legal Officer (or his or her designee).

Please contact the Company’s Chief Legal Officer (or his or her designee) if you have any questions regarding these policies and procedures or their application to any specific transaction.

3. Section 16 Compliance

This section of the Policy only applies to Section 16 Insiders. Section 16 Insiders are determined, designated and notified in accordance with the Company’s Summary of Insider Designation Procedures. If you are a Section 16 Insider, you are subject to Section 16, including the reporting obligations of Section 16(a) of the Securities Exchange Act of 1934, as amended, and the "short-swing" profit recapture provisions of Section 16(b).

Section 16(a) requires the Company's officers and directors and individuals who beneficially own greater than 10% of any class of the Company's equity securities to report their holdings of, and transactions in, the Company's equity securities beneficially owned by them to the Securities and Exchange Commission (the "SEC"). Any failure to do so in a timely manner must be disclosed in the Company's annual proxy statement and/or annual report on Form 10-K and could result in civil or criminal penalties.

Under Section 16(b), any stockholder of the Company may sue on behalf of the Company to recover all short-swing profits received by persons subject to Section 16 resulting from any combination of non-exempt "purchase and sale" or "sale and purchase" transactions in the Company's equity securities (and/or securities convertible into or having the right to acquire such equity securities) within any six-month period.

3.1 Filing Deadlines and Accelerated Two-Day Filing Requirement

Section 16 reports filed with the SEC include:

- Form 3 Reports (Initial Reports). Initial Form 3 reports are due within 10 calendar days of when a person first becomes a Section 16 Insider or a holder of more than 10% of the Company's securities. Upon becoming a Section Insider, a Form 3 is filed to report such person's initial holdings of Company equity securities, even if such person does not hold any securities.

- Form 4 Reports (Statement of Change of Beneficial Ownership Reports). Most transactions that involve Company equity securities, including gifts, are reported on a Form 4 and are due **before the end of the second business day (7:00 p.m., Pacific Time) following the day on which the subject transaction was executed**.

- Form 5 Reports (Annual Year-End Reports). A Form 5 report, if necessary, is required to be filed annually no later than 45 calendar days after the end of the Company's fiscal year. A Form 5 is used to report: (i) any transactions that were required to have been reported earlier under Section 16 but were not (e.g., late reports); and (ii) certain limited types of transactions eligible for deferred reporting (e.g., inheritances).

3.2 Company Assistance with the Preparation and Filing of Section 16 Reports

The Section 16(a) reporting rules are complex. It is the legal obligation of the Section 16 Insider to comply with Section 16(a) reporting requirements; however, the Company has a Section 16 compliance program to assist you in meeting your filing responsibilities under SEC regulations. The Company has designated Global Stock Administration as "Filing Coordinator" to assist in the preparation, review and filing of all SEC Form 3, 4 and 5 reports on your behalf.

The specifics of the program are described below; however, note that the initial step in the program is to complete an Insider Trading Clearance Request and submit it (as provided above) for pre-trade clearance of any proposed transaction in the Company's securities.

- Initial Preparation of Your Section 16 Reports. The Filing Coordinator assists in obtaining SEC filing codes and the preparation of a Form 3 when an individual first becomes a Section 16 Insider. The Filing Coordinator is apprised of any subsequent transactions reportable on Form 4 or Form 5 via the Insider Trading Clearance Request and based on information provided by you and/or your broker. The preparation of your Section 16 reports is based on such information, and thus it is imperative that all transaction information that is provided be accurate and timely. In this regard, **it is important to maintain a constant open line of communication with the Filing Coordinator so that your filings will similarly be accurate and timely**.

- Signing Your Section 16 Reports. You are responsible for timely signing and returning your Section 16 reports. You may manually sign and, if you have signed an Electronic Signature Attestation in advance, you can also e-sign your Section 16 reports. Alternatively, each Section 16 Insider may provide the Company with a current and valid Power of Attorney, permitting certain authorized parties at the Company to sign your Section 16 reports on your behalf. The SEC will not excuse a late filing simply because an individual is unavailable to sign at the time the report is due.

- Filing Your Section Reports. The Filing Coordinator can coordinate the filing of your Section 16 reports with the SEC.

- End of Service as a Section 16 Insider. You are still required to file a Form 4 for non-exempt reportable transactions **after** you cease to be a Section 16 Insider if the transactions occur within six months of an "opposite way" non-exempt transaction effected while a Section 16 Insider. Additionally, a Form 5 may be required with respect to certain exempt transactions that occurred before you ceased to be a Section 16 Insider. It is important to contact and work with the Filing Coordinator even after your service as a Section 16 Insider ends.

