

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

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

APRIL 6, 2001
DATE OF REPORT (DATE OF EARLIEST EVENT REPORTED)

WESTERN DIGITAL CORPORATION
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE (STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	001-08703 (COMMISSION FILE NUMBER)	33-0956711 (I.R.S. EMPLOYER IDENTIFICATION NO.)
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20511 LAKE FOREST DRIVE LAKE FOREST, CALIFORNIA (ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	92630 (ZIP CODE)
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REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (949) 672-7000

N/A
(FORMER NAME AND FORMER ADDRESS, IF CHANGED SINCE LAST REPORT)

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INFORMATION TO BE INCLUDED IN THE REPORT

ITEM 5. OTHER EVENTS.

Western Digital Corporation, a Delaware corporation (the "Registrant"), was organized to enable its predecessor and principal subsidiary, Western Digital Technologies, Inc. (formerly, Western Digital Corporation), a Delaware corporation ("Western Digital"), to adopt a holding company organizational structure in accordance with Section 251(g) of the Delaware General Corporation Law (the "DGCL").

The holding company organizational structure was effected pursuant to an Agreement and Plan of Merger to Form Holding Company (the "Merger Agreement") among Western Digital, the Registrant, and WD Merger Sub, Inc., a Delaware corporation and a wholly-owned subsidiary of the Registrant ("Merger Sub"). The Merger Agreement provided for the merger of Merger Sub into Western Digital, with Western Digital continuing as the surviving corporation as a wholly-owned subsidiary of the Registrant (the "Merger"). The Merger was consummated on April 6, 2001. Prior to the Merger, the Registrant was a direct, wholly-owned subsidiary of Western Digital organized for the purpose of implementing the holding company organizational structure. Pursuant to Section 251(g) of the DGCL, stockholder approval of the Merger was not required.

By virtue of the Merger, all of Western Digital's outstanding capital stock was converted, on a share for share basis, into capital stock of the Registrant. As a result, each stockholder of Western Digital became the owner of an identical number of shares of capital stock of the Registrant. Additionally, each outstanding option and warrant to purchase shares of Western Digital's common stock was automatically converted into an option or warrant to purchase, upon the same terms and conditions, an identical number of shares of the Registrant's common stock.

The conversion of shares of capital stock in the Merger occurred without an exchange of certificates. Accordingly, certificates formerly representing shares of outstanding capital stock of Western Digital are deemed to represent the same number of shares of capital stock of the Registrant. The Registrant's common stock will continue to be listed on the New York Stock Exchange under the symbol "WDC" without interruption.

In the Merger, each stockholder received securities of the same class, evidencing the same proportional interests in the Registrant and having the same designations, rights, powers and preferences, and qualifications, limitations and restrictions, as those that the stockholder held in Western Digital. Pursuant to Section 251(g) of the DGCL, the provisions of the certificate of incorporation and bylaws of the Registrant are substantially identical to those of Western Digital prior to the Merger. The authorized capital stock of the Registrant, the designations, rights, powers and preferences of such capital stock and the qualifications, limitations and restrictions thereof are also substantially identical to those of Western Digital's capital stock immediately prior to the Merger. The directors and executive officers of the Registrant are the same individuals who were directors and executive officers, respectively, of Western Digital immediately prior to the Merger.

Also, in connection with the Merger, Western Digital terminated the rights to purchase shares of its Series A Junior Participating Preferred Stock that were issued to holders of Western Digital's common stock pursuant to the Rights Agreement, dated as of October 15, 1998, between Western Digital and American Stock Transfer & Trust Company, as Rights Agent, as amended (the "Old Rights Agreement"). The Registrant has entered into a new Rights Agreement (the "Rights Agreement"), dated as of April 6, 2001, by and between the Registrant and American Stock Transfer & Trust Company, as Rights Agent, pursuant to which holders of the Registrant's common stock will receive one right to purchase the Registrant's Series A Junior Participating Preferred Stock for each share of the Registrant's common stock owned (a "Right"). The Rights Agreement is substantially identical to the Old Rights Agreement and the terms of the Registrant's Series A Junior Participating Preferred Stock are substantially identical to those of Western Digital's Series A Junior Participating Preferred Stock, except that the exercise price has been reduced from \$150.00 to \$50.00 per share, and the expiration date for the new Rights Agreement is April 6, 2011, extending the old expiration date of October 14, 2008. Until the occurrence of certain events specified in the Rights Agreement, the Rights will be represented by the outstanding shares of the Registrant's common stock in respect of which the Rights are issued, are not transferable separately from the associated shares of the Registrant's common stock and are automatically transferred upon transfer of the associated common stock. A complete description of the Rights is contained in the Rights Agreement, which is being filed as Exhibit 4.1 to this Form 8-K and is incorporated herein by reference.

In connection with the Merger, the Registrant, Western Digital and the trustee under the Indenture dated as of February 18, 1998, between Western Digital and the trustee thereunder entered into a supplemental indenture, which did not require the consent of the holders of Western Digital's Zero Coupon Convertible Subordinated Debentures due 2018 issued pursuant to the Indenture. The Supplemental Indenture provides for the assignment of the rights and obligations of Western Digital under the Indenture to the Registrant.

Upon consummation of the Merger, the Registrant's common stock was deemed to be registered under Section 12(b) of the Securities Exchange Act of 1934, as amended, pursuant to Rule 12g-3(a) promulgated thereunder. For purposes of Rule 12g-3(a) the Registrant is the successor issuer to Western Digital.

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS.

- (a) None.
- (b) None.
- (c) Exhibits:

The following exhibits are filed with this report on Form 8-K:

Exhibit	Description
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2.1	Agreement and Plan of Merger to Form Holding Company, dated April 6, 2001, by and among the Registrant, Western Digital Corporation and WD Merger Sub, Inc.
3.1	Amended and Restated Certificate of Incorporation of the Registrant, filed with the office of the Secretary of State of the State of Delaware on April 6, 2001.
3.2	Amended and Restated Bylaws of the Registrant, adopted as of April 6, 2001.
4.1	Rights Agreement, dated April 6, 2001, by and between the Registrant and American Stock Transfer & Trust Company, as Rights Agent, which includes as Exhibit A the Form of Right Certificate, the Form of Assignment and the Form of Election to Purchase.
4.2	Certificate of Designations of Series A Junior Participating Preferred Stock of the Registrant.
4.3	Supplemental Indenture, dated as of April 6, 2001, between the Registrant and State Street Bank and Trust Company of California, N.A.
99.1	Form of Letter to Stockholders of the Registrant announcing the adoption of the holding company organizational structure.
99.2	Summary of Rights.
99.3	Second Amendment, dated April 6, 2001, to the Old Rights Agreement dated October 15, 1998, by and between the Registrant and American Stock Transfer & Trust Company, as Rights Agent.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: April 6, 2001

WESTERN DIGITAL CORPORATION

By: /s/ Michael A. Cornelius

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

EXHIBIT INDEX

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AGREEMENT AND PLAN OF MERGER

TO FORM HOLDING COMPANY

BY AND AMONG

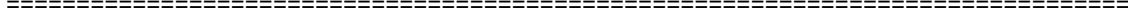
WESTERN DIGITAL CORPORATION,

WESTERN DIGITAL HOLDINGS, INC.,

AND

WD MERGER SUB, INC.

APRIL 6, 2001



AGREEMENT AND PLAN OF MERGER TO FORM HOLDING COMPANY

THIS AGREEMENT AND PLAN OF MERGER TO FORM HOLDING COMPANY (this "Agreement"), dated as of April 6, 2001, by and among Western Digital Corporation, a Delaware corporation ("Western Digital"), Western Digital Holdings, Inc., a Delaware corporation and a wholly-owned subsidiary of Western Digital ("Holdings"), and WD Merger Sub, Inc., a Delaware corporation and a wholly-owned subsidiary of Holdings ("Merger Sub").

WHEREAS, Western Digital has an authorized capitalization consisting of (i) 225,000,000 shares of common stock, par value \$.01 per share ("Western Digital Common Stock"), of which 183,531,768 were issued and outstanding as of March 31, 2001, including 6,693,013 shares held in treasury, and (ii) 5,000,000 shares of preferred stock, par value \$.01 per share, none of which is issued and outstanding but of which 500,000 shares have been designated as Series A Junior Participating Preferred Stock; and

WHEREAS, Holdings has an authorized capitalization consisting of (i) 225,000,000 shares of common stock, par value \$.01 per share ("Holdings Common Stock"), of which 2,000 shares are issued and outstanding and are owned by Western Digital and no shares are held in treasury, and (ii) 5,000,000 shares of preferred stock, par value \$.01 per share, none of which is issued and outstanding but of which 500,000 shares will be designated as Holdings Series A Junior Participating Preferred Stock; and

WHEREAS, Merger Sub has an authorized capitalization consisting of 1,000 shares of common stock, par value \$.01 per share ("Merger Sub Common Stock"), all of which are issued and outstanding and are owned by Holdings; and

WHEREAS, the Board of Directors of Western Digital has determined it to be in the best interests of Western Digital to effect a formation of a holding company whereby Western Digital will become the wholly-owned subsidiary of a new holding company; and

WHEREAS, it is intended that the holding company structure be effected without a vote of Western Digital's stockholders pursuant to and in accordance with Section 251(g) of the Delaware General Corporation Law (the "DGCL") through a merger with a wholly-owned subsidiary; and

WHEREAS, the respective Boards of Directors of Western Digital, Holdings and Merger Sub, and Western Digital acting as the sole stockholder of Holdings, and Holdings acting as the sole stockholder of Merger Sub, have approved the merger of Merger Sub into Western Digital (the "Merger"); and

WHEREAS, Holdings and Merger Sub have been recently formed solely for purposes of effecting the formation of a holding company through the Merger; and

WHEREAS, for Federal income tax purposes, it is intended that the Merger shall qualify as a tax-free reorganization under the provisions of Sections 351 and 368(a) of the Internal Revenue Code of 1986, as amended (the "Code"), and the rules and regulations promulgated thereunder.

NOW, THEREFORE, in consideration of the representations, warranties, covenants and agreements contained in this Agreement, the parties hereto agree as follows:

ARTICLE I

The Merger

SECTION 1.1. The Merger.

(a) Upon the terms and subject to the conditions set forth in this Agreement, and in accordance with Section 251(g) and other applicable provisions of the DGCL, Merger Sub shall be merged into Western Digital at the Effective Time (as defined in Section 1.2). Following the Effective Time, the separate corporate existence of Merger Sub shall cease and Western Digital shall continue as the surviving corporation (the "Surviving Corporation") as a wholly-owned subsidiary of Holdings under the name "Western Digital Technologies, Inc." The Surviving Corporation shall succeed to and assume all the rights and obligations of Merger Sub in accordance with the DGCL.

(b) At the Effective Time, by virtue of the Merger and without any action on the part of Western Digital, Holdings, Merger Sub or the holders of any securities of Western Digital, Holdings or Merger Sub,

(i) each issued and outstanding share of Western Digital Common Stock (including shares held by Western Digital, Holdings or Merger Sub), shall be converted into one share of Holdings Common Stock, having the same designations, rights, powers, preferences, qualifications, limitations and restrictions as the converted share of Western Digital Common Stock;

(ii) each issued and outstanding option to purchase shares of Western Digital Common Stock (each a "Western Digital Stock Option") shall be converted into an option to purchase the same number of shares of Holdings Common Stock on the same terms and conditions as the converted Western Digital Stock Option; and

(iii) each issued and outstanding warrant to purchase shares of Western Digital Common Stock (each a "Western Digital Warrant") shall be converted into a warrant to purchase the same number of shares of Holdings Common Stock on the same terms and conditions as the converted Western Digital Warrant.

(c) Each share of Holdings Common Stock outstanding immediately prior to the Effective Time shall, by virtue of the Merger, and without any action on the part of Western Digital, Holdings, Merger Sub or the holders of any securities of Western Digital, Holdings or Merger Sub be cancelled and retired without any consideration therefor.

(d) Each issued and outstanding share of Merger Sub Common Stock shall, by virtue of the Merger, and without any action on the part of Western Digital, Holdings, Merger Sub or the holders of any securities of Western Digital, Holdings or Merger Sub be converted into the right to receive one share of the common stock, par value \$.01 per share, of the Surviving Corporation.

SECTION 1.2. Effective Time. The parties shall file a Certificate of Merger (the "Certificate of Merger") executed in accordance with the relevant provisions of the DGCL and shall make all other filings or recordings required under the DGCL to effectuate fully the Merger. The Merger shall become effective at 1:00 p.m., local time, on April 6, 2001 provided that the Certificate of Merger is duly filed with the Delaware Secretary of State prior to such time, or at such other time as Western Digital and Merger Sub shall agree (the time the Merger becomes effective being hereinafter referred to as the "Effective Time").

SECTION 1.3. Closing of the Merger. The closing of the Merger (the "Closing") shall take place promptly after the satisfaction or waiver of the latest to occur of the conditions set forth in Article III.

SECTION 1.4. Effects of the Merger. The Merger shall have the effects set forth in Section 259 of the DGCL. It is the intent of the parties that Holdings, as of the Effective Time, be deemed a "successor issuer" for purposes of continuing offerings of securities under registration statements of Western Digital under the Securities Act of 1933, as amended (the "Securities Act"), and for registration and reporting purposes under the Securities Exchange Act of 1934, as amended. For Federal income tax purposes, it is intended that the Merger shall qualify as a tax-free reorganization under the provisions of Sections 351 and 368(a) of the Code.

SECTION 1.5. Certificate of Incorporation and Bylaws.

(a) Concurrently with the filing of the Certificate of Merger, Western Digital and Holdings shall cause to be filed (i) the amended and restated certificate of incorporation of Western Digital in the form attached hereto as Exhibit A.1, which shall be the certificate of incorporation of the Surviving Corporation until thereafter changed or amended as provided therein or by applicable law, and (ii) the amended and restated certificate of incorporation of Holdings in the form attached hereto as Exhibit A.2, which shall be the certificate of incorporation of Holdings until thereafter changed or amended as provided therein or by applicable law.

(b) From and after the Effective Time, (i) the amended and restated bylaws of Western Digital, in the form attached hereto as Exhibit B.1, shall be the bylaws of the Surviving Corporation, and (ii) the amended and restated bylaws of Holdings, in the form attached hereto as Exhibit B.2, shall be the bylaws of Holdings, in each case until thereafter changed or amended as provided therein or by applicable law.

SECTION 1.6. Directors. The directors of Western Digital immediately prior to the Effective Time shall become the directors of the Surviving Corporation, until the earlier of their resignation or removal or until their respective successors are duly appointed or elected and

qualified in accordance with the certificate of incorporation or bylaws of the Surviving Corporation and applicable law.

SECTION 1.7. Officers. The officers of Western Digital immediately prior to the Effective Time shall be the officers of the Surviving Corporation, until the earlier of their resignation or removal or until their respective successors are appointed in accordance with the bylaws of the Surviving Corporation.

SECTION 1.8. Stock Transfer Books. At the Effective Time, the stock transfer books of Western Digital shall be closed, and there shall be no further registration of transfers of shares of Western Digital Common Stock thereafter on the records of Western Digital.

SECTION 1.9. Retention of Certificates. After the Effective Time, each certificate formerly representing shares of Western Digital Common Stock shall be deemed, for all corporate purposes, to evidence ownership of the shares of Holdings Common Stock.

ARTICLE II

Certain Covenants

SECTION 2.1. Treasury Shares. Immediately prior to the Effective Time, Western Digital shall contribute to the capital of Holdings all of the shares of Western Digital Common Stock then held by Western Digital in its treasury.

SECTION 2.2. Termination of Existing Rights Plan and Adoption of New Rights Plan; Issuance of Rights Under Holdings Rights Agreement.

(a) Prior to the Effective Time, (i) Western Digital shall take all actions necessary, including with the rights agent under the Rights Agreement, dated as of October 15, 1998, by and between Western Digital and American Stock Transfer & Trust Company, as amended (the "Rights Agreement"), to terminate as of the Effective Time each issued and outstanding preferred stock purchase right (a "Western Digital Right") associated with each share of Western Digital Common Stock; and (ii) Holdings shall take all actions necessary to enter into a new rights agreement with substantially the same terms as the Rights Agreement (the "Holdings Rights Agreement") as of the Effective Time.

(b) Immediately following the filing of the amended and restated certificate of incorporation of Holdings pursuant to Section 1.5(a)(ii) hereto, Holdings shall cause to be filed a Certificate of Designation of Holdings (the "Holdings Certificate of Designation") in substantially the same form as the Amended Certificate of Designation, Preferences and Rights of Series A Junior Participating Preferred Stock of Western Digital, as in effect on the date hereof.

(c) As soon as practicable after the Effective Time, Holdings shall distribute one preferred stock purchase right (a "Holdings Right") for each outstanding share of Holdings Common Stock pursuant to the terms and conditions set forth in the Holdings Rights Agreement.

SECTION 2.3. Benefit Plans.

(a) At the Effective Time, Holdings shall adopt and assume all the rights and obligations of Western Digital under the following plans of Western Digital: the Broad-Based Stock Incentive Plan adopted September 30, 1999, the Non-Employee Directors' Stock-For-Fees Plan effective January 1, 1993, the Employee Stock Option Plan originally adopted in 1978, the Stock Option Plan for Non-Employee Directors adopted May 15, 1985, the 1993 Employee Stock Purchase Plan, the Deferred Compensation Plan adopted May 16, 1994, Executive Bonus Plan adopted May 16, 1994, and the Retirement Savings and Profit Sharing Plan adopted May 10, 1994, as all of the same have been amended and are in effect as of the Effective Time (the "Assumed Plans"), including the authorized shares of common stock available for future grants under each of the Assumed Plans. Holdings shall adopt the Assumed Plans as its own, and shall continue such plans in accordance with their terms.

(b) Holdings will not adopt and assume the Western Digital Executive Retention Plan adopted July 1998, the 1999 Employee Severance Plan for U.S. Employees adopted December 1, 1999 and the Fiscal Year 2001 Team-Based Incentive Plan, or any employee health and welfare plans, including without limitation, Plans 501, 502 and 503, all rights and obligations under which shall remain with the Surviving Corporation.

SECTION 2.4. Indenture. As of the Effective Date, Western Digital, Holdings and the trustee (the "Trustee") under the Indenture dated as of February 18, 1998, between Western Digital and the Trustee (the "Indenture"), shall execute and deliver a Supplemental Indenture, without the consent of the holders of Western Digital's Zero Coupon Convertible Subordinated Debentures due 2018 issued pursuant to the Indenture (the "Debentures"), pursuant to Section 9.01 of the Indenture providing for the assignment and assumption of the Indenture to Holdings, without a release of Western Digital.

SECTION 2.5. Compliance with Section 251(g) of the DGCL. Prior to the Effective Time, the parties will take all steps necessary to comply with Section 251(g) of the DGCL, including without limitation, the following:

(i) at the Effective Time, the certificate of incorporation and bylaws of Holdings shall be in the form of the certificate of incorporation and bylaws of Western Digital, as in effect immediately prior to the Effective Time; and

(ii) at the Effective Time, the directors of Western Digital immediately prior to the Effective Time shall be the directors of Holdings, until the earlier of their resignation or removal or until their respective successors are duly appointed or elected and qualified in accordance with the certificate of incorporation and bylaws of Holdings and applicable law.

SECTION 2.6. Officers of Holdings. At the Effective Time, the persons holding the following offices of Western Digital immediately prior to the Effective Time shall also be the officers of Holdings, in the equivalent positions to those held in Western Digital, until the earlier of their resignation or removal or until their respective successors are appointed in accordance with the bylaws of Holdings: President and Chief Executive Officer; Executive Vice President; Chief Financial Officer; Vice President, Law and Administration and Secretary; Vice President, Human Resources; Chief Technical Officer; and Vice President, Taxes and Treasurer.

SECTION 2.7. Further Assurances. From time to time, as and when requested by another party hereto, a party hereto shall execute and deliver, or cause to be executed and delivered, all such documents and instruments and shall take, or cause to be taken, all such further actions as such other party may reasonably deem necessary or desirable to consummate the transactions contemplated by this Agreement.

SECTION 2.8. Consummation of the Transaction. Subject to the terms and conditions of this Agreement, each party shall use its commercially reasonable efforts to cause the Merger and the Closing to occur upon the terms hereof.

ARTICLE III

Closing Conditions

The respective obligation of each party hereto to effect the transactions contemplated hereby is subject to the satisfaction or waiver as of the Closing of each of the following conditions:

(i) no statute, rule, regulation, executive order, decree, temporary restraining order, preliminary or permanent injunction or other order shall have been enacted, entered, promulgated, enforced or issued by any governmental entity, and no other legal restraint or prohibition shall be in effect, that prevents the Merger or any of the other transactions contemplated by this Agreement, and no action, claim, proceeding or investigation shall be pending or threatened by any governmental entity that, if successful, would result in any of the foregoing effects;

(ii) Western Digital shall have caused the Certificate of Merger to be executed and filed with the Delaware Secretary of State;

(iii) The amendments to the certificates of incorporation of Western Digital and Holdings contemplated by this Agreement shall have been effected;

(iv) Holdings shall have filed the Holdings Certificate of Designation with the Delaware Secretary of State; and

(v) The Board of Directors of Western Digital shall have received an opinion of counsel that stockholders of Western Digital will not recognize gain or loss for United States federal income tax purposes as a result of the Merger.

ARTICLE IV

General Provisions

SECTION 4.1. Interpretation. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms. The Exhibits attached hereto are hereby incorporated herein and made a part hereof for all purposes, as if fully set forth herein.

SECTION 4.2. Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties.

SECTION 4.3. No Third-Party Beneficiaries. This Agreement (including the documents and instruments referred to herein) is not intended to confer upon any person other than the parties hereto any rights or remedies.

SECTION 4.4. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without regard to the applicable principles of conflicts of laws of such State.

SECTION 4.5. Severability. Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, the provision shall be interpreted to be only so broad as is enforceable.

SECTION 4.6. Entire Agreement. This Agreement (including the Exhibits hereto) contains the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersedes all prior oral and written and all contemporaneous oral agreements and understandings relating to such subject matter. The parties hereto shall not be liable or bound to any other party in any manner by any representations, warranties or covenants relating to such subject matter except as specifically set forth herein.

SECTION 4.7. Assignment. This Agreement and the rights and obligations hereunder shall not be assignable or transferable by any of Western Digital, Holdings or Merger Sub. Any attempted assignment in violation of this Section 4.7 shall be void ab initio and of no further force and effect.

SECTION 4.8. Amendment. At any time prior to the Effective Time, the parties hereto may, to the extent permitted by the DGCL, by written agreement amend, modify or supplement any provision of this Agreement.

SECTION 4.9. Termination. This Agreement may be terminated and the Merger abandoned by the respective Board of Directors or duly authorized committee thereof of any party at any time prior to the filing of the Certificate of Merger with the Delaware Secretary of State if such Board of Directors determines that for any reason the completion of the Merger would be inadvisable or not in the best interest of the respective corporation or its stockholders. In the event of termination of this Agreement, this Agreement shall become void and none of Western Digital, Holdings or Merger Sub, nor their respective stockholders, directors or officers shall have any liability with respect to such termination.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Western Digital, Holdings and Merger Sub have caused this Agreement to be signed by their respective officers thereunto duly authorized, all as of the date first written above.

WESTERN DIGITAL CORPORATION

By: /s/ Matthew E. Massengill

Name: Matthew E. Massengill
Title: President and Chief Executive Officer

WESTERN DIGITAL HOLDINGS, INC.

By: /s/ Matthew E. Massengill

Name: Matthew E. Massengill
Title: President and Chief Executive Officer

WD MERGER SUB, INC.

By: /s/ Michael A. Cornelius

Name: Michael A. Cornelius
Title: Vice President and Secretary

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

ARTICLE I
NAME OF CORPORATION

The name of this corporation is:

WESTERN DIGITAL CORPORATION

ARTICLE II
REGISTERED OFFICE

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

ARTICLE III
PURPOSE

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

ARTICLE IV
AUTHORIZED CAPITAL STOCK

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

The shares of Preferred Stock may be issued from time to time in one or more series. The Board of Directors is hereby vested with authority to fix by resolution or resolutions the designations and the powers, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, including without limitation the dividend rate, conversion rights, redemption price and liquidation preference, of any series of shares of Preferred Stock, and to fix the number of shares constituting any such series, and to increase or decrease the number of shares of any such series (but not below the number of shares

thereof then outstanding). In case the number of shares of any such series shall be so decreased, the shares constituting such decrease shall resume the status which they had prior to the adoption of the resolution or resolutions originally fixing the number of shares of such series.

ARTICLE V
BOARD POWER REGARDING BYLAWS

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

ARTICLE VI
ELECTION OF DIRECTORS

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

ARTICLE VII
LIMITATION OF DIRECTOR LIABILITY

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

ARTICLE VIII
NO ACTIONS BY WRITTEN CONSENT OF STOCKHOLDERS

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

ARTICLE IX
CORPORATE POWER

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

ARTICLE X
CREDITOR COMPROMISE OR ARRANGEMENT

Whenever a compromise or arrangement is proposed between this corporation and its creditors or any class of them and/or between this corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for this corporation under the provisions of Section 291 of

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

WESTERN DIGITAL CORPORATION
(A DELAWARE CORPORATION)

AMENDED AND RESTATED BYLAWS

ARTICLE I
OFFICES

1.01 REGISTERED OFFICE. The registered office of Western Digital Corporation (hereinafter this "Corporation") in the State of Delaware shall be at 9 East Loockerman Street, Dover, and the name the registered agent in charge thereof shall be National Registered Agents, Inc.

1.02 PRINCIPAL OFFICE. The principal office for the transaction of the business of this Corporation shall be 20511 Lake Forest Drive, in the City of Lake Forest, County of Orange, State of California. The Board of Directors (hereinafter the Board) is hereby granted full power and authority to change said principal office from one location to another.

1.03 OTHER OFFICES. This Corporation may also have such other offices at such other places, either within or without the State of Delaware, as the Board may from time to time determine or as the business of this Corporation may require.

ARTICLE II
MEETINGS OF STOCKHOLDERS

2.01 ANNUAL MEETINGS. Annual meetings of the stockholders of this Corporation for the purpose of electing directors and for the transaction of such proper business as may come before such meetings may be held at such time, date and place as the Board shall determine by resolution.

2.02 SPECIAL MEETINGS. Special meetings of the stockholders may be called at any time by the Board, the Chairman of the Board, or the President.

2.03 PLACE OF MEETINGS. All meetings of the stockholders shall be held at such places, within or without the State of Delaware, as may from time to time be designated by the person or persons calling the respective meeting and specified in the respective notices or waivers of notice thereof.

2.04 NOTICE OF MEETINGS. Except as otherwise required by law, notice of each meeting of the stockholders, whether annual or special, shall be given not less than 10 nor more than 60 days before the date of the meeting to each stockholder of record entitled to vote at such meeting by delivering a printed notice thereof to the stockholder personally, by depositing such notice in the United States mail, in a postage-prepaid envelope, directed to the stockholder at the post office address furnished by the stockholder to the Secretary of this Corporation for such purpose or, if the stockholder shall not have furnished to the Secretary the stockholder's address for such purpose, then at the stockholder's post office address last known to the Secretary, or by transmitting a notice thereof to the stockholder by any other means, including electronic, directed to the stockholder at the location furnished by such stockholder to the Secretary of this Corporation for such purpose. Except as otherwise expressly

required by law, no publication of any notice of a meeting of the stockholders shall be required. Every notice of a meeting of the stockholders shall state the place, date and hour of the meeting, and in the case of a special meeting, shall also state the purpose or purposes for which the meeting is called. Notice of any meeting of stockholders shall not be required to be given to any stockholder to whom notice may be omitted pursuant to applicable Delaware law or who shall have waived such notice and such notice shall be deemed waived by any stockholder who shall attend such meeting in person or by proxy except a stockholder who shall attend such meeting for the express purpose of objecting at the beginning of the meeting to the transaction of business because the meeting is not lawfully called or convened. Except as otherwise expressly required by law, notice of any adjourned meeting of the stockholder need not be given if the time and place thereof are announced at the meeting at which the adjournment is taken.

2.05 QUORUM. Except as otherwise required by law, the holders of record of a majority in voting interest of the shares of stock of this Corporation entitled to be voted at any meeting of stockholders of this Corporation, present in person or by proxy, shall constitute a quorum at any meeting or any adjournment thereof. A majority in voting interest of the stockholders present in person or by proxy and entitled to vote at a meeting or, in the absence thereof of all stockholders, any officer entitled to preside at, or to act as secretary of, such meeting may adjourn such meeting from time to time. At any such adjourned meeting at which a quorum is present any business may be transacted which might have been transacted at the meeting as originally called.

2.06 VOTING.

(a) Each stockholder shall, at each meeting of the stockholders, be entitled to vote in person or by proxy each share or fractional share of the stock of this Corporation having voting rights on the matter in question and which shall have been held by and registered in the name of the stockholder on the books of this Corporation:

(i) on the date fixed pursuant to Section 2.09 of these Amended and Restated Bylaws as the record for the determination of stockholder entitled to notice of and to vote at such meeting, or

(ii) if no such record date shall have been so fixed, then (A) at the close of business on the day next preceding the day on which notice of the meeting shall be given or (B) if notice of the meeting shall be waived, at the close of business on the day next preceding the day on which the meeting shall be held.

