

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

FORM 10-Q

(Mark One)

Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended March 29, 1997.

OR

Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from to

Commission file number 1-8703

WESTERN DIGITAL CORPORATION

(Exact name of Registrant as specified in its charter)

DELAWARE

95-2647125

(State or other jurisdiction of incorporation or organization)

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

8105 Irvine Center Drive
Irvine, California

92618

(Address of principal executive offices)

(Zip Code)

REGISTRANT'S TELEPHONE NUMBER INCLUDING AREA CODE (714) 932-5000

N/A

Former name, former address and former fiscal year if changed since last report.

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

Number of shares outstanding of Common Stock, as of May 1, 1997 is 43,236,532.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

WESTERN DIGITAL CORPORATION

CONSOLIDATED STATEMENTS OF INCOME

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	THREE-MONTH PERIOD ENDED	
	MAR. 29, 1997	MAR. 30, 1996
	-----	-----
Revenues, net	\$1,096,212	\$ 728,362
Costs and expenses:		
Cost of revenues	911,357	635,038
Research and development	39,672	36,682
Selling, general and administrative	51,121	37,628
Total costs and expenses	1,002,150	709,348
Operating income	94,062	19,014
Interest and other income	3,109	3,328
Income before income taxes	97,171	22,342
Provision for income taxes	14,576	2,904
Net income	\$ 82,595	\$ 19,438
	=====	=====
Earnings per common and common equivalent share (Note 2):		
Primary	\$ 1.76	\$.42
Fully diluted	\$ 1.76	\$.42
	=====	=====
Common and common equivalent shares used in computing per share amounts:		
Primary	47,017	46,592
Fully diluted	47,018	46,710
	=====	=====

The accompanying notes are an integral part of these financial statements.

WESTERN DIGITAL CORPORATION

CONSOLIDATED STATEMENTS OF INCOME

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	NINE-MONTH PERIOD ENDED	
	MAR. 29, 1997	MAR. 30, 1996
Revenues, net	\$3,097,974	\$2,044,503
Costs and expenses:		
Cost of revenues	2,636,841	1,767,008
Research and development	109,933	116,070
Selling, general and administrative	149,534	115,071
Total costs and expenses	2,896,308	1,998,149
Operating income	201,666	46,354
Interest and other income	9,749	10,115
Gain on sale of multimedia business	--	17,275
Income before income taxes	211,415	73,744
Provision for income taxes	31,713	9,586
Net income	\$ 179,702	\$ 64,158
Earnings per common and common equivalent share (Note 2):		
Primary	\$ 3.83	\$ 1.31
Fully diluted	\$ 3.81	\$ 1.31
Common and common equivalent shares used in computing per share amounts:		
Primary	46,900	48,890
Fully diluted	47,128	49,014

The accompanying notes are an integral part of these financial statements.

WESTERN DIGITAL CORPORATION

CONSOLIDATED BALANCE SHEETS

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	MAR. 29, 1997	JUNE 29, 1996
	-----	-----
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 227,504	\$ 182,565
Short-term investments (Note 4)	--	36,598
Accounts receivable, less allowance for doubtful accounts of \$10,838 and \$9,376	585,626	409,473
Inventories (Note 5)	166,043	142,622
Prepaid expenses	21,877	23,006
	-----	-----
Total current assets	1,001,050	794,264
Property and equipment at cost, net	212,922	148,258
Intangible and other assets, net	43,733	41,621
	-----	-----
Total assets	\$ 1,257,705	\$ 984,143
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 426,752	\$ 345,866
Accrued compensation	52,948	30,457
Accrued expenses	210,915	137,699
	-----	-----
Total current liabilities	690,615	514,022
Deferred income taxes	15,402	16,229
Commitments and contingent liabilities		
Shareholders' equity:		
Preferred stock, \$.01 par value; Authorized: 5,000 shares Outstanding: None	--	--
Common stock, \$.01 par value; Authorized: 225,000 shares Outstanding: 50,666 shares at March 29 and at June 29	507	507
Additional paid-in capital	345,003	354,332
Retained earnings	400,172	220,470
Treasury stock-common stock at cost; 7,302 shares at March 29 and 7,095 shares at June 29 (Note 6)	(193,994)	(121,417)
	-----	-----
Total shareholders' equity	551,688	453,892
	-----	-----
Total liabilities and shareholders' equity	\$ 1,257,705	\$ 984,143
	=====	=====

The accompanying notes are an integral part of these financial statements.

WESTERN DIGITAL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

	NINE-MONTH PERIOD ENDED	
	MAR. 29, 1997	MAR. 30, 1996
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 179,702	\$ 64,158
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	46,368	39,133
Gain on sale of multimedia business	--	(17,275)
Changes in current assets and liabilities:		
Accounts receivable	(176,153)	(93,858)
Inventories	(23,421)	(53,834)
Prepaid expenses	1,129	(5,288)
Accounts payable and accrued expenses	176,593	77,365
Other assets	535	2,102
Deferred income taxes	(827)	420
Net cash provided by operating activities .	203,926	12,923
CASH FLOWS FROM INVESTING ACTIVITIES:		
Decrease in short-term investments (Note 4)	36,598	30,182
Capital expenditures, net	(105,360)	(67,005)
Increase in other assets	(8,319)	(6,491)
Proceeds from sale of businesses	--	53,115
Net cash provided by (used for) investing activities	(77,081)	9,801
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repurchase of common stock (Note 6)	(102,209)	(113,738)
Proceeds from stock options exercised	11,176	4,760
Proceeds from ESPP shares issued	9,127	7,350
Net cash used for financing activities	(81,906)	(101,628)
Net increase (decrease) in cash and cash equivalents	44,939	(78,904)
Cash and cash equivalents, beginning of period	182,565	217,531
Cash and cash equivalents, end of period	\$ 227,504	\$ 138,627
	=====	=====
SUPPLEMENTAL DISCLOSURES:		
Cash paid during the period for income taxes	\$ 8,561	\$ 2,728

The accompanying notes are an integral part of these financial statements.

WESTERN DIGITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. The accounting policies followed by the Company are set forth in Note 1 of Notes to Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended June 29, 1996.
2. Primary and fully diluted earnings per share amounts are based upon the weighted average number of shares and dilutive common stock equivalents for each period presented.
3. In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128, "Earnings Per Share" (SFAS No. 128). This statement is effective for both interim and annual periods ending after December 15, 1997, and replaces the presentation of "primary" earnings per share with "basic" earnings per share and the presentation of "fully diluted" earnings per share with "diluted" earnings per share. Earlier application is not permitted. When adopted, all previously reported earnings per common share amounts must be restated based on the provisions of the new standard. Pro forma basic and diluted earnings per share calculated in accordance with SFAS No. 128 is provided below:

	Three-Month Period Ended		Nine-Month Period Ended	
	Mar. 29, 1997	Mar. 30, 1996	Mar. 29, 1997	Mar. 30, 1996
Basic earnings per share ..	\$ 1.89 =====	\$.43 =====	\$ 4.11 =====	\$ 1.36 =====
Diluted earnings per share	\$ 1.76 =====	\$.42 =====	\$ 3.83 =====	\$ 1.31 =====

4. At June 29, 1996, the Company held \$36.6 million in U.S. Treasury Bills that were classified as short-term investments. These securities matured during 1997 and were replaced by highly liquid investments with original maturities of three months or less. The new investments are classified as cash equivalents on the Company's consolidated balance sheet at March 29, 1997.
5. Inventories comprised the following:

	MAR. 29, 1997	JUNE 29, 1996
(in thousands)	-----	-----
Finished goods	\$ 67,073	\$ 72,239
Work in process	57,769	31,781
Raw materials and component parts	41,201	38,602
	-----	-----
	\$166,043 =====	\$142,622 =====

6. During the nine-month period ended March 29, 1997, the Company purchased approximately 1,986,000 shares of its common stock in the open market at a cost of \$102.2 million. During the same period, approximately 568,000 and 1,211,000 shares were distributed in connection with the Employee Stock Purchase Plan ("ESPP") and common stock option exercises, respectively, for \$20.3 million.

7. On May 2, 1997, the Company announced that a two-for-one stock split, to be effected in the form of a stock dividend to shareholders of record on May 20, 1997, will occur on or about June 3, 1997. The financial statements and corresponding notes included herein have not been adjusted to reflect the stock split. Pro forma earnings per share, adjusted for the stock split, is provided below:

	Three-Month Period Ended		Nine-Month Period Ended	
	Mar. 29, 1997	Mar. 30, 1996	Mar. 29, 1997	Mar. 30, 1996
Primary	\$.88	\$.21	\$1.92	\$.66
	====	====	=====	=====
Fully diluted ..	\$.88	\$.21	\$1.91	\$.65
	====	====	=====	=====

8. Certain prior quarter amounts have been reclassified to conform to the current quarter presentation.
9. In the opinion of management, all adjustments necessary to fairly state the results of operations for the three- and nine-month periods ended March 29, 1997 and March 30, 1996 have been made. All such adjustments are of a normal recurring nature. Certain information and footnote disclosures normally included in the financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission. These consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended June 29, 1996.

WHEN USED IN THIS DISCUSSION, THE WORDS "ANTICIPATES", "BELIEVES", "EXPECTS", "INTENDS", "FORECASTS", "PLANS", "FUTURE", "STRATEGY" OR WORDS OF SIMILAR IMPORT ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. SUCH STATEMENTS ARE SUBJECT TO CERTAIN RISKS AND UNCERTAINTIES WHICH COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE EXPRESSED IN THE FORWARD-LOOKING STATEMENTS. READERS ARE CAUTIONED NOT TO PLACE UNDUPLICATE RELIANCE ON THESE FORWARD-LOOKING STATEMENTS WHICH SPEAK ONLY AS OF THE DATE HEREOF. THE COMPANY UNDERTAKES NO OBLIGATION TO PUBLISH REVISED FORWARD-LOOKING STATEMENTS TO REFLECT EVENTS OR CIRCUMSTANCES AFTER THE DATE HEREOF OR TO REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS. READERS ARE URGED TO CAREFULLY REVIEW AND CONSIDER THE VARIOUS DISCLOSURES MADE BY THE COMPANY WHICH ATTEMPT TO ADVISE INTERESTED PARTIES OF THE FACTORS WHICH AFFECT THE COMPANY'S BUSINESS, INCLUDING THE DISCLOSURES MADE UNDER THE CAPTION "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS" IN THIS REPORT, AS WELL AS THE COMPANY'S OTHER PERIODIC REPORTS ON FORMS 10-K, 10-Q AND 8-K FILED WITH THE SECURITIES AND EXCHANGE COMMISSION.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Unless otherwise indicated, references herein to specific years and quarters are to the Company's fiscal years and fiscal quarters. Consolidated sales were \$1.1 billion in the third quarter of 1997, down \$22 million from the immediately preceding quarter and up \$368 million from the third quarter of 1996. Consolidated sales were \$3.1 billion in the first nine months of 1997, an increase of \$1.1 billion or 52% from the same period of the prior year. The growth in revenues over the corresponding periods of the prior year stemmed from 51% and 58% increases in hard drive unit shipments for the three- and nine-month periods ended March 29, 1997, respectively. The incremental unit volume shipped during the first nine months of 1997 was partially offset by a year-over-year decline in the average selling prices of hard drive products. The decline in revenues from the immediately preceding quarter is primarily the result of a 3% decrease in hard drive unit shipments, partially offset by higher average selling prices. The decrease in hard drive unit shipments from the prior quarter resulted from a shortage in the supply of headstack assemblies at the desired technology levels, which impacted the Company's ability to manufacture desktop storage products to meet customer demand. The sequential increase in average selling prices was driven by two factors. First, the Company sold a richer mix of higher-capacity desktop storage products. The richer mix was achieved as a result of the Company allocating supply constrained headstack assemblies to higher-capacity hard drives in order to respond to customer demand. Second, the Company increased shipments of enterprise storage products in the current quarter over the initial volume shipments achieved in the second quarter of 1997.

The consolidated gross margin percentage was 16.9% in the third quarter of 1997, an increase of 2.3 and 4.1 percentage points from the immediately preceding quarter and the third quarter of 1996, respectively. The consolidated gross margin percentage was 14.9% in the first nine months of 1997, up 1.3 percentage points from the same period of 1996. The increases in the consolidated gross margin percentage were primarily the result of the change in sales mix to a greater percentage of higher-capacity desktop storage products and increased shipments of enterprise storage products, which have a higher average gross margin percentage than desktop storage products. Also contributing to the year-over year improvements in the consolidated gross margin percentage were reductions in the average cost of producing the Company's desktop storage products.

