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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 September 28, 2012

Or

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

For the transition period from to

Commission file number: 1-8703

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

Delaware	**33-0956711**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
3355 Michelson Drive, Suite 100 Irvine, California	**92612**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (949) 672-7000

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

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

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

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

As of the close of business on October 25, 2012, 243,601,814 shares of common stock, par value $.01 per share, were outstanding.

WESTERN DIGITAL CORPORATION

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Our fiscal year ends on the Friday nearest to June 30 and typically consists of 52 weeks. Approximately every five years, we report a 53-week fiscal year to align our fiscal year with the foregoing policy. Our fiscal first quarters ended September 28, 2012 and September 30, 2011 both consisted of 13 weeks. Fiscal year 2012 was comprised of 52 weeks and ended on June 29, 2012. Fiscal year 2013 will be comprised of 52 weeks and will end on June 28, 2013. Unless otherwise indicated, references herein to specific years and quarters are to our fiscal years and fiscal quarters, and references to financial information are on a consolidated basis. As used herein, the terms "we," "us," "our," the "Company," "WDC" and "Western Digital" refer to Western Digital Corporation and its subsidiaries.

WDC, a Delaware corporation, is the parent company of our storage business, which operates under two independent subsidiaries – WD and HGST.

Our principal executive offices are located at 3355 Michelson Drive, Suite 100, Irvine, California 92612. Our telephone number is (949) 672-7000 and our Web site is www.westerndigital.com. The information on our Web site is not incorporated in this Quarterly Report on Form 10-Q.

PART I. FINANCIAL INFORMATION

Item 1. ***FINANCIAL STATEMENTS***

WESTERN DIGITAL CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions, except par values; unaudited)

	Sept. 28, 2012	Jun. 29, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	$ 3,537	$ 3,208
Accounts receivable, net	1,951	2,364
Inventories	1,304	1,210
Other current assets	394	359
Total current assets	7,186	7,141
Property, plant and equipment, net	4,027	4,067
Goodwill	1,944	1,975
Other intangible assets, net	746	799
Other non-current assets	269	224
Total assets	$14,172	$14,206
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 2,545	$ 2,773
Accrued expenses	774	858
Accrued warranty	146	171
Current portion of long-term debt	230	230
Total current liabilities	3,695	4,032
Long-term debt	1,898	1,955
Other liabilities	542	550
Total liabilities	6,135	6,537
Commitments and contingencies (Notes 4 and 5)		
Shareholders' equity:		
Preferred stock, $.01 par value; authorized — 5 shares; issued and outstanding — none	—	—
Common stock, $.01 par value; authorized — 450 shares; issued — 261 shares; outstanding — 243 and 246 shares, respectively	3	3
Additional paid-in capital	2,224	2,223
Accumulated other comprehensive income (loss)	14	(15)
Retained earnings	6,470	6,012
Treasury stock — common shares at cost; 18 shares and 15 shares, respectively	(674)	(554)
Total shareholders' equity	8,037	7,669
Total liabilities and shareholders' equity	$14,172	$14,206

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

WESTERN DIGITAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(in millions, except per share amounts; unaudited)

	Three Months Ended	
	Sept. 28, 2012	Sept. 30, 2011
Revenue, net	$ 4,035	$ 2,694
Cost of revenue	2,842	2,153
Gross margin	1,193	541
Operating expenses:		
Research and development	396	193
Selling, general and administrative	179	89
Employee termination benefits and other charges	26	—
Total operating expenses	601	282
Operating income	592	259
Other income (expense):		
Interest income	2	3
Interest and other expense	(16)	(4)
Total other expense, net	(14)	(1)
Income before income taxes	578	258
Income tax provision	59	19
Net income	$ 519	$ 239
Income per common share:		
Basic	$ 2.11	$ 1.03
Diluted	$ 2.06	$ 1.01
Weighted average shares outstanding:		
Basic	246	233
Diluted	252	237

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

WESTERN DIGITAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME
(in millions; unaudited)

	Three Months Ended	
	Sept. 28, 2012	Sept. 30, 2011
Net income	$ 519	$ 239
Other comprehensive income (loss), net of tax:		
Net unrealized gains (losses) on cash flow hedges	28	(19)
Change in net actuarial losses	1	—
Other comprehensive income (loss)	29	(19)
Total comprehensive income	$ 548	$ 220

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

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

	Three Months Ended	
	Sept. 28, 2012	Sept. 30, 2011
Cash flows from operating activities		
Net income	$ 519	$ 239
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation and amortization	313	158
Stock-based compensation	39	17
Deferred income taxes	(12)	9
Changes in:		
Accounts receivable, net	413	(150)
Inventories	(94)	(68)
Accounts payable	(67)	157
Accrued expenses	(113)	(17)
Other assets and liabilities	(62)	7
Net cash provided by operating activities	936	352
Cash flows from investing activities		
Purchases of property, plant and equipment	(382)	(134)
Acquisition	(9)	—
Net cash used in investing activities	(391)	(134)
Cash flows from financing activities		
Issuance of stock under employee stock plans	35	2
Taxes paid on vested stock awards under employee stock plans	(7)	(5)
Excess tax benefits from employee stock plans	32	1
Repurchases of common stock	(218)	—
Repayment of debt	(58)	(31)
Net cash used in financing activities	(216)	(33)
Net increase in cash and cash equivalents	329	185
Cash and cash equivalents, beginning of period	3,208	3,490
Cash and cash equivalents, end of period	$ 3,537	$ 3,675
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	$ 37	$ 2
Cash paid for interest	$ 13	$ 1
Supplemental disclosure of non-cash activities:		
Accrual of cash dividend declared	$ 61	$ —

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

WESTERN DIGITAL CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. Basis of Presentation

The accounting policies followed by Western Digital Corporation (the "Company") are set forth in Part II, Item 8, Note 1 of the Notes to Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended June 29, 2012. In the opinion of management, all adjustments necessary to fairly state the unaudited condensed consolidated financial statements have been made. All such adjustments are of a normal, recurring nature. Certain information and footnote disclosures normally included in the consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended June 29, 2012. The results of operations for interim periods are not necessarily indicative of results to be expected for the full year.

Company management has made estimates and assumptions relating to the reporting of certain assets and liabilities in conformity with U.S. GAAP. These estimates and assumptions have been applied using methodologies that are consistent throughout the periods presented. However, actual results could differ materially from these estimates.

2. Supplemental Financial Statement Data

	Sept. 28, 2012	Jun. 29, 2012
	(in millions)	
Inventories:		
Raw materials and component parts	**$ 237**	$ 245
Work-in-process	**559**	552
Finished goods	**508**	413
Total inventories	**$ 1,304**	$ 1,210
Property, plant and equipment:		
Property, plant and equipment	**$ 7,324**	$ 7,713
Accumulated depreciation	**(3,297)**	(3,106)
Property, plant and equipment, net	**$ 4,027**	$ 4,067
Other intangible assets:		
Other intangible assets	**$ 932**	$ 933
Accumulated amortization	**(186)**	(134)
Other intangible assets, net	**$ 746**	$ 799

Warranty

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

	Three Months Ended	
	Sept. 28, 2012	Sept. 30, 2011
Warranty accrual, beginning of period	**$ 260**	$ 170
Charges to operations	**46**	45
Utilization	**(60)**	(42)
Changes in estimate related to pre-existing warranties	**(16)**	—
Warranty accrual, end of period	**$ 230**	$ 173

The long-term portion of the warranty accrual classified in other liabilities was $84 million at September 28, 2012 and $89 million at June 29, 2012.

3. Income per Common Share

The Company computes basic income per common share using net income and the weighted average number of common shares outstanding during the period. Diluted income per common share is computed using net income and the weighted average number of common shares and potentially dilutive common shares outstanding during the period. Potentially dilutive common shares include certain dilutive outstanding employee stock options, rights to purchase shares of common stock under the Company's Employee Stock Purchase Plan ("ESPP") and restricted stock unit awards.

The following table illustrates the computation of basic and diluted income per common share (in millions, except per share data):

	Three Months Ended	
	Sept. 28, 2012	Sept. 30, 2011
Net income	**$ 519**	$ 239
Weighted average shares outstanding:		
Basic	**246**	233
Employee stock options and other	**6**	4
Diluted	**252**	237
Income per common share:		
Basic	**$ 2.11**	$ 1.03
Diluted	**$ 2.06**	$ 1.01
Anti-dilutive potential common shares excluded*	**3**	4

* For purposes of computing diluted income per common share, certain potentially dilutive securities have been excluded from the calculation because their effect would have been anti-dilutive.

4. Debt

On March 8, 2012 (the "Closing Date"), the Company, in its capacity as the parent entity and guarantor, Western Digital Technologies, Inc. ("WDT") and Western Digital Ireland, Ltd. ("WDI"), an indirect wholly owned subsidiary of the Company, entered into a five-year credit agreement (the "Credit Facility") with Bank of America, N.A., as administrative agent, swing line lender and letter of credit issuer and certain other participating lenders (collectively, the "Lenders"). The Credit Facility provides for $2.8 billion of unsecured loan facilities consisting of a $2.3 billion term loan facility and a $500 million revolving credit facility. The only borrower under the term loan facility is WDI and the revolving credit facility is available to both WDI and WDT (WDI and WDT are referred to as "the Borrowers"). The Borrowers may elect to expand the Credit Facility by up to an additional $500 million if existing or new lenders provide additional term or revolving commitments. The obligations of the Borrowers under the Credit Facility are guaranteed by the Company and the Company's material domestic subsidiaries, and the obligations of WDI under the Credit Facility are also guaranteed by WDT.

The term loans and the revolving credit loans may be prepaid in whole or in part at any time without premium or penalty, subject to certain conditions. As of September 28, 2012, the term loan facility had a variable interest rate of 2.22% and a remaining balance of $2.1 billion. The Company is required to make principal payments on the term loan facility totaling $230 million a year for fiscal 2013 through fiscal 2016, and the remaining $1.3 billion balance (subject to adjustment to reflect prepayments or an increase to its term loan facility) in fiscal 2017, with the term loan facility balance due and payable in full on March 8, 2017. As of September 28, 2012, $500 million was available for future borrowings on the revolving credit facility.

The Credit Facility requires the Company to comply with a leverage ratio and an interest coverage ratio calculated on a consolidated basis for the Company and its subsidiaries. In addition, the Credit Facility contains customary covenants, including covenants that limit or restrict, subject to certain exceptions, the Company's and its subsidiaries' ability to incur liens, incur indebtedness, make certain restricted payments, merge, consolidate or dispose of substantially all of its assets, and enter into certain speculative hedging arrangements and make any material change in the nature of its business. Upon the occurrence of an event of default under the Credit Facility, the administrative agent at the request, or with the consent, of the Required Lenders (as defined in the Credit Facility) may cease making loans, terminate the Credit Facility and declare all amounts outstanding to be immediately due and payable, require the cash collateralization of letters of credit and/or exercise all other rights and remedies available to it, the Lenders and the letter of credit issuer. The Credit Facility specifies a number of events of default (some of which are subject to applicable grace or cure periods), including, among other things, non-payment defaults, covenant defaults, cross-defaults to other material indebtedness, bankruptcy and insolvency defaults, material judgment defaults and a change of control default. As of September 28, 2012, the Company was in compliance with all covenants.

5. Legal Proceedings

When the Company becomes aware of a claim or potential claim, the Company assesses the likelihood of any loss or exposure. The Company discloses information regarding each material claim where the likelihood of a loss contingency is probable or reasonably possible. If a loss contingency is probable and the amount of the loss can be reasonably estimated, the Company records an accrual for the loss. In such cases, there may be an exposure to potential loss in excess of the amount accrued. Where a loss is not probable but is reasonably possible or where a loss in excess of the amount accrued is reasonably possible, the Company discloses an estimate of the amount of the loss or range of possible losses for the claim if a reasonable estimate can be made, unless the amount of such reasonably possible losses is not material to the Company's financial position, results of operations or cash flows. Unless otherwise stated below, for each of the matters described below, the Company has either recorded an accrual for losses that are probable and reasonably estimable or has determined that, while a loss is reasonably possible (including potential losses in excess of the amounts accrued by the Company), a reasonable estimate of the amount of loss or range of possible losses with respect to the claim or in excess of amounts already accrued by the Company cannot be made. The ability to predict the ultimate outcome of such matters involves judgments, estimates and inherent uncertainties. The actual outcome of such matters could differ materially from management's estimates.

Solely for purposes of this footnote, "WD" refers to Western Digital Corporation or one or more of its subsidiaries prior to the acquisition of HGST, "HGST" refers to HGST or one or more of its subsidiaries as of the Closing Date, and "the Company" refers to Western Digital Corporation and all of its subsidiaries on a consolidated basis including HGST.

Intellectual Property Litigation

On June 20, 2008, plaintiff Convolve, Inc. ("Convolve") filed a complaint in the Eastern District of Texas against WD, HGST, and one other company alleging infringement of U.S. Patent Nos. 6,314,473 and 4,916,635. The complaint sought unspecified monetary damages and injunctive relief. On October 10, 2008, Convolve amended its complaint to allege infringement of only the '473 patent. The '473 patent allegedly relates to interface technology to select between certain modes of a disk drive's operations relating to speed and noise. A trial in the matter began on July 18, 2011 and concluded on July 26, 2011 with a verdict against WD and HGST in an amount that is not material to the Company's financial position, results of operations or cash flows. WD and HGST have filed post-trial motions challenging the verdict and will evaluate their options for appeal after the Court rules on the post-trial motions.

On December 8, 2008, plaintiffs MagSil Corporation and the Massachusetts Institute of Technology filed a complaint in the District of Delaware against WD, HGST and six other companies in the disk drive industry alleging infringement of U.S. Patent Nos. 5,629,922 and 5,835,314. The complaint seeks unspecified monetary damages and injunctive relief. The asserted patents allegedly relate to tunneling magneto resistive technology. In January 2010, MagSil amended its complaint to allege infringement of only the '922 patent. As disclosed in the Company's Annual Report on Form 10-K, filed with the SEC on August 13, 2010, MagSil and WD settled the matter for an amount that was not material to the Company's financial position, results of operations or cash flows. With respect to the claim pending against HGST, in February 2011, HGST obtained a ruling invalidating the patent on summary judgment, which MagSil appealed. In August 2012, the Federal Circuit Court upheld the ruling on appeal, and MagSil now seeks en banc review of the decision. HGST intends to continue to defend itself vigorously in this matter.

On December 7, 2009, plaintiff Nazomi Communications filed a complaint in the Eastern District of Texas against WD and seven other companies alleging infringement of U.S. Patent Nos. 7,080,362 and 7,225,436. Plaintiffs dismissed the Eastern District of Texas suit after filing a similar complaint in the Central District of California on February 8, 2010. The case was subsequently transferred to the Northern District of California on October 14, 2010. Plaintiffs are seeking injunctive relief and unspecified monetary damages, fees and costs. The asserted patents allegedly relate to processor cores capable of Java hardware acceleration. In August 2012, the Court dismissed WD on summary judgment for non-infringement. If Nazomi appeals this decision, WD intends to continue to defend itself vigorously in this matter.

On January 5, 2010, plaintiff Enova Technology Corporation filed a complaint in the District of Delaware against WD and Initio Corporation alleging infringement of U.S. Patent Nos. 7,136,995 and 7,386,734. Plaintiff subsequently amended its complaint to include an additional party and additionally allege infringement of U.S. Patent No. 7,900,057. Plaintiff is seeking injunctive relief and unspecified monetary damages, fees and costs. The asserted patents allegedly relate to real time full disk encryption application specific integrated circuits, or ASICs. WD intends to defend itself vigorously in this matter.

On November 10, 2010, plaintiff Rembrandt Data Storage filed a complaint in the Western District of Wisconsin against WD alleging infringement of U.S. Patent Nos. 5,995,342 and 6,195,232. Plaintiff is seeking injunctive relief and unspecified monetary damages, fees and costs. The asserted patents allegedly relate to specific thin film heads having solenoid coils. After a favorable claim construction ruling by the court, WD secured a stipulation from plaintiff to dismiss the case. Plaintiff has appealed the Court's claim construction ruling, and the parties await a hearing on the appeal. WD intends to continue to defend itself vigorously in this matter.

On December 1, 2010, Rambus, Inc. filed a complaint with the U.S. International Trade Commission pursuant to 19 U.S.C. Section 1337 alleging that six "Primary Respondent" semiconductor chip companies and twenty-seven "Customer Respondents," including HGST, infringe various U.S. patents. On December 29, 2010, the U.S. International Trade Commission ("ITC") initiated an investigation into Rambus's allegations in response to the complaint. HGST is accused of infringing U.S. Patent Nos. 6,591,353; 7,287,109; 7,602,857; 7,602,858; and 7,715,494. The complaint alleges that certain of HGST's hard drives that contain Double data rate-type memory controllers, Serial Advanced Technology Attachment interfaces, Peripheral Component Interconnect Express interfaces, DisplayPort interfaces, or Serial Attached SCSI interfaces infringe the patents. The complaint seeks to enjoin the importation into the U.S. of the allegedly infringing semiconductor chips and products. It also requests a cease-and-desist order preventing the parties from exhausting allegedly infringing inventory in the U.S. The ITC has found in favor of the Respondents in all matters. If Rambus seeks to appeal this finding, HGST intends to continue to defend itself vigorously in this matter.

On August 1, 2011, plaintiff Guzik Technical Enterprises filed a complaint in the Northern District of California against WD and various of its subsidiaries alleging infringement of U.S. Patent Nos. 6,023,145 and 6,785,085, breach of contract and misappropriation of trade secrets. Plaintiff is seeking injunctive relief and unspecified monetary damages, fees and costs. The patents asserted by plaintiff allegedly relate to devices used to test hard disk drive heads and media. WD has filed counterclaims against plaintiff for patent infringement of U.S. Patent Nos. 5,844,420; 5,640,089; 6,891,696; and 7,480,116. The patents asserted by WD relate to devices and methods used in the testing of hard disk drive heads and media. WD intends to defend itself vigorously in this matter.

Seagate Matter

On October 4, 2006, plaintiff Seagate Technology LLC ("Seagate") filed an action in the District Court of Hennepin County, Minnesota, naming as defendants WD and one of its now former employees previously employed by Seagate. The complaint in the action alleged claims based on supposed misappropriation of trade secrets and sought injunctive relief and unspecified monetary damages, fees and costs. On June 19, 2007, WD's former employee filed a demand for arbitration with the American Arbitration Association. A motion to stay the litigation as against all defendants and to compel arbitration of all Seagate's claims was granted on September 19, 2007. On September 23, 2010, Seagate filed a motion to amend its claims and add allegations based on the supposed misappropriation of additional confidential information, and the arbitrator granted Seagate's motion. The arbitration hearing commenced on May 23, 2011 and concluded on July 11, 2011.

On November 18, 2011, the sole arbitrator ruled in favor of WD in connection with five of the eight alleged trade secrets at issue, based on evidence that such trade secrets were known publicly at the time the former employee joined WD. Based on a determination that the employee had fabricated evidence, the arbitrator then concluded that WD had to know of the fabrications. As a sanction, the arbitrator precluded any evidence or defense by WD disputing the validity, misappropriation, or use of the three remaining alleged trade secrets by WD, and entered judgment in favor of Seagate with respect to such trade secrets. Using an unjust enrichment theory of damages, the arbitrator issued an interim award against WD in the amount of $525 million plus pre-award interest at the Minnesota statutory rate of 10% per year. In his decision with respect to these three trade secrets, the arbitrator did not question the relevance, veracity or credibility of any of WD's ten expert and fact witnesses (other than WD's former employee), nor the authenticity of any other evidence WD presented. On January 23, 2012, the arbitrator issued a final award adding pre-award interest in the amount of $105.4 million for a total final award of $630.4 million. On January 23, 2012, WD filed a petition in the District Court of Hennepin County, Minnesota to have the final arbitration award vacated. A hearing on the petition to vacate was held on March 1, 2012.

On October 12, 2012, the District Court of Hennepin County, Minnesota vacated, in full, the $630.4 million final arbitration award. Specifically, the Court confirmed the arbitration award with respect to each of the five trade secret claims that WD and the former employee had won at the arbitration and vacated the arbitration award with respect to the three trade secret claims that WD and the former employee had lost at the arbitration. The Court ordered that a rehearing be held concerning those three alleged trade secret claims before a new arbitrator agreed upon by the parties and that if by November 2, 2012 the parties are unable to reach agreement, then the Court will appoint a new arbitrator.

On October 30, 2012, Seagate initiated an appeal of the Court's decision with the Minnesota Court of Appeals. The Company strongly believes that the Court's decision was correct and intends to vigorously oppose Seagate's efforts to appeal the decision. Nevertheless, the Company cannot be certain it will be successful in a new arbitration of the three trade secret claims or in Seagate's efforts to appeal the decision. In the event Seagate is successful in its efforts to appeal the Court's decision, the original arbitration award could be reinstated. The statutory interest rate of 10% would apply from the date of the original arbitration award if the award should be reinstated.

Other Matters

In the normal course of business, the Company is subject to other legal proceedings, lawsuits and other claims. Although the ultimate aggregate amount of probable monetary liability or financial impact with respect to these other matters is subject to many uncertainties and is therefore not predictable with assurance, management believes that any monetary liability or financial impact to the Company from these other matters, individually and in the aggregate, would not be material to the Company's financial condition, results of operations or cash flows. However, there can be no assurance with respect to such result, and monetary liability or financial impact to the Company from these other matters could differ materially from those projected.

6. Income Taxes

The Company's income tax provision for the three months ended September 28, 2012 was $59 million as compared to $19 million in the prior-year period. The differences between the effective tax rate and the U.S. Federal statutory rate are primarily due to tax holidays in Malaysia, the Philippines, Singapore and Thailand that expire at various dates from 2013 through 2025 and the current year generation of income tax credits.

In the three months ended September 28, 2012, the Company recorded a net decrease of $4 million in its liability for unrecognized tax benefits. As of September 28, 2012, the Company had a recorded liability for unrecognized tax benefits of approximately $276 million. Interest and penalties recognized on such amounts were not material.

The Internal Revenue Service ("IRS") has completed its field examination of the federal income tax returns for fiscal years 2006 and 2007 for the Company. The Company has received Revenue Agent Reports ("RARs") from the IRS that seek adjustments to income before income taxes of approximately $970 million in connection with unresolved issues related primarily to transfer pricing and certain other intercompany transactions. The Company disagrees with the proposed adjustments. In May 2011, the Company filed a protest with the IRS Appeals Office regarding the proposed adjustments. Meetings with the Appeals Office began in February 2012. In January 2012, the IRS commenced an examination of the Company's fiscal years 2008 and 2009 and Komag's fiscal year ended September 5, 2007.

The Company believes that adequate provision has been made for any adjustments that may result from tax audits. However, the outcome of tax audits cannot be predicted with certainty. If any issues addressed in the Company's tax audits are resolved in a manner not consistent with management's expectations, the Company could be required to adjust its provision for income taxes in the period such resolution occurs. As of September 28, 2012, the Company believes that it is reasonably possible the liability for unrecognized tax benefits will decrease by $54 million within the next twelve months. Any significant change in the amount of the Company's liability for unrecognized tax benefits would most likely result from additional information or settlements relating to the examination of the Company's tax returns.

7. Fair Value Measurements

Financial assets and liabilities that are remeasured and reported at fair value at each reporting period are classified and disclosed in one of the following three levels:

Level 1. Quoted prices in active markets for identical assets or liabilities.

Level 2. Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3. Inputs that are unobservable for the asset or liability and that are significant to the fair value of the assets or liabilities.

The following table presents information about the Company's financial assets and liabilities that are measured at fair value on a recurring basis as of September 28, 2012, and indicates the fair value hierarchy of the valuation techniques utilized to determine such value (in millions):

	Fair Value Measurements at Reporting Date Using			
	(Level 1)	(Level 2)	(Level 3)	Total
Assets:				
Cash equivalents:				
Money market funds	$ 496	$ —	$ —	$496
U.S. Treasury securities	—	5	—	5
Total cash equivalents	496	5	—	501
Foreign exchange contracts	—	22	—	22
Auction-rate securities	—	—	14	14
Total assets at fair value	$ 496	$ 27	$ 14	$537

The following table presents information about the Company's financial assets and liabilities that are measured at fair value on a recurring basis as of June 29, 2012, and indicates the fair value hierarchy of the valuation techniques utilized to determine such value (in millions):

	Fair Value Measurements at Reporting Date Using			
	(Level 1)	(Level 2)	(Level 3)	Total
Assets:				
Cash equivalents:				
Money market funds	$ 721	$ —	$ —	$721
U.S. Treasury securities	—	61	—	61
U.S. Government agency securities	—	62	—	62
Total cash equivalents	721	123	—	844
Foreign exchange contracts	—	1	—	1
Auction-rate securities	—	—	14	14
Total assets at fair value	$ 721	$ 124	$ 14	$859
Liabilities:				
Foreign exchange contracts	—	22	—	22
Total liabilities at fair value	$ —	$ 22	$ —	$ 22

Money Market Funds. The Company's money market funds are funds that invest in U.S. Treasury securities and are recorded within cash and cash equivalents in the condensed consolidated balance sheets. Money market funds are valued based on quoted market prices.

U.S. Treasury Securities. The Company's U.S. Treasury securities are investments in Treasury bills with original maturities of three months or less, are held in custody by a third party and are recorded within cash and cash equivalents in the condensed consolidated balance sheets. U.S. Treasury securities are valued using a market approach which is based on observable inputs including market interest rates from multiple pricing sources.

U.S. Government Agency Securities. The Company's U.S. Government agency securities are investments in fixed income securities sponsored by the U.S. Government with original maturities of three months or less, are held in custody by a third party and are recorded within cash and cash equivalents in the condensed consolidated balance sheets. U.S. Government agency securities are valued using a market approach which is based on observable inputs including market interest rates from multiple pricing sources.

Auction-Rate Securities. The Company's auction-rate securities have maturity dates through 2050, are primarily backed by insurance products and are accounted for as available-for-sale securities. These investments are classified as long-term investments and recorded within other non-current assets in the condensed consolidated balance sheets. Auction-rate securities are valued by a third party using trade information related to the secondary market.

Foreign Exchange Contracts. The Company's foreign exchange contracts are short-term contracts to hedge the Company's foreign currency risk. Foreign exchange contracts are classified within other current assets and liabilities in the condensed consolidated balance sheets. Foreign exchange contracts are valued using an income approach that is based on a present value of future cash flows model. The market-based observable inputs for the model include forward rates and credit default swap rates.

In the three months ended September 28, 2012, there were no changes in Level 3 financial assets measured on a recurring basis.

The carrying amounts of cash, accounts receivable, accounts payable and accrued expenses approximate fair value for all periods presented because of the short-term maturity of these assets and liabilities. The carrying amount of debt approximates fair value because of its variable interest rate.

8. Foreign Exchange Contracts

Although the majority of the Company's transactions are in U.S. dollars, some transactions are based in various foreign currencies. The Company purchases short-term, foreign exchange contracts to hedge the impact of foreign currency exchange fluctuations on certain underlying assets, revenue, liabilities and commitments for operating expenses and product costs denominated in foreign currencies. The purpose of entering into these hedging transactions is to minimize the impact of foreign currency fluctuations on the Company's results of operations. These contract maturity dates do not exceed 12 months. All foreign exchange contracts are for risk management purposes only. The Company does not purchase foreign exchange contracts for trading purposes. As of September 28, 2012, the Company had outstanding foreign exchange contracts with commercial banks for British Pound Sterling, Euro, Japanese Yen, Malaysian Ringgit, Philippine Peso, Singapore Dollar and Thai Baht, all of which were designated as either cash flow or fair value hedges.

If the derivative is designated as a cash flow hedge, the effective portion of the change in fair value of the derivative is initially deferred in other comprehensive income (loss), net of tax. These amounts are subsequently recognized into earnings when the underlying cash flow being hedged is recognized into earnings. Recognized gains and losses on foreign exchange contracts entered into for manufacturing-related activities are reported in cost of revenue. Hedge effectiveness is measured by comparing the hedging instrument's cumulative change in fair value from inception to maturity to the underlying exposure's terminal value. The Company determined the ineffectiveness associated with its cash flow hedges to be immaterial for the three months ended September 28, 2012.

A change in the fair value of fair value hedges is recognized in earnings in the period incurred and is reported as a component of operating expenses. All fair value hedges were determined to be effective. The fair value and the changes in fair value on these contracts were not material to the condensed consolidated financial statements during the three months ended September 28, 2012.

As of September 28, 2012, the net amount of unrealized gains with respect to the Company's foreign exchange contracts that is expected to be reclassified into earnings within the next 12 months was $12 million. In addition, as of September 28, 2012, the Company did not have any foreign exchange contracts with credit-risk-related contingent features. The Company opened $769 million and $902 million, and closed $1.1 billion and $836 million, in foreign exchange contracts in the three months ended September 28, 2012 and September 30, 2011, respectively. The fair value and balance sheet location of such contracts were as follows (in millions):

	Asset Derivatives				Liability Derivatives			
	Sept. 28, 2012		Jun. 29, 2012		Sept. 28, 2012		Jun. 29, 2012	
Derivatives Designated as Hedging Instruments	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Foreign exchange contracts	Other current assets	$ 22	Other current assets	$ 1	—	—	Accrued expenses	$ 22

The impact on the condensed consolidated financial statements was as follows (in millions):

Derivatives in Cash Flow Hedging Relationships	Amount of Gain (Loss) Recognized in Accumulated OCI on Derivatives		Location of Gain Reclassified from Accumulated OCI into Income	Amount of Gain Reclassified from Accumulated OCI into Income	
	Sept. 28, 2012	Sept. 30, 2011		Sept. 28, 2012	Sept. 30, 2011
Foreign exchange contracts	$ 31	$ (8)	Cost of revenue	$ 3	$ 11

The total net realized transaction and foreign exchange contract currency gains and losses were not material to the condensed consolidated financial statements during the three months ended September 28, 2012 and September 30, 2011.

9. Stock-Based Compensation

During the three months ended September 28, 2012, the Company recognized in expense $25 million for stock-based compensation related to the ESPP and the vesting of options issued under the Company's stock option plans, compared to $9 million in the prior-year period. As of September 28, 2012, total compensation cost related to unvested stock options and ESPP rights issued to employees but not yet recognized was $164 million and will be amortized on a straight-line basis over a weighted average service period of approximately 2.5 years.

During the three months ended September 28, 2012, the Company recognized in expense $12 million related to adjustments to market value as well as the vesting of cash-settled stock appreciation rights ("SARs"). As of September 28, 2012, the Company had a total liability of $30 million related to SARs included in accrued liabilities in the condensed consolidated balance sheet. As of September 28, 2012, total compensation cost related to unvested SARs issued to employees but not yet recognized was $19 million and will be accrued on a straight-line basis over a weighted average service period of approximately 1.6 years.

For purposes of this footnote, references to restricted stock unit awards ("RSUs") include performance stock unit awards ("PSUs") at target. During the three months ended September 28, 2012, the Company recognized in expense $14 million related to the vesting of awards of RSUs compared to $8 million in the prior-year period. As of September 28, 2012, the aggregate unamortized fair value of all unvested RSUs was $113 million, which will be recognized on a straight-line basis over a weighted average vesting period of approximately 1.8 years.

Stock Option Activity

The following table summarizes activity under the Company's stock option plans (in millions, except per share amounts and remaining contractual lives):

	Number of Shares	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value
Options outstanding at June 29, 2012	15.8	$ 21.89		
Granted	3.0	43.10		
Exercised	(2.2)	16.18		
Canceled or expired	(0.1)	23.00		
Options outstanding at September 28, 2012	16.5	$ 26.52	4.9	$ 215
Exercisable at September 28, 2012	6.3	$ 22.77	3.5	$ 101
Vested and expected to vest after September 28, 2012	16.3	$ 26.39	4.9	$ 214

If an option has an exercise price that is less than the quoted price of the Company's common stock at the particular time, the aggregate intrinsic value of that option at that time is calculated based on the difference between the exercise price of the underlying options and the quoted price of the Company's common stock at that time. As of September 28, 2012, the Company had options outstanding to purchase an aggregate of 16.5 million shares with an exercise price below the quoted price of the Company's stock on that date resulting in an aggregate intrinsic value of $215 million at that date. During the three months ended September 28, 2012, the aggregate intrinsic value of options exercised under the Company's stock option plans was $55 million, determined as of the date of exercise, compared to $5 million in the prior-year period.

SARs Activity

The share-based compensation liability for SARs assumed is recognized for the portion of fair value for which service has been rendered at the reporting date. The share-based liability is remeasured at each reporting date through the requisite service period. The Company uses estimated forfeiture rates on unvested awards to calculate a liability only for those SARs expected to vest. The total vested portion of the SARs represents the proportion of the fair value of the SARs vested based upon the percentage of the required service rendered at the reporting date. As of September 28, 2012, 1.5 million SARs were outstanding with a weighted average exercise price of $7.76. There were no SARs granted and all other SARs activity was immaterial to the condensed consolidated financial statements for the three months ended September 28, 2012.

Fair Value Disclosure — Binomial Model

The fair value of stock options granted is estimated using a binomial option-pricing model. The binomial model requires the input of highly subjective assumptions. The Company uses historical data to estimate exercise, employee termination, and expected stock price volatility within the binomial model. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant. The fair value of stock options granted was estimated using the following weighted average assumptions:

	Three Months Ended	
	Sept. 28, 2012	Sept. 30, 2011
Suboptimal exercise factor	**1.90**	1.81
Range of risk-free interest rates	**0. 17% to 1.04%**	0.13% to 1.43%
Range of expected stock price volatility	**0.44 to 0.53**	0.41 to 0.54
Weighted average expected volatility	**0.49**	0.48
Post-vesting termination rate	**2.08%**	2.63%
Dividend yield	**2.58%**	—
Fair value	**$15.63**	$11.97

The weighted average expected term of the Company's stock options granted during the three months ended September 28, 2012 was 4.0 years, compared to 4.9 years in the prior-year period.

Fair Value Disclosure — Black-Scholes-Merton Model

The fair value of ESPP purchase rights issued is estimated at the date of grant of the purchase rights using the Black-Scholes-Merton option-pricing model. The Black-Scholes-Merton option-pricing model requires the input of highly subjective assumptions such as the expected stock price volatility and the expected period until options are exercised. Purchase rights under the current ESPP provisions are granted on either June 1st or December 1st. ESPP activity was immaterial to the condensed consolidated financial statements for the three months ended September 28, 2012 and September 30, 2011.

RSU Activity

The following table summarizes RSU activity (in millions, except weighted average grant date fair value):

	Number of Shares	Weighted Average Grant Date Fair Value
RSUs outstanding at June 29, 2012	3.7	$ 33.19
Granted	1.5	43.06
Vested	(0.5)	35.32
Canceled or expired	—	—
RSUs outstanding at September 28, 2012	4.7	$ 36.12
Expected to vest after September 28, 2012	4.6	$ 36.12

The fair value of each RSU is the market price of the Company's stock at the date of grant. RSUs are generally payable in an equal number of shares of the Company's common stock at the time of vesting of the units. The grant-date fair value of the shares underlying the RSU awards at the date of grant was $65 million for the three months ended September 28, 2012. These amounts are being recognized to expense over the corresponding vesting periods. For purposes of valuing these awards, the Company has assumed a forfeiture rate of 1.85%, based on a historical analysis indicating forfeitures for these types of awards. The effect of the PSU activity was immaterial to the Company's condensed consolidated financial statements for the three months ended September 28, 2012.

Dividends

On September 13, 2012, the Company announced that its Board of Directors had authorized the adoption of a quarterly cash dividend policy. Under the cash dividend policy, holders of the Company's common stock will receive dividends when and as declared by the Company's Board of Directors. In conjunction with the announcement of the cash dividend policy, the Board of Directors declared a cash dividend of $0.25 per share of the Company's common stock, which was paid on October 15, 2012 to shareholders of record as of the close of business on September 28, 2012. The Company may suspend or discontinue its cash dividend policy at any time.

10. Pensions and Other Post-retirement Benefit Plans

The Company's principal pension and other post-retirement benefit plans are in Japan. All pension and other post-retirement benefit plans outside of the Company's Japanese plans were immaterial to the Company's condensed consolidated financial statements. The expected long-term rate of return on the Japanese plan assets is 3.5%.

The following table presents the unfunded status of the benefit obligations and Japanese plan assets as of September 28, 2012 (in millions):

Benefit obligation	$ 296
Fair value of plan assets	(175)
Unfunded status	$ 121

The following table presents the unfunded amounts as recognized on the Company's condensed consolidated balance sheets as of September 28, 2012 (in millions):

Current liabilities	$ 3
Non-current liabilities	118
Net amount recognized	$121

The net periodic benefit cost of the Company's pension plans was not material to the condensed consolidated financial statements for the three months ended September 28, 2012. The Company's expected employer contributions for its Japanese defined benefit pension plans are $14 million in 2013.

11. HGST Acquisition

On the Closing Date, the Company completed its acquisition (the "Acquisition") of all the issued and outstanding paid-up share capital of HGST from Hitachi Ltd. ("Hitachi"). HGST is a developer and manufacturer of storage devices. As a result of the Acquisition, HGST became an indirect wholly owned subsidiary of the Company. The preliminary, aggregate purchase price of the Acquisition was approximately $4.7 billion, which was paid on the Closing Date and funded with $3.7 billion of existing cash and cash from new debt, as well as 25 million newly issued shares of the Company's common stock with a fair value of $877 million. The fair value of the newly issued shares of the Company's common stock was determined based on the closing market price of the Company's shares of common stock on the date of the Acquisition, less a 10% discount for lack of marketability as the shares issued are subject to a restriction that limits their trade or transfer for one year from the Closing Date.

The total preliminary purchase price for HGST was approximately $4.7 billion and was comprised of (in millions):

	Mar. 8, 2012
Acquisition of all issued and outstanding paid-up share capital of HGST	$4,612
Fair value of stock options, restricted stock-based awards and SARs assumed	102
Total	$4,714

The purchase price consideration includes preliminary estimates of the working capital assets acquired and liabilities assumed, and therefore, may be adjusted when finalized. The Company identified and recorded the assets acquired and liabilities assumed at their estimated fair values at the Closing Date, and allocated the remaining value of approximately $1.8 billion to goodwill. The values assigned to certain acquired assets and liabilities are preliminary, are based on information available as of the date of this Quarterly Report on Form 10-Q, and may be adjusted as further information becomes available during the measurement period of up to 12 months from the date of the Acquisition. The primary areas of the preliminary purchase price allocation that are not yet finalized due to information that may become available subsequently and may result in changes in the values allocated to various assets and liabilities include contingencies and income taxes. Any changes in the fair values of the assets acquired and liabilities assumed during the measurement period may result in material adjustments to goodwill. The preliminary purchase price allocation was as follows (in millions):

	Mar. 8, 2012
Tangible assets acquired and liabilities assumed:	
Cash and cash equivalents	$ 194
Accounts receivable	1,290
Inventories	721
Other current assets	219
Property, plant and equipment	1,813
Other non-current assets	103
Accounts payable	(841)
Accrued liabilities	(594)
Debt assumed	(585)
Pension and other post-retirement benefit liabilities	(130)
Other liabilities	(102)
Intangible assets	833
Goodwill	1,793
Total	$4,714

During the three months ended September 28, 2012, the Company recorded a $31 million net decrease in goodwill from the $1.8 billion recorded in the quarter ended June 29, 2012. This net decrease consists of a $32 million increase in deferred income taxes, offset by a $1 million decrease in intangible assets. The adjustment to amortization expense as a result of these changes was not material to the Company’s condensed consolidated financial statements.

Toshiba Transactions

In connection with the regulatory approval process, the Company announced on May 15, 2012 that it had closed a transaction with Toshiba to divest certain 3.5-inch hard drive assets and to purchase Toshiba Storage Device (Thailand) Company Limited, a wholly-owned subsidiary of Toshiba which manufactured hard drives prior to the recent Thailand flooding. The net impact of these two transactions was immaterial to the Company’s condensed consolidated financial statements.

Maintenance of Competitive Requirement

In connection with the regulatory approval process of the Acquisition, the Company agreed to certain conditions required by the Ministry of Commerce of the People's Republic of China ("MOFCOM"), including adopting measures to maintain HGST as an independent competitor until MOFCOM agrees otherwise (with the minimum period being two years). The Company is working closely with MOFCOM to finalize an operations plan that is expected to outline in more detail the conditions of the competitive requirement.

12. Employee Termination Benefits and Other Charges

During the three months ended September 28, 2012, the Company incurred charges to realign its production with anticipated market demand. Total charges of $26 million were classified as operating expenses and included in Employee termination benefits and other charges on the condensed consolidated statement of income. The following table summarizes the Company's employee termination benefits and other charges for the three months ended September 28, 2012 (in millions):

	Employee Termination Benefits	Contract and Other Termination Costs	Total
Accrual at June 29, 2012	$ —	$ 16	$ 16
Charges	25	1	26
Cash payments	(22)	(1)	(23)
Accrual at September 28, 2012	$ 3	$ 16	$ 19

The employee termination benefits relate to headcount reductions at various worldwide locations. The liabilities for employee termination benefits and contract and other termination costs are expected to be relieved in the second quarter of fiscal 2013.

13. Recent Accounting Pronouncements

In June 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2011-05 "Presentation of Comprehensive Income" ("ASU 2011-05"). The new standard requires that all non-owner changes in shareholders' equity be presented either in a single continuous statement of comprehensive income or in two separate but continuous statements. If presented in two separate statements, the first statement should present total net income and its components followed immediately by a second statement of total other comprehensive income, its components and the total comprehensive income. In December 2011, the FASB deferred certain changes in ASU 2011-05 that relate to the presentation of reclassification adjustments. The new standard is effective for fiscal years and interim periods within those fiscal years, beginning after December 15, 2011. The Company adopted this pronouncement in its first quarter of fiscal 2013. The adoption of ASU 2011-05 resulted in an additional financial statement which increases the prominence of items reported in other comprehensive income but did not have an impact on the Company's financial position or results of operations.

In September 2011, the FASB issued ASU 2011-08, "Intangibles-Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment" ("ASU 2011-08"). The new standard permits an entity to first assess qualitative factors to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired as a basis for determining whether it is necessary to perform the quantitative impairment test in accordance with Accounting Standards Codification 350-30, "Intangibles-Goodwill and Other-General Intangibles Other than Goodwill." The new standard is effective for fiscal years beginning after December 15, 2011. The Company adopted this pronouncement in its first quarter of fiscal 2013. The adoption of ASU 2011-08 did not have a material impact to the Company's condensed consolidated financial statements in the three months ended September 28, 2012.

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

This information should be read in conjunction with the unaudited condensed consolidated financial statements and the notes thereto included in this Quarterly Report on Form 10-Q, and the audited consolidated financial statements and notes thereto and Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, contained in our Annual Report on Form 10-K for the year ended June 29, 2012.

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

Forward-Looking Statements

This document contains forward-looking statements within the meaning of the federal securities laws. Any statements that do not relate to historical or current facts or matters are forward-looking statements. You can identify some of the forward-looking statements by the use of forward-looking words, such as "may," "will," "could," "would," "project," "believe," "anticipate," "expect," "estimate," "continue," "potential," "plan," "forecast," and the like, or the use of future tense. Statements concerning current conditions may also be forward-looking if they imply a continuation of current conditions. Examples of forward-looking statements include, but are not limited to, statements concerning:

- *expectations regarding industry demand and pricing in the December quarter and the ability of the industry to support this demand;*
- *expectations concerning the anticipated benefits of our acquisition of Viviti Technologies Ltd., until recently known as Hitachi Global Storage Technologies Holdings Pte. Ltd.;*
- *demand for hard drives and solid-state drives in the various markets and factors contributing to such demand;*
- *our plans to continue to develop new products and expand into new storage markets and into emerging economic markets;*
- *emergence of new storage markets for hard drives;*
- *emergence of competing storage technologies;*
- *our quarterly cash dividend policy;*
- *our share repurchase plans;*
- *our stock price volatility;*
- *our belief regarding our compliance with environmental laws and regulations;*
- *our belief regarding component availability;*
- *expectations regarding the outcome of legal proceedings in which we are involved;*
- *our beliefs regarding the adequacy of our tax provisions and the timing of future payments, if any, relating to the unrecognized tax benefits;*
- *contributions to our pension plans in fiscal 2013; and*
- *our beliefs regarding the sufficiency of our cash and cash equivalents to meet our working capital, capital expenditure and other cash needs.*

Forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. You are urged to carefully review the disclosures we make concerning risks and other factors that may affect our business and operating results, including those made in Part II, Item 1A of this Quarterly Report on Form 10-Q, and any of those made in our other reports filed with the Securities and Exchange Commission (the "SEC"). You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this document. We do not intend, and undertake no obligation, to publish revised forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events.

Our Company

We are an industry-leading developer and manufacturer of storage products that enable people to create, manage, experience and preserve digital content. We design and make storage devices, networking equipment and home entertainment products under the WD, HGST and G-Technology brands. We serve each of the primary markets addressing storage opportunities — enterprise and cloud data centers, client, consumer electronics, backup, the Internet and other emerging markets such as automotive and home and small office networking.

We operate our global business through two independent subsidiaries due to regulatory requirements—WD and HGST, both long-time innovators in the storage industry.

Our principal products today are hard drives, which use one or more rotating magnetic disks ("magnetic media") to store and allow fast access to data. Hard drives are today's primary storage medium for digital content. Our hard drives are used in desktop and notebook computers, multiple types of data centers including corporate and cloud data centers, home entertainment equipment and stand-alone consumer storage devices. Our other products include solid-state drives, home entertainment and networking products and applications for smart phones and tablets.

Acquisition

Hitachi Global Storage Technologies Holdings Pte. Ltd. ("HGST") Acquisition

On March 8, 2012 (the "Closing Date"), we, through Western Digital Ireland ("WDI"), our indirect wholly owned subsidiary, completed the acquisition (the "Acquisition") of all the issued and outstanding paid-up share capital of Viviti Technologies Ltd., until recently known as HGST, from Hitachi, Ltd. ("Hitachi"), pursuant to a Stock Purchase Agreement, dated March 7, 2011, among us, WDI, Hitachi and HGST. The Acquisition is intended over time, and subject to compliance with applicable regulatory conditions imposed on the Acquisition, to result in a more efficient and innovative customer-focused storage company. We do not expect to achieve significant operating expense synergies while the regulatory conditions are in effect.

The preliminary, aggregate purchase price of the Acquisition amounted to approximately $4.7 billion and is subject to a post-closing adjustment (an increase or a decrease) for changes in the working capital of HGST and certain other payments and expenses. The post-closing adjustment has not yet been determined.

Maintenance of Competitive Requirement

In connection with the regulatory approval process of the Acquisition, we agreed to certain conditions required by the Ministry of Commerce of the People's Republic of China ("MOFCOM"), including adopting measures to maintain HGST as an independent competitor until MOFCOM agrees otherwise (with the minimum period being two years). We are working closely with MOFCOM to finalize an operations plan that is expected to outline in more detail the conditions of the competitive requirement.

Toshiba Transactions

In connection with the regulatory approval process of the Acquisition, we announced on May 15, 2012 that we had closed a transaction with Toshiba Corporation ("Toshiba") to divest certain 3.5-inch hard drive assets and to purchase Toshiba Storage Device (Thailand) Company Limited, a wholly-owned subsidiary of Toshiba that manufactured hard drives prior to the recent Thailand flooding. The net impact of these two transactions was immaterial to our condensed consolidated financial statements.

First Quarter Overview

In accordance with U.S. generally accepted accounting principles ("U.S. GAAP"), operating results for HGST prior to the date of the Acquisition are not included in our operating results, affecting our discussion of changes in our revenues and expenses for the periods prior to the Acquisition as compared to the periods after the Acquisition.

For the three months ended September 28, 2012, we believe that overall hard drive industry shipments totaled approximately 139 million units, down 21% from the prior-year period and down 11% sequentially from the June quarter as a result of a softer demand environment.

The following table sets forth, for the periods presented, selected summary information from our condensed consolidated statements of income by dollars and percentage of net revenue (in millions, except percentages):

	Three Months Ended			
	Sept. 28, 2012		Sept. 30, 2011	
Net revenue	**$4,035**	**100.0%**	$2,694	100.0%
Gross margin	**1,193**	**29.6**	541	20.1
Total operating expenses	**601**	**14.9**	282	10.5
Operating income	**592**	**14.7**	259	9.6
Net income	**519**	**12.9**	239	8.9

The following is a summary of our financial performance for the first quarter of 2013:

- Consolidated net revenue totaled $4.0 billion.
- 44% of our hard drive revenue was derived from non-compute and enterprise markets, which include CE products, enterprise applications, and branded products, as compared to 36% in the prior-year period.
- Hard drive unit shipments increased by 8% from the prior-year period to 62.5 million units.
- Gross margin increased to 29.6%, compared to 20.1% for the prior-year period.
- Operating income, including $26 million of employee termination benefits and other charges, was $592 million, an increase of $333 million from the prior-year period.
- We generated $936 million in cash flow from operations in the first quarter of fiscal 2013, and we ended the quarter with $3.5 billion in cash and cash equivalents.

For the quarter ending December 28, 2012, we expect overall hard drive industry shipments to remain flat with the September quarter. In addition, we expect our revenue in the December quarter to decrease from the September quarter reflecting a muted demand environment, a seasonal reduction in our gaming business and a planned reduction in the shipment of 3.5-inch hard drives to Toshiba in connection with our divestiture agreement with Toshiba.

Results of Operations

Net Revenue

(in millions, except percentages and average selling price)	Three Months Ended Sept. 28, 2012	Sept. 30, 2011	Percentage Change
Net revenue	**$4,035**	$2,694	50%
Average selling price (per unit)*	**$ 62**	$ 46	35
Revenues by Geography (%)			
Americas	**23%**	19%	
Europe, Middle East and Africa	**18**	22	
Asia	**59**	59	
Revenues by Channel (%)			
OEM	**63%**	53%	
Distributors	**24**	29	
Retailers	**13**	18	
Unit Shipments*			
Compute	**42.7**	41.2	
Non-compute	**13.8**	14.2	
Enterprise	**6.0**	2.4	
Total units shipped	**62.5**	57.8	8%

* Based on sales of hard drive units only.

For the quarter ended September 28, 2012, net revenue was $4.0 billion, an increase of 50% from the prior-year period. Total hard drive shipments increased to 62.5 million units for the quarter ended September 28, 2012 as compared to 57.8 million units in the prior-year period. The increase in net revenue resulted primarily from an increase in average selling price ("ASP") and the contribution of the acquired operations of HGST. For the quarter ended September 28, 2012, ASP increased by $16, from $46 to $62. This increase in ASP relates to product mix, as well as the continued effects of the Thailand flooding in October 2011.

Changes in revenue by geography and channel generally reflect normal fluctuations in market demand and competitive dynamics. However, in the three months ended September 28, 2012, our revenue by channel mix reflects a heavier weighting toward OEM as result of the Acquisition. In addition, for the three months ended September 28, 2012, no customer accounted for 10% or more of our net revenue.

In accordance with standard industry practice, we have sales incentive and marketing programs that provide customers with price protection and other incentives or reimbursements that are recorded as a reduction to gross revenue. For the three months ended September 28, 2012 and September 30, 2011, these programs represented 8% and 9% of gross revenues, respectively. These amounts generally vary according to several factors, including industry conditions, seasonal demand, competitor actions, channel mix and overall availability of product.

Gross Margin

(in millions, except percentages)	Three Months Ended Sept. 28, 2012	Sept. 30, 2011	Percentage Change
Net revenue	**$4,035**	$2,694	50%
Gross margin	**1,193**	541	121
Gross margin %	**29.6%**	20.1%	

For the three months ended September 28, 2012, gross margin as a percentage of revenue increased to 29.6% as compared to 20.1% for the prior-year period. This increase was primarily a result of a higher ASP due to product mix and the continued effects of the Thailand flooding, offset by $38 million for amortization of intangibles related to the Acquisition.

Operating Expenses

(in millions, except percentages)	Three Months Ended Sept. 28, 2012	Sept. 30, 2011	Percentage Change
R&D expense	**$ 396**	$ 193	105%
SG&A expense	**179**	89	101
Employee termination benefits and other charges	**26**	—	
Total operating expenses	**$ 601**	$ 282	

Research and development ("R&D") expense was $396 million for the three months ended September 28, 2012, an increase of $203 million from the prior-year period. The increase was primarily due to the continued investment in product development to support new programs, as well as the inclusion of a full quarter of HGST's R&D activities. As a percentage of net revenue, R&D expense increased to 9.8% in the three months ended September 28, 2012, compared to 7.2% in the prior-year period. Selling, general and administrative ("SG&A") expense was $179 million for the three months ended September 28, 2012, an increase of $90 million over the prior-year period. The increase was primarily due to the expansion of sales and marketing to support new products and growing markets, the inclusion of a full quarter of SG&A expense from HGST and $11 million for amortization of intangibles related to the Aquisition. SG&A expense as a percentage of net revenue increased to 4.4% in the three months ended September 28, 2012, compared to 3.3% in the comparative prior-year period.

In the first quarter of fiscal 2012, we recorded $25 million of employee termination benefits and $1 million of contract and other termination costs in order to realign our production with anticipated market demand.

Other Income (Expense)

Interest income for the three months ended September 28, 2012 decreased $1 million as compared to the prior-year period primarily due to a lower average daily invested cash balance for the period. Interest and other expense for the three months ended September 28, 2012 increased $12 million as compared to the prior-year period primarily due to interest on an increased debt balance.

Income Tax Provision

Our income tax provision for the three months ended September 28, 2012 was $59 million as compared to $19 million in the prior-year period. The differences between the effective tax rate and the U.S. Federal statutory rate are primarily due to tax holidays in Malaysia, the Philippines, Singapore and Thailand that expire at various dates from 2013 through 2025 and the current year generation of income tax credits.

In the three months ended September 28, 2012, we recorded a net decrease of $4 million in our liability for unrecognized tax benefits. As of September 28, 2012, we had a recorded liability for unrecognized tax benefits of approximately $276 million. Interest and penalties recognized on such amounts were not material.

The Internal Revenue Service (“IRS”) has completed its field examination of the federal income tax returns for fiscal years 2006 and 2007 for us. We have also received Revenue Agent Reports (“RARs”) from the IRS that seek adjustments to income before income taxes of approximately $970 million in connection with unresolved issues related primarily to transfer pricing and certain other intercompany transactions. We disagree with the proposed adjustments. In May 2011, we filed a protest with the IRS Appeals Office regarding the proposed adjustments. Meetings with the Appeals Office began in February 2012. In January 2012, the IRS commenced an examination of our fiscal years 2008 and 2009 and of the 2007 fiscal period ended September 5, 2007 of Komag, Incorporated, which was acquired by us on September 5, 2007.

We believe that adequate provision has been made for any adjustments that may result from tax examinations. However, the outcome of tax audits cannot be predicted with certainty. If any issues addressed in our tax audits are resolved in a manner not consistent with management’s expectations, we could be required to adjust our provision for income taxes in the period such resolution occurs. As of September 28, 2012, we believe it is reasonably possible that our liability for unrecognized tax benefits will decrease by $54 million within the next twelve months. Any significant change in the amount of our liability for unrecognized tax benefits would most likely result from additional information or settlements relating to the examination of our uncertain tax positions.

Arbitration Award

As disclosed above in Part I, Item 1, Note 5 in the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q, on November 18, 2011, a sole arbitrator ruled against us in an arbitration in Minnesota. The arbitration involves claims brought by Seagate Technology LLC (“Seagate”) against us and a now former employee, alleging misappropriation of confidential information and trade secrets. The arbitrator issued an interim award against us in the amount of $525 million plus pre-award interest. On January 23, 2012, the arbitrator issued a final award adding pre-award interest in the amount of $105.4 million, for a total award of $630.4 million. On January 23, 2012, we filed a petition in the District Court of Hennepin County, Minnesota to have the final arbitration award vacated, and a hearing on the petition to vacate was held on March 1, 2012. On October 12, 2012, the District Court of Hennepin County, Minnesota vacated, in full, the $630.4 million final arbitration award and ordered that a rehearing be held concerning certain trade secret claims before a new arbitrator agreed upon by the parties and that if by November 2, 2012 the parties are unable to reach agreement, then the Court will appoint a new arbitrator. On October 30, 2012, Seagate initiated an appeal of the Court’s decision with the Minnesota Court of Appeals. We strongly believe that the Court’s decision was correct and intend to vigorously oppose Seagate’s efforts to appeal the decision. Nevertheless, we cannot be certain we will be successful in a new arbitration of the trade secret claims or in Seagate’s efforts to appeal the decision. In the event Seagate is successful in its efforts to appeal the Court’s decision, the original arbitration award could be reinstated, and payment of the award, including interest (which would apply at the statutory rate of 10% from the date of the original arbitration award), would adversely affect our financial condition, results of operations and cash flows.