(b) Shares of its own stock belonging to this Corporation or to another corporation, if a majority of the shares entitled to vote in the election of directors in such other corporation is held, directly or indirectly, by this Corporation, shall neither be entitled to vote nor be counted for quorum purposes. Persons holding stock of this Corporation in a fiduciary capacity shall be entitled to vote such stock. Persons whose stock is pledged shall be entitled to vote, unless in the transfer by the pledgor on the books of this Corporation the pledgor shall have expressly empowered the pledge to vote thereon. Stock having voting power standing of record in the names of two or more persons, whether fiduciaries, members of a partnership, joint tenants in common, tenants by entirety or otherwise, or with respect to which two or more persons have the same fiduciary relationship, shall be voted in accordance with the provisions of the General Corporation Law of the State of Delaware.

(c) Any such voting rights may be exercised by the stockholder entitled thereto in person or by the stockholder's proxy, provided, however, that no proxy shall be voted or acted upon after eleven months from its date unless said proxy shall provide for a longer period. The attendance at any meeting of a stockholder who may theretofore have given a proxy shall not have the effect of revoking the same unless the stockholder shall in writing so notify the secretary of the meeting prior to the voting of the proxy. At any meeting of the stockholders all matters, except as otherwise provided in the Certificate of Incorporation, in these Amended and Restated Bylaws or by law, shall be decided by the vote of a majority in voting interest of the stockholders present in person or by proxy and entitled to vote thereat and thereon, a quorum being present. The vote at any meeting of the stockholders on any question need not be by ballot, unless so directed by the chairman of the meeting. On a vote by ballot each ballot shall be signed by the stockholder voting, or by his or her proxy, if there be such proxy, and it shall state the number of shares voted.

2.07 LIST OF STOCKHOLDERS. The Secretary of this Corporation shall prepare and make, at least 10 days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number

of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least 10 days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and

kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

2.08 JUDGES. If at any meeting of the stockholder a vote by written ballot shall be taken on any questions, the chairman of such meeting may appoint a judge or judges to act with respect to such vote. Each judge so appointed shall first subscribe an oath faithfully to execute the duties of a judge at such meeting with strict impartiality and according to the best of his ability. Such judges shall decide upon the qualification of the voters and shall report the number of shares represented at the meeting and entitled to vote on such question, shall conduct and accept the votes, and, when the voting is completed, shall ascertain and report the number of shares voted respectively for and against the question. Reports of judges shall be in writing and subscribed and delivered by them to the Secretary of this Corporation. The judges need not be stockholders of this Corporation, and any officer of this Corporation may be a judge on any question other than a vote for or against a proposal in which he shall have a material interest.

2.09 FIXING DATE FOR DETERMINATION OF STOCKHOLDER OF RECORD. In order that this Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any other change, conversion or exchange of stock or for the purpose of any other lawful action, the Board may fix, in advance, a record date, which shall not be more than 60 nor less than 10 days before the date of such meeting, nor more than 60 days prior to any other action. If in any case involving the determination of stockholders for any purpose other than notice of or voting at a meeting of stockholders the Board shall not fix such a record date, the record date for determining stockholders for such purpose shall be the close of business on the day on which the Board shall adopt the resolution relating thereto. A determination of stockholders entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of such meeting; provided, however, that the Board may fix a new record date for the adjourned meeting.

2.10 STOCKHOLDER PROPOSALS AND NOMINATIONS.

(a) At any meeting of stockholders, only such business shall be conducted, and only such proposals shall be acted upon, as shall have been brought before the meeting (1) by or at the direction of a majority of the directors or (2) by any stockholder of this Corporation who complies with the notice procedures set forth in this Section 2.10(a). For a proposal to be properly brought before a meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary of this Corporation. To be timely, a stockholder's notice must be delivered to, or mailed and received at, the principal executive offices of this Corporation not less than 60 days nor more than 120 days prior to the scheduled meeting, regardless of any postponements, deferrals or adjournments of that meeting to a later date; provided, however, that if less than 70 days' notice or prior public disclosure of the date of the scheduled meeting is given or made, notice by the stockholder, to be timely, must be so delivered or received not later than the close of business on the tenth day following the earlier of the day on which such notice of the date of the scheduled meeting was mailed or the day on which such public disclosure was made. A stockholder's notice to the Secretary shall set forth as to each matter the stockholder proposes to bring before the meeting (i) a brief description of the proposal desired to be brought before the meeting and the reasons for conducting such business at the meeting, (ii) the name and address, as they appear on this Corporation's books, of the stockholder proposing such business and any other stockholders known by such stockholder to be supporting such proposal, (iii) the class and number of shares of this Corporation's stock which are beneficially owned by the stockholder on the date of such stockholder notice and by any other stockholders known by such stockholder to be supporting such proposal on the date of such stockholder notice, and (iv) any financial interest of the stockholder in such proposal. In addition, the stockholder making such proposal shall promptly provide any other information reasonably requested by this Corporation. The presiding officer of the meeting shall determine at the meeting whether the stockholder proposal was made in accordance with the terms of this Section 2.10(a). If the presiding officer determines that a stockholder proposal was not made in accordance with the terms of this Section 2.10(a), he or she shall so declare at the meeting and any such proposal shall not be acted upon at the meeting. This provision shall not prevent the consideration and approval or disapproval at the meeting of reports of officers, directors and committees or the Board, but, in connection with such reports, no new business shall be acted upon at such meeting that is brought by a stockholder unless stated, filed and received as herein provided.

(b) Subject to the rights, if any, of the holders of shares of preferred stock of this Corporation then outstanding, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors. Nominations of persons for election to the Board of this Corporation may be made at a meeting of stockholders (1) by or at the direction of the Board, (2) by any nominating committee or person appointed by the Board or (3) by any stockholder of this Corporation entitled to vote for the election of directors at the meeting who complies with the notice procedures set forth in this Section 2.10(b). Such nominations, other than those made by or at the direction of the Board, shall be made pursuant to timely notice in writing to the Secretary of this Corporation. To be timely, a stockholder's notice must be delivered to, or mailed and received at, the principal executive offices of this Corporation not less than 60 days nor more than 120 days prior to the scheduled meeting, regardless of any postponements, deferrals or adjournments of that meeting to a later date; provided, however, that if less than 70 days' notice or prior public disclosure of the date of the scheduled meeting is given or made, notice by the stockholder, to be timely, must be so delivered or received not later than the close of business on the tenth day following the earlier of the day on which such notice of the date of the scheduled meeting was mailed or the day on which such public disclosure was made. A stockholder's notice to the Secretary shall set forth (i) as to each person whom the stockholder proposes to nominate for election or re-election as a director, (A) the name, age, business address and residence address of the person, (B) the principal occupation or employment of the person, (C) the class and number of shares of capital stock of this Corporation which are beneficially owned by the person, (D) the consent of the person to serve as a director of the Corporation if so elected, and (E) any other information relating to the person that is required to be disclosed in solicitations for proxies for election of directors pursuant to applicable rules and regulations of the Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934, as amended; and (ii) as to the stockholder giving the notice (A) the name and address, as they appear on this Corporation's books, of the stockholder, (B) the class and number of shares of this Corporation's stock which are beneficially owned by the stockholder on the date of such stockholder notice and (C) a description of all arrangements or understandings between the stockholder and each nominee and any other person(s) (naming such person(s)) pursuant to which the nomination is to be made by the stockholder. This Corporation may require any proposed nominee to furnish such other information as may reasonably be required by this Corporation to determine the eligibility of such proposed nominee to serve as director of this Corporation. In addition, the stockholder making such nomination shall promptly provide any other information reasonably requested by this Corporation. The presiding officer of the meeting shall determine and declare at the meeting whether the nomination was made in accordance with the terms of this Section 2.10(b). If the presiding officer determines that a nomination was not made in accordance with the terms of this Section 2.10(b), he or she shall so declare at the meeting and any such defective nomination shall be disregarded.

ARTICLE III BOARD OF DIRECTORS

3.01 GENERAL POWERS. Subject to the requirements of the General Corporation Law of the State of Delaware, the property, business and affairs of this Corporation shall be managed by the Board.

3.02 NUMBER AND TERM OF OFFICE. The number of directors shall be not less than five nor more than twelve until this Section 3.02 is amended by a resolution duly adopted by the Board or by the stockholders, in either case, in accordance with the provisions of the Certificate of Incorporation of this Corporation. The specific number of directors at any time shall be that number between five and twelve as may be determined from time to time by the Board by resolution. Directors need not be stockholders. Each of the directors of this Corporation shall hold office until his successor shall have been duly elected and shall qualify or until he shall resign or shall have been removed in the manner provided in these Amended and Restated Bylaws.

3.03 ELECTION OF DIRECTORS. The directors shall be elected annually by the stockholders of this Corporation and the persons receiving the greatest number of votes, up to the number of directors to be elected, shall be the directors.

3.04 RESIGNATIONS. Any director of this Corporation may resign at any time by giving written notice to the Board or to the Secretary of this Corporation. Any such resignation shall take effect at the time specified therein, or, if the time be not specified, it shall take effect immediately upon its receipt; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

3.05 VACANCIES. Except as otherwise provided in the Certificate of Incorporation, any vacancy in the Board, whether because of death, resignation, disqualification, an increase in the number of directors, or any other cause, may be filled by vote of the majority of the remaining directors, although less than a quorum. Each director so chosen to fill a vacancy shall hold office until his successor shall have been elected and shall qualify or until he shall resign or shall have been removed in the manner provided in these Amended and Restated Bylaws.

3.06 PLACE OF MEETING, ETC. The Board may hold any of its meetings at such place or places within or without the State of Delaware as the Board may from time to time by resolution designate or as shall be designated by the person or persons calling the meeting or in the notice or a waiver of notice of any such meeting. Directors may participate in any regular or special meeting of the Board by means of conference telephone or similar communications equipment pursuant to which all persons participating in the meeting of the Board can hear each other, and such participation shall constitute presence in person at such meeting.

3.07 FIRST MEETING. The Board shall meet as soon as practicable after each annual election of directors and notice of such first meeting shall not be required.

3.08 REGULAR MEETINGS. Regular meetings of the Board shall be held at such times as the Board shall from time to time by resolutions determine. If any day fixed for a regular meeting shall be a legal holiday at the place where the meeting is to be held, then the meeting shall be held at the same hour and place on the next succeeding business day not a legal holiday. Except as provided by law, notice of regular meetings need not be given.

3.09 SPECIAL MEETINGS. Special meetings of the Board for any purpose or purposes may be called at any time by the Chairman of the Board, the President, any Vice President, the Secretary or any two directors. Special meetings of the Board shall not be held upon not less than four days' written notice or not less than 48 hours' given personally or by telephone, facsimile or other similar means of communication. Any such notice shall be addressed or delivered to each director at such director's address as it is shown upon the records of this Corporation or as may have been given to this Corporation by the director for such purpose or if no such address has been provided or is in the records of this Corporation, then to the place in which the meetings of the directors are regularly held. Notice by mail shall be deemed to have been given at the time a written notice is deposited in the United States mails, postage prepaid. Any other written notice shall be deemed to have been given at the time it is personally delivered to the recipient or is delivered to a common carrier for transmission, or it is actually communicated to the recipient or to a person at the office of the recipient who the person giving the notice has reason to believe will promptly communicate it to the recipient. Any other notice shall be deemed to have been given at the time it is communicated, in person or by telephone or similar means, to the recipient or to a person at the office of the recipient who the person giving the notice has reason to believe will promptly communicate it to the recipient.

3.10 QUORUM AND MANNER OF ACTING. Except as otherwise provided in these Amended and Restated Bylaws, the Certificate of Incorporation, or by law, the presence of a majority of the authorized number of directors shall be required to constitute a quorum for the transaction of business at any meeting of the Board, and all matters shall be decided at any such meeting, a quorum being present, by the affirmative votes of a majority of the directors present. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, provided any action taken is approved by at least a majority of the required quorum for such meeting. In the absence of a quorum, a majority of directors present at any meeting may adjourn the same from time to time until a quorum shall be present. Notice of any adjourned meeting need not be given. The directors shall act only as a Board, and the individual directors shall have no power as such.

3.11 ACTION BY CONSENT. Any action required or permitted to be taken at any meeting of the Board or of any committee thereof may be taken without a meeting if a written consent thereto is signed by all members of

the Board or of such committee, as the case may be, and such written consent is filed with the minutes of proceedings of the Board or committee.

3.12 REMOVAL OF DIRECTORS. Subject to the provisions of the Certificate of Incorporation, any director may be removed at any time, either with or without cause, by the affirmative vote of the stockholders having a majority of the voting power of this Corporation given at a special meeting of the stockholders called for the purpose.

3.13 COMPENSATION. The directors shall receive only such compensation for their services as directors as may be allowed by resolution of the Board. The Board may also provide that this Corporation shall reimburse each such director for any expense incurred by such director on account of his or her attendance at any meetings of the Board or committees of the Board. Neither the payment of such compensation nor the reimbursement of such expenses shall be construed to preclude any director from serving this Corporation or its subsidiaries in any other capacity and receiving compensation therefor.

3.14 COMMITTEES. The Board may appoint one or more committees, each consisting of one or more directors, and delegate to such committees any of the authority of the Board permitted by law except with respect to:

(a) The approval of any action for which the General Corporation Law of the State of Delaware also requires stockholders approval or approval of the outstanding shares;

(b) The filing of vacancies on the Board or on any committee;

(c) The fixing of compensation of the directors for serving on the Board or on any committee;

(d) The amendment or repeal of these Amended and Restated Bylaws or the adoption of new Bylaws;

(e) The amendment or repeal of any resolution of the Board which by its express terms is not so amendable or repealable;

(f) A distribution to the stockholders of this Corporation except at a rate or in a periodic amount or within a price range determined by the Board;

(g) The appointment of other committees of the Board or the members thereof.

Any such committee must be appointed by resolution adopted by a majority of the authorized number of directors and may be designated an Executive Committee or by such other name as the Board shall specify. The Board may designate one or more directors as alternate members of any committee, who may replace any absent member at any meeting of the committee. The appointment of members or alternate members of a committee requires the vote of a majority of the authorized number of directors. The Board shall have the power to prescribe the manner in which proceedings of any such committee shall be conducted. In the absence of any such prescription, such committee shall have the power to prescribe the manner in which its proceedings shall be conducted. Unless the Board or such committee shall provide, the regular and special meetings of any such committee shall be governed by the provisions of this Article applicable to meetings and actions of the Board. Minutes shall be kept of each meeting of such committee.

3.15 EXECUTIVE COMMITTEE. The passage of any resolution of the committee designated by the Board as the Executive Committee shall, in addition to any other limitations prescribed by the Board in accordance with the provisions of Section 3.14, require the affirmative vote of a majority of directors present and voting on such resolution who are not employees of this Corporation.

3.16 RIGHTS OF INSPECTION. Every director shall have the right to any reasonable time to inspect and copy all books, records, and documents of every kind and to inspect the physical properties of this Corporation and also of its subsidiary corporations, domestic or foreign. Such inspection by a director may be made in person or by agent or attorney and includes the right to copy and obtain extracts.

ARTICLE IV
OFFICERS

4.01 CORPORATE OFFICERS. The officers of this Corporation shall be a President, a Secretary, and a Chief Financial Officer. This Corporation may also have, at the discretion of the Board, a Chairman of the Board (who shall not be considered an officer of this Corporation), one or more Vice Presidents, a Treasurer, one or more Assistant Treasurers, one or more Assistant Secretaries, and such other officers as may be elected or appointed in accordance with the provisions of Section 4.03 or Section 4.06 of this Article.

4.02 ELECTION, TERM OF OFFICE AND QUALIFICATIONS. The officers of this Corporation, except such officers as may be appointed in accordance with Sections 4.03 or 4.06, shall be appointed annually by the Board at the first meeting thereof held after the election of the Board. Each officer shall hold office until such officers shall resign or shall be removed or otherwise disqualified to serve, or the officer's successor shall be appointed and qualified.

4.03 SUBORDINATE OFFICERS. The Board may elect, and may empower the President to appoint, such other officers as the business of this Corporation may require, each of whom shall hold office for such period, have such authority, and perform such duties as are provided in these Amended and Restated Bylaws or as the Board may from time to time determine.

4.04 REMOVAL. Any officer of this Corporation may be removed, with or without cause, at any time at any regular or special meeting of the Board by a majority of the directors of the Board at the time in office or, except in the case of an officer appointed by the Board, by any officer of this Corporation or committee of the Board upon whom or which such power of removal may be conferred by the Board.

4.05 RESIGNATIONS. Any officer may resign at any time by giving written notice of such officer's resignation to the Board, the President, or the Secretary of this Corporation. Any such resignation shall take effect at the time specified therein, or, if the time be not specified, upon receipt thereof by the Board, the President, or Secretary. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

4.06 VACANCIES. A vacancy in any office because of death, resignation, removal, disqualification, or other event, may be filled for the unexpired portion of the term thereof in the manner prescribed in the Amended and Restated Bylaws for regular appointments to such office.

4.07 PRESIDENT. The President of this Corporation shall be the Chief Executive Officer and general manager of this Corporation and shall have, subject to the control of the Board, general supervision, direction and control of the business and officers of this Corporation. The President shall preside at all meetings of the stockholders and, in the absence of the Chairman of the Board, or if there be none, at all meetings of the Board. The President shall have the general powers and duties of management usually vested in the office of president and general manager of a corporation and such other powers and duties as may be prescribed by the Board.

4.08 VICE PRESIDENTS. In the absence or disability of the President, the Vice Presidents in order of their rank as fixed by the Board or, if not ranked, the Vice President designated by the Board, shall perform all the duties of the President, and when so acting shall have all the powers of, and be subject to all the restrictions upon, the President. The Vice Presidents shall have such other powers and perform such other duties as from time to time may be prescribed for them respectively by the Board.

4.09 SECRETARY. The Secretary shall keep or cause to be kept, at the principal executive office and such other place as the Board may order, a book of minutes of all meetings of the stockholders, the Board, and its committees, with the time and place of holding, whether regular or special, and, if special, how authorized, the notice thereof given, the names of those present at Board and committee meetings, the number of shares present or represented at stockholder's meetings, and the proceedings thereof. The Secretary shall keep, or cause to be kept, at the principal executive office or at the office of this Corporation's transfer or registrar, if one be appointed, a share register, or a duplicate share register, showing the names of stockholders and their addresses,

the number and classes of shares of stock held by each, the number and date of certificates issued for the same, and the number and date of cancellation of every certificate surrendered for cancellation. The Secretary shall give, or cause to be given, notice of all the meetings of the stockholders and of the Board of any committees thereof required by these Amended and Restated Bylaws or by law to be given, shall keep the seal of this Corporation in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board.

4.10 CHIEF FINANCIAL OFFICER. The Chief Financial Officer shall keep and maintain, or cause to be kept and maintained, adequate and correct amounts of the properties and business transactions of this Corporation, and shall send or cause to be sent to the stockholders of this Corporation such financial statements and reports as are by law or these Amended and Restated Bylaws required to be sent to them. The books of account shall at all times be open to inspection by any directors. The Chief Financial Officer shall deposit all moneys and other valuables in the name and to the credit of this Corporation with such depositories as may be designated by the Board. The Chief Financial Officer shall disburse the funds of this Corporation as may be ordered by the Board, shall render to the President and directors, whenever they request it, an account of all transactions as Chief Financial Officer and of the financial condition of this Corporation, and shall have such other powers and perform such other duties as may be prescribed by the Board.

4.11 COMPENSATION. The compensation of the officers of this Corporation shall be fixed from time to time by the Board. No officer shall be prevented from receiving such compensation by reason of the fact that the officer is also a director of this Corporation. Nothing contained herein shall preclude any officer from serving this Corporation, or any subsidiary corporation, in any other capacity and receiving compensation therefor.

ARTICLE V
CONTRACTS, CHECKS, DRAFTS, BANK ACCOUNTS, ETC.

5.01 EXECUTION OF CONTRACTS. The Board, except as in these Amended and Restated Bylaws otherwise provided, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of this Corporation, and such authority may be general or confined to specific instances. Unless so authorized by the Board or by these Amended and Restated Bylaws, no officer, agent or employee shall have any power or authority to bind this Corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or in any amount.

5.02 CHECKS, DRAFTS, ETC. All checks, drafts or other orders for payment of money, notes or other evidence of indebtedness, issued in the name of or payable to this Corporation, shall be signed or endorsed by such person or persons and in such manner as, from time to time, shall be determined by resolution of the Board. Each authorized person shall give such bond, if any, as the Board may require.

5.03 DEPOSITS. All funds of this Corporation not otherwise employed shall be deposited from time to time to the credit of this Corporation in such banks, trust companies and other depositories as the Board may select, or as may be selected by any officer or officers, assistant or assistants, agent or agents, or attorney or attorneys of this Corporation to whom such power shall have been delegated by the Board. For the purpose of deposit and for the purpose of collection for the account of this Corporation, the President and Vice President or the Treasurer (or any other officer or officers, assistant or assistants, agent or agents, or attorney or attorneys of this Corporation who shall from time to time be determined by the Board) may endorse, assign and deliver checks, drafts and other orders for the payment of money which are payable to the order of this Corporation.

5.04 GENERAL AND SPECIAL BANK ACCOUNTS. The Board may from time to time authorize the opening and keeping of general and special bank accounts with such banks, trust companies or other depositories as the Board may select or as may be selected by any officer or officers, assistant or assistants, agent or agents, or attorney or attorneys of this Corporation to whom such power shall have been delegated by the Board. The Board may make such special rules and regulations with respect to such bank accounts, not inconsistent with the provisions of these Amended and Restated Bylaws, as it may deem expedient.

ARTICLE VI
SHARES AND THEIR TRANSFER

6.01 CERTIFICATES FOR STOCK.

(a) The shares of this Corporation shall be represented by certificates, provided that the Board may provide by resolution or resolutions that some or all of any or all classes or series of its stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to this Corporation. Notwithstanding the adoption of such a resolution by the Board every holder of stock represented by certificates and upon request every holder of uncertificated shares shall be entitled to have a certificate, in such form as the Board shall prescribe, signed by, or in the name of this Corporation by the Chairman or Vice Chairman of the Board, or the President or Vice President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of this Corporation representing the number of shares registered in certificate form. Any of or all of the signatures on the certificates may be by facsimile. In case any officer, transfer agent or registrar who has signed, or whose facsimile signature has been placed upon, any such certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, such certificate may nevertheless be issued by this Corporation with the same effect as though the person who signed such certificate, or whose facsimile signature shall have been placed thereupon, were such officer, transfer agent or registrar at the date of issue.

(b) A record shall be kept of the respective names of the persons, firms or corporations owning the stock represented by such certificates, the number and class of shares represented by such certificates, respectively, and the respective dates thereof, and in case of cancellation, the respective dates of cancellation. Every certificate surrendered to this Corporation for exchange or transfer shall be cancelled, and no new certificate or certificates shall be issued in exchange for any existing certificate until such existing certificate shall have been so cancelled, except in cases provided for in Section 6.04.

6.02 TRANSFERS OF STOCK. Transfers of shares of stock of this Corporation shall be made only on the books of this Corporation by the registered holder thereof, or by such holder's attorney thereunto authorized by power of attorney duly executed and filed with the Secretary, or with a transfer clerk or a transfer agent appointed as provided in Section 6.03, and upon surrender of the certificate or certificates for such shares properly endorsed and the payment of all taxes thereon. The person in whose name shares of stock stand on the books of this Corporation shall be deemed the owner thereof for all purposes as regards this Corporation. Whenever any transfer of shares shall be made for collateral security, and not absolutely, such fact shall be so expressed in the entry of transfer if, when the certificate or certificates shall be presented to this Corporation for transfer agents and one or more registrars, and may require all certificates for stock to bear the signature or signatures of any of them.

6.03 REGULATIONS. This Board may make such rules and regulations as it may deem expedient, not inconsistent with these Amended and Restated Bylaws, concerning the issue, transfer and registration of certificates for shares of the stock of this Corporation. It may appoint, or authorize any officer or officers to appoint, one or more transfer clerks or one or more transfer agents and one or more registrars, and may require all certificates for stock to bear the signature or signatures of any of them.

6.04 LOST, STOLEN, DESTROYED, AND MUTILATED CERTIFICATES. In any case of loss, theft, destruction, or mutilation of any certificate of stock, another may be issued in its place upon proof of such loss, theft, destruction, or mutilation and upon the giving of a bond of indemnity to this Corporation in such form and in such sum as the Board may direct; provided, however, that a new certificate may be issued without requiring any bond when, in the judgment of the Board, it is proper to do so.

ARTICLE VII
INDEMNIFICATION

7.01 SCOPE OF INDEMNIFICATION. This Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that such person is or was a director, officer, employee or agent of this Corporation, or is or was serving at the request of this Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding to the fullest extent permitted by Delaware law and the Certificate of Incorporation.

7.02 ADVANCE OF EXPENSES. Costs and expenses (including attorneys' fees) incurred by or on behalf of a director, officer, employer or agent in defending or investigating any action, suit proceeding or investigation shall be paid by this Corporation in advance of the final disposition of such matter, if such director, officer, employee or agent shall undertake in writing to repay any such advances in the event that it is ultimately determined that he or she is not entitled to indemnification. Notwithstanding the foregoing, no advance shall be made by this Corporation if a determination is reasonably and promptly made by the Board by a majority vote of a quorum of disinterested directors, or (if such a quorum is not obtained or, even if obtainable, a quorum of disinterested directors so directs) by independent legal counsel, that, based upon the facts known to the Board or counsel at the time such determination is made, (a) the director, officer, employee or agent acted in bad faith or deliberately breached his or her duty to this Corporation or its stockholders, and (b) as a result of such actions by the director, officer, employee or agent, it is more likely than not that it will ultimately be determined that such director, officer, employee or agent is not entitled to indemnification.

7.03 OTHER RIGHTS AND REMEDIES. The indemnification and advancement of expenses provided by, or granted pursuant to, the other subsections of this Article shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any Amended and Restated Bylaws, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office.

7.04 CONTINUATION OF INDEMNIFICATION AND ADVANCEMENT OF EXPENSES. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

7.05 INSURANCE. Upon resolution passed by the Board, this Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of this Corporation, or is or was serving at the request of this Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not this Corporation would have the power to indemnify such person against such liability under the provisions of this Article.

ARTICLE VIII
MISCELLANEOUS

8.01 SEAL. The Board shall adopt a corporate seal, which shall be in the form of a circle and shall bear the name of this Corporation and words and figures showing that this Corporation was incorporated in the State of Delaware and the year of incorporation.

8.02 WAIVER OF NOTICES. Whenever notice is required to be given by these Amended and Restated Bylaws or the Certificate of Incorporation or by law, the person entitled to said notice may waive such notice in writing, either before or after the time stated therein, and such waiver shall be deemed equivalent to notice. Attendance of a person at a meeting (whether in person or by proxy in the case of a meeting of stockholders) shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express

purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of any regular or special meeting of the stockholders, directors, or members of a committee of directors need be specified in any written waiver of notice.

8.03 AMENDMENTS. These Amended and Restated Bylaws, or any of them, may be altered, amended or repealed, and new Bylaws may be made, (i) by the Board, by vote of a majority of the number of directors then in office as directors, acting at any meeting of the Board, or (ii) by the stockholders, provided that notice of such proposed amendment, modification, repeal or adoption is given in the notice of special meeting.

8.04 REPRESENTATION OF OTHER CORPORATIONS. The President, any Vice President, or the Secretary of this Corporation are each authorized to vote, represent and exercise on behalf of this Corporation all rights incident to any and all shares of any other corporation or corporations standing in the name of this Corporation. The authority herein granted to said officers to vote or represent on behalf of this Corporation any and all shares held by this Corporation in any other corporation or corporations may be exercised either by such officers in person or by any person authorized so to do by proxy or power of attorney duly executed by said officers.

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CERTIFICATE OF SECRETARY

The undersigned, being the duly elected Secretary of Western Digital Corporation (formerly, Western Digital Holdings, Inc.), a Delaware corporation, hereby certifies that the Amended and Restated Bylaws to which this Certificate is attached were duly adopted by the Board of Directors of such corporation as of March 29, 2001, effective upon consummation of the merger of WD Merger Sub, Inc. into Western Digital Corporation.

/s/ Michael A. Cornelius

Michael A. Cornelius
Secretary

RIGHTS AGREEMENT

dated as of April 6, 2001

by and between

WESTERN DIGITAL CORPORATION

and

AMERICAN STOCK TRANSFER & TRUST COMPANY

as Rights Agent

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Exhibit A -- Form Of Right Certificate

RIGHTS AGREEMENT

This Rights Agreement (the "Agreement") is made and entered into as of the 6th day of April, 2001 by and between WESTERN DIGITAL CORPORATION, a Delaware corporation (the "Company"), and AMERICAN STOCK TRANSFER & TRUST COMPANY, a New York corporation, as rights agent (the "Rights Agent").

WHEREAS, the Board of Directors of the Company has authorized and declared a dividend of one preferred share purchase right (a "Right") for each Common Share (as hereinafter defined) of the Company outstanding on April 6, 2001 (the "Record Date"), each Right representing the right to purchase one one-thousandth of a Preferred Share (as hereinafter defined), upon the terms and subject to the conditions set forth herein, and has further authorized and directed the issuance of one Right with respect to each Common Share that shall become outstanding between the Record Date and the earliest of the Distribution Date, the Redemption Date or the Expiration Date (as such terms are hereinafter defined).