Research and development ("R&D") expense for the current quarter was 3.6% of revenues, versus 3.2% and 5.0% of revenues in the immediately preceding quarter and third quarter of 1996, respectively. R&D expense for the first nine months of 1997 was 3.5% of revenues as compared to 5.7% of revenues in the corresponding period of 1996. The reductions from the corresponding periods of the prior year were primarily attributable to the elimination of expenditures related to the microcomputer products businesses, which were sold in 1996, and the higher revenue base in the current year. The increase from the immediately preceding quarter was the result of higher expenditures incurred to support the development of enterprise and mobile hard-drive products.

Selling, general and administrative ("SG&A") expenses for the third quarter of 1997 were 4.7% of revenues, as compared to 5.0% and 5.2% of revenues in the immediately preceding quarter and third quarter of 1996, respectively. SG&A expenses for the first nine months of 1997 were 4.8% of revenues as compared to 5.6% of revenues in the corresponding period of 1996. The improvement from the corresponding periods of the prior year was primarily attributable to the higher revenue base in the current year. The increases in the absolute dollars of SG&A expenses from the three- and nine-month periods ended March 30, 1996 were primarily due to incremental selling, marketing and other related expenses in support of the higher revenue levels and higher expenses for the Company's pay-for-performance and profit sharing plans.

The effective tax rate for the first nine months of 1997 was 15%, as compared to 13% for the corresponding period of 1996. The increase reflects a change in the mix of earnings among the Company's subsidiaries and the various tax jurisdictions within which they operate.

FINANCIAL CONDITION

Cash and short-term investments totaled \$227.5 million at March 29, 1997 as compared with \$219.2 million at June 29, 1996. Net cash provided by operating activities was \$203.9 million for the nine-month period ended March 29, 1997. Cash flows from earnings, depreciation and an increase in current liabilities were partially offset by cash used to fund increases in accounts receivable and inventories. Other significant uses of cash during the first nine months of 1997 were capital expenditures of \$105.4 million, incurred primarily to support increased production of hard drives and related components, and the acquisition of 2.0 million shares of the Company's common stock in the open market for \$102.2 million. Another major source of cash during the first nine months of 1997 was \$20.3 received in connection with stock option exercises and ESPP purchases.

The Company has a \$150 million revolving credit agreement with certain financial institutions extending through April 1999. This facility is intended to meet short-term working capital requirements which may arise from time to time. The Company believes that its current cash balances combined with cash flow from operations and its revolving credit agreement will be sufficient to meet its working capital needs for the foreseeable future. However, the Company's ability to sustain its favorable working capital position is dependent upon a number of factors that are discussed below and in the Company's Annual Report on Form 10-K for the year ended June 29, 1996 under the heading "Certain Factors Affecting Future Operating Results."

CERTAIN FACTORS AFFECTING WESTERN DIGITAL CORPORATION AND THE DISK DRIVE INDUSTRY

The hard drive industry in which the Company competes is subject to a number of risks which have affected the Company's operating results in the past and could affect its future operating results. Demand for the Company's hard drive products depends on the demand for the computer systems manufactured by its customers and storage upgrades to computer systems, which in turn are affected by computer system product cycles, end user demand for increased storage capacity, and prevailing economic conditions. The Company anticipates that the computer market will remain generally strong, with the non-retail sector showing a combination of corporate upgrades to Windows NT on Pentium Pro desktop systems, a strong demand for higher capacity, high-performance Western Digital Caviar desktop drives and strength in the enterprise market.

The computing industry is intensely competitive and has been characterized by significant price erosion over the life of a product, periodic rapid price declines due to industry over-capacity or other competitive factors, technological changes, changing market requirements, occasional shortages of materials, dependence upon a limited number of vendors for certain components, dependence upon highly skilled engineering and other personnel, and significant expenditures for product development. The hard drive market in particular has been subject to recurring periods of severe price competition, although the Company believes that the current pricing environment is relatively stable by historical industry standards.

The Company's principal competitors are Seagate Technology, Inc., Quantum Corporation and large computer manufacturers such as IBM that manufacture drives for use in their own products and for sale to others. Additionally, several large foreign companies have entered the data storage business. Fujitsu appears to have increased its market share by the largest amount although it has not reached the point of being a principal competitor of the Company. While the Company believes that its products and its marketing efforts will continue to be competitive, there can be no assurance that its competitors will not improve their position in the market through new product introduction or other means.

Even during periods of consistent demand, the hard drive industry has been characterized by intense competition and ongoing price erosion over the life of a given drive product, and although prices on disk drives have not fallen recently as quickly as they have in the past, the Company expects that price erosion in the data storage industry will continue for the foreseeable future. In general, the unit price for a given product in all of the Company's markets decreases over time as increases in industry supply and cost reductions occur and as technological advancements are achieved. Cost reductions are primarily achieved as volume efficiencies are realized, component cost reductions are achieved, experience is gained in manufacturing the product and design enhancements are made. Competitive pressures and customer expectations result in these cost improvements being passed along as reductions in selling prices. At times, the rate of general price decline is accelerated when some competitors lower prices to absorb excess capacity, to liquidate excess inventories and/or in an attempt to gain market share. The competition and continuing price erosion could adversely affect the Company's results of operations in any given quarter, and such adverse effect often cannot be anticipated until late in any given quarter.

A number of the components used by the Company are available from a single or limited number of outside suppliers. Some of these materials may periodically be in short supply, and the Company has, on occasion, experienced temporary delays or increased costs in obtaining these materials. Because the Company is less vertically integrated than its competitors, an extended shortage of required materials and supplies could have a more severe effect on the Company's revenues and earnings as compared to its competition. The Company must allow for significant lead times when procuring certain materials and supplies. The Company has more than one available source of supply for most of its required materials. Where there is only one source of supply, the Company has entered into close technical and manufacturing relationships, has access to more than one manufacturing location in most instances, and believes that a second source could be obtained over a period of time. However, no assurance can be given that the Company's results of operations would not be adversely affected until a new source could be secured.

Although the Company obtains headstack assemblies from several sources, the supply of these components at the desired technology levels is currently a critical issue for the Company as it plans to meet the current strong demand for desktop storage products. A shortage in the supply of headstack assemblies at the desired technology levels limited the Company's ability to manufacture desktop storage products to meet customer demand in the last quarter. The Company decided to use the available supply in a mix which included more higher capacity drives. The Company believes that the supply of headstack assemblies will continue to be a restraint in the next quarter, and a continued shortage at the desired technology levels could adversely affect the Company's ability to meet anticipated customer demand for its products.

Hard drive customers' demand for greater storage capacity and higher performance has led to short product life cycles that require the Company to constantly develop and introduce new drive products on a cost effective and timely basis. Failure of the Company to execute its strategy of achieving time-to-market in sufficient volume with these new products, or any delay in introduction of advanced and cost effective products, could result in significantly lower gross margins. The Company experiences fluctuations in manufacturing yields that can materially affect the Company's operations, particularly in the start-up phase of new products or new manufacturing processes. With the continued pressures to shorten the time required to introduce new products, the Company must accelerate production learning curves to shorten the time to achieve acceptable manufacturing yields and costs. The Company's future is therefore dependent upon its ability to develop new products, to qualify these new products with its customers, to successfully introduce these products to the market on a timely basis, and to commence volume production to meet customer demands.

Production of the Company's new enterprise storage products is forecasted to increase considerably over the next several quarters. The Company's inability to achieve its production and sales goals for its enterprise storage products would significantly impact the Company's future operating results. The Company achieved volume production of the 3.0-inch form factor hard drive for mobile products in the third quarter. Although the mobile PC market represents a smaller portion of the Company's potential business, the Company's future operating results may be adversely affected if it is unsuccessful in increasing production and marketing the 3.0-inch form factor hard drive.

All of the Company's hard drive products currently utilize conventional thin film or metal-in-gap ("MIG") inductive head technologies. The Company believes that MR heads, which enable higher capacity per disk than conventional thin film or MIG inductive heads, will eventually replace thin film and MIG inductive heads as the leading recording head technology. Several of the Company's major competitors incorporate MR head technology into some of their current products and, with higher capacity drives using MR heads, the Company's competitors have achieved time-to-market leadership. Failure of the Company to successfully manufacture and market products incorporating MR head technology in a timely manner and/or in sufficient volume could have a material adverse effect on the Company's business and results of operations.

The Company's operating results have been and may in the future be subject to significant quarterly fluctuations as a result of a number of other factors. These factors have included the timing of orders from and shipment of products to major customers, product mix, pricing, delays in product development and/or introduction to production, competing technologies, variations in product cost, component availability due to single or limited sources of supply, foreign exchange fluctuations, increased competition and general economic and industry fluctuations. The Company's future operating results may also be adversely affected by an adverse judgment or settlement in the legal proceedings in which the Company is currently involved. This statement should be read in conjunction with "PART I, Item 3. Legal Proceedings" included in the Company's Annual Report on Form 10-K for the year ended June 29, 1996.

The Company's stock price, like other high technology companies' stock prices, is subject to wide fluctuations. Even a modest underperformance against the expectations of the investment community by the Company can lead to a significant decline in the market price of the Company's stock.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company was sued by Amstrad plc ("Amstrad") in December 1992 in Orange County Superior Court. The complaint alleges that hard drives supplied by the Company in 1988 and 1989 were defective and caused damages to Amstrad of \$186.0 million for out-of-pocket expenses, lost profits, injury to Amstrad's reputation and loss of goodwill. The Company filed a counterclaim for \$3.0 million in actual damages plus exemplary damages in an unspecified amount. Trial in the matter is currently scheduled for June 1997. In a lawsuit filed in England by Amstrad against another hard drive maker, the court on May 9, 1997 ruled in favor of Amstrad and gave to Amstrad a substantial damage award. The Company believes that the underlying facts of its case are quite different than the English case and that it has meritorious defenses to Amstrad's claims. The Company intends to vigorously defend itself against the Amstrad claims and to press its claims against Amstrad in this action. Although the Company believes the final disposition of this matter will not have a material adverse effect on the Company's financial position or results of operations, if Amstrad were to prevail on its liability claims, a judgement in a material amount could be awarded against the Company.

ITEM 4. SUBMISSION OF MATTERS TO VOTE OF SECURITY HOLDERS

A special meeting of shareholders was held on March 11, 1997. The shareholders approved the following proposal:

	Number of Votes	
	----- For -----	Against* -----
1. To approve the amendment to the Company's Certificate of Incorporation to increase the Company's authorized Common Stock by 130,000,000 shares (to an aggregate of 225,000,000 shares) and to reduce the par value of the Common Stock and Preferred Stock from \$.10 to \$.01 per share	37,203,450	2,904,434

* includes abstentions

(a) Exhibits:

- 3.2.2 By-laws of the Company, as amended March 20, 1997
- 3.4.1 Certificate of Amendment of Certificate of Incorporation dated March 27, 1997
- 10.10.1 Western Digital Corporation Deferred Compensation Plan, Amended and Restated as of January 9, 1997
- 10.21.1 The Company's Non-Employee Directors Stock-For-Fees Plan, Amended and Restated as of January 9, 1997
- 10.32.2 Fourth Amendment to the Company's Retirement Savings and Profit Sharing Plan
- 11 Computation of Per Share Earnings
- 27 Financial Data Schedule
- 99.1 Press Release Regarding Judgement against Seagate Technology, Inc. in favor of Amstrad plc by the English Court

(b) Reports on Form 8-K:

None

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

WESTERN DIGITAL CORPORATION

Registrant

/s/Duston Williams

Duston M. Williams
Senior Vice President
and Chief Financial Officer

Date: May 9, 1997

EXHIBIT INDEX

EXHIBIT NUMBER -----	DESCRIPTION -----	SEQUENTIALLY NUMBERED PAGE -----
3.2.2	By-laws of the Company, as amended March 20, 1997.....	
3.4.1	Certificate of Amendment of Certificate of Incorporation dated March 27, 1997.....	
10.10.1	Western Digital Corporation Deferred Compensation Plan, Amended and Restated as of January 9, 1997.....	
10.21.1	The Company's Non-Employee Directors Stock-For-Fees Plan, Amended and Restated as of January 9, 1997.....	
10.32.2	Fourth Amendment to the Company's Retirement Savings and Profit Sharing Plan.....	
11	Computation of Per Share Earnings.....	
27	Financial Data Schedule.....	
99.1	Press Release Regarding Judgement against Seagate Technology, Inc. in favor of Amstrad plc by the English Court.....	