Liquidity and Capital Resources

We ended the first quarter of fiscal 2013 with total cash and cash equivalents of $3.5 billion. The following table summarizes our statements of cash flows (in millions):

	Three Months Ended	
	Sept. 28, 2012	Sept. 30, 2011
Net cash flow provided by (used in):		
Operating activities	**$ 936**	$ 352
Investing activities	**(391)**	(134)
Financing activities	**(216)**	(33)
Net increase in cash and cash equivalents	**$ 329**	$ 185

Our investment policy is to manage our investment portfolio to preserve principal and liquidity while maximizing return through the full investment of available funds. In connection with our Acquisition, we entered into a five-year credit agreement (the "Credit Facility"), which provides for a $500 million revolving credit facility. In addition, we may elect to expand the Credit Facility by up to an additional $500 million if existing or new lenders provide additional term or revolving commitments. We believe our current cash, cash equivalents and cash generated from operations as well as our available credit facilities will be sufficient to meet our working capital, debt, dividend, stock repurchase and capital expenditure needs for at least the next twelve months. Our ability to sustain our working capital position is subject to a number of risks that we discuss in Part II, Item 1A of this Quarterly Report on Form 10-Q.

A total of $2.7 billion and $1.7 billion of our cash and cash equivalents was held outside of the United States at September 28, 2012 and June 29, 2012, respectively. Substantially all of the amounts held outside of the United States are intended to be indefinitely reinvested in foreign operations. On September 13, 2012, our Board of Directors approved a capital allocation plan which includes repurchases of our common stock and the adoption of a quarterly cash dividend policy. Our current plans do not anticipate that we will need funds generated from foreign operations to fund our domestic operations or capital allocation plan for at least the next twelve months. In the event funds from foreign operations are needed in the United States, any repatriation could result in the accrual and payment of additional U.S. income tax.

Operating Activities

Net cash provided by operating activities was $936 million during the three months ended September 28, 2012. Cash flow from operating activities consists of net income, adjusted for non-cash charges, plus or minus working capital changes. This represents our principal source of cash. Net cash provided by working capital changes was $77 million for the three months ended September 28, 2012 as compared to net cash used to fund working capital changes of $71 million in the prior-year period.

Our working capital requirements primarily depend on the effective management of our cash conversion cycle, which measures how quickly we can convert our products into cash through sales. The cash conversion cycles were as follows:

	Three Months Ended	
	Sept. 28, 2012	Sept. 30, 2011
Days sales outstanding	**44**	46
Days in inventory	**42**	27
Days payables outstanding	**(82)**	(72)
Cash conversion cycle	**4**	1

For the three months ended September 28, 2012, our average days sales outstanding ("DSOs") decreased by 2 days, days in inventory ("DIOs") increased by 15 days, and days payable outstanding ("DPOs") increased by 10 days compared to the prior year period. Changes in average DSOs and DIOs are generally related to linearity of shipments and the timing of inventory builds, respectively. Changes in DPOs are generally related to production volume and the timing of purchases during the period. From time to time, we modify the timing of payments to our vendors. We make modifications primarily to manage our vendor relationships and to manage our cash flows, including our cash balances. Generally, we make the payment modifications through negotiations with our vendors or by granting to, or receiving from, our vendors' payment term accommodations.

Investing Activities

Cash used in investing activities for the three months ended September 28, 2012 was $391 million as compared to $134 million for the prior-year period. For the three months ended September 28, 2012, cash used in investing activities consisted of $382 million of capital expenditures and $9 million related to an acquisition compared to $134 million of capital expenditures for the prior-year period. This increase in capital expenditures primarily relates to the inclusion of HGST's activities and flood-related recovery capital spending.

Our cash equivalents are invested in highly liquid money market funds that are invested in U.S. Treasury securities and U.S. Treasury bills. We also have $14 million of auction-rate securities, which are classified as available-for-sale securities.

Financing Activities

Net cash used in financing activities for the three months ended September 28, 2012 was $216 million as compared to $33 million in the prior-year period. Net cash used in financing activities for the three months ended September 28, 2012 consisted of $58 million used to repay long-term debt, $218 million used to repurchase shares of our common stock and a net $60 million provided by employee stock plans. Net cash used in financing activities for the three months ended September 30, 2011 consisted of $31 million used to repay long-term debt and a net $2 million related to employee stock plans.

Off-Balance Sheet Arrangements

Other than facility lease commitments incurred in the normal course of business and certain indemnification provisions (see "Contractual Obligations and Commitments" below), we do not have any off-balance sheet financing arrangements or liabilities, guarantee contracts, retained or contingent interests in transferred assets, or any obligation arising out of a material variable interest in an unconsolidated entity. We do not have any majority-owned subsidiaries that are not included in our unaudited condensed consolidated financial statements. Additionally, we do not have an interest in, or relationships with, any special-purpose entities.

Contractual Obligations and Commitments

Long-Term Debt — On March 8, 2012, in connection with the Acquisition, WDI and WDT (collectively, the "Borrowers") entered into the Credit Facility that provides for $2.8 billion of unsecured loan facilities, consisting of a $2.3 billion term loan facility and a $500 million revolving credit facility. In addition, the Borrowers may elect to expand the Credit Facility by up to an additional $500 million if existing or new lenders provide additional term or revolving commitments. As of September 28, 2012, the outstanding balance of the term loan facility was $2.1 billion. We are required to make principal payments on the term loan facility totaling $230 million a year for 2013 through 2016, and the remaining $1.3 billion balance (subject to adjustment to reflect prepayments or an increase to its term loan facility) in 2017, with the term loan facility balance due and payable in full on March 8, 2017. As of September 28, 2012, $500 million was available for future borrowings on the revolving credit facility. See Part I, Item 1, Note 4 in the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

The Credit Facility requires us to comply with a leverage ratio and an interest coverage ratio calculated on a consolidated basis for us and our subsidiaries. In addition, the Credit Facility contains customary covenants, including covenants that limit or restrict, subject to certain exceptions, our ability to incur liens, incur indebtedness, make certain restricted payments, merge, consolidate or dispose of substantially all of our assets, enter into certain speculative hedging arrangements and make any material change in the nature of our business. Upon the occurrence of an event of default under the Credit Facility, the administrative agent at the request, or with the consent, of the Required Lenders (as defined in the Credit Facility) may cease making loans, terminate the Credit Facility and declare all amounts outstanding to be immediately due and payable, require the cash collateralization of letters of credit and/or exercise all other rights and remedies available to it, the lenders and the letter of credit issuer. The Credit Facility specifies a number of events of default (some of which are subject to applicable grace or cure periods), including, among other things, non-payment defaults, covenant defaults, cross-defaults to other material indebtedness, bankruptcy and insolvency defaults, material judgment defaults and a change of control default. As of September 28, 2012, we were in compliance with all covenants under the Credit Facility.

Purchase Orders — In the normal course of business, we enter into purchase orders with suppliers for the purchase of hard drive components used to manufacture our products. These purchase orders generally cover forecasted component supplies needed for production during the next quarter, are recorded as a liability upon receipt of the components, and generally may be changed or canceled at any time prior to shipment of the components. We also enter into purchase orders with suppliers for capital equipment that are recorded as a liability upon receipt of the equipment. Our ability to change or cancel a capital equipment purchase order without penalty depends on the nature of the equipment being ordered. In some cases, we may be obligated to pay for certain costs related to changes to, or cancellation of, a purchase order, such as costs incurred for raw materials or work in process of components or capital equipment.

We have entered into long-term purchase agreements with various component suppliers, which contain minimum quantity requirements. However, the dollar amount of the purchases may depend on the specific products ordered, achievement of pre-defined quantity or quality specifications or future price negotiations. We have also entered into long-term purchase agreements with various component suppliers that carry fixed volumes and pricing which obligate us to make certain future purchases, contingent on certain conditions of performance, quality and technology of the vendor's components.

We enter into, from time to time, other long-term purchase agreements for components with certain vendors. Generally, future purchases under these agreements are not fixed and determinable as they depend on our overall unit volume requirements and are contingent upon the prices, technology and quality of the supplier's products remaining competitive.

See Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — "Contractual Obligations and Commitments" in our Annual Report on Form 10-K for the year ended June 29, 2012, for further discussion of our purchase orders and purchase agreements and the associated dollar amounts. See Part II, Item 1A of this Quarterly Report on Form 10-Q for a discussion of the risks associated with these commitments.

Foreign Exchange Contracts — We purchase short-term, foreign exchange contracts to hedge the impact of foreign currency fluctuations on certain underlying assets, revenue, liabilities and commitments for operating expenses and product costs denominated in foreign currencies. See Part I, Item 3, of this Quarterly Report on Form 10-Q under the heading "Disclosure About Foreign Currency Risk," for a description of our current foreign exchange contract commitments and Part I, Item 1, Note 8 of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

Indemnifications — In the ordinary course of business, we may provide indemnifications of varying scope and terms to customers, vendors, lessors, business partners and other parties with respect to certain matters, including, but not limited to, losses arising out of our breach of agreements, products or services to be provided by us, or from intellectual property infringement claims made by third parties. In addition, we have entered into indemnification agreements with our directors and certain of our officers that will require us, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors or officers. We maintain director and officer insurance, which may cover certain liabilities arising from our obligation to indemnify our directors and officers in certain circumstances.

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

Unrecognized Tax Benefits — As of September 28, 2012, the cash portion of our total recorded liability for unrecognized tax benefits was $276 million. We estimate the timing of the future payments of these liabilities to be within the next one to five years. See Part I, Item 1, Note 6 of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q for information regarding our total tax liability for unrecognized tax benefits.

Stock Repurchase Program — On May 21, 2012, we announced that our Board of Directors authorized $1.5 billion for the repurchase of our common stock through May 18, 2017. On September 13, 2012, we announced that the Board of Directors authorized an additional $1.5 billion for the repurchase of our common stock and the extension of our stock repurchase program until September 13, 2017. We repurchased 5.2 million shares for a total cost of $218 million during the three months ended September 28, 2012. The remaining amount available to be purchased under our stock repurchase program as of September 28, 2012 was $2.6 billion. Subsequent to September 28, 2012 through November 1, 2012, we repurchased an additional 2.2 million shares for a total cost of $75 million. We may continue to repurchase our stock as we deem appropriate and market conditions allow. Repurchases under our stock repurchase program may be made in the open market or in privately negotiated transactions and may be made under a Rule 10b5-1 plan.

Cash Dividend Policy — On September 13, 2012, we announced that our Board of Directors had authorized the adoption of a quarterly cash dividend policy. Under the cash dividend policy, holders of our common stock receive dividends when and as declared by our Board of Directors. In conjunction with the announcement of the cash dividend policy, our Board of Directors declared a cash dividend of $0.25 per share of our common stock, which was paid on October 15, 2012 to our shareholders of record as of the close of business on September 28, 2012. We may suspend or discontinue our cash dividend policy at any time.

Critical Accounting Policies and Estimates

We have prepared the unaudited condensed consolidated financial statements in accordance with U.S. GAAP. The preparation of the financial statements requires the use of judgments and estimates that affect the reported amounts of revenues, expenses, assets, liabilities and shareholders' equity. We have adopted accounting policies and practices that are generally accepted in the industry in which we operate. We believe the following are our most critical accounting policies that affect significant areas and involve judgment and estimates made by us. If these estimates differ significantly from actual results, the impact to the consolidated financial statements may be material.

Revenue and Accounts Receivable

In accordance with standard industry practice, we provide distributors and retailers (collectively referred to as "resellers") with limited price protection for inventories held by resellers at the time of published list price reductions, and we provide resellers and OEMs with other sales incentive programs. At the time we recognize revenue to resellers and OEMs, we record a reduction of revenue for estimated price protection until the resellers sell such inventory to their customers and we also record a reduction of revenue for the other programs in effect. We base these adjustments on several factors including anticipated price decreases during the reseller holding period, resellers' sell-through and inventory levels, estimated amounts to be reimbursed to qualifying customers, historical pricing information and customer claim processing. If customer demand for hard drives or market conditions differs from our expectations, our operating results could be materially affected. We also have programs under which we reimburse qualified distributors and retailers for certain marketing expenditures, which are recorded as a reduction of revenue. These amounts generally vary according to several factors including industry conditions, seasonal demand, competitor actions, channel mix and overall availability of product. Generally, total sales incentive and marketing programs range from 8% to 12% of gross revenues per quarter. For the three months ended September 28, 2012, sales incentive and marketing programs were 8% of gross revenues. Changes in future customer demand and market conditions may require us to adjust our incentive programs as a percentage of gross revenue from the current range. Adjustments to revenues due to changes in accruals for these programs related to revenues reported in prior periods have averaged 0.8% of quarterly gross revenue since the first quarter of fiscal 2012. Customer sales incentive and marketing programs are recorded as a reduction of revenue.

We record an allowance for doubtful accounts by analyzing specific customer accounts and assessing the risk of loss based on insolvency, disputes or other collection issues. In addition, we routinely analyze the different receivable aging categories and establish reserves based on a combination of past due receivables and expected future losses based primarily on our historical levels of bad debt losses. If the financial condition of a significant customer deteriorates resulting in its inability to pay its accounts when due, or if our overall loss history changes significantly, an adjustment in our allowance for doubtful accounts would be required, which could materially affect operating results.

We establish provisions against revenue and cost of revenue for sales returns in the same period that the related revenue is recognized. We base these provisions on existing product return notifications. If actual sales returns exceed expectations, an increase in the sales return accrual would be required, which could materially affect operating results.

Warranty

We record an accrual for estimated warranty costs when revenue is recognized. We generally warrant our products for a period of one to five years. Our warranty provision considers estimated product failure rates and trends, estimated replacement costs, estimated repair costs which include scrap costs, and estimated costs for customer compensatory claims related to product quality issues, if any. We use a statistical warranty tracking model to help prepare our estimates and assist us in exercising judgment in determining the underlying estimates. Our statistical tracking model captures specific detail on hard drive reliability, such as factory test data, historical field return rates, and costs to repair by product type. Our judgment is subject to a greater degree of subjectivity with respect to newly introduced products because of limited field experience with those products upon which to base our warranty estimates. We review our warranty accrual quarterly for products shipped in prior periods and which are still under warranty. Any changes in the estimates underlying the accrual may result in adjustments that impact current period gross margin and income. Such changes are generally a result of differences between forecasted and actual return rate experience and costs to repair. If actual product return trends, costs to repair returned products or costs of customer compensatory claims differ significantly from our estimates, our future results of operations could be materially affected. For a summary of historical changes in estimates related to pre-existing warranty provisions, refer to Part I, Item 1, Note 2 of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

Inventory

We value inventories at the lower of cost (first-in, first-out and weighted average methods) or net realizable value. We use the first-in, first-out (“FIFO”) method to value the cost of the majority of our inventories, while we use the weighted average method to value precious metal inventories. Weighted average cost is calculated based upon the cost of precious metals at the time they are received by us. We have determined that it is not practicable to assign specific costs to individual units of precious metals and, as such, we relieve our precious metals inventory based on the weighted average cost of the inventory at the time the inventory is used in production. The weighted average method of valuing precious metals does not materially differ from a FIFO method. We record inventory write-downs for the valuation of inventory at the lower of cost or net realizable value by analyzing market conditions and estimates of future sales prices as compared to inventory costs and inventory balances.

We evaluate inventory balances for excess quantities and obsolescence on a regular basis by analyzing estimated demand, inventory on hand, sales levels and other information, and reduce inventory balances to net realizable value for excess and obsolete inventory based on this analysis. Unanticipated changes in technology or customer demand could result in a decrease in demand for one or more of our products, which may require a write down of inventory that could materially affect operating results.

Litigation and Other Contingencies

When we become aware of a claim or potential claim, we assess the likelihood of any loss or exposure. We disclose information regarding each material claim where the likelihood of a loss contingency is probable or reasonably possible. If a loss contingency is probable and the amount of the loss can be reasonably estimated, we record an accrual for the loss. In such cases, there may be an exposure to potential loss in excess of the amount accrued. Where a loss is not probable but is reasonably possible or where a loss in excess of the amount accrued is reasonably possible, we disclose an estimate of the amount of the loss or range of possible losses for the claim if a reasonable estimate can be made, unless the amount of such reasonably possible losses is not material to our financial position, results of operations or cash flows. The ability to predict the ultimate outcome of such matters involves judgments, estimates and inherent uncertainties. The actual outcome of such matters could differ materially from management’s estimates. Refer to Part I, Item 1, Note 5 of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

Income Taxes

We account for income taxes under the asset and liability method, which provides that deferred tax assets and liabilities be recognized for temporary differences between the financial reporting basis and the tax basis of our assets and liabilities and expected benefits of utilizing net operating loss and tax credit carryforwards. We record a valuation allowance when it is more likely than not that the deferred tax assets will not be realized. Each quarter, we evaluate the need for a valuation allowance for our deferred tax assets and we adjust the valuation allowance so that we record net deferred tax assets only to the extent that we conclude it is more likely than not that these deferred tax assets will be realized.

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

Stock-based Compensation

We account for all stock-based compensation at fair value. Stock-based compensation cost is measured at the grant date based on the value of the award and is recognized as expense over the vesting period. The fair values of all stock options and stock appreciation rights granted are estimated using a binomial model, and the fair values of all Employee Stock Purchase Plan purchase rights are estimated using the Black-Scholes-Merton option-pricing model. We account for SARs as liability awards based upon our intention to settle such awards in cash. The SARs liability is recognized for that portion of fair value for the service period rendered at the reporting date. The share-based liability is remeasured at each reporting date through the requisite service period. Both the binomial and the Black-Scholes-Merton models require the input of highly subjective assumptions. We are required to use judgment in estimating the amount of stock-based awards that are expected to be forfeited. If actual forfeitures differ significantly from the original estimate, stock-based compensation expense and our results of operations could be materially affected.

Goodwill and Other Long-Lived Assets

The fair value of assets acquired and liabilities assumed in a business acquisition are recognized at the acquisition date, with amounts exceeding the fair values being recognized as goodwill. Goodwill is not amortized. Instead, it is tested for impairment on an annual basis or more frequently whenever events or changes in circumstances indicate that goodwill may be impaired. We first use qualitative factors to determine whether goodwill is more likely than not impaired. If we conclude from the qualitative assessment that goodwill is more likely than not impaired, we follow a two-step approach to quantify the impairment.

We are required to use judgment when applying the goodwill impairment test, including the identification of reporting units, assignment of assets and liabilities to reporting units, assignment of goodwill to reporting units, and determination of the fair value of each reporting unit. In addition, the estimates used to determine the fair value of each reporting unit may change based on results of operations, macroeconomic conditions or other factors. Changes in these estimates could materially affect our assessment of the fair value and goodwill impairment for each reporting unit.

Other intangible assets consist primarily of technology acquired in business combinations. Acquired intangibles are amortized on a straight-line basis over their respective estimated useful lives. Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. If impairment is indicated, the impairment is measured as the amount by which the carrying amount of the assets exceeds the fair value of the assets.

Recent Accounting Pronouncements

For a description of recently issued and adopted accounting pronouncements, including the respective dates of adoption and expected effects on our results of operations and financial condition, refer to Part I, Item I, Note 13 of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

Item 3. *QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK*

Disclosure About Foreign Currency Risk

Although the majority of our transactions are in U.S. dollars, some transactions are based in various foreign currencies. We purchase short-term, foreign exchange contracts to hedge the impact of foreign currency exchange fluctuations on certain underlying assets, revenue, liabilities and commitments for operating expenses and product costs denominated in foreign currencies. The purpose of entering into these hedge transactions is to minimize the impact of foreign currency fluctuations on our results of operations. The contract maturity dates do not exceed 12 months. We do not purchase foreign exchange contracts for trading purposes. Currently, we focus on hedging our foreign currency risk related to the British Pound Sterling, Euro, Japanese Yen, Malaysian Ringgit, Philippine Peso, Singapore Dollar and Thai Baht. See Part I, Item 1, Note 8 of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

As of September 28, 2012, we had outstanding the following purchased foreign exchange contracts (in millions, except weighted average contract rate):

	Contract Amount	Weighted Average Contract Rate*	Unrealized Gains
Foreign exchange contracts:			
Cash flow hedges:			
Malaysian Ringgit	$ 307	3.13	$ 4
Singapore Dollar	$ 23	1.25	—
Thai Baht	$ 658	31.53	$ 8
Fair value hedges:			
British Pound Sterling	$ 3	0.64	—
Euro	$ 6	0.79	—
Japanese Yen	$ 58	78.76	—
Philippine Peso	$ 4	41.72	—
Singapore Dollar	$ 2	1.24	—
Thai Baht	$ 248	31.56	—

* Expressed in units of foreign currency per U.S. dollar.

During the three months ended September 28, 2012, total net realized transaction and foreign exchange contract currency gains and losses were not material to the condensed consolidated financial statements.

Disclosure About Other Market Risks

Variable Interest Rate Risk

Borrowings under the Credit Facility bear interest at a rate equal to, at the option of the applicable Borrower, either (a) a LIBOR rate determined by reference to the British Bankers Association LIBOR Rate for the interest period relevant to such borrowing, subject to certain exceptions (the "Eurodollar Rate") or (b) a base rate determined by reference to the higher of (i) the federal funds rate plus 0.50%, (ii) the prime rate as announced by Bank of America, N.A. and (iii) the Eurodollar Rate plus 1.00% (the "Base Rate"), in each case plus an applicable margin. The applicable margin for borrowings under the Credit Facility ranges from 1.50% to 2.50% with respect to borrowings at the Eurodollar Rate and 0.50% to 1.50% with respect to borrowings at the Base Rate. The applicable margins for borrowings under the Credit Facility are determined based upon a leverage ratio of the Company and its subsidiaries calculated on a consolidated basis. If the federal funds rate, prime rate or LIBOR rate increase, our interest payments could also increase. A one percent increase in the variable rate of interest on the term loan facility would increase interest expense by approximately $21 million annually.

Item 4. *CONTROLS AND PROCEDURES*

As required by SEC Rule 13a-15(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this Quarterly Report on Form 10-Q, our disclosure controls and procedures were effective.

There has been no change in our internal control over financial reporting during the first fiscal quarter ended September 28, 2012 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. *LEGAL PROCEEDINGS*

For a description of our legal proceedings, refer to Part I, Item 1, Note 5 of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q, which is incorporated by reference in response to this item.

Item 1A. *RISK FACTORS*

We have updated a number of the risk factors affecting our business since those presented in our Annual Report on Form 10-K, Part I, Item 1A, for the fiscal year ended June 29, 2012. Except for the addition of the first two risk factors below, revisions to the third and fourth risk factors below and the deletion of a risk factor regarding restructuring charges as a result of the HGST acquisition, there have been no material changes in our assessment of our risk factors from those set forth in our Annual Report on Form 10-K for the fiscal year June 29, 2012. For convenience, all of our risk factors are included below.

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

As advances in computer hardware and software are made, our customers have demanded a more diversified portfolio of disk drive products with new and additional features. In some cases, this demand results in investments in new products for a particular market that do not necessarily expand overall market opportunity, which may negatively affect our operating results.

In addition, the success of our new product introductions depends on a number of other factors, including

- difficulties faced in manufacturing ramp;
- implementing at an acceptable cost product features expected by our customers;
- market acceptance/qualification;
- effective management of inventory levels in line with anticipated product demand; and
- quality problems or other defects in the early stages of new product introduction that were not anticipated in the design of those products.

Our business may suffer if we fail to successfully anticipate and manage issues associated with our product development.

Failure to continue to pay quarterly cash dividends to our shareholders could cause the market price for our common stock to decline.

Our ability to pay quarterly cash dividends will be subject to, among other things, our financial position and results of operations, available cash and cash flow, capital requirements, and other factors. Any reduction or discontinuance by us of the payment of quarterly cash dividends could cause the market price of our common stock to decline. Moreover, in the event our payment of quarterly cash dividends is reduced or discontinued, our failure or inability to resume paying cash dividends at historical levels could result in a lower market valuation of our common stock.

Our customers' demand for hard drives may not continue to grow at current industry estimates, which may lower the prices our customers are willing to pay for our products or put us at a disadvantage to competing technologies.

Our customers' demand for hard drives may not continue to grow at current industry estimates as a result of:

- *Mobile Devices.* There has been and continues to be a rapid growth in devices that do not contain a hard drive such as tablet computers and smart phones. As tablet computers and smart phones provide many of the same capabilities as PCs, they have displaced or materially affected, and may continue to displace or materially affect, the demand for PCs. If we are not successful in adapting our product offerings to include disk drives or alternative storage solutions that address these devices, demand for our products may decrease.
- *Cloud Computing.* Consumers traditionally have stored their data on their PC, often supplemented with personal external storage devices. Most businesses also include similar local storage as a primary or secondary storage location. This storage is typically provided by hard disk drives. Recently, cloud computing has emerged whereby applications and data are hosted, accessed and processed through a third-party provider over a broadband Internet connection, potentially reducing or eliminating the need for, among other things, significant storage inside the accessing computer. This trend could cause the market for disk drives in computers to decline over time, which could harm our business to the extent this decline is not offset by the sale of our products to customers who provide cloud computing services.

Demand for our products also could be negatively impacted by developments in the regulation and enforcement of digital rights management, the emergence of processes such as data deduplication and storage virtualization, economic conditions, and the rate of increase in areal density exceeding the increase in our customers' demand for storage. These factors could lead to our customers' storage needs being satisfied at lower prices with lower capacity hard drives or solid-state storage products that we do not offer, thereby decreasing our revenue or putting us at a disadvantage to competing storage technologies. As a result, even with increasing aggregate demand for storage, if we fail to anticipate or timely respond to these developments in the demand for storage, our ASPs could decline, which could adversely affect our operating results.

The nature of our business and our reliance on intellectual property and other proprietary information subjects us to the risk of significant litigation.

The data storage industry has been characterized by significant litigation. This includes litigation relating to patent and other intellectual property rights, product liability claims and other types of litigation. Litigation can be expensive, lengthy and disruptive to normal business operations. Moreover, the results of litigation are inherently uncertain and may result in adverse rulings or decisions. We may enter into settlements or be subject to judgments that may, individually or in the aggregate, have a material adverse effect on our business, financial condition or operating results. As disclosed in Part I, Item 1, Note 5 in the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q, on November 18, 2011, a sole arbitrator ruled against us in an arbitration in Minnesota. The arbitration involves claims brought by Seagate Technology LLC against us and a now former employee, alleging misappropriation of confidential information and trade secrets. The arbitrator issued an interim award against us in the amount of $525 million plus pre-award interest. On January 23, 2012, the arbitrator issued a final award adding pre-award interest in the amount of $105.4 million, for a total award of $630.4 million. On January 23, 2012, we filed a petition in the District Court of Hennepin County, Minnesota to have the final arbitration award vacated, and a hearing on the petition was held on March 1, 2012. On October 12, 2012, the District Court of Hennepin County, Minnesota vacated, in full, the $630.4 million final arbitration award and ordered that a rehearing be held concerning certain trade secret claims before a new arbitrator agreed upon by the parties and that if by November 2, 2012 the parties are unable to reach agreement, then the Court will appoint a new arbitrator. On October 30, 2012, Seagate initiated an appeal of the Court's decision with the Minnesota Court of Appeals. We strongly believe that the Court's decision was correct and intend to vigorously oppose Seagate's efforts to appeal the decision. Nevertheless, we cannot be certain we will be successful in a new arbitration of the trade secret claims or in Seagate's efforts to appeal the decision. In the event Seagate is successful in its efforts to appeal the Court's decision, the original arbitration award could be reinstated, and payment of the award, including interest (which would apply at the statutory rate of 10% from the date of the original arbitration award), would adversely affect our financial condition, results of operations and cash flows.

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

The 2011 severe flooding in Thailand, which inundated our Thailand manufacturing facilities and resulted in the temporary suspension of all production in those facilities, has affected, and will continue to affect, our near-term business, results of operations and financial condition.

As previously disclosed, the 2011 severe flooding in Thailand resulted in the temporary suspension of production in all of our Thailand manufacturing facilities. While production has resumed in our Thailand facilities, material risks and uncertainties as a result of flooding remain, including the following:

- *Under-Absorption of Assets*. Our hard disk drive production capacity has reached a point where we can adequately meet anticipated customer demand; however, industry demand has not returned to pre-flood levels. In addition, we lost market share as a result of the flooding due to the impact on our manufacturing capabilities relative to that of our competitors and due to certain of our competitors entering into long-term purchase agreements with customers. If industry demand does not return to pre-flood levels, or if we are not able to regain market share, our costs will be impacted negatively by significant under-absorption of our assets and infrastructure and our business and results of operations will be adversely affected.
- *Component Costs*. Due to component supply constraints as a result of the flooding, the cost of certain component materials increased and continues to remain above pre-flood levels. During the flooding we entered into certain volume commitment agreements with certain of our component suppliers, and since the flooding we and our suppliers have taken certain steps to diversify the geographical footprint of our supplier manufacturing base, each of which has resulted and may continue to result in the cost of certain components remaining above pre-flood levels. An increase in the cost of component materials that cannot be recovered through increased pricing could adversely affect our operating results.
- *Restored Equipment*. The equipment we use is highly sophisticated and complex. We have repaired or refurbished certain equipment damaged in the flooding; however, the remaining useful life of, and costs associated with maintaining, such equipment is uncertain. If repaired or refurbished equipment does not last as long as planned, we may be required to increase capital expenditures to replace such equipment, which could adversely affect our financial condition and results of operations.
- *Insurance*. We maintain insurance coverage that provides property and business interruption coverage in the event of losses arising from flooding. The claim process is underway, but we are unable to predict how much of our losses will be covered by insurance. It is reasonably possible that the final losses that we incur in connection with the flood damage and our business interruption will exceed the limits of our insurance policies. We also cannot estimate the timing of the proceeds we will ultimately receive under our insurance policies, and there may be a substantial delay between our incurrence of losses and our recovery under our insurance policies.

- *New Product Development*. The flooding of our Thailand facilities and suspension of operations delayed or adversely impacted our development and introduction of new products and technologies, which may put us at a competitive disadvantage to our competitors who were not as adversely affected by the flooding.

In connection with obtaining the regulatory approvals required to complete our acquisition of HGST, we agreed to divest certain assets to Toshiba, and the completion of the divestiture is subject to risks and uncertainties, and our business will be adversely affected in the event we fail to successfully execute the divestiture on a timely basis or at all.

In connection with obtaining the regulatory approvals required to complete our acquisition of HGST, we agreed, subject to review by regulatory agencies in certain jurisdictions, to divest certain assets to Toshiba that will expand Toshiba's capacity to manufacture 3.5-inch hard drives for the desktop, consumer electronics and near-line (business critical) applications. While this divestiture transaction closed in May 2012, certain steps remain before we will have successfully completed the transfer of the divested assets to Toshiba as provided in the purchase agreement. There is no guarantee that we will complete the divestiture to Toshiba on a timely basis or at all. If we are not able to complete the divestiture on a timely basis or at all, the jurisdictions that conditioned their approval of the HGST acquisition on the divestiture could impose certain obligations on us, including a requirement that we divest the assets subject to the Toshiba divestiture (or other assets) to another purchaser, which could adversely affect our business, financial condition and results of operations.

If we fail to realize the anticipated benefits from our acquisition of HGST on a timely basis, or at all, our business and financial condition may be adversely affected.

In connection with obtaining the regulatory approvals required to complete the acquisition of HGST, we agreed to certain conditions required by MOFCOM, including adopting measures to keep HGST as an independent competitor until MOFCOM agrees otherwise (with the minimum period being two years). We are working closely with MOFCOM to finalize an operations plan that is expected to outline in more detail the conditions of the competitive requirement. Compliance with these measures limits our ability to integrate HGST's business with our business (and we do not expect to achieve significant operating expense synergies while the conditions remain in place), could cause delays or uncertainties in making decisions about the combined business, could result in significant costs (including additional capital expenditures relative to our competitors as a result of maintaining separate research and development functions) or could require changes in business practices, each of which could negatively impact our business, financial condition and results of operations. In the event we fail to comply with these measures, the time during which we are required to comply with the condition could be extended and we could be subject to other conditions or penalties that could adversely affect the business.

In addition to the requirement to maintain HGST as an independent competitor, we may also fail to realize the anticipated benefits from our acquisition of HGST on a timely basis, or at all, for a variety of other reasons, including the following:

- difficulties entering new markets or manufacturing in new geographies where we have no or limited direct prior experience;
- failure to identify or assess the magnitude of certain liabilities we are assuming in the acquisition, which could result in unexpected litigation or regulatory exposure, unfavorable accounting treatment, unexpected increases in taxes due, a loss of anticipated tax benefits or other adverse effects on our business, operating results or financial condition;
- failure to realize the anticipated increase in our revenues due to the acquisition if customers adjust their purchasing decisions and allocate more market share to our competitors;
- failure to successfully manage relationships with our supplier and customer base;
- difficulties, when allowed, integrating and harmonizing business systems; and
- the loss of key employees.

If we are not able to successfully manage these issues, the anticipated benefits and efficiencies of the HGST acquisition may not be realized fully or at all, or may take longer to realize than expected, and our ability to compete, our revenue and gross margins and our results of operations may be adversely affected.

The financing of the HGST acquisition may have an adverse impact on our liquidity, limit our flexibility in responding to other business opportunities and increase our vulnerability to adverse economic and industry conditions.

Our acquisition of HGST was financed by a combination of the issuance of additional shares of our common stock, the use of a significant amount of our cash on hand and the incurrence of a significant amount of indebtedness. The use of cash on hand and indebtedness to finance the acquisition reduced our liquidity and could cause us to place more reliance on cash flow from operations to pay principal and interest on our debt, thereby reducing the availability of our cash flow for operations and development activities. The credit agreement we entered into with respect to the indebtedness we incurred to finance the acquisition contains restrictive covenants, including financial covenants requiring us to maintain specified financial ratios. Our ability to meet these restrictive covenants can be affected by events beyond our control. The indebtedness and these restrictive covenants will also have the effect, among other things, of impairing our ability to obtain additional financing, if needed, limiting our flexibility in the conduct of our business and making us more vulnerable to economic downturns and adverse competitive and industry conditions. In addition, a breach of the restrictive covenants could result in an event of default under the credit agreement, which, if not cured or waived, could result in the indebtedness becoming immediately due and payable and could have a material adverse effect on our business, financial condition or operating results.

Adverse global economic conditions and credit market uncertainty could harm our business, results of operations and financial condition.

Adverse global economic conditions and uncertain conditions in the credit market have had, and in the future could have, a significant adverse effect on our company and on the storage industry as a whole. Some of the risks and uncertainties we face as a result of these global economic and credit market conditions include the following:

- *Volatile Demand.* Negative or uncertain global economic conditions could cause many of our direct and indirect customers to delay or reduce their purchases of our products and systems containing our products. In addition, many of our customers rely on credit financing to purchase our products. If negative conditions in the global credit markets prevent our customers' access to credit, product orders may decrease, which could result in lower revenue. Likewise, if our suppliers, sub-suppliers and sub-contractors (collectively referred to as "suppliers") face challenges in obtaining credit, in selling their products or otherwise in operating their businesses, they may be unable to offer the materials we use to manufacture our products. These actions could result in reductions in our revenue and increased operating costs, which could adversely affect our business, results of operations and financial condition.
- *Restructuring Activities.* Demand for our products has slowed as a result of a deterioration in economic conditions. As a result, we have taken, and may in the future take additional, restructuring activities to realign our cost structure with softening demand. The occurrence of restructuring activities could result in impairment charges and other expenses, which could adversely impact our results of operations or financial condition.
- *Credit Volatility and Loss of Receivables.* We extend credit and payment terms to some of our customers. In addition to ongoing credit evaluations of our customers' financial condition, we traditionally seek to mitigate our credit risk by purchasing credit insurance on certain of our accounts receivable balances. As a result of the continued uncertainty and volatility in global economic conditions, however, we may find it increasingly difficult to be able to insure these accounts receivable. We could suffer significant losses if a customer whose accounts receivable we have not insured, or have underinsured, fails and is unable to pay us. Additionally, negative or uncertain global economic conditions increase the risk that if a customer whose accounts receivable we have insured fails, the financial condition of the insurance carrier for such customer account may have also deteriorated such that it cannot cover our loss. A significant loss of an accounts receivable that we cannot recover through credit insurance would have a negative impact on our financial results.

- *Impairment Charges.* Negative or uncertain global economic conditions could result in circumstances, such as a sustained decline in our stock price and market capitalization or a decrease in our forecasted cash flows such that they are insufficient, indicating that the carrying value of our long-lived assets or goodwill may be impaired. If we are required to record a significant charge to earnings in our consolidated financial statements because an impairment of our long-lived assets or goodwill is determined, our results of operations will be adversely affected.

We participate in a highly competitive industry that is subject to the risk of declining average selling prices ("ASPs"), volatile gross margins and significant shifts in market share, all of which could adversely affect our operating results.

Demand for our hard drives depends in large part on the demand for systems manufactured by our customers and on storage upgrades to existing systems. The demand for systems has been volatile in the past and often has had an exaggerated effect on the demand for hard drives in any given period. As a result, the hard drive market has experienced periods of excess capacity, which can lead to liquidation of excess inventories and more intense price competition. If more intense price competition occurs, we may be forced to lower prices sooner and more than expected, which could adversely impact revenue and gross margins. Our ASPs and gross margins also tend to decline when there is a shift in the mix of product sales, and sales of lower priced products increase relative to those of higher priced products. In addition, rapid technological changes often reduce the volume and profitability of sales of existing products and increase the risk of inventory obsolescence. These factors, along with others, may result in significant shifts in market share among the industry's major participants.

Our failure to accurately forecast market and customer demand for our products, or to quickly adjust to forecast changes, could adversely affect our business and financial results or operating efficiencies.

The data storage industry faces difficulties in accurately forecasting market and customer demand for its products. The variety and volume of products we manufacture is based in part on these forecasts. Accurately forecasting demand has become increasingly difficult for us, our customers and our suppliers in light of the volatility in global economic conditions, a recent shift from air to ocean freight in response to increased transportation costs, which requires additional lead times, and industry consolidation, which has resulted in less availability of historical market data for certain product segments. In addition, because hard drives are designed to be largely interchangeable with competitors' products, our demand forecasts may be impacted significantly by the strategic actions of our competitors. As forecasting demand becomes more difficult, the risk that our forecasts are not in line with demand increases. If our forecasts exceed actual market demand, then we could experience periods of product oversupply and price decreases, which could impact our financial performance. If market demand increases significantly beyond our forecasts or beyond our ability to add manufacturing capacity, then we may not be able to satisfy customer product needs, which could result in a loss of market share if our competitors are able to meet customer demands.

We experience significant sales seasonality and cyclicality, which could cause our operating results to fluctuate.

Sales of computer systems, storage subsystems and consumer electronics tend to be seasonal and cyclical, and therefore we expect to continue to experience seasonality and cyclicality in our business as we respond to variations in our customers' demand for hard drives. In the desktop, mobile, CE and retail markets, seasonality historically has been partially attributable to the increase in sales of PCs and CE devices during the back-to-school and winter holiday seasons. In the enterprise market our sales are typically seasonal because of the capital budgeting and purchasing cycles of our end users. However, changes in seasonal and cyclical patterns have made it, and could continue to make it, more difficult for us to forecast demand, especially as a result of the Thailand flooding and the current macroeconomic environment. Changes in the product or channel mix of our business can also impact seasonal and cyclical patterns, adding complexity in forecasting demand. Seasonality and cyclicality also may lead to higher volatility in our stock price. It is difficult for us to evaluate the degree to which seasonality and cyclicality may affect our stock price or business in future periods because of the rate and unpredictability of product transitions and new product introductions and macroeconomic conditions.

Selling to the retail market is an important part of our business, and if we fail to maintain and grow our market share or gain market acceptance of our branded products, our operating results could suffer.

Selling branded products is an important part of our business, and as our branded products revenue increases as a portion of our overall revenue, our success in the retail market becomes increasingly important to our operating results. Our success in the retail market depends in large part on our ability to maintain our brand image and corporate reputation and to expand into and gain market acceptance of our products in multiple channels, including the e-tail channel. Adverse publicity, whether or not justified, or allegations of product or service quality issues, even if false or unfounded, could tarnish our reputation and cause our customers to choose products offered by our competitors. In addition, the proliferation of new methods of mass communication facilitated by the Internet makes it easier for false or unfounded allegations to adversely affect our brand image and reputation. If customers no longer maintain a preference for WD®-, HGST™- or G-Technology™-brand products, our operating results may be adversely affected.

Sales in the distribution channel are important to our business, and if we fail to respond to demand changes in distribution markets or if distribution markets for hard drives weaken, our operating results could suffer.

Our distribution customers typically sell to small computer manufacturers, dealers, systems integrators and other resellers. We face significant competition in this channel as a result of limited product qualification programs and a significant focus on price and availability of product. In addition, the PC market is experiencing a shift to notebook and other mobile devices and, as a result, more computing devices are being delivered to the market as complete systems, which could weaken the distribution market. If we fail to respond to changes in demand in the distribution market, our operating results could suffer. Additionally, if the distribution market weakens as a result of a slowing PC growth rate, technology transitions or a significant change in consumer buying preference, or if we experience significant price declines due to demand changes in the distribution channel, then our operating results would be adversely affected.

Loss of market share with or by a key customer, or consolidation among our customer base, could harm our operating results.

During the three months ended September 28, 2012, 44% of our revenue came from sales to our top 10 customers. These customers have a variety of suppliers to choose from and therefore can make substantial demands on us, including demands on product pricing and on contractual terms, which often results in the allocation of risk to us as the supplier. Our ability to maintain strong relationships with our principal customers is essential to our future performance. If we lose a key customer, if any of our key customers reduce their orders of our products or require us to reduce our prices before we are able to reduce costs, if a customer is acquired by one of our competitors or if a key customer suffers financial hardship, our operating results would likely be harmed.

Additionally, if there is consolidation among our customer base, our customers may be able to command increased leverage in negotiating prices and other terms of sale, which could adversely affect our profitability. In addition, if, as a result of increased leverage, customer pressures require us to reduce our pricing such that our gross margins are diminished, we could decide not to sell our products to a particular customer, which could result in a decrease in our revenue. Consolidation among our customer base may also lead to reduced demand for our products, replacement of our products by the combined entity with those of our competitors and cancellations of orders, each of which could harm our operating results.

Our entry into additional markets increases the complexity of our business, and if we are unable to successfully adapt our business processes as required by these new markets, we will be at a competitive disadvantage and our ability to grow will be adversely affected.

As we expand our product line to sell into additional markets, the overall complexity of our business increases at an accelerated rate and we become subject to different market dynamics. The new markets into which we are expanding, or may expand, may have different characteristics from the markets in which we currently exist. These different characteristics may include, among other things, demand volume requirements, demand seasonality, product generation development rates, customer concentrations, warranty and product return policies and performance and compatibility requirements. Our failure to make the necessary adaptations to our business model to address these different characteristics, complexities and new market dynamics could adversely affect our operating results.

Expansion into new hard drive markets may cause our capital expenditures to increase, and if we do not successfully expand into new markets, our business may suffer.

To remain a significant supplier of hard drives, we will need to offer a broad range of hard drive products to our customers. We currently offer a variety of 3.5-inch or 2.5-inch hard drives for the desktop, mobile, enterprise, CE and external storage markets. However, demand for hard drives may shift to products in form factors or with interfaces that our competitors offer but which we do not. Expansion into other hard drive markets and resulting increases in manufacturing capacity requirements may require us to make substantial additional investments in part because our operations are largely vertically integrated now that we manufacture heads and magnetic media for use in many of the hard drives we manufacture. If we fail to successfully expand into new hard drive markets with products that we do not currently offer, we may lose business to our competitors who offer these products.

Our vertical integration of head and magnetic media manufacturing makes us dependent on our ability to timely and cost-effectively develop heads and magnetic media with leading technology and overall quality, and creates additional capital expenditure costs and asset utilization risks to our business.

Under our business plan, we are developing and manufacturing a substantial portion of the heads and magnetic media used in the hard drive products we manufacture. Consequently, we are more dependent upon our own development and execution efforts and less able to take advantage of head and magnetic media technologies developed by other manufacturers. Technology transition for head and magnetic media designs is critical to increasing our volume production of heads and magnetic media. There can be no assurance, however, that we will be successful in timely and cost-effectively developing and manufacturing heads or magnetic media for products using future technologies. We also may not effectively transition our head or magnetic media design and technology to achieve acceptable manufacturing yields using the technologies necessary to satisfy our customers' product needs, or we may encounter quality problems with the heads or magnetic media we manufacture. If we are unable to timely and cost-effectively develop heads and magnetic media with leading technology and overall quality, our ability to sell our products may be significantly diminished, which could materially and adversely affect our business and financial results.

In addition, as a result of our vertical integration of head and magnetic media manufacturing, we make more capital investments and carry a higher percentage of fixed costs than we would if we were not vertically integrated. If our overall level of production decreases for any reason, and we are unable to reduce our fixed costs to match sales, our head or magnetic media manufacturing assets may face under-utilization that may impact our operating results. We are therefore subject to additional risks related to overall asset utilization, including the need to operate at high levels of utilization to drive competitive costs and the need for assured supply of components that we do not manufacture ourselves. If we do not adequately address the challenges related to our head or magnetic media manufacturing operations, our ongoing operations could be disrupted, resulting in a decrease in our revenue or profit margins and negatively impacting our operating results.

We make significant investments in research and development to improve our technology and develop new technologies, and unsuccessful investments could materially adversely affect our business, financial condition and results of operations.

Over the past several years, our business strategy has been to derive a competitive advantage by moving from being a follower of new technologies to being a leader in the innovation and development of new technologies. This strategy requires us to make significant investments in research and development and, in attempting to remain competitive, we may increase our capital expenditures and expenses above our historical run-rate model. There can be no assurance that these investments will result in viable technologies or products, or if these investments do result in viable technologies or products, that they will be profitable or accepted by the market. Significant investments in unsuccessful research and development efforts could materially adversely affect our business, financial condition and results of operations. In addition, increased investments in technology could cause our cost structure to fall out of alignment with demand for our products, which would have a negative impact on our financial results.

Current or future competitors may gain a technology advantage or develop an advantageous cost structure that we cannot match.

It may be possible for our current or future competitors to gain an advantage in product technology, manufacturing technology, or process technology, which may allow them to offer products or services that have a significant advantage over the products and services that we offer. Advantages could be in capacity, performance, reliability, serviceability, or other attributes. A competitive cost structure for our products, including critical components, labor and overhead, is also critical to the success of our business. We may be at a competitive disadvantage to any companies that are able to gain a technological or cost structure advantage.

Industry consolidation could provide competitive advantages to our competitors.

The storage industry has experienced consolidation over the past several years, including the acquisition of the hard disk drive business of Samsung Electronics Co., Ltd. by Seagate Technology plc in December 2011. Consolidation by our competitors may enhance their capacity, abilities and resources and lower their cost structure, causing us to be at a competitive disadvantage.

Some of our competitors with diversified business units outside of hard drives may over extended periods of time sell hard drives at prices that we cannot profitably match.

Some of our competitors earn a significant portion of their revenue from business units outside of hard drives. Because they do not depend solely on sales of hard drives to achieve profitability, they may sell hard drives at lower prices and operate their hard drive business unit at a loss over an extended period of time while still remaining profitable overall. In addition, if these competitors can increase sales of non-hard drive products to the same customers, they may benefit from selling their hard drives at lower prices. Our operating results may be adversely affected if we cannot successfully compete with the pricing by these companies.

If we fail to qualify our products with our customers or if product life cycles lengthen, it may have a significant adverse impact on our sales and margins.

We regularly engage in new product qualification with our customers. Once a product is accepted for qualification testing, failures or delays in the qualification process can result in delayed or reduced product sales, reduced product margins caused by having to continue to offer a more costly current generation product, or lost sales to that customer until the next generation of products is introduced. The effect of missing a product qualification opportunity is magnified by the limited number of high volume OEMs, which continue to consolidate their share of the storage markets. Likewise, if product life cycles lengthen, we may have a significantly longer period to wait before we have an opportunity to qualify a new product with a customer, which could reduce our profits because we expect declining gross margins on our current generation products as a result of competitive pressures.

We are subject to risks related to product defects, which could result in product recalls or epidemic failures and could subject us to warranty claims in excess of our warranty provisions or which are greater than anticipated.

We warrant the majority of our products for periods of one to five years. We test our hard drives in our manufacturing facilities through a variety of means. However, there can be no assurance that our testing will reveal defects in our products, which may not become apparent until after the products have been sold into the market. Accordingly, there is a risk that product defects will occur, which could require a product recall. Product recalls can be expensive to implement and, if a product recall occurs during the product's warranty period, we may be required to replace the defective product. Moreover, there is a risk that product defects may trigger an epidemic failure clause in a customer agreement. If an epidemic failure occurs, we may be required to replace or refund the value of the defective product and to cover certain other costs associated with the consequences of the epidemic failure. In addition, a product recall or epidemic failure may damage our reputation or customer relationships, and may cause us to lose market share with our customers, including our OEM and ODM customers.

Our standard warranties contain limits on damages and exclusions of liability for consequential damages and for misuse, improper installation, alteration, accident or mishandling while in the possession of someone other than us. We record an accrual for estimated warranty costs at the time revenue is recognized. We may incur additional operating expenses if our warranty provision does not reflect the actual cost of resolving issues related to defects in our products, whether as a result of a product recall, epidemic failure or otherwise. If these additional expenses are significant, it could adversely affect our business, financial condition and operating results.

Dependence on a limited number of qualified suppliers of components and manufacturing equipment could lead to delays, lost revenue or increased costs.

Our future operating results may depend substantially on our suppliers' ability to timely qualify their components in our programs, and their ability to supply us with these components in sufficient volumes to meet our production requirements. A number of the components that we use are available from only a single or limited number of qualified suppliers, and may be used across multiple product lines. As such, the success of our products depends on our ability to gain access to and integrate parts from reliable component suppliers. To do so, we must maintain effective relationships with our supply base to source our component needs, develop compatible technology, and maintain continuity of supply at reasonable costs. If we fail to maintain effective relationships with our supply base, or if we fail to integrate components from our suppliers effectively, this may adversely affect our ability to develop and deliver the best products to our customers and our profitability could suffer.

Certain equipment and consumables we use in our manufacturing or testing processes are available only from a limited number of suppliers. Some of this equipment and consumables use materials that at times could be in short supply. If these materials are not available, or are not available in the quantities we require for our manufacturing and testing processes, our ability to manufacture our products could be impacted, and we could suffer significant loss of revenue.

Each of the following could also significantly harm our operating results:

- an unwillingness of a supplier to supply such components or equipment to us;
- consolidation of key suppliers;
- failure of a key supplier's business process;
- a key supplier's or sub-supplier's inability to access credit necessary to operate its business; or
- failure of a key supplier to remain in business, to remain an independent merchant supplier, or to adjust to market conditions.

Shortages of commodity materials or commodity components, price volatility, or use by other industries of materials and components used in the storage industry, may negatively impact our operating results.

Increases in the cost for certain commodity materials or commodity components may increase our costs of manufacturing and transporting hard drives and key components. Shortages of commodity components such as DRAM and NAND flash, or commodity materials such as glass substrates, stainless steel, aluminum, nickel, neodymium, ruthenium, platinum or cerium, may increase our costs and may result in lower operating margins if we are unable to find ways to mitigate these increased costs. We or our suppliers acquire certain precious metals and rare earth metals like ruthenium, platinum, neodymium and cerium, which are critical to the manufacture of components in our products from a number of countries, including the People's Republic of China. The government of China or any other nation may impose regulations, quotas or embargoes upon these metals that would restrict the worldwide supply of such metals and/or increase their cost, both of which could negatively impact our operating results until alternative suppliers are sourced. Furthermore, if other high volume industries increase their demand for materials or components used in our products, our costs may further increase, which could have an adverse effect on our operating margins. In addition, shortages in other commodity components and materials used in our customers' products could result in a decrease in demand for our products, which would negatively impact our operating results. The volatility in the cost of oil also affects our costs and may result in lower operating margins if we are unable to pass these increased costs on to our customers.

Contractual commitments with component suppliers may result in us paying increased charges and cash advances for such components or may cause us to have inadequate or excess component inventory.

To reduce the risk of component shortages, we attempt to provide significant lead times when buying components, which may subject us to cancellation charges if we cancel orders as a result of technology transitions or changes in our component needs. In addition, we may from time to time enter into contractual commitments with component suppliers in an effort to increase and stabilize the supply of those components and enable us to purchase such components at favorable prices. Some of these commitments may require us to buy a substantial number of components from the supplier or make significant cash advances to the supplier; however, these commitments may not result in a satisfactory increase or stabilization of the supply of such components. Furthermore, as a result of uncertain global economic conditions, our ability to forecast our requirements for these components has become increasingly difficult, therefore increasing the risk that our contractual commitments may not meet our actual supply requirements, which could cause us to have inadequate or excess component inventory and adversely affect our operating results and increase our operating costs.

Failure by certain suppliers to effectively and efficiently develop and manufacture components, technology or production equipment for our products may adversely affect our operations.

We rely on suppliers for various component parts that we integrate into our hard drives but do not manufacture ourselves, such as semiconductors, motors, flex circuits and suspensions. Likewise, we rely on suppliers for certain technology and equipment necessary for advanced development technology for future products. Some of these components, and most of this technology and production equipment, must be specifically designed to be compatible for use in our products or for developing and manufacturing our future products, and are only available from a limited number of suppliers, some of with whom we are sole sourced. We are therefore dependent on these suppliers to be able and willing to dedicate adequate engineering resources to develop components that can be successfully integrated with our products, and technology and production equipment that can be used to develop and manufacture our next-generation products efficiently. The failure of these suppliers to effectively and efficiently develop and manufacture components that can be integrated into our products or technology and production equipment that can be used to develop or manufacture next generation products may cause us to experience inability or delay in our manufacturing and shipment of hard drive products, our expansion into new technology and markets, or our ability to remain competitive with alternative storage technologies, therefore adversely affecting our business and financial results.

Changes in product life cycles could adversely affect our financial results.

If product life cycles lengthen, we may need to develop new technologies or programs to reduce our costs on any particular product to maintain competitive pricing for that product. If product life cycles shorten, it may result in an increase in our overall expenses and a decrease in our gross margins, both of which could adversely affect our operating results. In addition, shortening of product life cycles also makes it more difficult to recover the cost of product development before the product becomes obsolete. Our failure to recover the cost of product development in the future could adversely affect our operating results.

A fundamental change in recording technology could result in significant increases in our costs and could put us at a competitive disadvantage.

Historically, when the industry experiences a fundamental change in technology, any manufacturer that fails to successfully and timely adjust its designs and processes to accommodate the new technology fails to remain competitive. There are some revolutionary technologies, such as current-perpendicular-to-plane giant magnetoresistance, shingle magnetic recording, energy assisted magnetic recording, patterned magnetic media and advanced signal processing, that if implemented by a competitor on a commercially viable basis ahead of the industry, could put us at a competitive disadvantage. As a result of these technology shifts, we could incur substantial costs in developing new technologies, such as heads, magnetic media, and tools to remain competitive. If we fail to successfully implement these new technologies, or if we are significantly slower than our competitors at implementing new technologies, we may not be able to offer products with capacities that our customers desire.

The difficulty of introducing hard drives with higher levels of areal density and the challenges of reducing other costs may impact our ability to achieve historical levels of cost reduction.

Storage capacity of the hard drive, as manufactured by us, is determined by the number of disks and each disk's areal density. Areal density is a measure of the amount of magnetic bits that can be stored on the recording surface of the disk. Generally, the higher the areal density, the more information can be stored on a single platter. Higher areal densities require existing head and magnetic media technology to be improved or new technologies developed to accommodate more data on a single disk. Historically, we have been able to achieve a large percentage of cost reduction through increases in areal density. Increases in areal density mean that the average drive we sell has fewer heads and disks for the same capacity and, therefore, may result in a lower component cost. However, increasing areal density has become more difficult in the storage industry. If we are not able to increase areal density at the same rate as our competitors or at a rate that is expected by our customers, we may be required to include more components in our drives to meet demand without corresponding incremental revenue, which could negatively impact our operating margins and make achieving historical levels of cost reduction difficult or unlikely. Additionally, increases in areal density may require us to make further capital expenditures on items such as new testing equipment needed as a result of an increased number of gigabytes per platter. Our inability to achieve cost reductions could adversely affect our operating results.

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

The storage markets in which we offer our products continuously undergo technology transitions which we must anticipate and adapt our products to address in a timely manner. If we fail to implement these new technologies successfully, or if we are slower than our competitors at implementing new technologies, we may not be able to competitively offer products that our customers desire, which could harm our operating results.

If we fail to develop and introduce new hard drives that are competitive against alternative storage technologies, our business may suffer.

Our success depends in part on our ability to develop and introduce new products in a timely manner in order to keep pace with competing technologies. Alternative storage technologies like solid-state storage technology have successfully served digital entertainment markets for products such as digital cameras, MP3 players, USB flash drives, mobile phones and tablet devices that cannot be economically serviced using hard drive technology. Advances in semiconductor technology have resulted in solid-state storage emerging as a technology that is competitive with hard drives for high performance needs in advanced digital computing markets such as enterprise servers and storage. There can be no assurance that we will be successful in anticipating and developing new products for the desktop, mobile, enterprise, CE and external storage markets in response to solid-state storage, as well as other competing technologies. If our hard drive technology fails to offer higher capacity, performance and reliability with lower cost-per-gigabyte than solid-state storage for the desktop, mobile, enterprise, CE and external storage markets, we will be at a competitive disadvantage to companies using semiconductor technology to serve these markets and our business will suffer.

Our manufacturing operations, and those of certain of our suppliers and customers, are concentrated in large, purpose-built facilities, which subjects us to substantial risk of damage or loss if operations at any of these facilities are disrupted.