NOW, THEREFORE, in consideration of the premises and the mutual agreements set forth herein, the parties hereto hereby agree as follows:

Section 1. Certain Definitions. For purposes of this Agreement, the following terms have the meanings indicated:

"Affiliate" and "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 promulgated under the Exchange Act, as in effect on the date hereof.

A Person shall be deemed the "Beneficial Owner" of and shall be deemed to "Beneficially Own" any securities:

(i) that such Person or any of such Person's Affiliates or Associates beneficially owns, directly or indirectly, for purposes of Section 13(d) of the Exchange Act and Rule 13d-3 promulgated under the Exchange Act, in each case as in effect on the date hereof;

(ii) that such Person or any of such Person's Affiliates or Associates has the right to acquire (whether such right is exercisable immediately, or only after the passage of time, compliance with regulatory requirements, the fulfillment of a condition or otherwise) pursuant to any agreement, arrangement or understanding, or upon the exercise of conversion rights, exchange rights (other than these Rights), rights, warrants or options, or otherwise, provided, however, that a Person shall not be deemed the Beneficial Owner of, or to Beneficially Own, securities tendered pursuant to a tender offer or exchange offer made by or on behalf of such Person or any of such Person's Affiliates or Associates until such tendered securities are accepted for purchase or exchange;

(iii) that such Person or any such Person's Affiliates or Associates has the right to vote, whether alone or in concert with others, pursuant to any agreement, arrangement or

understanding, provided, however, that a Person shall not be deemed the Beneficial Owner of, or to Beneficially Own, any security if the agreement, arrangement or understanding to vote such security (A) arises solely from a revocable proxy given to such Person or any of such Person's Affiliates or Associates in response to a public proxy solicitation made pursuant to and in accordance with the applicable rules and regulations promulgated under the Exchange Act, and (B) is not also then reportable on Schedule 13D under the Exchange Act (or any comparable or successor report);

(iv) that are Beneficially Owned, directly or indirectly, by any other Person with which such Person or any of such Person's Affiliates or Associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting (other than voting pursuant to a revocable proxy as described in the proviso to clause (iii) of this definition of "Beneficial Owner") or disposing of any securities of the Company; and

(v) that, on any day on or after the Distribution Date, evidence Rights that prior to such date were represented by certificates for Common Shares that such Person Beneficially Owns on such day.

Notwithstanding anything to the contrary in this subsection, a Person engaged in business as an underwriter of securities shall not be deemed to be the Beneficial Owner of, or to Beneficially Own, any securities acquired through such Person's participation in good faith in a firm commitment underwriting until the expiration of 40 days after the date of such acquisition.

"Business Day" shall mean any day other than a Saturday, a Sunday or a day on which banking institutions in the State of California are authorized or obligated by law or executive order to close.

"Certificate of Designations" shall mean the certificate of designations specifying the powers, designations, preferences and rights of the Preferred Shares in accordance with the Delaware General Corporation Law.

"Close of Business" on any given date shall mean 5:00 p.m., California time, on such date; provided, however, that if such date is not a Business Day, it shall mean 5:00 p.m., California time, on the next succeeding Business Day.

"Closing Price" of a stock or other security on any day shall be the last sale price, regular way, per share of such stock or unit of such other security on such day or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange or, if such stock or other security is not listed or admitted to trading on the New York Stock Exchange, as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which such stock or other security is listed or admitted to trading or, if such stock or other security is not listed or admitted to trading on any national securities exchange, the last quoted price or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported on the Nasdaq National Market ("NASDAQ") or such other system then in use or, if on any such date such stock or other security is not quoted by any such organization, the average of the closing bid and asked prices

as furnished by a professional market maker that makes a market in such stock or other security and that is selected by the Board of Directors of the Company.

"Common Share" shall mean one share of the Common Stock, par value \$.01 per share, of the Company, unless used with reference to a Person other than the Company, in which case it shall mean one share of each class of stock of such Person having the right to vote generally in the election of directors or, if such Person is a Subsidiary of another Person, one Common Share of the Person that ultimately controls such Person.

"Common Share Equivalent" shall have the meaning ascribed to it in Section 11(a)(iii) hereof.

"Current Market Price" per share of a stock or unit of any other security on any date shall mean the average of the daily Closing Prices of such stock or other security for the 150 consecutive Trading Days through and including the Trading Day immediately preceding the date in question; provided, however, that if any event shall have caused the Closing Price on any Trading Day during such 150-day period not to be fully comparable with the Closing Price on the date in question (or, if no Closing Price is available on the date in question, on the Trading Day immediately preceding the date in question), then each such non-comparable Closing Price so used shall be appropriately adjusted by the Board of Directors in order to make the Closing Price on each Trading Day during the period used for the determination of the Current Market Price fully comparable with the Closing Price on such date in question (or, if applicable, the immediately preceding Trading Day). "Current Market Price" per share of any stock or unit of such other security that is not publicly held or so listed or traded, and "Current Market Price" of any other property, shall mean the fair value per share of such stock or unit of such other security, or the fair value of such other property, respectively, as determined in good faith by the Board of Directors of the Company based upon such appraisals or valuation reports of such independent experts as the Board of Directors shall in good faith determine appropriate, which determination shall be described in a statement filed by the Company with the Rights Agent.

"Distribution Date" shall have the meaning ascribed to it in Section 3 hereof.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Exempt Person" shall mean the Company, any wholly-owned Subsidiary of the Company, any employee benefit plan of the Company or of a Subsidiary of the Company and any Person holding Voting Shares for or pursuant to the terms of any such employee benefit plan.

"Exercise Price" shall have the meaning ascribed to it in Section 7(c) hereof.

"Expiration Date" shall mean April 6, 2011.

"Person" shall mean any individual, firm, partnership, corporation, association, group (as such term is used in Rule 13d-5 promulgated under the Exchange Act as in effect on the date hereof) or other entity, and shall include any successor (by merger or otherwise) of such entity.

"Preferred Share" shall mean one share of the Series A Junior Participating Preferred Stock, par value \$.01 per share, of the Company, which shall have the rights and preferences set forth in the Certificate of Designations for the Preferred Shares.

"Preferred Share Equivalent" shall have the meaning ascribed to it in Section 11(b) hereof.

"Record Date" shall have the meaning ascribed to it in the recitals hereto.

"Redemption Date" shall mean the date of the action of the Board of Directors of the Company authorizing and directing the redemption of the Rights pursuant to Section 23(a) hereof or the exchange of the Rights pursuant to Section 24(a) hereof.

"Redemption Price" shall have the meaning ascribed to it in Section 23(a) hereof.

"Right Certificate", as that term is used with respect to any period prior to the Distribution Date, shall have the meaning ascribed to it in Section 3(b) hereof, and, as that term is used with respect to any period on or after the Distribution Date, shall have the meaning ascribed to it in Section 3(c) hereof.

"Rights Expiration Date" shall mean the Expiration Date, except if there has been a Distribution Date, then it shall mean the tenth anniversary of the Distribution Date.

"Section 11(a)(ii) Event" shall have the meaning ascribed to it in Section 11(a)(ii) hereof.

"Section 13(a) Event" shall have the meaning ascribed to it in Section 13(a) hereof.

"Securities Act" shall mean the Securities Act of 1933, as amended.

"Subsidiary" of any Person shall mean any corporation or other Person of which equity securities or equity interests representing a majority of the voting power are owned, directly or indirectly, or which is effectively controlled, by such Person.

"Surviving Person" shall have the meaning ascribed to it in Section 13(a) hereof.

"Trading Day" shall mean, as to any stock or other security, a day on which the principal national securities exchange on which such stock or other security is listed or admitted to trading is open for the transaction of business or, if such stock or other security is not listed or admitted to trading on any national securities exchange, a Business Day.

"15% Ownership Date" shall mean the first date of public announcement (which, for purposes of this definition, shall include, without limitation, a report filed pursuant to Section 13(d) of the Exchange Act) by the Company or a 15% Stockholder containing the facts by virtue of which a Person has become a 15% Stockholder.

"15% Stockholder" shall mean any Person that Beneficially Owns 15% or more of the Voting Shares of the Company then outstanding; provided, however, that the term "15% Stockholder" shall not include: (i) an Exempt Person; (ii) any Person that would not

otherwise be a 15% Stockholder but for a reduction in the number of outstanding Voting Shares resulting from a stock repurchase program or other similar plan of the Company or from a self tender offer of the Company, which plan or tender offer commenced on or after the date hereof; provided, however, that the term "15% Stockholder" shall include such Person from and after the first date upon which (A) such Person, since the date of the commencement of such plan or tender offer, shall have acquired Beneficial Ownership of, in the aggregate, a number of Voting Shares of the Company equal to 1% or more of the Voting Shares of the Company then outstanding and (B) such Person, together with all Affiliates and Associates of such Person, shall Beneficially Own 15% or more of the Voting Shares of the Company then outstanding; (iii) any Person that would not otherwise be a 15% Stockholder but for its Beneficial Ownership of Rights; (iv) any Person that is the Beneficial Owner of 15% or more of the outstanding Voting Shares of the Company as of April 6, 2001; provided, however, that the term "15% Stockholder" shall include such Person from and after the first date upon which (A) such Person, since April 6, 2001, shall have acquired, without the prior approval of the Board of Directors of the Company, Beneficial Ownership of, in the aggregate, a number of Voting Shares of the Company equal to 1% or more of the Voting Shares of the Company then outstanding and (B) such Person, together with all Affiliates and Associates of such Person, shall Beneficially Own 15% or more of the Voting Shares of the Company then outstanding; or (v) any Person (a "Transferee") that acquires Voting Shares from a Person described in clause (iv) above that has not become a 15% Stockholder if, after giving effect to such acquisition, such Transferee Beneficially Owns no more than the sum of the Voting Shares so acquired plus 1% of the Voting Shares then outstanding; provided, however, that the term "15% Stockholder" shall include such Transferee from and after the first date upon which (A) such Transferee, since the date of such acquisition, shall have acquired, without the prior approval of the Board of Directors of the Company, Beneficial Ownership of, in the aggregate, a number of Voting Shares of the Company equal to 1% or more of the Voting Shares of the Company then outstanding and (B) such Transferee, together with all Affiliates and Associates of such Transferee, shall Beneficially Own 15% or more of the Voting Shares of the Company then outstanding. In calculating the percentage of the outstanding Voting Shares that are Beneficially Owned by a Person for purposes of this definition, Voting Shares that are Beneficially Owned by such Person shall be deemed outstanding, and Voting Shares that are not Beneficially Owned by such Person and that are subject to issuance upon the exercise or conversion of outstanding conversion rights, exchange rights, rights, warrants or options shall not be deemed outstanding. Any determination made by the Board of Directors of the Company as to whether any Person is or is not a 15% Stockholder shall be conclusive and binding upon all holders of Rights.

"Voting Share" shall mean (i) a Common Share of the Company and (ii) any other share of capital stock of the Company entitled to vote generally in the election of directors or entitled to vote together with the Common Shares in respect of any merger, consolidation, sale of all or substantially all of the Company's assets, liquidation, dissolution or winding up. References in this Agreement to a percentage or portion of the outstanding Voting Shares shall be deemed a reference to the percentage or portion of the total votes entitled to be cast by the holders of the outstanding Voting Shares.

Section 2. Appointment of Rights Agent. The Company hereby appoints the Rights Agent to act as agent for the Company and the holders of Rights in accordance with the terms and conditions hereof, and the Rights Agent hereby accepts such appointment. The

Company may from time to time appoint such co-Rights Agents as it may deem necessary or desirable.

Section 3. Issuance of Rights Certificates.

(a) "Distribution Date" shall mean the date, after the date hereof, that is the earliest of (i) the tenth Business Day (or such later day as shall be designated by the Board of Directors of the Company) following the date of the commencement of, or the first public announcement of the intent of any Person, other than an Exempt Person, to commence a tender offer or exchange offer, the consummation of which would cause any Person to become a 15% Stockholder, (ii) the date of the first Section 11(a)(ii) Event or (iii) the date of the first Section 13(a) Event.

(b) Until the Distribution Date, (i) the Rights shall be represented by certificates for Common Shares (all of which certificates for Common Shares shall be deemed to be Right Certificates) and not by separate Right Certificates, (ii) the record holder of the Common Shares represented by each of such certificates shall be the record holder of the Rights represented thereby and (iii) the Rights shall be transferable only in connection with the transfer of Common Shares. Until the earliest of the Distribution Date, the Redemption Date or the Expiration Date, the surrender for transfer of such certificates for Common Shares shall also constitute the surrender for transfer of the Rights represented thereby.

(c) As soon as practicable after the Distribution Date, and after notification by the Company, the Rights Agent shall send, at the expense of the Company, by first-class, postage-prepaid mail to each record holder of Common Shares, as of the Close of Business on the Distribution Date, at the address of such holder shown on the records of the Company, a Right Certificate substantially in the form of Exhibit A hereto representing one Right for each Common Share so held. From and after the Distribution Date, the Rights shall be represented solely by such Right Certificates and may only be transferred by the transfer of such Right Certificates, and the holders of such Right Certificates, as listed in the records of the Company or any transfer agent or registrar for such Rights, shall be the record holders of such Rights.

(d) Certificates for Common Shares issued at any time after the Record Date and prior to the earliest of the Distribution Date, the Redemption Date or the Expiration Date, shall have impressed on, printed on, written on or otherwise affixed to them the following legend:

This certificate also evidences and entitles the holder hereof to certain Rights as set forth in a Rights Agreement dated as of April 6, 2001 by and between Western Digital Corporation and American Stock Transfer & Trust Company, as Rights Agent (the "Rights Agreement"), as amended to date, the terms and conditions of which are hereby incorporated herein by reference and a copy of which is on file at the principal executive offices of Western Digital Corporation. Under certain circumstances specified in the Rights Agreement, such Rights will be represented by separate certificates and will no longer be represented by this certificate. Under certain circumstances specified in the Rights Agreement, Rights beneficially owned by certain persons may become null and void. Western Digital Corporation will mail to the record holder of this certificate a copy of the Rights Agreement without charge promptly following receipt of a written request

therefor. As described in the Rights Agreement, Rights Beneficially Owned by any Person who becomes a 15% Stockholder or any Affiliate or Associate of a 15% Stockholder (as such capitalized terms are defined in the Rights Agreement) shall become null and void.

(e) Certificates for Common Shares issued at any time on or after the Distribution Date and prior to the earlier of the Redemption Date or the Rights Expiration Date shall have impressed on, printed on, written on or otherwise affixed to them the following legend:

This certificate does not represent any Right issued pursuant to the terms of a Rights Agreement dated as of April 6, 2001 by and between Western Digital Corporation and American Stock Transfer & Trust Company, as Rights Agent.

(f) In the event that at any time on or after the earlier of the date of the first Section 11(a)(ii) Event or the date of the first Section 13(a) Event and prior to the earlier of the Redemption Date or the Rights Expiration Date, the Company shall issue any Common Shares pursuant to the exercise of conversion rights, exchange rights, rights (other than Rights), warrants or options that shall have been issued or granted prior to the earlier of the date of the first Section 11(a)(ii) Event or the date of the first Section 13(a) Event, then, unless the Board of Directors of the Company shall have provided otherwise at the time of the issuance or grant of such conversion rights, exchange rights, rights (other than Rights), warrants or options, the Rights Agent shall, as soon as practicable after the date of such event, send by first-class, postage-prepaid mail to the record holder of such Common Shares, at the address of such holder as shown on the records of the Company, a Right Certificate substantially in the form of Exhibit A hereto representing one Right for each Common Share so issued.

(g) Notwithstanding the foregoing provisions of this Section, the Rights Agent shall not send any Right Certificate to any 15% Stockholder or any of its Affiliates or Associates or to any Person if the Rights held by such Person are Beneficially Owned by a 15% Stockholder or any of its Affiliates or Associates. Any determination made by the Board of Directors of the Company as to whether any Common Shares are or were Beneficially Owned at any time by a 15% Stockholder or an Affiliate or Associate of a 15% Stockholder shall be conclusive and binding upon all holders of Rights.

(h) If the Company purchases or acquires any Common Shares after the Record Date but before the Distribution Date, any Rights associated with such Common Shares shall be deemed canceled and retired.

Section 4. Form of Right Certificates. The Right Certificates and the form of assignment, including certificate, and the form of election to purchase, including certificate, printed on the reverse thereof, when, as and if issued, shall be substantially the same as Exhibit A hereto, and may have such marks of identification or designation and such legends, summaries or endorsements printed thereon as the Company may deem appropriate and as are not inconsistent with the provisions of this Agreement, or as may be required to comply with any applicable law or with any rule or regulation made pursuant thereto or with any rule or regulation of any stock exchange upon which the Rights or the securities of the Company issuable upon exercise of the Rights may from time to time be listed, or to conform to usage. Subject to Section 22 hereof,

Right Certificates, whenever issued, that are issued in respect of Common Shares that were issued and outstanding as of the Close of Business on the Distribution Date, shall be dated as of the Distribution Date.

Section 5. Countersignature and Registration.

(a) The Right Certificates shall be executed on behalf of the Company by its Chairman of the Board, its Vice Chairman of the Board, its President or any Vice President, either manually or by facsimile signature, and may have affixed thereto the Company's seal or a facsimile thereof attested by its Secretary or any Assistant Secretary, either manually or by facsimile signature. The Right Certificates shall be manually countersigned by the Rights Agent and shall not be valid for any purpose unless so countersigned. In case any officer of the Company who shall have signed any of the Right Certificates shall cease to be such officer of the Company before countersignature by the Rights Agent and issuance and delivery by the Company, such Right Certificates may nevertheless be countersigned by the Rights Agent and issued and delivered by the Company with the same force and effect as though the person who signed such Right Certificates had not ceased to be such officer of the Company. Any Right Certificate may be signed on behalf of the Company by any person who at the actual date of such execution shall be a proper officer of the Company to sign such Right Certificate, even though such person was not such an officer at the date of the execution of this Agreement.

(b) Following the Distribution Date, the Rights Agent shall keep or cause to be kept at its principal offices books for registration and transfer of the Right Certificates issued hereunder. Such books shall show the names and addresses of the respective holders of Right Certificates, the number of Rights represented on its face by each Right Certificate and the date of each Right Certificate.

Section 6. Transfer, Split Up, Combination and Exchange of Right CERTIFICATES; Mutilated, Destroyed, Lost or Stolen Right Certificates.

(a) Subject to the provisions of Sections 6(c), 7(d) and 14 hereof, at any time after the Close of Business on the Distribution Date, and so long as the Rights represented thereby remain outstanding, any one or more Right Certificates may be transferred, split-up, combined or exchanged for one or more Right Certificates representing the same aggregate number of Rights as the Right Certificates surrendered. Any registered holder desiring to transfer, split up, combine or exchange one or more Right Certificates shall make such request in writing delivered to the Rights Agent, and shall surrender the Right Certificates to be transferred, split up, combined or exchanged at the office of the Rights Agent with the form of assignment, including certificate, on the reverse side thereof completed and duly executed, with signature guaranteed. Thereupon, the Rights Agent shall countersign and deliver to the person entitled thereto one or more Right Certificates, as so requested. The Company may require payment of a sum sufficient to cover any tax or governmental charge that may be imposed in connection with any transfer, split up, combination or exchange of Right Certificates.

(b) Upon receipt by the Company and the Rights Agent of evidence reasonably satisfactory to them of the loss, theft, destruction or mutilation of a Right Certificate, and, in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to them and, at the

Company's request, reimbursement to the Company and the Rights Agent of all reasonable expenses incidental thereto, and upon surrender to the Rights Agent and cancellation of such Right Certificate if mutilated, the Company shall issue and deliver to the Rights Agent for delivery to the record holder of such Right Certificate a new Right Certificate of like tenor in lieu of such lost, stolen, destroyed or mutilated Right Certificate.

(c) Notwithstanding anything to the contrary in this Section 6, the Rights Agent shall not countersign and deliver a Right Certificate to any Person if such Right Certificate represents, or would represent when held by such Person, Rights that had become or would become null and void pursuant to Section 7(d) hereof.

Section 7. Exercise of Rights.

(a) Until the Distribution Date, no Right may be exercised.

(b) Subject to Section 7(d) and (g) hereof and the other provisions of this Agreement, at any time after the Close of Business on the Distribution Date and prior to the Close of Business on the earlier of the Redemption Date or the Rights Expiration Date, the registered holder of any Right Certificate may exercise the Rights represented thereby in whole or in part upon surrender of such Right Certificate, with the form of election to purchase, including certificate, on the reverse side thereof completed and duly executed, with signature guaranteed, to the Rights Agent at the office of the Rights Agent at 40 Wall Street, New York, New York 10005, together with payment of the Exercise Price for each Right exercised. Upon the exercise of an exercisable Right and payment of the Exercise Price in accordance with the provisions of this Agreement, the holder of such Right shall be entitled to receive, subject to adjustment as provided herein, one one-thousandth of a Preferred Share (or, following the occurrence of a Section 11(a)(ii) Event or a Section 13(a) Event, Common Shares and/or other securities).

(c) The "Exercise Price" for the exercise of each Right shall initially be \$50.00 and shall be payable in lawful money of the United States of America in accordance with Section 7(f) hereof. The Exercise Price and the number of Preferred Shares (or, following the occurrence of a Section 11(a)(ii) Event or a Section 13(a) Event, Common Shares and/or other securities) to be acquired upon exercise of a Right shall be subject to adjustment from time to time as provided in Sections 7(e), 11 and 13 hereof and the other provisions of this Agreement.

(d) Notwithstanding anything in this Agreement to the contrary, from and after the earlier of the date of the first Section 11(a)(ii) Event or the date of the first Section 13(a) Event, any Rights that are or were Beneficially Owned by a 15% Stockholder or any Affiliate or Associate of a 15% Stockholder at any time on or after the Distribution Date shall be null and void, and for all purposes of this Agreement such Rights shall thereafter be deemed not to be outstanding, and any holder of such Rights (whether or not such holder is a 15% Stockholder or an Affiliate or Associate of a 15% Stockholder) shall thereafter have no right to exercise such Rights.

(e) Prior to the Distribution Date, if the Board of Directors of the Company shall have determined that such action adequately protects the interests of the holders of Rights, the Company may, in its discretion, substitute for all or any portion of the Preferred Shares that

would otherwise be issuable (after the Close of Business on the Distribution Date) upon the exercise of each Right and payment of the Exercise Price (i) cash, (ii) other equity securities of the Company, (iii) debt securities of the Company, (iv) other property or (v) any combination of the foregoing, in each case having an aggregate Current Market Price equal to the aggregate Current Market Price of the Preferred Shares for which substitution is made. Subject to Section 7(d) hereof, in the event that the Company takes any action pursuant to this Section 7(e), such action shall apply uniformly to all outstanding Rights.

(f) Upon receipt of a Right Certificate representing exercisable Rights, with the form of election to purchase, including certificate, completed and duly executed, with signature guaranteed, accompanied by payment of the Exercise Price for each Right to be exercised and an amount equal to any applicable transfer tax required to be paid by the holder of such Right Certificate in accordance with Section 9 hereof by certified check or cashier's check payable to the order of the Company, the Rights Agent shall thereupon promptly (i) requisition from the transfer agent of the Preferred Shares (or, following the occurrence of a Section 11(a)(ii) Event or a Section 13(a) Event, Common Shares and/or securities) certificates for the number of Preferred Shares (or such other securities) to be purchased, and the Company hereby irrevocably authorizes such transfer agent to comply with all such requests, and/or, as provided in Section 14 hereof, requisition from the depositary agent described therein depositary receipts representing such number of one-thousandths of a Preferred Share (or such other securities) as are to be purchased (in which case certificates for the Preferred Shares (or such other securities) represented by such receipts shall be deposited by the transfer agent with such depositary agent) and the Company hereby directs such depositary agent to comply with such request, (ii) when appropriate, requisition from the Company the amount of cash to be paid in lieu of issuance of fractional Preferred Shares (or such other securities) in accordance with Section 14 hereof, (iii) after receipt of such certificates, depositary receipts or cash, cause the same to be delivered to or upon the order of the registered holder of such Right Certificate, registered in such name or names as may be designated by such holder and (iv) when appropriate, after receipt thereof, deliver such cash to or upon the order of the registered holder of such Right Certificate.

(g) Notwithstanding the foregoing provisions of this Section 7, the exercisability of the Rights shall be suspended for such period as shall reasonably be necessary for the Company to register and qualify under the Securities Act and any applicable securities law of any jurisdiction the Preferred Shares and/or Common Shares or other securities to be issued pursuant to the exercise of the Rights; provided, however, that nothing contained in this Section 7 shall relieve the Company of its obligations under Section 9(c) hereof.

(h) In case the registered holder of any Right Certificate shall exercise less than all of the Rights represented thereby, a new Right Certificate representing Rights equivalent to the Rights remaining unexercised shall be issued by the Rights Agent to the registered holder of such Right Certificate or to such holder's duly authorized assigns, subject to the provisions of Section 14 hereof.

Section 8. Cancellation and Destruction of Right Certificates. All Right Certificates surrendered for the purpose of exercise, transfer, split up, combination or exchange shall, if surrendered to the Company or to any of its agents, be delivered to the Rights Agent for cancellation or in canceled form, or, if surrendered to the Rights Agent, shall be canceled by it,

and no Right Certificates shall be issued in lieu thereof except as expressly permitted by this Agreement. The Company shall deliver to the Rights Agent for cancellation and retirement, and the Rights Agent shall so cancel and retire, any other Right Certificate purchased or acquired by the Company otherwise than upon the exercise thereof. The Rights Agent shall deliver all canceled Right Certificates to the Company or shall, at the written request of the Company, destroy such canceled Right Certificates, and in such case shall deliver a certificate of destruction thereof to the Company.

Section 9. Reservation and Availability of Capital Stock.

(a) Subject to Sections 7(e) and 9(f) hereof, the Company shall cause to be reserved and kept available out of its authorized and unissued equity securities (or out of its authorized and issued equity securities held in its treasury), the number of such equity securities that will from time to time be sufficient to permit the exercise in full of all outstanding Rights.

(b) In the event that any securities issuable upon exercise of the Rights are listed on any national securities exchange, the Company shall use its best efforts, from and after such time as the Rights become exercisable, to cause all such securities issued or reserved for such issuance to be listed on such exchange upon official notice of issuance upon such exercise.

(c) If necessary to permit the issuance of securities upon exercise of the Rights, the Company shall use its best efforts, from and after the Distribution Date, to register and qualify such securities under the Securities Act, the Exchange Act and any other applicable securities laws and to keep such registration effective until the earlier of the Redemption Date or the Rights Expiration Date.

(d) The Company shall take all such action as may be necessary to ensure that all securities delivered upon exercise of the Rights shall, at the time of delivery of the certificates for such securities (subject to payment of the Exercise Price), be duly and validly authorized and issued and fully paid and nonassessable securities.

(e) The Company shall pay when due and payable any and all federal and state transfer taxes and charges that may be payable in respect of the issuance or delivery of the Right Certificates or of any securities upon the exercise of Rights. The Company shall not, however, be required to pay any transfer tax that may be payable in respect of any transfer or delivery of a Right Certificate to a Person other than, or the issuance or delivery of a certificate for securities in respect of a name other than that of, the registered holder of the Right Certificate representing Rights surrendered for exercise, or to issue or deliver any certificate for securities upon the exercise of any Right until any such tax shall have been paid (any such tax being payable by the holder of such Right Certificate at the time of surrender) or until it has been established to the Company's satisfaction that no such tax is due.

(f) With respect to the Common Shares and/or other securities issuable pursuant to Section 11(a)(ii) and (iii) hereof, the foregoing covenants shall be applicable only upon and following the occurrence of a Section 11(a)(ii) Event.

Section 10. Securities Record Date. Each Person in whose name any certificate for securities of the Company is issued upon the exercise of Rights shall for all purposes be

deemed to have become the holder of record of the securities represented thereby on, and such certificate shall be dated, the date upon which the Right Certificate representing such Rights was duly surrendered and payment of the Exercise Price (and any applicable transfer taxes) was made; provided, however, that if the date of such surrender and payment is a date upon which the securities transfer books of the Company are closed, such person shall be deemed to have become the record holder of such securities on, and such certificate shall be dated, the next succeeding Business Day on which the securities transfer books of the Company are open.

Section 11. Adjustment of Exercise Price, Number of Shares Issuable Upon Exercise of Rights or Number of Rights. The Exercise Price, the number and kind of securities that may be purchased upon exercise of a Right and the number of Rights outstanding are subject to adjustment from time to time as provided in this Section 11.

(a)(i) In the event that the Company shall at any time after the Close of Business on the Record Date and prior to the Close of Business on the earlier of the Redemption Date or the Rights Expiration Date (A) declare or pay any dividend on the Preferred Shares payable in Preferred Shares or Voting Shares, (B) subdivide the outstanding Preferred Shares, (C) combine the outstanding Preferred Shares into a smaller number of Preferred Shares or (D) issue Preferred Shares or other securities of the Company (other than those for which an adjustment is required under Section 11(b) hereof) in a reclassification of the Preferred Shares (including any such reclassification in connection with a consolidation or merger in which the Company is the continuing or surviving corporation) or in a reorganization of the Company, then, and upon each such event, the number and kind of Preferred Shares or other securities issuable upon the exercise of a Right on the date of such event shall be proportionately adjusted so that the holder of any Right exercised on or after such date shall be entitled to receive, upon the exercise thereof and payment of the Exercise Price, the aggregate number and kind of Preferred Shares or other securities or other property, as the case may be, that, if such Right had been exercised immediately prior to such date and at a time when such Right was exercisable and the transfer books of the Company were open, such holder would have owned upon such exercise and would have been entitled to receive by virtue of such dividend, subdivision, combination or reclassification. If an event occurs that would require an adjustment under both this Section 11(a)(i) and Section 11(a)(ii) hereof, the adjustment provided for in this Section 11(a)(i) shall be in addition to, and shall be made prior to, any adjustment required pursuant to Section 11(a)(ii) hereof.