WESTERN DIGITAL CORPORATION
(A DELAWARE CORPORATION)

BY-LAWS

ARTICLE I
OFFICES

1.01 REGISTERED OFFICE. The registered office of Western Digital Corporation (hereinafter the "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 the Corporation shall be 8105 Irvine Center Drive, in the City of Irvine, County of Orange, State of California. The Board of Directors (hereinafter called the Board) is hereby granted full power and authority to change said principal office from one location to another.

1.03 OTHER OFFICES. The 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 the Corporation may require.

ARTICLE II
MEETINGS OF STOCKHOLDERS

2.01 ANNUAL MEETINGS. Annual meetings of the stockholders of the 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, the President, or by stockholders entitled to cast not less than ten percent of the votes at such meeting.

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 ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder of record entitled to vote at such meeting by delivering a typewritten or printed notice thereof to the stockholder personally, or 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 the 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 at such address by telecopy, telegraph, cable, or wireless. Except as otherwise expressly required by law, no publication of any notice of a meeting of the stockholder 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 the Corporation entitled to be voted at any meeting of stockholders of the 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 stockholder present in person or by proxy and entitled to vote thereat 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 the 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 the Corporation:

(i) on the date fixed pursuant to Section 2.09 of these By-laws 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 the 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 the Corporation, shall neither be entitled to vote nor be counted for quorum purposes. Persons holding stock of the 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 the 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 appointed by an instrument in writing, subscribed by such stockholder or by the stockholder's attorney thereunto authorized and delivered to the secretary of the meeting; 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 By-laws 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 stockholder 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 proxy, if these be such proxy, and it shall state the number of share voted.

2.07 LIST OF STOCKHOLDERS. The Secretary of the Corporation shall prepare and make, at least ten (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 ten (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 share voted respectively for and against the question. Reports of judges shall be in writing and subscribed and delivered by them to the Secretary of the Corporation. The judges need not be stockholders of the Corporation, and any officer of the 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 the 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 an annual meeting of stockholders, only such business shall be conducted, and only such proposals shall be acted upon, as shall have been brought before the annual meeting by or at the direction of a majority of the directors or by any stockholder of the Corporation who complies with the notice procedures set forth in this Section 2.10(a). For a proposal to be properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation. To be timely, a stockholder's notice must be delivered to, or mailed and received at, the principal executive offices of the corporation not less than 60 days nor more than 120 days prior to the scheduled annual 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 annual 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 annual 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 annual meeting (i) a brief description of the proposal desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the name and address, as they appear on the 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 the 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. The presiding officer of the annual meeting shall determine and declare at the annual 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 annual meeting and any such proposal shall not be acted upon at the annual meeting. This provision shall not prevent the consideration and approval or disapproval at the annual meeting of reports of officers, directors and committees or the Board of Directors, but, in connection with such reports, no new business shall be acted upon at such annual meeting unless stated, filed and received as herein provided.

(b) Subject to the rights, if any, of the holders of shares of Preferred Stock 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 Directors of the Corporation may be made at a meeting of

stockholders by or at the direction of the Board of Directors, by any nominating committee or person appointed by the Board of Directors or by any stockholder of the 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 of Directors, shall be made pursuant to timely notice in writing to the Secretary of the Corporation. To be timely, a stockholder's notice must be delivered to, or mailed and received at, the principal executive offices of the Corporation not less than 60 days nor more than 120 days prior to the scheduled annual 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 annual 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 annual 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 the Corporation which are beneficially owned by the person and (D) 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 the Corporation's books, of the stockholder and (B) the class and number of shares of the Corporation's stock which are beneficially owned by the stockholder on the date of such stockholder notice. The corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as director of the Corporation. The presiding officer of the annual meeting shall determine and declare at the annual 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 annual meeting and any such defective nomination shall be disregarded.

ARTICLE III
BOARD OF DIRECTORS

3.01 GENERAL POWERS. The property, business and affairs of the 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 shareholders, in either case, in accordance with the provisions of the Certificate of Incorporation of the 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 the 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 hereinafter provided.

3.03 ELECTION OF DIRECTORS. The directors shall be elected annually by the stockholders of the 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 the Corporation may resign at any time by giving written notice to the Board or to the Secretary of the 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 hereinafter provided.

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, telegraph, teletype, telex 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 the Corporation or as may have been given to the Corporation by the director for the purpose 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 actually transmitted by the person giving the time it is communicated, in person or by telephone or wireless, 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 By-laws, 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 meetings 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 the 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 the Corporation shall reimburse each such director for any expense incurred by him on account of his 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 the 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 also requires shareholders 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 By-laws or the adoption of new By-laws;
- (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 shareholders of the 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 the 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 the 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 the Corporation shall be a President, a Secretary, and a Chief Financial Officer. The Corporation may also have, at the discretion of the Board, a Chairman of the Board (who shall not be considered an officer of the 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 the Corporation, except such officers as may be appointed in accordance with Sections 4.01(b) or 4.05, 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 the Corporation may require, each of whom shall hold office for such period, have such authority, and perform such duties as are provided in these By-laws or as the Board may from time to time determine.

4.04 REMOVAL. Any officer of the 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 the 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 Secretary of the 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, 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 By-laws for regular appointments to such office.

4.07 PRESIDENT. The President of the Corporation shall be the Chief Executive Officer and general manager of the Corporation and shall have, subject to the control of the Board, general supervision, direction and control of the business and officers of the 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 the 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 share of stock held by each, the number and date of certificates issued for the same, and the number and date of cancellation if 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 By-laws or by law to be given, shall keep the seal of the 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 the Corporation, and shall send or cause to be sent to the stockholders of the Corporation such financial statements and reports as are by

law or these By-laws 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 the corporation with such depositories as may be designated by the Board. The Chief Financial Officer shall disburse the funds of the 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 the 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 the 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 the Corporation. Nothing contained herein shall preclude any officer from serving the 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 By-laws 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 the Corporation, and such authority may be general or confined to specific instances. Unless so authorized by the Board or by these By-laws, no officer, agent or employee shall have any power or authority to bind the 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 the 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 the Corporation not otherwise employed shall be deposited from time to time to the credit of the 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 the 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 the 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 the 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 the 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 the 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 By-laws, as it may deem expedient.

ARTICLE VI SHARES AND THEIR TRANSFER

6.01 CERTIFICATES FOR STOCK.

(a) The Shares of the 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 the 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 the 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 the Corporation representing the number of shares registered in certificate form. Any of or all of the signatures on the certificates may be 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 the 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 the 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 the Corporation shall be made only on the books of the 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 names shares of stock stand on the books of the Corporation shall be deemed the owner thereof for all purposes as regards the 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 the 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 By-laws, concerning the issue, transfer and registration of certificates for shares of the stock of the 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 the 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 bonds when, in the judgment of the Board, it is proper to do so.

ARTICLE VII INDEMNIFICATION

7.01 SCOPE OF INDEMNIFICATION. The 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 the Corporation, or is or was serving at the request of the 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 the 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 is not entitled to indemnification. Notwithstanding the foregoing, no advance shall be made by the 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 duty to the 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 the Article shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any By-laws, 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 their heirs, executors and administrators of such a person.

7.05 INSURANCE. Upon resolution passed by the Board, the Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the 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 the Corporation would have the power to indemnify such person against such liability under the provisions of the Article.

ARTICLE VIII MISCELLANEOUS

8.01 SEAL. The Board shall provide a corporate seal, which shall be in the form of a circle and shall bear the name of the Corporation and words and figures showing that the 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 By-laws 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 By-laws, or any of them, may be altered, amended or repealed, and new By-laws 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. Any By-laws made or altered by the stockholders may be altered or repealed by either the Board or the stockholders.

8.04 REPRESENTATION OF OTHER CORPORATIONS. The President, any Vice President, or Secretary of this Corporation are 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.

AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION OF
WESTERN DIGITAL CORPORATION

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

1. The name of the corporation is Western Digital Corporation. Western Digital Corporation was originally incorporated under the same name, and the original Certificate of Incorporation of the corporation was filed with the Secretary of State of the State of Delaware on October 8, 1986.
2. Pursuant to Sections 242 and 245 of the General Corporation Law of the State of Delaware, this Amended and Restated Certificate of Incorporation restates and integrates and further amends the provisions of the Certificate of Incorporation of this corporation.
3. The text of the Certificate of Incorporation as heretofore amended or supplemented is hereby restated and further amended to read in its entirety as follows:

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 the 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 the 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

The 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 the corporation shall have authority to issue is 230 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 225 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
SERIES A JUNIOR PARTICIPATING PREFERRED STOCK

Section 1. Designation and Amount. The Board of Directors has designated a series of Preferred Stock as "Series A Junior Participating Preferred Stock" and the number of shares constituting such series shall be 500,000. Such number of shares may be increased or decreased by resolution of the Board of Directors; provided, that no decrease shall reduce the number of shares of Series A Junior Participating 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 Junior Participating Preferred Stock.

Section 2. Dividends and Distributions.

(A) Subject to the prior and superior rights of the holders of any shares of any series of Preferred Stock ranking prior and superior to the shares of Series A Preferred Stock with respect to dividends, the holders of shares of Series A Preferred 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 15th 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 (a) \$0.25 or (b) subject to the provision for adjustment hereinafter set forth, 100 times the aggregate per share amount of all cash dividends, and 100 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 the corporation shall at any time after December 1, 1988 (the "Rights Declaration Date") (i) declared any dividend on Common Stock payable in shares of

Common Stock, (ii) subdivide the outstanding Common Stock or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the amount to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event under clause (b) 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 that were 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) above immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock); provided 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, a dividend of \$0.25 per share 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 of Series A Preferred Stock, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case 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 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 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 no more than 30 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 holders thereof to 100 votes on all matters submitted to a vote of the stockholders of the corporation. In the event the corporation shall at any time after the Rights Declaration Date (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each 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 that were outstanding immediately prior to such event.

(B) Except as otherwise provided herein or by law, the holders of shares of Series A Preferred Stock and the holders of shares of Common Stock shall vote together as one class on all matters submitted to a vote of stockholders of the corporation.

(C) Except as set forth herein, 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 declared, on shares of Series A Preferred Stock outstanding shall have been paid in full, the corporation shall not

(i) declare or pay dividends on, make any other distribution on, or redeem or purchase or otherwise acquire for consideration any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock;

(ii) declare or pay dividends on or make any other distributions on 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 on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, provided that the corporation may at any time redeem, purchase or otherwise acquire shares of any such parity stock in exchange for shares of any stock of the corporation ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Series A Preferred Stock;

(iv) 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 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 cancelled 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 to be created by resolution or resolutions of the Board of Directors, subject to the conditions and restrictions on issuance set forth herein.

Section 6. Liquidation, Dissolution or Winding Up.

(A) Upon any liquidation (voluntary or otherwise), dissolution or winding up of the corporation, no distribution shall be made to the holders 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 \$100 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment (the "Series A Liquidation Preference"). Following the payment of the full amount of the Series A Liquidation Preference, no additional distributions shall be made to the holders of shares of Series A Preferred Stock unless, prior thereto, the holders of shares of Common Stock shall have received an amount per share (the "Common Adjustment") equal to the quotient obtained by dividing (i) the Series A Liquidation Preference by (ii) 100 (as appropriately adjusted as set forth in subparagraph C below to reflect such events as stock splits, stock dividends and recapitalizations with respect to the Common Stock) (such number in clause (ii), the "Adjustment Number"). Following the payment of the full amount of the Series A Liquidation Preference and the Common Adjustment in respect of all outstanding shares of Series A Preferred Stock and Common Stock, respectively, holders of Series A Preferred Stock and holders of shares of Common Stock shall receive their ratable and proportionate share of remaining assets to be distributed in the ratio of the Adjustment Number to 1 with respect to such Preferred Stock and Common Stock, on a per share basis, respectively.

(B) In the event, however, that there are not sufficient assets available to permit payment in full of the Series A Liquidation Preference and the liquidation preferences of all other series of Preferred Stock, if any which rank on a parity with the Series A Preferred Stock, then such remaining assets shall be distributed ratably to the holders of such parity shares in proportion to their respective liquidation preferences. In the event, however, that there are not sufficient assets available to permit payment in full of the Common Adjustment, then such remaining assets shall be distributed ratably to the holders of Common Stock.