As a result of our cost structure and strategy of vertical integration, we conduct our manufacturing operations at large, high volume, purpose-built facilities in California and in Asia. The manufacturing facilities of many of our customers, our suppliers and our customers' suppliers are also concentrated in certain geographic locations in Asia and elsewhere. A localized health risk affecting our employees at these facilities or the staff of our or our customers' other suppliers, such as the spread of a pandemic influenza, could impair the total volume of hard drives that we are able to manufacture and/or sell, which would result in substantial harm to our operating results. Similarly, a fire, flood, earthquake, tsunami or other disaster, condition or event such as political instability, civil unrest or a power outage that adversely affects any of these facilities, including access to or from these facilities by employees or logistics operations, would significantly affect our ability to manufacture and/or sell hard drives, which would result in a substantial loss of sales and revenue and a substantial harm to our operating results. For example, prior to the 2011 flooding in Thailand, all of our internal slider capacity and 60% of our hard drive manufacturing capacity was in Thailand. As a result of the flooding in Thailand, our facilities were inundated and temporarily shut down. During that period, our ability to manufacture hard drives was significantly constrained, which adversely affected our business, financial condition and results of operations. While we have taken certain steps to diversify our manufacturing footprint, a significant event that impacts any of our manufacturing sites, or the sites of our customers or suppliers, could adversely affect our ability to manufacture hard drives, and our business, financial condition and results of operations could suffer.

Manufacturing and marketing our products globally subjects us to numerous risks.

We are subject to risks associated with our global manufacturing operations and global marketing efforts, including:

- obtaining requisite governmental permits and approvals;
- currency exchange rate fluctuations or restrictions;

- political instability and civil unrest;
- limited transportation availability, delays, and extended time required for shipping, which risks may be compounded in periods of price declines;
- higher freight rates;
- labor challenges, including difficulties finding and retaining talent or responding to labor disputes or disruptions;
- trade restrictions or higher tariffs;
- copyright levies or similar fees or taxes imposed in European and other countries;
- exchange, currency and tax controls and reallocations;
- increasing labor and overhead costs; and
- loss or non-renewal of favorable tax treatment under agreements or treaties with foreign tax authorities.

Terrorist attacks may adversely affect our business and operating results.

The continued threat of terrorist activity and other acts of war or hostility have created uncertainty in the financial and insurance markets and have significantly increased the political, economic and social instability in some of the geographic areas in which we operate. Additionally, it is uncertain what impact the reactions to such acts by various governmental agencies and security regulators worldwide will have on shipping costs. Acts of terrorism, either domestically or abroad, could create further uncertainties and instability. To the extent this results in disruption or delays of our manufacturing capabilities or shipments of our products, our business, operating results and financial condition could be adversely affected.

Sudden disruptions to the availability of freight lanes could have an impact on our operations.

We generally ship our products to our customers, and receive shipments from our suppliers, via air, ocean or land freight. The sudden unavailability or disruption of cargo operations or freight lanes, such as due to labor difficulties or disputes, severe weather patterns or other natural disasters, or political instability or civil unrest, could impact our operating results by impairing our ability to timely and efficiently deliver our products.

We are vulnerable to system failures or attacks, which could harm our business.

We are heavily dependent on our technology infrastructure, among other functions, to operate our factories, sell our products, fulfill orders, manage inventory and bill, collect and make payments. Our systems are vulnerable to damage or interruption from natural disasters, power loss, telecommunication failures, cyber-attacks such as computer viruses, computer denial-of-service attacks and other events. Our business is also subject to break-ins, sabotage and intentional acts of vandalism by third parties as well as employees. Despite any precautions we may take, such problems could result in, among other consequences, loss or theft of our, our customers' or our business partners' intellectual property, proprietary business information or personally identifiable information; damage to our reputation; interruptions in our business; and remediation costs, each of which could harm our business, operating results and financial condition.

If we fail to identify, manage, complete and integrate acquisitions, investment opportunities or other significant transactions, it may adversely affect our future results.

As part of our growth strategy, we may pursue acquisitions of, investment opportunities in or other significant transactions with companies that are complementary to our business. In order to pursue this strategy successfully, we must identify attractive acquisition or investment opportunities, successfully complete the transaction, some of which may be large and complex, and manage post-closing issues such as integration of the acquired company or employees. We may not be able to identify or complete appealing acquisition or investment opportunities given the intense competition for these transactions. Even if we identify and complete suitable corporate transactions, we may not be able to successfully address any integration challenges in a timely manner, or at all. If we fail to successfully integrate an acquisition, we may not realize all or any of the anticipated benefits of the acquisition, and our future results of operations could be adversely affected. Please see the risk factors above for specific risks and uncertainties regarding our acquisition of HGST.

If we are unable to retain or hire key staff and skilled employees our business results may suffer.

Our success depends upon the continued contributions of our key staff and skilled employees, many of whom would be extremely difficult to replace. Global competition for skilled employees in the data storage industry is intense and, as we attempt to move to a position of technology leadership in the storage industry, our business success becomes increasingly dependent on our ability to retain our key staff and skilled employees as well as attract, integrate and retain new skilled employees. Volatility or lack of positive performance in our stock price and the overall markets may adversely affect our ability to retain key staff or skilled employees who have received equity compensation. Additionally, because a substantial portion of our key employees' compensation is placed "at risk" and linked to the performance of our business, when our operating results are negatively impacted by global economic conditions, we are at a competitive disadvantage for retaining and hiring key staff and skilled employees versus other companies that pay a relatively higher fixed salary. If we are unable to retain our existing key staff or skilled employees, or hire and integrate new key staff or skilled employees, or if we fail to implement succession plans for our key staff, our operating results would likely be harmed.

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

Our success depends, in significant part, on the proprietary nature of our technology, including non-patentable intellectual property such as our process technology. If a competitor is able to reproduce or otherwise capitalize on our technology despite the safeguards we have in place, it may be difficult, expensive or impossible for us to obtain necessary legal protection. Also, the laws of some foreign countries may not protect our intellectual property to the same extent as do U.S. laws. In addition to patent protection of intellectual property rights, we consider elements of our product designs and processes to be proprietary and confidential. We rely upon employee, consultant and vendor non-disclosure agreements and contractual provisions and a system of internal safeguards to protect our proprietary information. However, any of our registered or unregistered intellectual property rights may be challenged or exploited by others in the industry, which might harm our operating results.

The costs of compliance with state, federal and international legal and regulatory requirements, such as environmental, labor, trade and tax regulations, and customers' standards of corporate citizenship could cause an increase in our operating costs.

We may be or become subject to various state, federal and international laws and regulations governing our environmental, labor, trade and tax practices. These laws and regulations, particularly those applicable to our international operations, are or may be complex, extensive and subject to change. We will need to ensure that we and our component suppliers timely comply with such laws and regulations, which may result in an increase in our operating costs. For example, the European Union ("EU") has enacted the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment ("RoHS") directive, which prohibits the use of certain substances in electronic equipment, and the Waste Electrical and Electronic Equipment ("WEEE") directive, which obligates parties that place electrical and electronic equipment onto the market in the EU to put a clearly identifiable mark on the equipment, register with and report to EU member countries regarding distribution of the equipment, and provide a mechanism to take back and properly dispose of the equipment. Similar legislation may be enacted in other locations where we manufacture or sell our products. In addition, conflict minerals, climate change and financial reform legislation in the United States is a significant topic of discussion and has generated and may continue to generate federal or other regulatory responses in the near future. If we or our component suppliers fail to timely comply with applicable legislation, our customers may refuse to purchase our products or we may face increased operating costs as a result of taxes, fines or penalties, which would have a materially adverse effect on our business, financial condition and operating results.

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

Violation of applicable laws, including labor or environmental laws, and certain other practices by our suppliers or customers could harm our business.

We expect our suppliers and customers to operate in compliance with applicable laws and regulations, including labor and environmental laws, and to otherwise meet our required standards of conduct. While our internal operating guidelines promote ethical business practices, we do not control our suppliers or customers or their labor or environmental practices. The violation of labor, environmental or other laws by any of our suppliers or customers, or divergence of a supplier's or customer's business practices from those generally accepted as ethical, could harm our business by:

- interrupting or otherwise disrupting the shipment of our product components;
- damaging our reputation;
- forcing us to find alternate component sources;
- reducing demand for our products (for example, through a consumer boycott); or
- exposing us to potential liability for our suppliers' or customers' wrongdoings.

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

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

Prices for our products are substantially U.S. dollar denominated, even when sold to customers that are located outside the United States. Therefore, as a substantial portion of our sales are from countries outside the United States, fluctuations in currency exchanges rates, most notably the strengthening of the U.S. dollar against other foreign currencies, contribute to variations in sales of products in impacted jurisdictions and could adversely impact demand and revenue growth. In addition, currency variations can adversely affect margins on sales of our products in countries outside the United States.

We have attempted to manage the impact of foreign currency exchange rate changes by, among other things, entering into short-term, foreign exchange contracts. However, these contracts do not cover our full exposure and can be canceled by the counterparty if currency controls are put in place.

Increases in our customers' credit risk could result in credit losses and an increase in our operating costs.

Some of our OEM customers have adopted a subcontractor model that requires us to contract directly with companies, such as ODMs, that provide manufacturing and fulfillment services to our OEM customers. Because these subcontractors are generally not as well capitalized as our direct OEM customers, this subcontractor model exposes us to increased credit risks. Our agreements with our OEM customers may not permit us to increase our product prices to alleviate this increased credit risk. Additionally, as we attempt to expand our OEM and distribution channel sales into emerging economies such as Brazil, Russia, India and China, the customers with the most success in these regions may have relatively short operating histories, making it more difficult for us to accurately assess the associated credit risks. Our acquisition of HGST has also resulted in an increase to our customer credit risk given that we service many of the same customers. Any credit losses we may suffer as a result of these increased risks, or as a result of credit losses from any significant customer, would increase our operating costs, which may negatively impact our operating results.

Our operating results fluctuate, sometimes significantly, from period to period due to many factors, which may result in a significant decline in our stock price.

Our quarterly operating results may be subject to significant fluctuations as a result of a number of other factors including:

- the timing of orders from and shipment of products to major customers;
- our product mix;
- changes in the prices of our products;
- manufacturing delays or interruptions;
- acceptance by customers of competing products in lieu of our products;
- variations in the cost of and lead times for components for our products;
- limited availability of components that we obtain from a single or a limited number of suppliers;
- seasonal and other fluctuations in demand for PCs often due to technological advances; and
- availability and rates of transportation.

We often ship a high percentage of our total quarterly sales in the third month of the quarter, which makes it difficult for us to forecast our financial results before the end of the quarter. As a result of the above or other factors, our forecast of operating results for the quarter may differ materially from our actual financial results. If our results of operations fail to meet the expectations of analysts or investors, it could cause an immediate and significant decline in our stock price.

We have made and continue to make a number of estimates and assumptions relating to our consolidated financial reporting, and actual results may differ significantly from our estimates and assumptions.

We have made and continue to make a number of estimates and assumptions relating to our consolidated financial reporting. The highly technical nature of our products and the rapidly changing market conditions with which we deal means that actual results may differ significantly from our estimates and assumptions. These changes have impacted our financial results in the past and may continue to do so in the future. Key estimates and assumptions for us include:

- price protection adjustments and other sales promotions and allowances on products sold to retailers, resellers and distributors;
- inventory adjustments for write-down of inventories to lower of cost or market value (net realizable value);
- reserves for doubtful accounts;
- accruals for product returns;
- accruals for warranty costs related to product defects;
- accruals for litigation and other contingencies;
- liabilities for unrecognized tax benefits; and
- expensing of stock-based compensation.

The market price of our common stock is volatile.

The market price of our common stock has been, and may continue to be, extremely volatile. Factors that may significantly affect the market price of our common stock include the following:

- actual or anticipated fluctuations in our operating results, including those resulting from the seasonality of our business;
- announcements of technological innovations by us or our competitors, which may decrease the volume and profitability of sales of our existing products and increase the risk of inventory obsolescence;
- new products introduced by us or our competitors;

- periods of severe pricing pressures due to oversupply or price erosion resulting from competitive pressures or industry consolidation;
- developments with respect to patents or proprietary rights;
- conditions and trends in the hard drive, computer, data and content management, storage and communication industries;
- contraction in our operating results or growth rates that are lower than our previous high growth-rate periods;
- changes in financial estimates by securities analysts relating specifically to us or the storage industry in general; and
- macroeconomic conditions that affect the market generally.

In addition, general economic conditions may cause the stock market to experience extreme price and volume fluctuations from time to time that particularly affect the stock prices of many high technology companies. These fluctuations often appear to be unrelated to the operating performance of the companies.

Securities class action lawsuits are often brought against companies after periods of volatility in the market price of their securities. A number of such suits have been filed against us in the past, and should any new lawsuits be filed, such matters could result in substantial costs and a diversion of resources and management's attention.

Current economic conditions have caused us difficulty in adequately protecting our increased cash and cash equivalents from financial institution failures.

The uncertain global economic conditions and volatile investment markets have caused us to hold more cash and cash equivalents than we would hold under normal circumstances. Since there has been an overall increase in demand for low-risk, U.S. government-backed securities with a limited supply in the financial marketplace, we face increased difficulty in adequately protecting our increased cash and cash equivalents from possible sudden and unforeseeable failures by banks and other financial institutions. A failure of any of these financial institutions in which deposits exceed FDIC limits could have an adverse impact on our financial position.

If our internal controls are found to be ineffective, our financial results or our stock price may be adversely affected.

Our most recent evaluation resulted in our conclusion that as of June 29, 2012, in compliance with Section 404 of the Sarbanes-Oxley Act of 2002, our internal control over financial reporting was effective. As a result of our acquisition of HGST on March 8, 2012, our internal control over financial reporting, subsequent to the date of acquisition, includes certain existing controls adopted from HGST. If our internal control over financial reporting is found to be ineffective or if we identify a material weakness in our financial reporting in future periods, investors may lose confidence in the reliability of our financial statements, which may adversely affect our financial results or our stock price.

From time to time we may become subject to income tax audits or similar proceedings, and as a result we may incur additional costs and expenses or owe additional taxes, interest and penalties that may negatively impact our operating results.

We are subject to income taxes in the United States and certain foreign jurisdictions, and our determination of our tax liability is subject to review by applicable domestic and foreign tax authorities. For example, as we have previously disclosed, we are under examination by the Internal Revenue Service for certain fiscal years and in connection with that examination, we received Revenue Agent Reports seeking certain adjustments to income as disclosed in Part II, Item 8, Note 9 in the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K. Although we believe our tax positions are properly supported, the final timing and resolution of the notice of proposed adjustment and the audits are subject to significant uncertainty and could result in our having to pay amounts to the applicable tax authority in order to resolve examination of our tax positions, which could result in an increase or decrease of our current estimate of unrecognized tax benefits and may negatively impact our financial position, results of operations, net income or cash flows.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table provides information about repurchases by us of shares of our common stock during the quarter ended September 28, 2012:

(in millions, except average price paid per share)	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased As Part of Publicly Announced Program (1)	Maximum Value of Shares that May Yet be Purchased Under the Program(1)
Jun. 30, 2012 — Jul. 27, 2012	—	$ —	—	$ 1,312
Jul. 28, 2010 — Aug. 24, 2012	2.1	43.96	2.1	$ 1,221
Aug. 25, 2012 — Sept. 28, 2012	3.1	40.91	3.1	$ 2,594
Total	5.2	$ 42.13	5.2	$ 2,594

(1) On May 21, 2012, the Company announced that the Board of Directors authorized $1.5 billion for the repurchase of our common stock through May 18, 2017. On September 13, 2012, the Company announced that the Board of Directors authorized an additional $1.5 billion for the repurchase of our common stock and the extension of our stock repurchase program until September 13, 2017. Repurchases under our stock repurchase program may be made in the open market or in privately negotiated transactions and may be made under a Rule 10b5-1 plan.

Item 6. ***EXHIBITS***

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

Exhibit Number	Description
2.1	Stock Purchase Agreement, dated March 7, 2011, among Western Digital Corporation, Western Digital Ireland, Ltd., Hitachi, Ltd., and Viviti Technologies Ltd. (Incorporated by reference to the Company's Quarterly Report on Form 10-Q (File No. 1-08703), as filed with the Securities and Exchange Commission on May 2, 2011)
2.2	First Amendment to Stock Purchase Agreement, dated May 27, 2011, among Western Digital Corporation, Western Digital Ireland, Ltd., Hitachi, Ltd., and Viviti Technologies Ltd. (Incorporated by reference to the Company's Annual Report on Form 10-K (File No. 1-08703), as filed with the Securities and Exchange Commission on August 12, 2011)
2.3	Second Amendment to Stock Purchase Agreement, dated November 23, 2011, among Western Digital Corporation, Western Digital Ireland, Ltd., Hitachi, Ltd., and Viviti Technologies Ltd. (Incorporated by reference to the Company's Quarterly Report on Form 10-Q (File No. 1-08703), as filed with the Securities and Exchange Commission on January 27, 2012)
2.4	Third Amendment to Stock Purchase Agreement, dated January 30, 2012, among Western Digital Corporation, Western Digital Ireland, Ltd., Hitachi, Ltd., and Viviti Technologies Ltd. (Incorporated by reference to the Company's Quarterly Report on Form 10-Q (File No. 1-08703), as filed with the Securities and Exchange Commission on May 9, 2012)
2.5	Fourth Amendment to Stock Purchase Agreement, dated February 15, 2012, among Western Digital Corporation, Western Digital Ireland, Ltd., Hitachi, Ltd., and Viviti Technologies Ltd. (Incorporated by reference to the Company's Quarterly Report on Form 10-Q (File No. 1-08703), as filed with the Securities and Exchange Commission on May 9, 2012)
2.6	Fifth Amendment to Stock Purchase Agreement, dated March 6, 2012, among Western Digital Corporation, Western Digital Ireland, Ltd., Hitachi, Ltd., and Viviti Technologies Ltd. (Incorporated by reference to the Company's Quarterly Report on Form 10-Q (File No. 1-08703), as filed with the Securities and Exchange Commission on May 9, 2012)
2.7	Sixth Amendment to Stock Purchase Agreement, dated March 6, 2012, among Western Digital Corporation, Western Digital Ireland, Ltd., Hitachi, Ltd., and Viviti Technologies Ltd. (Incorporated by reference to the Company's Quarterly Report on Form 10-Q (File No. 1-08703), as filed with the Securities and Exchange Commission on May 9, 2012)
2.8	Amendment to Stock Purchase Agreement, dated July 27, 2012, among Western Digital Corporation, Western Digital Ireland, Ltd., Hitachi, Ltd., and Viviti Technologies Ltd. †
2.9	Amendment to Stock Purchase Agreement, dated August 29, 2012, among Western Digital Corporation, Western Digital Ireland, Ltd., Hitachi, Ltd., and Viviti Technologies Ltd. †
3.1	Amended and Restated Certificate of Incorporation of Western Digital Corporation, as amended to date (Incorporated by reference to the Company's Quarterly Report on Form 10-Q (File No. 1-08703), as filed with the Securities and Exchange Commission on February 8, 2006)
3.2	Amended and Restated Bylaws of Western Digital Corporation, as amended effective as of November 5, 2007 (Incorporated by reference to the Company's Current Report on Form 8-K (File No. 1-08703), as filed with the Securities and Exchange Commission on November 8, 2007)
10.1	Western Digital Corporation Summary of Compensation Arrangements for Named Executive Officers and Directors†*
10.2	Amended and Restated Employment Agreement, dated as of September 6, 2012, between Western Digital Corporation and Stephen D. Milligan†*

Exhibit Number	Description
10.3	Western Digital Corporation Amended and Restated Change of Control Severance Plan, amended and restated as of August 7, 2012†*
10.4	Western Digital Corporation Deferred Compensation Plan, amended and restated as of August 7, 2012†*
10.5	Western Digital Corporation Amended and Restated 2004 Performance Incentive Plan Non-Employee Director Option Grant Program, as amended September 7, 2012†*
10.6	Western Digital Corporation Amended and Restated 2004 Performance Incentive Plan Non-Employee Director Restricted Stock Unit Grant Program, as amended and restated effective September 7, 2012†*
10.7	Credit Agreement, dated as of March 8, 2012, among Western Digital Technologies, Inc. and Western Digital Ireland, Ltd., as Borrowers; Western Digital Corporation, as Holdings; Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer; lenders party thereto; Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Sole Lead Arranger and Sole Bookrunner; and The Bank of Nova Scotia, Union Bank, N.A., HSBC Bank USA, National Association, and JPMorgan Chase Bank, N.A., as Co-Syndication Agents†
31.1	Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002†
31.2	Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002†
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002†
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002†
101.INS	XBRL Instance Document**
101.SCH	XBRL Taxonomy Extension Schema Document**
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document**
101.LAB	XBRL Taxonomy Extension Label Linkbase Document**
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document**
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document**

† Filed with this report.
* Management contract or compensatory plan or arrangement required to be filed as an exhibit pursuant to applicable rules of the Securities and Exchange Commission.
** Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Quarterly Report on Form 10-Q to be signed on its behalf by the undersigned thereunto duly authorized.

WESTERN DIGITAL CORPORATION
Registrant

/s/ WOLFGANG U. NICKL
Wolfgang U. Nickl
Executive Vice President and Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

Date: November 2, 2012

Item 6. ***EXHIBITS***

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

Exhibit Number	Description
2.1	Stock Purchase Agreement, dated March 7, 2011, among Western Digital Corporation, Western Digital Ireland, Ltd., Hitachi, Ltd., and Viviti Technologies Ltd. (Incorporated by reference to the Company's Quarterly Report on Form 10-Q (File No. 1-08703), as filed with the Securities and Exchange Commission on May 2, 2011)
2.2	First Amendment to Stock Purchase Agreement, dated May 27, 2011, among Western Digital Corporation, Western Digital Ireland, Ltd., Hitachi, Ltd., and Viviti Technologies Ltd. (Incorporated by reference to the Company's Annual Report on Form 10-K (File No. 1-08703), as filed with the Securities and Exchange Commission on August 12, 2011)
2.3	Second Amendment to Stock Purchase Agreement, dated November 23, 2011, among Western Digital Corporation, Western Digital Ireland, Ltd., Hitachi, Ltd., and Viviti Technologies Ltd. (Incorporated by reference to the Company's Quarterly Report on Form 10-Q (File No. 1-08703), as filed with the Securities and Exchange Commission on January 27, 2012)
2.4	Third Amendment to Stock Purchase Agreement, dated January 30, 2012, among Western Digital Corporation, Western Digital Ireland, Ltd., Hitachi, Ltd., and Viviti Technologies Ltd. (Incorporated by reference to the Company's Quarterly Report on Form 10-Q (File No. 1-08703), as filed with the Securities and Exchange Commission on May 9, 2012)
2.5	Fourth Amendment to Stock Purchase Agreement, dated February 15, 2012, among Western Digital Corporation, Western Digital Ireland, Ltd., Hitachi, Ltd., and Viviti Technologies Ltd. (Incorporated by reference to the Company's Quarterly Report on Form 10-Q (File No. 1-08703), as filed with the Securities and Exchange Commission on May 9, 2012)
2.6	Fifth Amendment to Stock Purchase Agreement, dated March 6, 2012, among Western Digital Corporation, Western Digital Ireland, Ltd., Hitachi, Ltd., and Viviti Technologies Ltd. (Incorporated by reference to the Company's Quarterly Report on Form 10-Q (File No. 1-08703), as filed with the Securities and Exchange Commission on May 9, 2012)
2.7	Sixth Amendment to Stock Purchase Agreement, dated March 6, 2012, among Western Digital Corporation, Western Digital Ireland, Ltd., Hitachi, Ltd., and Viviti Technologies Ltd. (Incorporated by reference to the Company's Quarterly Report on Form 10-Q (File No. 1-08703), as filed with the Securities and Exchange Commission on May 9, 2012)
2.8	Amendment to Stock Purchase Agreement, dated July 27, 2012, among Western Digital Corporation, Western Digital Ireland, Ltd., Hitachi, Ltd., and Viviti Technologies Ltd. †
2.9	Amendment to Stock Purchase Agreement, dated August 29, 2012, among Western Digital Corporation, Western Digital Ireland, Ltd., Hitachi, Ltd., and Viviti Technologies Ltd. †
3.1	Amended and Restated Certificate of Incorporation of Western Digital Corporation, as amended to date (Incorporated by reference to the Company's Quarterly Report on Form 10-Q (File No. 1-08703), as filed with the Securities and Exchange Commission on February 8, 2006)
3.2	Amended and Restated Bylaws of Western Digital Corporation, as amended effective as of November 5, 2007 (Incorporated by reference to the Company's Current Report on Form 8-K (File No. 1-08703), as filed with the Securities and Exchange Commission on November 8, 2007)
10.1	Western Digital Corporation Summary of Compensation Arrangements for Named Executive Officers and Directors†*
10.2	Amended and Restated Employment Agreement, dated as of September 6, 2012, between Western Digital Corporation and Stephen D. Milligan†*

Exhibit Number	Description
10.3	Western Digital Corporation Amended and Restated Change of Control Severance Plan, amended and restated as of August 7, 2012†*
10.4	Western Digital Corporation Deferred Compensation Plan, amended and restated as of August 7, 2012†*
10.5	Western Digital Corporation Amended and Restated 2004 Performance Incentive Plan Non-Employee Director Option Grant Program, as amended September 7, 2012†*
10.6	Western Digital Corporation Amended and Restated 2004 Performance Incentive Plan Non-Employee Director Restricted Stock Unit Grant Program, as amended and restated effective September 7, 2012†*
10.7	Credit Agreement, dated as of March 8, 2012, among Western Digital Technologies, Inc. and Western Digital Ireland, Ltd., as Borrowers; Western Digital Corporation, as Holdings; Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer; lenders party thereto; Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Sole Lead Arranger and Sole Bookrunner; and The Bank of Nova Scotia, Union Bank, N.A., HSBC Bank USA, National Association, and JPMorgan Chase Bank, N.A., as Co-Syndication Agents†
31.1	Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002†
31.2	Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002†
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002†
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002†
101.INS	XBRL Instance Document**
101.SCH	XBRL Taxonomy Extension Schema Document**
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document**
101.LAB	XBRL Taxonomy Extension Label Linkbase Document**
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document**
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document**

† Filed with this report.
* Management contract or compensatory plan or arrangement required to be filed as an exhibit pursuant to applicable rules of the Securities and Exchange Commission.
** Furnished herewith.

Exhibit 2.8

AMENDMENT TO STOCK PURCHASE AGREEMENT

This Amendment to the Stock Purchase Agreement (this "Amendment") is made this 27th day of July, 2012, by and among Western Digital Corporation, a Delaware corporation (the "Buyer Parent"), Western Digital Ireland, Ltd., a corporation organized under the laws of the Cayman Islands and an indirect wholly owned subsidiary of the Buyer Parent (the "Buyer"), Hitachi, Ltd., a company incorporated under the laws of Japan (the "Seller"), and Viviti Technologies Ltd., a company incorporated under the laws of the Republic of Singapore and a wholly owned subsidiary of the Buyer (the "Company", and collectively with the Seller, the Buyer and the Buyer Parent, the "Parties", and each, a "Party"). Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Stock Purchase Agreement (as defined below).

WHEREAS, the Parties entered into a Stock Purchase Agreement on March 7, 2011, as amended by a First Amendment to Stock Purchase Agreement, dated May 27, 2011, as further amended by a Second Amendment to Stock Purchase Agreement, dated November 23, 2011, as further amended by a Third Amendment to Stock Purchase Agreement, dated January 30, 2012, as further amended by a Fourth Amendment to Stock Purchase Agreement, dated February 15, 2012, as further amended by a Fifth Amendment to Stock Purchase Agreement, dated March 6, 2012, as further amended by a Sixth Amendment to Stock Purchase Agreement, dated March 6, 2012, and as further amended by that certain amendment to the Stock Purchase Agreement, dated July 9, 2012 (together, the "Stock Purchase Agreement").

WHEREAS, the Parties desire to amend the Stock Purchase Agreement as reflected herein.

NOW, therefore, in exchange for good and valuable consideration, the receipt of which is hereby acknowledged, the Parties hereby agree as follows:

1. **Section 2.7(e) of the Stock Purchase Agreement**. Section 2.7(e) of the Stock Purchase Agreement is hereby amended and restated in its entirety to read as follows:

"During the period commencing on the day immediately following the Seller's receipt of the Proposed Statement of Working Capital and ending on August 31, 2012 (the "Proposed Statement Review Period"), the Seller and its representatives will be permitted to review the work papers of the Buyer, the Buyer Parent and the work papers of the independent accountants (to the extent permitted by the independent accountants), if any, retained by the Buyer or the Buyer Parent relating to the Proposed Statement of Working Capital, and to make reasonable inquiries of the Buyer, the Buyer Parent and their respective employees, accountants and representatives regarding questions concerning the Proposed Statement of Working Capital, and the Buyer and the Buyer Parent shall make reasonably available the individuals in the employ of the Buyer or the Buyer Parent and their respective representatives, if any, responsible for and knowledgeable about the information used in, and the preparation of, the Financial Statements in order to assist the Seller in its review of the Proposed Statement of Working Capital."

2. **Miscellaneous**. Sections 12.4, 12.5, 12.7 and 12.13 of the Stock Purchase Agreement are incorporated herein by reference.

[Signature page follows]

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment to Stock Purchase Agreement as of the date first written above.

"BUYER PARENT"

WESTERN DIGITAL CORPORATION

By: /s/ Michael Ray
Michael Ray
Senior Vice President, General Counsel and Secretary

"BUYER"

WESTERN DIGITAL IRELAND, LTD.

By: /s/ Michael Ray
Michael Ray
Vice President

"SELLER"

HITACHI, LTD.

By: /s/ Toyoki Furuta
Toyoki Furuta
General Manager
Business Development Office

"COMPANY"

VIVITI TECHNOLOGIES LTD.

By: /s/ Wolfgang Nickl
Name: Wolfgang Nickl
Title: Director

Exhibit 2.9

AMENDMENT TO STOCK PURCHASE AGREEMENT

This Amendment to the Stock Purchase Agreement (this "Amendment") is made this 29th day of August, 2012, by and among Western Digital Corporation, a Delaware corporation (the "Buyer Parent"), Western Digital Ireland, Ltd., a corporation organized under the laws of the Cayman Islands and an indirect wholly owned subsidiary of the Buyer Parent (the "Buyer"), Hitachi, Ltd., a company incorporated under the laws of Japan (the "Seller"), and Viviti Technologies Ltd., a company incorporated under the laws of the Republic of Singapore and a wholly owned subsidiary of the Buyer (the "Company", and collectively with the Seller, the Buyer and the Buyer Parent, the "Parties", and each, a "Party"). Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Stock Purchase Agreement (as defined below).

WHEREAS, the Parties entered into a Stock Purchase Agreement on March 7, 2011, as amended by a First Amendment to Stock Purchase Agreement, dated May 27, 2011, as further amended by a Second Amendment to Stock Purchase Agreement, dated November 23, 2011, as further amended by a Third Amendment to Stock Purchase Agreement, dated January 30, 2012, as further amended by a Fourth Amendment to Stock Purchase Agreement, dated February 15, 2012, as further amended by a Fifth Amendment to Stock Purchase Agreement, dated March 6, 2012, as further amended by a Sixth Amendment to Stock Purchase Agreement, dated March 6, 2012, and as further amended by those certain amendments to the Stock Purchase Agreement, dated July 9, 2012 and July 27, 2012 (together, the "Stock Purchase Agreement");

WHEREAS, the Parties desire to amend the Stock Purchase Agreement as reflected herein.

NOW, therefore, in exchange for good and valuable consideration, the receipt of which is hereby acknowledged, the Parties hereby agree as follows:

1. Section 2.7(e) of the Stock Purchase Agreement. Section 2.7(e) of the Stock Purchase Agreement is hereby amended and restated in its entirety to read as follows:

> "During the period commencing on the day immediately following the Seller's receipt of the Proposed Statement of Working Capital and ending on September 7, 2012 (the "Proposed Statement Review Period"), the Seller and its representatives will be permitted to review the work papers of the Buyer, the Buyer Parent and the work papers of the independent accountants (to the extent permitted by the independent accountants), if any, retained by the Buyer or the Buyer Parent relating to the Proposed Statement of Working Capital, and to make reasonable inquiries of the Buyer, the Buyer Parent and their respective employees, accountants and representatives regarding questions concerning the Proposed Statement of Working Capital, and the Buyer and the Buyer Parent shall make reasonably available the individuals in the employ of the Buyer or the Buyer Parent and their respective representatives, if any, responsible for and knowledgeable about the information used in, and the preparation of, the Financial Statements in order to assist the Seller in its review of the Proposed Statement of Working Capital."

2. Miscellaneous. Sections 12.4, 12.5, 12.7 and 12.13 of the Stock Purchase Agreement are incorporated herein by reference.

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment to Stock Purchase Agreement as of the date first written above.

"BUYER PARENT"

WESTERN DIGITAL CORPORATION

By: /s/ Michael Ray
Michael Ray
Senior Vice President, General Counsel and Secretary

"BUYER"

WESTERN DIGITAL IRELAND, LTD.

By: /s/ Michael Ray
Michael Ray
Vice President

"SELLER"

HITACHI, LTD.

By: /s/ Toyoki Furata
Toyoki Furuta
General Manager
Business Development Office

"COMPANY"

VIVITI TECHNOLOGIES LTD.

By: /s/ Wolfgang Nickl
Name: Wolfgang Nickl
Title: Director

Exhibit 10.1

Western Digital Corporation
Summary of Compensation Arrangements
for
Named Executive Officers and Directors

NAMED EXECUTIVE OFFICERS

Base Salaries. The current annual base salaries for the current executive officers of Western Digital Corporation (the "Company") who were named in the Summary Compensation Table in the Company's Proxy Statement that was filed with the Securities and Exchange Commission in connection with the Company's 2012 Annual Meeting of Stockholders (the "Named Executive Officers") are as follows:

Named Executive Officer	Title	Current Base Salary
John F. Coyne	Chief Executive Officer	$ 1,000,000
Wolfgang U. Nickl	Executive Vice President and Chief Financial Officer	$ 450,000
Stephen D. Milligan	President	$ 800,000
Timothy M. Leyden	President, WD Subsidiary	$ 700,000
James J. Murphy	Executive Vice President, WW Sales and Sales Operations	$ 425,000

Semi-Annual Bonuses. Under the Company's Incentive Compensation Plan (the "ICP"), the Named Executive Officers are also eligible to receive semi-annual cash bonus awards that are determined based on the Company's achievement of performance goals pre-established by the Compensation Committee (the "Committee") of the Company's Board of Directors as well as other discretionary factors. The ICP, including the performance goals established by the Committee for the first half of fiscal 2013, are further described in the Company's current report on form 8-K filed with the Securities and Exchange Commission on August 21, 2012, which is incorporated herein by reference.

Additional Compensation. The Named Executive Officers are also eligible to receive equity-based incentives and discretionary bonuses as determined from time to time by the Committee, are entitled to participate in various Company plans, and are subject to other written agreements, in each case as set forth in exhibits to the Company's filings with the Securities and Exchange Commission. In addition, the Named Executive Officers may be eligible to receive perquisites and other personal benefits as disclosed in the Company's Proxy Statement filed with the Securities and Exchange Commission in connection with the Company's 2012 Annual Meeting of Stockholders.

Annual Retainer and Committee Retainer Fees. The following table sets forth the current annual retainer and committee membership fees payable to each of the Company's non-employee directors other than the Hitachi Designated Directors:

Type of Fee	Current Annual Retainer Fees
Annual Retainer	$ 75,000
Lead Independent Director Retainer	$ 20,000
Non-Executive Chairman of Board Retainer	$ 100,000
Additional Committee Retainers	
• Audit Committee	$ 15,000
• Compensation Committee	$ 12,500
• Governance Committee	$ 7,500
Additional Committee Chairman Retainers	
• Audit Committee	$ 25,000
• Compensation Committee	$ 22,500
• Governance Committee	$ 12,500

The retainer fee to the Company's lead independent director referred to above is paid only if the Chairman of the Board is an employee of the Company. Effective commencing with the Company's 2010 Annual Meeting of Stockholders, the annual retainer fees are paid immediately following the Annual Meeting of Stockholders.

Non-employee directors do not receive a separate fee for each Board of Directors or committee meeting they attend. However, the Company reimburses all non-employee directors for reasonable out-of-pocket expenses incurred to attend each Board of Directors or committee meeting. Mr. Coyne, who is an employee of the Company, does not receive any compensation for his service on the Board or any Board committee.

Additional Director Compensation. The Company's non-employee directors are also entitled to participate in the following other Company plans as set forth in exhibits to the Company's filings with the Securities and Exchange Commission: Non-Employee Director Option Grant Program and Non-Employee Director Restricted Stock Unit Grant Program, each as adopted under the Company's Amended and Restated 2004 Performance Incentive Plan; Amended and Restated Non-Employee Directors Stock-for-Fees Plan; and Deferred Compensation Plan.

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

This Amended and Restated Employment Agreement (the "Agreement") is entered into by and between Western Digital Corporation (the "Company") and Stephen Dwight Milligan ("Executive"), as of the 6th day of September, 2012 (the "Effective Date").

1. EMPLOYMENT.

The Company hereby agrees to continue to employ Executive and Executive hereby agrees to accept such continued employment, upon the terms and conditions hereinafter set forth including but not limited to provisions governing early termination, from the Effective Date to and including the fifth anniversary of the CEO Appointment Date, as defined below ("Employment Period"). Unless Executive's employment is terminated pursuant to any early termination provision hereof or the parties mutually agree otherwise in writing, Executive's employment with the Company shall terminate without further action by either party on the fifth anniversary of the Effective Date.

2. DUTIES.

A. President and Chief Executive Officer. Beginning on the Effective Date and continuing through January 2, 2013 (the "CEO Appointment Date"), Executive shall continue to serve as President of the Company and shall report to the Company's Chief Executive Officer. Executive's duties during such period shall continue to include overall responsibility for sales, business units, manufacturing, materials and engineering activities of the Company. Beginning on the CEO Appointment Date and continuing through the remainder of the Employment Period, Executive shall serve as President and Chief Executive Officer of the Company. In this capacity, Executive shall report to the Board of Directors of the Company, and shall have such duties and responsibilities consistent with his position as President and Chief Executive Officer of the Company as the Board of Directors of the Company shall determine from time to time. Executive's principal place of employment shall be the Company's principal executive office in Irvine, California. Executive shall also be appointed as a member of the Board of Directors of the Company effective upon the retirement of the Company's current Chief Executive Officer from the Board of Directors, which shall occur on the CEO Appointment Date.

B. Executive Commitment. During the Employment Period, Executive agrees to devote substantially all of his time, energy and ability to the business of the Company, subject to paragraph E of Section 3.

3. COMPENSATION.

A. Base Salary. From the Effective Date through the CEO Appointment Date, the Company will continue to pay to Executive a base salary at the rate of $800,000 per year. Beginning on the CEO Appointment Date, the Company will pay to Executive a base salary at the rate of $1,000,000 per year. Executive's salary shall be earned monthly and shall be payable in periodic installments in accordance with the Company's customary practices. Amounts payable shall be reduced by standard withholding and other authorized deductions. Executive's base salary may be increased in the sole discretion of the Compensation Committee of the Board of Directors (the "Compensation Committee").

B. Bonus. Executive's target bonus for purposes of the Company's semi-annual Incentive Compensation Plan (ICP) bonus program for the first fiscal 2013 semi-annual performance period shall continue to be 125% of his semi-annual base salary from the Company in effect on the last day of such fiscal period. Beginning with the second fiscal 2013 semi-annual performance period and during the remainder of the Employment Period, Executive's target bonus for purposes of the ICP shall be 150% of his semi-annual base salary from the Company in effect on the last day of such fiscal period. Executive's actual bonus under the ICP may range from 0% to 200% of his target bonus based on the level of attainment of the applicable performance objectives established under the ICP. Executive's target bonus may be increased in the sole discretion of the Compensation Committee.

C. Retirement and Welfare Benefit Plans; Fringe Benefits. During the Employment Period, Executive (and, in the case of welfare benefit plans, his eligible dependents, as the case may be) shall be eligible for participation in the retirement, welfare, and fringe benefit plans, practices, policies and programs provided by the Company on terms consistent with those generally applicable to the Company's other senior executives and approved by the Compensation Committee.

D. Expenses. During the Employment Period, Executive shall be entitled to receive prompt reimbursement for all reasonable employment expenses (including the relocation and commuting expenses provided for in paragraph F below) incurred by him in accordance with the policies, practices and procedures as in effect generally with respect to other senior executives of the Company.

E. Vacation and Other Leave. During the Employment Period, Executive shall receive paid vacation in an amount determined by the Company's then-existing policies based upon Executive's years of service with the Company (and for these purposes, Executive's service with Viviti Technologies Ltd. shall be recognized as service with the Company). Such vacation shall be scheduled and taken in accordance with the Company's standard vacation policies applicable to Company executives. Executive shall also be entitled to all other holiday and leave pay generally available to other executives of the Company.

F. Relocation Benefits. Executive shall continue to be entitled to receive prompt reimbursement (and in any event within seventy days after the expense is incurred) for all reasonable moving or other relocation related expenses incurred by him at any time prior to January 2, 2015, including reasonable commuting expenses from Executive's residence in the San Francisco area to the Company's Irvine headquarters. In order to be eligible for reimbursement for any such expenses, Executive must remain employed on the date the expense is incurred.

G. Modification. The Company reserves the right to modify, suspend or discontinue any and all of the above plans, practices, policies and programs at any time without recourse by Executive so long as such action is taken generally with respect to other senior executives of the Company and does not single out Executive.

4. LONG-TERM INCENTIVE COMPENSATION.

A. Long-Term Incentive Awards. During the Employment Period, the Executive shall be eligible to receive long-term incentive awards on a basis commensurate with the Executive's position and in accordance with the long-term incentive guidelines applicable to the Executive's position established by the Compensation Committee. Any long-term incentive awards will generally be granted by the Compensation Committee as part of its normal annual grant cycle applicable to other senior executives of the Company. Executive's long-term incentive award for the Company's 2013 fiscal year was granted on September 6, 2012 in connection with the entry into this Agreement and took into account Executive's appointment as President and Chief Executive Officer of the Company on the CEO Appointment Date. As a result, Executive's long-term incentive award for the Company's 2013 fiscal year has an approximate grant value of $7,000,000 and consists of a grant of 83,652 performance shares, 41,826 restricted stock units and 98,618 stock options. Any long-term incentive awards granted to the Executive will be subject to the Company's customary terms and conditions.

B. Performance Units. At the first regularly scheduled Compensation Committee meeting occurring after the CEO Appointment Date, the Company will grant Executive an award of performance restricted stock units equal to that number of units having a target value on the grant date equal to $2,000,000 (the "Performance Units"). Fifty percent (50%) of the target number of Performance Units shall become earned and payable based on performance during the period from June 30, 2012 through June 28, 2013, while the remaining fifty percent (50%) of the target number of Performance Units shall become earned and payable based on performance during the period from June 29, 2013 through June 27, 2014. The Performance Units to be granted to the Executive will be granted pursuant to the Company's form of notice of grant of performance stock units that was used for the performance restricted stock units granted to Executive in May of 2012, and will be subject to the terms and conditions of such form.

5. TERMINATION.

A. Death. This Agreement and Executive's employment shall terminate automatically on the death of Executive.

B. Disability. The Company, at its option, may terminate Executive's employment upon the Disability of Executive. For purposes of this Agreement, "Disability" shall mean physical or mental incapacity that renders Executive unable to perform the normal and customary duties of employment of Executive even with a reasonable accommodation for (A) 120 days in any twelve (12) month period or (B) for a period of ninety (90) successive days.

C. Cause. The Company may terminate Executive's employment for Cause. For purposes of this Agreement, "Cause" shall mean that the Company, acting in good faith based upon the information then known to the Company, determines that Executive has engaged in or committed: (i) willful misconduct, (ii) fraud, (iii) failure or refusal to perform Executive's duties specified in this Agreement or (iv) a conviction of or a plea of nolo contendre to a felony.

D. Other than Cause, Death, or Disability. The Company may terminate Executive's employment at any time, with or without cause, upon 30 days' written notice.

E. Obligations of the Company Upon Termination.

(i) Termination for any Reason. If Executive's employment is terminated for any reason during the Employment Period, Executive shall be entitled to receive timely payment of the sum of (i) Executive's annual base salary through the date of termination to the extent not theretofore paid and (ii) any compensation previously deferred by Executive in accordance with the Company's deferred compensation plans (together with any accrued interest or earnings thereon pursuant to the terms of the applicable plan) and any accrued vacation pay, in each case to the extent not theretofore paid (the sum of the amounts described in clauses (i) and (ii) shall be hereinafter referred to as the "Accrued Obligations").

(ii) Executive Severance Plan and Change of Control Severance Plan. During the Employment Period, Executive shall be entitled to participate in the Company's Executive Severance Plan and Amended and Restated Change of Control Severance Plan in accordance with the terms of such plans and as each may be amended from time to time. Subject to the preceding sentence, the Executive shall be entitled to receive "Tier I" benefits under each of the Severance Plan and the Amended and Restated Change of Control Severance Plan. Any benefits becoming payable under the Severance Plan or the Amended and Restated Change of Control Severance Plan as a result of the termination of the Executive's employment shall be in addition to the Accrued Obligations, provided that to the extent Executive becomes entitled to receive payments or benefits included within the Accrued Obligations under either such plan, Executive shall not be entitled to any duplication of benefits.

F. Exclusive Remedy. Executive agrees that the payments and benefits contemplated by this Agreement shall constitute the exclusive and sole remedy for any termination of his employment, and Executive covenants not to assert or pursue any other remedies, at law or in equity, with respect to any termination of employment.

6. CONFIDENTIALITY AND INVENTION.

Executive has previously executed an Employee Invention and Confidentiality Agreement ("Invention Agreement"), which is incorporated herein as if fully set forth. In the event of an inconsistency between a provision of this Agreement and a provision of the Invention Agreement, the provision of this Agreement controls.

7. NON-INTERFERENCE.

Executive promises and agrees that during the term of this Agreement, and for a period of twenty-four (24) months thereafter, he will not influence or attempt to influence any customer, supplier, or distributor of the Company to alter or reduce its business relationship with the Company.

8. LITIGATION ASSISTANCE.

Executive agrees to cooperate with the Company in any actual or threatened litigation that arises against or brought by the Company at any time during or after the Employment Period, including but not limited to participating in interviews with the Company's counsel to assist the Company in any such litigation.

9. ARBITRATION.

Any controversy arising out of or relating to Executive's employment, this Agreement, its enforcement or interpretation, or because of an alleged breach, default, or misrepresentation in connection with any of its provisions, shall be submitted to arbitration in Orange County, California, before a sole arbitrator selected from Judicial Arbitration and Mediation Services, Inc., Orange County, California, or its successor ("JAMS"), or if JAMS is no longer able to supply the arbitrator, such arbitrator shall be selected from ADR Services, Inc., and shall be conducted in accordance with the provisions of California Civil Procedure Code Sections 1280 et seq. as the exclusive remedy of such dispute; provided, however, that provisional injunctive relief may, but need not, be sought in a court of law while arbitration proceedings are pending, and any provisional injunctive relief granted by such court shall remain effective until the matter is finally determined by the arbitrator. Final resolution of any dispute through arbitration may include any remedy or relief which the arbitrator deems just and equitable. Any award or relief granted by the arbitrator hereunder shall be final and binding on the parties hereto and may be enforced by any court of competent jurisdiction. The parties agree that they are hereby waiving any rights to trial by jury in any action, proceeding or counterclaim brought by either of the parties against the other in connection with any matter whatsoever arising out of or in any way connected with this Agreement or Executive's employment.

10. SUCCESSORS.

A. This Agreement is personal to Executive and shall not, without the prior written consent of the Company, be assignable by Executive.

B. This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns and any such successor or assignee shall be deemed substituted for the Company under the terms of this Agreement for all purposes. As used herein, "successor" and "assignee" shall include any person, firm, corporation or other business entity which at any time, whether by purchase, merger or otherwise, directly or indirectly acquires the stock of the Company or to which the Company assigns this Agreement by operation of law or otherwise.

11. WAIVER.

No waiver of any breach of any term or provision of this Agreement shall be construed to be, nor shall be, a waiver of any other breach of this Agreement. No waiver shall be binding unless in writing and signed by the party waiving the breach.

12. MODIFICATION.

This Agreement shall not be modified by any oral agreement, either express or implied, and all modifications hereof shall be in writing and signed by the parties hereto.

13. SAVINGS CLAUSE.

If any provision of this Agreement or the application thereof is held invalid, the invalidity shall not affect other provisions or applications of the Agreement which can be given effect without the invalid provisions or applications and to this end the provisions of this Agreement are declared to be severable.

14. COMPLETE AGREEMENT.

This Agreement (and all other agreements, exhibits, and schedules referred to in this Agreement, including without limitation the Invention Agreement) constitutes and contains the entire agreement and final understanding concerning Executive's employment with the Company and the other subject matters addressed herein between the parties. It is intended by the parties as a complete and exclusive statement of the terms of their agreement. It supersedes and replaces all prior negotiations and all agreements proposed or otherwise, whether written or oral, concerning the subject matter hereof. Any representation, promise or agreement not specifically included in this Agreement shall not be binding upon or enforceable against either party. This is a fully integrated agreement.

15. GOVERNING LAW.

This Agreement shall be deemed to have been executed and delivered within the County of Orange, State of California and the rights and obligations of the parties hereunder shall be construed and enforced in accordance with, and governed by, the laws of the State of California without regard to principles of conflict of laws.

16. CONSTRUCTION.

Each party has cooperated in the drafting and preparation of this Agreement. Hence, in any construction to be made of this Agreement, the same shall not be construed against any party on the basis that the party was the drafter. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect.

17. COMMUNICATIONS.

All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if delivered or if mailed by registered or certified mail, postage prepaid, addressed to Executive at Western Digital Corporation, 3355 Michelson Drive, Suite 100, Irvine, California 92612, or addressed to the Company at: Western Digital Corporation, Attn. Corporate Secretary, 3355 Michelson Drive, Suite 100, Irvine, California 92612. Either party may change the address at which notice shall be given by written notice given in the above manner.

18. SECTION 409A.

To the extent that any reimbursements pursuant to paragraph D of Section 3 are taxable to Executive, any reimbursement payment due to Executive pursuant to such provision shall be paid to Executive on or before the last day of Executive's taxable year following the taxable year in which the related expense was incurred. The reimbursements pursuant to paragraph D of Section 3 are not subject to liquidation or exchange for another benefit and the amount of such reimbursements that Executive receives in one taxable year shall not affect the amount of such reimbursements that Executive receives in any other taxable year.

19. EXECUTION AND EFFECTIVE DATE.

This Agreement is being executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Photographic copies of such signed counterparts may be used in lieu of the originals for any purpose. This Agreement shall become effective on the Effective Date. Effective on the Effective Date, this Agreement shall amend and restate Executive's existing Employment Agreement with the Company entered into as of March 7, 2011.

[Signatures on the following page.**]**

In witness whereof, the parties hereto have executed this Agreement as of the date first above written.

THE COMPANY:

By: /s/ John F. Coyne
Name: John F. Coyne
Title: Chief Executive Officer

EXECUTIVE:

By: /s/ Stephen Dwight Milligan
Name: Stephen Dwight Milligan
Title: President

WESTERN DIGITAL CORPORATION

AMENDED AND RESTATED

CHANGE OF CONTROL SEVERANCE PLAN

1. Purpose of Plan. The Executives have made and are expected to make major contributions to the profitability, growth and financial strength of the Company and its affiliates. In addition, the Company considers the continued availability of the Executives' services, managerial skills and business experience to be in the best interest of the Company and its stockholders and desires to assure the continued services of the Executives on behalf of the Company and/or its affiliates without the distraction of the Executives occasioned by the possibility of an abrupt change in control of the Company. This Plan was initially approved by the Board on March 29, 2001 and subsequently amended and restated on November 5, 2008, May 17, 2011 and August 7, 2012.

2. Definitions. Whenever the following terms are used in this Plan, they shall have the meaning specified below unless the context clearly indicates to the contrary:

2.01 "Board" shall mean the Board of Directors of the Company.

2.02 "Cause" shall mean the occurrence or existence of any of the following with respect to the Executive, as determined by a majority of the disinterested directors of the Board or the Committee:

(a) the Executive's conviction by, or entry of a plea of guilty or nolo contendere in, a court of competent and final jurisdiction for any crime involving moral turpitude or any felony punishable by imprisonment in the jurisdiction involved;

(b) whether prior or subsequent to the date hereof, the Executive's willful engaging in dishonest or fraudulent actions or omissions which results directly or indirectly in any demonstrable material financial or economic harm to the Company or any of its subsidiaries or affiliates;

(c) the Executive's failure or refusal to perform his or her duties as reasonably required by the Employer, provided that the Executive shall have first received written notice from the Employer stating with specificity the nature of such failure or refusal and affording the Executive at least five (5) days to correct the act or omission complained of;

(d) gross negligence, insubordination, material violation by the Executive of any duty of loyalty to the Company or any subsidiary or affiliate of the Company, or any other material misconduct on the part of the Executive, provided that the Executive shall have first received written notice from the Company stating with specificity the nature of such action or violation and affording the Executive at least five (5) days to correct such action or violation;

(e) the repeated non-prescription use of any controlled substance, or the repeated use of alcohol or any other non-controlled substance which in the Board's reasonable determination renders the Executive unfit to serve in his or her capacity as an officer or employee of the Company or any of its subsidiaries or affiliates;

(f) sexual harassment by the Executive that has been reasonably substantiated and investigated;

(g) involvement in activities representing conflicts of interest with the Company or any of its subsidiaries or affiliates;

(h) improper disclosure of confidential information;

(i) conduct endangering, or likely to endanger, the health or safety of another employee;

(j) falsifying or misrepresenting information on the records of the Company or any of its subsidiaries or affiliates; or

(k) the Executive's physical destruction or theft of substantial property or assets of the Company or any of its subsidiaries or affiliates.

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

(a) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act, a "Person"), alone or together with its affiliates and associates, including any group of persons which is deemed a "person" under Section 13(d)(3) of the Exchange Act (other than the Company or any subsidiary thereof or any employee benefit plan (or related trust) of the Company or any subsidiary thereof, or any underwriter in connection with a firm commitment public offering of the Company's capital stock), becomes the "beneficial owner" (as such term is defined in Rule 13d-3 of the Exchange Act, except that a person shall also be deemed the beneficial owner of all securities which such person may have a right to acquire, whether or not such right is presently exercisable, referred to herein as "Beneficially Own" or "Beneficial Owner" as the context may require) of thirty-three and one third percent or more of (i) the then outstanding shares of the Company's common stock ("Outstanding Company 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 ("Outstanding Company Voting Securities") (in each case, other than an acquisition in the context of a merger, consolidation, reorganization, asset sale or other extraordinary transaction covered by, and which does not constitute a Change in Control under, clause (c) below);

(b) a change, during any period of two consecutive years, of a majority of the Board as constituted as of the beginning of such period, unless the election, or nomination for election by the Company's stockholders, of each director who was not a director at the beginning of such period was approved by vote of at least two-thirds of the Incumbent Directors then in office (for purposes hereof, "Incumbent Directors" shall consist of the directors holding office as of the Effective Date and any person becoming a director subsequent to such date whose election, or nomination for election by the Company's stockholders, is approved by a vote of at least a majority of the Incumbent Directors then in office);

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

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

2.04 "Code" shall mean the Internal Revenue Code of 1986, as amended.

2.05 "Committee" shall mean the Compensation Committee of the Board.

2.06 "Company" shall mean Western Digital Corporation, a Delaware corporation, and, as permitted by Section 13.03(b), its successors and assigns.

2.07 "Date of Termination" following a Change in Control shall mean the dates, as the case may be, for the following events: (a) if the Executive's employment is terminated by death, the date of death, (b) if the Executive's employment is terminated due to a Permanent Disability, thirty (30) days after the Notice of Termination is given (provided that the Executive shall not have returned to the performance of his or her duties on a full-time basis during such period), (c) if the Executive's employment is terminated pursuant to a termination for Cause, the date specified in the Notice of Termination, and (d) if the Executive's employment is terminated for any other reason, fifteen (15) days after delivery of the Notice of Termination unless otherwise agreed by the Executive and the Company.

2.08 "Disability" shall mean that the Executive is unable, by reason of injury, illness or other physical or mental impairment, to perform each and every task of the position for which the Executive is employed, which inability is certified by a licensed physician reasonably selected by the Employer.

2.09 "Effective Date" shall mean August 7, 2012.

2.10 "Employer" shall mean the Company or its subsidiary employing Executive, *provided however*, that nothing contained herein shall prohibit the Company or another of its subsidiaries fulfilling any obligation of the employing entity to the Executive and for such purposes will be deemed the act of the Employer.

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

2.12 "Executive" shall mean any Tier 1 Executive or Tier 2 Executive.

2.13 "Good Reason" shall mean any of the following without the Executive's express written consent:

(a) a material diminution in the Executive's authority, duties or responsibilities in effect immediately prior to the Change in Control;

(b) a material diminution by the Employer in the Executive's base compensation in effect immediately prior to a Change in Control;

(c) any material breach by the Company or the Employer of any provision of this Plan;

(d) the requirement by the Employer that the Executive's principal place of employment be relocated more than fifty (50) miles from his or her place of employment immediately prior to a Change in Control; or

(e) the Company's failure to obtain a satisfactory agreement from any successor to assume and agree to perform the Company's obligations under this Plan, as contemplated in Section 13.03(b) hereof;

provided, however, that any such condition shall not constitute "Good Reason" unless both (i) the Executive provides written notice to the Company of the condition claimed to constitute Good Reason within ninety (90) days of the initial existence of such condition, and (ii) the Company fails to remedy such condition within thirty (30) days of receiving such written notice thereof; and provided, further, that in all events the termination of the Executive's employment with the Company shall not be treated as a termination for "Good Reason" unless such termination occurs not more than one (1) year following the initial existence of the condition claimed to constitute "Good Reason."