(ii) In the event that a 15% Ownership Date shall have occurred and neither the Redemption Date nor the Expiration Date shall have occurred prior to the tenth Business Day following such 15% Ownership Date (a "Section 11(a)(ii) Event"), then, and upon each such Section 11(a)(ii) Event, proper provision shall be made so that, except as provided in Section 7(d) hereof, each holder of a Right shall thereafter have the right to receive, upon the exercise thereof in accordance with the terms of this Agreement and payment of the then current Exercise Price, such number of Common Shares of the Company as shall equal the result obtained by (A) multiplying the then current Exercise Price by the then number of one-thousandths of a Preferred Share for which a Right was exercisable immediately prior to such Section 11(a)(ii) Event (or, if the Distribution Date shall not have occurred prior to the date of such Section 11(a)(ii) Event, the number of

one-thousandths of a Preferred Share for which a Right would have been exercisable if the Distribution Date had occurred on the Business Day immediately preceding the date of such Section 11(a)(ii) Event), and (B) dividing that product by 50% of the Current Market Price of a Common Share on the date of occurrence of the relevant Section 11(a)(ii) Event (such number of shares being hereinafter referred to as the "Adjustment Shares"). Successive adjustments shall be made pursuant to this paragraph each time a Section 11(a)(ii) Event occurs.

(iii) In the event that on the date of a Section 11(a)(ii) Event the aggregate number of Common Shares that are authorized by the Company's Certificate of Incorporation, as amended from time to time, but not outstanding or reserved for issuance for purposes other than upon exercise of the Rights is less than the aggregate number of Adjustment Shares thereafter issuable upon the exercise in full of the Rights in accordance with Section 11(a)(ii) hereof (the excess of such number of Adjustment Shares over and above such number of Common Shares being hereinafter referred to as the "Unavailable Adjustment Shares"), then, and upon each such event, the Company shall substitute for the pro rata portion of the Unavailable Adjustment Shares that would otherwise be issuable thereafter upon the exercise of each Right and payment of the Exercise Price (A) cash, (B) other equity securities of the Company (including, without limitation, shares of preferred stock of the Company or units of such shares having the same Current Market Price as one Common Share (a "Common Share Equivalent")), (C) debt securities of the Company, (D) other property or (E) any combination of the foregoing, in each case having an aggregate Current Market Price equal to the aggregate Current Market Price of the Unavailable Adjustment Shares for which substitution is made. Subject to Section 7(d) hereof, in the event that the Company takes any action pursuant to this Section 11(a)(iii), such action shall apply uniformly to all outstanding Rights.

(b) In the event that the Company shall, at any time after the Close of Business on the Record Date and prior to the Close of Business on the earlier of the Redemption Date or the Rights Expiration Date, fix a record date for the issuance of rights, options or warrants to all holders of Preferred Shares entitling them initially to subscribe for or purchase Preferred Shares (or shares having the same rights, privileges and preferences as the Preferred Shares ("Preferred Share Equivalents")) or securities convertible into Preferred Shares or Preferred Share Equivalents, at a price per Preferred Share or Preferred Share Equivalent (or having a conversion price per share, if a security convertible into Preferred Shares or Preferred Share Equivalents) less than the Current Market Price per Preferred Share on such record date, then, and upon each such event, the Exercise Price to be in effect after such record date shall be determined by multiplying the Exercise Price in effect immediately prior to such record date by a fraction, the numerator of which shall be equal to the sum of the number of Preferred Shares outstanding on such record date plus the number of Preferred Shares that the aggregate offering price of the total number of Preferred Shares and/or Preferred Share Equivalents to be so offered (and/or the aggregate initial conversion price of the convertible securities to be so offered) would purchase at such Current Market Price, and the denominator of which shall be equal to the number of Preferred Shares outstanding on such record date plus the number of additional Preferred Shares and/or Preferred Share Equivalents to be offered for subscription or purchase (or into which the convertible securities to be so offered are initially convertible); provided, however, that if such

rights, options or warrants are not exercisable immediately upon issuance but become exercisable only upon the occurrence of a specified event or the passage of a specified period of time, then the adjustment to the Exercise Price shall be made and become effective only upon the occurrence of such event or such passage of time, and such adjustment shall be made as if the record date for the issuance of such rights, options or warrants had been the Business Day immediately preceding the date upon which such rights, options or warrants became exercisable. Preferred Shares owned by or held for the account of the Company shall not be deemed outstanding for the purpose of any such computation. Such adjustment to the Exercise Price shall be made successively whenever such a record date is fixed, and in the event that such rights or warrants are not so issued, the Exercise Price shall be adjusted to be the Exercise Price that would then be in effect if such record date had not been fixed.

(c) In the event that the Company shall, at any time after the Close of Business on the Record Date and prior to the Close of Business on the earlier of the Redemption Date or the Rights Expiration Date, fix a record date for the making of a distribution to all holders of the Preferred Shares (including any such distribution made in connection with a consolidation or merger in which the Company is the surviving corporation) of assets (other than a distribution for which an adjustment is required under Section 11(a)(i) or (b) hereof or a regular quarterly cash dividend), then the Exercise Price to be in effect after such record date shall be determined by multiplying the Exercise Price in effect immediately prior to such record date by a fraction, the numerator of which shall be equal to the excess of the Current Market Price per Preferred Share on such record date over and above the fair market value of the portion of the securities or assets to be so distributed with respect to one Preferred Share, and the denominator of which shall be equal to such Current Market Price per Preferred Share. Such adjustments shall be made successively whenever such a record date is fixed, and in the event that such a distribution is not so made, the Exercise Price shall be adjusted to be the Exercise Price that would then be in effect if such record date had not been fixed.

(d) For the purpose of any computation under this Section 11, if the Preferred Shares are not publicly held or traded, the "Current Market Price" per Preferred Share shall be conclusively deemed to be the Current Market Price per Common Share multiplied by 1,000.

(e) No adjustment in the Exercise Price shall be required unless such adjustment would require an increase or decrease of at least 1% in the then current Exercise Price; provided, however, that any adjustments that by reason of this Section 11(e) are not required to be made shall be cumulated and taken into account in any subsequent adjustment. All calculations under this Section 11 shall be made to the nearest cent or to the nearest one-thousandth of a Common Share or other share or one-millionth of a Preferred Share, as the case may be.

(f) If, as a result of an adjustment made pursuant to Section 11(a) hereof, the holder of any Right shall, upon exercise thereof, be entitled to receive any securities of the Company other than Preferred Shares, and if an event occurs in respect of such securities that, if it were to occur in respect of Preferred Shares, would require an adjustment under this Section 11 in respect of Preferred Shares, then the number of such other securities so receivable upon exercise of any Right shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions with respect to Preferred Shares contained in this

Section 11, and the other provisions of this Agreement with respect to Preferred Shares shall apply on like terms to any such other securities.

(g) All Rights originally issued by the Company subsequent to any adjustment made to the Exercise Price hereunder shall represent the right to purchase, at the adjusted Exercise Price, the number of one-thousandths of a Preferred Share purchasable from time to time hereunder upon exercise of the Rights, all subject to further adjustment as provided herein.

(h) Unless the Company shall have exercised its election as provided in Section 11(i) below, upon each adjustment of the Exercise Price as a result of the calculations made in Sections 11(b) and (c) hereof, each Right outstanding immediately prior to the making of such adjustment shall thereafter represent the right to purchase, at the adjusted Exercise Price, that number of one-thousandths of a Preferred Share (calculated to the nearest one-millionth of a Preferred Share) obtained by multiplying (i) the number of one-thousandths of a Preferred Share purchasable upon the exercise of one Right immediately prior to such adjustment of the Exercise Price by (ii) the Exercise Price in effect immediately prior to such adjustment, and dividing the product so obtained by the Exercise Price in effect immediately after such adjustment.

(i) The Company may elect, on or after the date of any adjustment of the Exercise Price, to adjust the number of Rights instead of making any adjustment in the number of Preferred Shares purchasable upon the exercise of a Right. Each of the Rights outstanding after such adjustment of the number of Rights shall be exercisable for the number of one-thousandths of a Preferred Share for which a Right was exercisable immediately prior to such adjustment. Each Right held of record prior to such adjustment of the number of Rights shall become that number of Rights (calculated to the nearest one one-thousandth of a Right) obtained by dividing the Exercise Price in effect immediately prior to the adjustment of the Exercise Price by the Exercise Price in effect immediately after such adjustment of the Exercise Price. The Company shall make a public announcement of its election to adjust the number of Rights pursuant to this Section 11(i), indicating the record date for the adjustment and, if known at the time, the amount of the adjustment to be made. Such record date may be the date on which the Exercise Price is adjusted or any day thereafter, but, if separate Right Certificates have been issued, it shall be at least 10 days after the date of such public announcement. If separate Right Certificates have been issued, upon each adjustment of the number of Rights pursuant to this Section 11(i), the Company shall, as promptly as practicable, cause to be distributed to holders of record of Right Certificates on such record date Right Certificates representing, subject to Section 14 hereof, the additional Rights to which such holders shall be entitled as a result of such adjustment or, at the option of the Company, cause to be distributed to such holders of record in substitution and replacement for the Right Certificates held by such holders prior to the date of such adjustment, and upon surrender thereof if required by the Company, new Right Certificates representing all the Rights to which such holders shall be entitled after such adjustment. Right Certificates to be so distributed shall be issued, executed and countersigned in the manner provided for herein (and may bear, at the option of the Company, the adjusted Exercise Price) and shall be registered in the names of the holders of record of Right Certificates on the record date specified in the public announcement.

(j) Irrespective of any adjustment or change in the Exercise Price or the number of one-thousandths of a Preferred Share issuable upon the exercise of one Right, the Right

Certificates theretofore and thereafter issued may continue to express the Exercise Price per one one-thousandth of a Preferred Share and the number of Preferred Shares issuable upon the exercise of one Right that were expressed in the initial Right Certificates issued hereunder.

(k) Before taking any action that would cause an adjustment reducing the Exercise Price below one one-thousandth of the then par value, if any, of the Preferred Shares issuable upon exercise of the Rights, the Company shall take any corporate action that may, in the advice or opinion of its counsel, be necessary in order that the Company may validly and legally issue fully paid and nonassessable one one-thousandths of a Preferred Share at such adjusted Exercise Price.

(l) In any case in which this Section 11 shall require that an adjustment in the Exercise Price be made effective as of a record date for a specified event, the Company may elect to defer, until the occurrence of such event, the issuance to the holder of any Right exercised after such record date of the number of one-thousandths of a Preferred Share and other capital stock or securities of the Company, if any, issuable upon such exercise over and above the number of one-thousandths of a Preferred Share and other capital stock or securities of the Company, if any, issuable upon such exercise on the basis of the Exercise Price in effect prior to such adjustment; provided, however, that the Company shall deliver to such holder a due bill or other appropriate instrument representing such holder's right to receive such additional shares upon the occurrence of the event requiring such adjustment.

(m) Anything in this Section 11 to the contrary notwithstanding, the Company shall be entitled to make such further adjustments in the number of one-thousandths of a Preferred Share that may be purchased upon exercise of one Right, and such further adjustments in the Exercise Price, in addition to those adjustments expressly required by this Section 11, as and to the extent that the Company in its sole discretion shall determine to be advisable in order that any (i) consolidation or subdivision of the Preferred Shares, (ii) issuance wholly for cash of any Preferred Shares at less than the Current Market Price thereof, (iii) issuance wholly for cash of Preferred Shares or securities that by their terms are convertible into or exchangeable for Preferred Shares, (iv) dividends on Preferred Shares payable in Preferred Shares or (v) issuance of rights, options or warrants referred to in Section 11(b) hereof, hereafter made by the Company to holders of its Preferred Shares shall not be taxable to such stockholders.

(n) In the event that the Company shall, at any time after the Close of Business on the Record Date and prior to the Close of Business on the earliest of the date of the first Section 11(a)(ii) Event, the date of the first Section 13(a) Event, the Redemption Date or the Rights Expiration Date, (i) pay any dividend on the Common Shares payable in Common Shares, (ii) subdivide the outstanding Common Shares, (iii) combine the outstanding Common Shares into a smaller number of Common Shares or (iv) issue Common Shares in a reclassification of the Common Shares (including any such reclassification in connection with a consolidation or merger in which the Company is the continuing or surviving corporation), then, and upon each such event, the Exercise Price to be in effect after such event shall be determined by multiplying the Exercise Price in effect immediately prior to such event by a fraction, the numerator of which shall be equal to the number of Common Shares outstanding immediately prior to such event and the denominator of which shall be equal to the number of Common Shares outstanding immediately after such event. Successive adjustments shall be made pursuant to this

Section 11(n) each time such a dividend is paid or such a subdivision, combination or reclassification is effected. If an event occurs that would require an adjustment under both this Section 11(n) and Section 11(a)(ii) hereof, the adjustment provided for in this Section 11(n) shall be in addition to, and shall be made prior to, any adjustment required pursuant to Section 11(a)(ii) hereof.

Section 12. Certificate of Adjusted Exercise Price or Number of Shares Issuable Upon Exercise of Rights. Whenever an adjustment is made as provided in Section 11 hereof, the Company shall promptly (a) prepare a certificate setting forth such adjustment and a brief statement of the facts giving rise to such adjustment, (b) file with the Rights Agent and with each transfer agent for the securities issuable upon exercise of the Rights a copy of such certificate and (c) mail a brief summary thereof to each holder of Rights in accordance with Section 25 hereof. Notwithstanding the foregoing sentence, the failure of the Company to make such certification or to give such notice shall not affect the validity or the force and effect of such adjustment. Any adjustment to be made pursuant to Sections 11 or 13 hereof shall be effective as of the date of the event giving rise to such adjustment. The Rights Agent shall be fully protected in relying on any such certificate and on any adjustment therein contained, and shall not be obligated or responsible for calculating any adjustment nor shall it be deemed to have knowledge of such an adjustment unless and until it shall have received such certificate.

Section 13. Consolidation, Merger or Sale or Transfer of Assets or Earning Power.

(a) In the event (a "Section 13(a) Event") that, at any time on or after the 15% Ownership Date and prior to the earlier of the Redemption Date or the Rights Expiration Date, (1) the Company shall, directly or indirectly, consolidate with or merge with and into any other Person and the Company shall not be the continuing or surviving corporation in such consolidation or merger, (2) any Person shall, directly or indirectly, consolidate with or merge with and into the Company and the Company shall be the continuing or surviving corporation in such merger and, in connection with such merger, all or part of the Common Shares shall be changed into or exchanged for stock or other securities of any Person or cash or any other property, or (3) the Company and/or any one or more of its Subsidiaries shall, directly or indirectly, sell or otherwise transfer, in one or more transactions (other than transactions in the ordinary course of business), assets or earning power aggregating more than 50% of the assets or earning power of the Company and its Subsidiaries (taken as a whole) to any Person or Persons other than the Company or one or more of its wholly-owned Subsidiaries (such Persons, together with the Persons described in clauses (1) and (2) above shall be collectively referred to in this Section as the "Surviving Person"), then, and in each such case, proper provision shall be made so that:

(i) except as provided in Section 7(d) hereof, each holder of a Right shall thereafter have the right to receive, upon the exercise thereof in accordance with the terms of this Agreement and payment of the then current Exercise Price, in lieu of the securities or other property otherwise purchasable upon such exercise, such number of validly authorized and issued, fully paid and nonassessable Common Shares of the Surviving Person (and if such Surviving Person has more than one class or series of Common Shares, such number of validly authorized and issued, fully paid and

nonassessable Common Shares of each series or class) as shall be equal to a fraction, the numerator of which is:

(A) if a Section 11(a)(ii) Event has not occurred prior to such Section 13(a) Event, the product of the then current Exercise Price multiplied by the number of one-thousandths of a Preferred Share purchasable upon the exercise of one Right immediately prior to the first Section 13(a) Event (or, if the Distribution Date shall not have occurred prior to the date of such Section 13(a) Event, the number of one-thousandths of a Preferred Share that would have been so purchasable if the Distribution Date had occurred on the Business Day immediately preceding the date of such Section 13(a) Event), or

(B) if a Section 11(a)(ii) Event has occurred prior to such Section 13(a) Event, the product of the Exercise Price in effect immediately prior to such Section 11(a)(ii) Event multiplied by the number of one-thousandths of a Preferred Share purchasable upon the exercise of one Right immediately prior to such Section 11(a)(ii) Event (or, if the Distribution Date shall not have occurred prior to the date of such Section 11(a)(ii) Event, the number of one-thousandths of a Preferred Share that would have been so purchasable if the Distribution Date had occurred on the Business Day immediately preceding the date of such Section 11(a)(ii) Event),

and the denominator of which is 50% of the Current Market Price per Common Share of the Surviving Person on the date of consummation of such Section 13(a) Event;

(ii) the Surviving Person shall thereafter be liable for and shall assume, by virtue of such consolidation, merger, sale or transfer, all the obligations and duties of the Company pursuant to this Agreement;

(iii) the term "Company" shall thereafter be deemed to refer to the Surviving Person; and

(iv) the Surviving Person shall take such steps (including, but not limited to, the reservation of a sufficient number of its Common Shares in accordance with Section 9 hereof) in connection with such consummation as may be necessary to ensure that the provisions hereof shall thereafter be applicable to its Common Shares thereafter deliverable upon the exercise of Rights.

(b) Notwithstanding the foregoing, if the Section 13(a) Event is the sale or transfer in one or more transactions of assets or earning power aggregating more than 50% of the assets or earning power of the Company and its Subsidiaries (taken as a whole), but less than 100% thereof, then each Person acquiring all or a portion thereof shall assume the obligations of the Company as to a fraction of each of the Rights equal to the fraction of the assets of the Company and its Subsidiaries (taken as a whole) acquired by such Person, and the obligations of the Company as to the remaining fraction of each of the Rights shall continue to be the obligations of the Company.

(c) The Company shall not consummate a Section 13(a) Event unless prior thereto the Company and the Surviving Person shall have executed and delivered to the Rights Agent a supplemental agreement confirming that such Surviving Person shall, upon consummation of such Section 13(a) Event, assume this Agreement in accordance with Section 13 hereof, that all rights of first refusal or preemptive rights in respect of the issuance of Common Shares of such Surviving Person upon exercise of outstanding Rights have been waived and that such Section 13(a) Event shall not result in a default by such Surviving Person under this Agreement, and further providing that, as soon as practicable after the date of consummation of such Section 13(a) Event, such Surviving Person shall:

(i) prepare and file a registration statement under the Securities Act with respect to the Rights and the securities purchasable upon exercise of the Rights on an appropriate form, use its best efforts to cause such registration statement to become effective as soon as practicable after such filing, use its best efforts to cause such registration statement to remain effective (with a prospectus at all times meeting the requirements of the Securities Act) until the Rights Expiration Date, and similarly comply with all applicable state securities laws;

(ii) use its best efforts to list (or continue the listing of) the Rights and the Common Shares of the Surviving Person purchasable upon exercise of the Rights on a national securities exchange, or use its best efforts to cause the Rights and such Common Shares to meet the eligibility requirements for quotation on NASDAQ; and

(iii) deliver to holders of the Rights historical financial statements for such Surviving Person that comply in all respects with the requirements for registration on Form 10 (or any successor form) under the Exchange Act.

(d) In the event that at any time after the occurrence of a Section 11(a)(ii) Event some or all of the Rights shall not have been exercised pursuant to Section 11 hereof prior to the date of a Section 13(a) Event, such Rights shall thereafter be exercisable only in the manner described in Section 13(a) hereof. In the event that a Section 11(a)(ii) Event occurs on or after the date of a Section 13(a) Event, Rights shall not be exercisable pursuant to Section 11 hereof but shall instead be exercisable pursuant to, and only pursuant to, this Section 13.

(e) The provisions of this Section 13 shall apply to each successive merger, consolidation, sale or other transfer constituting a Section 13(a) Event.

Section 14. Fractional Rights and Fractional Shares.

(a) The Company shall not be required to issue fractions of Rights or to distribute Right Certificates that represent fractional Rights. If the Company shall determine not to issue such fractional Rights, the Company shall pay to the registered holders of the Right Certificates with respect to which such fractional Rights would otherwise be issuable, at the time such fractional Rights would otherwise have been issued as provided herein, an amount in cash equal to the same fraction of the Current Market Price of a whole Right on the Business Day immediately prior to the date upon which such fractional Rights would otherwise have been issuable.

(b) The Company shall not be required to issue fractions of Common Shares or Preferred Shares (other than fractions that are integral multiples of one one-thousandth of a Preferred Share) upon exercise of Rights, or to distribute certificates that represent fractional Common Shares or Preferred Shares (other than fractions that are integral multiples of one one-thousandth of a Preferred Share). Fractions of Preferred Shares in integral multiples of one one-thousandth of a Preferred Share may, at the election of the Company, be represented by depositary receipts, pursuant to an appropriate agreement between the Company and a depositary selected by it, provided that such agreement shall provide that the holders of such depositary receipts shall have all the rights, privileges and preferences to which they are entitled as beneficial owners of Preferred Shares. If the Company shall determine not to issue fractional Common Shares or Preferred Shares (or depositary receipts in lieu of Preferred Shares), the Company shall pay to the registered holders of Right Certificates with respect to which such fractional Common Shares or Preferred Shares would otherwise be issuable, at the time such Rights are exercised as provided herein, an amount in cash equal to the same fraction of the Current Market Price of a whole Common Share or Preferred Share, as the case may be. For purposes of this Section 14(b), the Current Market Price of a whole Common Share or Preferred Share shall be the Closing Price per share for the Trading Day immediately prior to the date of such exercise.

(c) The holder of a Right, by the acceptance of such Right, expressly waives such holder's right to receive any fractional Rights or any fractional Common Shares or Preferred Shares upon exercise of such Right, except as permitted by this Section 14.

Section 15. Rights of Action. All rights of action in respect of this Agreement, except the rights of action given to the Rights Agent under Section 18 hereof, are vested in the respective registered holders of the Right Certificates and certificates for Common Shares representing Rights, and any registered holder of any Right Certificate or of such certificate for Common Shares, without the consent of the Rights Agent or of the holder of any other Right Certificate or any other certificate for Common Shares may, in such holder's own behalf and for such holder's own benefit, enforce, and may institute and maintain any suit, action or proceeding against the Company to enforce, or otherwise act in respect of, such holder's right to exercise the Rights represented by such Right Certificate or by such certificate for Common Shares in the manner provided in such Certificate and in this Agreement. Without limiting the foregoing or any remedies available to the holders of Rights, it is specifically acknowledged that the holders of Rights would not have an adequate remedy at law for any breach of this Agreement and shall be entitled to specific performance, and injunctive relief against actual or threatened violations, of the obligations of any Person under this Agreement.

Section 16. Agreement of Right Holders. Every holder of a Right, by accepting the same, consents and agrees with the Company and the Rights Agent and every other holder of a Right that:

(a) prior to the Distribution Date, the Rights shall be represented by certificates for Common Shares registered in the name of the holders of such Common Shares (which certificates for Common Shares shall also constitute Right Certificates), and each such Right shall be transferable only in connection with the transfer of such Common Shares;

(b) after the Distribution Date, the Right Certificates shall only be transferable on the registry books of the Rights Agent if surrendered at the principal office of the Rights Agent, duly endorsed or accompanied by a proper instrument of transfer; and

(c) the Company and the Rights Agent may deem and treat the person in whose name the Right Certificate is registered as the absolute owner thereof and of the Rights represented thereby (notwithstanding any notations of ownership or writing on the Right Certificate by anyone other than the Company or the Rights Agent) for all purposes whatsoever, and neither the Company nor the Rights Agent shall be affected by any notice to the contrary.

Section 17. Right Holder and Right Certificate Holder Not Deemed a Stockholder. No holder, as such, of any Right or Right Certificate shall be entitled to vote, receive dividends or be deemed for any purpose the holder of the securities of the Company that may at any time be issuable upon the exercise of the Rights represented thereby, nor shall anything contained herein or in any Right Certificate be construed to confer upon the holder of any Right or Right Certificate, as such, any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, to give or withhold consent to any corporate action, to receive notice of meetings or other actions affecting stockholders (except as provided in Section 25 hereof), or to receive dividends or subscription rights, or otherwise, in each case until such Right or the Rights represented by such Right Certificate shall have been exercised in accordance with the provisions hereof.

Section 18. Concerning the Rights Agent.

(a) The Company agrees to pay to the Rights Agent reasonable compensation for all services rendered by it hereunder and, from time to time, on demand of the Rights Agent, its reasonable expenses and counsel fees and disbursements and other disbursements incurred in the administration and execution of this Agreement and the exercise and performance of its duties hereunder. The Company also agrees to indemnify the Rights Agent for, and to hold it harmless against, any loss, liability, or expense, incurred without negligence, bad faith or willful misconduct on the part of the Rights Agent, for anything done or omitted by the Rights Agent in connection with the acceptance and administration of this Agreement, including the costs and expenses of defending against any claim of liability. The costs and expenses of enforcing this right of indemnification shall also be paid by the Company. The indemnification provided for hereunder shall survive the expiration of the Rights and the termination of this Agreement.

(b) The Rights Agent may conclusively rely upon and shall be protected and shall incur no liability for or in respect of any action taken, suffered or omitted by it in connection with its administration of this Agreement in reliance upon any Right Certificate or certificate for Preferred Shares or Common Shares or for other securities of the Company, instrument of assignment or transfer, power of attorney, endorsement, affidavit, letter, notice, direction, consent, certificate, statement or other paper or document believed by it to be genuine and to be signed, executed and, where necessary, verified or acknowledged, by the proper person or persons, or otherwise upon the advice of its counsel as set forth in Section 20 hereof.

(c) Notwithstanding anything in this Agreement to the contrary, in no event shall the Rights Agent be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Rights Agent has been advised of the likelihood of such loss or damage and regardless of the form of the action.

Section 19. Merger or Consolidation or Change of Name of Rights Agent.

(a) Any corporation into which the Rights Agent or any successor Rights Agent may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Rights Agent or any successor Rights Agent shall be a party, or any corporation succeeding to the corporate trust or stock transfer business of the Rights Agent or any successor Rights Agent, shall be the successor to the Rights Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto, provided that such corporation would be eligible for appointment as a successor Rights Agent under the provisions of Section 21 hereof. If, at the time such successor Rights Agent shall succeed to the agency created by this Agreement, any of the Right Certificates shall have been countersigned but not delivered, any such successor Rights Agent may adopt the countersignature of the predecessor Rights Agent and deliver such Right Certificates so countersigned; and if at that time any of the Right Certificates shall not have been countersigned, any successor Rights Agent may countersign such Right Certificates either in the name of the predecessor Rights Agent or in the name of the successor Rights Agent; and in all such cases such Right Certificates shall have the full force provided in such Right Certificate and in this Agreement.

(b) If at any time the name of the Rights Agent shall be changed, and at such time any of the Right Certificates shall have been countersigned but not delivered, the Rights Agent may adopt the countersignature under its prior name and deliver Right Certificates so countersigned; and if at that time any of the Right Certificates shall not have been countersigned, the Rights Agent may countersign such Right Certificates either in its prior name or in its changed name; and in all such cases such Right Certificates shall have the full force provided in such Right Certificate and in this Agreement.

Section 20. Duties of Rights Agent. The Rights Agent undertakes the duties and obligations imposed by this Agreement (and no implied duties or obligations shall be read into this Agreement against the Rights Agent) upon the following terms and conditions, by all of which the Company and the holders of Right Certificates, by their acceptance of the Rights, shall be bound:

(a) Before the Rights Agent acts or refrains from acting, it may consult with legal counsel (who may be legal counsel for the Company), and the advice or opinion of such counsel shall be full and complete authorization and protection to the Rights Agent as to any action taken or omitted by it in good faith and in accordance with such advice or opinion.

(b) Whenever in the performance of its duties under this Agreement the Rights Agent shall deem it necessary or desirable that any fact or matter be proved or established by the Company prior to taking or suffering any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively

proved and established by a certificate signed by any one of the Chairman of the Board, the Vice Chairman of the Board, the President, any Vice President, the Treasurer, the Secretary or any Assistant Secretary of the Company and delivered to the Rights Agent; and such certificate shall be full authorization to the Rights Agent for any action taken or suffered in good faith by it under the provisions of this Agreement in reliance upon such certificate.

(c) The Rights Agent shall be liable hereunder to the Company and any other Person only for its own negligence, bad faith or willful misconduct.

(d) The Rights Agent shall not be liable for or by reason of any of the statements of fact or recitals contained in this Agreement, or in the Right Certificates (except its countersignature thereof), or be required to verify the same, but all such statements and recitals are and shall be deemed to have been made by the Company only.