(C) In the event the corporation shall at any time after the Rights Declaration Date (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the Adjustment Number in effect immediately prior to such event shall be adjusted by multiplying such Adjustment 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 that were outstanding immediately prior to such event.

Section 7. Consolidation, Merger, etc. In case 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, then in any such case the shares of Series A Preferred Stock shall at the same time be similarly exchanged or changed in an amount per share (subject to the provision for adjustment hereinafter set forth) equal to 100 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 after the Rights Declaration Date (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case 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 that were outstanding immediately prior to such event.

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

Section 9. Ranking. The Series A Preferred Stock shall rank junior to all other series of the corporation's preferred stock, if any, as to the payment of dividends and the distribution of assets, unless the terms of any such series shall provide otherwise.

Section 10. Amendment. The Certificate of Incorporation of the corporation shall not be further amended in any manner which would materially alter or change the powers, preferences or special rights of the Series A Preferred Stock so as to affect them adversely without the affirmative vote of the holders of a majority or more of the outstanding shares of Series A Preferred Stock, voting separately as a class.

Section 11. Fractional Shares. Series A Preferred Stock may be issued in fractions of a share, which shall entitle the holder, in proportion to such holder's fractional shares, to exercise voting rights, receive dividends, participate in distributions and to have the benefit of all other rights of holders of Series A Preferred Stock.

ARTICLE VI 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 VII
ELECTION OF DIRECTORS

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

ARTICLE VIII
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 the corporation or its stockholders for monetary damages for breach of fiduciary duty as director.

ARTICLE IX
NO ACTIONS BY WRITTEN CONSENT OF SHAREHOLDERS

No action required to be taken or which may be taken at any annual or special meeting of stockholders of the 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 X
CORPORATE POWER

The corporation reserves the right to amend, alter, change or repeal any provision contained in this 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 XI
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.

IN WITNESS WHEREOF, this Amended and Restated Certificate of Incorporation has been signed by Michael A. Cornelius, its authorized officer this 24th day of March 1997.

WESTERN DIGITAL CORPORATION

Michael A. Cornelius
Vice President and Secretary

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Deferred Compensation Plan
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WESTERN DIGITAL CORPORATION

DEFERRED COMPENSATION PLAN

Amended and Restated Effective January 9, 1997

PURPOSE

The purpose of this Plan is to provide specified benefits to a select group of management, highly compensated Employees and Directors who may contribute materially to the continued growth, development and future business success of Western Digital Corporation, a Delaware corporation, [and its subsidiaries] that sponsor this Plan. This Plan shall be unfunded for tax purposes and for purposes of Title I of ERISA. The Plan was originally adopted effective May 16, 1994 and is hereby amended and restated in its entirety, effective January 9, 1997.

ARTICLE 1
Definitions

For purposes hereof, the following phrases or terms shall have the following indicated meanings:

- 1.1 "Account Balance" shall mean the sum of (i) the Deferral Amount, plus (ii) interest credited in accordance with all the applicable interest crediting provisions of this Plan, less (iii) all distributions. This account shall be a bookkeeping entry only and shall be utilized solely as a device for the measurement and determination of the amounts to be paid to a Participant pursuant to this Plan.
- 1.2 "Annual Deferral Amount" shall mean that portion of a Participant's Base Annual Salary, Management Incentive Compensation Plan and Profit Sharing Plan (Cash Element) and/or Directors Fees to be paid during a Plan Year that a Participant elects to have and is deferred, in accordance with Article 3, for such Plan Year and any Company contributions under Section 3.2 hereof that is credited for such Plan Year. In the event of a Participant's Retirement, Disability (if deferrals cease in accordance with Section 8.1), death or a Termination of Employment prior to the end of a Plan Year, such year's Annual Deferral Amount shall be the actual amount deferred and withheld prior to such event and any Company contributions in respect of such period.
- 1.3 "Base Annual Salary" shall mean the annual compensation, excluding bonuses, commissions, overtime, relocation expenses, incentive payments, non-monetary awards, other fees, and automobile allowances, paid to a Participant for employment services rendered to any Employer, before reduction for compensation deferred pursuant to all qualified, non-qualified and Code Section 125 plans of any Employer.

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- 1.4 "Beneficiary" shall mean one or more persons, trusts, estates or other entities, designated in accordance with Article 9, that are entitled to receive benefits under this Plan upon the death of a Participant.
- 1.5 "Beneficiary Designation Form" shall mean the form established from time to time by the Committee that a Participant completes, signs and returns to the Committee to designate one or more Beneficiaries and attached hereto as Exhibit A.
- 1.6 "Board" shall mean the board of directors of the Company.
- 1.7 "Change in Control" means and shall be deemed to occur if any of the following events occur:
- (a) any Person (other than an Exempt Person), alone or together with its Affiliates and Associates, including any group of Persons which is deemed a "person" under Section 13(d)(3) of the Exchange Act, becomes the Beneficial Owner, directly or indirectly, of thirty-three and one-third percent or more of (i) the then-outstanding shares of the Company's common stock or (ii) securities representing thirty-three and one-third percent or more of the combined voting power of the Company's then outstanding voting securities;
 - (b) a change, during any period of two consecutive years, of a majority of the Board of the Company as constituted as of the beginning of such period, unless the election, or nomination for election by the Company's stockholders, of each director who was not a director at the beginning of such period was approved by vote of at least two-thirds of the Incumbent Directors then in office (for purposes hereof, "Incumbent Directors" shall consist of the directors holding office as of the effective date of this Plan and any person becoming a director subsequent to such date whose election, or nomination for election by the Company's stockholders, is approved by a vote of at least a majority of the incumbent Directors then in office);
 - (c) consummation of any merger, consolidation, reorganization or other extraordinary transactions (or series of related transactions) involving the Company which results in the stockholders of the Company having power to vote in the ordinary election of directors immediately prior to such transaction (or series of related transactions) failing to beneficially own at least a majority of the securities of the Company having the power to vote in the ordinary election of directors which are outstanding after giving effect to such transaction (or series of related transactions); or
 - (d) the stockholders of the Company approve a plan of complete liquidation of the Company or the sale of substantially all of the assets of the Company; or
 - (e) substantially all of the assets of the Company are sold or otherwise transferred to parties that are not within a "controlled group of corporations" (as defined in Code Section 1563) in which the Company is a member.

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- 1.8 "Claimant" shall have the meaning set forth in Section 14.1.
- 1.9 "Code" shall mean the Internal Revenue Code of 1986, as may be amended from time to time.
- 1.10 "Committee" shall mean the committee described in Article 12.
- 1.11 "Company" shall mean Western Digital Corporation, a Delaware corporation.
- 1.12 "Company Common Stock" shall mean authorized and unissued shares or treasury shares of the Company's Common Stock.
- 1.13 "Crediting Rate" shall mean, for each Plan Year, an annual interest rate determined by the Committee prior to the beginning of each Plan Year.
- 1.14 "Deferral Amount" shall mean the sum of all of a Participant's Annual Deferral Amounts, but taking into account only the vested portion of any Company contributions.
- 1.15 "Deduction Limitation" shall mean the following described limitation on the annual benefit that may be distributed pursuant to the provisions of this Plan. The limitation shall be applied to distributions under this Plan as set forth in this Plan. If the Company determines in good faith prior to a Change in Control that there is a reasonable likelihood that any compensation paid to a Participant for a taxable year of the Company would not be deductible by the Company solely by reason of the limitation under Code Section 162(m), then to the extent deemed necessary by the Company to ensure that the entire amount of any distribution to the Participant pursuant to this Plan prior to the Change in Control is deductible, the Company may defer all or any portion of the distribution. Any amounts deferred pursuant to this limitation shall continue to be credited with interest in accordance with Section 3.5 below. The amounts so deferred and interest thereon shall be distributed to the Participant or his or her Beneficiary (in the event of the Participant's death) at the earliest possible date, as determined by the Company in good faith, on which the deductibility of compensation paid or payable to the Participant for the taxable year of the Company during which the distribution is made will not be limited by Section 162(m), or if earlier, the effective date of a Change in Control.
- 1.16 "Director" shall mean any member of the board of directors of any Employer.
- 1.17 "Directors Fees" shall mean the annual fees paid by any Employer, including retainer fees and meetings fees, as compensation for serving on the board of directors, and after January 8, 1997, shall include shares of Company Common Stock granted to Non-Employee Directors on a mandatory or elective basis under the terms of the Stock Plan.
- 1.18 "Disability" shall mean a period of disability during which a Participant qualifies for benefits under the Participant's Employer's long-term disability plan, or, if a Participant does not participate in such a plan, a period of disability during which the Participant would have qualified for benefits under such a plan had the Participant been a participant in such a plan, as

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- determined in the sole discretion of the Committee. If the Participant's Employer does not sponsor such a plan or discontinues to sponsor such a plan, Disability shall be determined by the Committee in its sole discretion.
- 1.19 "Disability Benefit" shall mean the benefit set forth in Article 8.
- 1.20 "Election Form" shall mean the form established from time to time by the Committee that a Participant completes, signs and returns to the Committee to make an election under the Plan and attached hereto as Exhibit B.
- 1.21 "Employee" shall mean a person who is an employee of any Employer.
- 1.22 "Employer(s)" shall mean the Company and/or any of its subsidiaries that have been selected by the Board to participate in the Plan.
- 1.23 "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as may be amended from time to time.
- 1.24 "Management Incentive Compensation Plan" shall mean compensation paid annually to a Participant as an Employee under the Western Digital Corporation Management Incentive Plan.
- 1.25 "Participant" shall mean any Employee or Director (i) who is selected to participate in the Plan, (ii) who elects to participate in the Plan, (iii) who signs a Plan Agreement, an Election Form and a Beneficiary Designation Form, (iv) whose signed Plan Agreement, Election Form and Beneficiary Designation Form are accepted by the Committee, (v) who commences participation in the Plan, (vi) whose Plan Agreement has not terminated, and (vii) whose Account Balance has not been paid in full.
- 1.26 "Plan" shall mean the Company's Deferred Compensation Plan, which shall be evidenced by this instrument and by each Plan Agreement, as may be amended from time to time.
- 1.27 "Plan Agreement" shall mean a written agreement, as may be amended from time to time, which is entered into by and between an Employer and a Participant. Each Plan Agreement executed by a Participant shall provide for the entire benefit to which such Participant is entitled to under the Plan, and the Plan Agreement bearing the latest date of acceptance by the Committee shall govern such entitlement.
- 1.28 "Years of Plan Participation" shall mean the total number of full Plan Years a Participant has been a Participant in the Plan. For purposes of a Participant's first Plan Year of participation only, any partial Plan Year of participation shall be treated as a full Plan Year.
- 1.29 "Plan Year" shall, for the first Plan Year, begin on May 16, 1994, and end on December 31, 1994. For each Plan Year thereafter, the Plan Year shall begin on January 1 of each year and continue through December 31.