2.14 “Notice of Termination” shall mean a written notice which shall indicate the specific termination provision in this Plan relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive’s employment under the provision so indicated.

2.15 “Permanent Disability” shall mean if, as a result of the Executive’s Disability, the Executive shall have been absent from his or her duties with the Employer on a full-time basis for six (6) months of any consecutive eight (8) month period.

2.16 “Separation from Service,” with respect to an Executive, shall mean that the Executive dies, retires, or otherwise has a termination of employment with the Company that constitutes a “separation from service” within the meaning of Treasury Regulation Section 1.409A-1(h)(1), without regard to the optional alternative definitions available thereunder.

2.17 “Termination of Employment” shall mean the time when the employee-employer relationship between the Executive and the Employer is terminated for any reason, voluntarily or involuntarily, with or without Cause, including, without limitation, a termination by reason of resignation, discharge (with or without Cause), Permanent Disability, death or retirement, but excluding terminations where there is a simultaneous re-employment of the Executive by the Company or a subsidiary of the Company.

2.18 “Tier 1 Executive” shall mean an officer of the Company who is elected or appointed by the Board of Directors and is subject to Section 16 of the Exchange Act, and any other employee of the Company or any of its subsidiaries who is designated as a Tier 1 Executive by the Board or the Committee.

2.19 “Tier 2 Executive” shall mean an employee who is appointed as an officer of the Company by the President of the Company pursuant to the Company’s Bylaws and such other employee of the Company or any of its subsidiaries who is designated as a Tier 2 Executive by the Board or the Committee.

3. Term. This Plan shall be effective until March 29, 2011.

4. Compensation Upon A Change In Control.

4.01 Salary. Commencing on the date a Change in Control shall occur, the Employer shall pay a salary to the Executive at an annual rate at least equal to the annual salary payable to the Executive immediately prior to such date. The salary, as it may be changed from time to time by mutual agreement between the Executive and the Employer, shall be paid in equal installments on each regular payroll payment date after the date of the Change in Control and shall be subject to regular withholding for federal, state and local taxes in accordance with law.

4.02 Other Benefits.

(a) Commencing on the date a Change in Control shall occur, the Executive shall be entitled to participate in and to receive benefits under those employee benefit plans or arrangements (including, without limitation, any pension or welfare plan, life, health, hospitalization and other forms of insurance and all other "fringe" benefits or perquisites) made available to executives of the Company or the Employer, or any successor thereto. The Executive's level of participation in, or entitlements under, any such employee benefit plan or arrangement of any successor to the Company shall be calculated as if the Executive had been an employee of such successor to the Company from the date of the Executive's employment by the Employer.

(b) Commencing on the date a Change in Control shall occur, the Executive shall be entitled to reimbursement for all reasonable travel and other business expenses incurred by the Executive in the performance of his or her duties on behalf of the Employer. Any such reimbursement shall be paid in accordance with the usual practices of the Employer and in all events not later than the end of the Executive's taxable year following the Executive's taxable year in which the related expense was incurred.

5. Termination of Employment of Executive.

5.01 Payment of Severance Benefits Upon Change of Control. In the event of a Change in Control of the Company, Executive shall be entitled to the severance benefits set forth in Section 6, but only if during the term of this Plan:

(a) the Executive's employment by the Employer is terminated by the Employer without Cause within one (1) year after the date of the Change in Control;

(b) the Executive terminates his or her employment with the Employer for Good Reason within one (1) year after the date of the Change in Control and complies with the procedures set forth in Section 5.02;

(c) the Executive's employment by the Employer is terminated by the Employer without Cause prior to the Change in Control and such termination arose in connection with or in anticipation of the Change in Control (for purposes of this Plan, meaning that at the time of such termination the Company had entered into an agreement, the consummation of which would result in a Change in Control, or any person had publicly announced its intent to take or consider actions that would constitute a Change in Control, and in each case such Change in Control is consummated, or the Board adopts a resolution to the effect that a potential Change in Control for purposes of this Plan has occurred); or

(d) the Executive terminates his or her employment with the Employer for Good Reason prior to the Change in Control, the event constituting Good Reason arose in connection with or in anticipation of the Change in Control and the Executive complies with the procedures set forth in Section 5.02.

5.02 Good Reason.

(a) Notwithstanding anything contained in any employment agreement between the Executive and the Employer to the contrary, during the term of this Plan the Executive may terminate his or her employment with the Employer for Good Reason as set forth in Section 5.01(b) or (d) and be entitled to the benefits set forth in Section 6.

(b) If the Executive believes that he or she is entitled to terminate his or her employment with the Employer for Good Reason, he or she may apply in writing to the Company for confirmation of such entitlement prior to the Executive's actual separation from employment, by following the claims procedure set forth in Section 9. The submission of such a request by the Executive shall not constitute "Cause" for the Company to terminate the Executive's employment and the Executive shall continue to receive all compensation and benefits he or she was receiving at the time of such submission throughout the resolution of the matter pursuant to the procedures set forth in Section 9. If the Executive's request for a termination of employment for Good Reason is denied under both the request and appeal procedures set forth in Sections 9.02 and 9.03, then the parties shall use their best efforts to resolve the claim within ninety (90) days after the claim is submitted to binding arbitration pursuant to Section 9.04. Notwithstanding the foregoing provisions of this Section 5.02(b), the Executive's termination shall not constitute a termination for Good Reason unless the applicable notice, cure and termination provisions set forth in the definition of Good Reason above are satisfied.

5.03 Permanent Disability. In the event of a Permanent Disability of the Executive, the Executive shall be entitled to no further benefits under this Plan, provided that the Employer shall have provided the Executive a Notice of Termination and the Executive shall not have returned to the full-time performance of the Executive's duties within thirty (30) days of such Notice of Termination.

5.04 Cause. The Employer may terminate the employment of the Executive for Cause. The Executive shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to the Executive a Notice of Termination and a certified copy of a resolution of the Board adopted by the affirmative vote of not less than a majority of the entire membership of the Board (other than the Executive if he or she is a member of the Board at such time) at a meeting called and held for that purpose and at which the Executive was given an opportunity to be heard, finding that the Executive was guilty of conduct constituting Cause based on reasonable evidence, specifying the particulars thereof in detail. For purposes of this Section 5.04, no act or failure to act on the Executive's part shall be considered "willful" unless done or omitted to be done by him or her not in good faith and without reasonable belief that his or her action or omission was in the best interest of the Company and the Employer.

5.05 Notice of Termination. Any termination of the Executive's employment by the Employer or by the Executive (other than termination based on the Executive's death) following a Change in Control shall be communicated by the terminating party in a Notice of Termination to the other party hereto.

6. Compensation and Benefits Upon Termination of Employment.

6.01 Severance Benefits. If the Executive shall be terminated from employment with the Employer or shall terminate his or her employment with the Employer as described in Section 5.01, then the Executive shall be entitled to receive the following:

(a) In lieu of any further payments to the Executive except as expressly contemplated hereunder, the Employer shall pay as severance pay to the Executive an amount equal to two times (in the case of a Tier 1 Executive) or one times (in the case of a Tier 2 Executive) the sum of the Executive's annual base compensation plus his or her target bonus plus his or her annualized car allowance, in each case as in effect immediately prior to the Change in Control or as in effect on the date of the Notice of Termination, whichever is higher. Subject to Section 6.03, such cash payment shall be payable in a single sum, within ten (10) business days following the Executive's Separation from Service.

(b) Any then-outstanding and unvested stock options granted to the Executive by the Company shall become 100% vested and may be exercised by the Executive for the longer of (i) ninety (90) days after the Date of Termination or (ii) the period specified in the plan or agreement governing such options (subject in each case to earlier termination at the end of the option term or in connection with a change in control of the Company in accordance with the provisions of such plan or agreement).

(c) For a period of twenty-four months (in the case of a Tier 1 Executive) or twelve months (in the case of a Tier 2 Executive) following the Executive's Date of Termination (the "payment period"), the Executive shall be entitled to the continuation of the same or equivalent life, health, hospitalization, dental and disability insurance coverage and other employee insurance or welfare benefits (including equivalent coverage for his or her spouse and dependent children) as he or she was receiving immediately prior to the Change in Control. In the event that the Executive is ineligible under the terms of such insurance to continue to be so covered, the Employer shall provide the Executive with a lump sum payment equal to the cost of obtaining such coverage for the payment period. If the Executive, prior to a Change in Control, was receiving any cash-in-lieu payments designed to enable the Executive to obtain insurance coverage of his or her choosing, the Employer shall, in addition to any other benefits to be provided under this Section 6.01(c), provide the Executive with a lump-sum payment equal to the amount of such in-lieu payments that the Executive would have been entitled to receive over the payment period. To the extent that the payment of any benefits pursuant to this Section 6.01(c) is taxable to the Executive, any such payment shall be made to the Executive on or before the last day of the Executive's taxable year following the taxable year in which the related expense was incurred, provided that any lump-sum payment made to the Executive pursuant to either of the preceding two sentences shall be made within ten (10) business days following the Executive's Separation from Service. The Executive's right to payment of such benefits is not subject to liquidation or exchange for another benefit and the amount of such benefits that the Executive receives in one taxable year shall not affect the amount of such benefits that the Executive receives in any other taxable year. The benefits to be provided under this Section 6.01(c) shall be reduced to the extent of the receipt of substantially equivalent coverage by the Executive from any successor employer.

(d) All awards under the Company's Executive Retention Plan adopted in July, 1998 or any similar plan shall accelerate and be payable within fifteen (15) days after the Executive's Separation from Service.

(e) In the event that the amount of payments or other benefits payable to the Executive under this Plan, together with any payments or benefits payable under any other plan, program, arrangement or agreement maintained by the Employer or one of its affiliates, would constitute an 'excess parachute payment' (within the meaning of Section 280G of the Code), the payments under this Plan shall be reduced (by the minimum possible amounts) until no amount payable to the Executive under this Plan constitutes an 'excess parachute payment' (within the meaning of Section 280G of the Code); provided, however, that no such reduction shall be made if the net after-tax payment (after taking into account Federal, state, local or other income and excise taxes) to which the Executive would otherwise be entitled without such reduction would be greater than the net after-tax payment (after taking into account Federal, state, local or other income and excise taxes) to the Executive resulting from the receipt of such payments with such reduction. If, as a result of subsequent events or conditions (including a subsequent payment or absence of a subsequent payment under this Plan or other plans, programs, arrangements or agreements maintained by the Employer or one of its affiliates), it is determined that payments hereunder have been reduced by more than the minimum amount required under this Section 6.01(e), then an additional payment shall be promptly made to the Executive in an amount equal to the excess reduction. All determinations required to be made under this Section 6.01(e), including whether a payment would result in an 'excess parachute payment' and the assumptions to be utilized in arriving at such determination, shall be made and approved by the Company's independent certified public accounting firm and the Executive's designated financial advisor.

6.02 Accrued Benefits. Upon termination of the employment of Executive for any reason, any accumulated but unused vacation shall be paid through the Date of Termination. Upon termination of the employment of Executive as set forth in Section 5.01, any accrued but unpaid bonus shall be paid through the Date of Termination. Unless otherwise specifically provided in this Plan, any payments or benefits payable to the Executive hereunder, including without limitation any bonus, in respect of any calendar year during which the Executive is employed by the Employer for less than the entire such year shall be prorated in accordance with the number of days in such calendar year during which he or she is so employed.

6.03 Specified Employees. The provisions of this Section 6.03 shall apply if any severance payments hereunder constitute "deferred compensation" (within the meaning of Section 409A of the Code) payable upon the Executive's Separation from Service and, in such event, such provisions shall apply only to the extent required to avoid the imputation of any tax, penalty or interest pursuant to Section 409A of the Code. It is the Company's intent that severance payments hereunder should not constitute "deferred compensation" payable upon a Separation from Service (because such payments should constitute a "short-term deferral" within the meaning of Code Section 409A or otherwise) based on the guidance available as of the date hereof and, accordingly, should not be subject to the delayed-payment provisions set forth in this Section 6.03. Notwithstanding Section 6.01(a) or any other provision of this Plan to the contrary, if the Executive is a "specified employee" within the meaning of Treasury Regulation Section 1.409A-1(i) as of the date of the Executive's Separation from Service, the Executive shall not be entitled to any severance payments hereunder until the earlier of (i) the date which is six (6) months after the Executive's Separation from Service for any reason other than death, or (ii) the date of the Executive's death. Any amounts otherwise payable to the Executive upon or in the six (6) month period following the Executive's Separation from Service that are not so paid by reason of this Section 6.03 shall be paid (without interest) as soon as practicable (and in all events within thirty (30) days) after the date that is six (6) months after the Executive's Separation from Service (or, if earlier, as soon as practicable, and in all events within thirty (30) days, after the date of the Executive's death).

7. No Mitigation. The Executive shall not be required to mitigate the amount of any payments provided for by this Plan by seeking employment or otherwise, nor shall the amount of any cash payments or benefits provided under this Plan be reduced by any compensation or benefits earned by the Executive after his or her Date of Termination (except as provided in the last sentence of Section 6.01(d) above). Notwithstanding the foregoing, if the Executive is entitled, by operation of any applicable law, to unemployment compensation benefits or benefits under the Worker Adjustment and Retraining Act of 1988 (known as the "WARN" Act) in connection with the termination of his or her employment in addition to amounts required to be paid to him or her under this Plan, then to the extent permitted by applicable statutory law governing severance payments or notice of termination of employment, the Company shall be entitled to offset the amounts payable hereunder by the amounts of any such statutorily mandated payments.

8. Limitation on Rights.

8.01 No Employment Contract. This Plan shall not be deemed to create a contract of employment between the Employer and the Executive and shall create no right in the Executive to continue in the Employer's employment for any specific period of time, or to create any other rights in the Executive or obligations on the part of the Company or its subsidiaries, except as set forth herein. Except as set forth herein, this Plan shall not restrict the right of the Employer to terminate the employment of Executive, or restrict the right of the Executive to terminate his or her employment.

8.02 No Other Exclusions. This Plan shall not be construed to exclude the Executive from participation in any other compensation or benefit programs in which he or she is specifically eligible to participate either prior to or following the Effective Date of this Plan, or any such programs that generally are available to other executive personnel of the Company, nor shall it affect the kind and amount of other compensation to which the Executive is entitled.

9. Administrator and Claims Procedure.

9.01 Administrator. Except as set forth herein, the administrator (the "Administrator") for purposes of this Plan shall be the Company. The Company shall have the right to designate one or more of the Company's or the Employer's employees as the Administrator at any time. The Company shall give the Executive written notice of any change in the Administrator, or in the address or telephone number of the same.

9.02 Claims Procedure. The Executive, or other person claiming through the Executive, must file a written claim for benefits with the Administrator as a prerequisite to the payment of benefits under this Plan. The Administrator shall make all determinations as to the right of any person to receive benefits under Sections 9.02 and 9.03. The decision by the Administrator of a claim for benefits by the Executive, his or her heirs or personal representative (the "claimant") shall be stated in writing by the Administrator and delivered or mailed to the claimant within thirty (30) days after receipt of the claim, unless special circumstances require an

extension of time for processing the claim. If such an extension is required, written notice of the extension shall be furnished to the claimant prior to the termination of the initial thirty-day period. In no event shall such extension exceed a period of thirty (30) days from the end of the initial period. Any notice of denial shall set forth the specific reasons for the denial, specific reference to pertinent provisions of this Plan upon which the denial is based, a description of any additional material or information necessary for the claimant to perfect his or her claim, with an explanation of why such material or information is necessary, and a description of claim review procedures, written to the best of the Administrator's ability in a manner that may be understood without legal or actuarial counsel.

9.03 Appeals. A claimant whose claim for benefits has been wholly or partially denied by the Administrator may request, within sixty (60) days following the date of such denial, in a writing addressed to the Administrator, a review of such denial. The claimant shall be entitled to submit written comments, documents, records and other information he or she shall consider relevant to a determination of his or her claim, and he or she may include a request for a hearing in person before the Administrator. Prior to submitting his or her request, the claimant shall be entitled to review such documents, records, and other information as the Administrator shall reasonably agree are pertinent to his or her claim. The claimant may, at all stages of the review, be represented by counsel, legal or otherwise, of his or her choice, provided that the fees and expenses of such counsel shall be borne by the claimant, unless the claimant is successful, in which case, such costs shall be borne by the Company. The review of the claim shall take into account all information submitted by claimant relating to the claim, without regard to whether such information was submitted in the initial benefit determination. All requests for review shall be promptly resolved. The Administrator's decision with respect to any such review shall be set forth in writing and shall be mailed to the claimant not later than sixty (60) days following receipt by the Administrator of the claimant's request unless special circumstances, such as the need to hold a hearing, require an extension of time for processing, in which case the Administrator's decision shall be so mailed not later than one hundred and twenty (120) days after receipt of the claimant's request. The time and place of any hearing shall be as mutually agreed by the parties. If the claimant is dissatisfied with the Administrator's decision on review, the claimant may then either, at his or her option, invoke the arbitration procedures described in Section 9.04 or pursue a remedy in a judicial forum. No legal action may be commenced prior to the completion of the claims and appeals procedures described in the foregoing provisions of Section 9.02 and 9.03. Notwithstanding the foregoing, no legal action may be commenced after ninety (90) days after the date upon which the Administrator's written decision on appeal was sent to claimant.

9.04 Arbitration. A claimant who has followed the procedures in Sections 9.02 and 9.03, but who has not obtained full relief on his or her claim for benefits, may, within sixty (60) days following his or her receipt of the Administrator's written decision on review pursuant to Section 9.03, apply in writing to the Administrator for expedited and binding arbitration of his or her claim before an arbitrator in Orange County, California in accordance with the commercial arbitration rules of the American Arbitration Association, as then in effect, or pursuant to such other form of alternative dispute resolution as the parties may agree (collectively, the "arbitration"). Subject to Section 10, the Company or the Employer shall pay filing fees and other costs required to initiate the arbitration. The arbitrator's sole authority shall be to interpret and apply the provisions of this Plan; and except as set forth herein he or she shall not change, add to, or subtract from, any of its provisions. The arbitrator shall have the power to compel attendance of witnesses at the hearing. Any court having jurisdiction may enter a judgment based upon such arbitration. The arbitrator shall be appointed by mutual agreement of the Company and the claimant; provided that if the Company and the claimant cannot agree, the arbitrator shall be appointed pursuant to the applicable commercial arbitration rules. The arbitrator shall be a professional person with a reputation in the community for expertise in employee benefit matters and who is unrelated to the claimant, the Company or its subsidiaries or any employees of the Company or its subsidiaries. All decisions of the arbitrator shall be final and binding on the claimant and the Company.

10. Legal Fees and Expenses. If any dispute arises between the parties with respect to the interpretation or performance of this Plan, the prevailing party in any arbitration or proceeding shall be entitled to recover from the other party its attorneys fees, arbitration or court costs and other expenses incurred in connection with any such proceeding. Amounts, if any, paid to the Executive under this Section 10 shall be in addition to all other amounts due to the Executive pursuant to this Plan.

11. ERISA. This Plan is an unfunded compensation arrangement for a member of a select group of the Company's management or that of its subsidiaries and any exemptions under the Employee Retirement Income Security Act of 1974, as amended, as applicable to such an arrangement shall be applicable to this Plan.

12. Taxes. The Executive shall be solely responsible for his or her own tax liability with respect to participation in this Plan. The Company may withhold (or cause there to be withheld, as the case may be) from any amounts otherwise due or payable under or pursuant to this Plan such federal, state and local income, employment, or other taxes as may be required to be withheld pursuant to any applicable law or regulation. Notwithstanding anything else contained herein to the contrary, nothing in this Plan is intended to constitute, nor does it constitute, tax advice, and in all cases, the Executive should obtain and rely solely on the tax advice provided by the Executive's own independent tax advisors (and not this Plan, the Company, any of the Company's affiliates, or any officer, employee or agent of the Company or any of its affiliates).

13. Miscellaneous.

13.01 Administration. This Plan may be administered by the Board or the Committee. When this Plan refers to any action by the Board, the Committee may take such action with the same effect as if it had been taken by the Board.

13.02 Amendments. This Plan may be changed, amended or modified by resolution of the Board or the Committee.

13.03 Assignment and Binding Effect.

(a) Neither this Plan nor the rights or obligations hereunder shall be assignable by the Executive or the Company except that this Plan shall be assignable to, binding upon and inure to the benefit of any successor of the Company, and any successor shall be deemed substituted for the Company upon the terms and subject to the conditions hereof'.

(b) The Company will require any successor (whether by purchase of assets, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform all of the obligations of the Company under this Plan (including the obligation to cause any subsequent successor to also assume the obligations of this Plan) unless such assumption occurs by operation of law. Nothing in this Section 13.03 is intended, however, to require that a person or group referred to in Section 2.03(a) as being the beneficial owner of shares of stock of the Company must assume the obligations under this Plan as a result of such stock ownership.

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

13.05 Rules of Construction.

(a) This Plan has been executed in, and shall be governed by and construed in accordance with the laws of, the State of California. Captions contained in this Plan are for convenience of reference only and shall not be considered or referred to in resolving questions of interpretation with respect to this Plan.

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

13.06 Notices. Any notice required or permitted by this Plan shall be in writing, delivered by hand, or sent by registered or certified mail, return receipt requested, or by recognized courier service (regularly providing proof of delivery), addressed to the Board and the Company and where applicable, the Administrator, at the Company's then principal office, or to the Executive at the address set forth in the records of the Employer, as the case may be, or to such other address or addresses the Company or the Executive may from time to time specify in writing. Notices shall be deemed given when received.

13.07 Section 409A. This Plan is intended to comply with Section 409A of the Code (including the Treasury regulations and other published guidance relating thereto) so as not to subject any Executive to payment of any interest or additional tax imposed under Code Section 409A. The provisions of this Plan shall be construed and interpreted to avoid the imputation of any such additional tax, penalty or interest under Code Section 409A yet preserve (to the nearest extent reasonably possible) the intended benefit payable to the Executive.

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Western Digital Corporation Amended and Restated Change of Control Severance Plan

As amended November 5, 2008

As amended May 17, 2011

As amended August 7, 2012

WESTERN DIGITAL CORPORATION
DEFERRED COMPENSATION PLAN

Amended and Restated Effective
January 1, 2013

ARTICLE I

Establishment and Purpose

Western Digital Corporation (the "Company") hereby amends and restates the Western Digital Corporation Deferred Compensation Plan (the "Plan"), effective January 1, 2013. The Plan was previously amended and restated effective September 11, 2008. The Plan was further amended on August 11, 2010 and November 10, 2010. The Plan applies only to amounts deferred under the Plan on or after January 1, 2005, and to amounts deferred prior to January 1, 2005 that were not vested as of December 31, 2004. Amounts deferred under the Plan prior to January 1, 2005 that were vested as of December 31, 2004 (the "Grandfathered Accounts") shall be subject to the provisions of the Plan as in effect on October 3, 2004 (the "Grandfathered Plan"), as the same may be amended from time to time by the Company without material modification, it being expressly intended that such Grandfathered Accounts are to remain exempt from the requirements of Code Section 409A. Specified provisions of the Plan applicable to Grandfathered Accounts are reflected in this document for ease of reference; however, reflection of such provisions shall not modify the provisions of the Grandfathered Plan.

The purpose of the Plan is to attract and retain key employees and Directors by providing Participants with an opportunity to defer receipt of a portion of their salary, bonus, and other specified compensation. The Plan is not intended to meet the qualification requirements of Code Section 401(a), but is intended to meet the requirements of Code Section 409A so as to avoid the imputation of any tax, penalty or interest thereunder, and shall be operated and interpreted consistent with that intent.

The Plan constitutes an unsecured promise by a Participating Employer to pay benefits in the future. Participants in the Plan shall have the status of general unsecured creditors of the Company or the Adopting Employer, as applicable. Each Participating Employer shall be solely responsible for payment of the benefits of its employees and their beneficiaries. The Plan is unfunded for Federal tax purposes and is intended to be an unfunded arrangement for eligible employees who are part of a select group of management or highly compensated employees of the Employer within the meaning of Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA. Any amounts set aside to defray the liabilities assumed by the Company or an Adopting Employer will remain the general assets of the Company or the Adopting Employer and shall remain subject to the claims of the Company's or the Adopting Employer's creditors until such amounts are distributed to the Participants.

ARTICLE II

Definitions

2.1 Account, Subaccount. Account means a bookkeeping account established and maintained by the Committee to record the payment obligation of a Participating Employer to a Participant as determined under the terms of the Plan. The Committee may maintain an Account to record the total obligation to a Participant payable upon a particular date or event, and "Subaccounts" (components of Accounts) to reflect amounts triggered by the occurrence of the same date or event but payable in accordance with different Payment Schedules. Reference to an Account means any such Account, and all Subaccounts attributable thereto, as the context requires. Accounts are intended to constitute unfunded obligations within the meaning of Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA.

2.2 Account Balance. Account Balance means, with respect to any Account or Subaccount, the total payment obligation owed to a Participant from such Account or Subaccount as of the most recent Valuation Date.

2.3 Adopting Employer. Adopting Employer means an Affiliate who, with the consent of the Company, has adopted the Plan for the benefit of its Eligible Employees.

2.4 Affiliate. Affiliate means a corporation, trade or business that, together with the Company, is treated as a single employer under Code Section 414(b) or (c).

2.5 Beneficiary. Beneficiary means a natural person, estate, or trust designated by a Participant to receive payments to which a Beneficiary is entitled in accordance with provisions of the Plan. If someone other than the Participant's spouse is designated as Beneficiary, a spousal consent, in the form designated by the Committee, must be signed by that Participant's spouse and returned to the Committee. If the Participant has failed to properly designate a Beneficiary, or if all designated Beneficiaries have predeceased the Participant, then the Beneficiary shall be the Participant's spouse, if living, otherwise the Participant's estate.

A former spouse shall have no interest under the Plan, as Beneficiary or otherwise, unless the Participant designates such person as a Beneficiary after dissolution of the marriage, except to the extent provided under the terms of a domestic relations order as described in Code Section 414(p)(1)(B).

2.6 Business Day. Business Day means each day on which the New York Stock Exchange is open for business.

2.7 Change in Control. Change in Control means, with respect to a Participating Employer that is organized as a corporation, any of the following events: (i) a change in the ownership of the Participating Employer, (ii) a change in the effective control of the Participating Employer, or (iii) a change in the ownership of a substantial portion of the assets of the Participating Employer.

For purposes of this Section, a change in the ownership of the Participating Employer occurs on the date on which any one person, or more than one person acting as a group, acquires ownership of stock of the Participating Employer that, together with stock held by such person or group constitutes more than 50% of the total fair market value or total voting power of the stock of the Participating Employer. A change in the effective control of the Participating Employer occurs on the date on which either: (i) a person, or more than one person acting as a group, acquires ownership of stock of the Participating Employer possessing 30% or more of the total voting power of the stock of the Participating Employer, taking into account all such stock acquired during the 12-month period ending on the date of the most recent acquisition, or (ii) a majority of the members of the Participating Employer's Board of Directors is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of such Board of Directors prior to the date of the appointment or election, but only if no other corporation is a majority shareholder of the Participating Employer . A change in the ownership of a substantial portion of assets occurs on the date on which any one person, or more than one person acting as a group, other than a person or group of persons that is related to the Participating Employer, acquires assets from the Participating Employer that have a total gross fair market value equal to or more than 40% of the total gross fair market value of all of the assets of the Participating Employer immediately prior to such acquisition or acquisitions, taking into account all such assets acquired during the 12-month period ending on the date of the most recent acquisition.

An event constitutes a Change in Control with respect to a Participant only if the Participant performs services for the Participating Employer that has experienced the Change in Control, or the Participant's relationship to the affected Participating Employer otherwise satisfies the requirements of Treasury Regulation Section 1.409A-3(i)(5)(ii) (or any successor provision).

Notwithstanding anything to the contrary herein, with respect to a Participating Employer that is a partnership, Change in Control means only a change in the ownership of the partnership or a change in the ownership of a substantial portion of the assets of the partnership, and the provisions set forth above respecting such changes relative to a corporation shall be applied by analogy.

The determination as to the occurrence of a Change in Control shall be based on objective facts and in accordance with the requirements of Code Section 409A.

2.8 Claimant. Claimant means a Participant or Beneficiary filing a claim under Article XII of this Plan.

2.9 Code. Code means the Internal Revenue Code of 1986, as amended from time to time.

2.10 Code Section 409A. Code Section 409A means section 409A of the Code, and regulations and other guidance issued by the Treasury Department and Internal Revenue Service thereunder.

2.11 Committee. Committee means the committee appointed by the Board of Directors of the Company (or the appropriate committee of such board) to administer the Plan. Members of the Committee may be Participants and/or Employees; provided, however, that any member of the Committee who is a Participant shall not vote or act on any matter relating solely to himself or herself. If no designation is made, the Board of Directors of the Company shall have and exercise the powers of the Committee.

2.12 Company. Company means Western Digital Corporation, a Delaware corporation, and any successor to all or substantially all of the Company's assets or business.

2.13 Company Contribution. Company Contribution means a credit by a Participating Employer to a Participant's Account(s) in accordance with the provisions of Article V of the Plan. Company Contributions are credited at the sole discretion of the Participating Employer and the fact that a Company Contribution is credited in one year shall not obligate the Participating Employer to continue to make such Company Contribution in subsequent years. Unless the context clearly indicates otherwise, a reference to Company Contribution shall include Earnings attributable to such contribution.

2.14 Company Stock. Company Stock means shares of common stock issued by the Company.

2.15 Compensation. Compensation means a Participant's base salary, bonus, commission, Director fees, and such other cash or equity-based compensation (if any) approved by the Committee as Compensation that may be deferred under this Plan. Compensation shall not include any compensation that has been previously deferred under this Plan or any other arrangement subject to Code Section 409A.

2.16 Compensation Deferral Agreement. Compensation Deferral Agreement means an agreement between a Participant and a Participating Employer that specifies: (i) the amount of each component of Compensation that the Participant has elected to defer to the Plan in accordance with the provisions of Article IV, and (ii) the Payment Schedule applicable to one or more Accounts. The Committee may permit different deferral amounts for each component of Compensation and may establish a minimum or maximum deferral amount for each such component. Unless otherwise specified by the Committee in the Compensation Deferral Agreement, Participants may defer up to 80% of Compensation payable in the form of cash and up to 100% of other types of Compensation for a Plan Year. A Compensation Deferral Agreement may also specify the investment allocation described in Section 8.4.

2.17 Death Benefit. Death Benefit means the benefit payable under the Plan to a Participant's Beneficiary(ies) upon the Participant's death as provided in Section 6.1 of the Plan.

2.18 Deferral. Deferral means a credit to a Participant's Account(s) that records that portion of the Participant's Compensation that the Participant has elected to defer to the Plan in accordance with the provisions of Article IV. Unless the context of the Plan clearly indicates otherwise, a reference to Deferrals includes Earnings attributable to such Deferrals.

Deferrals shall be calculated with respect to the gross cash Compensation payable to the Participant prior to any deductions or withholdings, but shall be reduced by the Committee as necessary so that it does not exceed 100% of the cash Compensation of the Participant remaining after deduction of all required income and employment taxes, 401(k) and other employee benefit deductions, and other deductions required by law. Changes to payroll withholdings that affect the amount of Compensation being deferred to the Plan shall be allowed only to the extent permissible under Code Section 409A.

2.19 Director. Director means a member of the Board of Directors of the Company.

2.20 Disability Benefit. Disability Benefit means the benefit payable under the Plan to a Participant in the event such Participant is determined to be Disabled.

2.21 Disabled. Disabled means that a Participant is, by reason of any medically-determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months: (i) unable to engage in any substantial gainful activity, or (ii) receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Participant's employer. The Committee shall determine whether a Participant is Disabled in accordance with Code Section 409A provided; however, that a Participant shall be deemed to be Disabled if determined to be totally disabled by the Social Security Administration or the Railroad Retirement Board.

2.22 Earnings. Earnings means an adjustment to the value of an Account in accordance with Article VIII.

2.23 Effective Date. Effective Date means September 11, 2008.

2.24 Eligible Employee. Eligible Employee means a member of a "select group of management or highly compensated employees" of a Participating Employer within the meaning of Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA, as determined by the Committee from time to time in its sole discretion.

2.25 Employee. Employee means a common-law employee of an Employer.

2.26 Employer. Employer means, with respect to Employees it employs, the Company and each Affiliate.

2.27 ERISA. ERISA means the Employee Retirement Income Security Act of 1974, as amended from time to time.

2.28 Fiscal Year Compensation. Fiscal Year Compensation means Compensation earned during one or more consecutive fiscal years of a Participating Employer, all of which is paid after the last day of such fiscal year or years.

2.29 Grandfathered Account. Grandfathered Account means amounts deferred under the Plan prior to January 1, 2005 that were vested as of December 31, 2004.

2.30 Participant. Participant means an Eligible Employee or a Director who has received notification of his or her eligibility to defer Compensation under the Plan under Section 3.1 and any other person with an Account Balance greater than zero, regardless of whether such individual continues to be an Eligible Employee or a Director. A Participant's continued participation in the Plan shall be governed by Section 3.2 of the Plan.

2.31 Participating Employer. Participating Employer means the Company and each Adopting Employer.

2.32 Payment Schedule. Payment Schedule means the date as of which payment of an Account under the Plan will commence and the form in which payment of such Account will be made.

2.33 Performance-Based Compensation. Performance-Based Compensation means Compensation where the amount of, or entitlement to, the Compensation is contingent on the satisfaction of pre-established organizational or individual performance criteria relating to a performance period of at least 12 consecutive months. Organizational or individual performance criteria are considered pre-established if established in writing by not later than 90 days after the commencement of the period of service to which the criteria relate, provided that the outcome is substantially uncertain at the time the criteria are established. The determination of whether Compensation qualifies as "Performance-Based Compensation" will be made in accordance with Treas. Reg. Section 1.409A-1(e) and subsequent guidance.

2.34 Plan. Generally, the term Plan means the "Western Digital Corporation Deferred Compensation Plan" as documented herein and as may be amended from time to time hereafter. However, to the extent permitted or required under Code Section 409A, the term Plan may in the appropriate context also mean a portion of the Plan that is treated as a single plan under Treas. Reg. Section 1.409A-1(c), or the Plan or portion of the Plan and any other nonqualified deferred compensation plan or portion thereof that is treated as a single plan under such section.

2.35 Plan Year. Plan Year means January 1 through December 31.

2.36 Retirement. Retirement means a Participant's Separation from Service for reasons other than Disability or death after attainment of age 55; provided, however, that in the case of a non-Employee Director, Retirement means severance of all directorships with the Employer for reasons other than Disability or death after attainment of age 70 (or, with respect to a Grandfathered Account, severance of all directorships with the Employer for reasons other than Disability or death after attainment of age 70 or such later age as the Committee shall specify).

2.37 Retirement Benefit. Retirement Benefit means the benefit payable to a Participant under the Plan following the Retirement of the Participant.

2.38 Retirement/Termination Account. Retirement/Termination Account means an Account, including Subaccounts, established by the Committee to record the amounts payable to a Participant upon Retirement or other Separation from Service. Unless otherwise determined by the Committee, a Participant may create only one (1) new Retirement/Termination Subaccount for any Plan Year Deferrals, and may maintain no more than five (5) total Retirement/Termination Subaccounts.

2.39 Separation from Service. Separation from Service means a termination of services provided by a Participant to his or her Employer, whether voluntarily or involuntarily, other than by reason of death or Disability, as determined by the Committee in accordance with Treas. Reg. §1.409A-1(h). In determining whether a Participant has experienced a Separation from Service, the following provisions shall apply:

(a) For a Participant who provides services to an Employer as an Employee, except as otherwise provided in part (c) of this Section, a Separation from Service shall occur when such Participant has experienced a termination of employment with such Employer. A Participant shall be considered to have experienced a termination of employment when the facts and circumstances indicate that the Participant and his or her Employer reasonably anticipate that either (i) no further services will be performed for the Employer after a certain date, or (ii) that the level of bona fide services the Participant will perform for the Employer after such date (whether as an Employee or as an independent contractor) will permanently decrease to no more than 20% of the average level of bona fide services performed by such Participant (whether as an Employee or an independent contractor) over the immediately preceding 36-month period (or the full period of services to the Employer if the Participant has been providing services to the Employer less than 36 months).

If a Participant is on military leave, sick leave, or other bona fide leave of absence, the employment relationship between the Participant and the Employer shall be treated as continuing intact, provided that the period of such leave does not exceed 6 months, or if longer, so long as the Participant retains a right to reemployment with the Employer under an applicable statute or by contract. If the period of a military leave, sick leave, or other bona fide leave of absence exceeds 6 months and the Participant does not retain a right to reemployment under an applicable statute or by contract, the employment relationship shall be considered to be terminated for purposes of this Plan as of the first day immediately following the end of such 6-month period. In applying the provisions of this paragraph, a leave of absence shall be considered a bona fide leave of absence only if there is a reasonable expectation that the Participant will return to perform services for the Employer.

(b) For a Participant who provides services to an Employer as an independent contractor, except as otherwise provided in part (c) of this Section, a Separation from Service shall occur upon the expiration of the contract (or in the case of more than one contract, all contracts) under which services are performed for such Employer, provided that the expiration of such contract(s) is determined by the Committee to constitute a good-faith and complete termination of the contractual relationship between the Participant and such Employer.

(c) For a Participant who provides services to an Employer as both an Employee and an independent contractor, a Separation from Service generally shall not occur until the Participant has ceased providing services for such Employer as both as an Employee and as an independent contractor, as determined in accordance with the provisions set forth in parts (a) and (b) of this Section, respectively. Similarly, if a Participant either (i) ceases providing services for an Employer as an independent contractor and begins providing services for such Employer as an Employee, or (ii) ceases providing services for an Employer as an Employee and begins providing services for such Employer as an independent contractor, the Participant will not be considered to have experienced a Separation from Service until the Participant has ceased providing services for such Employer in both capacities, as determined in accordance with the applicable provisions set forth in parts (a) and (b) of this Section.

Notwithstanding the foregoing provisions in this part (c), if a Participant provides services for an Employer as both an Employee and as a Director, to the extent permitted by Treas. Reg. §1.409A-1(h)(5) the services provided by such Participant as a Director shall not be taken into account in determining whether the Participant has experienced a Separation from Service as an Employee, and the services provided by such Participant as an Employee shall not be taken into account in determining whether the Participant has experienced a Separation from Service as a Director.

2.40 Specified Date Account. Specified Date Account means an Account established by the Committee to record the amounts payable at a future date as specified in the Participant's Compensation Deferral Agreement. Unless otherwise determined by the Committee, a Participant may create one or more new Specified Date Accounts for each Plan Year's Deferrals. The Committee, or its delegate(s), may impose limits on the number of Specified Date Accounts which limits, if any, will become effective beginning in a future Plan Year as specified by the Committee or its delegate(s). A Specified Date Account may be identified in enrollment materials as an "In-Service Account" or such other name as established by the Committee without affecting the meaning thereof. Any Short-Term Payout (as defined in the Grandfathered Plan) elected by a Participant with respect to Deferrals attributable to a Grandfathered Account shall be maintained in separate Specified Date Accounts.

2.41 Specified Date Benefit. Specified Date Benefit means the benefit payable to a Participant under the Plan in accordance with Section 6.1(c).

2.42 Specified Employee. Specified Employee means an Employee who, as of the date of his or her Separation from Service, is a "key employee" of the Company or any Affiliate, any stock of which is actively traded on an established securities market or otherwise. An Employee is a key employee if he or she meets the requirements of Code Section 416(i)(1)(A)(i), (ii), or (iii) (applied in accordance with applicable regulations thereunder and without regard to Code Section 416(i)(5)) at any time during the 12-month period ending on the Specified Employee Identification Date. Such Employee shall be treated as a key employee for the entire 12-month period beginning on the Specified Employee Effective Date.

For purposes of determining whether an Employee is a Specified Employee, the compensation of the Employee shall be determined in accordance with the definition of compensation provided under Treas. Reg. Section 1.415(c)-2(d)(2) (wages, salaries, fees for professional services, and other amounts received for personal services actually rendered in the course of employment with the employer maintaining the plan, to the extent such amounts are includible in gross income or would be includible but for an election under section 125(a), 132(f)(4), 402(e)(3), 402(h)(1)(B), 402(k) or 457(b), including the earned income of a self-employed individual); provided, however, that, with respect to a nonresident alien who is not a Participant in the Plan, compensation shall not include compensation that is not includible in the gross income of the Employee under Code Sections 872, 893, 894, 911, 931 and 933, provided such compensation is not effectively connected with the conduct of a trade or business within the United States.

Notwithstanding anything in this paragraph to the contrary: (i) if a different definition of compensation has been designated by the Company with respect to another nonqualified deferred compensation plan in which a key employee participates, the definition of compensation shall be the definition provided in Treas. Reg. Section 1.409A-1(i)(2), and (ii) the Company may through action that is legally binding with respect to all nonqualified deferred compensation plans maintained by the Company, elect to use a different definition of compensation.

In the event of corporate transactions described in Treas. Reg. Section 1.409A-1(i)6), the identification of Specified Employees shall be determined in accordance with the default rules described therein, unless the Employer elects to utilize the available alternative methodology through designations made within the timeframes specified therein.

2.43 Specified Employee Identification Date. Specified Employee Identification Date means December 31, unless the Employer has elected a different date through action that is legally binding with respect to all nonqualified deferred compensation plans maintained by the Employer.

2.44 Specified Employee Effective Date. Specified Employee Effective Date means the first day of the fourth month following the Specified Employee Identification Date, or such earlier date as is selected by the Committee.

2.45 Substantial Risk of Forfeiture. Substantial Risk of Forfeiture means the description specified in Treas. Reg. Section 1.409A-1(d).

2.46 Termination Benefit. Termination Benefit means the benefit payable to a Participant under the Plan following the Participant's Separation from Service prior to Retirement.

2.47 Unforeseeable Emergency. Unforeseeable Emergency means a severe financial hardship to the Participant resulting from an illness or accident of the Participant, the Participant's spouse, the Participant's dependent (as defined in Code section 152, without regard to section 152(b)(1), (b)(2), and (d)(1)(B)), or a Beneficiary; loss of the Participant's property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by insurance, for example, as a result of a natural disaster); or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. Whether an Unforeseeable Emergency has occurred shall be determined by the Committee in accordance with Code Section 409A. The types of events which may qualify as an Unforeseeable Emergency may be limited by the Committee.

2.48 Valuation Date. Valuation Date means each Business Day.

2.49 Year of Service. Year of Service means each 12-month period of continuous service with the Employer.

ARTICLE III

Eligibility and Participation

3.1 Eligibility and Participation. An Eligible Employee or a Director becomes a Participant upon the earlier to occur of: (i) a credit of Company Contributions under Article V, or (ii) receipt of notification of eligibility to participate.

3.2 Duration. A Participant shall be eligible to defer Compensation and receive allocations of Company Contributions, subject to the terms of the Plan, for as long as such Participant remains an Eligible Employee or a Director. A Participant who is no longer an Eligible Employee or a Director but has not Separated from Service may not defer Compensation under the Plan beyond the Plan Year in which he or she became ineligible but may otherwise exercise all of the rights of a Participant under the Plan with respect to his or her Account(s). On and after a Separation from Service, a Participant shall remain a Participant as long as his or her Account Balance is greater than zero (0), and during such time may continue to make allocation elections as provided in Section 8.4. An individual shall cease being a Participant in the Plan when all benefits under the Plan to which he or she is entitled have been paid.

ARTICLE IV

Deferrals

4.1 Deferral Elections, Generally. A Participant may elect to defer Compensation by submitting a Compensation Deferral Agreement during the enrollment periods established by the Committee and in the manner specified by the Committee, but in any event, in accordance with Section 4.3. A Compensation Deferral Agreement that is not timely filed with respect to a service period or component of Compensation shall be considered void and shall have no effect with respect to such service period or Compensation. The Committee may modify any Compensation Deferral Agreement prior to the date the election becomes irrevocable under the rules of Section 4.3.

4.2 Allocation of Deferrals; Payment Schedules

(a) The Participant shall specify on his or her Compensation Deferral Agreement the amount of Deferrals for the Plan Year and whether to allocate a portion, or all, of such Deferrals to an existing Retirement/Termination Account or to more than one existing Retirement/Termination Subaccounts, to one newly created Retirement/Termination Subaccount, to an existing Specified Date Account or to more than one existing Specified Date Accounts, and/or to one or more newly created Specified Date Account(s). If no designation is made, Deferrals for that Plan Year shall be allocated to the Retirement/Termination Account and, if more than one Subaccount of the Retirement/Termination Account has been established, then to the most recently established Retirement/Termination Subaccount. A Participant must specify the Plan Year during which a newly created Specified Date Account will become payable; such Plan Year must be at least two (2) years after the end of the first Plan Year during which Deferrals will be allocated to such Specified Date Account.

(b) A Participant may also specify in his or her Compensation Deferral Agreement the Payment Schedule applicable to any Specified Date Account or Retirement/Termination Subaccount being established for the first time. Payment Schedules for existing Specified Date Accounts and Retirement/Termination Subaccounts may not be changed except as provided in Article VII. If the Payment Schedule is not specified in a Compensation Deferral Agreement, the Payment Schedule shall be the default Payment Schedule specified in Section 6.2.

4.3 Timing Requirements for Compensation Deferral Agreements.

(a) *First Year of Eligibility.* In the case of the first year in which an Eligible Employee or a Director becomes eligible to participate in the Plan (as determined under Section 3.1), he or she has up to 30 days following his or her initial eligibility to submit a Compensation Deferral Agreement with respect to Compensation to be earned during such year. The Compensation Deferral Agreement described in this paragraph becomes irrevocable upon receipt and acceptance by the Company prior to the end of such 30-day period. The determination of whether an Eligible Employee or a Director may file a Compensation Deferral Agreement under this paragraph shall be determined in accordance with the rules of Code Section 409A, including the provisions of Treas. Reg. Section 1.409A-2(a)(7).

A Compensation Deferral Agreement filed under this paragraph applies to Compensation earned on and after the date the Compensation Deferral Agreement becomes irrevocable.

(b) *Prior Year Election.* Except as otherwise provided in this Section 4.2, Participants may defer Compensation by filing a Compensation Deferral Agreement no later than December 31 of the year prior to the year in which the Compensation to be deferred is earned. A Compensation Deferral Agreement described in this paragraph shall become irrevocable with respect to such Compensation as of January 1 of the year in which such Compensation is earned.

(c) *Performance-Based Compensation.* Participants may file a Compensation Deferral Agreement with respect to Performance-Based Compensation no later than the date that is six months before the end of the performance period, provided that:

(i) the Participant performs services continuously from the later of the beginning of the performance period or the date the criteria are established through the date the Compensation Deferral Agreement is submitted; and

(ii) the Compensation is not readily ascertainable as of the date the Compensation Deferral Agreement is filed.

A Compensation Deferral Agreement becomes irrevocable with respect to Performance-Based Compensation as of the day immediately following the latest date for filing such election.

(d) *Sales Commissions.* Sales commissions (as defined in Treas. Reg. Section 1.409A-2(a)(12)(i)) are considered to be earned by the Participant in the taxable year of the Participant in which the customer remits payment to the Employer. The Compensation Deferral Agreement must be filed before the last day of the year preceding the year in which the sales commissions are earned, and becomes irrevocable after that date.

(e) *Fiscal Year Compensation.* A Participant may defer Fiscal Year Compensation by filing a Compensation Deferral Agreement prior to the first day of the fiscal year or years in which such Fiscal Year Compensation is earned. The Compensation Deferral Agreement described in this paragraph becomes irrevocable on the first day of the fiscal year or years to which it applies.

(f) *Short-Term Deferrals.* Compensation that meets the definition of a "short-term deferral" described in Treas. Reg. Section 1.409A-1(b)(4) may be deferred in accordance with the rules of Article VII, applied as if the date the Substantial Risk of Forfeiture lapses is the date payments were originally scheduled to commence; provided, however, that the provisions of Section 7.3 shall not apply to payments attributable to a Change in Control (as defined in Treas. Reg. Section 1.409A-3(i)(5)).

(g) *Certain Forfeitable Rights.* With respect to a legally binding right to a payment in a subsequent year that is subject to a forfeiture condition requiring the Participant's continued services for a period of at least 12 months from the date the Participant obtains the legally binding right, an election to defer such Compensation may be made on or before the 30th day after the Participant obtains the legally binding right to the Compensation, provided that the election is made at least 12 months in advance of the earliest date at which the forfeiture condition could lapse. The Compensation Deferral Agreement described in this paragraph becomes irrevocable upon receipt and acceptance by the Company prior to the end of such 30-day period. If the forfeiture condition applicable to the payment lapses before the end of the required service period as a result of the Participant's death or disability (as defined in Treas. Reg. Section 1.409A-3(i)(4)) or upon a Change in Control (as defined in Treas. Reg. Section 1.409A-3(i)(5)), the Compensation Deferral Agreement will be void unless it would be considered timely under another rule described in this Section.

(h) *Company Awards.* Participating Employers may unilaterally provide for deferrals of Company awards prior to the date of such awards. Deferrals of Company awards (such as sign-on, retention, or severance pay) may be negotiated with a Participant prior to the date the Participant has a legally binding right to such Compensation.

(i) *"Evergreen" Deferral Elections.* Compensation Deferral Agreements will continue in effect for each subsequent Plan Year or, for Performance-Based Compensation subject to a Deferral, for each subsequent performance period unless and until changed or terminated by the Participant during an enrollment period. Such "evergreen" Compensation Deferral Agreements will become effective for the next Plan Year or performance period, as applicable, with respect to an item of Compensation on the date such election becomes irrevocable under this Section 4.2. An evergreen Compensation Deferral Agreement may be terminated or modified prospectively with respect to Compensation for which such election remains revocable under this Section 4.2. A Participant whose Compensation Deferral Agreement is cancelled in accordance with Section 4.6 will be required to file a new Compensation Deferral Agreement under this Article IV in order to recommence Deferrals under the Plan.

4.4 Deductions from Pay. The Committee has the authority to determine the payroll practices under which any component of Compensation subject to a Compensation Deferral Agreement will be deducted from a Participant's Compensation.

4.5 Vesting. Participant Deferrals shall be 100% vested at all times; provided, however, that in the event a Participant forfeits any amount under a Long-Term Retention Agreement between the Participant and the Company, any portion of which was deferred under this Plan, the corresponding portion of the Participant's Account Balance hereunder (including any Earnings thereon) shall be subject to forfeiture on the same terms and conditions set forth in such Long-Term Retention Agreement.

4.6 Cancellation of Deferrals. The Committee may permit a Participant to cancel the Participant's Deferrals: (i) for the balance of the Plan Year in which an Unforeseeable Emergency occurs, (ii) if the Participant receives a hardship distribution under the Employer's qualified 401(k) plan, through the end of the Plan Year in which the six month anniversary of the hardship distribution falls, and (iii) during periods in which the Participant is unable to perform the duties of his or her position or any substantially similar position due to a mental or physical impairment that can be expected to result in death or last for a continuous period of at least six months, provided cancellation occurs by the later of the end of the taxable year of the Participant or the 15th day of the third month following the date the Participant incurs the disability (as defined in this paragraph).

ARTICLE V

Company Contributions

5.1 Discretionary Company Contributions. The Participating Employer may, from time to time in its sole and absolute discretion, credit Company Contributions for a Plan Year to any Participant in any amount determined by the Participating Employer. Such contributions will be credited to a Participant's Retirement/Termination Account as of the last day of the Plan Year. A Participant must be actively employed on the last day of a Plan Year (or have Separated from Service due to death or Retirement) in order to receive a Company Contribution for such Plan Year.

5.2 Vesting. Company Contributions described in Section 5.1, above, and the Earnings thereon, shall vest in accordance with the vesting schedule(s) governing employer contributions under the Company's qualified 401(k) plan. All Company Contributions shall become 100% vested upon the occurrence of the earliest of: (i) the Disability of the Participant while actively employed, (ii) the Retirement of the Participant, or (iii) a Change in Control. The Participating Employer may, at any time, in its sole discretion, increase a Participant's vested interest in a Company Contribution. The portion of a Participant's Accounts that remains unvested upon his or her Separation from Service after the application of the terms of this Section 5.2 shall be forfeited.

ARTICLE VI

Benefits

6.1 Benefits, Generally. A Participant shall be entitled to the following benefits under the Plan:

(a) *Retirement Benefit.* Upon the Participant's Separation from Service due to Retirement, he or she shall be entitled to a Retirement Benefit. The Retirement Benefit shall be equal to the vested portion of the Retirement/Termination Account including all Retirement/Termination Subaccounts and the unpaid balances of any Specified Date Accounts. The Retirement Benefit shall be based on the value of that/those Account(s) as of the end of the Plan Year in which Separation from Service occurs or such later date as the Committee, in its sole discretion, shall determine. Payment of the Retirement Benefit will be made or begin during the first 60 days of the Plan Year following the Plan Year in which Separation from Service occurs, provided, however, that with respect to a Participant who is a Specified Employee as of the date such Participant incurs a Separation from Service, (1) the Retirement Benefit shall be based on the value of that Account(s) as of the date specified above or, if later, the end of the sixth month following the month in which Separation from Service occurs; and (2) payment will be made on (or as soon as administratively practicable following) the date specified above or, if later, on (or as soon as administratively practicable following) the first day of the seventh month following the month in which such Separation from Service occurs. If the Retirement Benefit is to be paid in the form of installments, any subsequent installment payments to a Specified Employee will be paid during the first 60 days of each Plan Year following the Plan Year in which the first installment was made.

(b) *Termination Benefit.* Upon the Participant's Separation from Service for reasons other than death, Disability or Retirement, he or she shall be entitled to a Termination Benefit. The Termination Benefit shall be equal to the vested portion of the Retirement/Termination Account including all Retirement/Termination Subaccounts and the unpaid balances of any Specified Date Accounts. The Termination Benefit shall be based on the value of that/those Account(s) as of the end of the month in which Separation from Service occurs or such later date as the Committee, in its sole discretion, shall determine. Payment of the Termination Benefit will be made on (or as soon as administratively practicable following) the first day of the month following the month in which Separation from Service occurs; provided, however, that with respect to a Participant who is a Specified Employee as of the date such Participant incurs a Separation from Service, the Termination Benefit shall be based on the value of that Account(s) as of the end of the sixth month following the month in which Separation from Service occurs and payment will be made on (or as soon as administratively practicable following) the first day of the seventh month following the month in which such Separation from Service occurs.

(c) *Specified Date Benefit.* If the Participant has established one or more Specified Date Accounts, he or she shall be entitled to a Specified Date Benefit with respect to each such Specified Date Account. The Specified Date Benefit shall be equal to the vested portion of the Specified Date Account, based on the value of that Account as of the end of the Plan Year immediately preceding the designated Plan Year. Payment of the Specified Date Benefit will be made or begin within the first 60 days of the designated Plan Year.

(d) *Disability Benefit.* Upon a determination by the Committee that a Participant is Disabled, he or she shall be entitled to a Disability Benefit. The Disability Benefit shall be equal to the vested portion of the Retirement/Termination Account including all Retirement/Termination Subaccounts and the unpaid balances of any Specified Date Accounts. If the Participant is eligible to Retire, the Disability Benefit shall be based on the value of the Accounts as of the last day of the Plan Year in which Disability occurs and will be paid within the first 60 days of the following Plan Year. If the Participant is not eligible to Retire, the Disability Benefit shall be based on the value of the Accounts as of the last day of the month in which Disability occurs and will be paid within 60 days following the Committee's determination.

(e) *Death Benefit.* In the event of the Participant's death, his or her designated Beneficiary(ies) shall be entitled to a Death Benefit. The Death Benefit shall be equal to the vested portion of the Retirement/Termination Account including all Retirement/Termination Subaccounts and the unpaid balances of any Specified Date Accounts. If payments from the Retirement/Termination Account or Subaccount had not commenced as of the date of death, the Death Benefit shall be based on the value of the Accounts as of the end of the Plan Year in which death occurred, with payment made during the first 60 days of the following Plan Year.

(f) *Unforeseeable Emergency Payments.* A Participant who experiences an Unforeseeable Emergency may submit a written request to the Committee to receive payment of all or any portion of his or her vested Accounts. Whether a Participant or Beneficiary is faced with an Unforeseeable Emergency permitting an emergency payment shall be determined by the Committee based on the relevant facts and circumstances of each case, but, in any case, a distribution on account of Unforeseeable Emergency may not be made to the extent that such emergency is or may be reimbursed through insurance or otherwise, by liquidation of the Participant's assets, to the extent the liquidation of such assets would not cause severe financial hardship, or by cessation of Deferrals under this Plan. If an emergency payment is approved by the Committee, the amount of the payment shall not exceed the amount reasonably necessary to satisfy the need, taking into account the additional compensation that is available to the Participant as the result of cancellation of deferrals to the Plan, including amounts necessary to pay any taxes or penalties that the Participant reasonably anticipates will result from the payment. The amount of the emergency payment shall be subtracted first from the vested portion of the Participant's Retirement/Termination Account until depleted and then from the vested Specified Date Accounts, beginning with the Specified Date Account with the latest payment commencement date. Emergency payments shall be paid in a single lump sum within the 90-day period following the date the payment is approved by the Committee.