- Form 144. You should not sell or otherwise dispose of the Company's securities until you complete and file a SEC Form 144, which you can obtain from your broker or the Filing Coordinator. Form 144 is basically a notice of intent to dispose of the securities and must be filed with the SEC on or before the date of your trade.

Failure to comply with the Section 16 reporting regulations can result in large fines and penalties to you. The Company is required to disclose delinquent filings and failures to file by its officers and directors in its annual proxy statement and/or annual report on Form 10-K. Such disclosures by the Company could lead to inquiries and enforcement actions by the SEC against those who have not made timely filings.

3.3 Ultimate Responsibility

Section 16(a) reporting obligations and liability under Section 16(b) for "short-swing" trading profits remain, at all times, your sole responsibility and obligation. The Company's assistance in the preparation and filing of Section 16 reports does not relieve you of your responsibility with respect to Section 16 reporting obligations and liability. Further, the Company does not assume any legal responsibility in this regard. The Company will make a good faith effort to ensure the accuracy and timeliness of each Section 16 report for which it assists in preparing and filing. However, the Company cannot assure you that such reports will always be accurate and timely due to, among other things, the short reporting deadlines of Section 16(a) and the Company's need to rely on the accuracy of information provided by others in the preparation of such reports. Section 16 Insiders should recognize that it will remain their obligation to see that filings are accurate and timely, and that they do not engage in transactions that could result in liability under Section 16(b) for "short-swing" trading profits.

POLICY AND GUIDELINES REGARDING
10b5-1 TRADING PLANS

Amended and Restated as of November 20, 2024

1. Purpose

Rule 10b5-1 under the Securities Exchange Act of 1934, as amended ("Rule 10b5-1"), provides an affirmative defense against allegations of insider trading if the trades occur under a pre-existing trading plan that complies with Rule 10b5-1 (a "10b5-1 Trading Plan"), including a requirement that the 10b5-1 Trading Plan is entered into in good faith at a time when the insider is not aware of material non-public information. An insider that has adopted a 10b5-1 Trading Plan can engage in transactions over an extended period of time, even during blackout periods, as long as the insider is not aware of material nonpublic information at the time the insider entered into the 10b5-1 Trading Plan and has acted in good faith with respect to the plan.

Western Digital Corporation (the "Company") has adopted this Policy and Guidelines Regarding 10b5-1 Trading Plans (this "Policy") to:

- set forth the Company's policy regarding the adoption of a 10b5-1 Trading Plan with respect to the Company's securities, the required terms of 10b5-1 Trading Plans and who is eligible to adopt a 10b5-1 Trading Plan; and
- assist the Company's employees, officers and directors who are eligible to adopt a 10b5-1 Trading Plan to meet the requirements of the affirmative defense created by Rule 10b5-1.

2. Eligibility and Scope

10b5-1 Trading Plans may be adopted by: (i) officers and directors ("Section 16 Insiders") who are subject to the reporting and liability provisions of Section 16 of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder ("Section 16"); (ii) other employees, consultants or contractors who are designated to be Insiders under the Company's Summary of Insider Designation Procedures ("Other Insiders" and, together with Section 16 Insiders, "Insiders"); and (iii) such other persons approved in writing by the Chief Legal Officer (or his or her designee).

All 10b5-1 Trading Plans adopted by Insiders are required to comply with this Policy and Rule 10b5-1.

In certain circumstances, award agreements under the Company's stock incentive plans may contain mandatory trading plans that are intended to comply with the requirements of Rule 10b5-1. Such trading plans are not subject to this Policy if they constitute a Sell-to-Cover Plan (as defined below). For the avoidance of doubt, this Policy does not apply to any plan implemented by the Company pursuant to Rule 10b5-1 in connection with the Company's repurchase of shares of its common stock. The Company may implement a 10b5-1 Trading Plan at any time and in any manner it deems advisable, subject to any applicable federal and state laws, rules and regulations.

3. Rule 10b5-1 Requirements for a 10b5-1 Trading Plan

A 10b5-1 Trading Plan must meet the following requirements under Rule 10b5-1:

- The 10b5-1 Trading Plan must be adopted when the Insider is not aware of material non-public information about the Company or its securities, and must contain a representation confirming that the Insider is not aware of material non-public information about the Company or its securities.

- The 10b5-1 Trading Plan must be "entered into in good faith" and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1, the Insider must act in good faith with respect to the 10b5-1 Trading Plan and the 10b5-1 Trading Plan must contain a representation confirming that such plan is being "entered into in good faith" and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1.