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- 1.30 "Pre-Retirement Survivor Benefit" shall mean the benefit set forth in Article 6.
- 1.31 "Profit Sharing Plan (Cash Element)" shall mean that portion of compensation paid in cash annually to a Participant as an Employee under the Western Digital Corporation Profit Sharing Plan.
- 1.32 "Retirement", "Retires" or "Retired" shall mean, with respect to an Employee, severance from employment from all Employers for any reason other than a leave of absence, death or Disability on or after the attainment of age fifty-five (55); and shall mean, with respect to a Director who is not an Employee, severance of his or her directorships with all Employers on or after the latter of (a) the attainment of age seventy (70), or (b) in the sole discretion of the Committee, an age later than age seventy (70). if a Participant is both an Employee and a Director, Retirement shall not occur until he or she Retires as both an Employee and a Director, which Retirement shall be deemed to be a Retirement as a Director; provided, however, that such a Participant may elect, prior to Retirement and in accordance with the policies and procedures established by the Committee, to Retire for purposes of this Plan at the time he or she Retires as an Employee, which Retirement shall be deemed to be a Retirement as an Employee.
- 1.33 "Retirement Benefit" shall mean the benefit set forth in Article 5.
- 1.34 "Short-Term Payout" shall mean the payout set forth in Section 4.1.
- 1.35 "Stock Plan" shall mean the Western Digital Corporation Non-Employee Directors Stock-For-Fees Plan as amended and restated effective January 9, 1997.
- 1.36 "Termination Benefit" shall mean the benefit set forth in Article 7.
- 1.37 "Termination of Employment" shall mean the ceasing of employment with all Employers, or service as a Director of all Employers, voluntarily or involuntarily, for any reason other than Retirement, Disability, death or an authorized leave of absence. If a Participant is both an Employee and a Director, a Termination of Employment shall occur only upon the termination of the last position held; provided, however, that such a Participant may elect, in accordance with the policies and procedures established by the Committee, to be treated for purposes of this Plan as having experienced a Termination of Employment at the time he or she ceases employment with an Employer as an Employee.
- 1.38 "Trust" shall mean the grantor trust, within the meaning of Code Section 671, established pursuant to that certain Master Trust Agreement, dated as of May 16, 1994, between the Company and the trustee named therein, as amended from time to time.
- 1.39 "Unforeseeable Financial Emergency" shall mean an immediate and heavy financial need that cannot be relieved by any other resources including (i) reimbursement or compensation by insurance or otherwise, (ii) reasonable liquidation of the Participant's assets if doing so would

not cause a hardship in itself, (iii) a suspension of elective contributions to the Company's qualified 401(k) plan, (iv) distributions or nontaxable loans from the Company's other plans or any other employer's plans; (v) loans from commercial sources at reasonable commercial terms, (vi) bank accounts, or (vii) reasonable, periodic payment arrangements with a creditor. An immediate and heavy financial need exists due to a sudden and unexpected illness or accident of the Participant or a dependent of the Participant, loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant, but do not include children's education expenses or home purchase or improvement expenses.

ARTICLE 2
 Selection, Enrollment, Eligibility

- 2.1 Selection by Committee. Participation in the Plan shall be limited to a select group of management, highly compensated Employees and Directors of the Employers. From that group, the Committee shall select, in its sole discretion, Employees and Directors to participate in the Plan.
- 2.2 Enrollment Requirements. As a condition to participation, for the first Plan Year of the Plan each selected Employee or Director shall complete, execute and return to the Committee an time prior to May 16, 1994, a Plan Agreement, an Election Form and a Beneficiary Designation Form. Individuals initially selected to participate after May 16, 1994 may commence participation by completing, executing and returning to the Committee a Plan Agreement, Election Form and Beneficiary Designation Form, provided such documents are returned within 30 days of selection. In addition, the Committee shall establish from time to time such other enrollment requirements as it determines in its sole discretion are necessary.
- 2.3 Eligibility; Commencement of Participation. Provided an Employee or Director selected to participate in the Plan has met all enrollment requirements set forth in this Plan and required by the Committee, including timely returning all required documents to the Committee, that Employee or Director shall commence participation in the Plan on May 16, 1994, or, in the case of those selected for participation after that date, the May 1, or January 1 immediately following the date on which the Employee or Director completes all enrollment requirements, provided that a Director who is elected or appointed other than at an annual stockholders meeting may commence participation on the date he or she joins the Board, subject to new elections for each succeeding Plan Year pursuant to Section 3.3. If an Employee or a Director fails to meet in a timely fashion all such requirements, that Employee or the Director shall not be eligible to participate in the Plan until the first day of the Plan Year following the delivery to and acceptance by the Committee of the required documents.

ARTICLE 3
 Deferral Commitments/Interest Crediting

3.1 Minimum Deferral.

For each Plan Year, a Participant may elect to defer Base Annual Salary, annual cash payments under the Management Incentive Compensation Plan and the Profit Sharing Plan (Cash Element) and/or Directors Fees in the following minimum amounts for each deferral elected, up to a maximum of 100 percent of each:

Deferral -----	Minimum Amount -----
Aggregate of Base Annual Salary, Management Incentive Plan, and Profit Sharing Plan (Cash Element)	\$2,000
Directors Fees -----	\$2,000 (including shares of Company Common Stock of equivalent value as determined under Section 3.8 hereof)

If no election is made, the amount deferred shall be zero.

3.2 Company Contribution. For each Plan Year, the Board, in its discretion may elect to credit to each Employee Participant's Account Balance an additional amount to be determined by it, in its discretion. Such contributions shall become vested and nonforfeitable in accordance with the provisions governing employer contributions under the Company's qualified 401(k) plan. Notwithstanding the foregoing, but except as provided in Section 4.3 hereof, a Participant shall acquire a fully vested and nonforfeitable interest in all Company contributions hereunder upon his or her Retirement, Disability, or upon the occurrence of a Change in Control, whichever is earliest. In addition, the Company shall credit to the Account Balances of Participants who are non-employee Directors a number of shares of Company Common Stock representing the 15 percent premium awarded under Section 7(b) of the Stock Plan.

3.3 Election to Defer; Effect of Election Form. In connection with a Participant's commencement of participation in the Plan, the Participant shall make a deferral election by delivering to the Committee a completed and signed Election Form, which election and form must be accepted by the Committee for valid election to exist. For each succeeding Plan Year, a new Election Form must be delivered to the Committee, in accordance with its rules and procedures, before the end of the Plan Year preceding the Plan Year for which the election is made; provided that any deferral election in respect of Directors Fees or Company Common Stock otherwise

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payable under the Stock Plan for the 1997 Plan Year may be made on or before January 31, 1997. If no Election Form is timely delivered for a Plan Year, no Annual Deferral Amount shall be withheld for that Plan Year.

- 3.4 Withholding of Deferral Amounts. For each Plan Year, the Base Annual Salary portion of the Annual Deferral Amount shall be withheld each payroll period in equal amounts from the Participant's Base Annual Salary. The Management Incentive Compensation Plan and Profit Sharing Plan (Cash Element) and/or Directors Fees portion of the Annual Deferral Amount shall be withheld at the time such amounts are or otherwise would be paid to the Participant.
- 3.5 Interest Crediting Prior to Distribution. The Plan shall credit monthly at the end of each month each Account Balance an amount equal to such balance multiplied by one-twelfth of the applicable Crediting Rate.
- 3.6 Installment Distributions. In the event a benefit is paid in installments under Articles 5, 6 or 8, installment payment amounts shall be determined in the following manner:
- (a) Interest Rate. The interest rate to be used to calculate installment payment amounts shall be a fixed interest rate that is determined by averaging the Crediting Rates for the Plan Year in which installment payments commence and the four (4) preceding Plan Years. If a Participant has completed fewer than five (5) Plan Years, this average shall be determined using the Crediting Rates for the Plan Years during which the Participant participated in the Plan.
 - (b) "Deemed" Installment Payments. For purposes of calculating installment payment amounts only (and notwithstanding the fact that installment payments shall actually be paid monthly), installment payments for each 12 month period, starting with the date that the Participant became eligible to receive a benefit under this Plan (the "Eligibility Date") and continuing thereafter for each additional 12 month period until the Participant's Account Balance is paid in full, shall be deemed to have been paid in one sum as of the first day of each such 12 month period. (The result of this is that interest crediting shall be made on an annual basis after taking into account the "deemed" annual installment payment for the 12 month period.)
 - (c) Amortization. Based on the interest rate determined in accordance with Section 3.6(a) above and the "deemed" form of installment payments determined in accordance with Section 3.6(b) above, the Participant's Account Balance shall be amortized in equal annual installment payments over the term of the specified payment period (starting as of the Eligibility Date and stated in years rather than months).
 - (d) Monthly Payments. The annual installment payment determined in Section 3.6(c) above shall be divided by 12, and the resulting number shall be the monthly installment payment that is to be paid each month during the specified monthly installment payment period in accordance with the other terms and conditions of this Plan.

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- 3.7 FICA and Other Taxes. For each Plan Year in which an Annual Deferral Amount is being withheld, the Participant's Employer(s) shall ratably withhold from that portion of the Participant's Base Annual Salary or Directors Fees that is not being deferred, the Participant's share of FICA and other employment taxes. If necessary, the Committee shall reduce the Annual Deferral Amount in order to comply with this Section 3.7.
- 3.8 Special Rule for Company Common Stock. Notwithstanding any other provision hereof to the contrary, for purposes of the interest crediting provisions hereof (including but not limited to Sections 3.5 and 3.6(a)), an Account Balance shall not include amounts credited thereto as shares of Company Common Stock. Such shares shall always be valued at the closing price of such shares on the exchange on which such shares are traded as of the relevant date. A distribution of such shares shall be in the form of Company Common Stock equal to the number of shares credited to the particular Account Balance. Notwithstanding any other provisions herein to the contrary, all distributions of the Company Common Stock portion of an Account Balance shall be made in a lump sum at the time the distribution is to commence.

ARTICLE 4

Short-Term Payout: Unforeseeable Financial Emergencies: Withdrawal Election

- 4.1 Short-Term Payout. Subject to the Deduction Limitation, in connection with each election to defer an Annual Deferral Amount, a Participant may elect to receive a future "Short-Term Payout" from the Plan with respect to that Annual Deferral Amount. The Short-Term Payout shall be a lump sum payment in an amount that is equal to the Annual Deferral Amount plus interest credited in the manner provided in Section 3.5 above on that amount. Subject to the other terms and conditions of this Plan, each Short-Term payout elected shall be paid within 60 days of the first day of the Plan Year that is a number of years (not less than three, as specified by the Participant) after the first day of the Plan Year in which the Annual Deferral Amount is actually deferred.
- 4.2 Withdrawal Payout/Suspensions for Unforeseeable Financial Emergencies. If the Participant experiences an Unforeseeable Financial Emergency, the Participant may petition the Committee to (a) suspend any deferrals required to be made by a Participant and/or (b) receive a partial or full payout from the Plan, provided that any partial payout shall not exceed the portion of the Account Balance attributable to other than Company Common Stock. In no event may the payout exceed the lesser of the Participant's Account Balance, calculated as if such Participant were receiving a Termination Benefit, or the amount reasonably needed to satisfy the Unforeseeable Financial Emergency. Only one such withdrawal may be made in any 24 month period, if, subject to the sole discretion of the Committee, the petition for a suspension and/or payout is approved, suspension shall take effect upon the date of approval and any payout shall be made within 60 days of the date of approval. A request for a withdrawal under this Section 4.2 must be accompanied by (x) a letter signed by the Participant describing all the circumstances and the resources he has available to meet the need and a certification that the resources listed in Section 1.39 hereof and all others are unavailable/insufficient/non-existent to meet the need, (y) copies of the appropriate official

documentation (e.g., bills, evictions or foreclosure notices or documents showing that such are impending), and (z) statement of monthly household income and expenses (with explanations for unusual items).

- 4.3 **Withdrawal Election.** A Participant may elect, at any time, to withdraw all of his or her Account Balance prior to the time such Account Balance is otherwise due and payable in whole or in part, subject to a 10% withdrawal penalty (the net amount shall be referred to as the "Withdrawal Amount"). No partial withdrawals of that balance shall be allowed. The Participant shall make this election by giving the Committee advance written notice of the election in a form determined from time to time by the Committee. The penalty shall be equal to 10% of the portion of the Participant's Account Balance, determined immediately prior to the withdrawal, that is not otherwise due and payable. The Participant shall be paid the Withdrawal Amount within 60 days of his or her election.

Once the Withdrawal Amount is paid, the Participant's participation in the Plan shall terminate and the Participant shall not be eligible to participate in the Plan in the future. The payment of this Withdrawal Amount shall not be subject to the Deduction Limitation.

ARTICLE 5
 Retirement Benefit

- 5.1 **Retirement Benefit.** Subject to the Deduction Limitation, a Participant who Retires shall receive, as a Retirement Benefit, his or her Account Balance.
- 5.2 **Payment of Retirement Benefits.** A Participant, in connection with his or her commencement of participation in the Plan, shall elect on an Election Form to receive the Retirement Benefit in a lump sum or in equal monthly payments (the latter determined in accordance with Section 3.6 above) over a period of 60, 120, 180, or 240 months. The Participant may change his or her election to an allowable alternative payout period by submitting a new Election Form to the Committee, provided that any such Election Form is submitted at least 3 years prior to the Participant's Retirement and is accepted by the Committee in its sole discretion. The Election Form most recently accepted by the Committee shall govern the payout of the Retirement Benefit. The lump sum payment shall be made, or installment payments shall commence, no later than 60 days after the date the Participant Retires.
- 5.3 **Death Prior to Completion of Retirement Benefits.** If a Participant dies after Retirement but before the Retirement Benefit is paid in full, the Participant's unpaid Retirement Benefit payments shall continue and shall be paid to the Participant's Beneficiary (a) over the remaining number of months and in the same amounts as that benefit would have been paid to the Participant had the Participant survived, or (b) in a lump sum, if requested by the Beneficiary and allowed in the sole discretion of the Committee, that is equal to the Participant's unpaid remaining Account Balance.