(g) *Voluntary Withdrawals of Grandfathered Accounts.* A Participant or Beneficiary may elect at any time to voluntarily withdraw all of the vested amounts credited to his or her Grandfathered Account. If such a withdrawal is requested, an amount equal to 10% of the vested balance of the Grandfathered Account shall be forfeited, and the Participant shall not be permitted to make Deferrals to the Plan in any Plan Year following the Plan Year in which the withdrawal is made.

6.2 Form of Payment.

(a) *Retirement Benefit.* A Participant who is entitled to receive a Retirement Benefit shall receive payment of such benefit in a single lump sum, unless the Participant has elected, with respect to his or her Retirement/Termination Account as a whole or with respect to one or more Retirement/Termination Subaccounts, to have such benefit paid in one of the following alternative forms of payment (i) substantially equal annual installments over five (5), ten (10), fifteen (15) or twenty (20) years, or (ii) a lump sum payment of a percentage of the balance in the Retirement/ Termination Account or Subaccount, with the balance paid in substantially equal annual installments over a period of five (5), ten (10), fifteen (15) or twenty (20) years, as elected by the Participant.

(b) *Termination Benefit.* A Participant who is entitled to receive a Termination Benefit shall receive payment of such benefit in a single lump sum.

(c) *Specified Date Benefit.* The Specified Date Benefit shall be paid in a single lump sum, unless the Participant elects on the Compensation Deferral Agreement with which the account was established to have the Specified Date Account paid in substantially equal annual installments over a period of two (2) to five (5) years, as elected by the Participant.

Notwithstanding any election of a form of payment by the Participant, upon the Participant's death, Disability, Retirement or Separation from Service, the unpaid balance of a Specified Date Account shall be paid in accordance with the provisions applicable to the Retirement, Termination, Disability or Death Benefit, as applicable. In the event more than one Retirement/Termination Subaccount has been established, Deferrals credited to the Specified Date Account, and Earnings thereon, shall be paid in accordance with the provisions applicable to the most recently established Retirement/Termination subaccount established at the time of allocation of Deferrals to the Specified Date Account. The Committee may establish multiple Specified Date Accounts with the same primary Payment Schedule, as necessary, to be able to pay a Specified Date Account Balance upon an earlier Retirement in accordance with multiple forms of payment due to multiple Retirement/Termination Subaccounts. Such multiple Specified Date Accounts created by the Committee for administrative purposes will not count against the total of five (5), since they will maintain the same primary Payment Schedule (e.g. will be paid in the same time and form of payment in the event that an earlier Retirement does not occur).

(d) *Disability Benefit.* A Participant who is entitled to receive a Disability Benefit shall receive payment of such benefit in a single lump sum, and any election hereunder to receive payment in any other form shall be disregarded.

(e) *Death Benefit.* A designated Beneficiary who is entitled to receive a Death Benefit shall receive payment of such benefit in accordance with the Payment Schedule applicable to the Retirement, Termination or Disability Benefit, as applicable, if death occurs after distribution of such benefits have commenced. If death occurs prior to the Participant's Retirement, Separation from Service or Disability, the Death Benefit shall be paid in a lump sum, unless the Participant had elected to have the Death Benefit paid in annual installments over five (5), ten (10), fifteen (15) or twenty (20) years.

(f) *Change in Control.* Notwithstanding anything to the contrary contained herein, a Participant will receive his or her Retirement or Termination Benefit in a single lump sum payment equal to the unpaid balance of all of his or her Accounts if Separation from Service occurs within 24 months following a Change in Control.

A Participant or Beneficiary receiving installment payments when a Change in Control occurs, will receive the remaining account balance in a single lump sum within 90 days following the Change in Control.

(g) *Small Account Balances.* The Committee shall pay the value of the Participant's Accounts upon a Separation from Service in a single lump sum if the balance of such Accounts is not greater than the applicable dollar amount under Code Section 402(g)(1)(B), provided the payment represents the complete liquidation of the Participant's interest in the Plan. In the event that multiple Retirement/Termination Subaccounts are maintained, then for purposes of this paragraph (g), the "balance of such Accounts" means the total Account Balance of all Retirement/Termination Subaccounts.

(h) *Rules Applicable to Installment Payments.* If a Payment Schedule specifies installment payments, annual payments will be made beginning as of the payment commencement date for such installments and shall continue on each anniversary thereof until the number of installment payments specified in the Payment Schedule has been paid. The amount of each installment payment shall be determined by dividing (a) by (b), where (a) equals the Account Balance as of the Valuation Date and (b) equals the remaining number of installment payments.

For purposes of Article VII, installment payments will be treated as a single form of payment. If a lump sum equal to less than 100% of the Retirement/Termination Account is paid, the payment commencement date for the installment form of payment will be the first anniversary of the payment of the lump sum.

(i) *Amounts allocated to Company Stock.* Any portion of a Participant's Account that is payable in Company Stock in accordance with Section 8.6 shall be paid in a single lump sum in an equivalent number of shares of Company Stock at the time distribution is otherwise scheduled to commence hereunder.

(j) *Payments from Grandfathered Accounts.* The forms of payment from Grandfathered Accounts are the same as the forms of payment set forth above, except as noted below:

a. Deferrals allocated to a Grandfathered In-Service Account shall be paid in a single lump sum.

b. In the event of the death of the Participant after payment of the Retirement, Termination or Disability Benefit has commenced, the Committee may in its discretion pay the remaining vested balance to the Beneficiary in a single lump sum. In the event of the death of the Participant prior to his or her Retirement, Separation from Service, or Disability, the Committee may elect in its sole discretion to pay the Death Benefit in a single lump sum or in annual installments over not more than five years, if the vested Account balance at the time of death is less than $25,000.

c. Disability is defined in accordance with the terms of the Grandfathered Plan and results in entitlement to a benefit only if the Participant is otherwise eligible to Retire or if the Committee in its discretion determines to treat the Participant as having Separated from Service.

6.3 Acceleration of or Delay in Payments. The Committee, in its sole and absolute discretion, may elect to accelerate the time or form of payment of a benefit owed to the Participant hereunder, provided such acceleration is permitted under Treas. Reg. Section 1.409A-3(j)(4). The Committee may also, in its sole and absolute discretion, delay the time for payment of a benefit owed to the Participant hereunder, to the extent permitted under Treas. Reg. Section 1.409A-2(b)(7). If the Plan receives a domestic relations order (within the meaning of Code Section 414(p)(1)(B)) directing that all or a portion of a Participant's Accounts be paid to an "alternate payee," any amounts to be paid to the alternate payee(s) shall be paid in a single lump sum.

ARTICLE VII

Modifications to Payment Schedules

7.1 Participant's Right to Modify. A Participant may modify any or all of the alternative Payment Schedules with respect to an Account or Subaccount, consistent with the permissible Payment Schedules available under the Plan, provided such modification complies with the requirements of this Article VII. Notwithstanding the foregoing, prior to January 1, 2009, the Committee may permit a Participant to modify any or all of the alternative Payment Schedules with respect to an Account or Subaccount, consistent with the permissible Payment Schedules available under the Plan, and without regard to Sections 7.2, 7.3 and 7.4 hereof, provided such modification complies with the requirements of IRS Notice 2007-86.

7.2 Time of Election. The date on which a modification election is submitted to the Committee must be at least 12 months prior to the date on which payment is scheduled to commence under the Payment Schedule in effect prior to the modification.

7.3 Date of Payment under Modified Payment Schedule. Except with respect to modifications that relate to the payment of a Death Benefit or a Disability Benefit, the date payments are to commence under the modified Payment Schedule must be no earlier than five years after the date payment would have commenced under the original Payment Schedule. Under no circumstances may a modification election result in an acceleration of payments in violation of Code Section 409A.

7.4 Effective Date. A modification election submitted in accordance with this Article VII is irrevocable upon receipt by the Committee and becomes effective 12 months after such date.

7.5 Effect on Accounts. An election to modify a Payment Schedule is specific to the Account or payment event to which it applies, and shall not be construed to affect the Payment Schedules of any other Accounts.

7.6 Modifications to Grandfathered Accounts. Notwithstanding the preceding provisions of this Article VII, a Participant may modify the time at which payment of Deferrals attributable to a Grandfathered In-Service Account will be made only if the election is made no later than the first day of the Plan Year immediately preceding the Plan Year in which the In-Service Account would otherwise be paid and the new distribution date is at least two Plan Years after the Plan Year in which the Grandfathered In-Service Account would otherwise be paid. A Participant may modify the Payment Schedule applicable to a Grandfathered Retirement Benefit annually, provided the form is submitted at least three years prior to the Participant's Retirement.

ARTICLE VIII

Valuation of Account Balances; Investments

8.1 Valuation. Deferrals shall be credited to appropriate Accounts on the date such Compensation would have been paid to the Participant absent the Compensation Deferral Agreement. Company Contributions shall be credited to the Retirement/Termination Account and/or Subaccounts at the times determined by the Committee. Valuation of Accounts shall be performed under procedures approved by the Committee.

8.2 Earnings Credit. Each Account will be credited with Earnings on each Business Day, based upon the Participant's investment allocation among a menu of investment options selected in advance by the Committee, in accordance with the provisions of this Article VIII ("investment allocation").

8.3 Investment Options. Investment options will be determined by the Committee, and may include a "Declared Rate Fund" which shall be credited with interest at a fixed rate declared annually by the Company prior to the beginning of each Plan Year. The Committee, in its sole discretion, shall be permitted to add or remove investment options from the Plan menu from time to time, provided that any such additions or removals of investment options shall not be effective with respect to any period prior to the effective date of such change.

8.4 Investment Allocations. A Participant's investment allocation constitutes a deemed, not actual, investment among the investment options comprising the investment menu. At no time shall a Participant have any real or beneficial ownership in any investment option included in the investment menu, nor shall the Participating Employer or any trustee acting on its behalf have any obligation to purchase actual securities as a result of a Participant's investment allocation. A Participant's investment allocation shall be used solely for purposes of adjusting the value of a Participant's Account Balances.

A Participant shall specify an investment allocation for each of his Accounts in accordance with procedures established by the Committee. Allocation among the investment options must be designated in increments of 1%. The Participant's investment allocation will become effective on the same Business Day or, in the case of investment allocations received after a time specified by the Committee, the next Business Day.

A Participant may change an investment allocation on any Business Day, both with respect to future credits to the Plan and with respect to existing Account Balances, in accordance with procedures adopted by the Committee. All Retirement/Termination Subaccounts will be subject to the same investment allocation . Changes shall become effective on the same Business Day or, in the case of investment allocations received after a time specified by the Committee, the next Business Day, and shall be applied prospectively.

The Committee may require that a minimum percentage of a Participant's Account be allocated to any Declared Rate Fund.

8.5 Unallocated Deferrals and Accounts. If the Participant fails to make an investment allocation with respect to an Account, such Account shall be invested in an investment option, the primary objective of which is the preservation of capital, as determined by the Committee.

8.6 Company Stock. Notwithstanding any provision herein to the contrary, if a Participant elects to defer payment under the Plan of an award that by its terms is payable in Company Stock, such payment shall be made in shares of Company Stock at the time and in the manner prescribed under the Plan. The award will continue to be subject to the adjustment provisions of the applicable plan and/or award agreement. In the event that the Company Stock is no longer publicly traded, the Committee may make reasonable provision for such award to be paid in cash or other property as appropriate in the circumstances. In no event shall any portion of any such deferral be allocated to any investment option offered under the Plan.

8.7 Dividend Equivalents. Dividend equivalents with respect to Company Stock will be credited to the applicable Accounts in the form of additional shares or units of Company Stock.

ARTICLE IX

Administration

9.1 Plan Administration. This Plan shall be administered by the Committee which shall have discretionary authority to make, amend, interpret and enforce all appropriate rules and regulations for the administration of this Plan and to utilize its discretion to decide or resolve any and all questions, including but not limited to eligibility for benefits and interpretations of this Plan and its terms, as may arise in connection with the Plan. Claims for benefits shall be filed with the Committee and resolved in accordance with the claims procedures in Article XII.

9.2 Administration Upon Change in Control. Upon a Change in Control, the Committee, as constituted immediately prior to such Change in Control, shall continue to act as the Committee. The individual who was the Chief Executive Officer of the Company (or if such person is unable or unwilling to act, the next highest ranking officer) prior to the Change in Control shall have the authority (but shall not be obligated) to appoint an independent third party to act as the Committee.

Upon such Change in Control, the Company may not remove the Committee, unless 2/3rds of the members of the Board of Directors of the Company and a majority of Participants and Beneficiaries with Account Balances consent to the removal and replacement of the Committee. Notwithstanding the foregoing, upon or after a Change in Control, neither the Committee nor the officer described above shall have authority to direct investment of trust assets under any rabbi trust described in Section 11.2 (which authority shall be exercised by the trustee of any such trust in accordance with the terms of the trust agreement).

The Participating Employer shall, with respect to the Committee identified under this Section: (i) pay all reasonable expenses and fees of the Committee, (ii) indemnify the Committee (including individuals serving as Committee members) against any costs, expenses and liabilities including, without limitation, attorneys' fees and expenses arising in connection with the performance of the Committee's duties hereunder, except with respect to matters resulting from the Committee's gross negligence or willful misconduct, and (iii) supply full and timely information to the Committee on all matters related to the Plan, any rabbi trust, Participants, Beneficiaries and Accounts as the Committee may reasonably require.

9.3 Withholding. The Participating Employer shall have the right to withhold from any payment due under the Plan (or with respect to any amounts credited to the Plan) any taxes required by law to be withheld in respect of such payment (or credit). Withholdings with respect to amounts credited to the Plan shall be deducted from Compensation that has not been deferred to the Plan.

9.4 Indemnification. The Participating Employers shall indemnify and hold harmless each employee, officer, director, agent or organization, to whom or to which are delegated duties, responsibilities, and authority under the Plan or otherwise with respect to administration of the Plan, including, without limitation, the Committee and its agents, against all claims, liabilities, fines and penalties, and all expenses reasonably incurred by or imposed upon him or it (including but not limited to reasonable attorney fees) which arise as a result of his or its actions or failure to act in connection with the operation and administration of the Plan to the extent lawfully allowable and to the extent that such claim, liability, fine, penalty, or expense is not paid for by liability insurance purchased or paid for by the Participating Employer. Notwithstanding the foregoing, the Participating Employer shall not indemnify any person or organization if his or its actions or failure to act are due to gross negligence or willful misconduct or for any such amount incurred through any settlement or compromise of any action unless the Participating Employer consents in writing to such settlement or compromise.

9.5 Delegation of Authority. 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, and may from time to time consult with legal counsel who shall be legal counsel to the Company.

9.6 Binding Decisions or Actions. The decision or action of the Committee in respect of any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations thereunder shall be final and conclusive and binding upon all persons having any interest in the Plan.

ARTICLE X

Amendment and Termination

10.1 Amendment and Termination. The Company may at any time and from time to time amend the Plan or may terminate the Plan as provided in this Article X. Each Participating Employer may also terminate its participation in the Plan.

10.2 Amendments. The Company, by action taken by its Board of Directors, may amend the Plan at any time and for any reason, provided that any such amendment shall not reduce the vested Account Balances of any Participant accrued as of the date of any such amendment or restatement (as if the Participant had incurred a voluntary Separation from Service on such date) or reduce any rights of a Participant under the Plan or other Plan features with respect to Deferrals made prior to the date of any such amendment or restatement without the consent of the Participant.

10.3 Termination. The Company, by action taken by its Board of Directors, may terminate the Plan and pay Participants and Beneficiaries their Account Balances in a single lump sum at any time, to the extent and in accordance with Treas. Reg. Section 1.409A-3(j)(4)(ix). If a Participating Employer terminates its participation in the Plan, the benefits of affected Employees shall be paid at the time provided in Article VI.

10.4 Accounts Taxable Under Code Section 409A. The Plan is intended to constitute a plan of deferred compensation that meets the requirements for deferral of income taxation under Code Section 409A. The Committee, pursuant to its authority to interpret the Plan, may sever from the Plan or any Compensation Deferral Agreement any provision or exercise of a right that otherwise would result in a violation of Code Section 409A.

ARTICLE XI

Informal Funding

11.1 General Assets. Obligations established under the terms of the Plan may be satisfied from the general funds of the Participating Employers, or a trust described in this Article XI. No Participant, spouse or Beneficiary shall have any right, title or interest whatever in assets of the Participating Employers. Nothing contained in this Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship, between the Participating Employers and any Employee, spouse, or Beneficiary. To the extent that any person acquires a right to receive payments hereunder, such rights are no greater than the right of an unsecured general creditor of the Participating Employer.

11.2 Rabbi Trust. A Participating Employer may, in its sole discretion, establish a grantor trust, commonly known as a rabbi trust, as a vehicle for accumulating assets to pay benefits under the Plan. Payments under the Plan may be paid from the general assets of the Participating Employer or from the assets of any such rabbi trust. Payment from any such source shall reduce the obligation owed to the Participant or Beneficiary under the Plan.

ARTICLE XII

Claims

12.1 Filing a Claim. Any controversy or claim arising out of or relating to the Plan shall be filed in writing with the Committee which shall make all determinations concerning such claim. Any claim filed with the Committee and any decision by the Committee denying such claim shall be in writing and shall be delivered to the Participant or Beneficiary filing the claim (the “Claimant”).

(a) *In General.* Notice of a denial of benefits (other than Disability benefits) will be provided within 90 days of the Committee's receipt of the Claimant's claim for benefits. If the Committee determines that it needs additional time to review the claim, the Committee will provide the Claimant with a notice of the extension before the end of the initial 90-day period. The extension will not be more than 90 days from the end of the initial 90-day period and the notice of extension will explain the special circumstances that require the extension and the date by which the Committee expects to make a decision.

(b) *Disability Benefits.* Notice of denial of Disability benefits will be provided within forty-five (45) days of the Committee's receipt of the Claimant's claim for Disability benefits. If the Committee determines that it needs additional time to review the Disability claim, the Committee will provide the Claimant with a notice of the extension before the end of the initial 45-day period. If the Committee determines that a decision cannot be made within the first extension period due to matters beyond the control of the Committee, the time period for making a determination may be further extended for an additional 30 days. If such an additional extension is necessary, the Committee shall notify the Claimant prior to the expiration of the initial 30-day extension. Any notice of extension shall indicate the circumstances necessitating the extension of time, the date by which the Committee expects to furnish a notice of decision, the specific standards on which such entitlement to a benefit is based, the unresolved issues that prevent a decision on the claim and any additional information needed to resolve those issues. A Claimant will be provided a minimum of 45 days to submit any necessary additional information to the Committee. In the event that a 30-day extension is necessary due to a Claimant's failure to submit information necessary to decide a claim, the period for furnishing a notice of decision shall be tolled from the date on which the notice of the extension is sent to the Claimant until the earlier of the date the Claimant responds to the request for additional information or the response deadline.

(c) *Contents of Notice.* If a claim for benefits is completely or partially denied, notice of such denial shall be in writing and shall set forth the reasons for denial in plain language. The notice shall: (i) cite the pertinent provisions of the Plan document, and (ii) explain, where appropriate, how the Claimant can perfect the claim, including a description of any additional material or information necessary to complete the claim and why such material or information is necessary. The claim denial also shall include an explanation of the claims review procedures and the time limits applicable to such procedures, including a statement of the Claimant's right to bring a civil action under Section 502(a) of ERISA following an adverse decision on review. In the case of a complete or partial denial of a Disability benefit claim, the notice shall provide a statement that the Committee will provide to the Claimant, upon request and free of charge, a copy of any internal rule, guideline, protocol, or other similar criterion that was relied upon in making the decision.

12.2 Appeal of Denied Claims. A Claimant whose claim has been completely or partially denied shall be entitled to appeal the claim denial by filing a written appeal with a committee designated to hear such appeals (the "Appeals Committee"). A Claimant who timely requests a review of the denied claim (or his or her authorized representative) may review, upon request and free of charge, copies of all documents, records and other information relevant to the denial and may submit written comments, documents, records and other information relevant to the claim to the Appeals Committee. All written comments, documents, records, and other information shall be considered "relevant" if the information: (i) was relied upon in making a benefits determination, (ii) was submitted, considered or generated in the course of making a benefits decision regardless of whether it was relied upon to make the decision, or (iii) demonstrates compliance with administrative processes and safeguards established for making benefit decisions. The Appeals Committee may, in its sole discretion and if it deems appropriate or necessary, decide to hold a hearing with respect to the claim appeal.

(a) *In General.* Appeal of a denied benefits claim (other than a Disability benefits claim) must be filed in writing with the Appeals Committee no later than 60 days after receipt of the written notification of such claim denial. The Appeals Committee shall make its decision regarding the merits of the denied claim within 60 days following receipt of the appeal (or within 120 days after such receipt, in a case where there are special circumstances requiring extension of time for reviewing the appealed claim). If an extension of time for reviewing the appeal is required because of special circumstances, written notice of the extension shall be furnished to the Claimant prior to the commencement of the extension. The notice will indicate the special circumstances requiring the extension of time and the date by which the Appeals Committee expects to render the determination on review. The review will take into account comments, documents, records and other information submitted by the Claimant relating to the claim without regard to whether such information was submitted or considered in the initial benefit determination.

(b) *Disability Benefits.* Appeal of a denied Disability benefits claim must be filed in writing with the Appeals Committee no later than 180 days after receipt of the written notification of such claim denial. The review shall be conducted by the Appeals Committee (exclusive of the person who made the initial adverse decision or such person's subordinate). In reviewing the appeal, the Appeals Committee shall: (i) not afford deference to the initial denial of the claim, (ii) consult a medical professional who has appropriate training and experience in the field of medicine relating to the Claimant's disability and who was neither consulted as part of the initial denial nor is the subordinate of such individual, and (iii) identify the medical or vocational experts whose advice was obtained with respect to the initial benefit denial, without regard to whether the advice was relied upon in making the decision. The Appeals Committee shall make its decision regarding the merits of the denied claim within 45 days following receipt of the appeal (or within 90 days after such receipt, in a case where there are special circumstances requiring extension of time for reviewing the appealed claim). If an extension of time for reviewing the appeal is required because of special circumstances, written notice of the extension shall be furnished to the Claimant prior to the commencement of the extension. The notice will indicate the special circumstances requiring the extension of time and the date by which the Appeals Committee expects to render the determination on review. Following its review of any additional information submitted by the Claimant, the Appeals Committee shall render a decision on its review of the denied claim.

(c) *Contents of Notice*. If a benefits claim is completely or partially denied on review, notice of such denial shall be in writing and shall set forth the reasons for denial in plain language.

The decision on review shall set forth: (i) the specific reason or reasons for the denial, (ii) specific references to the pertinent Plan provisions on which the denial is based, (iii) a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to and copies of all documents, records, or other information relevant (as defined above) to the Claimant's claim, and (iv) a statement describing any voluntary appeal procedures offered by the plan and a statement of the Claimant's right to bring an action under Section 502(a) of ERISA.

(d) For the denial of a Disability benefit, the notice will also include a statement that the Appeals Committee will provide, upon request and free of charge: (i) any internal rule, guideline, protocol or other similar criterion relied upon in making the decision, (ii) any medical opinion relied upon to make the decision, and (iii) the required statement under Section 2560.503-1(j)(5)(iii) of the Department of Labor regulations.

12.3 Claims Appeals Upon Change in Control. Upon a Change in Control, the Appeals Committee, as constituted immediately prior to such Change in Control, shall continue to act as the Appeals Committee. Upon such Change in Control, the Company may not remove any member of the Appeals Committee, but may replace resigning members if 2/3rds of the members of the Board of Directors of the Company and a majority of Participants and Beneficiaries with Account Balances consent to the replacement.

The Appeals Committee shall have the exclusive authority at the appeals stage to interpret the terms of the Plan and resolve appeals under the Claims Procedure.

Each Participating Employer shall, with respect to the Committee identified under this Section: (i) pay its proportionate share of all reasonable expenses and fees of the Appeals Committee, (ii) indemnify the Appeals Committee (including individual committee members) against any costs, expenses and liabilities including, without limitation, attorneys' fees and expenses arising in connection with the performance of the Appeals Committee hereunder, except with respect to matters resulting from the Appeals Committee's gross negligence or willful misconduct, and (iii) supply full and timely information to the Appeals Committee on all matters related to the Plan, any rabbi trust, Participants, Beneficiaries and Accounts as the Appeals Committee may reasonably require.

12.4 Legal Action. A Claimant may not bring any legal action, including commencement of any arbitration, relating to a claim for benefits under the Plan unless and until the Claimant has followed the claims procedures under the Plan and exhausted his or her administrative remedies under such claims procedures.

If a Participant or Beneficiary prevails in a legal proceeding brought under the Plan to enforce the rights of such Participant or any other similarly situated Participant or Beneficiary, in whole or in part, the Participating Employer shall reimburse such Participant or Beneficiary for all legal costs, expenses, attorneys' fees and such other liabilities incurred as a result of such proceedings. If the legal proceeding is brought in connection with a Change in Control, or a "change in control" as defined in a rabbi trust described in Section 11.2, the Participant or Beneficiary may file a claim directly with the trustee for reimbursement of such costs, expenses and fees. For purposes of the preceding sentence, the amount of the claim shall be treated as if it were an addition to the Participant's or Beneficiary's Account Balance.

12.5 Discretion of Appeals Committee. All interpretations, determinations and decisions of the Appeals Committee with respect to any claim shall be made in its sole discretion, and shall be final and conclusive.

12.6 Arbitration.

(a) *Prior to Change in Control.* If, prior to a Change in Control, any claim or controversy between a Participating Employer and a Participant or Beneficiary is not resolved through the claims procedure set forth in Article XII, such claim shall be submitted to and resolved exclusively by expedited binding arbitration by a panel of three (3) arbitrators. Arbitration shall be conducted in accordance with the following procedures:

The complaining party shall promptly send written notice to the other party identifying the matter in dispute and the proposed remedy. Following the giving of such notice, the parties shall meet and attempt in good faith to resolve the matter. In the event the parties are unable to resolve the matter within 21 days, the parties shall meet and each select an arbitrator, and such arbitrators shall jointly select a third arbitrator, who shall together shall comprise the panel of three (3) arbitrators. The arbitration shall be administered exclusively in Orange County, California, by the American Arbitration Association in accordance with its Commercial Arbitration Rules.

Unless the parties agree otherwise, within 60 days of the selection of the arbitrators, a hearing shall be conducted before such arbitrators at a time and a place agreed upon by the parties. In the event the parties are unable to agree upon the time or place of the arbitration, the time and place shall be designated by the arbitrators after consultation with the parties. Within 30 days of the conclusion of the arbitration hearing, the arbitrators shall issue an award, accompanied by a written decision explaining the basis for the arbitrators' award.

In any arbitration hereunder, the Participating Employer shall pay all administrative fees of the arbitration and all fees of the arbitrators, except that the Participant or Beneficiary may, if he/she/it wishes, pay up to one-half of those amounts. Each party shall pay its own attorneys' fees, costs, and expenses. The arbitrators shall have no authority to add to or to modify this Plan, shall apply all applicable law, and shall have no lesser and no greater remedial authority than would a court of law resolving the same claim or controversy. The arbitrators shall, upon an appropriate motion, dismiss any claim without an evidentiary hearing if the party bringing the motion establishes that it would be entitled to summary judgment if the matter had been pursued in court litigation.

The parties shall be entitled to discovery as follows: Each party may take no more than three depositions. The Participating Employer may depose the Participant or Beneficiary plus two other witnesses, and the Participant or Beneficiary may depose the Participating Employer, pursuant to Rule 30(b)(6) of the Federal Rules of Civil Procedure, plus two other witnesses. Each party may make such reasonable document discovery requests as are allowed in the discretion of the arbitrator.

The decision of the arbitrators shall be final, binding, and non-appealable, and may be enforced as a final judgment in any court of competent jurisdiction.

This arbitration provision of the Plan shall extend to claims against any parent, subsidiary, or affiliate of each party, and, when acting within such capacity, any officer, director, shareholder, Participant, Beneficiary, or agent of any party, or of any of the above, and shall apply as well to claims arising out of state and federal statutes and local ordinances as well as to claims arising under the common law or under this Plan.

Notwithstanding the foregoing, and unless otherwise agreed between the parties, either party may apply to a court for provisional relief, including a temporary restraining order or preliminary injunction, on the ground that the arbitration award to which the applicant may be entitled may be rendered ineffectual without provisional relief.

Any arbitration hereunder shall be conducted in accordance with the Federal Arbitration Act: provided, however, that, in the event of any inconsistency between the rules and procedures of the Act and the terms of this Plan, the terms of this Plan shall prevail.

If any of the provisions of this Section 12.6(a) are determined to be unlawful or otherwise unenforceable, in the whole part, such determination shall not affect the validity of the remainder of this section and this section shall be reformed to the extent necessary to carry out its provisions to the greatest extent possible and to insure that the resolution of all conflicts between the parties, including those arising out of statutory claims, shall be resolved by neutral, binding arbitration. If a court should find that the provisions of this Section 12.6(a) are not absolutely binding, then the parties intend any arbitration decision and award to be fully admissible in evidence in any subsequent action, given great weight by any finder of fact and treated as determinative to the maximum extent permitted by law.

The parties do not agree to arbitrate any putative class action or any other representative action. The parties agree to arbitrate only the claims(s) of a single Participant or Beneficiary.

(b) *Upon Change in Control.* If, upon the occurrence of a Change in Control, any dispute, controversy or claim arises between a Participant or Beneficiary and the Participating Employer out of or relating to or concerning the provisions of the Plan, such dispute, controversy or claim shall be finally settled by a court of competent jurisdiction which, notwithstanding any other provision of the Plan, shall apply a de novo standard of review to any determination made by the Company or its Board of Directors, a Participating Employer, the Committee, or the Appeals Committee.

ARTICLE XIII

General Provisions

13.1 Assignment. No interest of any Participant, spouse or Beneficiary under this Plan and no benefit payable hereunder shall be assigned as security for a loan, and any such purported assignment shall be null, void and of no effect, nor shall any such interest or any such benefit be subject in any manner, either voluntarily or involuntarily, to anticipation, sale, transfer, assignment or encumbrance by or through any Participant, spouse or Beneficiary. Notwithstanding anything to the contrary herein, however, the Committee has the discretion to make payments to an alternate payee in accordance with the terms of a domestic relations order (as defined in Code Section 414(p)(1)(B)).

The Company may assign any or all of its liabilities under this Plan in connection with any restructuring, recapitalization, sale of assets or other similar transactions affecting a Participating Employer without the consent of the Participant.

13.2 No Legal or Equitable Rights or Interest. No Participant or other person shall have any legal or equitable rights or interest in this Plan that are not expressly granted in this Plan. Participation in this Plan does not give any person any right to be retained in the service of the Participating Employer. The right and power of a Participating Employer to dismiss or discharge an Employee is expressly reserved. The Participating Employers make no representations or warranties as to the tax consequences to a Participant or a Participant's beneficiaries resulting from a deferral of income pursuant to the Plan.

13.3 No Employment Contract. Nothing contained herein shall be construed to constitute a contract of employment between an Employee and a Participating Employer.

13.4 Notice. Any notice or filing required or permitted to be delivered to the Committee under this Plan shall be delivered in writing, in person, or through such electronic means as is established by the Committee. 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. Written transmission shall be sent by certified mail to:

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

13.5 Headings. The headings of Sections are included solely for convenience of reference, and if there is any conflict between such headings and the text of this Plan, the text shall control.

13.6 Invalid or Unenforceable Provisions. If any provision of this Plan shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions hereof and the Committee may elect in its sole discretion to construe such invalid or unenforceable provisions in a manner that conforms to applicable law or as if such provisions, to the extent invalid or unenforceable, had not been included.

13.7 Lost Participants or Beneficiaries. Any Participant or Beneficiary who is entitled to a benefit from the Plan has the duty to keep the Committee advised of his or her current mailing address. If benefit payments are returned to the Plan or are not presented for payment after a reasonable amount of time, the Committee shall presume that the payee is missing. The Committee, after making such efforts as in its discretion it deems reasonable and appropriate to locate the payee, shall stop payment on any uncashed checks and may discontinue making future payments until contact with the payee is restored.

13.8 Facility of Payment to a Minor. If a distribution is to be made to a minor, or to a person who is otherwise incompetent, then the Committee may, in its discretion, make such distribution: (i) to the legal guardian, or if none, to a parent of a minor payee with whom the payee maintains his or her residence, or (ii) to the conservator or committee or, if none, to the person having custody of an incompetent payee. Any such distribution shall fully discharge the Committee, the Company, and the Plan from further liability on account thereof.

13.9 Governing Law. To the extent not preempted by ERISA, the laws of the State of California shall govern the construction and administration of the Plan.

WESTERN DIGITAL CORPORATION
AMENDED AND RESTATED 2004 PERFORMANCE INCENTIVE PLAN
NON-EMPLOYEE DIRECTOR OPTION GRANT PROGRAM

Notwithstanding anything else contained herein to the contrary, and unless and until otherwise provided by the Board, no new award shall be granted under this Non-Employee Director Option Grant Program (this "**Program**") after September 6, 2012. However, the provisions of this Program shall continue in effect as to awards granted under this Program on and before September 6, 2012.

1. Establishment; Purpose. This Program is adopted under the Western Digital Corporation Amended and Restated 2004 Performance Incentive Plan (the "**Plan**"). The purpose of this Program is to promote the success of the Corporation and the interests of its stockholders by providing members of the Board who are not officers or employees of the Corporation or one of its Subsidiaries ("**Non-Employee Directors**") an opportunity to acquire an ownership interest in the Corporation and more closely aligning the interests of Non-Employee Directors and stockholders. Except as otherwise expressly provided herein, the provisions of the Plan shall govern all awards made pursuant to this Program. Capitalized terms are defined in the Plan if not defined herein.

2. Participation. Awards under this Program shall be made only to Non-Employee Directors, shall be evidenced by award agreements substantially in the form of Exhibit 1 hereto and shall be further subject to such other terms and conditions set forth therein.

3. Option Grants.

3.1 ***Initial Award for New Non-Employee Directors*****.**

3.1.1 Upon or as soon as reasonably practicable after first being appointed or elected to the Board and subject to approval by the Board or the Administrator, a Non-Employee Director who has not previously served on the Board shall be granted a nonqualified stock option to purchase a number of shares of Common Stock that produces an approximate value for the option grant equal to $300,000 (using a Black-Scholes valuation as of the time of grant as determined in consultation with Company management and based on the Fair Market Value of a share of Common Stock on the trading day immediately preceding the grant date of the stock option); provided, however, that the Board or the Administrator, in its discretion, may at the time of grant of the award increase or decrease the number of shares of Common Stock otherwise subject to the stock option. The date of grant of each such stock option will be the date on which such stock option is approved by the Board or the Administrator, which date shall coincide to the extent practicable with the date such Non-Employee Director is first appointed or elected to the Board.

3.1.2 Each member of the Board who was previously an employee of the Corporation or any of its Subsidiaries who first becomes a Non-Employee Director by virtue of retiring or otherwise ceasing to be employed by the Corporation or any of its Subsidiaries shall, upon or as soon as reasonably practicable after the date that he or she is first a Non-Employee Director, be granted a nonqualified stock option to purchase a number of shares of Common Stock that produces an approximate value for the option grant (using a Black-Scholes valuation as of the time of grant as determined in consultation with Company management and based on the Fair Market Value of a share of Common Stock on the trading day immediately preceding the grant date of the stock option) of (i) $125,000, divided by (ii) 365, multiplied by (iii) the number of days from the date such person is first a Non-Employee Director to the anticipated date of the Corporation's next annual meeting of stockholders; provided, however, that the Board or the Administrator, in its discretion, may at the time of grant of the award increase or decrease the number of shares of Common Stock otherwise subject to the stock option. The date of grant of each such stock option will be the date on which such stock option is approved by the Board or the Administrator, which date shall coincide to the extent practicable with the date such person first becomes a Non-Employee Director.

3.2 ***Subsequent Awards***. Immediately following the Corporation's regular annual meeting of stockholders in each year during the term of the Plan commencing in 2008 and subject to approval by the Board or the Administrator, each Non-Employee Director then in office shall be granted a nonqualified stock option to purchase a number of shares of Common Stock that produces an approximate value for the option grant equal to $125,000 (using a Black-Scholes valuation as of the time of grant as determined in consultation with Company management and based on the Fair Market Value of a share of Common Stock on the trading day immediately preceding the grant date of the stock option); provided, however, that the Board or the Administrator, in its discretion, may at the time of grant of the award increase or decrease the number of shares of Common Stock otherwise subject to the stock option. The date of grant of each such stock option will be the date on which such stock option is approved by the Board or the Administrator, which date shall coincide to the extent practicable with the date of the annual meeting of stockholders. An individual who was previously a member of the Board, who then ceased to be a member of the Board for any reason, and who then again becomes a Non-Employee Director shall thereupon again become eligible to be granted stock options under this Section 3.2.

3.3 ***Option Price***. The purchase price per share of the Common Stock covered by each option granted pursuant to this Section 3 shall be 100 percent of the Fair Market Value of a share of Common Stock on the date of grant of the option (the "**Award Date**"). The exercise price of any option granted under this Section 3 shall be paid in full at the time of each purchase in cash or by check, in shares of Common Stock valued at their fair market value on the date of exercise of the option, or partly in such shares and partly in cash, or in any other manner authorized by the Administrator pursuant to Section 5.5 of the Plan; provided that any shares used in payment shall have been owned by the Non-Employee Director for at least six months prior to the date of exercise.

3.4 ***Transfer Restrictions*****.** Options granted pursuant to this Section 3 shall be subject to the transfer restrictions set forth in Section 5.7 of the Plan. For purposes of clarity, the Administrator has not approved any transfer exceptions with respect to the options in accordance with Section 5.7.2 of the Plan.

4. Option Period and Exercisability. Each option granted under Section 3 above and all rights or obligations under this Program with respect to a particular option shall expire seven years after the date of grant of such option and shall be subject to earlier termination as provided below. Subject to Sections 5, 6 and 7 hereof, each option granted under Section 3 shall become exercisable as to 25% of the total number of shares subject thereto on the first anniversary of the date of grant of the option and as to an additional 6.25% of the total number of shares subject thereto at the end of each of the next 12 three-month periods thereafter.

5. Termination of Directorship. Subject to the maximum seven-year term of the option and subject to earlier termination pursuant to Section 7 below, if a Non-Employee Director ceases to be a member of the Board for any reason, the following rules shall apply with respect to any option granted to the Non-Employee Director pursuant to Section 3 above (the last day that the Director is a member of the Board is, except as otherwise provided below, referred to as the Director's "**Severance Date**"):

- other than as expressly provided below in this Section 5, (a) the Non-Employee Director will have until the date that is one (1) year after his or her Severance Date to exercise such option (or portion thereof) to the extent that it was vested on the Severance Date, (b) such option, to the extent not vested on the Severance Date, shall terminate on the Severance Date, and (c) such option, to the extent exercisable for the one-year period following the Severance Date and not exercised during such period, shall terminate at the close of business on the last day of the one-year period;
- if the Non-Employee Director ceases to be a member of the Board due to his or her Retirement (as defined below) and, on the date of Retirement, the Non-Employee Director has served continuously as a member of the Board of Directors for at least the period between the grant date of such option and the day before the date of the first annual meeting of stockholders following the grant date, (a) the Non-Employee Director will have until the date that is three (3) years after his or her Severance Date to exercise such option, (b) such option, to the extent not otherwise vested on the Severance Date, shall automatically become fully vested as of the Severance Date, and (c) such option, to the extent exercisable for the three-year period following the Severance Date and not exercised during such period, shall terminate at the close of business on the last day of the three-year period;

provided, however, that if the Board or the Administrator determines that any such Non-Employee Director who has Retired renders services as an employee, director, consultant, contractor or otherwise to a competitor of the Corporation or one of its Subsidiaries at any time during such three-year period, then any such option shall immediately terminate to the extent not exercised as of the date the Board or the Administrator makes such determination. In addition, in such event the Corporation shall have the right to recover any profits realized by such Retired Non-Employee Director as a result of any exercise of such option during the six-month period prior to the date such Non-Employee Director commenced providing such services to a competitor.

For purposes of this Section 5, the term "**Retirement**" (which term shall include "Retired") shall mean the cessation of a director's services as a member of the Board due to his or her voluntary resignation, including pursuant to the Corporation's mandatory director retirement policy, at any time after such director has served as a member of the Board for at least forty-eight (48) months.

Notwithstanding any other provision of this Section 5, if a Non-Employee Director ceases to be a member of the Board (regardless of the reason) but, immediately thereafter, is employed by the Corporation or one of its Subsidiaries, such director's Severance Date shall not be the date the director ceases to be a member of the Board but instead shall be the last day that the director is either or both (1) a member of the Board and/or (2) employed by the Corporation or a Subsidiary.

6. Adjustments. Options granted under this Program shall be subject to adjustment as provided in Section 7.1 of the Plan, but only to the extent that such adjustment is consistent with adjustments to options held by persons other than executive officers or directors of the Corporation (to the extent that persons other than executive officers or directors of the Corporation then hold options). The grant levels reflected in Section 3 above shall be automatically adjusted upon the record date for any stock split, reverse stock split, or stock dividend to give effect to such change in capitalization unless otherwise provided by the Board or the Administrator in the circumstances, and may be adjusted in the discretion of the Board or the Administrator in any other circumstances contemplated by Section 7.1.

7. Acceleration and Possible Early Termination. If a Change in Control Event (as such term is defined in the Plan) occurs and in connection with such Change in Control Event a Non-Employee Director ceases to be a member of the Board, each option granted under Section 3 above to such Non-Employee Director, to the extent such option is then outstanding, shall become immediately exercisable and vested in full. For purposes of this Section 7, but without limitation, a director will be deemed to have ceased to be a member of the Board in connection with a Change in Control Event if such director (a) is removed by or resigns upon the request of any Person exercising practical voting control over the Corporation following such Change in Control Event or a person acting upon authority or at the instruction of such Person, or (b) is willing or able to continue as a member of the Board but is not re-elected to or retained as a member of the Board by the Corporation's stockholders at the stockholder vote or consent action for the election of directors that precedes and is taken in connection with, or next follows, such Change in Control Event.

Each option granted under this Program shall be subject to adjustment and termination pursuant to Section 7 of the Plan.

8. Maximum Number of Shares; Amendment; Administration. If option grants otherwise required pursuant to this Program would otherwise exceed any applicable share limit under Section 4.2 of the Plan, such grants shall be made pro-rata to directors entitled to such grants. The Board or the Administrator may from time to time amend this Program without stockholder approval; provided that no such amendment shall materially and adversely affect the rights of a Non-Employee Director as to an option granted under this Program before the adoption of such amendment. This Program does not limit the authority of the Board or the Administrator to make other, discretionary award grants to Non-Employee Directors pursuant to the Plan. The Plan Administrator's power and authority to construe and interpret the Plan and awards thereunder pursuant to Section 3.1 of the Plan shall extend to this Program and awards granted hereunder. As provided in Section 3.2 of the Plan, any action taken by, or inaction of, the Administrator relating or pursuant to this Program and within its authority or under applicable law shall be within the absolute discretion of that entity or body and shall be conclusive and binding upon all persons.

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As amended (Sections 3.1 and 3.2) and restated November 17, 2005

As amended (Section 5) November 9, 2006

As amended (Sections 3.1 and 3.2) August 22, 2007

As amended (Sections 4 and 5) November 5, 2007

As amended (Sections 3.1.2 and 3.2) September 11, 2008

As amended (Section 5) August 12, 2009

As amended (Introduction) September 6, 2012

EXHIBIT 1

Western Digital Corporation 20511 Lake Forest Drive
Lake Forest, California 92630 Telephone 949-672-7000

Notice Of Grant Of Stock Option
and Option Agreement—Non-Employee Directors

«fn» «mn» «ln»
«ad1»
«ad2»
«ad3»
«cty», «st» «z»

Western Digital Corporation (the "Corporation") has granted to you (the "Participant"), effective on the Date of Grant set forth below, a nonqualified option to purchase shares of the Corporation's Common Stock (the "Option") as follows:

Grant Number	«nbr»
Date of Grant	«optdt»
Option Price per Share[1]	$«optprc»
Number of Shares Granted[1]	«shgtd»
Expiration Date[2]	

1. Option Subject to Amended and Restated 2004 Performance Incentive Plan. The Option was granted pursuant to the Non-Employee Director Option Grant Program (the "Program"), adopted under the Western Digital Corporation Amended and Restated 2004 Performance Incentive Plan (the "Plan"). The Option is subject to the terms and conditions of this Notice, the Program and the Plan. By accepting the Option, you are agreeing to the terms of the Option as set forth in these documents. A copy of each of these documents has been provided to you. If you need another copy of any of these documents, or if you would like to confirm that you have the most recent version, you may obtain another copy in the Company Library on the E*TRADE Stock Plans web site. The documents are also available on the Western Digital Intranet site under Legal.

You should read the Program, the Plan, the Prospectus for the Plan and this Notice. The Program and the Plan are each incorporated into (made a part of) this Notice by this reference. To the extent any information in this Notice, the Prospectus for the Plan, or other information provided by the Corporation conflicts with the Program and/or the Plan, the Program or the Plan, as applicable, shall control. Capitalized terms not defined herein have the meanings set forth in the Plan.

You do not have to accept the Option. If you do not agree to the terms of the Option, you should promptly return this Notice to the Western Digital Corporation Stock Plans Administrator.

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1 The number of shares subject to the Option and the per-share exercise price of the Option are subject to adjustment under Section 6 of the Program and Section 7.1 of the Plan (for example, and without limitation, in connection with stock splits).

2 The Option is subject to early termination under Sections 5 and 7 of the Program.

Unless otherwise expressly provided in other sections of this Notice, provisions of the Plan that confer discretionary authority on the Board or the Administrator do not and shall not be deemed to create any rights in the Participant unless such rights are expressly set forth herein or are otherwise in the sole discretion of the Board or the Administrator so conferred by appropriate action of the Board or the Administrator under the Plan after the grant date of the Option.

2. Option Agreement. This Notice constitutes the Option Agreement with respect to the Option pursuant to Section 5.3 of the Plan.

3. Type of Stock Option. The Option is not intended to qualify as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended.

4. Vesting. Subject to earlier termination in accordance with Section 5, the Option shall vest and become exercisable in percentage installments of the aggregate number of shares subject to the Option as set forth in this Notice and Section 4 of the Program. The Option may be exercised only to the extent it is vested and exercisable. To the extent that the Option is vested and exercisable, the Participant has the right to exercise the Option (to the extent not previously exercised), and such right shall continue, until the expiration or earlier termination of the Option as provided in Section 5. Fractional share interests shall be disregarded, but may be cumulated.

The vesting schedule requires continued service through each applicable vesting date as a condition to the vesting of the applicable installment of the Option and the rights and benefits under this Option Agreement. Service for only a portion of the vesting period with respect to a vesting installment, even if services are provided for a substantial portion of that period, will not entitle the Participant to any proportionate vesting or avoid or mitigate a termination of rights and benefits upon or following a termination of services as provided under Section 5 of the Program or under the Plan.

5. Expiration of Option. The Option shall expire and the Participant shall have no further rights with respect thereto upon the earliest to occur of (a) the termination of the Option in connection with a termination of the director's services as provided in Section 5 of the Program, (b) the termination of the Option as provided in Section 7.4 of the Plan, or (c) the Expiration Date set forth in this Notice. The Option may not be exercised at any time after a termination or expiration of the Option.

6. Exercise of Option. The Option shall be exercisable by the delivery to the Secretary of the Corporation (or such other person as the Administrator may require pursuant to such administrative exercise procedures as the Administrator may implement from time to time) of:

- a written notice stating the number of shares of Common Stock to be purchased pursuant to the Option or by the completion of such other administrative exercise procedures as the Administrator may require from time to time,
- payment in full for the purchase price (the per-share exercise price of the Option multiplied by the number of shares to be purchased) in cash, check or by electronic funds transfer to the Corporation, or (subject to compliance with all applicable laws, rules, regulations and listing requirements and further subject to such rules as the Administrator may adopt as to any non-cash payment) in shares of Common Stock already owned by the Participant, valued at their fair market value on the exercise date, provided, however, that any shares initially acquired upon exercise of a stock option or otherwise from the Corporation must have been owned by the Participant for at least six (6) months before the date of such exercise; and
- any written statements or agreements required by the Administrator pursuant to Section 8.1 of the Plan.

The Administrator also may, but is not required to, authorize a non-cash payment alternative by notice and third party payment in such manner as may be authorized by the Administrator.

7. Nontransferability. The Option and any other rights of the Participant under this Option Agreement, the Program or the Plan are nontransferable and exercisable only by the Participant, except as set forth in Section 5.7 of the Plan. For purposes of clarity, the Administrator has not authorized any transfer exceptions as contemplated by Section 5.7.2 of the Plan.

8. No Service Commitment. Nothing contained in this Option Agreement, the Program or the Plan constitutes an employment or service commitment by the Corporation or any of its Subsidiaries, confers upon the Participant any right to remain in service to the Corporation or any Subsidiary, interferes in any way with the right of the Corporation or any Subsidiary at any time to terminate such service, or affects the right of the Corporation or any Subsidiary to increase or decrease the Participant's other compensation.

9. Rights as a Stockholder. Neither the Participant nor any beneficiary or other person claiming under or through the Participant shall have any right, title, interest or privilege in or to any shares of Common Stock subject to the Option except as to such shares, if any, as shall have been actually issued to such person and recorded in such person's name following the exercise of the Option or any portion thereof.

10. Notices. Any notice to be given under the terms of this Option Agreement shall be in writing and addressed to the Corporation at its principal office to the attention of the Secretary, and to the Participant at the address last reflected on the Corporation's records, or at such other address as either party may hereafter designate in writing to the other. Any such notice shall be delivered in person or shall be enclosed in a properly sealed envelope addressed as aforesaid, registered or certified, and deposited (postage and registry or certification fee prepaid) in a post office or branch post office regularly maintained by the United States Government. Any such notice shall be given only when received, but if the Participant is no longer a member of the Board of Directors, shall be deemed to have been duly given five business days after the date mailed in accordance with the foregoing provisions of this Section 10.

11. Arbitration. Any controversy arising out of or relating to this Option Agreement, the Program and/or the Plan, their enforcement or interpretation, or because of an alleged breach, default, or misrepresentation in connection with any of their provisions, or any other controversy or claim arising out of or related to the Option or the Participant's employment, including, but not limited to, any state or federal statutory claims, shall be submitted to arbitration in Orange County, California, before a sole arbitrator selected from Judicial Arbitration and Mediation Services, Inc., Orange, California, or its successor ("JAMS"), or if JAMS is no longer able to supply the arbitrator, such arbitrator shall be selected from the American Arbitration Association, and shall be conducted in accordance with the provisions of California Code of Civil Procedure §§ 1280 et seq. as the exclusive forum for the resolution of such dispute; provided, however, that provisional injunctive relief may, but need not, be sought by either party to this Option Agreement in a court of law while arbitration proceedings are pending, and any provisional injunctive relief granted by such court shall remain effective until the matter is finally determined by the arbitrator. Final resolution of any dispute through arbitration may include any remedy or relief which the arbitrator deems just and equitable, including any and all remedies provided by applicable state or federal statutes. At the conclusion of the arbitration, the arbitrator shall issue a written decision that sets forth the essential findings and conclusions upon which the arbitrator's award or decision is based. Any award or relief granted by the arbitrator hereunder shall be final and binding on

the parties hereto and may be enforced by any court of competent jurisdiction. The parties acknowledge and agree that they are hereby waiving any rights to trial by jury in any action, proceeding or counterclaim brought by either of the parties against the other in connection with any matter whatsoever arising out of or in any way connected with any of the matters referenced in the first sentence above. The parties agree that Corporation shall be responsible for payment of the forum costs of any arbitration hereunder, including the arbitrator's fee. The parties further agree that in any proceeding with respect to such matters, each party shall bear its own attorney's fees and costs (other than forum costs associated with the arbitration) incurred by it or him or her in connection with the resolution of the dispute. By accepting the Option, the Participant consents to all of the terms and conditions of this Option Agreement (including, without limitation, this Section 11).

12. Governing Law. This Option Agreement shall be interpreted and construed in accordance with the laws of the State of Delaware (without regard to conflict of law principles thereunder) and applicable federal law.

13. Severability. If the arbitrator selected in accordance with Section 11 or a court of competent jurisdiction determines that any portion of this Option Agreement, the Program or the Plan is in violation of any statute or public policy, then only the portions of this Option Agreement, the Program or the Plan, as applicable, which are found to violate such statute or public policy shall be stricken, and all portions of this Option Agreement, the Program and the Plan which are not found to violate any statute or public policy shall continue in full force and effect. Furthermore, it is the parties' intent that any order striking any portion of this Option Agreement, the Program and/or the Plan should modify the stricken terms as narrowly as possible to give as much effect as possible to the intentions of the parties hereunder.

14. Entire Agreement. This Option Agreement, the Program and the Plan together constitute the entire agreement and supersede all prior understandings and agreements, written or oral, of the parties hereto with respect to the subject matter hereof. The Plan, the Program and this Option Agreement may be amended pursuant to Section 8.6 of the Plan. Such amendment must be in writing and signed by the Corporation. The Corporation may, however, unilaterally waive any provision hereof in writing to the extent such waiver does not adversely affect the interests of the Participant hereunder, but no such waiver shall operate as or be construed to be a subsequent waiver of the same provision or a waiver of any other provision hereof.

15. Section Headings. The section headings of this Option Agreement are for convenience of reference only and shall not be deemed to alter or affect any provision hereof.

WESTERN DIGITAL CORPORATION
AMENDED AND RESTATED 2004 PERFORMANCE INCENTIVE PLAN
NON-EMPLOYEE DIRECTOR RESTRICTED STOCK UNIT GRANT PROGRAM

1. Establishment. The Corporation maintains the Western Digital Corporation Non-Employee Directors Restricted Stock Unit Program (the "**Program**"), which is hereby amended and restated in its entirety effective as of September 6, 2012 (the "**Effective Date**"). This amendment and restatement of the Program is effective as to grants on and after the Effective Date; awards granted under the Program prior to the Effective Date are governed by the applicable terms of the Program as in effect on the date of grant of the award. The Program has been restated as an Appendix to, and any shares of Common Stock issued with respect to awards granted under the Program on and after the Effective Date shall be charged against the applicable share limits of, the Western Digital Corporation Amended and Restated 2004 Performance Incentive Plan (the "**Plan**"). Except as otherwise expressly provided herein, the provisions of the Plan shall govern all awards made pursuant to the Program. Capitalized terms are defined in the Plan if not defined herein.

2. Purpose. The purpose of the Program is to promote the success of the Corporation and the interests of its stockholders by providing members of the Board who are not officers or employees of the Corporation or one of its Subsidiaries ("**Non-Employee Directors**") an opportunity to acquire an ownership interest in the Corporation and more closely aligning the interests of Non-Employee Directors and stockholders.

3. Participation. An award of Stock Units (a "**Stock Unit Award**") under the Program shall be made only to Non-Employee Directors, shall be evidenced by a Notice of Award of Stock Units substantially in the form attached as Exhibit 1 hereto and shall be further subject to such other terms and conditions set forth therein. As used in the Program, the term "**Stock Unit**" shall mean a non-voting unit of measurement which is deemed for bookkeeping purposes to be equivalent to one outstanding share of Common Stock (subject to adjustment as provided in Section 7.1 of the Plan) solely for purposes of the Program. Stock Units shall be used solely as a device for the determination of the number of shares of Common Stock to eventually be delivered to a Non-Employee Director if Stock Units held by such Non-Employee Director vest pursuant to Section 6 or Section 8. Stock Units shall not be treated as property or as a trust fund of any kind. Stock Units granted to a Non-Employee Director pursuant to the Program shall be credited to an unfunded bookkeeping account maintained by the Corporation on behalf of the Non-Employee Director (a "**Program Account**").

4. Annual Stock Unit Awards.

4.1 ***Annual Awards***. On the date of and immediately following the Corporation's regular annual meeting of stockholders in each year during the term of the Plan commencing with 2012, each Non-Employee Director then in office shall be granted automatically (without any action by the Board or the Administrator) a Stock Unit Award with respect to a number (rounded down to the nearest whole number) of Stock Units equal to (i) $225,000 ($275,000 in the case of a Non-Employee Director then serving as Chair of the Board), divided by (ii) the Fair Market Value of a share of Common Stock on the applicable annual meeting date (subject to adjustment as provided in Section 7.1 of the Plan). An individual who was previously a member of the Board, who then ceased to be a member of the Board for any reason, and who then again becomes a Non-Employee Director shall thereupon again become eligible to be granted Stock Units under this Section 4.1.

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

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

5. <u>Dividend and Voting Rights</u>.