(e) The Rights Agent shall not be under any responsibility in respect of the validity of this Agreement or the execution and delivery hereof (except the due authorization, execution and delivery hereof by the Rights Agent) or in respect of the validity or execution of any Right Certificate (except its countersignature thereof); nor shall it be responsible for any breach by the Company of any covenant or condition contained in this Agreement or in any Right Certificate; nor shall it be responsible for any change in the exercisability of the Rights (including any Rights becoming null and void pursuant to Section 7(d) hereof) or any adjustment in the terms of the Rights (including the manner, method or amount thereof) provided for in Sections 7, 11, 13 and 23 hereof, or the ascertaining of the existence of facts that would require any such change or adjustment (except with respect to the exercise of Rights represented by Right Certificates after actual notice that such change or adjustment is required); nor shall it by any act hereunder be deemed to make any representation or warranty as to the authorization or reservation of any Preferred Shares or Common Shares or other securities to be issued pursuant to this Agreement or any Right Certificate, or as to whether any Preferred Shares or Common Shares or other securities will, when issued, be validly authorized and issued, fully paid and nonassessable.

(f) The Company agrees that it will perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further and other acts, instruments and assurances as may reasonably be required by the Rights Agent for the carrying out or performing by the Rights Agent of the provisions of this Agreement.

(g) The Rights Agent is hereby authorized and directed to accept instructions with respect to the performance of its duties hereunder from any one of the Chairman of the Board, the Vice Chairman, the President, any Vice President, the Chief Financial Officer, the Secretary or the Treasurer of the Company, and to apply to such officers for advice or instructions in connection with its duties, and it shall not be liable for any action taken or suffered to be taken by it in good faith in accordance with instructions of any such officer or for any delay in acting while waiting for those instructions. Any application by the Rights Agent for written instructions from the Company may, at the option of the Rights Agent, set forth in writing any action proposed to be taken or omitted by the Rights Agent under this Agreement and the date on or after which such action shall be taken or such omission shall be effective. The Rights Agent shall not be liable for any action taken by, or omission of, the Rights Agent in accordance with a proposal included in any such application on or after the date specified in such application

(which date shall not be less than ten Business Days after the date any officer of the Company actually receives such application, unless any such officer shall have consented in writing to an earlier date) unless, prior to taking any such action (or the effective date in the case of an omission), the Rights Agent shall have received written instructions from the Company in response to such application to the contrary.

(h) The Rights Agent and any stockholder, director, officer or employee of the Rights Agent may buy, sell or deal in any of the Rights or other securities of the Company or become pecuniarily interested in any transaction in which the Company may be interested, or contract with or lend money to the Company or otherwise act as fully and freely as though it were not the Rights Agent under this Agreement. Nothing herein shall preclude the Rights Agent from acting in any other capacity for the Company or for any other legal entity.

(i) The Rights Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either itself or by or through its attorneys or agents, and the Rights Agent shall not be answerable or accountable for any act, default, neglect or misconduct of any such attorneys or agents or for any loss to the Company resulting from any such act, default, neglect or misconduct, provided that reasonable care was exercised in the selection and continued employment thereof.

(j) No provision of this Agreement shall require the Rights Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of its rights if there shall be reasonable grounds for believing that repayment of such funds or adequate indemnification against such risk or liability is not reasonably assured to it.

(k) The Rights Agent shall not be required to take notice or be deemed to have notice of any fact, event or determination (including, without limitation, any dates or events defined in this Agreement or the designation of any Person as a 15% Stockholder, Affiliate or Associate) under this Agreement unless and until the Rights Agent shall be specifically notified in writing by the Company of such fact, event or determination.

(l) If, with respect to any Rights Certificate surrendered to the Rights Agent for exercise or transfer, the certificate attached to the form of assignment or form of election to purchase, as the case may be, has not been completed, the Rights Agent shall not take any further action with respect to such requested exercise or transfer without first consulting with the Company.

Section 21. Change of Rights Agent. The Rights Agent or any successor Rights Agent may resign and be discharged from its duties under this Agreement upon 150-days' notice in writing mailed to the Company and to each transfer agent of the Common Shares and Preferred Shares by registered or certified mail, and, at the expense of the Company to the holders of the Right Certificates by first-class mail. The Company may remove the Rights Agent or any successor Rights Agent upon 150-days' notice in writing, mailed to the Rights Agent or successor Rights Agent, as the case may be, and to each transfer agent of the Common Shares and Preferred Shares by registered or certified mail, and to the holders of the Right Certificates by first-class mail. If the Rights Agent shall resign or be removed or shall otherwise become

incapable of acting as such, the Company shall appoint a successor to the Rights Agent. If the Company shall fail to make such appointment within a period of 150 days after giving notice of such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Rights Agent or by the holder of a Right Certificate (who shall, with such notice, submit such holder's Right Certificate for inspection by the Company), then the Company shall become the Rights Agent and the registered holder of any Right Certificate may apply to any court of competent jurisdiction for the appointment of a new Rights Agent. Any successor Rights Agent, whether appointed by the Company or by such a court, shall be a corporation organized and doing business under the laws of the United States or of the States of New York or California (or of any other state of the United States so long as such corporation is authorized to do business as a banking institution in the States of New York or California), in good standing, having a principal office in New York or California, that is authorized under such laws to exercise corporate trust or stock transfer powers and is subject to supervision or examination by federal or state authority and that has at the time of its appointment as Rights Agent a combined capital and surplus of at least \$50,000,000. After appointment, the successor Rights Agent shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named as Rights Agent without further act or deed; but the predecessor Rights Agent shall deliver and transfer to the successor Rights Agent any property at the time held by it hereunder, and execute and deliver any further assurance, conveyance, act or deed necessary for the purpose of this Agreement and so that the successor Rights Agent may appropriately act as Rights Agent hereunder. Not later than the effective date of any such appointment, the Company shall file notice thereof in writing with the predecessor Rights Agent and each transfer agent of the Common Shares and Preferred Shares, and mail a notice thereof in writing to the registered holders of the Right Certificates. Failure to give any notice provided for in this Section 21, however, or any defect therein, shall not affect the legality or validity of the resignation or removal of the Rights Agent or the appointment of the successor Rights Agent, as the case may be.

Section 22. Issuance of New Right Certificates. Notwithstanding any of the provisions of this Agreement or of the Right Certificates to the contrary, the Company may, at its option, issue new Right Certificates in such form as may be approved by the Board of Directors in order to reflect any adjustment or change in the Exercise Price and the number or kind or class of shares or other securities or property purchasable upon exercise of the Rights in accordance with the provisions of this Agreement.

Section 23. Redemption of Rights.

(a) Until the earliest of (i) the date of the first Section 11(a)(ii) Event, (ii) the date of the first Section 13(a) Event or (iii) the Rights Expiration Date, the Board of Directors of the Company may, at its option, authorize and direct the redemption of all, but not less than all, of the then outstanding Rights at a redemption price of \$0.001 per Right, as such redemption price shall be appropriately adjusted to reflect any stock split, stock dividend or similar transaction occurring after the date hereof (the "Redemption Price"), and the Company shall so redeem the Rights.

(b) Immediately upon the action of the Board of Directors of the Company authorizing and directing the redemption of the Rights pursuant to subsection (a) of this

Section 23, or at such time and date thereafter as it may specify, and without any further action and without any notice, the right to exercise Rights shall terminate and the only right thereafter of the holders of Rights shall be to receive the Redemption Price. Within ten (10) Business Days after the date of such action, the Company shall give notice of such redemption to the holders of Rights by mailing such notice to all holders of Rights at their last addresses as they appear upon the registry books of the Rights Agent or, if prior to the Distribution Date, on the registry books of the transfer agent for the Common Shares. Any notice that is mailed in the manner herein provided shall be deemed given, whether or not the holder receives such notice, but neither the failure to give any such notice nor any defect therein shall affect the legality or validity of such redemption. Each such notice of redemption shall state the method by which the payment of the Redemption Price will be made. Neither the Company nor any of its Affiliates or Associates may, directly or indirectly, redeem, acquire or purchase for value any Rights in any manner other than that specifically set forth in Section 24 hereof or in this Section 23, or in connection with the purchase of Common Shares prior to the earlier of the date of the first Section 11(a)(ii) Event or the date of the first Section 13(a) Event.

(c) The Company may, at its option, pay the Redemption Price in cash, Common Shares, Preferred Shares, other equity securities of the Company, debt securities of the Company, other property or any combination of the foregoing, in each case having an aggregate Current Market Price on the Redemption Date equal to the Redemption Price.

Section 24. Exchange of Rights.

(a) At any time during the period of 180 days after a Section 11(a)(ii) Event, the Board of Directors of the Company may, at its option, authorize and direct the exchange of all, but not less than all, of the then outstanding Rights for Common Shares, one one-thousandths of Preferred Shares, debt securities of the Company, other property, or any combination of the foregoing, in each case having an aggregate Current Market Price equal to the result obtained by (i) multiplying the Current Market Price per Common Share on the record date for such exchange by the number of Common Shares for which a Right is exercisable on such record date and (ii) subtracting from such product the Exercise Price on such Record Date (the "Exchange Ratio"), and the Company shall so exchange the Rights.

(b) Immediately upon the action of the Board of Directors of the Company authorizing and directing the exchange of the Rights pursuant to subsection (a) of this Section 24, or at such time and date thereafter as it may specify, and without any further action and without any notice, the right to exercise Rights shall terminate and the only right thereafter of the holders of Rights shall be to receive the securities described in Section 24(a) in accordance with the Exchange Ratio. Within ten (10) Business Days after the date of such action, the Company shall give notice of such exchange to the holders of Rights by mailing such notice to all holders of Rights at their last addresses as they appear upon the registry books of the Rights Agent or, if prior to the Distribution Date, on the registry books of the transfer agent for the Common Shares. Any notice that is mailed in the manner herein provided shall be deemed given, whether or not the holder receives such notice, but neither the failure to give any such notice nor any defect therein shall affect the legality or validity of such exchange. Each such notice of exchange shall state the method by which the Rights will be exchanged.

(c) Notwithstanding the foregoing, in the event that the aggregate number of Common Shares that are authorized by the Company's Certificate of Incorporation, as amended from time to time, but not outstanding or reserved for issuance for purposes other than upon exercise or exchange of the Rights is less than the aggregate number of Common Shares issuable upon the exchange of the Rights in accordance with this Section 24 (the excess of such number of authorized Common Shares over and above such number of issuable Common Shares being hereinafter referred to as the "Unavailable Exchange Shares"), then the Company shall substitute for the pro rata portion of the Unavailable Exchange Shares that would otherwise be issuable upon the exchange of the Rights in accordance with this Section 24 (i) cash, (ii) other equity securities of the Company (including, without limitation, Common Share Equivalents), (iii) debt securities of the Company, (iv) other property or (v) any combination of the foregoing, in each case having an aggregate Current Market Price equal to the aggregate Current Market Price of the Unavailable Exchange Shares for which substitution is made. Subject to Section 7(d) hereof, in the event that the Company takes any action pursuant to this Section 24, such action shall apply uniformly to all outstanding Rights.

Section 25. Notice of Certain Events.

(a) In the event that the Company shall propose (i) to declare or pay any dividend on or make any distribution with respect to its Common Shares or Preferred Shares (other than a regular quarterly cash dividend), (ii) to offer to the holders of its Common Shares or Preferred Shares options, rights or warrants to subscribe for or to purchase any additional shares thereof or shares of stock of any class or any other securities, rights or options, (iii) to effect any reclassification of its Common Shares or Preferred Shares (other than a reclassification involving only the subdivision of outstanding shares), (iv) to effect any consolidation or merger with or into, or to effect any sale or other transfer (or to permit one or more of its Subsidiaries to effect any sale or other transfer), in one or more transactions, of more than 50% of the assets or earning power of the Company and its Subsidiaries (taken as a whole) to, any other Person or Persons, or (v) to effect the liquidation, dissolution or winding up of the Company, then and in each such case, the Company shall give to each holder of a Right Certificate, in accordance with Section 26 hereof, a notice of such proposed action that shall specify the record date for the purpose of such dividend or distribution, or the date upon which such reclassification, consolidation, merger, sale, transfer, liquidation, dissolution or winding up is to take place and the date of participation therein by the holders of record of the Common Shares or Preferred Shares, if any such date is to be fixed, and such notice shall be so given in the case of any action covered by clause (i) or (ii) above at least 20 days prior to the record date for determining holders of the Common Shares or Preferred Shares for purposes of such action, and in the case of any such other action, at least 20 days prior to the date of the taking of such proposed action or the date of participation therein by the holders of the Common Shares or Preferred Shares, whichever date shall be the earlier. The failure to give the notice required by this Section 25 or any defect therein shall not affect the legality or validity of the action taken by the Company or the vote upon any such action.

(b) Upon the occurrence of each Section 11(a)(ii) Event and each Section 13(a) Event, the Company shall as soon as practicable thereafter give to each holder of a Right Certificate, in accordance with Section 26 hereof, a notice of the occurrence of such event, specifying the event and the consequences of the event to holders of Rights under Sections 11 and 13 hereof.

Section 26. Notices. Notices or demands authorized by this Agreement to be given or made by the Rights Agent or by the holder of any Right Certificate to or on the Company shall be sufficiently given or made if sent by first-class mail, postage prepaid, addressed (until another address is filed in writing with the Rights Agent) as follows:

Western Digital Corporation
20511 Lake Forest Drive
Lake Forest, California 92630
Attention: Secretary

Subject to the provisions of Section 21 hereof, any notice or demand authorized by this Agreement to be given or made to or on the Rights Agent (i) by the Company shall be sufficiently given or made if sent, postage prepaid, by registered or certified mail, addressed to the principal office of the Rights Agent as set forth below (until another address is filed in writing with the Company) or (ii) by the holder of any Right Certificate shall be sufficiently given or made if sent by first-class mail, postage prepaid, addressed to the principal office of the Rights Agent as set forth below (until another address is filed in writing with the Company), and shall be deemed given upon actual receipt. The Company hereby agrees that it shall encourage the holders of the Right Certificates, in any and all writings to such holders regarding the Rights or this Agreement, to give or make any notice or demand authorized by this Agreement by registered or certified mail, addressed to the principal office of the Rights Agent as follows (until another address is filed in writing with the Company):

American Stock Transfer & Trust Company
40 Wall Street
New York, New York 10005
Re: Corporate Trust Department

Notices or demands authorized by this Agreement to be given or made by the Company or the Rights Agent to the holder of any Right Certificate shall be sufficiently given or made if sent by first-class mail, postage prepaid, addressed to such holder at the address of such holder as shown on the registry books of the Company.

Section 27. Supplements and Amendments.

(a) The Board of Directors of the Company may, from time to time, without the approval of any holders of Rights, supplement or amend any provision of this Agreement in any manner, whether or not such supplement or amendment is adverse to any holder of Rights, and direct the Rights Agent so to supplement or amend such provision, and the Rights Agent shall so supplement or amend such provision; provided, however, that from and after the earliest of (i) the date of the first Section 11(a)(ii) Event, (ii) the date of the first Section 13(a) Event, (iii) the Redemption Date or (iv) the Expiration Date, this Agreement shall not be supplemented or amended in any manner that would materially and adversely affect any holder of outstanding Rights other than a 15% Stockholder or a Surviving Person.

(b) From and after the earlier of the date of the first Section 11(a)(ii) Event or the date of the first Section 13(a) Event and prior to the Rights Expiration Date, the Company shall not

effect any amendment to the Certificate of Designations for the Preferred Shares that would materially and adversely affect the rights, privileges or preferences of the Preferred Shares without the prior approval of the holders of two-thirds or more of the then outstanding Rights. Notwithstanding anything in this Agreement to the contrary, no supplement or amendment that changes the rights and duties of the Rights Agent under this Agreement in any manner adverse to the Rights Agent will be effective against the Rights Agent without the execution of such supplement or amendment by the Rights Agent.

Section 28. Certain Covenants. Subject to Section 27 hereof and the other provisions of this Agreement, from and after the earlier of the date of the first Section 11(a)(ii) Event or the date of the first Section 13(a) Event and prior to the earlier of the Redemption Date or the Rights Expiration Date, the Company shall not (a) issue or sell, or permit any Subsidiary to issue or sell, to a 15% Stockholder or a Surviving Person, or any Affiliate or Associate of a 15% Stockholder or a Surviving Person, or any Person holding Voting Shares of the Company that are Beneficially Owned by a 15% Stockholder or a Surviving Person, (i) any rights, options, warrants or convertible securities on terms similar to, or that materially adversely affect the value of, the Rights or (ii) Preferred Shares, Common Shares or shares of any other class of capital stock, if such sale is intended to or would materially adversely affect the value of the Rights, or (b) take any other action that is intended to or would materially adversely affect the value of the Rights.

Section 29. Successors. All the covenants and provisions of this Agreement by or for the benefit of the Company or the Rights Agent shall bind and inure to the benefit of their respective successors and assigns hereunder.

Section 30. Benefits of this Agreement. Nothing in this Agreement shall be construed to give to any Person other than the Company, the Rights Agent and the registered holders of the Right Certificates (other than those representing Rights that have become null and void) and the certificates for Common Shares representing Rights (other than those Rights that have become null and void) any legal or equitable right, remedy or claim under this Agreement, and this Agreement shall be for the sole and exclusive benefit of the Company, the Rights Agent and such registered holders of Right Certificates and certificates for Common Shares representing Rights.

Section 31. Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

Section 32. Governing Law. This Agreement and each Right Certificate issued hereunder shall be deemed to be a contract made under the laws of the State of Delaware and for all purposes shall be governed by and construed in accordance with the laws of such state applicable to contracts made and performed entirely within such state, except as to the rights and obligations of the Rights Agent which shall be governed by and construed in accordance with the laws of the State of California.

Section 33. Counterparts. This Agreement may be executed in any number of counterparts and each such counterpart shall for all purposes be deemed to be an original and all such counterparts shall together constitute but one and the same instrument.

Section 34. Descriptive Headings. Descriptive headings of the several sections of this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

WESTERN DIGITAL CORPORATION

Attest:

By: /s/ Raymond M. Bukaty

By: /s/ Michael A. Cornelius

Name: Raymond M. Bukaty
Title: Vice President,
Corporate Law

Name: Michael A. Cornelius
Title: Vice President,
Law and Administration
and Secretary

AMERICAN STOCK TRANSFER & TRUST
COMPANY,
as Rights Agent

Attest:

By: /s/ Susan Silber

By: /s/ Herbert J. Lemmer

Name: Susan Silber
Title: Assistant Secretary

Name: Herbert J. Lemmer
Title: Vice President

EXHIBIT A

Form of Right Certificate

Certificate No. _____ Rights _____

NOT EXERCISABLE AFTER THE LATER OF APRIL 6, 2011 OR THE TENTH ANNIVERSARY OF THE DISTRIBUTION DATE (AS THAT TERM IS DEFINED IN THE RIGHTS AGREEMENT) OR EARLIER IF REDEEMED. THE RIGHTS ARE SUBJECT TO REDEMPTION AT \$0.001 PER RIGHT ON THE TERMS SET FORTH IN THE RIGHTS AGREEMENT. UNDER CERTAIN CIRCUMSTANCES, RIGHTS BENEFICIALLY OWNED BY A 15% STOCKHOLDER OR AN AFFILIATE OR ASSOCIATE OF A 15% STOCKHOLDER (AS SUCH TERMS ARE DEFINED IN THE RIGHTS AGREEMENT AND AS THOSE CIRCUMSTANCES ARE SPECIFIED IN THE RIGHTS AGREEMENT) OR ANY SUBSEQUENT HOLDER OF SUCH RIGHTS MAY BECOME NULL AND VOID. [THE RIGHTS REPRESENTED BY THIS RIGHT CERTIFICATE WERE ISSUED TO A PERSON WHO WAS A 15% STOCKHOLDER OR AN AFFILIATE OR ASSOCIATE OF A 15% STOCKHOLDER. THIS RIGHT CERTIFICATE AND THE RIGHTS REPRESENTED HEREBY MAY BECOME VOID IN THE CIRCUMSTANCES SPECIFIED IN THE RIGHTS AGREEMENT.]*

Right Certificate

WESTERN DIGITAL CORPORATION

This certifies that _____, or registered assigns, is the registered owner of the number of Rights set forth above, each of which entitles the owner thereof, subject to the terms, provisions and conditions of the Rights Agreement dated as of April 6, 2001 (the "Rights Agreement") between Western Digital Corporation, a Delaware corporation (the "Company"), and American Stock Transfer & Trust Company (the "Rights Agent"), to purchase from the Company at any time after the Distribution Date (as such term is defined in the Rights Agreement) and prior to 5:00 P.M., California time, on the later of April 6, 2011 or the tenth anniversary of the Distribution Date at the office or agency of the Rights Agent at 40 Wall Street, New York, New York 10005, or at the office of its successors as Rights Agent, one one-thousandth of a fully paid non-assessable share of Series A Junior Participating Preferred Stock, \$.01 par value (the "Preferred Shares"), of the Company, at an exercise price of \$50.00 per Right

- - - - -

* That portion of the legend in brackets shall be inserted only if applicable and shall replace the preceding sentence.

(the "Exercise Price"), upon presentation and surrender of this Right Certificate with the Form of Election to Purchase duly executed. The number of Rights evidenced by this Right Certificate (and the number of Preferred Shares that may be purchased upon exercise thereof) set forth above, and the Exercise Price per share set forth above, are the number and Exercise Price as of April 6, 2001 based on the Preferred Shares as constituted at such date.

As provided in the Rights Agreement, the Exercise Price and the number of Preferred Shares that may be purchased upon the exercise of the Rights evidenced by this Right Certificate are subject to modification and adjustment upon the happening of certain events. This Right Certificate is subject to all of the terms, provisions and conditions of the Rights Agreement, which terms, provisions and conditions are hereby incorporated herein by reference and made a part hereof and to which Rights Agreement reference is hereby made for a full description of the rights, limitations of rights, obligations, duties and immunities hereunder of the Rights Agent, the Company and the holders of the Rights Certificates. Copies of the Rights Agreement are on file at the principal executive offices of Western Digital Corporation and the above-mentioned offices of the Rights Agent.

This Right Certificate, with or without other Right Certificates, upon surrender at the office or agency of the Rights Agent at 40 Wall Street, New York, New York 10005, may be exchanged for another Right Certificate or Right Certificates of like tenor and date evidencing Rights entitling the holder to purchase a like aggregate number of Preferred Shares as the Rights evidenced by the Right Certificate or Right Certificates surrendered shall have entitled such holder to purchase. If this Right Certificate shall be exercised in part, the holder shall be entitled to receive upon surrender hereof another Right Certificate or Right Certificates for the number of whole Rights not exercised. Subject to the provisions of the Rights Agreement, the Rights evidenced by this Certificate may, but are not required to, be redeemed by the Company at a redemption price of \$0.001 per Right.

No fractional Preferred Shares will be issued upon the exercise of any Right or Rights evidenced hereby (other than fractions that are integral multiples of one one-thousandth of a Preferred Share, which may, at the election of the Company, be evidenced by depositary receipts), but in lieu thereof, a cash payment will be made, as provided in the Rights Agreement.

No holder of this Right Certificate shall be entitled to vote or receive dividends or be deemed for any purpose the holder of the Preferred Shares or of any other securities of the Company that may at any time be issuable on the exercise hereof, nor shall anything contained in the Rights Agreement or herein be construed to confer upon the holder hereof, as such, any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting stockholders (except as provided in the Rights Agreement), or to receive dividends or subscription rights, or otherwise, until the Right or Rights evidenced by this Right Certificate shall have been exercised as provided in the Rights Agreement.

This Right Certificate shall not be valid or obligatory for any purpose until it shall have been countersigned by the Rights Agent.

WITNESS the facsimile signature of the proper officers of the Company and its corporate seal. Dated as of _____, 2001.

ATTEST:

WESTERN DIGITAL CORPORATION

Secretary

President

Countersigned:

AMERICAN STOCK TRANSFER & TRUST COMPANY,
as Rights Agent

By: _____

Title: _____

Form of Reverse Side of Right Certificate

FORM OF ASSIGNMENT

(To be executed by the registered holder if such holder desires to transfer the Right Certificate.)

FOR VALUE RECEIVED _____ hereby sells, assigns and transfers unto _____

(Please print name and address of transferee)

this Right Certificate, together with all right, title and interest therein, and does hereby irrevocably constitute and appoint _____ Attorney, to transfer the within Right Certificate on the books of the within-named Company, with full power of substitution.

Dated: _____, _____

Signature

Signature Guaranteed:

Signatures must be guaranteed by an "Eligible Guarantor Institution" (with membership in an approved signature guarantee medallion program) pursuant to Rule 17Ad-15 of the Securities Exchange Act of 1934, as amended.

The undersigned hereby certifies that the Rights evidenced by this Right Certificate are not Beneficially Owned by a 15% Stockholder or an Affiliate or Associate thereof (as defined in the Rights Agreement).

Signature

(Signature must conform in all respects to name of holder as specified on the face of this Right Certificate in every particular, without alteration or enlargement or any change whatsoever)

Form of Reverse Side of Right Certificate -- continued

FORM OF ELECTION TO PURCHASE

(To be executed if holder desires to exercise the Right Certificate.)

TO WESTERN DIGITAL CORPORATION

The undersigned hereby irrevocably elects to exercise _____ Rights represented by this Right Certificate to purchase the Preferred Shares or other securities issuable upon the exercise of such Rights and requests that certificates for such Preferred Shares or other securities be issued in the following name:

(please print name, address and social security, tax identification or other identifying number:

If such number of Rights shall not be all the Rights evidenced by this Right Certificate, a new Right Certificate for the balance remaining of such Rights shall be registered in the name of and delivered to:

(please print name, address and social security, tax identification or other identifying number:

Dated: _____

Signature

(Signature must conform in all respects to name of holder as specified on the face of this Right Certificate in every particular, without alteration or enlargement or any change whatsoever)

Form of Reverse Side of Right Certificate -- continued

Signature Guarantee:

Signatures must be guaranteed by an "Eligible Guarantor Institution" (with membership in an approved signature guarantee medallion program) pursuant to Rule 17Ad-15 of the Securities Exchange Act of 1934, as amended.

The undersigned hereby certifies that the Rights evidenced by this Right Certificate are not Beneficially Owned by a 15% Stockholder or an Affiliate or Associate thereof (as defined in the Rights Agreement).

Signature

(Signature must conform in all respects to name of holder as specified on the face of this Right Certificate in every particular, without alteration or enlargement or any change whatsoever)

NOTICE

The signatures in the foregoing Forms of Assignment and Election must correspond to the name as written upon the face of this Right Certificate in every particular, without alteration or enlargement or any change whatsoever.

In the event the certification set forth above in the Forms of Assignment and Election is not completed, the Company will deem the Beneficial Owner of the Rights evidenced by this Right Certificate to be a 15% Stockholder or an Affiliate or Associate thereof (as defined in the Rights Agreement) and, in the case of an Assignment, will affix a legend to that effect on any Right Certificates issued in exchange for this Right Certificate.

CERTIFICATE OF DESIGNATIONS

OF

SERIES A JUNIOR PARTICIPATING
PREFERRED STOCK

(PAR VALUE \$.01 PER SHARE)

OF

WESTERN DIGITAL CORPORATION

PURSUANT TO SECTION 151 OF THE
GENERAL CORPORATION LAW OF THE STATE OF DELAWARE

Western Digital Corporation, a Delaware corporation (the "Corporation"), certifies that pursuant to the authority conferred upon the Board of Directors of the Corporation (the "Board of Directors") by the Certificate of Incorporation of the Corporation (the "Certificate of Incorporation"), and in accordance with the provisions of Section 151 of the General Corporation Law of the State of Delaware, as amended, the Board of Directors, on March 29, 2001 adopted the following resolutions, creating a series of its Preferred Stock, par value \$.01 per share:

RESOLVED, that pursuant to Section 151(g) of the Delaware General Corporation Law, the Board of Directors hereby acknowledges that no shares of Series A Junior Participating Preferred Stock of the Corporation have been issued or are outstanding; and

RESOLVED, that (1) pursuant to the authority conferred upon the Board of Directors of the Corporation by the Certificate of Incorporation of the Corporation, the Board of Directors hereby designates 500,000 shares of the preferred stock, par value \$.01 per share, of the Corporation as "Series A Junior Participating Preferred Stock" (the "Preferred Shares"), and the powers, designations, preferences and relative, participating, optional and other rights of the Preferred Shares and the qualifications, limitations and restrictions thereof, be, and they hereby are, as set forth below (the "Certificate of Designations") and (2) in connection therewith, the officers of the Corporation be, and each of them hereby is, authorized, empowered and directed on behalf of the Corporation and in its name to execute and file the Certificate of Designations with the Delaware Secretary of State:

Section 1. Designation and Amount. The shares of such series shall be designated as "Series A Junior Participating Preferred Stock" and the number of shares constituting such series so designated shall be 500,000 (the "Series A Preferred Stock"). Such number of shares may be increased or decreased by resolution of the Board of Directors; provided, however, that no decrease shall reduce the number of shares of Series A Preferred Stock to a number less than the number of shares then outstanding plus the number of shares reserved for issuance upon the

exercise of outstanding options, rights or warrants or upon the conversion of any outstanding securities issued by the Corporation convertible into Series A Preferred Stock.

Section 2. Dividends and Distributions.

(a) Subject to the rights of the holders of any shares of any series of Preferred Stock (or any similar stock) ranking prior and superior to the Series A Preferred Stock with respect to dividends, the holders of shares of Series A Preferred Stock, in preference to the holders of shares of Common Stock, par value \$.01 per share (the "Common Stock"), of the Corporation, and of any other junior stock, shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the fifteenth day of January, April, July and October in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series A Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (i) \$.25 per share (\$1.00 per annum) or (ii) subject to the provision for adjustment hereinafter set forth, 1,000 times the aggregate per share amount of all cash dividends, and 1,000 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions, other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock since the immediately preceding Quarterly Dividend Payment Date or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series A Preferred Stock. In the event that the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such event the amount to which the holder of each share of Series A Preferred Stock was entitled immediately prior to such event under clause (ii) of the preceding sentence shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock outstanding immediately prior to such event.