ARTICLE 6
 Pre-Retirement Survivor Benefit

- 6.1 Pre-Retirement Survivor Benefit. Subject to the Deduction Limitation, if a Participant dies before he or she Retires, experiences a Termination of Employment or suffers a Disability, the Participant's Beneficiary shall receive a Pre-Retirement Survivor Benefit equal to the Participant's Account Balance.
- 6.2 Payment of Pre-Retirement Survivor Benefits. A Participant, in connection with his or her commencement of participation in the Plan, shall elect on an Election Form whether the Pre-Retirement Survivor Benefit shall be received by his or her Beneficiary in a lump sum or in equal monthly payments (the latter determined in accordance with Section 3.6 above) over a period of 60, 120, 180, or 240 months. The Participant may change this election to an allowable alternative payout period by submitting a new Election Form to the Committee, which form must be accepted by the Committee in its sole discretion. The Election Form most recently accepted by the Committee prior to the Participant's death shall govern the payout of the Participant's Pre-Retirement Survivor Benefit. Despite the foregoing, if the Participant's Account Balance at the time of his or her death is less than \$25,000, payment of the Pre-Retirement Survivor Benefit may be made, in the sole discretion of the Committee, in a lump sum or in installment payments that do not exceed five years in duration. The lump sum payment shall be made, or installment payments shall commence, no later than 60 days after the date the Committee is provided with proof that is satisfactory to the Committee of the Participant's death.

ARTICLE 7
 Termination Benefit

- 7.1 Termination Benefits. Subject to the Deduction Limitation, if a Participant experiences a Termination of Employment prior to his or her Retirement, death or Disability, the Participant shall receive a Termination Benefit, which shall be equal to the Participant's Account Balance.
- 7.2 Payment of Termination Benefit. The Termination Benefit shall be paid in a lump sum within 60 days of the Termination of Employment.

ARTICLE 8
 Disability Waiver and Benefit

- 8.1 Disability Waiver.
- (a) Eligibility. By participating in the Plan, all Participants are eligible for this waiver.
- (b) Waiver of Deferral. Credit for Plan Year of Disability. A Participant who is determined by the Committee to be suffering from a Disability shall be excused from fulfilling that portion of the Annual Deferral Amount commitment that would otherwise

have been withheld from a Participant's Base Annual Salary, Annual Bonus and/or Directors Fees for the Plan Year during which the first suffers a Disability. During the period of Disability, the Participant shall not be allowed to make any additional deferral elections.

- (c) Return to Work. If a Participant returns to employment or service as a Director with an Employer after a Disability ceases, the Participant may elect to defer an Annual Deferral Amount for the Plan Year following his or her return to employment or service and for every Plan Year thereafter while a Participant in the Plan; provided such deferral elections are otherwise allowed and an Election Form is delivered to and accepted by the Committee for each such election in accordance with Section 3.3 above.

- 8.2 Disability Benefit. A Participant suffering a Disability shall, for benefit purposes under this Plan, continue to be considered to be employed or in the service of an Employer as a Director and shall be eligible for the benefits provided for in Articles 4, 5, 6 or 7 in accordance with the provisions of those Articles. Notwithstanding the above, the Committee shall have the right, in its sole and absolute discretion and for purposes of this Plan only, to terminate a Participant's employment or service as a Director at any time after such Participant is determined to be permanently disabled (i) under the Participant Employer's long-term disability plan (or would have been determined to be permanently disabled had he or she participated in that plan), or (ii) if such a plan does not exist, by the Committee in its sole discretion.

ARTICLE 9 Beneficiary Designation

- 9.1 Beneficiary. Each Participant shall have the right, at any time, to designate his or her Beneficiary(ies) (both primary as well as contingent) to receive any benefits payable under the Plan to a beneficiary upon the death of a Participant. The Beneficiary designated under this Plan may be the same as or different from the Beneficiary designation under any other plan of an Employer in which the Participant participates.
- 9.2 Beneficiary Designation; Change; Spousal Consent. A Participant shall designate his or her Beneficiary by completing and signing the Beneficiary Designation Form, and returning it to the Committee or its designated agent. A Participant shall have the right to change a Beneficiary by completing, signing and otherwise complying with the terms of the Beneficiary Designation Form and the Committee's rules and procedures, as in effect from time to time. If the Participant names someone other than his or her spouse as a Beneficiary, a spousal consent, in the form designated by the Committee, must be signed by that Participant's spouse and returned to the Committee. Upon the acceptance by the Committee of a new Beneficiary Designation Form, all Beneficiary designations previously filed shall be canceled. The Committee shall be entitled to rely on the last Beneficiary Designation Form filed by the Participant and accepted by the Committee prior to his or her death.

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- 9.3 Acknowledgment. No designation or change in designation of a Beneficiary shall be effective until received, accepted and acknowledged in writing by the Committee or its designated agent.
- 9.4 No Beneficiary Designation. If a Participant fails to designate a Beneficiary as provided in Sections 9.1, 9.2 and 9.3 above or, if all designated Beneficiaries predecease the Participant or die prior to complete distribution of the Participant's benefits, then the Participant's designated Beneficiary shall be deemed to be his or her surviving spouse. If the Participant has no surviving spouse, the benefits remaining under the Plan to be paid to a Beneficiary shall be payable to the executor or personal representative of the Participant's estate.
- 9.5 Doubt as to Beneficiary. If the Committee has any doubt as to the proper Beneficiary to receive payments pursuant to this Plan, the Committee shall have the right, exercisable in its discretion, to cause the Participant's Employer to withhold such payments until this matter is resolved to the Committee's satisfaction.
- 9.6 Discharge of Obligations. The payment of benefits under the Plan to a Beneficiary shall fully and completely discharge all Employers and the Committee from all further obligations under this Plan with respect to the Participant, and that Participant's Plan Agreement shall terminate upon such full payment of benefits.

ARTICLE 10
 Leave of Absence

- 10.1 Paid Leave of Absence. If a Participant is authorized by the Participant's Employer for any reason to take a paid leave of absence from the employment of the Employer, the Participant shall continue to be considered employed by the Employer and the Annual Deferral Amount shall continue to be withheld during such paid leave of absence in accordance Section 3.3.
- 10.2 Unpaid Leave of Absence. If a Participant is authorized by the Participant's Employer for any reason to take an unpaid leave of absence from the employment of the Employer, the Participant shall continue to be considered employed by the Employer and the Participant shall be excused from making deferrals until the earlier of the date the leave of absence expires or the Participant returns to a paid employment status. Upon such expiration or return, deferrals shall resume for the remaining portion of the Plan Year in which the expiration or return occurs, based on the deferral election, if any, made for that Plan Year. If no election was made for that Plan Year, no deferral shall be withheld.

ARTICLE 11
 Termination Amendment or Modification

- 11.1 Termination. Any Employer reserves the right to terminate the Plan at any time with respect to its participating Employees and Directors by the actions of its board of directors. Upon the

termination of the Plan, all Plan Agreements of a Participant shall terminate and his, or her Account Balance, determined as if he or she had experienced a Termination of Employment on the date of Plan termination or, if Plan termination occurs after the date upon which the Participant was eligible to Retire, the Participant had Retired on the date of Plan termination, shall be paid to the Participant as follows. Prior to a Change in Control, an Employer shall have the right, in its sole discretion, and notwithstanding any elections made by the Participant, to pay such benefits in a lump sum or in monthly installments for up to 15 years, with interest credited during the installment period as provided in Section 3.6. After a Change in Control, the Employer shall be required to pay such benefits in a lump sum. The termination of the Plan shall not adversely affect any Participant or Beneficiary who has become entitled to the payment of any benefits under the Plan as of the date of termination; provided however, that the Employer shall have the right to accelerate installment payments by paying the present value' equivalent of such payments, using the Crediting Rate for the Plan Year in which the termination occurs as the discount rate, in a lump sum or pursuant to a different payment schedule.

- 11.2 Amendment. Any Employer may, at any time, amend or modify the Plan in whole or in part with respect to that Employer by the actions of its board of directors; provided, however, that no amendment or modification shall be effective to decrease or restrict the value of a Participant's Account Balance in existence at the time the amendment or modification is made, calculated as if the Participant had experienced a Termination of Employment as of the effective date of the amendment or modification, or, if the amendment or modification occurs after the date upon which the Participant was eligible to Retire, the Participant had Retired as of the effective date of the amendment or modification. The amendment or modification of the Plan shall not affect any Participant or Beneficiary who has become entitled to the payment of benefits under the Plan as of the date of the amendment or modification; provided, however, that the Employer shall have the right to accelerate installment payments by paying the present value equivalent of such payments, using the Crediting Rate for the Plan Year of the amendment or modification as the discount rate, in a lump sum or pursuant to a different payment schedule.
- 11.3 Effect of Payment. The full payment of the applicable benefit under Articles 5, 6, 7 or 8 of the Plan shall completely discharge all obligations to a Participant and his or her designated Beneficiaries under this Plan and the Participant's Plan Agreement shall terminate.

ARTICLE 12 Administration

- 12.1 Committee Duties. This Plan shall be administered by a Committee which shall consist of the Board, or such committee as the Board shall appoint. Members of the Committee may be Participants under this Plan. The Committee shall also have the discretion and authority to (i) make, amend, interpret, and enforce all appropriate rules and regulations for the administration of this Plan and (ii) decide or resolve any and all questions including interpretations of this Plan, as may arise in connection with the Plan.

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- 12.2 Agents. In the administration of this Plan, the Committee may, from time to time, employ agents and delegate to them such administrative duties as it sees fit (including acting through a duly appointed representative) and may from time to time consult with counsel who may be counsel to any Employer.
- 12.3 Binding Effect of Decisions. The decision or action of the Committee with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated hereunder shall be final and conclusive and binding upon all persons having any interest in the Plan.
- 12.4 Indemnity of Committee. All Employers shall indemnify and hold harmless the members of the Committee against any and all claims, losses, damages, expenses or liabilities arising from any action or failure to act with respect to this Plan, except in the case of willful misconduct by the Committee or any of its members.
- 12.5 Employer Information. To enable the Committee to perform its functions, each Employer shall supply full and timely information to the Committee on all matters relating to the compensation of its Participants, the date and circumstances of the Retirement, Disability, death or Termination of Employment of its Participants, and such other pertinent information as the Committee may reasonably require.

ARTICLE 13
 Other Benefits and Agreements

- 13.1 Coordination with Other Benefits. The benefits provided for a Participant and Participant's Beneficiary under the Plan are in addition to any other benefits available to such Participant under any other plan or program for employees of the Participant's Employer. The Plan shall supplement and shall not supersede, modify or amend any other such plan or program except as may otherwise be expressly provided.

ARTICLE 14
 Claims Procedures

- 14.1 Presentation of Claim. Any Participant or Beneficiary of a deceased Participant (such Participant or Beneficiary being referred to below as a "Claimant") may deliver to the Committee a written claim for a determination with respect to the amounts distributable to such Claimant from the Plan. If such a claim relates to the contents of a notice received by the Claimant, the claim must be made within 60 days after such notice was received by the Claimant. The claim must state with particularity the determination desired by the Claimant. All other claims must be made within 180 days of the date on which the event that caused the claim to arise occurred. The claim must state with particularity the determination desired by the Claimant.