- The 10b5-1 Trading Plan must be in the form of a binding written plan or contract;

- The 10b5-1 Trading Plan must specify the amount of securities to be traded, the prices and the dates of transactions or a written algorithm or formula for determining the amounts, prices and dates of transactions.

- After a 10b5-1 Trading Plan is adopted, any purchases or sales of securities covered by the 10b5-1 Trading Plan must occur pursuant to the 10b5-1 Trading Plan and the Insider adopting the 10b5-1 Trading Plan may not exercise any subsequent influence over how, when or whether to make purchases or sales of those securities or otherwise alter or deviate from the 10b5-1 Trading Plan or enter into or alter a corresponding or hedging transaction or position with respect to the securities to be purchased or sold under the 10b5-1 Trading Plan.

- The 10b5-1 Trading Plan must provide that the first trade shall not occur until the later of: (i) 90 days after the adoption or modification (e.g., change to the amount, price or timing of the purchase or sale of the securities underlying the 10b5-1 Trading Plan) of such plan; or (ii) two business days following the disclosure in periodic reports on Forms 10-Q or 10-K of the Company's financial results for the fiscal quarter in which the 10b5-1 Trading Plan was adopted or modified, in either case, subject to a maximum of 120 days after the adoption or modification of the 10b5-1 Trading Plan (such period in which trades may not occur, the "Cooling-Off Period").

- No more than one 10b5-1 Trading Plan shall be in effect at any time with respect to Company securities beneficially owned by the Insider, except that, during the term of a 10b5-1 Trading Plan, the Insider may:

    - adopt a second 10b5-1 Trading Plan in compliance with this Policy with any transactions to take effect upon the completion or expiration of the Insider's current 10b5-1 Trading Plan; provided, however, that if the current 10b5-1 Trading Plan is terminated before its originally scheduled completion or expiration date, then the Cooling-Off Period for the later-commencing plan shall run from the date of such termination (and not from the date the later commencing plan was adopted); and

    - enter into another contract, instruction or plan providing only for the sale of such securities as are necessary to satisfy tax withholding obligations arising exclusively from the vesting of a compensatory award, such as restricted stock or restricted stock units, and provided that the Insider does not exercise control over the timing of such sales (a "Sell-to-Cover Plan").

- Other than Sell-to-Cover Plans, during any 12-month period, no Insider may adopt more than one "single-trade" 10b5-1 Trading Plan, which is a plan that is designed to effect the open market purchase or sale of the total amount of the securities subject to the 10b5-1 Trading Plan as a single transaction.

4. Additional Requirements for a 10b5-1 Trading Plan

In addition to the Rule 10b5-1 requirements for 10b5-1 Trading Plans specified above, all 10b5-1 Trading Plans must satisfy the following additional terms and conditions:

- A 10b5-1 Trading Plan may not be adopted during a Blackout Period (as defined in the Company's Summary of Insider Designation Procedures).

- A 10b5-1 Trading Plan must provide for a minimum term of 6 months but it may be terminated at any time.

- Because a 10b5-1 Trading Plan must be entered into and acted on in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1, a 10b5-1 Trading Plan should be adopted with the intention that it will not be modified, because changes to a 10b5-1 Trading Plan may raise issues as to an individual's good faith. For this reason, although modifications to a 10b5-1 Trading Plan are not prohibited, any modification of a 10b5-1 Trading Plan is subject to pre-clearance by the Chief Legal Officer (or his or her designee) and the following additional requirements:

    - the 10b5-1 Trading Plan may not be modified during a Blackout Period or when the Insider is aware of material non-public information concerning the Company or its securities;

    - the 10b5-1 Trading Plan may not be modified more than once during its term; and

- a 10b5-1 Trading Plan that is modified must satisfy all of the requirements of Rule 10b5-1 and this Policy that apply to the adoption of a new 10b5-1 Trading Plan.

5. Disclosure Requirements for a 10b5-1 Trading Plan

To the extent required by applicable SEC rules or regulations, the Company will disclose quarterly on Forms 10-Q and 10-K: (i) whether any Section 16 Insider has adopted, modified or terminated a 10b5-1 Trading Plan during the last completed quarter; and (ii) a description of the material terms of the 10b5-1 Trading Plan. In addition, Section 16 Insiders are required to indicate in Form 4 and Form 5 filings whether a Section 16 Insider transaction of Company stock was made pursuant to a 10b5-1 Trading Plan, as well as the date of the adoption of the 10b5-1 Trading Plan.

6. Procedures for Adoption

6.1 Brokerage Account

Before entering into a 10b5-1 Trading Plan, the Insider must first choose a broker that is qualified to administer a 10b5-1 Trading Plan and must use only one broker to execute covered trades in the Company's stock while the 10b5-1 Trading Plan is in place. The Company recommends that E*TRADE be used for this purpose.