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

5.2 ***Dividend Equivalent Rights***. As of any date that the Corporation pays a dividend (other than in shares of Common Stock) upon issued and outstanding Common Stock, or makes a distribution (other than in shares of Common Stock) with respect thereto, a Non-Employee Director's Program Account shall be credited with an additional number (rounded down to the nearest whole number) of Stock Units equal to (i) the "fair value" of any dividend (or other distribution) with respect to one share of Common Stock, multiplied by (ii) the number of unpaid Stock Units credited to the Non-Employee Director's Program Account immediately prior to such dividend or distribution, divided by (iii) the Fair Market Value of a share of Common Stock on the date of payment of such dividend or distribution. In the case of a cash dividend or distribution, the "fair value" thereof shall be the amount of such cash, and, in the case of any other dividend or distribution (other than in shares of Common Stock), the "fair value" thereof shall be such amount as shall be determined in good faith by the Administrator. Stock Units credited pursuant to the foregoing provisions of this Section 5.2 shall be subject to the same vesting, payment and other terms, conditions and restrictions as the original Stock Units to which they relate. No adjustment shall be made pursuant to Section 7.1 of the Plan as to Stock Units granted pursuant to the Program in connection with any dividend (other than in shares of Common Stock) or distribution (other than in shares of Common Stock) for which dividend equivalents are credited pursuant to the foregoing provisions of this Section 5.2. Stock Units granted pursuant to the Program shall otherwise be subject to adjustment pursuant to Section 7.1 of the Plan (for example, and without limitation, in connection with a split or reverse split of the outstanding Common Stock).

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

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

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

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

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

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

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

10. Change in Control Events. A Stock Unit Award may vest and become payable in connection with the occurrence of certain events involving the Corporation as provided for in Section 7 of the Plan; provided, however, that, notwithstanding anything to the contrary in the Program or the Plan, if the event giving rise to such accelerated vesting is not also a "change in the ownership or effective control" of the Corporation or a "change in the ownership of a substantial portion of the assets" of the Corporation for purposes of Section 409A of the Code or an acceleration of payment of the award would otherwise result in any tax liability pursuant to Section 409A of the Code, then payment with respect to such vested Stock Unit Award shall not be made until such Stock Unit Award would have become vested and payable without regard to this Section 10 or Section 7 of the Plan.

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

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Published CUSIP Number: 95810FAD8
Revolver CUSIP Number: 95810FAE6
Term A-1 CUSIP Number: 95810FAF3

CREDIT AGREEMENT

Dated as of March 8, 2012

among

WESTERN DIGITAL TECHNOLOGIES, INC.
and
WESTERN DIGITAL IRELAND, LTD.,
as the Borrowers,

WESTERN DIGITAL CORPORATION,
as Holdings,

BANK OF AMERICA, N.A.,
as Administrative Agent, Swing Line Lender
and
L/C Issuer,

and

The Other Lenders Party Hereto

and

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED,

as

Sole Lead Arranger and Sole Bookrunner

and

THE BANK OF NOVA SCOTIA,
UNION BANK, N.A.,
HSBC BANK USA, NATIONAL ASSOCIATION, and
JPMORGAN CHASE BANK, N.A.,

as

Co-Syndication Agents

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SCHEDULES

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CREDIT AGREEMENT

This CREDIT AGREEMENT ("Agreement") is entered into as of March 8**,** 2012, among WESTERN DIGITAL TECHNOLOGIES, INC., a Delaware corporation (the "US Borrower"), WESTERN DIGITAL IRELAND, LTD., an exempted company incorporated under the laws of the Cayman Islands (the "Cayman Borrower" and together with the US Borrower, the "Borrowers"), WESTERN DIGITAL CORPORATION, a Delaware corporation ("Holdings"), each lender from time to time party hereto (collectively, the "Lenders" and individually, a "Lender"), and BANK OF AMERICA, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer.

Holdings and the Borrowers have requested that the Lenders provide credit facilities and the Lenders are willing to do so on the terms and conditions set forth herein.

In consideration of the mutual covenants and agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I.
DEFINITIONS AND ACCOUNTING TERMS

1.01 Defined Terms. As used in this Agreement, the following terms shall have the meanings set forth below:

"Acquisition" means the acquisition by the Cayman Borrower of all of the outstanding equity interests of the Target pursuant to the Acquisition Agreement.

"Acquisition Agreement" means that certain Stock Purchase Agreement dated as of March 7, 2011 by and among Holdings, the Cayman Borrower, the Seller and the Target.

"Acquisition Agreement Material Adverse Effect" means any event, condition, change, effect, omission or occurrence which, individually or together with any other event, condition, change, effect, omission or occurrence occurring or coming into being after the date of the Acquisition Agreement that, (a) has had a material adverse effect or material adverse change on the assets, liabilities, properties, business, financial condition or results of operations of the applicable person and its subsidiaries, taken as a whole; except if due to (i) changes that adversely affect either the United States or global economy generally or the industry in which Holdings or the Target and their respective subsidiaries operate, except to the extent that such changes have a materially disproportionate effect on Holdings or the Target, as the case may be, and its subsidiaries, taken as a whole, as compared to the impact on their principal competitors; (ii) the announcement, pendency or consummation of the transactions contemplated by the Acquisition Agreement, including, any resulting shortfalls or declines in unit sales, revenue, margins or profitability, loss of employees, cancellations of or delays in work for customers or other adverse customer reactions to the Acquisition Agreement; (iii) any decrease in the market price or trading volume of Holdings' common stock, in and of itself (it being understood that the underlying cause of any such decrease may be taken into consideration); (iv) any failure to meet published analyst estimates of revenue, earnings or results of operations or failure to meet internal budgets, projects or forecasts of revenue, earnings or other financial performance or results of operations (it being understood that the underlying cause of any such failure may be taken into consideration); (v) acts of war or terrorism, which do not have a materially disproportionate impact on Holdings or the Target, as the case may be, and its subsidiaries, taken as a whole, as compared to the impact on its principal competitors; (vi) any changes in GAAP, changes in the interpretation of GAAP, or changes in any laws; (vii) the failure of the Cayman Borrower to consent to any of the actions proscribed in Section 6.1 of the Acquisition Agreement where such failure to consent would be a breach by the Cayman Borrower of Section 6.1 of the Acquisition Agreement or (ix) the performance of the Acquisition Agreement (including compliance with the covenants therein) or the failure to take any action prohibited by the Acquisition Agreement; or (b) has materially impaired the ability of the applicable person and/or its subsidiaries to consummate the transactions contemplated by the Acquisition Agreement.

"Administrative Agent" means Bank of America in its capacity as administrative agent under any of the Loan Documents, or any successor administrative agent.

"Administrative Agent's Office" means the Administrative Agent's address and, as appropriate, account as set forth on Schedule 11.02, or such other address or account as the Administrative Agent may from time to time notify to the Borrowers and the Lenders.

"Administrative Questionnaire" means an Administrative Questionnaire in substantially the form of Exhibit E-2 or any other form approved by the Administrative Agent.

"Affiliate" means, with respect to any Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"Aggregate Commitments" means, at any time, the Commitments of all the Lenders in effect at such time.

"Aggregate Revolving Credit Commitments" means, as of any date of determination, the Revolving Credit Commitments of all the Lenders on such date. The initial amount of the Aggregate Revolving Credit Commitments in effect as of the Closing Date is $500,000,000.

"Agreement" means this Credit Agreement.

"Agreement Currency" has the meaning specified in Section 11.17.

"Applicable Percentage" means (a) in respect of a Term Loan Facility, with respect to any Term Lender at any time, the percentage (carried out to the ninth decimal place) of such Term Loan Facility represented by (i) on or prior to the Closing Date, such Term Lender's Term Commitment with respect to such Term Loan Facility at such time and (ii) thereafter, the principal amount of such Term Lender's Term Loans under such Term Loan Facility at such time, and (b) in respect of the Revolving Credit Facility, with respect to any Revolving Credit Lender at any time, the percentage (carried out to the ninth decimal place) of the Revolving Credit Facility represented by such Revolving Credit Lender's Revolving Credit Commitment at such time. If the commitment of each Revolving Credit Lender to make Revolving Credit Loans and the obligation of the L/C Issuer to make L/C Credit Extensions have been terminated pursuant to Section 8.02, or if the Revolving Credit Commitments have expired, then the Applicable Percentage of each Revolving Credit Lender in respect of the Revolving Credit Facility shall be determined based on the Applicable Percentage of such Revolving Credit Lender in respect of the Revolving Credit Facility most recently in effect, giving effect to any subsequent assignments. The initial Applicable Percentage of each Lender in respect of each Facility is set forth opposite the name of such Lender on Schedule 2.01 or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable.

"Applicable Rate" means the following percentages per annum, based upon the Consolidated Leverage Ratio as set forth in the most recent Compliance Certificate received by the Administrative Agent pursuant to Sections 6.09(a) or 6.09(b):

Applicable Rate

Pricing Level	Consolidated Leverage Ratio	Commitment Fee	Eurodollar Rate + Letters of Credit	Base Rate +
1	£0.50:1.00	0.25%	1.50%	0.50%
2	>0.50:1.00 but £1.25:1.00	0.35%	2.00%	1.00%
3	>1.25:1.00 but £2.00:1.00	0.40%	2.25%	1.25%
4	>2.00:1.00	0.50%	2.50%	1.50%

Any increase or decrease in the Applicable Rate resulting from a change in the Consolidated Leverage Ratio shall become effective as of the first Business Day immediately following the date a Compliance Certificate is delivered pursuant to Section 6.09(a) or 6.09(b); provided that if a Compliance Certificate is not delivered when due in accordance with such Section, then, upon the request of the Required Lenders, Pricing Level 4 shall apply as of the first Business Day after the date on which such Compliance Certificate was required to have been delivered and shall remain in effect until the date on which such Compliance Certificate is delivered. The Applicable Rate in effect from the Closing Date until the first Business Day immediately following the date a Compliance Certificate is delivered pursuant to Section 6.09(a) or 6.09(b) shall be determined based upon the Consolidated Leverage Ratio as calculated in the certificate delivered pursuant to Section 4.01(a)(viii)(D).

Notwithstanding anything to the contrary contained in this definition, the determination of the Applicable Rate for any period shall be subject to the provisions of Section 2.10(b).

"Approved Fund" means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"Arranger" means Merrill Lynch, Pierce, Fenner & Smith Incorporated, in its capacity as sole lead arranger and sole book manager.

"Asset Sale" means a sale, lease or sub-lease (as lessor or sublessor), sale and leaseback, assignment, conveyance, transfer or other disposition to, or any exchange of property with, any Person (other than Holdings or any of its Subsidiaries), in one transaction or a series of transactions, of all or any part of Holdings' or any of its Subsidiaries' businesses, assets or properties of any kind, whether real, personal, or mixed and whether tangible or intangible, whether now owned or hereafter acquired, including, without limitation, the Equity Interests of any of Holdings' Subsidiaries, other than (i) inventory (or other assets) sold or leased in the ordinary course of business (excluding any such sales by operations or divisions discontinued or to be discontinued), (ii) licenses and sublicenses of intellectual property rights in the ordinary course of business, (iii) cash or cash equivalents, (iv) sales, assignments, transfers or dispositions of accounts in the ordinary course of business for purposes of compromise or collection, (v) leases of real property, and (vi) sales of other assets for aggregate consideration of less than $50,000,000.

"Assignee Group" means two or more Eligible Assignees that are Affiliates of one another or two or more Approved Funds managed by the same investment advisor.

"Assignment and Assumption" means an assignment and assumption entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 11.06(b)), and accepted by the Administrative Agent, in substantially the form of Exhibit E-1 or any other form approved by the Administrative Agent.

"Attributable Indebtedness" means, on any date, (a) in respect of any capital lease of any Person, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP, and (b) in respect of any Synthetic Lease Obligation, the capitalized amount of the remaining lease payments under the relevant lease that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP if such lease were accounted for as a capital lease.

"Audited Financial Statements" means the audited consolidated balance sheet of Holdings and its Subsidiaries for the fiscal year ended July 1, 2011, and the related consolidated statements of income and cash flows for such fiscal year of Holdings and its Subsidiaries, including the notes thereto.

"Auto-Extension Letter of Credit" has the meaning specified in Section 2.03(b)(iii).

"Availability Period" means, with respect to the Revolving Credit Facility, the period from and including the Closing Date to the earliest of (a) the Maturity Date, (b) the date of termination of the Aggregate Revolving Credit Commitments pursuant to Section 2.06, and (c) the date of termination of the Revolving Credit Commitment of each Revolving Credit Lender to make Revolving Credit Loans and of the obligation of the L/C Issuer to make L/C Credit Extensions pursuant to Section 8.02.

"Bank of America" means Bank of America, N.A. and its successors.

"Base Rate" means for any day a fluctuating rate per annum equal to the highest of (a) the Federal Funds Rate plus 1/2 of 1%, (b) the rate of interest in effect for such day as publicly announced from time to time by Bank of America as its "prime rate," and (c) the Eurodollar Rate plus 1.00%. The "prime rate" is a rate set by Bank of America based upon various factors including Bank of America's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in such prime rate announced by Bank of America shall take effect at the opening of business on the day specified in the public announcement of such change.

"Base Rate Loan" means a Revolving Credit Loan or a Term Loan that bears interest based on the Base Rate.

"Borrowers" has the meaning specified in the introductory paragraph hereto.

"Borrower Materials" has the meaning specified in Section 6.09.

"Borrowing" means a Revolving Credit Borrowing, a Term Borrowing or a Swing Line Borrowing, as the context may require.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the Laws of, or are in fact closed in, the state where the Administrative Agent's Office is located and, if such day relates to any Eurodollar Rate Loan, means any such day that is also a London Banking Day.

"Cash Collateralize" means to pledge and deposit with or deliver to the Administrative Agent, for the benefit of the Administrative Agent, L/C Issuer or Swing Line Lender (as applicable) and the Lenders, as collateral for L/C Obligations, Obligations in respect of Swing Line Loans, or obligations of Lenders to fund participations in respect of either thereof (as the context may require), cash or deposit account balances or, if the L/C Issuer or Swing Line Lender benefitting from such collateral shall agree in its sole discretion, other credit support, in each case pursuant to documentation in form and substance reasonably satisfactory to (a) the Administrative Agent and (b) the L/C Issuer or the Swing Line Lender (as applicable). "Cash Collateral" shall have a meaning correlative to the foregoing and shall include the proceeds of such cash collateral and other credit support.

"Cash Management Agreement" means any agreement to provide cash management services, including treasury, depository, overdraft, credit or debit card, electronic funds transfer and other cash management arrangements.

"Cash Management Bank" means any Person that, at the time it enters into a Cash Management Agreement, is a Lender or an Affiliate of a Lender, in its capacity as a party to such Cash Management Agreement.

"Cash on Hand Consideration" means the consideration for the Acquisition in the form of cash on hand of the Cayman Borrower in accordance with the Acquisition Agreement.

"Cayman Borrower" has the meaning specified in the introductory paragraph hereto.

"Change in Law" means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation or application thereof by any Governmental Authority or (c) the making or issuance of any request, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith, shall be deemed to be a "Change in Law", regardless of the date enacted, adopted or issued.

"Closing Date" means the first date all the conditions precedent in Section 4.01 are satisfied or waived in accordance with Section 11.01.

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

"Commitment" means a Term Commitment or a Revolving Credit Commitment, as the context may require.

"Compliance Certificate" means a certificate substantially in the form of Exhibit D.

"Consolidated Debt for Borrowed Money" means, as at any date of determination for Holdings and its Subsidiaries on a consolidated basis, all items of Debt that, in accordance with GAAP, would be classified as indebtedness on a consolidated balance sheet of Holdings and its Subsidiaries. For the avoidance of doubt, notwithstanding the foregoing, Consolidated Debt for Borrowed Money does not include obligations under Hedge Agreements or any Debt, or direct or indirect guaranties of or security for Debt, of the type described in clause (f) of the definition of such term, except to the extent of any unreimbursed drawings thereunder.

"Consolidated EBITDA" means, for any period for Holdings and its Subsidiaries on a consolidated basis, net income (or net loss) for such period plus (a) the sum of the following, to the extent deducted in determining net income for such period, without duplication: (i) interest expense, (ii) income tax expense, (iii) depreciation expense, (iv) amortization expense, (v) extraordinary losses, (vi) other non-cash items reducing net income (other than any such non-cash item to the extent it represents an accrual of or reserve for cash expenditures in any future period or amortization of a prepaid cash charge that was paid in a prior period), and (vii) all merger, integration, restructuring and transaction costs payable by Holdings or any of its Subsidiaries in connection with the Transactions in an aggregate amount under this clause (vii) not to exceed $350,000,000, as such amount may be increased with the approval of the Administrative Agent and minus, (b) the sum of the following, to the extent added in determining consolidated net income for such period, without duplication: (i) any extraordinary gains, (ii) non-cash gains increasing net income (excluding any such non-cash gain to the extent it represents the reversal of an accrual or reserve for potential cash gain in any prior period), and (iii) interest income, in each case determined in accordance with GAAP. For purposes of determining compliance with the covenants set forth in Sections 7.09(a) and 7.09(b), Consolidated EBITDA for the fiscal quarters of Holdings ended closest to June 30, 2011, September 30, 2011 and December 31, 2011 will be deemed to be equal the amounts set forth for such fiscal quarters on Schedule 1.01(a), and Consolidated EBITDA for the period from the earlier of (A) the first day of the most recently ended fiscal quarter immediately preceding the Closing Date, if Consolidated EBITDA for such fiscal quarter is not set forth on Schedule 1.01(a), or (B) otherwise, the first day of the fiscal quarter during which the Closing Date occurs, through the Closing Date will be computed as if the Acquisition had been consummated on the first day of such period in a manner similar to the calculation of the amounts set forth on Schedule 1.01(a) for the periods provided therein, as determined in good faith by Holdings and reasonably acceptable to the Administrative Agent.

"Consolidated Interest Expense" means, for any period, the excess of (a) total interest expense (including that portion attributable to capital leases in accordance with GAAP and capitalized interest) of Holdings and its Subsidiaries for such period, on a consolidated basis with respect to all outstanding Consolidated Debt for Borrowed Money, including all commissions, discounts, and other fees and charges owed with respect to letters of credit over (b) the sum of the following, without duplication, to the extent included in such consolidated interest expense for such period: (i) any amount not payable in cash and (ii) income (net of costs) under Hedge Agreements in respect of interest rates. For purposes of determining compliance with the covenants set forth in Sections 7.09(a) and 7.09(b), Consolidated Interest Expense for the fiscal quarters of Holdings ended closest to June 30, 2011, September 30, 2011 and December 31, 2011 will be deemed to be equal the amounts set forth for such fiscal quarters on Schedule 1.01(b), and Consolidated Interest Expense for the period from the earlier of (A) the first day of the most recently ended fiscal quarter immediately preceding the Closing Date, if Consolidated Interest Expense for such fiscal quarter is not set forth on Schedule 1.01(b), or (B) otherwise, the first day of the fiscal quarter during which the Closing Date occurs, through the Closing Date will be computed as if the Acquisition had been consummated on the first day of such period in a manner similar to the calculation of the amounts set forth on Schedule 1.01(b) for the periods provided therein, as determined in good faith by Holdings and reasonably acceptable to the Administrative Agent.

"Consolidated Interest Coverage Ratio" means, as of any date of determination, the ratio of (a) Consolidated EBITDA for the period of the four prior fiscal quarters ending on such date to (b) Consolidated Interest Expense for such period.

"Consolidated Leverage Ratio" means, as of any date of determination, the ratio of (a) Consolidated Debt for Borrowed Money as of such date to (b) Consolidated EBITDA for the period of the four fiscal quarters most recently ended.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

"Credit Extension" means each of the following: (a) a Borrowing and (b) an L/C Credit Extension.

"Debt" of any Person means, without duplication, (a) all indebtedness of such Person for borrowed money, (b) all obligations of such Person for the deferred purchase price of property or services (excluding (i) trade payables incurred in the ordinary course of business of such Person that are (A) not overdue by more than 90 days or (B) contested in good faith by appropriate proceedings and as to which appropriate reserves are maintained by such Person and (ii) any earn-out obligation until such obligation becomes a liability on the balance sheet of such Person in accordance with GAAP), (c) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) all obligations of such Person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (e) all obligations of such Person as lessee under leases that have been or should be, in accordance with GAAP, recorded as capital leases, (f) all obligations, contingent or otherwise, of such Person as an account party or applicant in respect of acceptances, letters of credit or similar extensions of credit, (g) all net obligations of such Person in respect of Hedge Agreements entered into with a particular counterparty with respect to Debt referred to in clauses (a) through (e) above or clause (i) below (determined as of any date as the amount such Person would be required to pay to its counterparty in accordance with the terms thereof as if terminated on such date of determination), (h) all Debt of others referred to in clauses (a) through (g) above or clause (i) below (collectively, "Guarantied Debt") guarantied directly or indirectly in any manner by such Person, or in effect guarantied directly or indirectly by such Person through an agreement (1) to pay or purchase such Guarantied Debt or to advance or supply funds for the payment or purchase of such Guarantied Debt, (2) to purchase, sell or lease (as lessee or lessor) property, or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such Guarantied Debt or to assure the holder of such Guarantied Debt against loss, (3) to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether such property is received or such services are rendered) or (4) otherwise to assure a creditor against loss, and (i) all Debt referred to in clauses (a) through (h) above (including Guarantied Debt) secured by (or for which the holder of such Debt has an existing right, contingent or otherwise, to be secured by) any Lien on property (including, without limitation, accounts and contract rights) owned by such Person, whether or not such Person has not assumed or become liable for the payment of such Debt.

For all purposes hereof (A) the amount of any Debt that is only recourse to specific assets of such Person shall be deemed to be equal to the lesser of (x) the principal amount of such Debt and (y) the fair market value of the assets of such Person to which such Debt has recourse, (B) the Debt of any Person shall include the Debt of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which such Person is a general partner or a joint venturer, unless such Debt is expressly made non-recourse to such Person, (C) the amount of any net obligation under any Hedge Agreement on any date shall be deemed to be the Hedge Termination Value thereof as of such date, and (D) the amount of any capital lease or Synthetic Lease Obligation as of any date shall be deemed to be the amount of Attributable Indebtedness in respect thereof as of such date.

"Debtor Relief Laws" means the Bankruptcy Code of the United States, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

"Default" means any event or condition that constitutes an Event of Default or that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

"Default Rate" means (a) when used with respect to Obligations other than Letter of Credit Fees, an interest rate equal to (i) the Base Rate plus (ii) the Applicable Rate, if any, applicable to Base Rate Loans plus (iii) 2% per annum; provided that with respect to a Eurodollar Rate Loan, the Default Rate shall be an interest rate equal to the interest rate (including any Applicable Rate) otherwise applicable to such Loan plus 2% per annum, and (b) when used with respect to Letter of Credit Fees, a rate equal to the Applicable Rate plus 2% per annum.

"Defaulting Lender" means, subject to Section 2.16(b), any Lender that, as determined by the Administrative Agent, (a) has failed to perform any of its funding obligations hereunder, including in respect of its Loans or participations in respect of Letters of Credit or Swing Line Loans, within three Business Days of the date required to be funded by it hereunder, unless such obligation is the subject of a good faith dispute, (b) has notified Holdings, either Borrower or the Administrative Agent that it does not intend to comply with its funding obligations or has made a public statement to that effect with respect to its funding obligations hereunder or generally under other agreements in which it commits to extend credit, (c) has failed, within three Business Days after request by the Administrative Agent, to confirm to the Administrative Agent in a reasonably satisfactory manner that it will comply with its funding obligations (provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt by the Administrative Agent of such written confirmation), or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, (ii) had a receiver, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or a custodian appointed for it, or (iii) taken any action in furtherance of, or indicated its consent to, approval of or acquiescence in any such proceeding or appointment; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority.

"Dollar" and "$" mean lawful money of the United States.

"Domestic Subsidiary" means any Subsidiary that is organized under the laws of any political subdivision of the United States (other than a Subsidiary that is owned directly or indirectly by a controlled foreign corporation as defined in Section 957(a) of the Internal Revenue Code).

"Eligible Assignee" means any Person that meets the requirements to be an assignee under Section 11.06(b)(iii) and (v) (subject to such consents, if any, as may be required under Section 11.06(b)(iii)).

"Environmental Action" means any action, suit, demand, demand letter, claim, notice of non-compliance or violation, notice of liability or potential liability, investigation, proceeding, consent order or consent agreement arising pursuant to or based upon any Environmental Law, Environmental Permit or Hazardous Materials or arising from alleged injury or threat of injury to health, safety or the environment, including, without limitation, (a) by any governmental or regulatory authority for enforcement, cleanup, removal, response, remedial or other actions or damages and (b) by any governmental or regulatory authority or any third party for damages, contribution, indemnification, cost recovery, compensation or injunctive relief.

"Environmental Law" means any civil or criminal, federal, state, local or foreign statute, law, ordinance, rule, regulation, code, order, judgment, decree or judicial or agency interpretation, policy or guidance relating to pollution or protection of the environment, health, safety or natural resources, including, without limitation, those relating to the manufacturing, use, handling, transportation, treatment, storage, disposal, release or discharge of Hazardous Materials.

"Environmental Permit" means any permit, approval, identification number, license or other authorization required under any Environmental Law.

"Environmental Liability" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Borrowers, any other Loan Party or any of their respective Subsidiaries directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"Equity Interests" means, with respect to any Person, all of the shares of capital stock of (or other ownership or profit interests in) such Person, all of the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, all of the securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests), and all of the other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination.

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

"ERISA Affiliate" means any Person that for purposes of Title IV of ERISA is a member of a Borrower's controlled group, or under common control with a Borrower, within the meaning of Section 414 of the Internal Revenue Code.

"ERISA Event" means (a) (i) the occurrence of a reportable event, within the meaning of Section 4043 of ERISA, with respect to any Plan unless the 30-day notice requirement with respect to such event has been waived by the PBGC, or (ii) the requirements of subsection (1) of Section 4043(b) of ERISA (without regard to subsection (2) of such Section) are met with respect to a contributing sponsor, as defined in Section 4001(a)(13) of ERISA, of a Plan, and an event described in paragraph (9), (10), (11), (12) or (13) of Section 4043(c) of ERISA is reasonably expected to occur with respect to such Plan within the following 30 days; (b) the application for a minimum funding waiver with respect to a Plan; (c) the provision by the administrator of any Plan of a notice of intent to terminate such Plan pursuant to Section 4041(a)(2) of ERISA (including any such notice with respect to a plan amendment referred to in Section 4041(e) of ERISA); (d) the cessation of operations at a facility of any Borrower or any ERISA Affiliate in the circumstances described in Section 4062(e) of ERISA; (e) the withdrawal by any Borrower or any ERISA Affiliate from a Multiple Employer Plan during a plan year for which it was a substantial employer, as defined in Section 4001(a)(2) of ERISA; (f) the conditions for the imposition of a lien under Section 303(k) of ERISA shall have been met with respect to any Plan; (g) the provision of security to a Plan pursuant to Section 302 of ERISA or Section 436 of the Code; or (h) the institution by the PBGC of proceedings to terminate a Plan pursuant to Section 4042 of ERISA, or the occurrence of any event or condition described in Section 4042 of ERISA that constitutes grounds for the termination of, or the appointment of a trustee to administer, a Plan.

"Eurodollar Rate" means:

(a) for any Interest Period with respect to a Eurodollar Rate Loan, the rate per annum equal to (i) the British Bankers Association LIBOR Rate ("BBA LIBOR"), as published by Reuters (or such other commercially available source providing quotations of BBA LIBOR as may be designated by the Administrative Agent from time to time) at approximately 11:00 a.m., London time, two London Banking Days prior to the commencement of such Interest Period, for Dollar deposits (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period or, (ii) if such rate is not available at such time for any reason, the rate per annum determined by the Administrative Agent to be the rate at which deposits in Dollars for delivery on the first day of such Interest Period in same day funds in the approximate amount of the Eurodollar Rate Loan being made, continued or converted and with a term equivalent to such Interest Period would be offered by Bank of America's London Branch to major banks in the London interbank eurodollar market at their request at approximately 11:00 a.m. (London time) two London Banking Days prior to the commencement of such Interest Period; and

(b) for any interest calculation with respect to a Base Rate Loan on any date, the rate per annum equal to (i) BBA LIBOR, at approximately 11:00 a.m., London time determined two London Banking Days prior to such date for Dollar deposits being delivered in the London interbank market for a term of one month commencing that day or (ii) if such published rate is not available at such time for any reason, the rate per annum determined by the Administrative Agent to be the rate at which deposits in Dollars for delivery on the date of determination in same day funds in the approximate amount of the Base Rate Loan being made or maintained and with a term equal to one month would be offered by Bank of America's London Branch to major banks in the London interbank Eurodollar market at their request at the date and time of determination.

"Eurodollar Rate Loan" means a Revolving Credit Loan or a Term Loan that bears interest at a rate based on clause (a) of the definition of "Eurodollar Rate."

"Event of Default" has the meaning specified in Section 8.01.

"Excluded Taxes" means, with respect to the Administrative Agent, any Lender, the L/C Issuer or any other recipient of any payment to be made by or on account of any obligation of any Borrower hereunder, (a) Taxes imposed on or measured by its overall net income (however denominated), and franchise Taxes imposed on it by the jurisdiction (or any political subdivision thereof) under the Laws of which such recipient is organized or in which its principal office is located or by any other jurisdiction solely as a result of a present or former connection between such recipient and such jurisdiction (or political subdivision thereof) imposing such tax (other than a connection arising from such recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction contemplated by, or enforced this Agreement or any other Loan Document) or, in the case of any Lender, in which its applicable Lending Office is located, (b) any branch profits Taxes imposed by the United States or any similar Tax imposed by any other jurisdiction described in clause (a) above, (c) in the case of a Lender (other than an assignee pursuant to a request by such Borrower under Section 11.13), any United States or Cayman Islands withholding Tax that (i) is required to be deducted or withheld from amounts payable to such Lender pursuant to the Laws in force at the time such Lender becomes a party hereto (or designates a new Lending Office) or (ii) is attributable to such Lender's failure or inability (other than as a result of a Change in Law) to comply with Section 3.01(e), except to the extent that such Lender (or its assignor, if any) was entitled, at the time of designation of a new Lending Office (or assignment), to receive additional amounts from such Borrower with respect to such withholding Tax pursuant to Section 3.01(a) or Section 3.01(c), (d) any United States backup withholding Taxes, and (e) any Taxes imposed under FATCA (or any amended version of FATCA that is substantively comparable and not materially more onerous to comply with).

"Existing Credit Agreement" means that certain Credit Agreement dated as of February 11, 2008 (as amended, restated, supplemented or otherwise modified through the Closing Date) by and among the US Borrower, certain lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent.

"FASB ASC" means the Accounting Standards Codification of the Financial Accounting Standards Board.

"Facility" means a Term Loan Facility or the Revolving Credit Facility, as the context may require.

"FATCA" means Sections 1471 through 1474 of the Code, as of the date of this Agreement, and any current or future regulations or official interpretations thereof.

"Federal Funds Rate" means, for any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) charged to Bank of America on such day on such transactions as determined by the Administrative Agent.

"Fee Letter" means the letter agreement, dated March 7, 2011, among the Borrowers, Holdings, the Administrative Agent and the Arranger.

"Foreign Lender" means any Lender that is organized under the Laws of a jurisdiction other than that in which the applicable Borrower is resident for tax purposes (including such a Lender when acting in the capacity of the L/C Issuer). For purposes of this definition, the United States, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

"Foreign Pension Plan" means any plan, fund (including, without limitation, any superannuation fund) or other similar program established, contributed to or maintained outside the United States by a Borrower or any one or more of the Material Subsidiaries primarily for the benefit of employees of such Borrower or any Material Subsidiary residing outside the United States, which plan, fund or other similar program provides, or results in, retirement income, a deferral of income in contemplation of retirement or payments to be made upon termination or severance of employment.

"FRB" means the Board of Governors of the Federal Reserve System of the United States.

"Fronting Exposure" means, at any time there is a Defaulting Lender, (a) with respect to the L/C Issuer, such Defaulting Lender's Applicable Percentage of the outstanding L/C Obligations other than L/C Obligations as to which such Defaulting Lender's participation obligation has been reallocated to other Lenders or Cash Collateralized in accordance with the terms hereof, and (b) with respect to the Swing Line Lender, such Defaulting Lender's Applicable Percentage of Swing Line Loans other than Swing Line Loans as to which such Defaulting Lender's participation obligation has been reallocated to other Lenders or Cash Collateralized in accordance with the terms hereof.

"Fund" means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its activities.

"GAAP" means generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or such other principles as may be approved by a significant segment of the accounting profession in the United States, that are applicable to the circumstances as of the date of determination, consistently applied.

"Governmental Authority" means the government of the United States or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

"Guaranteed Cash Management Agreement" means any Cash Management Agreement that is entered into by and between any Loan Party and any Cash Management Bank.

"Guaranteed Hedge Agreement" means any Hedge Agreement permitted under Article VI or VII that is entered into by and between any Loan Party and any Hedge Bank.

"Guaranteed Parties" means, collectively, the Administrative Agent, the Lenders, the L/C Issuer, the Hedge Banks, the Cash Management Banks, and each co-agent or sub-agent appointed by the Administrative Agent from time to time pursuant to Section 9.05.

"Guarantors" means, collectively, the Subsidiary Guarantors, Holdings and, in its capacity as guarantor of the obligations of the Cayman Borrower under Article X hereof, the US Borrower.

"Guaranty" means, individually or collectively, each of (a) the Guaranty of Holdings and the US Borrower made in Article X of this Agreement and (b) the Subsidiary Guaranty.

"Hazardous Materials" means (a) petroleum and petroleum products, byproducts or breakdown products, radioactive materials, asbestos-containing materials, polychlorinated biphenyls and radon gas and (b) any other chemicals, materials or substances designated, classified or regulated as hazardous or toxic or as a pollutant or contaminant under any Environmental Law.

"Hedge Agreements" means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, commodities or precious metal leasing, commodity linked or precious metal future or option contracts or any other commodity linked hedging agreements, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a "Master Agreement"), including any such obligations or liabilities under any Master Agreement.

"Hedge Bank" means any Person that, at the time it enters into a Hedge Agreement permitted under Article VI or VII, is a Lender or an Affiliate of a Lender, in its capacity as a party to such Hedge Agreement.

"Hedge Termination Value" means, in respect of any one or more Hedge Agreements, after taking into account the effect of any legally enforceable netting agreement relating to such Hedge Agreements, (a) for any date on or after the date such Hedge Agreements have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Hedge Agreements, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Hedge Agreements (which may include a Lender or any Affiliate of a Lender).

"Holdings" has the meaning specified in the introductory paragraph hereto.

"Honor Date" has the meaning specified in Section 2.03(c)(i).

"Indemnified Taxes" means Taxes other than Excluded Taxes.

"Indemnitees" has the meaning specified in Section 11.04(b).

"Information" has the meaning specified in Section 11.07.

"Interest Payment Date" means, (a) as to any Loan other than a Base Rate Loan, the last day of each Interest Period applicable to such Loan and the Maturity Date; provided that if any Interest Period for a Eurodollar Rate Loan exceeds three months, the respective dates that fall every three months after the beginning of such Interest Period shall also be Interest Payment Dates; and (b) as to any Base Rate Loan (including a Swing Line Loan), the last Business Day of each March, June, September and December and the Maturity Date.

"Interest Period" means, as to each Eurodollar Rate Loan, the period commencing on the date such Eurodollar Rate Loan is disbursed or converted to or continued as a Eurodollar Rate Loan and ending on the date one, two, three or six months thereafter, as selected by a Borrower in its Loan Notice; provided that:

(i) any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day;

(ii) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(iii) no Interest Period shall extend beyond the Maturity Date.

"IRS" means the United States Internal Revenue Service.

"ISP" means, with respect to any Letter of Credit, the "International Standby Practices 1998" published by the Institute of International Banking Law & Practice, Inc. (or such later version thereof as may be in effect at the time of issuance).

"Issuer Documents" means with respect to any Letter of Credit, the Letter of Credit Application, and any other document, agreement and instrument entered into by the L/C Issuer and a Borrower or in favor of the L/C Issuer and relating to such Letter of Credit.

"Judgment Currency" has the meaning specified in Section 11.17.

"Laws" means, collectively, all international, foreign, Federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

"L/C Advance" means, with respect to each Revolving Credit Lender, such Lender's funding of its participation in any L/C Borrowing in accordance with its Applicable Percentage.

"L/C Borrowing" means an extension of credit resulting from a drawing under any Letter of Credit which has not been reimbursed on the date when made or refinanced as a Revolving Credit Borrowing.

"L/C Credit Extension" means, with respect to any Letter of Credit, the issuance thereof or extension of the expiry date thereof, or the increase of the amount thereof.

"L/C Issuer" means Bank of America in its capacity as issuer of Letters of Credit hereunder, or any successor issuer of Letters of Credit hereunder.

"L/C Obligations" means, as at any date of determination, the aggregate amount available to be drawn under all outstanding Letters of Credit plus the aggregate of all Unreimbursed Amounts, including all L/C Borrowings. For purposes of computing the amount available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with Section 1.06. For all purposes of this Agreement, if on any date of determination a Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason of the operation of Rule 3.14 of the ISP, such Letter of Credit shall be deemed to be "outstanding" in the amount so remaining available to be drawn.

"Lender" has the meaning specified in the introductory paragraph hereto and, as the context requires, includes the Swing Line Lender.

"Lending Office" means, as to any Lender, the office or offices of such Lender described as such in such Lender's Administrative Questionnaire, or such other office or offices as a Lender may from time to time notify the Borrowers and the Administrative Agent.

"Letter of Credit" means any standby letter of credit issued hereunder.

"Letter of Credit Application" means an application and agreement for the issuance or amendment of a Letter of Credit in the form from time to time in use by the L/C Issuer.

"Letter of Credit Expiration Date" means the day that is seven days prior to the Maturity Date then in effect (or, if such day is not a Business Day, the next preceding Business Day).

"Letter of Credit Fee" has the meaning specified in Section 2.03(h).

"Letter of Credit Sublimit" means an amount equal to $50,000,000. The Letter of Credit Sublimit is part of, and not in addition to, the Aggregate Revolving Credit Commitments.

"Lien" means any mortgage, pledge, hypothecation, encumbrance, lien (statutory or other), charge, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing).

"Loan" means an extension of credit by a Lender to a Borrower under Article II in the form of a Term Loan, a Revolving Credit Loan or a Swing Line Loan.

"Loan Documents" means this Agreement, each Note, each Issuer Document, any agreement creating or perfecting rights in Cash Collateral pursuant to the provisions of Section 2.15 of this Agreement, the Fee Letter, and the Subsidiary Guaranty.

"Loan Notice" means a notice of (a) a Borrowing, (b) a conversion of Loans from one Type to the other, or (c) a continuation of Eurodollar Rate Loans, each pursuant to Section 2.02(a), which, if in writing, shall be substantially in the form of Exhibit A.

"Loan Parties" means, collectively, Holdings, the Borrowers and each Guarantor.

"London Banking Day" means any day on which dealings in Dollar deposits are conducted by and between banks in the London interbank eurodollar market.

"Material Adverse Effect" means a material adverse effect on (a) the business, financial condition or operations of Holdings and its Subsidiaries taken as a whole, (b) the rights and remedies of the Administrative Agent or any Lender under this Agreement or any Loan Document or (c) the ability of any Loan Party to perform its obligations under this Agreement or any other Loan Document to which it is a party.

"Material Domestic Subsidiary" means a Domestic Subsidiary that is also a Material Subsidiary.

"Material Subsidiary" means (a) each Borrower and (b) each other Subsidiary of Holdings that, when consolidated with its Subsidiaries, either (i) generated 5% or more of the consolidated revenues of Holdings and its Subsidiaries on a consolidated basis or (ii) owns 5% or more of the consolidated total assets of Holdings and its Subsidiaries on a consolidated basis, in each case as measured pursuant to the financial statements delivered for the most recently ended fiscal quarter or fiscal year pursuant to Section 6.09.

"Maturity Date" means March 8, 2017; provided that if any such date is not a Business Day, the Maturity Date shall be the next preceding Business Day.

"Multiemployer Plan" means a multiemployer plan, as defined in Section 4001(a)(3) of ERISA (other than a Foreign Pension Plan), to which Holdings or any ERISA Affiliate is making or accruing an obligation to make contributions, or has within any of the preceding five plan years made or accrued an obligation to make contributions.

"Multiple Employer Plan" means a single employer plan, as defined in Section 4001(a)(15) of ERISA (other than a Foreign Pension Plan), that (a) is maintained for employees of any Borrower or any ERISA Affiliate and at least one Person other than a Borrower and the ERISA Affiliates or (b) was so maintained and in respect of which any Borrower or any ERISA Affiliate could have liability under Section 4064 or 4069 of ERISA in the event such plan has been or were to be terminated.

"Non-Extension Notice Date" has the meaning specified in Section 2.03(b)(iii).

"Note" means a Term Note or a Revolving Credit Note, as the context may require.

"Obligations" means all advances to, and debts, liabilities, obligations, covenants and duties of, any Loan Party arising under any Loan Document or otherwise with respect to any Loan, Letter of Credit, Guaranteed Cash Management Agreement or Guaranteed Hedge Agreement, in each case whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against any Loan Party or any Affiliate thereof of any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding.

"Organization Documents" means, (a) with respect to any corporation, the certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-U.S. jurisdiction); (b) with respect to any limited liability company, the certificate or articles of formation or organization and operating agreement; (c) with respect to any exempted company incorporated under the laws of the Cayman Islands, the certificate of incorporation, any certificates of incorporation on change of name and the memorandum and articles of association; and (d) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity.

"Other Taxes" means all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or under any other Loan Document or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Loan Document (including, without limitation, any Cayman Islands stamp duty tax).

"Outstanding Amount" means (i) with respect to Term Loans, Revolving Credit Loans and Swing Line Loans on any date, the aggregate outstanding principal amount thereof after giving effect to any borrowings and prepayments or repayments of the Term Loans, Revolving Credit Loans and Swing Line Loans, as the case may be, occurring on such date; and (ii) with respect to any L/C Obligations on any date, the amount of such L/C Obligations on such date; after giving effect to any L/C Credit Extension occurring on such date and any other changes in the aggregate amount of the L/C Obligations as of such date, including as a result of any reimbursements by the Borrowers of Unreimbursed Amounts.

"Participant" has the meaning specified in Section 11.06(d)(i).

"Participant Register" has the meaning specified in Section 11.06(d)(iii).

"Patriot Act" means the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)).

"PBGC" means the Pension Benefit Guaranty Corporation (or any successor).

"Permitted Liens" means such of the following: (a) Liens for taxes, assessments and governmental charges or levies to the extent not required to be paid under Section 6.02 hereof or statutory Liens for taxes not yet due and payable, including pledges or deposits to secure obligations thereunder; (b) Liens imposed by law, such as materialmen's, mechanics', carriers', warehousemen's, workmen's and repairmen's Liens and other similar Liens arising in the ordinary course of business securing obligations that are not overdue for a period of more than 30 days or that are being contested in good faith and by appropriate proceedings and, if not bonded, for which any reserves required by GAAP have been established; (c) pledges or deposits to secure obligations under workers' compensation, unemployment insurance and other social security laws or regulations and deposits securing liability to insurance carriers under insurance or self-insurance arrangements in respect of such obligations or to secure public or statutory obligations; (d) easements, rights of way and other encumbrances on title to real property that do not render title to the property encumbered thereby unmarketable or materially adversely affect the use of such property for its present purposes; (e) Liens to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business; (f) landlords' Liens under leases to which such Person is a party; (g) Liens consisting of leases, subleases, licenses or sublicenses (including with respect to intellectual property and software) granted to others and not interfering in any material respect with the business of Holdings and its Subsidiaries, taken as a whole, and any interest or title of a lessor, sublessor or licensor under any lease, sublease or license, as applicable; (h) Liens arising solely by virtue of any statutory or common law provision relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a creditor depository institution; (i) Liens securing judgments for the payment of money not constituting an Event of Default under Section 8.01(f) or securing appeal or other surety bonds related to such judgments; and (j) restrictions on funds held for payroll customers pursuant to obligations to such customers.

"Permitted Receivables Financing" means any transaction or series of transactions that may be entered into by Holdings or any Subsidiary pursuant to which it sells, conveys or contributes to capital or otherwise transfers (which sale, conveyance, contribution to capital or transfer may include or be supported by the grant of a security interest in) Receivables or interests therein and all collateral securing such Receivables, all contracts and contract rights, purchase orders, security interests, financing statements or other documentation in respect of such Receivables, any guarantees, indemnities, warranties or other obligations in respect of such Receivables, any other assets that are customarily transferred or in respect of which security interests are customarily granted in connection with asset securitization transactions involving receivables similar to such Receivables and any collections or proceeds of any of the foregoing (collectively, the "Related Assets"), all of which such sales, conveyances, contributions to capital or transfers shall be made by the transferor for fair value as reasonably determined by Holdings (calculated in a manner typical for such transactions including a fair market discount from the face value of such Receivables) (a) to a trust, partnership, corporation or other Person (other than Holdings or any Subsidiary other than any Receivables Financing Subsidiary), which transfer is funded in whole or in part, directly or indirectly, by the incurrence or issuance by the transferee or any successor transferee of Indebtedness, fractional undivided interests or other securities that are to receive payments from, or that represent interests in, the cash flow derived from such Receivables and Related Assets or interests in such Receivables and Related Assets, or (b) directly to one or more investors or other purchasers (other than any Borrower or any Subsidiary), it being understood that a Permitted Receivables Financing may involve (i) one or more sequential transfers or pledges of the same Receivables and Related Assets, or interests therein (such as a sale, conveyance or other transfer to any Receivables Financing Subsidiary followed by a pledge of the transferred Receivables and Related Assets to secure Indebtedness incurred by the Receivables Financing Subsidiary), and all such transfers, pledges and Indebtedness incurrences shall be part of and constitute a single Permitted Receivables Financing, and (ii) periodic transfers or pledges of Receivables and/or revolving transactions in which new Receivables and Related Assets, or interests therein, are transferred or pledged upon collection of previously transferred or pledged Receivables and Related Assets, or interests therein, provided that any such transactions shall provide for recourse to such Subsidiary (other than any Receivables Financing Subsidiary) or any Borrower (as applicable) only in respect of the cash flows in respect of such Receivables and Related Assets and to the extent of breaches of representations and warranties relating to the Receivables, dilution of the Receivables, customary indemnities and other customary securitization undertakings in the jurisdiction relevant to such transactions.

The "amount" or "principal amount" of any Permitted Receivables Financing shall be deemed at any time to be (1) the aggregate principal or stated amount of the Debt, fractional undivided interests (which stated amount may be described as a "net investment" or similar term reflecting the amount invested in such undivided interest) or other securities incurred or issued pursuant to such Permitted Receivables Financing, in each case outstanding at such time, or (2) in the case of any Permitted Receivables Financing in respect of which no such Debt, fractional undivided interests or securities are incurred or issued, the cash purchase price paid by the buyer (other than any Receivables Financing Subsidiary) in connection with its purchase of Receivables less the amount of collections received by the Borrower or any Subsidiary in respect of such Receivables and paid to such buyer, excluding any amounts applied to purchase fees or discount or in the nature of interest.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Plan" means a Single Employer Plan or a Multiple Employer Plan.

"Platform" has the meaning specified in Section 6.09.

"Pro Forma Basis" means, with respect to compliance with any test or covenant hereunder, compliance with such test or covenant after giving effect to (i) any acquisition other than the Acquisition, (ii) any incurrence or repayment of Debt or (iii) any Asset Sale (including (a) *pro forma* adjustments arising out of events which are directly attributable to any proposed acquisition, any incurrence or repayment of Debt or any Asset Sale, are factually supportable and are expected to have a continuing impact, in each case as determined on a basis consistent with Article 11 of Regulation S-X of the Securities Act of 1933, as amended, as interpreted by the staff of the Securities and Exchange Commission, (b) *pro forma* adjustments determined in good faith by Holdings or a Borrower that are consented to by the Administrative Agent (such consent not to be unreasonably withheld) arising out of operating and other expense reductions attributable to such transaction being given *pro forma* effect that (1) have been realized or (2) will be implemented following such transaction and are supportable and quantifiable and, in each case, including, but not limited to, (A) reduction in personnel expenses, (B) reduction of costs related to administrative functions, (C) reduction of costs related to leased or owned properties and (D) reductions from the consolidation of operations and streamlining of corporate overhead, and (c) such other adjustments as determined in good faith by Holdings or a Borrower that are consented to by the Administrative Agent (such consent not to be unreasonably withheld), in each case as certified by an officer of Holdings or a Borrower) using, for purposes of determining such compliance, the historical financial statements of all entities or assets so acquired and the consolidated financial statements of Holdings and its Subsidiaries and assuming that all acquisitions (other than the Acquisition) that have been consummated during the period, any Asset Sale and any Debt or other liabilities repaid in connection therewith had been consummated and incurred or repaid at the beginning of such period (and assuming that such Debt to be incurred bears interest during any portion of the applicable measurement period prior to the relevant acquisition at the interest rate which is or would be in effect with respect to such Debt as at the relevant date of determination).

"Public Lender" has the meaning specified in Section 6.09.

"Receivables" means accounts receivable (including all rights to payment created by or arising from the sale of goods, leases of goods or the rendition of services, no matter how evidenced (including in the form of a chattel paper)).

"Receivables Financing Subsidiary" means any wholly owned Subsidiary of Holdings formed solely for the purpose of, and that engages only in, one or more Permitted Receivables Financings.

"Refinancing" means the refinancing of certain existing Debt of Holdings and its Subsidiaries (including Debt under the Existing Credit Agreement).

"Register" has the meaning specified in Section 11.06(c).

"Related Assets" has the meaning specified in the definition of "Permitted Receivables Financing".

"Related Parties" means, with respect to any Person, such Person's Affiliates and the partners, directors, officers, employees, agents, trustees and advisors of such Person and of such Person's Affiliates.

"Request for Credit Extension" means (a) with respect to a Borrowing, conversion or continuation of Term Loans or Revolving Credit Loans, a Loan Notice, (b) with respect to an L/C Credit Extension, a Letter of Credit Application, and (c) with respect to a Swing Line Loan, a Swing Line Loan Notice.

"Required Lenders" means, as of any date of determination, Lenders having more than 50% of the sum of (a) the Total Outstandings (with the aggregate amount of each Revolving Credit Lender's risk participation and funded participation in L/C Obligations and Swing Line Loans being deemed "held" by such Lender for purposes of this definition) plus (b) unless the commitments of the Revolving Lenders to make Loans and of the L/C Issuer to make L/C Credit Extensions shall have been terminated at such time pursuant to Section 8.02, the unused Aggregate Revolving Credit Commitments; provided that the unused Revolving Credit Commitment of, and the portion of the Total Outstandings held or deemed held by, any Defaulting Lender shall be excluded for purposes of making a determination of Required Lenders.

"Required Revolving Credit Lenders" means, as of any date of determination, Revolving Credit Lenders having more than 50% of the sum of (a) the Total Revolving Credit Outstandings (with the aggregate amount of each Revolving Credit Lender's risk participation and funded participation in L/C Obligations and Swing Line Loans being deemed "held" by such Lender for purposes of this definition) plus (b) the unused Aggregate Revolving Credit Commitments; provided that the unused Revolving Credit Commitment of, and the portion of the Total Revolving Credit Outstandings held or deemed held by, any Defaulting Lender shall be excluded for purposes of making a determination of Required Revolving Credit Lenders.

"Responsible Officer" means (a) the chief executive officer, president, chief financial officer, treasurer, assistant treasurer, director or controller or any vice president of a Loan Party, (b) solely in the case of a Loan Party that is a limited liability company, any manager thereof appointed pursuant to the Organization Documents of such Loan Party and (c) solely for purposes of the delivery of incumbency certificates pursuant to Section 4.01, the secretary or any assistant secretary of a Loan Party. Any document delivered hereunder that is signed by a Responsible Officer of a Loan Party shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Loan Party and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Loan Party.

"Restricted Junior Payment" means (i) any dividend or other distribution, direct or indirect, on account of any shares of any class of stock of Holdings now or hereafter outstanding; (ii) any redemption, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any shares of any class of stock of Holdings now or hereafter outstanding; and (iii) any payment made to retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire shares of any class of stock of Holdings now or hereafter outstanding; provided, in each case, that in no event shall Restricted Junior Payment include (x) a dividend payable solely in shares of that class of stock to the holders of that class or (y) any payment made in respect of any convertible notes or other convertible securities which constituted Debt at the time of issuance thereof and were permitted to be issued or incurred pursuant to Section 7.04, to the extent such payment is made prior to or contemporaneously with the conversion thereof into Equity Interests including, without limitation, in connection with the purchase, redemption, retirement, defeasance, acquisition, cancellation, termination, exchange or conversion of any such securities.

"Revolving Credit Commitment" means, as to each Revolving Credit Lender, its obligation to (a) make Revolving Credit Loans to the Borrowers pursuant to Section 2.01, (b) purchase participations in L/C Obligations, and (c) purchase participations in Swing Line Loans, in an aggregate principal amount at any one time outstanding not to exceed the amount set forth opposite such Revolving Credit Lender's name on Schedule 2.01 or in the Assignment and Assumption pursuant to which such Revolving Credit Lender becomes a party hereto, as applicable, as such amount may be adjusted from time to time in accordance with this Agreement.

"Revolving Credit Facility" means, at any time, the aggregate amount of the Revolving Credit Lenders' Revolving Credit Commitments at such time.

"Revolving Credit Lender" means, at any time, any Lender that has a Revolving Credit Commitment at such time.

"Revolving Credit Loan" has the meaning specified in Section 2.01(c).

"Revolving Credit Note" means a promissory note made by the Borrowers in favor of a Revolving Credit Lender evidencing Revolving Credit Loans made by such Revolving Credit Lender, substantially in the form of Exhibit C-1.

"SEC" means the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions.

"Seller" means Hitachi, Ltd., a company incorporated under the laws of Japan.

"Single Employer Plan" means a single employer plan, as defined in Section 4001(a)(15) of ERISA (other than a Foreign Pension Plan), that (a) is maintained for employees of any Borrower or any ERISA Affiliate and no Person other than the Borrowers and the ERISA Affiliates or (b) was so maintained and in respect of which such Borrower or any ERISA Affiliate could have liability under Section 4069 of ERISA in the event such plan has been or were to be terminated.

"Solvent" means, with respect to any Person on a particular date, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including, without limitation, contingent liabilities, of such Person, (b) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay such debts and liabilities as they mature and (d) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person's property would constitute an unreasonably small capital. The amount of contingent liabilities at any time shall be computed as the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"Specified Acquisition Agreement Representations" means such of the representations made by the Target and/or the Seller with respect to the Target and/or its Subsidiaries in the Acquisition Agreement as are material to the interests of the Lenders.

"Specified Representations" means, collectively, (a) the representations and warranties set forth in Sections 5.01, 5.02(i), 5.02(ii), 5.04, 5.07 and 5.10(b)(ii) of this Agreement and (b) that the proceeds of the initial Credit Extension will be used in a manner consistent with Section 6.10.

"Stock Consideration" means the consideration for the Acquisition in the form of common equity of Holdings, which will be purchased from Holdings by the Cayman Borrower for cash in accordance with the Acquisition Agreement.

"Subsidiary" of a Person means a corporation, partnership, joint venture, limited liability company or other business entity of which a majority of the shares of securities or other interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise specified, all references herein to a "Subsidiary" or to "Subsidiaries" shall refer to a Subsidiary or Subsidiaries of Holdings.

"Subsidiary Guarantors" means each Subsidiary of Holdings that is a party to the Subsidiary Guaranty, whether on the Closing Date or as a result of compliance with Section 6.11; provided, however, that any Subsidiary that is not a Material Domestic Subsidiary shall not be required to be a Subsidiary Guarantor; provided, further, in the event that any Subsidiary Guarantor ceases to be a Material Domestic Subsidiary in or as a result of a transaction permitted hereby, upon the request of the Borrowers, such Subsidiary shall cease to be a Subsidiary Guarantor and the Administrative Agent may release such Person from the Subsidiary Guaranty pursuant to Section 9.10.

"Subsidiary Guaranty" means that certain Guaranty Agreement dated as of the date hereof entered into by the Subsidiary Guarantors in favor of the Administrative Agent and the Lenders substantially in the form of Exhibit F, along with any counterpart, joinder or supplement thereto delivered pursuant to Section 6.11.

"Swing Line Borrowing" means a borrowing of a Swing Line Loan pursuant to Section 2.04.

"Swing Line Lender" means Bank of America in its capacity as provider of Swing Line Loans, or any successor swing line lender hereunder.

"Swing Line Loan" has the meaning specified in Section 2.04(a).

"Swing Line Loan Notice" means a notice of a Swing Line Borrowing pursuant to Section 2.04(b), which, if in writing, shall be substantially in the form of Exhibit B.

"Swing Line Sublimit" means an amount equal to the lesser of (a) $20,000,000 and (b) the Aggregate Revolving Credit Commitments. The Swing Line Sublimit is part of, and not in addition to, the Aggregate Revolving Credit Commitments.

"Synthetic Lease Obligation" means the monetary obligation of a Person under (a) a so-called synthetic, off-balance sheet or tax retention lease, or (b) an agreement for the use or possession of property creating obligations that do not appear on the balance sheet of such Person but which, upon the insolvency or bankruptcy of such Person, would be characterized as the indebtedness of such Person (without regard to accounting treatment).

"Target" means Viviti Technologies Ltd., a company organized under the laws of the Republic of Singapore.