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 14.2 Notification of Decision. The Committee shall consider a Claimant's claim within a reasonable time, and shall notify the Claimant in writing:
- (a) that the Claimant's requested determination has been made, and that the claim has been allowed in full; or
 - (b) that the Committee has reached a conclusion contrary, in whole or in part, to the Claimant's requested determination, and such notice must set forth in a manner calculated to be understood by the Claimant:
 - (i) the specific reason(s) for the denial of the claim, or any part of it;
 - (ii) specific reference(s) to pertinent provisions of the Plan upon which such denial was based;
 - (iii) a description of any additional material or information necessary for the Claimant to perfect the claim, and an explanation of why such material or information is necessary; and
 - (iv) an explanation of the claim review procedure set forth in Section 14.3 below.
- 14.3 Review of a Denied Claim. Within 60 days after receiving a notice from the Committee that a claim has been denied, in whole or in part, a Claimant (or the Claimant's duly authorized representative) may file with the Committee a written request for a review of the denial of the claim. Thereafter, but not later than 30 days after the review procedure began, the Claimant (or the Claimant's duly authorized representative):
- (a) may review pertinent documents;
 - (b) may submit written comments or other documents; and/or
 - (c) may request a hearing, which the Committee, in its sole discretion, may grant.
- 14.4 Decision on Review. The Committee shall render its decision on review promptly, and not later than 60 days after the filing of a written request for review of the denial, unless a hearing is held or other special circumstances require additional time, in which case the Committee's decision must be rendered within 120 days after such date. Such decision must be written in a manner calculated to be understood by the Claimant, and it must contain:
- (a) specific reasons for the decision;
 - (b) specific reference(s) to the pertinent Plan provisions upon which the decision was based; and
 - (c) such other matters as the Committee deems relevant.

- 14.5 Legal Action. A Claimant's compliance with the foregoing provisions of this Article 14 is a mandatory prerequisite to a Claimant's right to commence any legal action with respect to any claim for benefits under this Plan.

ARTICLE 15
Trust

- 15.1 Establishment of the Trust. The Company shall establish the Trust, and the Employers shall transfer over to the Trust such assets as the Employers determine, in their sole discretion, are necessary to assist in funding the Employer's future liabilities created with respect to the Annual Deferral Amounts.
- 15.2 Interrelationship of the Plan and the Trust. The provisions of the Plan and the Plan Agreement shall govern the rights of a Participant to receive distributions pursuant to the Plan. The provisions of the Trust shall govern the rights of the Employers, Participants and the creditors of the Employers to the assets transferred to the Trust. Each Employer shall at all times remain liable to carry out its obligations under the Plan. Each Employer's obligations under the Plan may be satisfied with Trust assets distributed pursuant to the terms of the Trust, and any such distribution shall reduce the Employer's obligations under this Agreement.

ARTICLE 16
Miscellaneous

- 16.1 Unsecured General Creditor. Participants and their Beneficiaries, heirs, successors and assigns shall have no legal or equitable rights, interests or claims in any property or assets of an Employer. Any and all of an Employer's assets shall be, and remain, the general, unpledged unrestricted assets of the Employer. An Employer's obligation under the Plan shall be merely that of an unfunded and unsecured promise to pay money in the future.
- 16.2 Employer's Liability. An Employer's liability for the payment of benefits shall be defined only by the Plan and the Plan Agreement, as entered into between the Employer and a Participant. An Employer shall have no obligation to a Participant under the Plan except as expressly provided in the Plan and his or her Plan Agreement.
- 16.3 Nonassignability. Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate or convey in advance of actual receipt, the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are expressly declared to be, unassignable and non-transferable, except that the foregoing shall not apply to any family support obligations set forth in a court order. No part of the amounts payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, nor be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency.

Western Digital Corporation
 Deferred Compensation Plan
 Master Plan Document

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- 16.4 Not a Contract of Employment. The terms and conditions of this Plan shall not be deemed to constitute a contract of employment between any Employer and the Participant. Such employment is hereby acknowledged to be an "at will" employment relationship that can be terminated at any time for any reason, with or without cause, unless expressly provided in a written employment agreement. Nothing in this Plan shall be deemed to give a Participant the right to be retained in the service of any Employer, either as an Employee or a Director, or to interfere with the right of any Employer to discipline or discharge the Participant at any time.
- 16.5 Furnishing Information. A Participant or his or her Beneficiary will cooperate with the Committee by furnishing any and all information requested by the Committee and take such other actions as may be requested in order to facilitate the administration of the Plan and the payments of benefits hereunder, including but not limited to taking such physical examinations as the Committee may deem necessary.
- 16.6 Terms. Whenever any words are used herein in the masculine, they shall be construed as though they were in the feminine in all cases where they would so apply; and whenever any words are used herein in the singular or in the plural, they shall be construed as though they were used in the plural or the singular, as the case may be, in all cases where they would so apply.
- 16.7 Captions. The captions of the articles, sections and paragraphs of this Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.
- 16.8 Governing Law. Subject to ERISA, the provisions of this Plan shall be construed and interpreted according to the laws of the State of California without regard to its conflicts of laws principles.
- 16.9 Notice. Any notice or filing required or permitted to be given to the Committee under this Plan shall be sufficient if in writing and hand-delivered, or sent by registered or certified mail, to the address below:

Deferred Compensation Plan Committee
 Western Digital Corporation
 8105 Irvine Center Drive
 Irvine, CA 92618

Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

Any notice or filing required or permitted to be given to a Participant under this Plan shall be sufficient if in writing and hand-delivered, or sent by mail, to the last known address of the Participant.

- 16.10 Successors. The provisions of this Plan shall bind and inure to the benefit of the Participant's Employer and its successors and assigns and the Participant and the Participant's designated Beneficiaries.
- 16.11 Spouse's Interest. The interest in the benefits hereunder of a spouse of a Participant who has predeceased the Participant shall automatically pass to the Participant and shall not be transferable by such spouse in any manner, including but not limited to such spouse's will, nor shall such interest pass under the laws of intestate succession.
- 16.12 Validity. In case any provision of this Plan shall be illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal or invalid provision had never been inserted herein.
- 16.13 Incompetent. If the Committee determines in its discretion that a benefit under this Plan is to be paid to a minor, a person declared incompetent or to a person incapable of handling the disposition of that person's property, the Committee may direct payment of such benefit to the guardian, legal representative or person having the care and custody of such minor, incompetent or incapable person. The Committee may require proof of minority, incompetency, incapacity or guardianship, as it may deem appropriate prior to distribution of the benefit. Any payment of a benefit shall be a payment for the account of the Participant and the Participant's Beneficiary, as the case may be, and shall be a complete discharge of any liability under the Plan for such payment amount.
- 16.14 Court Order. The Committee is authorized to make any payments directed by court order in any action in which the Plan or the Committee has been named as a party.
- 16.15 Distribution in the Event of Taxation.
- (a) General. If, for any reason, all or any portion of a Participant's benefit under this Plan becomes taxable to the Participant prior to receipt, a Participant may petition the Committee for a distribution of that portion of his or her benefit that has become taxable. Upon the grant of such a petition, which grant shall not be unreasonably withheld, a Participant's Employer shall distribute to the Participant immediately available funds in an amount equal to the taxable portion of his or her benefit (which amount shall not exceed a Participant's unpaid Account Balance under the Plan). If the petition is granted, the tax liability distribution shall be made within 90 days of the date when the Participant's petition is granted. Such a distribution shall affect and reduce the benefits to be paid under this Plan.
- (b) Trust. If the Trust terminates in accordance with [Section 3.6(c) of the Trust] and benefits are distributed from the Trust to a Participant in accordance with that Section, the Participant's benefits under this Plan shall be reduced to the extent of such distributions.

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16.16 Legal Fees To Enforce Rights After Change in Control. The Company is aware that upon the occurrence of a Change in Control, the Board (which might then be composed of new members) or a shareholder of the Company, or of any successor corporation might then cause or attempt to cause the Company or such successor to refuse to comply with its obligations under the Plan and might cause or attempt to cause the Company to institute, or may institute, litigation seeking to deny Participants the benefits intended under the Plan. In these circumstances, the purpose of the Plan could be frustrated.

Accordingly, if, following a Change in Control, it should appear to any Participant that the Company or any successor corporation has failed to comply with any of its obligations under the Plan or any agreement thereunder or, if the Company or any other person takes any action to declare the Plan void or unenforceable or institutes any litigation or other legal action designed to deny, diminish or to recover from any Participant the benefits intended to be provided, then the Company irrevocably authorizes such Participant to retain counsel of his or her choice at the expense of the Company to represent such Participant in connection with the initiation or defense or any litigation or other legal action, whether by or against the Company or any director, officer, shareholder or other person affiliated with the Company or any successor thereto in any jurisdiction.

IN WITNESS WHEREOF, this instrument is executed this 20th day of March, 1997.

By: WESTERN DIGITAL CORPORATION

Name: Michael A. Cornelius
Title: Vice President

OA970550.073/14+

AMENDED AND RESTATED WESTERN DIGITAL CORPORATION
NON-EMPLOYEE DIRECTORS STOCK-FOR-FEES PLAN

This plan was implemented in 1992, and was amended and restated effective as of January 9, 1997 to require directors to take half their annual retainer fee in stock, permit deferrals of cash or stock under the plan, and make certain other changes to conform the plan to the new version of Rule 16b-3 and ease administration.

1. Purpose. The purposes of this Western Digital Corporation Non-Employee Director Stock-For-Fees Plan (the "PLAN") are to advance the interests of Western Digital Corporation (the "COMPANY") and its stockholders by increasing ownership by the Company's non-employee directors of the Company's Common Stock, thereby aligning their interests more closely with the interests of the Company's other stockholders, and to make available to the Company the cash that would otherwise have been paid to non-employee directors receiving Common Stock in lieu of fees hereunder.

2. Administration. The Plan shall be administered by the Company, which shall have the power to construe the Plan, to resolve all questions arising under the Plan, to adopt and amend such rules and regulations for the administration of the Plan as it may deem desirable, and otherwise to carry out the terms of the Plan, but only to the extent not contrary to the express provisions of the Plan. The determinations, interpretations, and other actions of the Company of or under the Plan or with respect to any Common Stock granted pursuant to the Plan shall be final and binding for all purposes and on all persons. Neither the Company nor any officer or employee thereof shall be liable for any action or determination taken or made under the Plan in good faith. Notwithstanding the foregoing, the Company shall have no authority or discretion as to the persons who will receive Common Stock granted pursuant to the Plan, the number of shares of Common Stock to be issued under the Plan, the time at which such grants are made, the number of shares of Common Stock to be granted at any particular time, or any other matters that are specifically governed by the provisions of the Plan.

3. Participation in the Plan. Directors of the Company who are not employees of the Company or any subsidiary of the Company ("ELIGIBLE DIRECTORS") shall be eligible to participate in the Plan. Each Eligible Director shall, if required by the Company, enter into an agreement with the Company in such form as the Company shall determine consistent with the provisions of the Plan for purposes of implementing the Plan or effecting its purposes. In the event of any inconsistency between the provisions of the Plan and any such agreement, the provisions of the Plan shall govern.

4. Stock Subject to the Plan.

(a) Number of Shares. The shares that may be issued under the Plan shall be authorized and unissued shares or treasury shares of the Company's Common Stock (the "COMMON STOCK"). The maximum aggregate number of shares that may be issued under the Plan shall be two hundred thousand (200,000), subject to adjustment upon changes in capitalization of the Company as provided in Section 4(b). The maximum aggregate number of shares issuable under the Plan may be increased from time to time by approval of the Company's Board of Directors, and by the stockholders of the Company if stockholder approval is required pursuant to the applicable rules of any stock exchange, or, in the opinion of the Company's counsel, any other law or regulation binding upon the Company.

(b) Adjustments. If the Company shall at any time increase or decrease the number of its issued and outstanding shares of Common Stock (whether by reason of reorganization, merger, consolidation, recapitalization, stock dividend, stock split, combination of shares, exchange of shares, change in corporate structure, or otherwise), then the number of shares of Common Stock still available for issue hereunder shall be increased or decreased appropriately and proportionately.

5. Mandatory Stock Payments and Elections. For each calendar year beginning with 1997, one-half of the annual retainer fee payable to each Eligible Director shall be paid in the form of Common Stock rather than cash. Each Eligible Director may make an "ELECTION" to receive Common Stock in lieu of any or all of (i) the remaining half of the annual retainer fee otherwise payable to him or her in cash for that calendar year, and/or (ii) the meeting attendance fees otherwise payable to him or her in cash for that calendar year. Such Election for any calendar year must be in writing and must be delivered to the Secretary of the Company not later than the end of the immediately preceding calendar year. In addition, newly elected or appointed Eligible Directors shall make an interim Election as of the date they join the board, which interim Election shall govern until the immediately ensuing calendar year. Separate Elections must be made for each calendar year; if an Eligible Director does not make a written Election for any particular calendar year, then such Eligible Director shall be deemed to have elected to receive all meeting fees and half of his or her retainer fee for that calendar year in cash.

6. Issuance of Common Stock.

(a) Timing and Amounts of Issuances.

(i) Common Stock issuable to an Eligible Director in lieu of annual retainer or meeting fees shall be issued not later than ten days after the date such annual retainer or meeting fees, as the case may be, would have been paid if paid in cash.