(b) The Corporation shall declare a dividend or distribution on the Series A Preferred Stock as provided in paragraph (a) of this Section 2 immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock); provided, however, that, in the event no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of \$.25 per share (\$1.00 per annum) on the Series A Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

(c) Dividends shall begin to accrue and be cumulative on outstanding shares of Series A Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which event dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Series A Preferred Stock

entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall cumulate but shall not bear interest. Dividends paid on the shares of Series A Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series A Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be not more than 60 days prior to the date fixed for the payment thereof.

Section 3. Voting Rights. The holders of shares of Series A Preferred Stock shall have the following voting rights:

(a) Subject to the provision for adjustment hereinafter set forth, each share of Series A Preferred Stock shall entitle the holder thereof to 1,000 votes on all matters submitted to a vote of the stockholders of the Corporation. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the number of votes per share to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock outstanding immediately prior to such event.

(b) Except as otherwise provided herein, in the Corporation's Certificate of Incorporation, as amended (the "Charter"), in any other certificate of designations creating a series of Preferred Stock or any similar stock or by law, the holders of shares of Series A Preferred Stock and the holders of shares of Common Stock and any other capital stock of the Corporation having general voting rights shall vote together as one class on all matters submitted to a vote of stockholders of the Corporation.

(c) Except as set forth herein, or as otherwise provided by law, holders of Series A Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

Section 4. Certain Restrictions.

(a) Whenever quarterly dividends or other dividends or distributions payable on the Series A Preferred Stock as provided in Section 2 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not authorized or declared, on shares of Series A Preferred Stock outstanding shall have been paid in full, the Corporation shall not, directly or indirectly:

(i) authorize, declare or pay dividends on, or make any other distributions with respect to, any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock;

(ii) authorize, declare or pay dividends on, or make any other distributions with respect to, any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except dividends paid ratably on the Series A Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(iii) redeem or purchase or otherwise acquire for consideration shares of any stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock, provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such junior stock in exchange for shares of any stock of the Corporation ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock; or

(iv) redeem or purchase or otherwise acquire for consideration any shares of Series A Preferred Stock, or any shares of stock ranking on a parity with the Series A Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(b) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration, directly or indirectly, any shares of stock of the Corporation unless the Corporation could, under paragraph (a) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner.

Section 5. **Reacquired Shares.** Any shares of Series A Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and canceled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock and may be reissued as part of a new series of Preferred Stock subject to the conditions and restrictions on issuance set forth herein, in the Charter, in any other certificate of designations creating a series of Preferred Stock or any similar stock or as otherwise required by law.

Section 6. **Liquidation, Dissolution or Winding Up.** Upon any liquidation, dissolution or winding up of the Corporation, no distribution shall be made to: (i) the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock unless, prior thereto, the holders of shares of Series A Preferred Stock shall have received the greater of (A) \$1,000.00 per share (\$1.00 per one one-thousandth of a share), plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment, or (B) an aggregate amount per share, subject to the provision for adjustment hereinafter set forth, equal to 1,000 times the aggregate amount to be distributed per share of Common Stock to holders thereof; or (ii) the holders of shares of stock

ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except distributions made ratably on the Series A Preferred Stock and all such parity stock in proportion to the total amounts to which the holders of all such shares are entitled upon such liquidation, dissolution or winding up. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such event the aggregate amount to which each holder of a share of Series A Preferred Stock was entitled immediately prior to such event under clause (i) of the preceding sentence shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock outstanding immediately prior to such event.

Section 7. Consolidation, Merger or Other. In the event the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property or otherwise changed, then in any such event each share of Series A Preferred Stock shall at the same time be similarly exchanged or changed into an amount per share, subject to the provision for adjustment hereinafter set forth, equal to 1,000 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such event the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series A Preferred Stock shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event, and the denominator of which is the number of shares of Common Stock outstanding immediately prior to such event.

Section 8. No Redemption. The shares of Series A Preferred Stock shall not be redeemable.

Section 9. Rank. The Series A Preferred Stock shall rank, with respect to the payment of dividends and the distribution of assets, junior to all series or classes of the Corporation's Preferred Stock whether issued before or after the issuance of the Series A Preferred Stock.

Section 10. Amendment. The Charter shall not be amended in any manner that would materially alter or change the powers, preferences or special rights of the Series A Preferred Stock, as set forth herein, so as to affect them adversely without the affirmative vote of the holders of at least two-thirds of the outstanding shares of Series A Preferred Stock, voting together as a single class.

IN WITNESS WHEREOF, Western Digital Corporation has caused this Certificate of Designations to be executed on its behalf by its Secretary, Michael A. Cornelius, this 6th day of April, 2001.

WESTERN DIGITAL CORPORATION

By: /s/ Michael A. Cornelius

Michael A. Cornelius
Secretary

=====

ZERO COUPON CONVERTIBLE SUBORDINATED
DEBENTURES DUE 2018

WESTERN DIGITAL CORPORATION, ISSUER

FIRST SUPPLEMENTAL INDENTURE

DATED AS OF APRIL 6, 2001

STATE STREET BANK AND TRUST COMPANY OF CALIFORNIA, N.A., TRUSTEE

=====

FIRST SUPPLEMENTAL INDENTURE

This FIRST SUPPLEMENTAL INDENTURE, dated as of April 6, 2001, by and among WESTERN DIGITAL TECHNOLOGIES, INC. (formerly, WESTERN DIGITAL CORPORATION), a Delaware corporation (the "Company"), WESTERN DIGITAL CORPORATION (formerly WESTERN DIGITAL HOLDINGS, INC.), a Delaware corporation, of which the Company is a wholly-owned subsidiary pursuant to the Merger (as defined below) ("Holdings"), and STATE STREET BANK and TRUST COMPANY of CALIFORNIA, N.A., a national banking association organized and existing under the laws of the United States of America (the "Trustee").

R E C I T A L S

A. The Company and the Trustee entered into an indenture, dated as of February 18, 1998 (such indenture, as supplemented by this First Supplemental Indenture, and as further supplemented or amended in accordance with its terms, herein the "Indenture"), providing for the issuance by the Company of Zero Coupon Convertible Subordinated Debentures due 2018 (the "Securities").

B. Contemporaneous with the execution hereof, the Company, Holdings and WD Merger Sub, Inc., a Delaware corporation and wholly-owned subsidiary of Holdings ("Merger Sub"), entered into an Agreement and Plan of Merger to Form Holding Company, dated April 6, 2001 (the "Merger Agreement"), pursuant to which (i) Merger Sub merged into the Company, (ii) all of the Company's outstanding capital stock was converted on a share for share basis into capital stock of Holdings, (iii) the stockholders of the Company became stockholders of Holdings, and (iv) the Company became a wholly-owned subsidiary of Holdings (the "Merger").

C. In connection with the consummation of the Merger, and pursuant to the Merger Agreement, the Company changed its name to "Western Digital Technologies, Inc." and Holdings changed its name to "Western Digital Corporation."

D. Section 11.14 of the Indenture provides, among other things, that upon the occurrence of any consolidation, merger or combination of the Company with another corporation as a result of which holders of Common Stock shall be entitled to receive stock, securities or other property or assets with respect to or in exchange for such Common Stock, then the Company or the successor corporation shall execute with the Trustee a supplemental indenture, providing that each Security shall be convertible into the kind and amount of shares of stock and other securities or property or assets receivable upon such consolidation, merger or combination by a holder of a number of shares of Common Stock issuable upon conversion of such Security immediately prior to such consolidation, merger or combination.

E. Pursuant to Section 11.14 of the Indenture, upon consummation of the transactions contemplated by the Merger Agreement, each Security became convertible into the common stock of Holdings, \$0.01 par value per share, and all of the adjustment provisions set forth in Article 11 of the Indenture became applicable to the common stock of Holdings.

F. Section 9.01 of the Indenture provides, among other things, that the Company and the Trustee can amend the Indenture and the Securities without the consent of any Securityholder, to (i) comply with Section 11.14 of the Indenture and (ii) to make any change that does not adversely affect the right of any Securityholder.

G. Article 5 of the Indenture permits the Merger because the Company is the surviving Person in the Merger.

H. In no event, as a result of this First Supplemental Indenture, will the Company be released from its obligations under the Indenture inasmuch as such obligations relate to amounts payable under or in respect of the Indenture or the Securities.

AGREEMENT:

NOW, THEREFORE, each party hereto agrees as follows for the benefit of the other parties:

ARTICLE 1

RELATION TO INDENTURE; DEFINITIONS

SECTION 1.01. This First Supplemental Indenture constitutes an integral part of the Indenture. Except as hereby expressly modified, the Indenture and the Securities issued thereunder are in all respects ratified and confirmed and all of the terms, conditions and provisions thereof shall remain in full force and effect.

SECTION 1.02. For all purposes of this First Supplemental Indenture capitalized terms used herein without definition shall have the meanings specified in the Indenture.

ARTICLE 2

ASSUMPTION OF RIGHTS AND OBLIGATIONS

SECTION 2.01. The Company hereby assigns, and Holdings hereby expressly assumes all of the rights and obligations, covenants and duties of the Company under the Indenture and the Securities issued thereunder.

SECTION 2.02. The parties hereby confirm the rights and obligations of the Company under the Indenture and the Securities and that nothing contained herein shall act or be deemed to be a release of the Company from its rights or obligations under the Indenture.

ARTICLE 3

AMENDMENTS

SECTION 3.01.

(a) The definitions of the following words contained in Section 1.01 of the Indenture, are hereby amended by deleting them in their entirety and inserting in lieu thereof the following respective definitions:

"Common Stock" means any stock of any class of the Company which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company and which is not subject to redemption by the Company. Subject to the provisions of Section 11.14, however, shares issuable upon conversion of the Securities shall include only shares of Common Stock, par value of \$0.01 per share, of the Company as it exists on the date of this First Supplemental Indenture or shares of any class or classes resulting from any reclassification or reclassifications thereof and which have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company and which are not subject to redemption by the Company; provided that if at any time there shall be more than one such resulting class, the shares of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Company" means Parent, except:

(i) in connection with the following provisions of the Indenture, "Company" means Western Digital: (1) the recitals, (2) the following definition: "Registration Rights Agreement," (3) Section 4.03 Compliance Certificate, Section 4.06 Existence, Section 4.07 Maintenance of Properties, Section 4.08 Payment of Taxes and Other Claims, (4) Article 5, (5) Section 7.04, (6) Section 9.05 Notation on or Exchange of Securities and (7) Section 11.04 Taxes on Conversion; and

(ii) in connection with the following provisions of the Indenture, "Company" means Western Digital and/or Parent as the context may require in such provisions: (1) the following definitions: Board of Directors, Officer, Officers' Certificate, Opinion of Counsel, (2) Article 2 The Securities, (3) Article 3 Redemption and Purchases, (4) Article 4 Covenants, except Section 4.02 Financial Information; SEC Reports, Section 4.03 Compliance Certificate, Section 4.06 Existence, Section 4.07 Maintenance of Properties, Section 4.08 Payment of Taxes and Other Claims, (5) Article 6 Events of Default, (6) Section 7.07 Compensation and Indemnity, Section 7.08 Replacement of Trustee, (7) Article 8 Discharge of Indenture, (8) Article 9 Amendments, and (9) Section 12.04 Certificate and Opinion as to Conditions Precedent, Section 12.11 Successors,

in all cases, until a successor replaces it pursuant to the applicable provisions of this Indenture and, thereafter shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Credit Agreement" means that certain Credit Agreement, dated as of September 20, 2000, by and among Western Digital, as Borrower, the other Credit Parties signatory thereto, the other Lenders signatory thereto from time to time, General Electric Capital Corporation, as Administrative Agent, and Bank of America, as Documentation Agent, as amended and as further amended from time to time.

"Designated Senior Indebtedness" means the Credit Agreement and any particular Senior Indebtedness in which the instrument creating or evidencing the same or the assumption or guarantee thereof (or related agreements or documents to which Western Digital is a party) expressly provides that such Senior Indebtedness shall be "Designated Senior Indebtedness" for purposes of this Indenture; provided that such instrument, agreement or other document may place limitations and conditions on the right of such Senior Indebtedness to exercise the rights of Designated Senior Indebtedness. If any payment to any holder of Designated Senior Indebtedness is rescinded or must otherwise be returned by such holder or Representative upon the insolvency, bankruptcy or reorganization of Western Digital or otherwise, the reinstated Indebtedness of Western Digital arising as a result of such rescission or return shall constitute Designated Senior Indebtedness effective as of the date of such rescission or return.

"Indebtedness" means, with respect to any Person, and without duplication, (a) all indebtedness, obligations and other liabilities (contingent or otherwise) of such Person for borrowed money (including obligations in respect of overdrafts, foreign exchange contracts, currency exchange agreements, interest rate protection agreements, and any loans or advances from banks, whether or not evidenced by notes or similar instruments) or evidenced by bonds, debentures, notes or similar instruments (whether or not the recourse of the lender is to the whole of the assets of such Person or to only a portion thereof), (b) all reimbursement obligations and other liabilities (contingent or otherwise) of such Person with respect to letters of credit, bank guarantees or bankers' acceptances, (c) all obligations and liabilities (contingent or otherwise) in respect of leases of such Person (i) required, in conformity with generally accepted accounting principles, to be accounted for as capitalized lease obligations on the balance sheet of such Person, or (ii) required, in conformity with generally accepted accounting principles, to be accounted for as an operating lease, provided either (A) such operating lease requires, at the end of the term thereof, that such Person make any payment other than accrued periodic rent in the event that such Person does not acquire the leased real property and related fixtures subject to such lease, or (B) such Person has an option to acquire the leased real property and related fixtures, whether such option is exercisable at any time or under specific circumstances, (d) all obligations of such Person (contingent or otherwise) with respect to an interest rate swap, cap or collar agreement or other similar instrument or agreement, (e) all direct or indirect guaranties or similar agreements by such Person in respect of, and obligations or liabilities (contingent or otherwise) of such Person to purchase or otherwise acquire or otherwise assure a creditor against loss in respect of, indebtedness, obligations or liabilities of another Person of the kind described in clauses

(a) through (d), (f) any indebtedness or other obligations described in clauses (a) through (d) secured by any mortgage, pledge, lien or other encumbrance existing on property which is owned or held by such Person, regardless of whether the indebtedness or other obligation secured thereby shall have been assumed by such Person and (g) any and all deferrals, renewals, extensions and refundings of, or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (a) through (f).

"Senior Indebtedness" means the principal of, premium, if any, interest (including all interest accruing subsequent to the commencement of any bankruptcy or similar proceeding, whether or not a claim for post-petition interest is allowable as a claim in any such proceeding), rent and end of term payments payable on or in connection with, and, to the extent not included in the foregoing, all amounts payable as fees, costs, expenses, liquidated damages, indemnities, repurchase and other put obligations and other amounts to the extent accrued or due on or in connection with, Indebtedness of Western Digital, whether outstanding on the date of this Indenture or thereafter created, incurred, assumed, guaranteed or in effect guaranteed by Western Digital (including all deferrals, renewals, extensions or refundings of, or amendments, modifications or supplements to, the foregoing). Notwithstanding the foregoing, the term Senior Indebtedness shall not include (i) Indebtedness evidenced by the Securities, (ii) Indebtedness of Western Digital to any subsidiary of Western Digital, a majority of the voting stock or which is owned, directly, or indirectly, by Western Digital, (iii) accounts payable or other Indebtedness to trade creditors created or assumed by Western Digital in the ordinary course of business and (iv) any particular Indebtedness in which the instrument creating or evidencing such Indebtedness shall not be senior in right of payment to, or is pari passu with, or is subordinated or junior to, the Securities. Notwithstanding the foregoing, the term Senior Indebtedness shall not include any Indebtedness of Western Digital to any subsidiary of Western Digital, a majority of the voting stock of which is owned, directly or indirectly, by Western Digital. If any payment made to any holder of any Senior Indebtedness or its Representative with respect to such Senior Indebtedness is rescinded or must otherwise be returned by such holder or Representative upon the insolvency, bankruptcy or reorganization of Western Digital or otherwise, the reinstated Indebtedness of Western Digital arising as a result of such rescission or return shall constitute Western Digital Senior Indebtedness effective as of the date of such rescission or return.

(b) The following definitions are hereby included in Section 1.01 of the Indenture:

"Parent" means Western Digital Corporation (formerly, Western Digital Holdings, Inc.), a Delaware corporation.

"Parent Designated Senior Indebtedness" means any particular Senior Indebtedness in which the instrument creating or evidencing the same or the assumption or guarantee thereof (or related agreements or documents to which Parent is a party) expressly provides that such Parent Senior Indebtedness shall be "Parent Designated Senior Indebtedness" for purposes of this Indenture; provided that such instrument, agreement or other document may place limitations and conditions on the right of such Parent Senior Indebtedness to exercise the rights of Parent Designated Senior

Indebtedness. If any payment to any holder of Parent Designated Senior Indebtedness is rescinded or must otherwise be returned by such holder or Representative upon the insolvency, bankruptcy or reorganization of Parent or otherwise, the reinstated Indebtedness of Parent arising as a result of such rescission or return shall constitute Parent Designated Senior Indebtedness effective as of the date of such rescission or return.

"Parent Representative" means the (a) indenture trustee or other trustee, agent or representative for any Parent Senior Indebtedness or (b) with respect to any Parent Senior Indebtedness that does not have any such trustee, agent or other representative, (i) in the case of such Parent Senior Indebtedness issued pursuant to an agreement providing for voting arrangements as among the holders or owners of such Parent Senior Indebtedness, any holder or owner of such Parent Senior Indebtedness acting with the consent of the required Persons necessary to bind such holders or owners of such Parent Senior Indebtedness and (ii) in the case of all other such Parent Senior Indebtedness, the holder or owner of such Parent Senior Indebtedness.

"Parent Senior Indebtedness" means the principal of, premium, if any, interest (including all interest accruing subsequent to the commencement of any bankruptcy or similar proceeding, whether or not a claim for post-petition interest is allowable as a claim in any such proceeding), rent and end of term payments payable on or in connection with, and, to the extent not included in the foregoing, all amounts payable as fees, costs, expenses, liquidated damages, indemnities, repurchase and other put obligations and other amounts to the extent accrued or due on or in connection with, Indebtedness of Parent, whether outstanding on the date of this Indenture or thereafter created, incurred, assumed, guaranteed or in effect guaranteed by Parent (including all deferrals, renewals, extensions or refundings of, or amendments, modifications or supplements to, the foregoing). Notwithstanding the foregoing, the term Parent Senior Indebtedness shall not include (i) Indebtedness evidenced by the Securities, (ii) Indebtedness of Parent to any subsidiary of Parent, a majority of the voting stock or which is owned, directly, or indirectly, by Parent, (iii) accounts payable or other Indebtedness to trade creditors created or assumed by Parent in the ordinary course of business and (iv) any particular Indebtedness in which the instrument creating or evidencing such Indebtedness shall not be senior in right of payment to, or is pari passu with, or is subordinated or junior to, the Securities. Notwithstanding the foregoing, the term Parent Senior Indebtedness shall not include any Indebtedness of Parent to any subsidiary of Parent, a majority of the voting stock of which is owned, directly or indirectly, by Parent. If any payment made to any holder of any Parent Senior Indebtedness or its Representative with respect to such Parent Senior Indebtedness is rescinded or must otherwise be returned by such holder or Representative upon the insolvency, bankruptcy or reorganization of Parent or otherwise, the reinstated Indebtedness of Parent arising as a result of such rescission or return shall constitute Parent Senior Indebtedness effective as of the date of such rescission or return.

"Western Digital" means Western Digital Technologies, Inc. (formerly, Western Digital Corporation), a Delaware corporation.

(c) Section 6.10 of the Indenture is hereby amended by substituting in its entirety the clause which reads, "Second: to holders of Senior Indebtedness to the extent required by Article 10;" with the following:

"Second: to holders of Senior Indebtedness and Parent Senior Indebtedness to the extent required by Article 10 and Article 10A, respectively;"

(d) Article 10 of the Indenture is hereby amended by deleting it in its entirety and inserting in lieu thereof the following:

"ARTICLE 10

SUBORDINATION

SECTION 10.1. AGREEMENT OF SUBORDINATION. Western Digital covenants and agrees for itself and its successors, and each Holder of Securities issued hereunder by such Holder's acceptance thereof likewise covenants and agrees, that all Securities shall be issued subject to the provisions of this Article 10; and each Person holding any such Security whether upon original issue or upon transfer or assignment thereof, accepts and agrees to be bound by such provisions.

The payment by Western Digital of the Principal Amount, Issue Price, accrued Original Issue Discount, accrued Liquidated Damages, if any, Redemption Price, Purchase Price, Fundamental Change Redemption Price, interest and any other amounts payable, if any, in respect of all Securities issued hereunder shall, to the extent and in the manner hereinafter set forth, be subordinated and subject in right of payment to the prior payment in full in cash or other payment satisfactory to the holders of Senior Indebtedness of all Senior Indebtedness, whether outstanding at the date of this Indenture or thereafter incurred, or thereafter created, assumed or guaranteed.

No provision of this Article 10 shall prevent the occurrence of any Default or Event of Default hereunder.

SECTION 10.2. PAYMENTS TO HOLDERS. Western Digital shall make no payment with respect to the payment of Principal Amount, Issue Price, accrued Liquidated Damages, if any, accrued Original Issue Discount, Redemption Price, Purchase Price, Fundamental Change Redemption Price, interest and any other amounts payable, if any, on the Securities, except payments and distributions made by the Trustee as permitted by Section 10.05, if:

(i) a default in any payment obligations in respect of Senior Indebtedness occurs and is continuing, without regard to any applicable period of grace (whether at maturity or at a date fixed for payment or by declaration or otherwise); or

(ii) any other default occurs and is continuing with respect to Designated Senior Indebtedness that permits the holders of such Designated

Senior Indebtedness as to which such default relates to accelerate its maturity and the Trustee receives a notice of the default (a "Payment Blockage Notice") from a holder of Designated Senior Indebtedness, or a Representative of Designated Senior Indebtedness.

If the Trustee receives any Payment Blockage Notice pursuant to clause (ii) above, no subsequent Payment Blockage Notice shall be effective for purposes of this Section unless and until at least 365 days shall have elapsed since the initial effectiveness of the immediately prior Payment Blockage Notice. No nonpayment default that existed or was continuing on the date of delivery of any Payment Blockage Notice to the Trustee shall be, or be made, the basis for a subsequent Payment Blockage Notice unless such default shall have been cured or waived for a period of not less than 90 days (it being acknowledged that (x) any action of Western Digital or any of its Subsidiaries occurring subsequent to delivery of a Payment Blockage Notice that would give rise to any event of default pursuant to any provision of Senior Indebtedness under which an event of default previously existed (or was continuing at the time of delivery of such Payment Blockage Notice) shall constitute a new event of default for this purpose and (y) any breach of a financial covenant giving rise to a nonpayment default for a period ending subsequent to the date of delivery of the respective Payment Blockage Notice shall constitute a new event of default for this purpose.)

Western Digital may and shall resume payments on and distributions in respect of the Securities upon the earlier of:

(1) in case of a default referred to in clause (i) above, the date upon which the default is cured or waived in accordance with the terms of the governing instrument or ceases to exist, or

(2) in the case of a default referred to in clause (ii) above, the date upon which the default is cured, waived in accordance with the terms of the governing instrument or ceases to exist or 179 days pass after the applicable Payment Blockage Notice is received if the maturity of such Designated Senior Indebtedness has not been accelerated, unless this Article 10 otherwise prohibits the payment or distribution at the time of such payment or distribution.

Upon any payment by Western Digital or distribution of assets of Western Digital of any kind or character, whether in cash, property or securities, to creditors upon any dissolution or winding-up or liquidation or reorganization or bankruptcy of Western Digital, whether voluntary or involuntary or insolvency, receivership or similar proceedings relating to Western Digital or its property, or an assignment for the benefit of creditors or any marshaling of Western Digital's assets or liabilities, all amounts due or to become due upon all Senior Indebtedness of Western Digital shall first be paid in full in cash or other payment satisfactory to the holders of such Senior Indebtedness before any payment is made on account of the Principal Amount, Issue Price, accrued Original Issue Discount, accrued Liquidated Damages, if any, Redemption Price, Purchase Price,

Fundamental Change Redemption Price, interest or any other amounts payable, if any, in respect of the Securities (except payments made pursuant to Article 8 hereof from monies deposited with the Trustee pursuant thereto prior to the happening of such dissolution or winding-up or liquidation or reorganization or bankruptcy of Western Digital, whether voluntary or involuntary or insolvency, receivership or similar proceedings relating to Western Digital or its property, or an assignment of the benefit of creditors or any marshaling of Western Digital's assets or liabilities), and upon any such dissolution or winding-up or liquidation or reorganization or bankruptcy of Company, whether voluntary or involuntary or insolvency, receivership or similar proceedings relating to Western Digital or its property, or an assignment of the benefit of creditors or any marshaling of Western Digital's assets or liabilities, any payment by Western Digital, or distribution of assets of Western Digital of any kind or character, whether in cash, property or securities, to which the Holders of the Securities or the Trustee would be entitled, except for the provisions of this Article 10, shall (except as aforesaid) be paid by Western Digital or by any receiver, trustee in bankruptcy, liquidating trustee, agent or other Person making such payment or distribution, or by the Holders of the Securities or by the Trustee under this Indenture if received by them or it, directly to the holders of Senior Indebtedness of Western Digital as their interests may appear or their representative or representatives, or to the trustee or trustees under any indenture pursuant to which any instruments evidencing any such Senior Indebtedness may have been issued, as their respective interests may appear to the extent necessary to pay all such Senior Indebtedness in full in cash or other payment satisfactory to the holders of such Senior Indebtedness, after giving effect to any concurrent payment or distribution to or for the holders of such Senior Indebtedness, before any payment or distribution is made to the Holders of the Securities or to the Trustee.

In the event that any Securities are declared due and payable before their Stated Maturity pursuant to Section 6.02, then and in such event Western Digital shall promptly notify holders of its Senior Indebtedness of such acceleration. Western Digital may not pay the Securities until 120 days have passed after such acceleration occurs and may thereafter pay the Securities only to the extent that this Article 10 permits the payment at that time.

In the event that, notwithstanding the foregoing provisions, any payment or distribution of assets of Western Digital of any kind or character, whether in cash, property or securities (including, without limitation, by way of setoff or otherwise), prohibited by the foregoing provisions in this Section 10.02, shall be received by the Trustee or the Holders of the Securities before all Senior Indebtedness of Western Digital is paid in full in cash or other payment satisfactory to the holders of such Senior Indebtedness such payment or distribution shall be held in trust for the benefit of and shall be paid over or delivered to the holders of Senior Indebtedness of Western Digital or their representative or representatives, or to the trustee or trustees under any indenture pursuant to which any instruments evidencing any such Senior Indebtedness may have been issued, as their respective interests may appear, as calculated by

Western Digital, for application to the payment of all such Senior Indebtedness remaining unpaid to the extent necessary to pay all such Senior Indebtedness in full in cash or other payment satisfactory to the holders of such Senior Indebtedness, after giving effect to any concurrent payment or distribution to or for the holders of such Senior Indebtedness.

For purposes of this Article 10, the words, "cash, property or securities" shall not be deemed to include shares of stock of Western Digital as reorganized or readjusted, or securities of Western Digital or any other corporation provided for by a plan of reorganization or readjustment, the payment of which is subordinated at least to the extent provided in this Article 10 with respect to the Securities to the payment of all Senior Indebtedness of Western Digital which may at the time be outstanding; provided that (i) such Senior Indebtedness is assumed by the new corporation, if any, resulting from any such reorganization or readjustment, and (ii) the rights of the holders of such Senior Indebtedness (other than leases that are not assumed by Western Digital or the new corporation, as the case may be) are not, without the consent of such holders, altered by such reorganization or readjustment. The consolidation of Western Digital with, or the merger of Western Digital into, another corporation or the liquidation or dissolution of Western Digital following the conveyance or transfer of its property as an entirety, or substantially as an entirety, to another corporation upon the terms and conditions provided for in Article 5 hereof shall not be deemed a dissolution, winding-up, liquidation or reorganization for the purposes of this Section 10.02 if such other corporation shall, as a part of such consolidation, merger, conveyance or transfer, comply with the conditions stated in Article 5 hereof.

Nothing in this Section 10.02 shall apply to claims of, or payments to, the Trustee under or pursuant to Section 7.07 or payments or distributions received by the Trustee or Holders of the Securities from Parent. This Section 10.02 shall be subject to the further provisions of Section 10.05.