If the Insider does not have a brokerage account with E*TRADE, the Insider should first complete a brokerage account application with E*TRADE to open a brokerage account. The Insider must then coordinate with E*TRADE to prepare a 10b5-1 Trading Plan. If the Insider chooses a broker other than E*TRADE, the Insider must receive clearance from the Chief Legal Officer (or his or her designee), regarding such broker's Rule 10b5-1 trading plan template prior to entering in a 10b5-1 Trading Plan.

6.2 Pre-Clearance of 10b5-1 Trading Plan

Before the Insider may adopt a 10b5-1 Trading Plan, the plan must be pre-cleared by the Chief Legal Officer (or his or her designee), except that 10b5-1 Trading Plan clearance requests submitted by the Chief Legal Officer must be approved by the Chief Executive Officer, Chief Financial Officer or President (and, in such cases, all references to the Chief Legal Officer below shall refer to the Chief Executive Officer, Chief Financial Officer or President). The Chief Legal Officer is under no obligation to clear any proposed 10b5-1 Trading Plan, even if it would not violate the federal securities laws or specific provision of this Policy, and may make such determination in its sole and absolute discretion.

Any action by the Company, the Chief Legal Officer or any other person to pre-clear a proposed 10b5-1 Trading Plan pursuant to this Policy does not constitute legal advice to the Insider establishing the 10b5-1 Trading Plan, a representation or warranty that the 10b5-1 Trading Plan is valid under Rule 10b5-1 or otherwise insulate such Insider from potential liability under insider trading laws. The fact that a 10b5-1 Trading Plan has been denied pre-clearance should be treated as confidential information and should not be disclosed to any person unless authorized by the Chief Legal Officer (or his or her designee).

Transactions effected pursuant to a pre-cleared 10b5-1 Trading Plan will not require further pre-clearance at the time of any transaction made pursuant to the 10b5-1 Trading Plan. However, transactions effected pursuant to any 10b5-1 Trading Plan adopted by a Section 16 Insider are still subject to certain short reporting deadlines under Section 16 and thus must be reported immediately to the Company in accordance with the Company’s Policy and Procedures Regarding Pre-Trade Clearance and Section 16 Compliance, so that a Section 16 report may be prepared and timely filed. Section 16 Insiders should also coordinate with their brokers to file a Form 144 for sales to be effected under the 10b5-1 Trading Plan as required by applicable law.

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statements on Form S-8 (Nos. 333-41423, 333-122475, 333-129813, 333-155661, 333-163133, 333-185194, 333-207842, 33-60168, 333-221407, 333-228331, 333-235257, 333-250968, 333-261184, 333-268479, 333-275641, 333-283445, 333-287767, and 333-291755) and the registration statement on Form S-3 (No. 333-281780) of our report dated August 14, 2026, with respect to the consolidated financial statements of Western Digital Corporation and subsidiaries and the effectiveness of internal control over financial reporting.

/s/ KPMG LLP

Santa Clara, California
August 14, 2026

Exhibit 31.1

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

I, Irving Tan, certify that:

1. I have reviewed this Annual Report on Form 10-K of Western Digital Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15(d)-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Irving Tan

Irving Tan
Chief Executive Officer
(Principal Executive Officer)

Dated: August 14, 2026

Exhibit 31.2

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

I, Kris Sennesael, certify that:

1. I have reviewed this Annual Report on Form 10-K of Western Digital Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15(d)-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Kris Sennesael

Kris Sennesael
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Dated: August 14, 2026

Exhibit 32.1

The following certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350 and in accordance with SEC Release No. 33-8238. This certification shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section, nor shall it be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that Western Digital Corporation specifically incorporates it by reference.

Certification of Chief Executive Officer

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Western Digital Corporation, a Delaware corporation (the “Company”), hereby certifies, to his knowledge, that:

(i) the accompanying Annual Report on Form 10-K of the Company for the period ended July 3, 2026 (the “Report”) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

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

/s/ Irving Tan

Irving Tan
Chief Executive Officer
(Principal Executive Officer)

Dated: August 14, 2026

Exhibit 32.2

The following certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350 and in accordance with SEC Release No. 33-8238. This certification shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section, nor shall it be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that Western Digital Corporation specifically incorporates it by reference.

Certification of Chief Financial Officer

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Western Digital Corporation, a Delaware corporation (the "Company"), hereby certifies, to his knowledge, that:

(i) the accompanying Annual Report on Form 10-K of the Company for the period ended July 3, 2026 (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/ Kris Sennesael

Kris Sennesael
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Dated: August 14, 2026