(ii) The number of shares of Common Stock issuable in lieu of cash annual retainer fees (whether or not deferred) shall be determined by dividing the amount of cash fees being replaced by Common Stock by the Fair Market Value (as defined below) of the Common Stock on the first trading day of the calendar year for which the annual retainer is being paid (or January 9 in the case of 1997) or, in the case of an annual retainer being paid to a newly appointed or elected Eligible Director for a partial year, on the date such Eligible Director joins the board.

(iii) The number of shares of Common Stock issuable in lieu of cash meeting fees (whether or not deferred) shall be determined by dividing the amount of cash fees being replaced by Common Stock by the Fair Market Value of the Common Stock on the date of the meeting for which the fee is paid.

(b) Fractional of Shares. No fractional shares shall be issued under the Plan. The portion of annual retainer or meeting fees that would be paid in Common Stock but for the proscription on fractional shares shall be paid in cash along with any portion of the fee (or the next subsequent fee) that the Eligible Director has elected to receive in cash. For directors electing no cash for a particular calendar year, fractional share equivalent cash balances shall be held by the Company until the end of that calendar year and then distributed in cash to the Eligible Director without interest.

(c) Fair Market Value. For the purposes of the Plan, the "FAIR MARKET VALUE" of the Common Stock as of any issuance or deferral date shall be the closing price of the Common Stock on the New York Stock Exchange (or another national stock exchange or the

NASDAQ National Market System, if the Common Stock trades thereon but not on the NYSE) as of such date (or, if no such shares were traded on such date, as of the next preceding day on which there was such a trade, provided that the closing price on such preceding date is not less than 100% of the fair market value of the Common Stock, as determined in good faith by the Company, on the date of issuance). If at any time the Common Stock is no longer traded on a national stock exchange or the NASDAQ National Market System, the Fair Market Value of the Common Stock as of any issuance date shall be as determined by the Company in good faith in the exercise of its reasonable discretion.

(d) Issuance of Certificates. As promptly as practicable following each issuance of Common Stock hereunder, the Company shall issue to the recipient Eligible Director a stock certificate or certificates registered in his or her name representing the number of shares of Common Stock issued.

7. Deferral.

(a) Election to Defer. An Eligible Director may elect to defer the receipt of any cash or stock annual retainer or meeting fees payable during the period to which an Election applies. Any such deferral election by an Eligible Director shall specify whether the fees to be deferred are fees that the Eligible Director is required or has elected to receive in Common Stock, and shall be made and take effect at the times specified in the Company's Deferred Compensation Plan (the "DEFERRED COMPENSATION PLAN"). The deferral shall not change the form (cash versus Common Stock) in which the fee is to be paid at the end of the deferral period, notwithstanding the fact that during the deferral period fees ultimately payable in Common Stock may be general unsecured obligations of the Company to the Eligible Director.

(b) Premium. The Company shall pay a 15% premium to each Eligible Director who elects to defer annual retainer or meeting fees to be received in Common Stock. The number of shares of Common Stock deferred and the premium thereon shall be calculated by multiplying the amount of cash fees being replaced by Common Stock and deferred by 1.15, and then dividing that product by the Fair Market Value of the Common Stock on the date set forth in Section 6(a)(ii) or Section 6(a)(iii) for annual retainer or meeting fees, respectively. Any premium Common Stock shall be subject to the same deferral election, and deliverable to the Eligible Director on the same terms, as the Common Stock upon which the premium is paid.

(c) Plan Shares. All shares issued or issuable under the Plan, including deferred shares and shares issuable as premiums on deferrals, shall be deducted from the shares available under the Plan at the time first issued or deferred, provided that shares deferred and not ultimately issued and delivered to the Eligible Director shall be returned to the pool of available shares under the Plan.

(d) Deferred Compensation Plan. Deferral of Eligible Directors' fees, whether payable in cash or Common Stock and including any premiums, shall be administered pursuant to the Deferred Compensation Plan.

8. Securities Laws.

(a) Investment Representations. The Company may require any Eligible Director to whom an issuance of securities is made or a deferred delivery obligation is undertaken as a condition of receiving securities pursuant to such issuance or obligation to give written assurances in substance and form satisfactory to the Company and its counsel to the effect the such person is acquiring the securities for his own account for investment and not with any

present intention of selling or otherwise distributing the same in violation of applicable securities laws, and to such other effects as the Company deems necessary or appropriate to comply with Federal and applicable state securities laws.

(b) Listing, Registration, and Qualification. Anything to the contrary herein notwithstanding, each issuance of securities shall be subject to the requirement that, if at any time the Company or its counsel shall determine that the listing, registration, or qualification of the securities subject to such issuance upon any securities exchange or under any state or federal law, or the consent or approval of any governmental or regulatory body, is necessary or advisable as a condition of, or in connection with, such issuance of securities, such issuance shall not occur in whole or in part unless such listing, registration, qualification, consent, or approval shall have been effected or obtained on conditions acceptable to the Company. Nothing herein shall be deemed to require the Company to apply for or to obtain such listing, registration, or qualification.

(c) Restrictions on Transfer. The securities issued under the Plan shall be restricted by the Company as to transfer unless the grants are made under a registration statement that is effective under the Securities Act of 1933, as amended, or unless the Company receives an opinion of counsel satisfactory to the Company to the effect that registration under state or federal securities laws is not required with respect to such transfer.

9. Withholding Taxes. Whenever shares of Common Stock are to be issued under the Plan, the Company shall have the right prior to the delivery of any certificate or certificates for such shares to require the recipient to remit to the Company an amount sufficient to satisfy federal, state and local withholding tax requirements attributable to the issuance. In the absence of payment by a grantee to the Company of an amount sufficient to satisfy such withholding taxes, or an alternative arrangement with the grantee that is satisfactory to the Company, the Company may make such provisions as it deems appropriate for the withholding of any such taxes which the Company determines it is required to withhold.

10. Amendment of the Plan. The Board of Directors of the Company may suspend or terminate the Plan or any portion thereof at any time, and may amend the Plan from time-to-time in any respect the Board of Directors may deem to be in the best interests of the Company; provided, however, that no such amendment shall be effective without approval of the stockholders of the Company if stockholder approval of the amendment is then required pursuant to the applicable rules of any securities exchange, or, in the opinion of the Company's counsel, any other law or regulation binding on the Company.

11. Effective Date and Duration of the Plan. The Plan shall, subject to approval by the Company's stockholders at the Company's 1992 Annual Meeting, be effective January 1, 1993. The Plan shall terminate at 11:59 p.m. on December 31, 2002, unless sooner terminated by action of the Board of Directors. Elections may be made under the Plan prior to its effectiveness, but no issuances under the Plan shall be made before its effectiveness or after its termination.

12. Governing Laws. The Plan and all rights and obligations under the Plan shall be construed in accordance with and governed by the laws of the State of California, excluding its conflicts of laws principles.

OA921120.009

FOURTH AMENDMENT TO THE
WESTERN DIGITAL CORPORATION
RETIREMENT SAVINGS AND PROFIT SHARING PLAN

This Fourth Amendment (the "Amendment") to the Western Digital Corporation Retirement Savings and Profit Sharing Plan (the "Plan") made this 20th day of March 1997 by Western Digital Corporation (the "Company"), the sponsoring employer of the Plan.

WHEREAS, the terms of the Plan are set forth in an amended and restated Plan document, dated June 23, 1995, as thereafter amended by the First Amendment dated June 30, 1995, by the Second Amendment dated March 27, 1996, and by the Third Amendment dated January 9, 1997; and

WHEREAS, the Company has reserved the right to amend the Plan by action of its Board of Directors; and

WHEREAS, it is deemed desirable to amend the Plan in certain respects;

NOW, THEREFORE, the Plan is amended as follows:

1. Subsection 2.10.1 of Section 2.10 "Computation Period" shall be amended to read in its entirety as follows:

For purposes of determining whether an Employee is to be credited with a Year of Eligibility Service or a Break in such Service, the Computation Period shall be the twelve-month period commencing on the Employee's Commencement Date, or any Plan Year commencing with the Plan Year that includes the anniversary of the Employee's Employment Commencement Date.

This Amendment shall be effective as of June 23, 1995.

2. The second sentence of Subsection 19.4.2 of Section 19.4 "Minimum Contribution" shall be amended to read in its entirety as follows:

This determination shall be made by dividing the contributions for each Key Employee by so much of his total compensation for the year as does not exceed one hundred and fifty thousand dollars (\$150,000), as adjusted in accordance with Code Section 401(a)(17).

This Amendment shall be effective as of June 23, 1995.

3. The first sentence of Section 19.6 "Vesting Rules" shall be amended to read in its entirety as follows:

In the event that the Plan is determined to be Top-Heavy in accordance with the rules of this Article 19, then the vesting schedule of the Plan shall be changed to that set forth below (unless the Plan's vesting schedule provides for vesting at a rate at least as rapid as that set forth below):

This Amendment shall be effective as of June 23, 1995.

IN WITNESS WHEREOF, the Company has caused this Fourth Amendment to the Plan to be executed by its duly authorized officer on this 20th day of March 1997.

WESTERN DIGITAL CORPORATION

By: WESTERN DIGITAL CORPORATION

Name: Michael A. Cornelius
Title: Vice President

WESTERN DIGITAL CORPORATION

COMPUTATION OF PER SHARE EARNINGS

(IN THOUSANDS, EXCEPT PER SHARE DATA)

	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	MAR. 29, 1997	MAR. 30, 1996	MAR. 29, 1997	MAR. 30, 1996
PRIMARY				
Net income	\$ 82,595	\$ 19,438	\$179,702	\$ 64,158
Weighted average number of common shares outstanding during the period .	43,606	44,895	43,775	47,137
Incremental common shares attributable to exercise of outstanding options ...	3,411	1,697	3,125	1,753
Total shares	47,017	46,592	46,900	48,890
Net income per share	\$ 1.76	\$.42	\$ 3.83	\$ 1.31
FULLY DILUTED				
Net income	\$ 82,595	\$ 19,438	\$179,702	\$ 64,158
Weighted average number of common shares outstanding during the period .	43,606	44,895	43,775	47,137
Incremental common shares attributable to exercise of outstanding options ...	3,412	1,815	3,353	1,877
Total shares	47,018	46,710	47,128	49,014
Net income per share	\$ 1.76	\$.42	\$ 3.81	\$ 1.31

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM (A) THE CONSOLIDATED INCOME STATEMENTS AND BALANCE SHEETS OF WESTERN DIGITAL CORPORATION AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH (B) QUARTERLY REPORT ON FORM 10-Q FOR THE NINE-MONTH PERIOD ENDED MARCH 29, 1997.

1,000
U.S. DOLLARS

9-MOS	JUN-28-1997	JUN-30-1996	MAR-29-1997
		1	227,504
		0	596,464
			10,838
			166,043
	1,001,050		371,314
		158,392	
		1,257,705	
	690,615		0
	0		0
			434
			551,254
1,257,705			3,097,974
	3,097,974		2,636,841
			2,636,841
			259,467
			1,000
			9,749
			211,415
			31,713
	179,702		0
			0
			0
			179,702
			3.83
			3.81

Press Release Regarding Judgement against Seagate Technology, Inc.
in favor of Amstrad plc by the English Court

Company Contact:
Robert J. Blair
212.867.4490
bob.blair@internetmci.com

For Immediate Release
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IRVINE, CA - May 9, 1997 -- A London court ruled today in favor of Amstrad, PLC, which had sued Seagate Technology, Inc. for claimed defects in hard drives Seagate had provided to the British computer manufacturer. Amstrad also filed a lawsuit against Western Digital Corporation concerning the same series of computers in California in 1991, and that litigation is still pending.

Michael Cornelius, Vice President, Law for Western Digital, said that he has not yet seen the opinion in the Seagate case, and therefore cannot comment on the specifics of the case or the court's ruling. However, although both cases involve Amstrad computers in the 2000 series, the underlying facts of the cases are quite different. For example, in the English case, Seagate essentially acknowledged a particular design problem with its drive, although it disputed the significance of that problem. By contrast, in the U.S.-based Western Digital case, Amstrad, after more than five years of litigation, has yet to identify the defect it claims affected the Western Digital drives. Mr. Cornelius added that Western Digital remains confident that the allegations concerning its drives are unfounded and that it will prevail in its litigation against Amstrad.

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