SECTION 10.3. SUBROGATION OF SECURITIES. Subject to the payment in full in cash or other payment satisfactory to the holders of Senior Indebtedness of all Senior Indebtedness of Western Digital, the rights of the Holders of the Securities shall be subrogated to the rights of the holders of such Senior Indebtedness to receive payments or distributions of cash, property or securities of Western Digital applicable to such Senior Indebtedness until the Principal Amount, Issue Price, accrued Original Issue Discount, accrued Liquidated Damages, if any, Redemption Price, Purchase Price, Fundamental Change Redemption Price and interest, if any, in respect of the Securities shall be paid in full; and, for the purposes of such subrogation, no payments or distributions to the holders of such Senior Indebtedness of any cash, property or securities to which the Holders of the Securities or the Trustee would be entitled except for the provisions of this Article 10, and no payment over pursuant to the provisions of this Article 10, to or for the benefit of the holders of such Senior Indebtedness by Holders of the Securities or the Trustee, shall, as between Western Digital, its creditors other

than holders of its Senior Indebtedness, and the Holders of the Securities be deemed to be a payment by Western Digital to or on account of its Senior Indebtedness; and no payments or distributions of cash, property or securities to or for the benefit of the holders of the Notes pursuant to the subrogation provisions of this Article 10, which would otherwise have been paid to the holders of Senior Indebtedness shall be deemed to be a payment by Western Digital to or for the account of the Securities. It is understood that the provisions of this Article 10 are and are intended solely for the purpose of defining the relative rights of the Holders of the Securities, on the one hand, and the holders of Senior Indebtedness, on the other hand. Nothing contained in this Article 10 or elsewhere in this Indenture or in the Securities is intended to or shall impair, as between Western Digital, its creditors other than the holders of its Senior Indebtedness and the Holders of the Securities, the obligation of Western Digital, which is absolute and unconditional, to pay to the Holders of the Securities the Principal Amount, Issue Price, accrued Original Issue Discount, accrued Liquidated Damages, if any, Redemption Price, Purchase Price, Fundamental Change Redemption Price and interest, if any, in respect of the Securities as and when the same shall become due and payable in accordance with their terms, or is intended to or shall affect the relative rights of the Holders of the Securities and creditors of Western Digital other than the holders of its Senior Indebtedness, nor shall anything herein or therein prevent the Trustee or the Holder of any Security from exercising all remedies otherwise permitted by applicable law upon default under this Indenture, subject to the rights, if any, under this Article 10 of the holders of Senior Indebtedness in respect of cash, property or securities of Western Digital received upon the exercise of any such remedy.

Upon any payment or distribution of assets of Western Digital referred to in this Article 10, the Trustee, subject to the provisions of Section 7.01, and the Holders of the Securities shall be entitled to rely upon any order or decree made by any court of competent jurisdiction in which such dissolution, winding-up, liquidation or reorganization proceedings are pending, or a certificate of the receiver, trustee in bankruptcy, liquidating trustee, agent or other Person making such payment or distribution, delivered to the Trustee, to the Holders of the Securities for the purpose of ascertaining the Persons entitled to participate in such distribution, the holders of the Senior Indebtedness and other indebtedness of Western Digital, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article 10.

SECTION 10.4. AUTHORIZATION BY HOLDERS. Each Holder of a Security by such Holder's acceptance thereof authorizes and directs the Trustee in his behalf to take such action as may be necessary or appropriate to effectuate the subordination provided in this Article 10 and appoints the Trustee such Holder's attorney-in-fact for any and all such purposes.

SECTION 10.5. NOTICE TO TRUSTEE. Western Digital shall give prompt written notice in a form of an Officers' Certificate to a Trust Officer of any fact

known to Western Digital which would prohibit the making of any payment of monies to or by the Trustee or any Paying Agent in respect of the Securities pursuant to the provisions of this Article 10, but failure to give such notice shall not affect the subordination of the Securities to the Senior Indebtedness as provided in this Article 10. Notwithstanding the provisions of this Article 10 or any other provision of this Indenture, the Trustee shall not be charged with knowledge of the existence of any facts which would prohibit the making of any payment of monies to or by the Trustee in respect of the Securities pursuant to the provisions of this Article 10, unless and until a Trust Officer shall have received written notice thereof at the Corporate Trust Office from Western Digital (in the form of an Officers' Certificate) or a holder or holders of Senior Indebtedness or a Representative or from any trustee therefor; and before the receipt of any such written notice, the Trustee, subject to the provisions of Section 7.01, shall be entitled in all respects to assume that no such facts exist; provided that if on a date not fewer than two Business Days prior to the date upon which by the terms hereof any such monies may become payable for any purpose (including, without limitation, the payment of the Principal Amount, Issue Price, accrued Original Issue Discount, accrued Liquidated Damages, if any, Redemption Price, Purchase Price, Fundamental Change Redemption Price, interest or any other amounts payable, if any, in respect of any Security) the Trustee shall not have received, with respect to such monies, the notice provided for in this Section 10.05, then, anything herein contained to the contrary notwithstanding, the Trustee shall have full power and authority to receive such monies and to apply the same to the purpose for which they were received, and shall not be affected by any notice to the contrary which may be received by it on or after such prior date.

Notwithstanding anything to the contrary herein set forth, nothing shall prevent any payment of amounts deposited with the Trustee pursuant to Section 8.01 so long as the Trustee had no notice that such amounts when so deposited were prohibited pursuant to the provisions of Section 10.2.

The Trustee, subject to the provisions of Section 7.01, shall be entitled to rely on the delivery to it of a written notice by a Person representing himself to be a holder or a Representative of Designated Senior Indebtedness (subject to the requirements set forth in the definition of Designated Senior Indebtedness) or a Representative of Senior Indebtedness of Western Digital (or a trustee on behalf of such holder) to establish that such notice has been given by a holder or a Representative of Designated Senior Indebtedness (subject to the requirements set forth in the definition of Designated Senior Indebtedness) or a Representative of such Senior Indebtedness or a trustee on behalf of any such holder or holders. In the event that the Trustee determines in good faith that further evidence is required with respect to the right of any Person as a holder of Senior Indebtedness of Western Digital to participate in any payment or distribution pursuant to this Article 10, the Trustee may request such Person to furnish evidence to the reasonable satisfaction of the Trustee as to the amount of such Senior Indebtedness held by such Person, the extent to which such Person is entitled to participate in such payment or distribution and any other facts pertinent

to the rights of such Person under this Article 10, and if such evidence is not furnished the Trustee may defer any payment to such Person pending judicial determination as to the right of such Person to receive such payment.

SECTION 10.6. TRUSTEE'S RELATION TO SENIOR INDEBTEDNESS. The Trustee in its individual capacity shall be entitled to all the rights set forth in this Article 10 in respect of any Senior Indebtedness of Western Digital at any time held by it, to the same extent as any other holder of such Senior Indebtedness, and nothing or elsewhere in this Indenture shall deprive the Trustee of any of its rights as such holder.

With respect to the holders of Senior Indebtedness of Western Digital, the Trustee undertakes to perform or to observe only such of its covenants and obligations as are specifically set forth in this Article 10, and no implied covenants or obligations with respect to the holders of such Senior Indebtedness shall be read into this Indenture against the Trustee. The Trustee shall not be deemed to owe any fiduciary duty to the holders of Senior Indebtedness of Western Digital and, subject to the provisions of Section 7.01, the Trustee shall not be liable to any holder of such Senior Indebtedness if it shall pay over or deliver to Holders of Securities, Western Digital or any other Person money or assets to which any holder of Senior Indebtedness of Western Digital shall be entitled by virtue of this Article 10 or otherwise.

SECTION 10.7. NO IMPAIRMENT OF SUBORDINATION. No right of any present or future holder of any Senior Indebtedness of Western Digital to enforce subordination as herein provided shall at any time in any way be prejudiced or impaired by (i) any amendment of or addition or supplement to any such Senior Indebtedness or any instrument or agreement relating thereto (unless otherwise expressly provided therein), or (ii) any act or failure to act on the part of Western Digital or by any act or failure to act, in good faith, by any such holder, or by any noncompliance by Western Digital with the terms, provisions and covenants of the instrument, regardless of any knowledge thereof which any such holder may have or otherwise be charged with or (iii) a failure to act by any Holders of Securities or the failure of such Holder to comply with this Indenture.

SECTION 10.8. RELIANCE BY HOLDERS OF SENIOR INDEBTEDNESS ON SUBORDINATION PROVISIONS. Each Holder of Securities by such Holder's acceptance thereof, acknowledges and agrees that the foregoing subordination provisions are, and are intended to be, an inducement and a consideration to each holder of any Senior Indebtedness, whether such Senior Indebtedness was created, assumed or acquired before or after the issuance of the Securities, to acquire and continue to hold, or to continue to hold, such Senior Indebtedness and such holder of Senior Indebtedness shall be deemed conclusively to have relied on such subordination provisions in acquiring and continuing to hold, or in continuing to hold, such Senior Indebtedness, and no amendment or modification of the provisions contained herein shall diminish the rights of such holder or holders unless such holder or holders shall have agreed in writing thereto.

SECTION 10.9. REINSTATEMENT OF SUBORDINATION. If, at any time, all or part of any payment of any Senior Indebtedness theretofore made by Western Digital or any other Person is rescinded or must otherwise be returned by the holders of such Senior Indebtedness for any reason whatsoever (including, without limitation, the insolvency, bankruptcy or reorganization of Western Digital or such other Person), these subordination provisions shall continue to be effective or be reinstated, as the case may be, all as though such payment had not been made.

SECTION 10.10. PERMITTED PAYMENTS. Nothing contained in this Article 10 or elsewhere in this Indenture, or in the Securities shall prevent (a) Western Digital at any time, except under the conditions described in Section 10.02, from making payments at any time of Principal Amount, Issue Price, accrued Original Issue Discount, accrued Liquidated Damages, if any, Redemption Price, Purchase Price, Fundamental Change Redemption Price or interest or any other amounts payable, if any, in respect of the Securities, or from depositing with the Trustee or any Paying Agent money for such payments, or (b) the application by the Trustee or Paying Agent of any moneys deposited with it under this Indenture to the payment of or on account of the Principal Amount, Issue Price, accrued Original Issue Discount, accrued Liquidated Damages, if any, Redemption Price, Purchase Price, Fundamental Change Redemption Price or interest or any other amounts payable, if any, in respect of the Securities to the Holders of the Securities entitled thereto to the beneficiaries thereof, if such payment would not have been prohibited by the provisions of Section 10.02.

SECTION 10.11. ARTICLE APPLICABLE TO PAYING AGENTS. If at any time any Paying Agent other than the Trustee shall have been appointed by Western Digital or Parent and be then acting hereunder, the term "Trustee" as used in this Article 10 shall (unless the context otherwise requires) be construed as extending to and including such Paying Agent within its meaning as fully for all intents and purposes as if such Paying Agent were named in this Article 10 in addition to or in place of the Trustee; provided, however, that the first paragraph of Section 10.05 shall not apply to Western Digital or any Affiliate of Western Digital if it or such Affiliate acts as Paying Agent.

SECTION 10.12. TREATMENT OF CONVERSION PAYMENTS. Notwithstanding anything in this Indenture to the contrary, neither the issuance and delivery of junior securities upon conversion of the Securities in accordance with Article 11 nor the payment of cash in lieu of fractional shares of Common Stock in accordance with Article 11 shall be deemed to constitute a payment or distribution on account of the Principal Amount, Issue Price, accrued Original Issue Discount, accrued Liquidated Damages, if any, Redemption Price or Fundamental Change Purchase Price or interest or any other amounts payable, if any, in respect of the Securities. For the purposes of this paragraph, the term "junior securities" means (a) shares of any stock of any class of Western Digital, (b) securities of Western Digital which are subordinated in right of payment to all Senior Indebtedness of Western Digital which may be outstanding at the time of issuance or delivery of

such securities to substantially the same extent as, or to a greater extent than, the Securities are so subordinated as provided in this Article 10, and (c) any securities into which the Securities become convertible pursuant to Section 11.14 which are securities of a Person required to enter into a supplemental indenture pursuant to such section (or Section 5.01) and are either (x) shares of any stock of any class of such Person, or (y) securities of such Person which are subordinated in right of payment to all Senior Indebtedness of such Person which may be outstanding at the time of issuance or delivery of such securities to substantially the same extent as, or to a greater extent than, the Securities or, are so subordinated as provided in this Article 10. Nothing contained in this Article or elsewhere in this Indenture or in the Securities is intended to or shall impair, as among Western Digital, its creditors other than the holders of Senior Indebtedness, and the holders of the Securities, the right, which is absolute and unconditional, of the holder of any Security to convert such Security in accordance with Article 11.

SECTION 10.13. RELIANCE ON JUDICIAL ORDER OR CERTIFICATE OF LIQUIDATING AGENT. Upon any payment or distribution of assets of Western Digital referred to in this Article 10, the Trustee and the Holders of Securities shall be entitled to rely upon any order or decree entered by any court of competent jurisdiction in which such insolvency, bankruptcy, receivership, liquidation, reorganization, dissolution, winding up or similar case or proceeding is pending, or a certificate of the trustee in bankruptcy, liquidating trustee, custodian, receiver, assignee for the benefit of creditors, agent or other Person making such payment or distribution, delivered to the Trustee or to the Holders of Securities, for the purpose of ascertaining the Persons entitled to participate in such payment or distribution, the holders of Senior Indebtedness and other indebtedness of Western Digital, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article 10."

(e) The Indenture is hereby amended by adding new Article 10A as follows:

"ARTICLE 10A
SUBORDINATION

SECTION 10A.1. AGREEMENT OF SUBORDINATION. Parent covenants and agrees for itself and its successors, and each Holder of Securities issued hereunder by such Holder's acceptance thereof likewise covenants and agrees, that all Securities shall be issued subject to the provisions of this Article 10A; and each Person holding any such Security whether upon original issue or upon transfer or assignment thereof, accepts and agrees to be bound by such provisions.

The payment by Parent of the Principal Amount, Issue Price, accrued Original Issue Discount, accrued Liquidated Damages, if any, Redemption Price, Purchase Price, Fundamental Change Redemption Price, interest and any other

amounts payable, if any, in respect of all Securities issued hereunder shall, to the extent and in the manner hereinafter set forth, be subordinated and subject in right of payment to the prior payment in full in cash or other payment satisfactory to the holders of Parent Senior Indebtedness of all Parent Senior Indebtedness, whether outstanding at the date of this Indenture or thereafter incurred, or thereafter created, assumed or guaranteed.

No provision of this Article 10A shall prevent the occurrence of any Default or Event of Default hereunder.

SECTION 10A.2. PAYMENTS TO HOLDERS. Parent shall make no payment with respect to the payment of Principal Amount, Issue Price, accrued Liquidated Damages, if any, accrued Original Issue Discount, Redemption Price, Purchase Price, Fundamental Change Redemption Price, interest and any other amounts payable, if any, on the Securities, except payments and distributions made by the Trustee as permitted by Section 10A.05, if:

(i) a default in any payment obligations in respect of Parent Senior Indebtedness occurs and is continuing, without regard to any applicable period of grace (whether at maturity or at a date fixed for payment or by declaration or otherwise); or

(ii) any other default occurs and is continuing with respect to Designated Senior Indebtedness that permits the holders of such Designated Senior Indebtedness as to which such default relates to accelerate its maturity and the Trustee receives a Payment Blockage Notice from a holder of Designated Senior Indebtedness, or a Representative of Designated Senior Indebtedness.

If the Trustee receives any Payment Blockage Notice pursuant to clause (ii) above, no subsequent Payment Blockage Notice shall be effective for purposes of this Section unless and until at least 365 days shall have elapsed since the initial effectiveness of the immediately prior Payment Blockage Notice. No nonpayment default that existed or was continuing on the date of delivery of any Payment Blockage Notice to the Trustee shall be, or be made, the basis for a subsequent Payment Blockage Notice unless such default shall have been cured or waived for a period of not less than 90 days (it being acknowledged that (x) any action of Parent or any of its Subsidiaries occurring subsequent to delivery of a Payment Blockage Notice that would give rise to any event of default pursuant to any provision of Parent Senior Indebtedness under which an event of default previously existed (or was continuing at the time of delivery of such Payment Blockage Notice) shall constitute a new event of default for this purpose and (y) any breach of a financial covenant giving rise to a nonpayment default for a period ending subsequent to the date of delivery of the respective Payment Blockage Notice shall constitute a new event of default for this purpose.)

Parent may and shall resume payments on and distributions in respect of the Securities upon the earlier of:

(1) in case of a default referred to in clause (i) above, the date upon which the default is cured or waived in accordance with the terms of the governing instrument or ceases to exist, or

(2) in the case of a default referred to in clause (ii) above, the date upon which the default is cured, waived in accordance with the terms of the governing instrument or ceases to exist or 179 days pass after the applicable Payment Blockage Notice is received if the maturity of such Designated Senior Indebtedness has not been accelerated, unless this Article 10A otherwise prohibits the payment or distribution at the time of such payment or distribution.

Upon any payment by Parent or distribution of assets of Parent of any kind or character, whether in cash, property or securities, to creditors upon any dissolution or winding-up or liquidation or reorganization or bankruptcy of Parent, whether voluntary or involuntary or insolvency, receivership or similar proceedings relating to Parent or its property, or an assignment for the benefit of creditors or any marshaling of Parent's assets or liabilities, all amounts due or to become due upon all Parent Senior Indebtedness shall first be paid in full in cash or other payment satisfactory to the holders of such Parent Senior Indebtedness before any payment is made on account of the Principal Amount, Issue Price, accrued Original Issue Discount, accrued Liquidated Damages, if any, Redemption Price, Purchase Price, Fundamental Change Redemption Price, interest or any other amounts payable, if any, in respect of the Securities (except payments made pursuant to Article 8 hereof from monies deposited with the Trustee pursuant thereto prior to the happening of such dissolution or winding-up or liquidation or reorganization or bankruptcy of Parent, whether voluntary or involuntary or insolvency, receivership or similar proceedings relating to Parent or its property, or an assignment of the benefit of creditors or any marshaling of Parent's assets or liabilities), and upon any such dissolution or winding-up or liquidation or reorganization or bankruptcy of Company, whether voluntary or involuntary or insolvency, receivership or similar proceedings relating to Parent or its property, or an assignment of the benefit of creditors or any marshaling of Parent's assets or liabilities, any payment by Parent, or distribution of assets of Parent of any kind or character, whether in cash, property or securities, to which the Holders of the Securities or the Trustee would be entitled, except for the provisions of this Article 10A, shall (except as aforesaid) be paid by Parent or by any receiver, trustee in bankruptcy, liquidating trustee, agent or other Person making such payment or distribution, or by the Holders of the Securities or by the Trustee under this Indenture if received by them or it, directly to the holders of Parent Senior Indebtedness as their interests may appear or their representative or representatives, or to the trustee or trustees under any indenture pursuant to which any instruments evidencing any such Parent Senior Indebtedness may have been issued, as their respective interests may appear to the extent necessary to pay all such Parent Senior Indebtedness in full in cash or other payment satisfactory to the holders of such Senior Indebtedness, after giving effect to any concurrent payment or distribution to or for the holders of such Senior Indebtedness, before any payment or distribution is made to the Holders of the Securities or to the

Trustee. In the event that any Securities are declared due and payable before their Stated Maturity pursuant to Section 6.02, then and in such event Parent shall promptly notify holders of its Parent Senior Indebtedness of such acceleration. Parent may not pay the Securities until 120 days have passed after such acceleration occurs and may thereafter pay the Securities only to the extent that this Article 10A permits the payment at that time.

In the event that, notwithstanding the foregoing provisions, any payment or distribution of assets of Parent of any kind or character, whether in cash, property or securities (including, without limitation, by way of setoff or otherwise), prohibited by the foregoing provisions in this Section 10A.02, shall be received by the Trustee or the Holders of the Securities before all Parent Senior Indebtedness is paid in full in cash or other payment satisfactory to the holders of such Parent Senior Indebtedness such payment or distribution shall be held in trust for the benefit of and shall be paid over or delivered to the holders of Parent Senior Indebtedness or their representative or representatives, or to the trustee or trustees under any indenture pursuant to which any instruments evidencing any such Parent Senior Indebtedness may have been issued, as their respective interests may appear, as calculated by Parent, for application to the payment of all such Parent Senior Indebtedness remaining unpaid to the extent necessary to pay all such Parent Senior Indebtedness in full in cash or other payment satisfactory to the holders of such Senior Indebtedness, after giving effect to any concurrent payment or distribution to or for the holders of such Senior Indebtedness.

For purposes of this Article 10A, the words, "cash, property or securities" shall not be deemed to include shares of stock of Parent as reorganized or readjusted, or securities of Parent or any other corporation provided for by a plan of reorganization or readjustment, the payment of which is subordinated at least to the extent provided in this Article 10A with respect to the Securities to the payment of all Parent Senior Indebtedness which may at the time be outstanding; provided that (i) such Parent Senior Indebtedness is assumed by the new corporation, if any, resulting from any such reorganization or readjustment, and (ii) the rights of the holders of such Parent Senior Indebtedness (other than leases that are not assumed by Parent or the new corporation, as the case may be) are not, without the consent of such holders, altered by such reorganization or readjustment. The consolidation of Parent with, or the merger of Parent into, another corporation or the liquidation or dissolution of Parent following the conveyance or transfer of its property as an entirety, or substantially as an entirety, to another corporation upon the terms and conditions provided for in Article 5 hereof shall not be deemed a dissolution, winding-up, liquidation or reorganization for the purposes of this Section 10A.02 if such other corporation shall, as a part of such consolidation, merger, conveyance or transfer, comply with the conditions stated in Article 5 hereof.

Nothing in this Section 10A.02 shall apply to claims of, or payments to, the Trustee under or pursuant to Section 7.07. This Section 10A.02 shall be subject to the further provisions of Section 10A.05.

SECTION 10A.3. SUBROGATION OF SECURITIES. Subject to the payment in full in cash or other payment satisfactory to the holders of Parent Senior Indebtedness of all Parent Senior Indebtedness, the rights of the Holders of the Securities shall be subrogated to the rights of the holders of such Parent Senior Indebtedness to receive payments or distributions of cash, property or securities of Parent applicable to such Parent Senior Indebtedness until the Principal Amount, Issue Price, accrued Original Issue Discount, accrued Liquidated Damages, if any, Redemption Price, Purchase Price, Fundamental Change Redemption Price and interest, if any, in respect of the Securities shall be paid in full; and, for the purposes of such subrogation, no payments or distributions to the holders of such Parent Senior Indebtedness of any cash, property or securities to which the Holders of the Securities or the Trustee would be entitled except for the provisions of this Article 10A, and no payment over pursuant to the provisions of this Article 10A, to or for the benefit of the holders of such Parent Senior Indebtedness by Holders of the Securities or the Trustee, shall, as between Parent, its creditors other than holders of its Senior Indebtedness, and the Holders of the Securities be deemed to be a payment by Parent to or on account of its Senior Indebtedness; and no payments or distributions of cash, property or securities to or for the benefit of the holders of the Notes pursuant to the subrogation provisions of this Article 10A, which would otherwise have been paid to the holders of Parent Senior Indebtedness shall be deemed to be a payment by Parent to or for the account of the Securities. It is understood that the provisions of this Article 10A are and are intended solely for the purpose of defining the relative rights of the Holders of the Securities, on the one hand, and the holders of Senior Indebtedness, on the other hand. Nothing contained in this Article 10A or elsewhere in this Indenture or in the Securities is intended to or shall impair, as between Parent, its creditors other than the holders of its Parent Senior Indebtedness and the Holders of the Securities, the obligation of Parent, which is absolute and unconditional, to pay to the Holders of the Securities the Principal Amount, Issue Price, accrued Original Issue Discount, accrued Liquidated Damages, if any, Redemption Price, Purchase Price, Fundamental Change Redemption Price and interest, if any, in respect of the Securities as and when the same shall become due and payable in accordance with their terms, or is intended to or shall affect the relative rights of the Holders of the Securities and creditors of Parent other than the holders of its Senior Indebtedness, nor shall anything herein or therein prevent the Trustee or the Holder of any Security from exercising all remedies otherwise permitted by applicable law upon default under this Indenture, subject to the rights, if any, under this Article 10A of the holders of Parent Senior Indebtedness in respect of cash, property or securities of Parent received upon the exercise of any such remedy.

Upon any payment or distribution of assets of Parent referred to in this Article 10A, the Trustee, subject to the provisions of Section 7.01, and the Holders of the Securities shall be entitled to rely upon any order or decree made by any court of competent jurisdiction in which such dissolution, winding-up, liquidation or reorganization proceedings are pending, or a certificate of the receiver, trustee in bankruptcy, liquidating trustee, agent or other Person making

such payment or distribution, delivered to the Trustee, to the Holders of the Securities for the purpose of ascertaining the Persons entitled to participate in such distribution, the holders of the Parent Senior Indebtedness and other indebtedness of Parent, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article 10A.

SECTION 10A.4. AUTHORIZATION BY HOLDERS. Each Holder of a Security by such Holder's acceptance thereof authorizes and directs the Trustee in his behalf to take such action as may be necessary or appropriate to effectuate the subordination provided in this Article 10A and appoints the Trustee such Holder's attorney-in-fact for any and all such purposes.

SECTION 10A.5. NOTICE TO TRUSTEE. Parent shall give prompt written notice in a form of an Officers' Certificate to a Trust Officer of any fact known to Parent which would prohibit the making of any payment of monies to or by the Trustee or any Paying Agent in respect of the Securities pursuant to the provisions of this Article 10A, but failure to give such notice shall not affect the subordination of the Securities to the Parent Senior Indebtedness as provided in this Article 10A. Notwithstanding the provisions of this Article 10A or any other provision of this Indenture, the Trustee shall not be charged with knowledge of the existence of any facts which would prohibit the making of any payment of monies to or by the Trustee in respect of the Securities pursuant to the provisions of this Article 10A, unless and until a Trust Officer shall have received written notice thereof at the Corporate Trust Office from Parent (in the form of an Officers' Certificate) or a holder or holders of Parent Senior Indebtedness or a Representative or from any trustee therefor; and before the receipt of any such written notice, the Trustee, subject to the provisions of Section 7.01, shall be entitled in all respects to assume that no such facts exist; provided that if on a date not fewer than two Business Days prior to the date upon which by the terms hereof any such monies may become payable for any purpose (including, without limitation, the payment of the Principal Amount, Issue Price, accrued Original Issue Discount, accrued Liquidated Damages, if any, Redemption Price, Purchase Price, Fundamental Change Redemption Price, interest or any other amounts payable, if any, in respect of any Security) the Trustee shall not have received, with respect to such monies, the notice provided for in this Section 10A.05, then, anything herein contained to the contrary notwithstanding, the Trustee shall have full power and authority to receive such monies and to apply the same to the purpose for which they were received, and shall not be affected by any notice to the contrary which may be received by it on or after such prior date.

Notwithstanding anything to the contrary herein set forth, nothing shall prevent any payment of amounts deposited with the Trustee pursuant to Section 8.01 so long as the Trustee had no notice that such amounts when so deposited were prohibited pursuant to the provisions of Section 10A.2.

The Trustee, subject to the provisions of Section 7.01, shall be entitled to rely on the delivery to it of a written notice by a Person representing himself to be a holder or a Representative of Designated Senior Indebtedness (subject to the requirements set forth in the definition of Designated Senior Indebtedness) or a Representative of Parent Senior Indebtedness (or a trustee on behalf of such holder) to establish that such notice has been given by a holder or a Representative of Designated Senior Indebtedness (subject to the requirements set forth in the definition of Designated Senior Indebtedness) or a Representative of such Parent Senior Indebtedness or a trustee on behalf of any such holder or holders. In the event that the Trustee determines in good faith that further evidence is required with respect to the right of any Person as a holder of Parent Senior Indebtedness to participate in any payment or distribution pursuant to this Article 10A, the Trustee may request such Person to furnish evidence to the reasonable satisfaction of the Trustee as to the amount of such Parent Senior Indebtedness held by such Person, the extent to which such Person is entitled to participate in such payment or distribution and any other facts pertinent to the rights of such Person under this Article 10A, and if such evidence is not furnished the Trustee may defer any payment to such Person pending judicial determination as to the right of such Person to receive such payment.

SECTION 10A.6. TRUSTEE'S RELATION TO PARENT SENIOR INDEBTEDNESS. The Trustee in its individual capacity shall be entitled to all the rights set forth in this Article 10A in respect of any Parent Senior Indebtedness at any time held by it, to the same extent as any other holder of such Parent Senior Indebtedness, and nothing or elsewhere in this Indenture shall deprive the Trustee of any of its rights as such holder.

With respect to the holders of Parent Senior Indebtedness, the Trustee undertakes to perform or to observe only such of its covenants and obligations as are specifically set forth in this Article 10A, and no implied covenants or obligations with respect to the holders of such Parent Senior Indebtedness shall be read into this Indenture against the Trustee. The Trustee shall not be deemed to owe any fiduciary duty to the holders of Parent Senior Indebtedness and, subject to the provisions of Section 7.01, the Trustee shall not be liable to any holder of such Parent Senior Indebtedness if it shall pay over or deliver to Holders of Securities, Parent or any other Person money or assets to which any holder of Parent Senior Indebtedness shall be entitled by virtue of this Article 10A or otherwise.

SECTION 10A.7. NO IMPAIRMENT OF SUBORDINATION. No right of any present or future holder of any Parent Senior Indebtedness to enforce subordination as herein provided shall at any time in any way be prejudiced or impaired by (i) any amendment of or addition or supplement to any such Parent Senior Indebtedness or any instrument or agreement relating thereto (unless otherwise expressly provided therein), or (ii) any act or failure to act on the part of Parent or by any act or failure to act, in good faith, by any such holder, or by any noncompliance by Parent with the terms, provisions and covenants of the

instrument, regardless of any knowledge thereof which any such holder may have or otherwise be charged with or (iii) a failure to act by any Holders of Securities or the failure of such Holder to comply with this Indenture.