"Taxes" means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"Term A-1 Borrowing" means a borrowing consisting of simultaneous Term A-1 Loans of the same Type and, in the case of Eurodollar Rate Loans, having the same Interest Period made by each of the Term A-1 Lenders pursuant to Section 2.01(a).

"Term A-1 Commitment" means, as to each Term A-1 Lender, its obligation to make its Term A-1 Loan to the Cayman Borrower pursuant to Section 2.01(a) in an aggregate principal amount at any one time outstanding not to exceed the amount set forth opposite such Term A-1 Lender's name on Schedule 2.01 under the caption "Term A-1 Commitment" or opposite such caption in the Assignment and Assumption pursuant to which such Term A-1 Lender becomes a party hereto, as applicable, as such amount may be adjusted from time to time in accordance with this Agreement. The aggregate principal amount of the Term A-1 Commitments of all of the Term A-1 Lenders as in effect on the Closing Date is $2,300,000,000.

"Term A-1 Facility" means, at any time (a) on or prior to the Closing Date, the aggregate amount of the Term A-1 Commitments at such time and (b) thereafter, the aggregate principal amount of the Term A-1 Loans of all Term A-1 Lenders outstanding at such time

"Term A-1 Lender" means (a) at any time on or prior to the Closing Date, any Lender that has a Term A-1 Commitment and (b) at any time after the Closing Date any Lender that holds Term A-1 Loans at such time.

"Term A-1 Loan" means an advance made by any Term A-1 Lender under the Term A-1 Facility.

"Term A-1 Note" means a promissory note made by the Cayman Borrower in favor of a Term A-1 Lender evidencing the Term A-1 Loans made by such Term A-1 Lender, substantially in the form of Exhibit C-2.

"Term A-2 Borrowing" means a borrowing consisting of simultaneous Term A-2 Loans of the same Type and, in the case of Eurodollar Rate Loans, having the same Interest Period made by each of the Term A-2 Lenders pursuant to Section 2.01(b).

"Term A-2 Commitment" means, as to each Term A-2 Lender, its obligation to make its Term A-2 Loan to the US Borrower pursuant to Section 2.01(b) in an aggregate principal amount at any one time outstanding not to exceed the amount set forth opposite such Term A-2 Lender's name on Schedule 2.01 under the caption "Term A-2 Commitment" or opposite such caption in the Assignment and Assumption pursuant to which such Term A-2 Lender becomes a party hereto, as applicable, as such amount may be adjusted from time to time in accordance with this Agreement. The aggregate principal amount of the Term A-2 Commitments of all of the Term A-2 Lenders as in effect on the Closing Date is $0.

"Term A-2 Facility" means, at any time (a) on or prior to the Closing Date, the aggregate amount of the Term A-2 Commitments at such time and (b) thereafter, the aggregate principal amount of the Term A-2 Loans of all Term A-2 Lenders outstanding at such time.

"Term A-2 Lender" means (a) at any time on or prior to the Closing Date, any Lender that has a Term A-2 Commitment and (b) at any time after the Closing Date any Lender that holds Term A-2 Loans at such time.

"Term A-2 Loan" means an advance made by any Term A-2 Lender under the Term A-2 Facility.

"Term A-2 Note" means a promissory note made by the US Borrower in favor of a Term A-2 Lender evidencing the Term A-2 Loans made by such Term A-2 Lender, substantially in the form of Exhibit C-2.

"Term Borrowing" means a Term A-1 Borrowing or a Term A-2 Borrowing, as the context may require.

"Term Commitment" means a Term A-1 Commitment or a Term A-2 Commitment, as the context may require.

"Term Lender" means a Term A-1 Lender or a Term A-2 Lender, as the context may require.

"Term Loan" means a Term A-1 Loan or a Term A-2 Loan, as the context may require.

"Term Loan Facility" means the Term A-1 Loan Facility or a Term A-2 Loan Facility, as the context may require.

"Term Note" means a Term A-1 Note or a Term A-2 Note, as the context may require.

"Total Outstandings" means the aggregate Outstanding Amount of all Loans and all L/C Obligations.

"Total Revolving Credit Outstandings" means the aggregate Outstanding Amount of all Revolving Credit Loans, Swing Line Loans and all L/C Obligations.

"Transactions" means, individually or collectively, the Acquisition (including the payment of all amounts, including the Stock Consideration and the Cash on Hand Consideration), the Refinancing, the entering into and funding of the Facilities and all related transactions.

"Type" means, with respect to a Loan, its character as a Base Rate Loan or a Eurodollar Rate Loan.

"United States" and "U.S." mean the United States of America.

"Unreimbursed Amount" has the meaning specified in Section 2.03(c)(i).

"US Borrower" has the meaning specified in the introductory paragraph hereto.

"Voting Stock" means, with respect to any Person, the Equity Interests of such Person the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even if the right so to vote has been suspended by the happening of such a contingency.

1.02 Other Interpretive Provisions. With reference to this Agreement and each other Loan Document, unless otherwise specified herein or in such other Loan Document:

(a) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The word "will" shall be construed to have the same meaning and effect as the word "shall." Unless the context requires otherwise, (i) any definition of or reference to any agreement, instrument or other document (including any Organization Document) shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or in any other Loan Document), (ii) any reference herein to any Person shall be construed to include such Person's successors and assigns, (iii) the words "hereto," "herein," "hereof" and "hereunder," and words of similar import when used in any Loan Document, shall be construed to refer to such Loan Document in its entirety and not to any particular provision thereof, (iv) all references in a Loan Document to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, the Loan Document in which such references appear, (v) any reference to any law shall include all statutory and regulatory provisions consolidating, amending, replacing or interpreting such law and any reference to any law or regulation shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time, and (vi) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

(b) In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including;" the words "to" and "until" each mean "to but excluding;" and the word "through" means "to and including."

(c) Section headings herein and in the other Loan Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Loan Document.

1.03 Accounting Terms. (a) Generally. All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP applied on a consistent basis, as in effect from time to time, applied in a manner consistent with that used in preparing the Audited Financial Statements, except as otherwise specifically prescribed herein. Notwithstanding the foregoing, for purposes of determining compliance with any covenant (including the computation of any financial covenant) contained herein, Debt of Holdings and its Subsidiaries shall be deemed to be carried at 100% of the outstanding principal amount thereof, and the effects of FASB ASC 825 on financial liabilities shall be disregarded.

(b) Changes in GAAP. If at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in any Loan Document, and either the Borrowers or the Required Lenders shall so request, the Administrative Agent, the Lenders and the Borrowers shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Required Lenders); provided that, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) the Borrowers shall provide to the Administrative Agent and the Lenders financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP.

1.04 Rounding. Any financial ratios required to be maintained pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

1.05 Times of Day. Unless otherwise specified, all references herein to times of day shall be references to Eastern time (daylight or standard, as applicable).

1.06 Letter of Credit Amounts. Unless otherwise specified herein, the amount of a Letter of Credit at any time shall be deemed to be the stated amount of such Letter of Credit in effect at such time; provided that with respect to any Letter of Credit that, by its terms or the terms of any Issuer Document related thereto, provides for one or more automatic increases in the stated amount thereof, the amount of such Letter of Credit shall be deemed to be the maximum stated amount of such Letter of Credit after giving effect to all such increases, whether or not such maximum stated amount is in effect at such time.

ARTICLE II.
THE COMMITMENTS AND CREDIT EXTENSIONS

2.01 The Loans.

(a) The Term A-1 Loans. Subject to the terms and conditions set forth herein, each Term A-1 Lender severally agrees to make a single loan to the Cayman Borrower in Dollars on the Closing Date in an amount not to exceed such Lender's Term A-1 Commitment. The Term A-1 Borrowing shall consist of Term A-1 Loans made simultaneously by the Term A-1 Lenders in accordance with their respective Term A-1 Commitments. Amounts borrowed under this Section 2.01(a) and repaid or prepaid may not be reborrowed. Term A-1 Loans may be Base Rate Loans or Eurodollar Rate Loans, as further provided herein. In no event shall the US Borrower be obligated or otherwise liable for any Term A-1 Loans except in its capacity as a Guarantor.

(b) The Term A-2 Loans. Subject to the terms and conditions set forth herein, each Term A-2 Lender severally agrees to make a single loan to the US Borrower in Dollars on the Closing Date in an amount not to exceed such Lender's Term A-2 Commitment. The Term A-2 Borrowing shall consist of Term A-2 Loans made simultaneously by the Term A-2 Lenders in accordance with their respective Term A-2 Commitments. Amounts borrowed under this Section 2.01(b) and repaid or prepaid may not be reborrowed. Term A-2 Loans may be Base Rate Loans or Eurodollar Rate Loans, as further provided herein. In no event shall the Cayman Borrower be obligated or otherwise liable for any Term A-2 Loans.

(c) The Revolving Credit Loans. Subject to the terms and conditions set forth herein, each Lender severally agrees to make loans (each such loan, a "Revolving Credit Loan") to the applicable Borrower requesting a Revolving Credit Loan in accordance herewith from time to time, on any Business Day during the Availability Period, in an aggregate amount not to exceed at any time outstanding the amount of such Revolving Credit Lender's Commitment; provided that after giving effect to any Revolving Credit Borrowing, (i) the Total Revolving Credit Outstandings shall not exceed the Aggregate Revolving Credit Commitments, and (ii) the aggregate Outstanding Amount of the Revolving Credit Loans of any Lender, plus such Lender's Applicable Percentage of the Outstanding Amount of all L/C Obligations, plus such Lender's Applicable Percentage of the Outstanding Amount of all Swing Line Loans shall not exceed such Lender's Revolving Credit Commitment. Within the limits of each Lender's Revolving Credit Commitment, and subject to the other terms and conditions hereof, each Borrower may borrow under this Section 2.01, prepay under Section 2.05, and reborrow under this Section 2.01(c). Revolving Credit Loans may be Base Rate Loans or Eurodollar Rate Loans, as further provided herein.

(d) Notwithstanding anything to the contrary in Sections 2.01(a), (b) and (c), the initial Credit Extensions on the Closing Date shall be Base Rate Loans except to the extent that the applicable Borrower, at least three Business Days prior to the Closing Date, shall have entered into an indemnity agreement covering the matters in Section 3.05, in form and substance reasonably satisfactory to the Administrative Agent, and provided a Loan Notice to the Administrative Agent.

(e) Notwithstanding anything herein or in any other Loan Document to the contrary, in no event will the Cayman Borrower be obligated or otherwise liable for any Term A-2 Loans, Revolving Loans or other Obligations of any nature of the US Borrower or any other Loan Party's guaranty of any such Obligations of the US Borrower or under any other Loan Document.

2.02 Borrowings, Conversions and Continuations of Loans.

(a) Each Borrowing, each conversion of Term Loans or Revolving Credit Loans from one Type to the other, and each continuation of Eurodollar Rate Loans shall be made upon the applicable Borrower's irrevocable notice to the Administrative Agent, which may be given by telephone. Each such notice must be received by the Administrative Agent not later than 1:00 p.m. (i) three Business Days prior to the requested date of any Borrowing of, conversion to or continuation of Eurodollar Rate Loans or of any conversion of Eurodollar Rate Loans to Base Rate Loans, and (ii) on the requested date of any Borrowing of Base Rate Loans. Each telephonic notice by the applicable Borrower pursuant to this Section 2.02(a) must be confirmed promptly by delivery to the Administrative Agent of a written Loan Notice, appropriately completed and signed by a Responsible Officer of such Borrower. Each Borrowing of, conversion to or continuation of Eurodollar Rate Loans shall be in a principal amount of $5,000,000 or a whole multiple of $1,000,000 in excess thereof. Except as provided in Sections 2.03(c) and 2.04(c), each Borrowing of or conversion to Base Rate Loans shall be in a principal amount of $500,000 or a whole multiple of $100,000 in excess thereof. Each Loan Notice (whether telephonic or written) shall specify (i) whether such Borrower is requesting a Borrowing, a conversion of Term Loans or Revolving Credit Loans from one Type to the other, or a continuation of Eurodollar Rate Loans, (ii) the requested date of the Borrowing, conversion or continuation, as the case may be (which shall be a Business Day), (iii) to the extent applicable, the principal amount of Revolving Credit Loans to be borrowed, converted or continued, (iv) the Type of Loans to be borrowed or to which existing Term Loans or Revolving Credit Loans are to be converted or continued, and (v) if applicable, the duration of the Interest Period with respect thereto. If a Borrower fails to specify a Type of Loan in a Loan Notice or if a Borrower fails to give a timely notice requesting a conversion or continuation, then the applicable Loans shall be made as, or converted to, Base Rate Loans. Any such automatic conversion to Base Rate Loans shall be effective as of the last day of the Interest Period then in effect with respect to the applicable Eurodollar Rate Loans. If a Borrower requests a Borrowing of, conversion to, or continuation of Eurodollar Rate Loans in any such Loan Notice, but fails to specify an Interest Period, it will be deemed to have specified an Interest Period of one month. Notwithstanding anything to the contrary herein, a Swing Line Loan may not be converted to a Eurodollar Rate Loan.

(b) Following receipt of a Loan Notice, the Administrative Agent shall promptly notify each Lender in writing under the applicable Facility of the amount of its Applicable Percentage of the applicable Term Loans or Revolving Credit Loans, and if no timely notice of a conversion or continuation is provided by the applicable Borrower, the Administrative Agent shall notify each Lender of the details of any automatic conversion to Base Rate Loans described in the preceding subsection. In the case of a Term Borrowing or a Revolving Credit Borrowing, each applicable Lender shall make the amount of its Loan available to the Administrative Agent in immediately available funds at the Administrative Agent's Office not later than 3:00 p.m. on the Business Day specified in the applicable Loan Notice. Each Lender may, at its option, make any Loan available to the Cayman Borrower by causing any foreign or domestic branch or Affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of the Cayman Borrower to repay such Loan in accordance with the terms of this Agreement. Upon satisfaction of the applicable conditions set forth in Section 4.02 (and, if such Borrowing is the initial Credit Extension, Section 4.01), the Administrative Agent shall make all funds so received available to the applicable Borrower in like funds as received by the Administrative Agent either by (i) crediting the account of such Borrower on the books of Bank of America with the amount of such funds or (ii) wire transfer of such funds, in each case in accordance with instructions provided to (and reasonably acceptable to) the Administrative Agent by such Borrower; provided that if, on the date the Loan Notice with respect to such Borrowing is given by such Borrower, there are L/C Borrowings outstanding, then the proceeds of such Borrowing, first, shall be applied to the payment in full of any such L/C Borrowings, and second, shall be made available to such Borrower as provided above.

(c) Except as otherwise provided herein, a Eurodollar Rate Loan may be continued or converted only on the last day of an Interest Period for such Eurodollar Rate Loan. During the existence of an Event of Default, no Loans may be requested as, converted to or continued as Eurodollar Rate Loans if the Administrative Agent has, or the Required Lenders in respect of such Facility have, determined in its or their sole discretion not to permit such request, conversion or continuation.

(d) The Administrative Agent shall promptly notify the Borrowers and the Lenders of the interest rate applicable to any Interest Period for Eurodollar Rate Loans upon determination of such interest rate. At any time that Base Rate Loans are outstanding, the Administrative Agent shall notify the Borrowers and the Lenders of any change in Bank of America's prime rate used in determining the Base Rate promptly following the public announcement of such change.

(e) After giving effect to all Borrowings, all conversions of Loans from one Type to the other, and all continuations of Loans as the same Type, there shall not be more than (i) ten Interest Periods in effect with respect to Revolving Credit Loan, (ii) ten Interest Periods in effect with respect to Term A-1 Loans or (iii) ten Interest Periods in effect with respect to Term A-2 Loans.

2.03 Letters of Credit.

(a) The Letter of Credit Commitment.

(i) Subject to the terms and conditions set forth herein, (A) the L/C Issuer agrees, in reliance upon the agreements of the Revolving Credit Lenders set forth in this Section 2.03, (1) from time to time on any Business Day during the period from the Closing Date until the Letter of Credit Expiration Date, to issue Letters of Credit for the account of any Borrower or its Subsidiaries, and to amend or extend Letters of Credit previously issued by it, in accordance with subsection (b) below, and (2) to honor drawings under the Letters of Credit; and (B) the Revolving Credit Lenders severally agree to participate in Letters of Credit issued for the account of any Borrower or its Subsidiaries and any drawings thereunder; provided that after giving effect to any L/C Credit Extension with respect to any Letter of Credit, (x) the Total Revolving Credit Outstandings shall not exceed the Aggregate Revolving Credit Commitments, (y) the aggregate Outstanding Amount of the Revolving Credit Loans of any Revolving Credit Lender, plus such Lender's Applicable Percentage of the Outstanding Amount of all L/C Obligations, plus such Lender's Applicable Percentage of the Outstanding Amount of all Swing Line Loans shall not exceed such Lender's Revolving Credit Commitment, and (z) the Outstanding Amount of the L/C Obligations shall not exceed the Letter of Credit Sublimit. Each request by a Borrower for the issuance or amendment of a Letter of Credit shall be deemed to be a representation by such Borrower that the L/C Credit Extension so requested complies with the conditions set forth in the proviso to the preceding sentence. Within the foregoing limits, and subject to the terms and conditions hereof, each Borrower's ability to obtain Letters of Credit shall be fully revolving, and accordingly any Borrower may, during the foregoing period, obtain Letters of Credit to replace Letters of Credit that have expired or that have been drawn upon and reimbursed. In no event shall the US Borrower be obligated or otherwise liable for any Letter of Credit issued for the account of the Cayman Borrower except in its capacity as a Guarantor. In no event shall the Cayman Borrower be obligated or otherwise liable for any Letter Credit issued for the account of the US Borrower.

(ii) The L/C Issuer shall not issue any Letter of Credit, if:

(A) subject to Section 2.03(b)(iii), the expiry date of the requested Letter of Credit would occur more than twelve months after the date of issuance or last extension, unless the Required Revolving Credit Lenders have approved such expiry date; or

(B) the expiry date of the requested Letter of Credit would occur after the Letter of Credit Expiration Date, unless all the Revolving Credit Lenders have approved such expiry date.

(iii) The L/C Issuer shall not be under any obligation to issue any Letter of Credit if:

(A) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain the L/C Issuer from issuing the Letter of Credit, or any Law applicable to the L/C Issuer or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over the L/C Issuer shall prohibit, or request that the L/C Issuer refrain from, the issuance of letters of credit generally or the Letter of Credit in particular or shall impose upon the L/C Issuer with respect to the Letter of Credit any restriction, reserve or capital requirement (for which the L/C Issuer is not otherwise compensated hereunder) not in effect on the Closing Date, or shall impose upon the L/C Issuer any unreimbursed loss, cost or expense which was not applicable on the Closing Date and which the L/C Issuer in good faith deems material to it;

(B) the issuance of the Letter of Credit would violate one or more policies of the L/C Issuer applicable to letters of credit generally;

(C) except as otherwise agreed by the Administrative Agent and the L/C Issuer, the Letter of Credit is in an initial stated amount less than $100,000;

(D) the Letter of Credit is to be denominated in a currency other than Dollars;

(E) any Lender is at that time a Defaulting Lender, unless the L/C Issuer has entered into arrangements, including the delivery of Cash Collateral, reasonably satisfactory to the L/C Issuer (in its sole discretion) with the Borrowers or such Lender to eliminate the L/C Issuer's actual or potential Fronting Exposure (after giving effect to Section 2.16(a)(iv)) with respect to the Defaulting Lender arising from either the Letter of Credit then proposed to be issued or that Letter of Credit and all other L/C Obligations as to which the L/C Issuer has actual or potential Fronting Exposure, as it may elect in its sole discretion; or

(F) the Letter of Credit contains any provisions for automatic reinstatement of the stated amount after any drawing thereunder.

(iv) The L/C Issuer shall not amend any Letter of Credit if the L/C Issuer would not be permitted at such time to issue the Letter of Credit in its amended form under the terms hereof.

(v) The L/C Issuer shall be under no obligation to amend any Letter of Credit if (A) the L/C Issuer would have no obligation at such time to issue the Letter of Credit in its amended form under the terms hereof, or (B) the beneficiary of the Letter of Credit does not accept the proposed amendment to the Letter of Credit.

(vi) The L/C Issuer shall act on behalf of the Revolving Credit Lenders with respect to any Letters of Credit issued by it and the documents associated therewith, and the L/C Issuer shall have all of the benefits and immunities (A) provided to the Administrative Agent in Article IX with respect to any acts taken or omissions suffered by the L/C Issuer in connection with Letters of Credit issued by it or proposed to be issued by it and Issuer Documents pertaining to such Letters of Credit as fully as if the term "Administrative Agent" as used in Article IX included the L/C Issuer with respect to such acts or omissions, and (B) as additionally provided herein with respect to the L/C Issuer.

(b) Procedures for Issuance and Amendment of Letters of Credit; Auto-Extension Letters of Credit.

(i) Each Letter of Credit shall be issued or amended, as the case may be, upon the request of a Borrower delivered to the L/C Issuer (with a copy to the Administrative Agent) in the form of a Letter of Credit Application, appropriately completed and signed by a Responsible Officer of such Borrower. Such Letter of Credit Application must be received by the L/C Issuer and the Administrative Agent not later than 1:00 p.m. at least two Business Days (or such later date and time as the Administrative Agent and the L/C Issuer may agree in a particular instance in their sole discretion) prior to the proposed issuance date or date of amendment, as the case may be. In the case of a request for an initial issuance of a Letter of Credit, such Letter of Credit Application shall specify in form and detail reasonably satisfactory to the L/C Issuer: (A) the proposed issuance date of the requested Letter of Credit (which shall be a Business Day) and the Borrower for whose account the Letter of Credit will be issued; (B) the amount thereof; (C) the expiry date thereof; (D) the name and address of the beneficiary thereof; (E) the documents to be presented by such beneficiary in case of any drawing thereunder; (F) the full text of any certificate to be presented by such beneficiary in case of any drawing thereunder; (G) the purpose and nature of the requested Letter of Credit; and (H) such other matters as the L/C Issuer may reasonably require. In the case of a request for an amendment of any outstanding Letter of Credit, such Letter of Credit Application shall specify in form and detail reasonably satisfactory to the L/C Issuer (A) the Letter of Credit to be amended; (B) the proposed date of amendment thereof (which shall be a Business Day); (C) the nature of the proposed amendment; and (D) such other matters as the L/C Issuer may reasonably require. Additionally, the Borrower requesting such Letter of Credit or amendment shall furnish to the L/C Issuer and the Administrative Agent such other documents and information pertaining to such requested Letter of Credit issuance or amendment, including any Issuer Documents, as the L/C Issuer or the Administrative Agent may reasonably require.

(ii) Promptly after receipt of any Letter of Credit Application, the L/C Issuer will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has received a copy of such Letter of Credit Application from such Borrower and, if not, the L/C Issuer will provide the Administrative Agent with a copy thereof. Unless the L/C Issuer has received written notice from any Lender, the Administrative Agent or any Loan Party, at least one Business Day prior to the requested date of issuance or amendment of the applicable Letter of Credit, that one or more applicable conditions contained in Article IV shall not then be satisfied, then, subject to the terms and conditions hereof, the L/C Issuer shall, on the requested date, issue a Letter of Credit for the account of such Borrower (or the applicable Subsidiary) or enter into the applicable amendment, as the case may be, in each case in accordance with the L/C Issuer's usual and customary business practices. Immediately upon the issuance of each Letter of Credit, each Revolving Credit Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the L/C Issuer a risk participation in such Letter of Credit in an amount equal to the product of such Revolving Credit Lender's Applicable Percentage times the amount of such Letter of Credit.

(iii) (A) If any Borrower so requests in any applicable Letter of Credit Application, the L/C Issuer may, in its sole discretion, agree to issue a Letter of Credit that has automatic extension provisions (each, an "Auto-Extension Letter of Credit"); provided that any such Auto-Extension Letter of Credit must permit the L/C Issuer to prevent any such extension at least once in each twelve-month period (commencing with the date of issuance of such Letter of Credit) by giving prior notice to the beneficiary thereof not later than a day (the "Non-Extension Notice Date") in each such twelve-month period to be agreed upon at the time such Letter of Credit is issued. Unless otherwise directed by the L/C Issuer, such Borrower shall not be required to make a specific request to the L/C Issuer for any such extension. Once an Auto-Extension Letter of Credit has been issued, the Revolving Credit Lenders shall be deemed to have authorized (but may not require) the L/C Issuer to permit the extension of such Letter of Credit at any time to an expiry date not later than the Letter of Credit Expiration Date; provided, however, that the L/C Issuer shall not permit any such extension if (A) the L/C Issuer has determined that it would not be permitted, or would have no obligation, at such time to issue such Letter of Credit in its revised form (as extended) under the terms hereof (by reason of the provisions of clause (ii) or (iii) of Section 2.03(a) or otherwise), or (B) it has received notice (which may be by telephone or in writing) on or before the day that is seven Business Days before the Non-Extension Notice Date (1) from the Administrative Agent that the Required Revolving Credit Lenders have elected not to permit such extension or (2) from the Administrative Agent, any Revolving Credit Lender or the applicable Borrower that one or more of the applicable conditions specified in Section 4.02 is not then satisfied, and in each such case directing the L/C Issuer not to permit such extension.

(iv) Promptly after its delivery of any Letter of Credit or any amendment to a Letter of Credit to an advising bank with respect thereto or to the beneficiary thereof, the L/C Issuer will also deliver to the applicable Borrower and the Administrative Agent a true and complete copy of such Letter of Credit or amendment.

(c) Drawings and Reimbursements; Funding of Participations.

(i) Upon receipt from the beneficiary of any Letter of Credit of any notice of a drawing under such Letter of Credit, the L/C Issuer shall notify the applicable Borrower and the Administrative Agent thereof. Not later than 2:00 p.m. on the date of any payment by the L/C Issuer under a Letter of Credit, if such Borrower has been so notified at or before 1:00 p.m. on such date, otherwise not later than 2:00 p.m. on the next Business Day (each such date, an "Honor Date"), the applicable Borrower that requested such Letter of Credit shall reimburse the L/C Issuer through the Administrative Agent in an amount equal to the amount of such drawing. If such Borrower fails to so reimburse the L/C Issuer by such time, the Administrative Agent shall promptly notify each Revolving Credit Lender of the Honor Date, the amount of the unreimbursed drawing (the "Unreimbursed Amount"), and the amount of such Lender's Applicable Percentage thereof. In such event, the applicable Borrower that requested such Letter of Credit shall be deemed to have requested a Revolving Credit Borrowing of Base Rate Loans to be disbursed on the Honor Date in an amount equal to the Unreimbursed Amount, without regard to the minimum and multiples specified in Section 2.02 for the principal amount of Base Rate Loans, but subject to the amount of the unutilized portion of the Aggregate Revolving Credit Commitments and the conditions set forth in Section 4.02 (other than the delivery of a Loan Notice). Any notice given by the L/C Issuer or the Administrative Agent pursuant to this Section 2.03(c)(i) may be given by telephone if immediately confirmed in writing; provided that the lack of such an immediate confirmation shall not affect the conclusiveness or binding effect of such notice.

(ii) Each Revolving Credit Lender shall upon any notice pursuant to Section 2.03(c)(i) make funds available (and the Administrative Agent may apply Cash Collateral provided for this purpose) for the account of the L/C Issuer at the Administrative Agent's Office in an amount equal to its Applicable Percentage of the Unreimbursed Amount not later than 3:00 p.m. on the Business Day specified in such notice by the Administrative Agent, whereupon, subject to the provisions of Section 2.03(c)(iii), each Revolving Credit Lender that so makes funds available shall be deemed to have made a Base Rate Loan to the applicable Borrower that requested such Letter of Credit in such amount. The Administrative Agent shall remit the funds so received to the L/C Issuer.

(iii) With respect to any Unreimbursed Amount that is not fully refinanced by a Revolving Credit Borrowing of Base Rate Loans because the conditions set forth in Section 4.02 cannot be satisfied or for any other reason, the applicable Borrower that requested such Letter of Credit shall be deemed to have incurred from the L/C Issuer an L/C Borrowing in the amount of the Unreimbursed Amount that is not so refinanced, which L/C Borrowing shall be due and payable on demand (together with interest) and shall bear interest at the Default Rate. In such event, each Revolving Credit Lender's payment to the Administrative Agent for the account of the L/C Issuer pursuant to Section 2.03(c)(ii) shall be deemed payment in respect of its participation in such L/C Borrowing and shall constitute an L/C Advance from such Lender in satisfaction of its participation obligation under this Section 2.03.

(iv) Until each Revolving Credit Lender funds its Revolving Credit Loan or L/C Advance pursuant to this Section 2.03(c) to reimburse the L/C Issuer for any amount drawn under any Letter of Credit, interest in respect of such Lender's Applicable Percentage of such amount shall be solely for the account of the L/C Issuer.

(v) Each Revolving Credit Lender's obligation to make Revolving Credit Loans or L/C Advances to reimburse the L/C Issuer for amounts drawn under Letters of Credit, as contemplated by this Section 2.03(c), shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any setoff, counterclaim, recoupment, defense or other right which such Lender may have against the L/C Issuer, the Borrowers or any other Person for any reason whatsoever; (B) the occurrence or continuance of a Default, or (C) any other occurrence, event or condition, whether or not similar to any of the foregoing; provided that each Revolving Credit Lender's obligation to make Revolving Credit Loans pursuant to this Section 2.03(c) is subject to the conditions set forth in Section 4.02 (other than delivery by a Borrower of a Loan Notice). No such making of an L/C Advance shall relieve or otherwise impair the obligation of the applicable Borrower to reimburse the L/C Issuer for the amount of any payment made by the L/C Issuer under any Letter of Credit, together with interest as provided herein.

(vi) If any Revolving Credit Lender fails to make available to the Administrative Agent for the account of the L/C Issuer any amount required to be paid by such Lender pursuant to the foregoing provisions of this Section 2.03(c) by the time specified in Section 2.03(c)(ii), then, without limiting the other provisions of this Agreement, the L/C Issuer shall be entitled to recover from such Lender (acting through the Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to the L/C Issuer at a rate per annum equal to the greater of the Federal Funds Rate and a rate determined by the L/C Issuer in accordance with banking industry rules on interbank compensation, plus any administrative, processing or similar fees customarily charged by the L/C Issuer in connection with the foregoing. If such Lender pays such amount (with interest and fees as aforesaid), the amount so paid shall constitute such Lender's Revolving Credit Loan included in the relevant Revolving Credit Borrowing or L/C Advance in respect of the relevant L/C Borrowing, as the case may be. A certificate of the L/C Issuer submitted to any Revolving Credit Lender (through the Administrative Agent) with respect to any amounts owing under this clause (vi) shall be conclusive absent manifest error.

(d) Repayment of Participations.

(i) At any time after the L/C Issuer has made a payment under any Letter of Credit and has received from any Revolving Credit Lender such Lender's L/C Advance in respect of such payment in accordance with Section 2.03(c), if the Administrative Agent receives for the account of the L/C Issuer any payment in respect of the related Unreimbursed Amount or interest thereon (whether directly from the Borrower obligated with respect to such Unreimbursed Amount or otherwise, including proceeds of Cash Collateral applied thereto by the Administrative Agent), the Administrative Agent will distribute to such Lender its Applicable Percentage thereof in the same funds as those received by the Administrative Agent.

(ii) If any payment received by the Administrative Agent for the account of the L/C Issuer pursuant to Section 2.03(c)(i) is required to be returned under any of the circumstances described in Section 11.05 (including pursuant to any settlement entered into by the L/C Issuer in its discretion), each Revolving Credit Lender shall pay to the Administrative Agent for the account of the L/C Issuer its Applicable Percentage thereof on demand of the Administrative Agent, plus interest thereon from the date of such demand to the date such amount is returned by such Lender, at a rate per annum equal to the Federal Funds Rate from time to time in effect. The obligations of the Revolving Credit Lenders under this clause shall survive the payment in full of the Obligations and the termination of this Agreement.

(e) Obligations Absolute. The obligation of the applicable Borrower to reimburse the L/C Issuer for each drawing under each Letter of Credit requested by such Borrower and to repay each L/C Borrowing relating thereto shall be absolute, unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including the following:

(i) any lack of validity or enforceability of such Letter of Credit, this Agreement, or any other Loan Document;

(ii) the existence of any claim, counterclaim, setoff, defense or other right that such Borrower or any Subsidiary may have at any time against any beneficiary or any transferee of such Letter of Credit (or any Person for whom any such beneficiary or any such transferee may be acting), the L/C Issuer or any other Person, whether in connection with this Agreement, the transactions contemplated hereby or by such Letter of Credit or any agreement or instrument relating thereto, or any unrelated transaction;

(iii) any draft, demand, certificate or other document presented under such Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; or any loss or delay in the transmission or otherwise of any document required in order to make a drawing under such Letter of Credit;

(iv) any payment by the L/C Issuer under such Letter of Credit against presentation of a draft or certificate that does not strictly comply with the terms of such Letter of Credit; or any payment made by the L/C Issuer under such Letter of Credit to any Person purporting to be a trustee in bankruptcy, debtor-in-possession, assignee for the benefit of creditors, liquidator, receiver or other representative of or successor to any beneficiary or any transferee of such Letter of Credit, including any arising in connection with any proceeding under any Debtor Relief Law; or

(v) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, including any other circumstance that might otherwise constitute a defense available to, or a discharge of, the Borrowers or any Subsidiary.

The applicable Borrower requesting any Letter of Credit shall promptly examine a copy of each Letter of Credit requested by such Borrower and each amendment thereto that is delivered to it and, in the event of any claim of noncompliance with such Borrower's instructions or other irregularity, such Borrower will immediately notify the L/C Issuer. The applicable Borrower requesting such Letter of Credit shall be conclusively deemed to have waived any such claim against the L/C Issuer and its correspondents unless such notice is given as aforesaid.

(f) Role of L/C Issuer. Each Lender and each Borrower agree that, in paying any drawing under a Letter of Credit, the L/C Issuer shall not have any responsibility to obtain any document (other than any sight draft, certificates and documents expressly required by the Letter of Credit) or to ascertain or inquire as to the validity or accuracy of any such document or the authority of the Person executing or delivering any such document. None of the L/C Issuer, the Administrative Agent, any of their respective Related Parties nor any correspondent, participant or assignee of the L/C Issuer shall be liable to any Lender for (i) any action taken or omitted in connection herewith at the request or with the approval of the Revolving Credit Lenders or the Required Revolving Credit Lenders, as applicable; (ii) any action taken or omitted in the absence of gross negligence or willful misconduct; or (iii) the due execution, effectiveness, validity or enforceability of any document or instrument related to any Letter of Credit or Issuer Document. Each Borrower hereby assumes all risks of the acts or omissions of any beneficiary or transferee with respect to its use of any Letter of Credit; provided that this assumption is not intended to, and shall not, preclude the Borrowers' pursuing such rights and remedies as they may have against the beneficiary or transferee at law or under any other agreement. None of the L/C Issuer, the Administrative Agent, any of their respective Related Parties nor any correspondent, participant or assignee of the L/C Issuer shall be liable or responsible for any of the matters described in clauses (i) through (v) of Section 2.03(e); provided that anything in such clauses to

the contrary notwithstanding, a Borrower may have a claim against the L/C Issuer, and the L/C Issuer may be liable to such Borrower, to the extent, but only to the extent, of any direct, as opposed to consequential or exemplary, damages suffered by such Borrower which such Borrower proves were caused by the L/C Issuer's willful misconduct or gross negligence or the L/C Issuer's willful failure to pay under any Letter of Credit after the presentation to it by the beneficiary of a sight draft and certificate(s) strictly complying with the terms and conditions of a Letter of Credit. In furtherance and not in limitation of the foregoing, the L/C Issuer may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary, and the L/C Issuer shall not be responsible for the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign a Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason.

(g) Applicability of ISP. Unless otherwise expressly agreed by the L/C Issuer and the applicable Borrower requesting a Letter of Credit when a Letter of Credit is issued, the rules of the ISP shall apply to each Letter of Credit.

(h) Letter of Credit Fees. The Borrower requesting a Letter of Credit shall pay to the Administrative Agent for the account of each Revolving Credit Lender in accordance with its Applicable Percentage a Letter of Credit fee (the "Letter of Credit Fee") for each Letter of Credit requested by such Borrower equal to the Applicable Rate times the daily amount available to be drawn under such Letter of Credit; provided that any Letter of Credit Fees otherwise payable for the account of a Defaulting Lender with respect to any Letter of Credit as to which such Defaulting Lender has not provided Cash Collateral reasonably satisfactory to the L/C Issuer pursuant to this Section 2.03 shall be payable, to the maximum extent permitted by applicable Law, to the other Lenders in accordance with the upward adjustments in their respective Applicable Percentages allocable to such Letter of Credit pursuant to Section 2.16(a)(iv), with the balance of such fee, if any, payable to the L/C Issuer for its own account. For purposes of computing the daily amount available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with Section 1.06. Letter of Credit Fees shall be (i) due and payable on the first Business Day after the end of each March, June, September and December, commencing with the first such date to occur after the issuance of such Letter of Credit, on the Letter of Credit Expiration Date and thereafter on demand and (ii) computed on a quarterly basis in arrears. If there is any change in the Applicable Rate during any quarter, the daily amount available to be drawn under each Letter of Credit shall be computed and multiplied by the Applicable Rate separately for each period during such quarter that such Applicable Rate was in effect.

(i) Fronting Fee and Processing Charges Payable to L/C Issuer. The applicable Borrower shall pay directly to the L/C Issuer for its own account a fronting fee with respect to each Letter of Credit requested by such Borrower, at the rate per annum specified in the Fee Letter, computed on the daily amount available to be drawn under such Letter of Credit on a quarterly basis in arrears. Such fronting fee shall be due and payable on the tenth Business Day after the end of each March, June, September and December in respect of the most recently-ended quarterly period (or portion thereof, in the case of the first payment), commencing with the first such date to occur after the issuance of such Letter of Credit, on the Letter of Credit Expiration Date and thereafter on demand. For purposes of computing the daily amount available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with Section 1.06. In addition, the applicable Borrower shall pay directly to the L/C Issuer for its own account the customary issuance, presentation, amendment and other processing fees, and other standard costs and charges, of the L/C Issuer relating to letters of credit as from time to time in effect with respect to the Letter of Credit requested by such Borrower. Such customary fees and standard costs and charges are due and payable promptly on demand and are nonrefundable.

(j) Conflict with Issuer Documents. In the event of any conflict between the terms hereof and the terms of any Issuer Document, the terms hereof shall control.

(k) Letters of Credit Issued for Subsidiaries. Notwithstanding that a Letter of Credit issued or outstanding hereunder is in support of any obligations of, or is for the account of, a Subsidiary, the applicable Borrower shall be obligated to reimburse the L/C Issuer hereunder for any and all drawings under such Letter of Credit. Each Borrower hereby acknowledges that the issuance of Letters of Credit at such Borrower's request for the account of its Subsidiaries inures to the benefit of such Borrower, and that such Borrower's business derives substantial benefits from the businesses of such Subsidiaries.

2.04 Swing Line Loans.

(a) The Swing Line. Subject to the terms and conditions set forth herein, the Swing Line Lender, in reliance upon the agreements of the other Lenders set forth in this Section 2.04, may in its sole discretion make loans (each such loan, a "Swing Line Loan") to any Borrower from time to time on any Business Day during the Availability Period in an aggregate amount not to exceed at any time outstanding the amount of the Swing Line Sublimit, notwithstanding the fact that such Swing Line Loans, when aggregated with the Applicable Percentage of the Outstanding Amount of Revolving Credit Loans and L/C Obligations of the Lender acting as Swing Line Lender, may exceed the amount of such Lender's Revolving Credit Commitment; provided that after giving effect to any Swing Line Loan, (i) the Total Revolving Credit Outstandings shall not exceed the Aggregate Revolving Credit Commitments, and (ii) the aggregate Outstanding Amount of the Revolving Credit Loans of any Revolving Credit Lender, plus such Lender's Applicable Percentage of the Outstanding Amount of all L/C Obligations, plus such Lender's Applicable Percentage of the Outstanding Amount of all Swing Line Loans shall not exceed such Lender's Revolving Credit Commitment, and provided, further, that no Borrower shall use the proceeds of any Swing Line Loan to refinance any outstanding Swing Line Loan. Within the foregoing limits, and subject to the other terms and conditions hereof, each Borrower may borrow under this Section 2.04, prepay under Section 2.05, and reborrow under this Section 2.04. Each Swing Line Loan shall be a Base Rate Loan. Immediately upon the making of a Swing Line Loan, each Revolving Credit Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the Swing Line Lender a risk participation in such Swing Line Loan in an amount equal to the product of such Lender's Applicable Percentage times the amount of such Swing Line Loan. In no event will the US Borrower be obligated or otherwise liable for any Swing Line Loan of the Cayman Borrower except in its capacity as a Guarantor. In no event will the Cayman Borrower be obligated or otherwise liable for any Swing Line Loans of the US Borrower.

(b) Borrowing Procedures. Each Swing Line Borrowing shall be made upon a Borrower's irrevocable notice to the Swing Line Lender and the Administrative Agent, which may be given by telephone. Each such notice must be received by the Swing Line Lender and the Administrative Agent not later than 2:00 p.m. on the requested borrowing date, and shall specify (i) the amount to be borrowed, which shall be a minimum of $500,000 and integral multiples of $100,000 in excess thereof, and (ii) the requested borrowing date, which shall be a Business Day. Each such telephonic notice must be confirmed promptly by delivery to the Swing Line Lender and the Administrative Agent of a written Swing Line Loan Notice, appropriately completed and signed by a Responsible Officer of such Borrower. Promptly after receipt by the Swing Line Lender of any telephonic Swing Line Loan Notice, the Swing Line Lender will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has also received such Swing Line Loan Notice and, if not, the Swing Line Lender will notify the Administrative Agent (by telephone or in writing) of the contents thereof. Unless the Swing Line Lender has received notice (by telephone or in writing) from the Administrative Agent (including at the request of any Revolving Credit Lender) prior to 3:00 p.m. on the date of the proposed Swing Line Borrowing (A) directing the Swing Line Lender not to make such Swing Line Loan as a result of the limitations set forth in the first proviso to the first sentence of Section 2.04(a), or (B) that one or more of the applicable conditions specified in Article IV is not then satisfied, then, subject to the terms and conditions hereof, the Swing Line Lender will, not later than 4:00 p.m. on the borrowing date specified in such Swing Line Loan Notice, make the amount of its Swing Line Loan available to the applicable Borrower at its office by crediting the account of such Borrower on the books of the Swing Line Lender in immediately available funds.

(c) Refinancing of Swing Line Loans.

(i) The Swing Line Lender at any time in its sole discretion may request, on behalf of the applicable Borrower (which hereby irrevocably authorizes the Swing Line Lender to so request on its behalf), that each Revolving Credit Lender make a Base Rate Loan that is a Revolving Credit Loan in an amount equal to such Lender's Applicable Percentage of the amount of Swing Line Loans then outstanding. Such request shall be made in writing (which written request shall be deemed to be a Loan Notice for purposes hereof) and in accordance with the requirements of Section 2.02, without regard to the minimum and multiples specified therein for the principal amount of Base Rate Loans, but subject to the unutilized portion of the Aggregate Revolving Credit Commitments and the conditions set forth in Section 4.02. The Swing Line Lender shall furnish the applicable Borrower with a copy of the applicable Loan Notice promptly after delivering such notice to the Administrative Agent. Each Revolving Credit Lender shall make an amount equal to its Applicable Percentage of the amount specified in such Loan Notice available to the Administrative Agent in immediately available funds (and the Administrative Agent may apply Cash Collateral available with respect to the applicable Swing Line Loan) for the account of the Swing Line Lender at the Administrative Agent's Office not later than 1:00 p.m. on the day specified in such Loan Notice, whereupon, subject to Section 2.04(c)(ii), each Revolving Credit Lender that so makes funds available shall be deemed to have made a Base Rate Loan to the applicable Borrower in such amount. The Administrative Agent shall remit the funds so received to the Swing Line Lender.

(ii) If for any reason any Swing Line Loan cannot be refinanced by such a Revolving Credit Borrowing in accordance with Section 2.04(c)(i), the request for Base Rate Loans submitted by the Swing Line Lender as set forth herein shall be deemed to be a request by the Swing Line Lender that each of the Revolving Credit Lenders fund its risk participation in the relevant Swing Line Loan and each Revolving Credit Lender's payment to the Administrative Agent for the account of the Swing Line Lender pursuant to Section 2.04(c)(i) shall be deemed payment in respect of such participation.

(iii) If any Revolving Credit Lender fails to make available to the Administrative Agent for the account of the Swing Line Lender any amount required to be paid by such Lender pursuant to the foregoing provisions of this Section 2.04(c) by the time specified in Section 2.04(c)(i), the Swing Line Lender shall be entitled to recover from such Lender (acting through the Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to the Swing Line Lender at a rate per annum equal to the greater of the Federal Funds Rate and a rate determined by the Swing Line Lender in accordance with banking industry rules on interbank compensation, plus any administrative, processing or similar fees customarily charged by the Swing Line Lender in connection with the foregoing. If such Lender pays such amount (with interest and fees as aforesaid), the amount so paid shall constitute such Lender's Revolving Credit Loan included in the relevant Revolving Credit Borrowing or funded participation in the relevant Swing Line Loan, as the case may be. A certificate of the Swing Line Lender submitted to any Revolving Credit Lender (through the Administrative Agent) with respect to any amounts owing under this clause (iii) shall be conclusive absent manifest error.

(iv) Each Revolving Credit Lender's obligation to make Revolving Credit Loans or to purchase and fund risk participations in Swing Line Loans pursuant to this Section 2.04(c) shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any setoff, counterclaim, recoupment, defense or other right which such Lender may have against the Swing Line Lender, the Borrowers or any other Person for any reason whatsoever, (B) the occurrence or continuance of a Default, or (C) any other occurrence, event or condition, whether or not similar to any of the foregoing; provided that each Revolving Credit Lender's obligation to make Revolving Credit Loans pursuant to this Section 2.04(c) is subject to the conditions set forth in Section 4.02. No such funding of risk participations shall relieve or otherwise impair the obligation of the applicable Borrower to repay Swing Line Loans borrowed by such Borrower, together with interest as provided herein.

(d) Repayment of Participations.

(i) At any time after any Revolving Credit Lender has purchased and funded a risk participation in a Swing Line Loan, if the Swing Line Lender receives any payment on account of such Swing Line Loan, the Swing Line Lender will distribute to such Lender its Applicable Percentage thereof in the same funds as those received by the Swing Line Lender.

(ii) If any payment received by the Swing Line Lender in respect of principal or interest on any Swing Line Loan is required to be returned by the Swing Line Lender under any of the circumstances described in Section 11.05 (including pursuant to any settlement entered into by the Swing Line Lender in its discretion), each Revolving Credit Lender shall pay to the Swing Line Lender its Applicable Percentage thereof on demand of the Administrative Agent, plus interest thereon from the date of such demand to the date such amount is returned, at a rate per annum equal to the Federal Funds Rate. The Administrative Agent will make such demand upon the request of the Swing Line Lender. The obligations of the Revolving Credit Lenders under this clause shall survive the payment in full of the Obligations and the termination of this Agreement.

(e) Interest for Account of Swing Line Lender. The Swing Line Lender shall be responsible for invoicing the applicable Borrower for interest on the Swing Line Loans. Until each Revolving Credit Lender funds its Base Rate Loan or risk participation pursuant to this Section 2.04 to refinance such Lender's Applicable Percentage of any Swing Line Loan, interest in respect of such Applicable Percentage shall be solely for the account of the Swing Line Lender.

(f) Payments Directly to Swing Line Lender. Each Borrower shall make all payments of principal and interest in respect of the Swing Line Loans borrowed by such Borrower directly to the Swing Line Lender.

2.05 Prepayments.

(a) The Borrowers may, upon notice to the Administrative Agent, at any time or from time to time voluntarily prepay Term Loans and Revolving Credit Loans in whole or in part without premium or penalty; provided that (i) such notice must be received by the Administrative Agent not later than 1:00 p.m. (A) three Business Days prior to any date of prepayment of Eurodollar Rate Loans and (B) on the date of prepayment of Base Rate Loans; (ii) any prepayment of Eurodollar Rate Loans shall be in a principal amount of $5,000,000 or a whole multiple of $1,000,000 in excess thereof; and (iii) any prepayment of Base Rate Loans shall be in a principal amount of $500,000 or a whole multiple of $100,000 in excess thereof or, in each case, if less, the entire principal amount thereof then outstanding. Each such notice shall specify the date and amount of such prepayment and the Type(s) of Loans to be prepaid and, if Eurodollar Rate Loans are to be prepaid, the Interest Period(s) of such Loans. The Administrative Agent will promptly notify each applicable Lender of its receipt of each such notice, and of the amount of such Lender's Applicable Percentage of such prepayment (in respect of the relevant Facility). If such notice is given by a Borrower, such Borrower shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein. Any prepayment of a Eurodollar Rate Loan shall be accompanied by all accrued interest on the amount prepaid, together with any additional amounts required pursuant to Section 3.05. Each prepayment of Term Loans pursuant to this Section 2.05(a) shall be applied to the principal repayment installments thereof as directed by the applicable Borrower and, if not otherwise directed by the applicable Borrower, in forward order of maturity. Subject to Section 2.16, each such prepayment shall be paid to the applicable Lenders in accordance with their respective Applicable Percentages of the relevant Facility.

(b) Each Borrower may, upon notice to the Swing Line Lender (with a copy to the Administrative Agent), at any time or from time to time, voluntarily prepay Swing Line Loans of such Borrower in whole or in part without premium or penalty; provided that (i) such notice must be received by the Swing Line Lender and the Administrative Agent not later than 1:00 p.m. on the date of the prepayment, and (ii) any such prepayment shall be in a minimum principal amount of $100,000 or, in each case, if less, the entire principal amount then outstanding. Each such notice shall specify the date and amount of such prepayment. If such notice is given by a Borrower, such Borrower shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein.

(c) If for any reason the Total Revolving Credit Outstandings at any time exceed the Aggregate Revolving Credit Commitments then in effect, each Borrower shall promptly prepay its Revolving Credit Loans and/or Swing Line Loans, and/or Cash Collateralize the L/C Obligations, in an aggregate collective amount taking in to account all such payments, equal to such excess; provided that no Borrower shall be required to Cash Collateralize the L/C Obligations pursuant to this Section 2.05(c) unless after the prepayment in full of the Revolving Credit Loans and the Swing Line Loans, the Total Revolving Credit Outstandings exceed the Aggregate Revolving Credit Commitments then in effect.

2.06 Termination or Reduction of Commitments.

(a) Optional. The Borrowers may, upon notice to the Administrative Agent, terminate the Aggregate Revolving Credit Commitments, or from time to time permanently reduce the Aggregate Revolving Credit Commitments; provided that (i) any such notice shall be received by the Administrative Agent not later than 1:00 p.m. three Business Days prior to the date of termination or reduction, (ii) any such partial reduction shall be in an aggregate amount of $10,000,000 or any whole multiple of $1,000,000 in excess thereof, (iii) the Borrowers shall not terminate or reduce the Aggregate Revolving Credit Commitments if, after giving effect thereto and to any concurrent prepayments hereunder, the Total Revolving Credit Outstandings would exceed the Aggregate Revolving Credit Commitments, and (iv) if, after giving effect to any reduction of the Aggregate Revolving Credit Commitments, the Letter of Credit Sublimit or the Swing Line Sublimit exceeds the amount of the Aggregate Revolving Credit Commitments, such Sublimit shall be automatically reduced by the amount of such excess. The Administrative Agent will promptly notify the Revolving Credit Lenders of any such notice of termination or reduction of the Aggregate Revolving Credit Commitments. Any reduction of the Aggregate Revolving Credit Commitments shall be applied to the Revolving Credit Commitment of each Revolving Credit Lender according to its Applicable Percentage. All fees accrued until the effective date of any termination of the Aggregate Revolving Credit Commitments shall be paid on the effective date of such termination.

(b) Mandatory. The aggregate Term A-1 Commitments shall be automatically and permanently reduced to zero on the date of the Term A-1 Borrowing. The aggregate Term A-2 Commitments shall be automatically and permanently reduced to zero on the date of the Term A-2 Borrowing.

2.07 Repayment of Loans.

(a) The Borrowers shall repay to the Revolving Credit Lenders on the Maturity Date the aggregate principal amount of Revolving Credit Loans outstanding on such date.

(b) The Borrowers shall repay each Swing Line Loan on the earlier to occur of (i) the date ten Business Days after such Loan is made and (ii) the Maturity Date.

(c) Term A-1 Loan Facility. The Cayman Borrower shall repay to the Term A-1 Loan Lenders an amount equal to $57,500,000 on the last Business Day of each March, June, September and December, beginning on the first such date to occur after the Closing Date, which amount for any such payment date shall be adjusted to reflect prepayments made pursuant to Section 2.05 and any increase in the principal amount of the Term A-1 Loan Facility pursuant to Section 2.14. In addition, the aggregate outstanding principal amount of the Term A-1 Loans shall be paid in full on the Maturity Date.

(d) Term A-2 Loan Facility. The US Borrower shall repay to the Term A-2 Loan Lenders an amount equal to $0 on the last Business Day of each March, June, September and December, beginning on the first such date to occur after the Closing Date, which amount for any such payment date shall be adjusted to reflect prepayments made pursuant to Section 2.05 and any increase in the principal amount of the Term A-2 Loan Facility pursuant to Section 2.14. In addition, the aggregate outstanding principal amount of the Term A-2 Loans shall be paid in full on the Maturity Date.

2.08 Interest.

(a) Subject to the provisions of subsection (b) below, (i) each Eurodollar Rate Loan shall bear interest on the outstanding principal amount thereof for each Interest Period at a rate per annum equal to the Eurodollar Rate for such Interest Period plus the Applicable Rate; (ii) each Base Rate Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the Base Rate plus the Applicable Rate; and (iii) each Swing Line Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the Base Rate plus the Applicable Rate or such other rate per annum as shall be agreed to from time to time by the Swing Line Lender and the applicable Borrower.

(b) (i) If any amount of principal of any Loan is not paid when due (without regard to any applicable grace periods), whether at stated maturity, by acceleration or otherwise, such amount shall thereafter bear interest at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws.

(ii) If any amount (other than principal of any Loan) payable by the Borrowers under any Loan Document is not paid when due (without regard to any applicable grace periods), whether at stated maturity, by acceleration or otherwise, then upon the request of the Required Lenders, such amount shall thereafter bear interest at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws.

(iii) Accrued and unpaid interest on past due amounts (including interest on past due interest) shall be due and payable upon demand.

(c) Interest on each Loan shall be due and payable in arrears on each Interest Payment Date applicable thereto and at such other times as may be specified herein. Interest hereunder shall be due and payable in accordance with the terms hereof before and after judgment, and before and after the commencement of any proceeding under any Debtor Relief Law.

2.09 Fees. In addition to certain fees described in subsections (h) and (i) of Section 2.03:

(a) Commitment Fee. The Borrowers shall pay to the Administrative Agent for the account of each Revolving Credit Lender in accordance with its Applicable Percentage, a commitment fee equal to the Applicable Rate times the actual daily amount by which the Aggregate Revolving Credit Commitments exceed the sum of (i) the Outstanding Amount of Revolving Credit Loans and (ii) the Outstanding Amount of L/C Obligations, subject to adjustment as provided in Section 2.16. The commitment fee shall accrue at all times during the Availability Period, including at any time during which one or more of the conditions in Article IV is not met, and shall be due and payable quarterly in arrears on the last Business Day of each March, June, September and December, commencing with the first such date to occur after the Closing Date, and on the last day of the Availability Period. The commitment fee shall be calculated quarterly in arrears, and if there is any change in the Applicable Rate during any quarter, the actual daily amount shall be computed and multiplied by the Applicable Rate separately for each period during such quarter that such Applicable Rate was in effect.

(b) Other Fees. The Borrowers shall pay to (i) the Arranger and the Administrative Agent for their own respective accounts fees in the amounts and at the times specified in the Fee Letter and (ii) the Lenders such fees as shall have been separately agreed upon in writing in the amounts and at the times so specified. Such fees shall be fully earned when paid and shall not be refundable for any reason whatsoever.

2.10 Computation of Interest and Fees; Retroactive Adjustments of Applicable Rate. (a) All computations of interest for Base Rate Loans (including Base Rate Loans determined by reference to the Eurodollar Rate) shall be made on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed. All other computations of fees and interest shall be made on the basis of a 360-day year and actual days elapsed (which results in more fees or interest, as applicable, being paid than if computed on the basis of a 365-day year). Interest shall accrue on each Loan for the day on which the Loan is made, and shall not accrue on a Loan, or any portion thereof, for the day on which the Loan or such portion is paid, provided that any Loan that is repaid on the same day on which it is made shall, subject to Section 2.12(a), bear interest for one day. Each determination by the Administrative Agent of an interest rate or fee hereunder shall be conclusive and binding for all purposes, absent manifest error.