SECTION 10A.8. RELIANCE BY HOLDERS OF PARENT SENIOR INDEBTEDNESS ON SUBORDINATION PROVISIONS. Each Holder of Securities by such Holder's acceptance thereof, acknowledges and agrees that the foregoing subordination provisions are, and are intended to be, an inducement and a consideration to each holder of any Parent Senior Indebtedness, whether such Parent Senior Indebtedness was created, assumed or acquired before or after the issuance of the Securities, to acquire and continue to hold, or to continue to hold, such Parent Senior Indebtedness and such holder of Parent Senior Indebtedness shall be deemed conclusively to have relied on such subordination provisions in acquiring and continuing to hold, or in continuing to hold, such Senior Indebtedness, and no amendment or modification of the provisions contained herein shall diminish the rights of such holder or holders unless such holder or holders shall have agreed in writing thereto.

SECTION 10A.9. REINSTATEMENT OF SUBORDINATION. If, at any time, all or part of any payment of any Parent Senior Indebtedness theretofore made by Parent or any other Person is rescinded or must otherwise be returned by the holders of such Parent Senior Indebtedness for any reason whatsoever (including, without limitation, the insolvency, bankruptcy or reorganization of Parent or such other Person), these subordination provisions shall continue to be effective or be reinstated, as the case may be, all as though such payment had not been made.

SECTION 10A.10. PERMITTED PAYMENTS. Nothing contained in this Article 10A or elsewhere in this Indenture, or in the Securities shall prevent (a) Parent at any time, except under the conditions described in Section 10A.02, from making payments at any time of Principal Amount, Issue Price, accrued Original Issue Discount, accrued Liquidated Damages, if any, Redemption Price, Purchase Price, Fundamental Change Redemption Price or interest or any other amounts payable, if any, in respect of the Securities, or from depositing with the Trustee or any Paying Agent money for such payments, or (b) the application by the Trustee or Paying Agent of any moneys deposited with it under this Indenture to the payment of or on account of the Principal Amount, Issue Price, accrued Original Issue Discount, accrued Liquidated Damages, if any, Redemption Price, Purchase Price, Fundamental Change Redemption Price or interest or any other amounts payable, if any, in respect of the Securities to the Holders of the Securities entitled thereto to the beneficiaries thereof, if such payment would not have been prohibited by the provisions of Section 10A.02.

SECTION 10A.11. ARTICLE APPLICABLE TO PAYING AGENTS. If at any time any Paying Agent other than the Trustee shall have been appointed by Parent and Western Digital and be then acting hereunder, the term "Trustee" as used in this Article 10A shall (unless the context otherwise requires) be construed as extending to and including such Paying Agent within its meaning as fully for all

intents and purposes as if such Paying Agent were named in this Article 10A in addition to or in place of the Trustee; provided, however, that the first paragraph of Section 10A.05 shall not apply to Parent or any Affiliate of Parent if it or such Affiliate acts as Paying Agent.

SECTION 10A.12. TREATMENT OF CONVERSION PAYMENTS. Notwithstanding anything in this Indenture to the contrary, neither the issuance and delivery of junior securities upon conversion of the Securities in accordance with Article 11 nor the payment of cash in lieu of fractional shares of Common Stock in accordance with Article 11 shall be deemed to constitute a payment or distribution on account of the Principal Amount, Issue Price, accrued Original Issue Discount, accrued Liquidated Damages, if any, Redemption Price or Fundamental Change Purchase Price or interest or any other amounts payable, if any, in respect of the Securities. For the purposes of this paragraph, the term "junior securities" means (a) shares of any stock of any class of Parent, (b) securities of Parent which are subordinated in right of payment to all Parent Senior Indebtedness which may be outstanding at the time of issuance or delivery of such securities to substantially the same extent as, or to a greater extent than, the Securities are so subordinated as provided in this Article 10A, and (c) any securities into which the Securities become convertible pursuant to Section 11.14 which are securities of a Person required to enter into a supplemental indenture pursuant to such section (or Section 5.01) and are either (x) shares of any stock of any class of such Person, or (y) securities of such Person which are subordinated in right of payment to all Parent Senior Indebtedness of such Person which may be outstanding at the time of issuance or delivery of such securities to substantially the same extent as, or to a greater extent than, the Securities or, are so subordinated as provided in this Article 10A. Nothing contained in this Article or elsewhere in this Indenture or in the Securities is intended to or shall impair, as among Parent, its creditors other than the holders of Senior Indebtedness, and the holders of the Securities, the right, which is absolute and unconditional, of the holder of any Security to convert such Security in accordance with Article 11.

SECTION 10A.13. RELIANCE ON JUDICIAL ORDER OR CERTIFICATE OF LIQUIDATING AGENT. Upon any payment or distribution of assets of Parent referred to in this Article 10A, the Trustee and the Holders of Securities shall be entitled to rely upon any order or decree entered by any court of competent jurisdiction in which such insolvency, bankruptcy, receivership, liquidation, reorganization, dissolution, winding up or similar case or proceeding is pending, or a certificate of the trustee in bankruptcy, liquidating trustee, custodian, receiver, assignee for the benefit of creditors, agent or other Person making such payment or distribution, delivered to the Trustee or to the Holders of Securities, for the purpose of ascertaining the Persons entitled to participate in such payment or distribution, the holders of Parent Senior Indebtedness and other indebtedness of Parent, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article 10A."

SECTION 3.02. The reference in the third paragraph of Section 3.08(d) of the Indenture to the "Rights Agreement" is hereby amended to reference the Rights Agreement dated as of April 6, 2001 between Holdings and American Stock Transfer & Trust Company, as Rights Agent.

SECTION 3.03. The address for notices to the Company in Section 12.02 of the Indenture is hereby amended to read:

Western Digital Corporation
20511 Lake Forest Drive
Lake Forest, CA 92630-7741
Attn: Michael A. Cornelius
Phone: (949) 672-7000
Fax: (949) 672-9612

and

Western Digital Technologies, Inc.
20511 Lake Forest Drive
Lake Forest, CA 92630-7741
Attn: Michael A. Cornelius
Phone: (949) 672-7000
Fax: (949) 672-9612

ARTICLE 4

TRUSTEE

The Trustee has accepted the amendment of the Indenture effected by this First Supplemental Indenture and agrees to execute the Indenture as hereby amended, but only upon the terms and conditions set forth in the Indenture, including the terms and provisions defining and limiting the liabilities and responsibilities of the Trustee, and without limiting the generality of the foregoing, except as set forth in the Indenture, the Trustee shall not be responsible in any manner whatsoever for or with respect to any of the recitals or statements contained herein, all of which recitals or statements are made solely by the Company, or for or with respect to (a) the validity or sufficiency of this First Supplemental Indenture or any of the terms or provisions hereof, (b) the proper authorization hereof by the Company by corporate action or otherwise, (c) the due execution hereof by the Company, and (d) the consequences (direct or indirect and whether deliberate or inadvertent) of any amendment herein provided for, and the Trustee makes no representation with respect to any such matters.

ARTICLE 5

MISCELLANEOUS

SECTION 5.01. This First Supplemental Indenture shall become effective as of the date and time of the consummation of the Merger.

SECTION 5.02. The parties may sign multiple counterparts of this First Supplemental Indenture. Each signed counterpart shall be deemed an original, but all of them together represent the same agreement. One signed copy is enough to prove this First Supplemental Indenture.

SECTION 5.03. In case any provision in this First Supplemental Indenture shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 5.04. THIS FIRST SUPPLEMENTAL INDENTURE SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICTS OF LAW PROVISIONS.

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IN WITNESS WHEREOF, the undersigned, being duly authorized, have executed this First Supplemental Indenture on behalf of the respective parties hereto as of the date first written above.

WESTERN DIGITAL TECHNOLOGIES, INC.

By: /s/ Michael A. Cornelius

Name: Michael A. Cornelius
Title: Vice President, Law and
Administration and Secretary

WESTERN DIGITAL CORPORATION

By: /s/ Michael A. Cornelius

Name: Michael A. Cornelius
Title: Vice President, Law and
Administration and Secretary

STATE STREET BANK AND TRUST
COMPANY OF CALIFORNIA, N.A.

By: /s/ Paula Oswald

Authorized Signatory

[WESTERN DIGITAL CORPORATION LETTERHEAD]

April 6, 2001

To the Stockholders of Western Digital Corporation:

This letter is to notify you that effective April 6, 2001, Western Digital Corporation established a holding company organizational structure. The holding company was established to provide the company greater administrative and operational flexibility and does not change your proportional interest in the consolidated company. While you now hold shares in the holding company, your rights and interests have not changed. Attached please find a description of the holding company structure.

In connection with the establishment of the holding company, the Board of Directors of the holding company adopted a stockholder rights plan based on the rights plan of Western Digital in effect immediately prior to the formation of the holding company. We believe a stockholder rights plan helps assure that all Western Digital stockholders receive maximum value in the event of an attempted or actual takeover of Western Digital.

YOU DO NOT NEED TO TAKE ANY ACTION. YOUR EXISTING STOCK CERTIFICATES WILL CONTINUE TO REPRESENT YOUR INTEREST IN THE HOLDING COMPANY.

Thank you for your continued support of Western Digital.

Sincerely,

/s/ Thomas E. Pardun

/s/ Matthew E. Massengill

THOMAS E. PARDUN
CHAIRMAN OF THE BOARD

MATTHEW E. MASSENGILL
PRESIDENT AND CHIEF EXECUTIVE
OFFICER

QUESTIONS AND ANSWERS ABOUT
THE HOLDING COMPANY FORMATION

Q. HOW WAS THE HOLDING COMPANY ESTABLISHED?

A. The holding company organizational structure was effected pursuant to Delaware corporation law Section 251(g), which permits a company to create a holding company structure without a stockholder vote. The reorganization was implemented pursuant to an Agreement and Plan of Merger to Form Holding Company among:

- Western Digital Technologies, Inc., which, at the time of the holding company formation, changed its name from Western Digital Corporation, and which prior to the holding company formation was the public company in which you held shares;
- Western Digital Corporation, the new holding company, which prior to the holding company formation was a direct wholly-owned subsidiary of Western Digital Technologies and is the new public company in which you own shares; and
- WD Merger Sub, Inc., a wholly-owned subsidiary of the new holding company, which merged into Western Digital Technologies, with Western Digital Technologies as the surviving corporation in the Merger.

The Merger Agreement provided for the merger of WD Merger Sub with and into Western Digital Technologies, with Western Digital Technologies continuing as the surviving corporation as a wholly-owned subsidiary of Western Digital Corporation. The holding company formation was consummated on April 6, 2001.

Q. IN WHICH COMPANY DO I NOW HOLD SHARES?

A. You now hold shares in a corporation named "Western Digital Corporation." It is a holding company. It is a new corporation, but has the same name as the old public corporation. The old corporation has been renamed "Western Digital Technologies, Inc." By virtue of the holding company formation, all of Western Digital Technologies' outstanding capital stock was converted, on a share for share basis, into capital stock of the new holding company, Western Digital Corporation. As a result, each stockholder of Western Digital Technologies became the owner of an identical number of shares of capital stock of Western Digital Corporation. Additionally, each outstanding option and warrant to purchase shares of Western Digital Technologies' common stock was automatically converted into an option or warrant to purchase, upon the same terms and conditions, an identical number of shares of Western Digital Corporation common stock.

Q. ARE THE SHARES OF THE NEW HOLDING COMPANY, WESTERN DIGITAL CORPORATION, PUBLICLY TRADED?

A. Yes. Western Digital Corporation's common stock will continue to be listed on the New York Stock Exchange under the symbol "WDC," without interruption.

Q. HAVE MY RIGHTS AND INTERESTS IN THE SHARES CHANGED?

No. In the holding company formation each stockholder received securities of the same class, evidencing the same proportional interests in Western Digital Corporation and having the same designations, rights, powers and preferences, and qualifications, limitations and restrictions, as those the stockholder held in Western Digital Technologies. As required by Section 251(g) of the Delaware corporation law, the provisions of the certificate of incorporation and bylaws of Western Digital Corporation are substantially identical to those of Western Digital Technologies prior to the holding

company formation. The authorized capital stock of Western Digital Corporation is identical to that of Western Digital Technologies immediately prior to the holding company formation. The directors and executive officers of Western Digital Corporation are the same individuals who were directors and executive officers, respectively, of Western Digital Technologies immediately prior to the holding company formation.

Q. WHAT HAPPENED TO THE RIGHTS ASSOCIATED WITH MY COMMON STOCK?

A. In connection with the holding company formation, Western Digital Technologies terminated its rights plan which provided for the issuance of rights to purchase shares of its Series A Junior Participating Preferred Stock to holders of Western Digital Technologies' common stock pursuant to the Rights Agreement, dated as of October 15, 1998, between Western Digital Technologies and American Stock Transfer & Trust Company, as Rights Agent, as amended. Western Digital Corporation has entered into a new Rights Agreement, dated as of April 6, 2001, between Western Digital Corporation and American Stock Transfer & Trust Company, as Rights Agent, pursuant to which holders of Western Digital Corporation's common stock following the holding company formation on April 6, 2001 received one right to purchase a fraction of a share of Western Digital Corporation's Series A Junior Participating Preferred Stock for each share of Western Digital Corporation common stock owned. The new Rights Agreement is substantially the same as the old Rights Agreement, except that the exercise price has been reduced from \$150.00 to \$50.00 per share, and the expiration date for the new Rights Agreement is April 6, 2011, extending the old expiration date of October 14, 2008. As under the old Rights Agreement, until the occurrence of certain events specified in the new Rights Agreement, the new Rights will be represented by the certificates for the outstanding shares of Western Digital Corporation common stock, are not transferable separately from the associated shares of Western Digital Corporation common stock and are automatically transferred upon transfer of the associated common stock.

Q. WHAT ARE THE FEDERAL INCOME TAX CONSEQUENCES OF THE HOLDING COMPANY FORMATION ON STOCKHOLDERS?

A. The holding company formation is a tax-free transaction under the Internal Revenue Code of 1986, as amended. Accordingly, for federal income tax purposes stockholders will not recognize any gain or loss as a result of the consummation of the holding company formation. In addition, a stockholder's basis and holding period for each share of stock of the new public holding company will be the same as the basis and holding period of the corresponding share of stock in the old public company.

Q. AM I ENTITLED TO VOTE ON THE HOLDING COMPANY FORMATION OR TO RECEIVE APPRAISAL RIGHTS?

A. No. Pursuant to Section 251(g) of the Delaware corporation law, stockholder approval of the holding company formation was not required. Also, our stockholders are not entitled to appraisal rights in connection with the holding company formation.

Q. WHO CAN ANSWER MY ADDITIONAL QUESTIONS?

A. If you have more questions about the holding company formation, please contact:

Michael A. Cornelius
Vice President, Law and Administration
WESTERN DIGITAL CORPORATION
20511 Lake Forest Drive
Lake Forest, California 92630
(949) 672-7000

SUMMARY OF THE RIGHTS

On March 29, 2001, the Board of Directors of Western Digital Holdings, Inc. (the "Company") authorized and declared a dividend of one preferred stock purchase right (a "Right") for each share of common stock, par value \$.01 per share, of the Company (the "Common Shares"). The dividend is payable on April 6, 2001 (the "Record Date") to the holders of record of Common Shares as of the close of business on such date.

The following is a brief description of the Rights. It is intended to provide a general description only and is subject to the detailed terms and conditions of the Rights Agreement (the "Rights Agreement") dated as of April 6, 2001 by and between the Company and American Stock Transfer & Trust Company, as Rights Agent (the "Rights Agent").

1. COMMON SHARE CERTIFICATES REPRESENTING RIGHTS

Until the Distribution Date (as defined in Section 2 below), (a) the Rights shall not be exercisable, (b) the Rights shall be attached to and trade only together with the Common Shares and (c) the stock certificates representing Common Shares also shall represent the Rights attached to such Common Shares. Common Share certificates issued after the Record Date and prior to the Distribution Date shall contain a notation incorporating the Rights Agreement by reference.

2. DISTRIBUTION DATE

The "Distribution Date" is the earliest of (a) the tenth business day following the date of the first public announcement that any person (other than the Company or certain related entities, and with certain additional exceptions) has become the beneficial owner of 15% or more of the then outstanding Voting Shares (such person is a "15% Stockholder" and the date of such public announcement is the "15% Ownership Date"), (b) the tenth business day (or such later day as shall be designated by the Board of Directors) following the date of the commencement of, or the announcement of an intention to make, a tender offer or exchange offer, the consummation of which would cause any person to become a 15% Stockholder or (c) the first date, on or after the 15% Ownership Date, upon which the Company is acquired in a merger or other business combination in which the Company is not the surviving corporation or in which the outstanding Common Shares are changed into or exchanged for stock or assets of another person, or upon which 50% or more of the Company's consolidated assets or earning power are sold (other than in transactions in the ordinary course of business). In calculating the percentage of outstanding Voting Shares that are beneficially owned by any person, such person shall be deemed to beneficially own any Voting Shares issuable upon the exercise, exchange or conversion of any options, warrants or other securities beneficially owned by such person; provided, however, that such Voting Shares issuable upon such exercise shall not be deemed outstanding for the purpose of calculating the percentage of Voting Shares that are beneficially owned by any other person.

Upon the close of business on the Distribution Date, the Rights shall separate from the Common Shares, Right certificates shall be issued and the Rights shall become exercisable to purchase Preferred Shares as described in Section 5 below.

No Person who is the Beneficial Owner of 15% or more of the outstanding Voting Shares as of April 6, 2001 shall be deemed a 15% Stockholder unless or until such Person shall acquire, without the prior approval of the Board of Directors, Beneficial Ownership of an additional 1% of the Voting Shares then outstanding and, following such acquisition, is the Beneficial Owner of more than 15% of the Voting Shares then outstanding. In addition, any Person (a "Transferee") who purchases Voting Shares from such Person shall not be deemed a 15% Stockholder if, after giving effect to such acquisition, such Transferee holds no more than the sum of the Voting Shares so acquired plus 1% of the Voting Shares then outstanding.

3. ISSUANCE OF RIGHT CERTIFICATES

As soon as practicable following the Distribution Date, separate certificates representing only Rights shall be mailed to the holders of record of Common Shares as of the close of business on the Distribution Date, and such separate Right certificates alone shall represent such Rights from and after the Distribution Date.

4. EXPIRATION OF RIGHTS

The Rights shall expire on April 6, 2011 (the "Expiration Date"), unless earlier redeemed or exchanged, unless the Distribution Date has previously occurred and the Rights have separated from the Common Shares, in which case the Rights will remain outstanding for ten years from the date they separate.

5. EXERCISE OF RIGHTS

Unless the Rights have expired or been redeemed or exchanged, they may be exercised, at the option of the holders, pursuant to paragraphs (a), (b) or (c) below. No Right may be exercised more than once or pursuant to more than one of such paragraphs. From and after the first event of the type described in paragraphs (b) or (c) below, each Right that is beneficially owned by a 15% Stockholder or that was attached to a Common Share that is subject to an option beneficially owned by a 15% Stockholder shall be void.

(a) Right to Purchase Preferred Shares. From and after the close of business on the Distribution Date, each Right (other than a Right that has become void) shall be exercisable to purchase one one-thousandth (1/1,000) of a share of Series A Junior Participating Preferred Stock, par value \$.01 per share, of the Company (the "Preferred Shares"), at an exercise price of \$50.00 (Fifty Dollars) (the "Exercise Price"). Prior to the Distribution Date, the Company may substitute for all or any portion of the Preferred Shares that would otherwise be issuable upon exercise of the Rights, cash, assets or other securities having the same aggregate value as such Preferred Shares. The Preferred Shares are nonredeemable and, unless otherwise provided in connection with the creation of a subsequent series of preferred stock, are subordinate to any other series of the Company's preferred stock whether issued before or after the issuance of the Preferred Shares. The Preferred Shares may not be issued except upon exercise of Rights. The holder of a Preferred Share is entitled to receive when, as and if declared, the greater of (i) cash and non-cash dividends in an amount equal to 1,000 times the dividends declared on each Common Share or (ii) a preferential annual dividend of \$.01 per Preferred Share (\$.00001 per one one-thousandth (1/1,000) of a Preferred Share). In the event of liquidation, the holders of Preferred Shares shall be entitled to receive a liquidation payment in

an amount equal to the greater of (1) \$.01 per Preferred Share (\$.00001 per one one-thousandth (1/1,000) of a Preferred Share), plus all accrued and unpaid dividends and distributions on the Preferred Shares, or (2) an amount equal to 1,000 times the aggregate amount to be distributed per Common Share. Each Preferred Share has one thousand (1,000) votes per share (one vote per one one-thousandth (1/1,000) of a Preferred Share), voting together with the Common Shares. In the event of any merger, consolidation or other transaction in which Common Shares are exchanged, the holder of a Preferred Share shall be entitled to receive 1,000 times the amount received per Common Share. The rights of the Preferred Shares as to dividends, voting and liquidation preferences are protected by antidilution provisions. It is anticipated that the value of one one-thousandth (1/1,000) of a Preferred Share should approximate the value of one Common Share.

(b) Right to Purchase Common Shares of the Company. From and after the close of business on the tenth business day following the 15% Ownership Date, each Right (other than a Right that has become void) shall be exercisable to purchase, at the Exercise Price (initially \$50.00), Common Shares with a market value equal to two times the Exercise Price. If the Company does not have sufficient Common Shares available for all Rights to be exercised, the Company shall substitute for all or any portion of the Common Shares that would otherwise be issuable upon the exercise of the Rights, cash, assets or other securities having the same aggregate value as such Common Shares.

(c) Right to Purchase Common Stock of a Successor Corporation. If, on or after the 15% Ownership Date, (i) the Company is acquired in a merger or other business combination in which the Company is not the surviving corporation, (ii) the Company is the surviving corporation in a merger or other business combination in which all or part of the outstanding Common Shares are changed into or exchanged for stock or assets of another person or (iii) 50% or more of the Company's consolidated assets or earning power are sold (other than in transactions in the ordinary course of business), then each Right (other than a Right that has become void) shall thereafter be exercisable to purchase, at the Exercise Price (initially \$50.00), shares of common stock of the surviving corporation, other persons issuing stock or assets, or purchaser, respectively (the "Surviving Person"), with an aggregate market value equal to two times the Exercise Price.

6. ADJUSTMENTS TO PREVENT DILUTION

The Exercise Price, the Redemption Price (defined below), the number of outstanding Rights and the number of Preferred Shares or Common Shares issuable upon exercise of the Rights are subject to adjustment from time to time as set forth in the Rights Agreement in order to prevent dilution. With certain exceptions, no adjustment in the Exercise Price shall be required until cumulative adjustments require an adjustment of at least 1%.

7. CASH PAID INSTEAD OF ISSUING FRACTIONAL SECURITIES

No fractional securities shall be issued upon exercise of a Right (other than fractions of Preferred Shares that are integral multiples of one one-thousandth of a Preferred Share and that may, at the election of the Company, be evidenced by depositary receipts) and in lieu thereof, an

adjustment in cash shall be made based on the market price of such securities on the last trading date prior to the date of exercise.

8. REDEMPTION

At any time prior to the earlier of (a) the tenth business day following the 15% Ownership Date or (b) the first event of the type giving rise to exercise rights under Section 5(c) above, the Board of Directors may, at its option, direct the Company to redeem the Rights in whole, but not in part, at a price of \$0.001 per Right, as such redemption price shall be proportionately adjusted to reflect any stock split, stock dividend or similar transaction occurring after April 6, 2001 (the "Redemption Price"), and the Company shall so redeem the Rights. Immediately upon such action by the Board of Directors (the date of such action being the "Redemption Date"), the only right of the holders of Rights thereafter shall be to receive the Redemption Price.

9. EXCHANGE

At any time during the period of 180 days after the 15% Ownership Date, the Board of Directors of the Company may, at its option, authorize and direct the exchange of all, but not less than all, of the then outstanding Rights for Common Shares, one one-thousandths of Preferred Shares, debt securities of the Company, other property or any combination of the foregoing, which, as of the date of the Board of Directors' action, has a current market price equal to the difference between the Exercise Price and the current market price of the shares that would otherwise be issuable upon exercise of a Right on such date (the "Exchange Ratio"), and the Company shall so exchange the Rights. Immediately upon such action by the Board of Directors, the right to exercise Rights shall terminate and the only right of the holders of Rights thereafter shall be to receive the securities so designated by the Board of Directors in accordance with the Exchange Ratio.

10. NO STOCKHOLDER RIGHTS PRIOR TO EXERCISE

Until a Right is exercised, the holder thereof, as such, will have no rights as a stockholder of the Company (other than rights resulting from such holder's ownership of Common Shares), including, without limitation, the right to vote or to receive dividends.

11. AMENDMENT OF RIGHTS AGREEMENT

The Board of Directors may, from time to time, without the approval of any holder of Rights, direct the Company and the Rights Agent to supplement or amend any provision of the Rights Agreement in any manner, whether or not such supplement or amendment is adverse to any holder of Rights, and the Company and the Rights Agent shall so supplement or amend such provision; provided, however, that from and after the earliest of (a) the tenth business day following the 15% Ownership Date, (b) the first event of the type giving rise to exercise rights under Section 5(c) above or (c) the Redemption Date, the Rights Agreement cannot be supplemented or amended in any manner that would materially and adversely affect any holder of outstanding Rights other than a 15% Stockholder or a Surviving Person.

AMENDMENT NO. 2 TO RIGHTS AGREEMENT

This Amendment No. 2 to Rights Agreement (this "Amendment No. 2") by and between Western Digital Corporation, a Delaware corporation (the "Corporation") and American Stock Transfer & Trust Company, a New York corporation (the "Rights Agent"), as amended, is effective as of April 6, 2001. Capitalized terms used herein but not defined herein shall have their defined meanings set forth in the Rights Agreement by and between the Corporation and the Rights Agent, effective as of October 15, 1998 (the "Rights Agreement").

BACKGROUND

A. The Corporation and the Rights Agent entered into the Rights Agreement effective as of October 15, 1998 and an Amendment to the Rights Agreement.

B. The Board of Directors of the Corporation has approved the adoption by the Corporation of a holding company organizational structure in accordance with Section 251(g) of the Delaware General Corporation Law (the "DGCL"). The holding company organizational structure will be effected pursuant to an Agreement and Plan of Merger to Form Holding Company (the "Merger Agreement"), among the Corporation (which will be renamed Western Digital Technologies, Inc. at the effective time of the Merger), Western Digital Holdings, Inc. ("Holdings," the new holding company which will be renamed Western Digital Corporation at the effective time of the Merger), and WD Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of Holdings ("Merger Sub"). The Merger Agreement provides for the merger of Merger Sub with and into the Corporation, with the Corporation continuing as the surviving corporation and as a wholly owned subsidiary of Holdings (the "Merger"). Pursuant to Section 251(g) of the DGCL, stockholder approval of the Merger is not required. As a result of the Merger, which will be consummated on or about April 6, 2001, each share of the Corporation's common stock, par value \$.01 per share ("Western Digital Common Stock") issued and outstanding or held in treasury will be converted into one share of Holdings' common stock, par value \$.01 per share ("Holdings Common Stock").

C. In the Merger Agreement, the Corporation agrees to take all actions necessary so that at the effective time of the Merger, the Rights Agreement and all issued and outstanding preferred stock purchase rights issued pursuant to the Rights Agreement ("Western Digital Rights") shall terminate. On or prior to the effective time of the Merger, Holdings shall adopt a rights agreement (the "Holdings Rights Agreement") with substantially the same terms as the Rights Agreement and shall declare a dividend of one preferred stock purchase right (a "Holdings Right") for each outstanding share of Holdings Common Stock, which shall be distributed at the effective time of the Merger, pursuant to the terms and conditions more fully set forth in the Holdings Rights Agreement.

D. The Board of Directors of the Corporation has resolved that the Rights Agreement shall be supplemented as set forth herein without the approval of holders of certificates representing shares of Western Digital Common Stock.

AGREEMENT

NOW, THEREFORE, the parties hereby agree as follows:

1. Pursuant to Section 27 of the Rights Agreement, and notwithstanding any other provision in the Rights Agreement, as amended, it is hereby agreed that:

(i) neither the execution of the Merger Agreement, nor the Merger shall trigger any rights or obligations under the Rights Agreement, cause a Distribution Date, Stock Acquisition Date, Section 11(a)(ii) Event or Section 13 Event to occur, or have any other effect on the Rights Agreement or the Western Digital Rights; and

(ii) at the effective time of the Merger, without any further action by the Board of Directors of the Corporation or the Rights Agent and without any notice, the Rights Agreement and all issued and outstanding Western Digital Rights shall terminate and expire and an Expiration Date shall occur, without redemption or exchange of the Western Digital Rights.

2. Except as expressly set forth in this Amendment No. 2 all other terms of the Rights Agreement, as previously amended, shall remain in full force and effect.

3. This Amendment No. 2 shall be governed by and construed in accordance with the laws of the State of Delaware applicable to contracts made and to be performed entirely within such State.

4. This Amendment No. 2 may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the Corporation and the Rights Agent have executed this Amendment No. 2 effective as of the date first above written.

THE CORPORATION:

WESTERN DIGITAL CORPORATION,
A DELAWARE CORPORATION

By: /s/ Michael A. Cornelius

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

THE RIGHTS AGENT:

AMERICAN STOCK TRANSFER & TRUST COMPANY,
A NEW YORK CORPORATION

By: /s/ Herbert J. Lemmer

Name: Herbert J. Lemmer
Title: Vice President