(b) If, as a result of any restatement of or other adjustment to the financial statements of Holdings or for any other reason, the Borrowers, Holdings or the Lenders determine that (i) the Consolidated Leverage Ratio as calculated by Holdings as of any applicable date was inaccurate and (ii) a proper calculation of the Consolidated Leverage Ratio would have resulted in higher pricing for such period, each Borrower shall be obligated to pay to the Administrative Agent for the account of the applicable Lenders or the L/C Issuer, as the case may be, promptly on demand by the Administrative Agent (or, after the occurrence of an actual or deemed entry of an order for relief with respect to such Borrower under the Bankruptcy Code of the United States, automatically and without further action by the Administrative Agent, any Lender or the L/C Issuer), an amount equal to the excess of the amount of interest and fees that should have been paid by such Borrower for such period over the amount of interest and fees actually paid by such Borrower for such period. This paragraph shall not limit the rights of the Administrative Agent, any Lender or the L/C Issuer, as the case may be, under Section 2.03(c)(iii), 2.03(i) or 2.08(b) or under Article VIII. Each Borrower's obligations under this paragraph shall survive the termination of the Aggregate Revolving Credit Commitments and the repayment of all other Obligations hereunder.

2.11 Evidence of Debt.

(a) The Credit Extensions made by each Lender shall be evidenced by one or more accounts or records maintained by such Lender and by the Administrative Agent in the ordinary course of business. The accounts or records maintained by the Administrative Agent and each Lender shall be conclusive absent manifest error of the amount of the Credit Extensions made by the Lenders to the Borrowers and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Borrowers hereunder to pay any amount owing with respect to the Obligations. In the event of any conflict between the accounts and records maintained by any Lender and the accounts and records of the Administrative Agent in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error. Upon the request of any Lender made through the Administrative Agent, a Borrower shall execute and deliver to such Lender (through the Administrative Agent) a Note, which shall evidence such Lender's Loans to such Borrower in addition to such accounts or records. Each Lender may attach schedules to its Note and endorse thereon the date, Type (if applicable), amount and maturity of its Loans to such Borrower and payments with respect thereto.

(b) In addition to the accounts and records referred to in subsection (a), each Lender and the Administrative Agent shall maintain in accordance with its usual practice accounts or records evidencing the purchases and sales by such Lender of participations in Letters of Credit and Swing Line Loans of each Borrower. In the event of any conflict between the accounts and records maintained by the Administrative Agent and the accounts and records of any Lender in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error.

2.12 Payments Generally; Administrative Agent's Clawback.

(a) General. All payments to be made by any Borrower shall be made without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein, all payments by any Borrower hereunder shall be made to the Administrative Agent, for the account of the respective Lenders to which such payment is owed, at the Administrative Agent's Office in Dollars and in immediately available funds not later than 4:00 p.m. on the date specified herein. The Administrative Agent will promptly distribute to each Lender its Applicable Percentage of the relevant Facility (or other applicable share as provided herein) of such payment in like funds as received by wire transfer to such Lender's Lending Office. All payments received by the Administrative Agent after 4:00 p.m. shall be deemed received on the next succeeding Business Day and any applicable interest or fee shall continue to accrue. If any payment to be made by any Borrower shall come due on a day other than a Business Day, payment shall be made on the next following Business Day, and such extension of time shall be reflected in computing interest or fees, as the case may be.

(b) (i) Funding by Lenders; Presumption by Administrative Agent. Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Revolving Credit Borrowing of Eurodollar Rate Loans (or, in the case of any Revolving Credit Borrowing of Base Rate Loans, prior to 2:00 p.m. on the date of such Revolving Credit Borrowing) that such Lender will not make available to the Administrative Agent such Lender's share of such Revolving Credit Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with Section 2.02 (or, in the case of a Revolving Credit Borrowing of Base Rate Loans, that such Lender has made such share available in accordance with and at the time required by Section 2.02) and may, in reliance upon such assumption, make available to the applicable Borrower a corresponding amount. In such event, if a Revolving Credit Lender has not in fact made its share of the applicable Revolving Credit Borrowing available to the Administrative Agent, then the applicable Revolving Credit Lender and the applicable Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount in immediately available funds with interest thereon, for each day from and including the date such amount is made available to such Borrower to but excluding the date of payment to the Administrative Agent, at (A) in the case of a payment to be made by such Lender, the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation, plus any administrative, processing or similar fees customarily charged by the Administrative Agent in connection with the foregoing, and (B) in the case of a payment to be made by such Borrower, the interest rate applicable to Base Rate Loans. If such Borrower and such Lender shall pay such interest to the Administrative Agent for the same or an overlapping period, the Administrative Agent shall promptly remit to such Borrower the amount of such interest paid by such Borrower for such period. If such Lender pays its share of the applicable Revolving Credit Borrowing to the Administrative Agent, then the amount so paid shall constitute such Lender's Revolving Credit Loan included in such Revolving Credit Borrowing. Any payment by a Borrower shall be without prejudice to any claim such Borrower may have against a Lender that shall have failed to make such payment to the Administrative Agent.

(ii) Payments by Borrowers; Presumptions by Administrative Agent. Unless the Administrative Agent shall have received notice from the applicable Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders or the L/C Issuer hereunder that the applicable Borrower will not make such payment, the Administrative Agent may assume that such Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or the L/C Issuer, as the case may be, the amount due. In such event, if such Borrower has not in fact made such payment, then each of the Lenders or the L/C Issuer, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or the L/C Issuer, in immediately available funds with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

A notice of the Administrative Agent to any Lender or the applicable Borrower with respect to any amount owing under this subsection (b) shall be conclusive, absent manifest error.

(c) Failure to Satisfy Conditions Precedent. If any Lender makes available to the Administrative Agent funds for any Loan to be made by such Lender as provided in the foregoing provisions of this Article II, and such funds are not made available to the applicable Borrower by the Administrative Agent because the conditions to the applicable Credit Extension set forth in Article IV are not satisfied or waived in accordance with the terms hereof, the Administrative Agent shall return such funds (in like funds as received from such Lender) to such Lender, without interest.

(d) Obligations of Lenders Several. The obligations of the Lenders hereunder to make Term Loans and Revolving Credit Loans, to fund participations in Letters of Credit and Swing Line Loans and to make payments pursuant to Section 11.04(c) are several and not joint. The failure of any Lender to make any Loan, to fund any such participation or to make any payment under Section 11.04(c) on any date required hereunder shall not relieve any other Lender of its corresponding obligation to do so on such date, and no Lender shall be responsible for the failure of any other Lender to so make its Loan, to purchase its participation or to make its payment under Section 11.04(c).

(e) Funding Source. Nothing herein shall be deemed to obligate any Lender to obtain the funds for any Loan in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for any Loan in any particular place or manner.

2.13 Sharing of Payments by Lenders. If any Lender shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of the Loans made by it, or the participations in L/C Obligations or in Swing Line Loans held by it resulting in such Lender's receiving payment of a proportion of the aggregate amount of such Loans or participations and accrued interest thereon greater than its pro rata share thereof as provided herein, then the Lender receiving such greater proportion shall (a) notify the Administrative Agent of such fact, and (b) purchase (for cash at face value) participations in the applicable Loans and subparticipations in L/C Obligations and Swing Line Loans of the other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans and other amounts owing them, provided that:

(i) if any such participations or subparticipations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations or subparticipations shall be rescinded and the purchase price restored to the extent of such recovery, without interest; and

(ii) the provisions of this Section shall not be construed to apply to (x) any payment made by or on behalf of the Borrowers pursuant to and in accordance with the express terms of this Agreement (including (A) the application of funds arising from the existence of a Defaulting Lender and (B) any prepayments made pursuant to Section 3.01, 3.04 or 3.05), (y) the application of Cash Collateral provided for in Section 2.15, or (z) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or subparticipations in L/C Obligations or Swing Line Loans to any assignee or participant, other than an assignment to any Borrower or any Affiliate thereof (as to which the provisions of this Section shall apply).

Each Loan Party consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against such Loan Party rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of such Loan Party in the amount of such participation.

2.14 Increase in Commitments.

(a) Request for Increase. Provided there exists no Default, upon notice to the Administrative Agent (which shall promptly notify the Lenders), the applicable Borrower or Borrowers may, from time to time after the Closing Date, request an increase in the principal amount of either or both of the Term Loan Facilities or of the Aggregate Revolving Credit Commitments by an amount (for all such requests) not exceeding $500,000,000; provided that any such request for an increase shall be in a minimum amount of $100,000,000. At the time of sending such notice, the Borrowers (in consultation with the Administrative Agent) shall specify the time period within which each Lender is requested to respond (which shall in no event be less than ten Business Days from the date of delivery of such notice to the Lenders).

(b) Lender Elections to Increase. Each Lender shall notify the Administrative Agent within such time period whether or not it agrees to increase its principal amount of the applicable Term Loans or its Revolving Credit Commitment, as applicable, and, if so, the amount of such requested increase it is willing to provide. Any Lender not responding within such time period shall be deemed to have declined to increase its principal amount of the applicable Term Loans or its Revolving Credit Commitment, as applicable.

(c) Notification by Administrative Agent; Additional Lenders. The Administrative Agent shall notify the Borrowers and each Lender of the Lenders' responses to each request made hereunder. To achieve the full amount of a requested increase and subject to the approval of the Administrative Agent and, if such increase is to the Aggregate Revolving Credit Commitments, the L/C Issuer and the Swing Line Lender (none of which such approvals shall be unreasonably withheld or delayed), the Borrowers may also invite additional Eligible Assignees to become Lenders pursuant to a joinder agreement in form and substance reasonably satisfactory to the Administrative Agent and its counsel.

(d) Effective Date and Allocations. If the principal amount of either Term Loan Facility or the Aggregate Revolving Credit Commitments are increased in accordance with this Section, the Administrative Agent and the Borrowers shall determine the effective date (the "Increase Effective Date") and the final allocation of such increase. The Administrative Agent shall promptly notify the Borrowers and the Lenders of the final allocation of such increase and the Increase Effective Date.

(e) Conditions to Effectiveness of Increase. As a condition precedent to such increase, the Borrowers shall deliver to the Administrative Agent a certificate of each Loan Party dated as of the Increase Effective Date (in sufficient copies for each Lender) signed by a Responsible Officer of such Loan Party (i) certifying and attaching the resolutions adopted by such Loan Party approving or consenting to such increase, and (ii) in the case of the Borrowers, certifying that, before and after giving effect to such increase, (A) the representations and warranties contained in Article V and the other Loan Documents are true and correct in all material respects (or, with respect to representations and warranties modified by materiality standards, in all respects) on and as of the Increase Effective Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct in all material respects (or, with respect to representations and warranties modified by materiality standards, in all respects) as of such earlier date, and except that for purposes of this Section 2.14, the representations and warranties contained in subsections (a) and (b) of Section 5.05 shall be deemed to refer to the most recent statements furnished pursuant to clauses (b) and (a), respectively, of Section 6.09, and (B) no Default exists. Each applicable Borrower shall prepay any Loans outstanding on the Increase Effective Date (and pay any additional amounts required pursuant to Section 3.05) to the extent necessary to keep the outstanding Loans ratable with any revised Applicable Percentages arising from any nonratable increase in the principal of either Term Loan Facility or the Aggregate Revolving Credit Commitments under this Section.

(f) Conflicting Provisions. This Section shall supersede any provisions in Section 2.13 or 11.01 to the contrary.

2.15 Cash Collateral.

(a) Certain Credit Support Events. Upon the request of the Administrative Agent or the L/C Issuer (i) if the L/C Issuer has honored any full or partial drawing request under any Letter of Credit and such drawing has resulted in an L/C Borrowing, or (ii) if, as of the Letter of Credit Expiration Date, any L/C Obligation for any reason remains outstanding, the Borrower for whose account such Letter of Credit is issued shall, in each case, promptly Cash Collateralize the then Outstanding Amount of all such L/C Obligations or, in the case of any such L/C Borrowing, repay such L/C Borrowing. At any time that there shall exist a Defaulting Lender, promptly upon the request of the Administrative Agent, the L/C Issuer or the Swing Line Lender, the applicable Borrower shall deliver to the Administrative Agent Cash Collateral in an amount sufficient to cover all Fronting Exposure allocated to such Borrower (after giving effect to Section 2.16(a)(iv) and any Cash Collateral provided by the Defaulting Lender).

(b) Grant of Security Interest. All Cash Collateral (other than credit support not constituting funds subject to deposit) shall be maintained in blocked, non-interest bearing deposit accounts at Bank of America. Each Borrower, and to the extent provided by any Lender, such Lender, hereby grants to (and subjects to the control of) the Administrative Agent, for the benefit of the Administrative Agent, the L/C Issuer and the Lenders (including the Swing Line Lender), and agrees to maintain, a first priority security interest in all such cash, deposit accounts and all balances therein, and all other property so provided as collateral pursuant hereto, and in all proceeds of the foregoing, all as security for the obligations of the applicable Borrower to which such Cash Collateral may be applied pursuant to Section 2.15(c). If at any time the Administrative Agent determines that Cash Collateral is subject to any right or claim of any Person other than the Administrative Agent as herein provided, or that the total amount of such Cash Collateral allocable to such Borrower is less than the applicable Fronting Exposure allocable to such Borrower and other obligations secured thereby, such Borrower or the relevant Defaulting Lender will, promptly upon demand by the Administrative Agent, pay or provide to the Administrative Agent additional Cash Collateral in an amount sufficient to eliminate such deficiency.

(c) Application. Notwithstanding anything to the contrary contained in this Agreement, Cash Collateral provided under any of this Section 2.15 or Sections 2.03, 2.04, 2.05, 2.16 or 8.02 by any Borrower in respect of Letters of Credit or Swing Line Loans of such Borrower shall be held and applied to the satisfaction of the specific L/C Obligations, Swing Line Loans, obligations to fund participations therein (including, as to Cash Collateral provided by a Defaulting Lender, any interest accrued on such obligation) and other obligations for which the Cash Collateral was so provided, prior to any other application of such property as may be provided for herein.

(d) Release. Cash Collateral (or the appropriate portion thereof) provided to reduce Fronting Exposure or other obligations shall be released promptly following (i) the elimination of the applicable Fronting Exposure or other obligations giving rise thereto (including by the termination of Defaulting Lender status of the applicable Lender (or, as appropriate, its assignee following compliance with Section 11.06(b)(vi))) or (ii) the Administrative Agent's good faith determination that there exists excess Cash Collateral; provided that (x) Cash Collateral furnished by or on behalf of a Loan Party shall not be released during the continuance of a Default or Event of Default (and following application as provided in this Section 2.15 may be otherwise applied in accordance with Section 8.03), and (y) the Person (including the applicable Borrower) providing Cash Collateral and the L/C Issuer or Swing Line Lender, as applicable, may agree that Cash Collateral shall not be released but instead held to support future anticipated Fronting Exposure or other obligations.

2.16 Defaulting Lenders.

(a) Adjustments. Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as that Lender is no longer a Defaulting Lender, to the extent permitted by applicable Law:

(i) Waivers and Amendments. That Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in Section 11.01.

(ii) Reallocation of Payments. Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of that Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article VIII or otherwise, and including any amounts made available to the Administrative Agent by that Defaulting Lender pursuant to Section 11.08), shall be applied at such time or times as may be determined by the Administrative Agent as follows: *first*, to the payment of any amounts owing by that Defaulting Lender to the Administrative Agent hereunder; *second*, to the payment on a pro rata basis of any amounts owing by that Defaulting Lender to the L/C Issuer or Swing Line Lender hereunder; *third*, if so determined by the Administrative Agent or requested by the L/C Issuer or Swing Line Lender, to be held as Cash Collateral for future funding obligations of that Defaulting Lender of any participation in any Swing Line Loan or Letter of Credit; *fourth*, as the Borrowers may request (so long as no Default or Event of Default exists), to the funding of any Loan in respect of which that Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; *fifth*, if so determined by the Administrative Agent and the Borrowers, to be held in a non-interest bearing deposit account and released in order to satisfy obligations of that Defaulting Lender to fund Loans under this Agreement; *sixth*, to the payment of any amounts owing to the Lenders, the L/C Issuer or Swing Line Lender as a result of any judgment of a court of competent jurisdiction obtained by any Lender, the L/C Issuer or Swing Line Lender against that Defaulting Lender as a result of that Defaulting Lender's breach of its obligations under this Agreement; *seventh*, so long as no Default or Event of Default exists, to the payment of any amounts owing to a Borrower as a result of any judgment of a court of competent jurisdiction obtained by such Borrower against that Defaulting Lender as a result of that Defaulting Lender's breach of its obligations under this Agreement; and *eighth*, to that Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if (x) such payment is a payment of the principal amount of any Loans or L/C Borrowings in respect of which that Defaulting Lender has not fully funded its appropriate share and (y) such Loans or L/C Borrowings were made at a time when the conditions set forth in Section 4.02 were satisfied or waived, such payment shall be applied solely to pay the Loans of, and L/C Borrowings owed to, all non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Loans of, or L/C Borrowings owed to, that Defaulting Lender. Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or to post Cash Collateral pursuant to this Section 2.16(a)(ii) shall be deemed paid to and redirected by that Defaulting Lender, and each Lender irrevocably consents hereto.

(iii) Certain Fees. That Defaulting Lender (x) shall not be entitled to receive any commitment fee pursuant to Section 2.09(a) for any period during which that Lender is a Defaulting Lender (and the Borrowers shall not be required to pay any such fee that otherwise would have been required to have been paid to that Defaulting Lender) and (y) shall be limited in its right to receive Letter of Credit Fees as provided in Section 2.03(h).

(iv) Reallocation of Applicable Percentages to Reduce Fronting Exposure. During any period in which there is a Defaulting Lender, for purposes of computing the amount of the obligation of each non-Defaulting Lender to acquire, refinance or fund participations in Letters of Credit or Swing Line Loans pursuant to Sections 2.03 and 2.04, the "Applicable Percentage" of each non-Defaulting Lender shall be computed without giving effect to the Revolving Credit Commitment of that Defaulting Lender; provided that (i) each such reallocation shall be given effect only if, at the date the applicable Lender becomes a Defaulting Lender (or any subsequent date on which the applicable Lender is a Defaulting Lender), no Default or Event of Default exists; and (ii) the aggregate obligation of each non-Defaulting Lender to acquire, refinance or fund participations in Letters of Credit and Swing Line Loans shall not exceed the positive difference, if any, of (1) the Revolving Credit Commitment of that non-Defaulting Lender minus (2) the aggregate Outstanding Amount of the Revolving Credit Loans of that Lender.

(b) Defaulting Lender Cure. If the Borrowers, the Administrative Agent, Swing Line Lender and the L/C Issuer agree in writing in their sole discretion that a Defaulting Lender should no longer be deemed to be a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any Cash Collateral), that Lender will, to the extent applicable, purchase that portion of outstanding Loans of the other Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause the Loans and funded and unfunded participations in Letters of Credit and Swing Line Loans to be held on a pro rata basis by the Lenders in accordance with their Applicable Percentages (without giving effect to Section 2.16(a)(iv)), whereupon that Lender will cease to be a Defaulting Lender; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrowers while that Lender was a Defaulting Lender; and provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

ARTICLE III.
TAXES, YIELD PROTECTION AND ILLEGALITY

3.01 Taxes.

(a) Payments Free of Taxes; Obligation to Withhold; Payments on Account of Taxes. Any and all payments by or on account of any obligation of a Loan Party hereunder or under any other Loan Document shall to the extent permitted by applicable Laws be made free and clear of and without reduction or withholding for any Taxes; provided that if any applicable Law requires the deduction or withholding of any Tax from any payment hereunder or under any Loan Document, then (A) the Loan Party shall withhold or make such deductions as are determined by the Loan Party to be required based upon the information and documentation it has received pursuant to subsection (e) below, (B) the Loan Party shall timely pay the full amount withheld or deducted to the relevant Governmental Authority, and (C) to the extent that the withholding or deduction is made on account of Indemnified Taxes or Other Taxes, the sum payable by such Loan Party shall be increased as necessary so that after any required withholding or the making of all required deductions (including withholding and deductions applicable to additional sums payable under this Section) the Administrative Agent, Lender or L/C Issuer, as the case may be, receives an amount equal to the sum it would have received had no such withholding or deduction been made.

(b) Payment of Other Taxes by Borrowers. Without limiting, and without duplication for payments made pursuant to, the provisions of subsection (a) above, the Loan Parties shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with applicable Laws.

(c) Tax Indemnifications. (i) Without limiting, and without duplication for payments made pursuant to, the provisions of subsection (a) or (b) above, each Borrower shall, and does hereby, indemnify the Administrative Agent, each Lender and the L/C Issuer, and shall make payment in respect thereof within 30 days after demand therefor, for the full amount of any Indemnified Taxes or Other Taxes (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) withheld or deducted on payments to, or paid by, the Administrative Agent, such Lender or the L/C Issuer, as the case may be, and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the nature and amount of any such payment or liability delivered to the Loan Parties by a Lender or the L/C Issuer (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender or the L/C Issuer, shall be conclusive absent manifest error.

(ii) Each Lender and L/C Issuer shall severally indemnify the Administrative Agent, within 10 days after demand therefor, for any Taxes (but, with respect to Indemnified Taxes, only to the extent that the Loan Parties have not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Loan Parties to do so) attributable to such Lender or L/C Issuer that are payable or paid by the Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the nature and amount of such payment or liability delivered to any Lender or any L/C Issuer by the Administrative Agent shall be conclusive absent manifest error. Each Lender and the L/C Issuer hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender or the L/C Issuer, as the case may be, under this Agreement or any other Loan Document against any amount due to the Administrative Agent under this clause (ii). The agreements in this clause (ii) shall survive the resignation and/or replacement of the Administrative Agent, any assignment of rights by, or the replacement of, a Lender or the L/C Issuer, the termination of the Aggregate Commitments and the repayment, satisfaction or discharge of all other Obligations.

(d) Evidence of Payments. Upon request by the Borrowers or the Administrative Agent, as the case may be, after any payment of Taxes by a Borrower or by the Administrative Agent to a Governmental Authority as provided in this Section 3.01, such Borrower shall deliver to the Administrative Agent or the Administrative Agent shall deliver to such Borrower, as the case may be, the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of any return required by Laws to report such payment or other evidence of such payment reasonably satisfactory to such Borrower or the Administrative Agent, as the case may be.

(e) Status of Lenders; Tax Documentation. (i) Each Lender shall deliver to the Borrowers and to the Administrative Agent, when reasonably requested by a Borrower or the Administrative Agent, such properly completed and executed documentation prescribed by applicable Laws or by the Taxing authorities of any jurisdiction and such other reasonably requested information as will permit such Borrower or the Administrative Agent, as the case may be, to determine (A) whether or not payments made hereunder or under any other Loan Document are subject to Taxes, (B) if applicable, the required rate of Tax withholding or deduction, and (C) such Lender's entitlement to any available exemption from, or reduction of, applicable Taxes in respect of payments to be made to such Lender by such Borrower pursuant to this Agreement or otherwise to establish such Lender's status for withholding Tax purposes in the applicable jurisdiction. Notwithstanding anything to the contrary in the preceding sentence, (A) the completion, execution and submission of such documentation (other than such documentation set forth in Section 3.01(e)(ii)) shall not be required if in the Lender's good faith judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender and (B) the completion, execution and submission of the documentation set forth in Section 3.01(e)(ii)(C) shall not be required if in the Lenders' good faith judgment such completion, execution or submission would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing, if a Borrower is resident for tax purposes in the United States,

(A) any Lender that is a "United States person" within the meaning of Section 7701(a)(30) of the Code shall deliver to such Borrower and the Administrative Agent executed originals of Internal Revenue Service Form W-9 and such other documentation or information prescribed by applicable Laws or reasonably requested by such Borrower or the Administrative Agent as will enable such Borrower or the Administrative Agent, as the case may be, to determine whether or not such Lender is subject to backup withholding or information reporting requirements; and

(B) each Foreign Lender that is entitled under the Code or any applicable treaty to an exemption from or reduction of United States withholding tax with respect to payments hereunder or under any other Loan Document shall deliver to such Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the request of such Borrower or the Administrative Agent, but only if such Foreign Lender is legally entitled to do so), whichever of the following is applicable:

(I) executed originals of Internal Revenue Service Form W-8BEN claiming eligibility for benefits of an income tax treaty to which the United States is a party,

(II) executed originals of Internal Revenue Service Form W-8ECI,

(III) executed originals of Internal Revenue Service Form W-8IMY and all required supporting documentation,

(IV) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under section 881(c) of the Code, (x) a certificate to the effect that such Foreign Lender is not (A) a "bank" within the meaning of section 881(c)(3)(A) of the Code, (B) a "10 percent shareholder" of such Borrower within the meaning of section 881(c)(3)(B) of the Code, or (C) a "controlled foreign corporation" described in section 881(c)(3)(C) of the Code and (y) executed originals of Internal Revenue Service Form W-8BEN, or

(V) executed originals of any other form prescribed by applicable Laws as a basis for claiming exemption from or a reduction in United States Federal withholding tax together with such supplementary documentation as may be prescribed by applicable Laws to permit such Borrower or the Administrative Agent to determine the withholding or deduction required to be made.

(C) If a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the applicable Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the applicable Borrower or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the applicable Borrower or the Administrative Agent as may be necessary for the applicable Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (C), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

(iii) Each Lender shall promptly notify the Borrowers and the Administrative Agent of any change in circumstances which would modify or render invalid any claimed exemption or reduction.

(f) Treatment of Certain Refunds. Unless required by applicable Laws, at no time shall the Administrative Agent have any obligation to file for or otherwise pursue on behalf of a Lender or the L/C Issuer, or have any obligation to pay to any Lender or the L/C Issuer, any refund of Taxes withheld or deducted from funds paid for the account of such Lender or the L/C Issuer, as the case may be. If the Administrative Agent, any Lender or the L/C Issuer determines, in its sole good faith discretion, that it has received a refund of any Taxes or Other Taxes as to which it has been indemnified by a Loan Party or with respect to which a Loan Party has paid additional amounts pursuant to this Section 3.01, it shall pay to such Loan Party an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by such Loan Party under this Section with respect to the Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) incurred by the Administrative Agent, such Lender or the L/C Issuer, as the case may be, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund), provided that such Borrower, upon the request of the Administrative Agent, such Lender or the L/C Issuer, agrees to repay the amount paid over to such Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Administrative Agent, such Lender or the L/C Issuer in the event the Administrative Agent, such Lender or the L/C Issuer is required to repay such refund to such Governmental Authority. This subsection shall not be construed to require the Administrative Agent, any Lender or the L/C Issuer to make available its tax returns (or any other information relating to its taxes that it deems confidential) to the Borrowers or any other Person.

3.02 Illegality. If any Lender determines that any Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its applicable Lending Office to make, maintain or fund Loans whose interest is determined by reference to the Eurodollar Rate, or to determine or charge interest rates based upon the Eurodollar Rate, or any Governmental Authority has imposed material restrictions on the authority of such Lender to purchase or sell, or to take deposits of, Dollars in the London interbank market, then, on notice thereof by such Lender to the Borrowers through the Administrative Agent, (i) any obligation of such Lender to make or continue Eurodollar Rate Loans or to convert Base Rate Loans to Eurodollar Rate Loans shall be suspended, and (ii) if such notice asserts the illegality of such Lender making or maintaining Base Rate Loans the interest rate on which is determined by reference to the Eurodollar Rate component of the Base Rate, the interest rate on which Base Rate Loans of such Lender shall, if necessary to avoid such illegality, be determined by the Administrative Agent without reference to the Eurodollar Rate component of the Base Rate, in each case until such Lender notifies the Administrative Agent and the Borrowers that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, (x) the Borrowers shall, upon demand from such Lender (with a copy to the Administrative Agent), prepay or, if applicable, convert all Eurodollar Rate Loans of such Lender to Base Rate Loans (the interest rate on which Base Rate Loans of such Lender shall, if necessary to avoid such illegality, be determined by the Administrative Agent without reference to the Eurodollar Rate component of the Base Rate), either on the last day of the Interest Period therefor, if such Lender may lawfully continue to maintain such Eurodollar Rate Loans to such day, or immediately, if such Lender may not lawfully continue to maintain such Eurodollar Rate Loans and (y) if such notice asserts the illegality of such Lender determining or charging interest rates based upon the Eurodollar Rate, the Administrative Agent shall during the period of such suspension compute the Base Rate applicable to such Lender without reference to the Eurodollar Rate component thereof until the Administrative Agent is advised in writing by such Lender that it is no longer illegal for such Lender to determine or charge interest rates based upon the Eurodollar Rate. Upon any such prepayment or conversion, the Borrowers shall also pay accrued interest on the amount so prepaid or converted.

3.03 Inability to Determine Rates. If the Required Lenders determine that for any reason in connection with any request for a Eurodollar Rate Loan or a conversion to or continuation thereof that (a) Dollar deposits are not being offered to banks in the London interbank eurodollar market for the applicable amount and Interest Period of such Eurodollar Rate Loan, (b) adequate and reasonable means do not exist for determining the Eurodollar Rate for any requested Interest Period with respect to a proposed Eurodollar Rate Loan or in connection with an existing or proposed Base Rate Loan, or (c) the Eurodollar Rate for any requested Interest Period with respect to a proposed Eurodollar Rate Loan does not adequately and fairly reflect the cost to such Lenders of funding such Loan, the Administrative Agent will promptly so notify the Borrowers and each Lender. Thereafter, (x) the obligation of the Lenders to make or maintain Eurodollar Rate Loans shall be suspended, and (y) in the event of a determination described in the preceding sentence with respect to the Eurodollar Rate component of the Base Rate, the utilization of the Eurodollar Rate component in determining the Base Rate shall be suspended, in each case until the Administrative Agent (upon the instruction of the Required Lenders) revokes such notice. Upon receipt of such notice, the Borrowers may revoke any pending request for a Borrowing of, conversion to or continuation of Eurodollar Rate Loans or, failing that, will be deemed to have converted such request into a request for a Revolving Credit Borrowing of Base Rate Loans in the amount specified therein.

3.04 Increased Costs; Reserves on Eurodollar Rate Loans.

(a) Increased Costs Generally. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender (except any reserve requirement contemplated by Section 3.04(e)) or the L/C Issuer;

(ii) subject the Administrative Agent, any Lender or the L/C Issuer to any Taxes (other than Indemnified Taxes and Other Taxes covered by Section 3.01 and the imposition of, or any change in the rate of, any Excluded Tax payable by the Administrative Agent, such Lender or the L/C Issuer) on its Loans, loan principal, Letters of Credit, participations, Commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(iii) impose on any Lender or the L/C Issuer or the London interbank market any other condition, cost or expense affecting this Agreement or Eurodollar Rate Loans made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Loan the interest on which is determined by reference to the Eurodollar Rate (or of maintaining its obligation to make any such Loan), or to increase the cost to such Lender or the L/C Issuer of participating in, issuing or maintaining any Letter of Credit (or of maintaining its obligation to participate in or to issue any Letter of Credit), or to reduce the amount of any sum received or receivable by such Lender or the L/C Issuer hereunder (whether of principal, interest or any other amount) then, upon written request of such Lender or the L/C Issuer within the time provided by subsection (c) below, the Borrowers will pay to such Lender or the L/C Issuer, as the case may be, such additional amount or amounts as will compensate such Lender or the L/C Issuer, as the case may be, for such additional costs incurred or reduction suffered.

(b) Capital Requirements. If any Lender or the L/C Issuer determines that any Change in Law affecting such Lender or the L/C Issuer or any Lending Office of such Lender or such Lender's or the L/C Issuer's holding company, if any, regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's or the L/C Issuer's capital or on the capital of such Lender's or the L/C Issuer's holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or the Loans made by, or participations in Letters of Credit held by, such Lender, or the Letters of Credit issued by the L/C Issuer, to a level below that which such Lender or the L/C Issuer or such Lender's or the L/C Issuer's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or the L/C Issuer's policies and the policies of such Lender's or the L/C Issuer's holding company with respect to capital adequacy), then from time to time the Borrowers will pay to such Lender or the L/C Issuer, as the case may be, such additional amount or amounts as will compensate such Lender or the L/C Issuer or such Lender's or the L/C Issuer's holding company for any such reduction suffered.

(c) Certificates for Reimbursement. A certificate of a Lender or the L/C Issuer setting forth the amount or amounts necessary to compensate such Lender or the L/C Issuer or its holding company, as the case may be, as specified in subsection (a) or (b) of this Section and delivered to the Borrowers shall be conclusive absent manifest error. Each Borrower shall pay such Lender or the L/C Issuer, as the case may be, the amount shown as owed by such Borrower on any such certificate within 10 days after receipt thereof.

(d) Delay in Requests. Failure or delay on the part of any Lender or the L/C Issuer to demand compensation pursuant to the foregoing provisions of this Section shall not constitute a waiver of such Lender's or the L/C Issuer's right to demand such compensation, provided that no Borrower shall be required to compensate a Lender or the L/C Issuer pursuant to the foregoing provisions of this Section for any increased costs incurred or reductions suffered more than one hundred eighty (180) days prior to the date that such Lender or the L/C Issuer, as the case may be, notifies the applicable Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's or the L/C Issuer's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the one hundred eighty (180) day period referred to above shall be extended to include the period of retroactive effect thereof).

(e) Reserves on Eurodollar Rate Loans. Each Borrower shall pay to each Lender, as long as such Lender shall be required to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency funds or deposits (currently known as "Eurocurrency liabilities"), additional interest on the unpaid principal amount of each Eurodollar Rate Loan for which such Borrower is liable equal to the actual costs of such reserves allocated to such Loan by such Lender (as determined by such Lender in good faith, which determination shall be conclusive), which shall be due and payable on each date on which interest is payable on such Loan, provided such Borrower shall have received at least 10 days' prior notice (with a copy to the Administrative Agent) of such additional interest from such Lender. If a Lender fails to give notice 10 days prior to the relevant Interest Payment Date, such additional interest shall be due and payable 10 days from receipt of such notice.

3.05 Compensation for Losses. Upon demand of any Lender (with a copy to the Administrative Agent) from time to time, the Borrowers shall promptly compensate such Lender for and hold such Lender harmless from any loss, cost or expense incurred by it as a result of:

(a) any continuation, conversion, payment or prepayment of any Loan other than a Base Rate Loan on a day other than the last day of the Interest Period for such Loan (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise);

(b) any failure by the Borrowers (for a reason other than the failure of such Lender to make a Loan) to prepay, borrow, continue or convert any Loan other than a Base Rate Loan on the date or in the amount notified by the Borrowers; or

(c) any assignment of a Eurodollar Rate Loan on a day other than the last day of the Interest Period therefor as a result of a request by the Borrowers pursuant to Section 11.13;

including any loss of anticipated profits and any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain such Loan or from fees payable to terminate the deposits from which such funds were obtained. The Borrowers shall also pay any customary administrative fees charged by such Lender in connection with the foregoing.

For purposes of calculating amounts payable by a Borrower to the Lenders under this Section 3.05, each Lender shall be deemed to have funded each Eurodollar Rate Loan made by it at the Eurodollar Rate for such Loan by a matching deposit or other borrowing in the London interbank eurodollar market for a comparable amount and for a comparable period, whether or not such Eurodollar Rate Loan was in fact so funded.

3.06 Mitigation Obligations; Replacement of Lenders.

(a) Designation of a Different Lending Office. If any Lender requests compensation under Section 3.04, or any Borrower is required to pay any additional amount to any Lender, the L/C Issuer, or any Governmental Authority for the account of any Lender or the L/C Issuer pursuant to Section 3.01, or if any Lender gives a notice pursuant to Section 3.02, then such Lender or the L/C Issuer shall, as applicable, use reasonable efforts to designate a different Lending Office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender or the L/C Issuer, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 3.01 or 3.04, as the case may be, in the future, or eliminate the need for the notice pursuant to Section 3.02, as applicable, and (ii) in each case, would not subject such Lender or the L/C Issuer, as the case may be, to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender or the L/C Issuer, as the case may be. Each Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender or the L/C Issuer in connection with any such designation or assignment.

(b) Replacement of Lenders. If any Lender requests compensation under Section 3.04, or if any Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.01, the Borrowers may replace such Lender in accordance with Section 11.13.

3.07 Survival. All of the Borrowers' obligations under this Article III shall survive termination of the Aggregate Commitments, repayment of all other Obligations hereunder, and resignation of the Administrative Agent.

ARTICLE IV.
CONDITIONS PRECEDENT TO CREDIT EXTENSIONS

4.01 Conditions of Initial Credit Extension. The obligation of the L/C Issuer and each Lender to make its initial Credit Extension hereunder is subject to satisfaction of the following conditions precedent:

(a) The Administrative Agent's receipt of the following, each of which shall be originals or telecopies (followed promptly by originals) unless otherwise specified, each properly executed by a Responsible Officer of the signing Loan Party, each dated the Closing Date (or, in the case of certificates of governmental officials, a recent date before the Closing Date):

(i) executed counterparts of this Agreement and the Subsidiary Guaranty, sufficient in number for distribution to the Administrative Agent, each Lender and the Borrowers;

(ii) a Note executed by the applicable Borrower in favor of each Lender requesting a Note with respect to the applicable Facility;

(iii) such certificates of resolutions, written resolutions or other action, incumbency certificates and/or other certificates of Responsible Officers of each Loan Party as the Administrative Agent may reasonably require and as are customary evidencing the identity, legal authority and legal capacity of each Responsible Officer thereof authorized to act as a Responsible Officer in connection with this Agreement and the other Loan Documents to which such Loan Party is a party;

(iv) such documents and certifications as the Administrative Agent may reasonably require and as are customary to evidence that each Loan Party is duly incorporated, organized or formed, and that each Loan Party is validly existing, in good standing and qualified to engage in business in each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification, except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect;

(v) a favorable opinion of (A) O'Melveny & Myers LLP, counsel to the Loan Parties and (B) Conyers Dill & Pearman, counsel to the Cayman Borrower, in each case, addressed to the Administrative Agent and each Lender, in substantially the form of Exhibits G-1 and G-2 annexed hereto concerning the Loan Parties and the Loan Documents (which opinions shall expressly permit, in a customary manner, reliance by successors and permitted assigns of the Administrative Agent and the Lenders);

(vi) evidence of receipt of all material governmental, shareholder and third party consents (including Hart-Scott-Rodino clearance) and approvals necessary in connection with the Transactions and expiration of all applicable waiting periods without any adverse action being taken by any competent authority; except, in any such case, that would not prevent or impose any material adverse conditions on Holdings, the Borrowers, the Target or their respective Subsidiaries taken as a whole or the consummation of the Transactions;

(vii) a *pro forma* consolidated balance sheet as of the end of the most recently ended fiscal year and fiscal quarter ended at least 45 days before the Closing Date and related statements of income and cash flows of Holdings and its Subsidiaries after giving effect to all elements of the Transactions to be effected on or before the Closing Date for the most recently ended fiscal year and fiscal quarter ended at least 45 days before the Closing Date, together with a certificate signed by the chief financial officer of Holdings to the effect that such statements accurately present in all material respects the pro forma financial position of Holdings and its Subsidiaries in accordance with GAAP (and in any event after giving effect to the Transactions);

(viii) a certificate signed by the chief financial officer of Holdings, certifying that:

(A) the Specified Representations are true and correct in all material respects (or, with respect to representations and warranties modified by materiality standards, in all respects) as of the date of the initial Credit Extensions (except to the extent such representations and warranties relate to an earlier date, as of such earlier date);

(B) the Specified Acquisition Agreement Representations are true and correct, pursuant to the standards set forth in the Acquisition Agreement, except to the extent neither Holdings, the Cayman Borrower nor any of their Affiliates has the right to terminate the Acquisition Agreement as a result of the inaccuracy of any such Specified Acquisition Agreement Representation (determined without regard to whether any notice is required to be delivered by Holdings, the Cayman Borrower or either of their Affiliates);

(C) certifying that Holdings and its Subsidiaries on a consolidated basis (after giving effect to the Transactions and the incurrence and repayment of Debt related thereto) are Solvent; and

(D) that after giving *pro forma* effect to the Transactions, the Consolidated Leverage Ratio is not greater than 1.50 to 1.00, together with supporting calculations therefor;

(ix) all documentation and other information required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including, without limitation, the Patriot Act, that has been reasonably requested by any Lender not less than five business days prior to the Closing Date;

(x) payment of all accrued reasonable fees and expenses of the Arranger, the Administrative Agent (including the reasonable fees and expenses of one lead counsel (and any reasonably necessary local counsel) for the Administrative Agent and the Arranger) to the extent a reasonably detailed invoice has been delivered to the Borrowers at least two business days prior to the scheduled Closing Date (except as otherwise reasonably agreed by the Borrowers); and

(xi) the audited consolidated balance sheets and related consolidated statements of income and cash flows of the Target and its Subsidiaries for the fiscal years ended December 31, 2008, 2009, 2010 and, if available, 2011, and, to the extent available, the unaudited consolidated balance sheets and related consolidated statements of income and cash flows of the Target and its subsidiaries for each fiscal quarter ended after December 31, 2010 but not less than 45 days prior to the Closing Date.

(b) The Acquisition shall have been, or substantially concurrently with the initial Credit Extensions shall be, consummated pursuant to the Acquisition Agreement, without giving effect to any amendments thereto or any consents or waivers that, in any such case, are materially adverse to the Lenders in their capacities as Lenders (it being understood that any modification or amendment to the definition of "Material Adverse Effect" or equivalent term in the Acquisition Agreement shall be deemed to be materially adverse to the Lenders in their capacities as Lenders), without the consent of the Arranger, such consent not to be unreasonably withheld or delayed.

(c) There shall not have occurred any circumstance, development, event, condition, effect or change (a) since July 2, 2010 that, individually or in the aggregate, has had an Acquisition Agreement Material Adverse Effect on Holdings or the Cayman Borrower or (b) since December 31, 2010 that, individually or in the aggregate, has had or could reasonably be expected to have an Acquisition Agreement Material Adverse Effect on the Target.

(d) Prior to or substantially concurrently with the Closing Date, the Refinancing, including the payment in full of all principal, interest, fees, expenses and other amounts outstanding under or in connection with the Existing Credit Agreement, shall have been consummated and all such obligations and indebtedness shall be terminated and any liens securing any such obligations shall have been terminated.

(e) Any fees required to be paid on or before the Closing Date pursuant to any Loan Document shall have been paid or be paid on the Closing Date.

Without limiting the generality of the provisions of the last paragraph of Section 9.03, for purposes of determining compliance with the conditions specified in this Section 4.01, each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received written notice from such Lender prior to the proposed Closing Date specifying its objection thereto.

4.02 Conditions to all Credit Extensions. The obligation of each Lender to honor any Request for Credit Extension (other than with respect to (a) the initial Credit Extension on the Closing Date and (b) a Loan Notice requesting only a conversion of Loans to the other Type, or a continuation of Eurodollar Rate Loans) is subject to the following conditions precedent:

(a) The representations and warranties of the Borrowers and each other Loan Party contained in Article V or any other Loan Document shall be true and correct in all material respects (or, with respect to representations and warranties modified by materiality standards, in all respects) on and as of the date of such Credit Extension, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects (or, with respect to representations and warranties modified by materiality standards, in all respects) as of such earlier date, and except that for purposes of this Section 4.02, the representations and warranties contained in subsections (a) and (b) of Section 5.05 shall be deemed to refer to the most recent statements furnished pursuant to clauses (b) and (a), respectively, of Section 6.09.

(b) No Default shall exist, or would result from such proposed Credit Extension or from the application of the proceeds thereof.

(c) The Administrative Agent and, if applicable, the L/C Issuer or the Swing Line Lender shall have received a Request for Credit Extension in accordance with the requirements hereof.

Each Request for Credit Extension (other than a Loan Notice requesting only a conversion of Loans to the other Type or a continuation of Eurodollar Rate Loans) submitted by a Borrower shall be deemed to be a representation and warranty that the conditions specified in Sections 4.02(a) and (b) have been satisfied on and as of the date of the applicable Credit Extension.

ARTICLE V.
REPRESENTATIONS AND WARRANTIES

Each of Holdings and the Borrowers represents and warrants to the Administrative Agent and the Lenders that:

5.01 Existence. Each Loan Party is duly incorporated, organized or formed, validly existing and, as applicable, in good standing under the Laws of the jurisdiction of its incorporation or organization.

5.02 Execution, Delivery and Performance. The execution, delivery and performance by each Loan Party of each Loan Document to be delivered by it, and the consummation of the transactions contemplated hereby and by each other Loan Document, are within such Loan Party's corporate or other organizational powers, have been duly authorized by all necessary corporate or other organizational action, and do not contravene (i) the terms of any of such Person's Organization Documents, (ii) applicable law or (iii) any other contractual restriction binding on or affecting any Loan Party or its Material Subsidiaries, other than violations described under clause (ii) or (iii) that could not reasonably be expected to result in a Material Adverse Effect or result in the imposition of any Lien on any asset of any Loan Party or any of its Material Subsidiaries other than Liens permitted hereunder.

5.03 Governmental Authorization; Other Consents. No authorization or approval or other action by, and no notice to or filing with, any Governmental Authority or any other third party is required for the due execution, delivery and performance by any Loan Party of this Agreement or any other Loan Document, except for any actions, notices or filings that have been completed or are immaterial.

5.04 Binding Effect. This Agreement has been, and each of other Loan Documents, when delivered hereunder, will have been, duly executed and delivered by each Loan Party that is party thereto. This Agreement is, and each other Loan Document when delivered will be, the legal, valid and binding obligation of such Loan Party enforceable against each Loan Party that is a party thereto in accordance with their respective terms subject to (i) bankruptcy, insolvency, reorganization, moratorium and other similar laws of general application affecting the rights and remedies of creditors and (ii) general principles of equity, regardless of whether applied in proceedings in equity or at law.

5.05 Financial Statements.

(a) The Audited Financial Statements (i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein, and (ii) fairly present, in all material respects, the financial condition of Holdings and its Subsidiaries as of the date thereof and their results of operations for the period covered thereby in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein.

(b) The unaudited consolidated balance sheet of Holdings and its Subsidiaries dated as of December 30, 2011, and the related consolidated statements of income and cash flows of Holdings and its Subsidiaries for the fiscal quarter ended on that date (i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein, and (ii) fairly present, in all material respects, the financial condition of Holdings and its Subsidiaries as of the date thereof and their results of operations for the period covered thereby, subject, in the case of clauses (i) and (ii), to the absence of footnotes and to normal year-end audit adjustments.

5.06 Litigation. There is no pending or threatened action, suit, investigation, litigation or proceeding, including, without limitation, any Environmental Action, at law or in equity, affecting Holdings or any of its Material Subsidiaries before any court, governmental agency or arbitrator that (i) would have a Material Adverse Effect or (ii) could reasonably be expected to affect the legality, validity or enforceability of this Agreement or any other Loan Document or the consummation of the transactions contemplated hereby or thereby.

5.07 Margin Regulations; Investment Company Act.

(a) Neither Borrower is engaged in the business of purchasing or carrying, or extending credit for the purpose of purchasing or carrying, margin stock (within the meaning of Regulation U issued by the FRB). Following the application of the proceeds of each Borrowing or drawing under each Letter of Credit, not more than 25% of the value of the assets of Holdings and its Subsidiaries on a consolidated basis will be margin stock (within the meaning of Regulation U of the FRB).

(b) Neither Holdings nor any of its Material Subsidiaries is or is required to be registered as an "investment company" under the Investment Company Act of 1940.

5.08 Disclosure. No information, exhibit or report furnished by or on behalf of any Loan Party to the Administrative Agent or any Lender in connection with the negotiation and syndication of this Agreement or pursuant to the terms of this Agreement or any other Loan Document, taken as a whole, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements made therein not misleading in light of the circumstances under which such statements were made; provided that with respect to any projected financial information, each of Holdings and the Borrowers represents only that such information was prepared in good faith based on assumptions believed to be reasonable at the time made, it being recognized by the Administrative Agent, L/C Issuer and the Lenders that such projections as to future events are not to be viewed as facts and that actual results during the period or periods covered thereby may differ from the projected results.

5.09 Solvency. Holdings and its Subsidiaries are Solvent on a consolidated basis.

5.10 Compliance with Laws.

(a) Each Loan Party and each Subsidiary thereof is in compliance in all material respects with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its properties (including all Environmental Laws), except in such instances in which (i) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted or (ii) the failure to comply therewith, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

(b) Without limiting clause (a) above, to the extent applicable, Holdings and each Borrower is in compliance, in all material respects, with the (i) Trading with the Enemy Act, as amended, and each of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) and any other enabling legislation or executive order relating thereto, and (ii) the Patriot Act. No part of the proceeds of any Credit Extension will be used, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended.

ARTICLE VI.
AFFIRMATIVE COVENANTS

So long as any Lender shall have any Commitment hereunder, any Loan or other Obligation hereunder shall remain unpaid or unsatisfied, or any Letter of Credit shall remain outstanding (other than any contingent indemnification or similar contingent obligation not yet due and payable), Holdings shall:

6.01 Compliance with Laws. Comply, and cause each of its Material Subsidiaries to comply with all applicable Laws and all orders, writs, injunctions and decrees applicable to it or its business or property, such compliance to include, without limitation, compliance with ERISA, Laws governing Foreign Pension Plans, Environmental Laws and the Patriot Act, except, in each case, to the extent the failure to do so could not reasonably be expected to have a Material Adverse Effect.

6.02 Payment of Taxes, Etc. Pay and discharge, and cause each of its Material Subsidiaries to pay and discharge, before the same shall become delinquent, (i) all material taxes, assessments and governmental charges or levies imposed upon it or upon its property and (ii) all lawful claims that, if unpaid, might by law become a Lien upon its property except for Liens, otherwise permitted hereby, except, in each case, to the extent the failure to do so could not reasonably be expected to have a Material Adverse Effect; provided, however, that, in any event, neither Holdings nor any of its Material Subsidiaries shall be required to pay or discharge any such tax, assessment, charge or claim that is being contested in good faith and by proper proceedings and as to which appropriate reserves under GAAP are being maintained.

6.03 Maintenance of Insurance. Maintain, and cause each of its Material Subsidiaries to maintain, insurance with responsible and reputable insurance companies or associations in such amounts and covering such risks as is usually carried by companies engaged in similar businesses and owning similar properties in the same general areas in which Holdings or such Material Subsidiary operates; provided, however, that Holdings and its Material Subsidiaries may self-insure to the same extent as other companies engaged in similar businesses and owning similar properties in the same general areas in which Holdings or such Material Subsidiary operates and to the extent consistent with prudent business practice.

6.04 Preservation of Corporate Existence, Etc. Preserve and maintain, and cause each of its Material Subsidiaries to preserve and maintain, its legal existence, rights (charter and statutory) and franchises; provided, however, that either Borrower and its Subsidiaries may consummate any merger, consolidation, conveyance, transfer, lease or other disposition (including the disposition of Equity Interests of one or more Subsidiaries) in each case to the extent permitted under Section 7.02, and provided further that none of Holdings, any Borrower or any of its Material Subsidiaries shall be required to preserve any right or franchise, or the corporate existence of any Subsidiary, if the board of directors of Holdings, such Borrower or such Material Subsidiary shall determine that the preservation thereof is no longer desirable in the conduct of the business of Holdings, such Borrower or such Material Subsidiary, as the case may be, and that the loss thereof is not disadvantageous in any material respect to Holdings, such Borrower, such Material Subsidiary or the Lenders.

6.05 Visitation Rights. At any reasonable time and from time to time upon reasonable prior notice, permit the Administrative Agent or any of the Lenders that request through the Administrative Agent or any reasonable number of agents or representatives thereof, in each case, at their own expense and organized through the Administrative Agent, to visit Holdings' or any Borrower's executive corporate offices in Irvine, California (or any successor executive corporate office) to examine and make copies of and abstracts from the records and books of account of, and if reasonably necessary to assess Holdings and the Borrowers' compliance with the material provisions of this Agreement, to visit the other properties of Holdings and any of its Material Subsidiaries, and to discuss the affairs, finances and accounts of Holdings and any of its Material Subsidiaries with any of their officers or directors and with their independent certified public accountants; provided that unless an Event of Default has occurred and is then continuing, the Administrative Agent and the Lenders shall make no more than one such visit organized through the Administrative Agent per calendar year.

6.06 Keeping of Books. Keep, and cause each of its Subsidiaries to keep, proper books of record and account, in which full and correct entries shall be made of all financial transactions and the assets and business of Holdings and each such Subsidiary in accordance with, and to the extent required by, GAAP in effect from time to time (or local accounting requirements) and applicable laws.

6.07 Maintenance of Properties. Maintain and preserve, and cause each of its Material Subsidiaries to maintain and preserve, all of its properties that are used or useful in the conduct of its business in good working order and condition, ordinary wear and tear excepted, except to the extent that failure to comply with the foregoing could not reasonably be expected to have a Material Adverse Effect.

6.08 Transactions with Affiliates. Conduct, and cause each of its Material Subsidiaries to conduct, all material transactions otherwise permitted under this Agreement with any of their Affiliates on terms that are fair and reasonable and no less favorable to Holdings or such Material Subsidiary than it would obtain in a comparable arm's-length transaction with a Person not an Affiliate, other than (a) transactions between Holdings and its Subsidiaries, or between two or more Subsidiaries, (b) loans or advances to officers, directors and employees in the ordinary course of business (including for travel, entertainment, relocation and similar expenses), (c) compensation, employment, termination, and other employee benefit arrangements paid to, and indemnities provided for the benefit of, directors, executive officers or employees of Holdings or any Subsidiary, each in the ordinary course of business or as approved by the applicable board of directors or other governing body or the compensation committee thereof; (d) transactions incurred in the ordinary course of business with Persons that have directors who are also directors or executive officers of Holdings; (e)(i) any issuances of securities or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, employment agreements, stock options and stock ownership plans approved by Holdings' board of directors and (ii) any repurchases of any issuances, awards or grants issued pursuant to clause (i), in each case, to the extent permitted by Section 7.07; (f) employment arrangements entered into in the ordinary course of business between Holdings or any Subsidiary and any employee thereof; (g) any Restricted Junior Payment permitted by Section 7.07; and (h) the consummation of the Acquisition.

6.09 Financial Statements, Certificates and Other Information. Deliver to the Administrative Agent (for delivery to each Lender), in form and detail reasonably satisfactory to the Administrative Agent:

(a) as soon as available and in any event within 45 days after the end of each of the first three fiscal quarters of each fiscal year of Holdings, the consolidated balance sheet of Holdings and its Subsidiaries as of the end of such fiscal quarter and the related consolidated statements of income and cash flows of Holdings and its Subsidiaries for the period commencing at the end of the previous fiscal year and ending with the end of such quarter, duly certified (subject to year-end audit adjustments) by the chief financial officer of Holdings as having been prepared in accordance with GAAP (subject to normal year-end audit adjustments and the absence of footnotes) and a Compliance Certificate (signed by the chief executive officer, chief financial officer, treasurer or controller of Holdings) in reasonable detail as to compliance during and at the end of the applicable accounting periods with the restrictions contained in Section 7.09, and in the event of any change in GAAP used in the preparation of such financial statements, Section 1.03(b) shall apply.

(b) as soon as available and in any event within 90 days after the end of each fiscal year of Holdings, a copy of the annual audit report for such year for Holdings and its Subsidiaries, containing the consolidated balance sheet of Holdings and its Subsidiaries as of the end of such fiscal year and consolidated statements of income and cash flows of Holdings and its Subsidiaries for such fiscal year, in each case accompanied by an opinion by KPMG LLP or other independent public accountants of recognized national standing (that does not include any "going concern" or similar qualification, or any qualification as to the scope of their audit) and a Compliance Certificate (signed by the chief executive officer, chief financial officer, treasurer or controller of Holdings) in reasonable detail as to compliance during and at the end of the applicable accounting periods with the restrictions contained in Section 7.09, and in the event of any change in GAAP used in the preparation of such financial statements, Section 1.03(b) shall apply;

(c) as soon as possible and in any event within five days upon any Responsible Officer of Holdings obtaining actual knowledge of the occurrence of any Default continuing on the date of such statement, a statement of the chief financial officer of Holdings setting forth details of such Default and the action that Holdings and the Borrowers have taken and proposes to take with respect thereto;

(d) promptly after the sending or filing thereof, copies of all reports Holdings sends to its securityholders generally, and copies of all reports on Form 10-K, 10-Q or 8-K (other than pursuant to Rule 14a-12 of the Securities Exchange Act of 1934, as amended) and registration statements for the public offering (other than pursuant to employee Plans) of securities of Holdings that Holdings or any Subsidiary files with the SEC or any national securities exchange;

(e) promptly after the commencement thereof, notice of all actions and proceedings before any court, Governmental Authority or arbitrator affecting Holdings or any of its Material Subsidiaries of the type described in clause (i) or (ii) of Section 5.06; and

(f) promptly after the occurrence thereof, of any material change in accounting policies or financial reporting practices by Holdings or any Subsidiary; and

(g) promptly after any written request therefor, such other information with respect to Holdings or any of its Material Subsidiaries as any Lender, through the Administrative Agent, may from time to time reasonably request.

As to any information contained in materials furnished pursuant to Section 6.09(d), Holdings shall not be separately required to furnish such information under clause (a) or (b) above, but the foregoing shall not be in derogation of the obligation of Holdings to furnish the information and materials described in clauses (a) and (b) above at the times specified therein.

Documents required to be delivered pursuant to Section 6.09(a), (b) and (d) (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (i) on which Holdings posts such documents, or provides a link thereto on Holdings' website on the Internet at the website address www.wdc.com or another website address provided by Holdings in a written notice to the Administrative Agent; (ii) on which such documents are posted on a publicly available website maintained by or on behalf of the SEC for access to documents filed in the EDGAR database (the "EDGAR Website"), or (iii) on which such documents are posted on behalf of Holdings on an Internet or intranet website, if any, to which each Lender and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent); provided that: (i) Holdings shall deliver paper copies of such documents to the Administrative Agent, for delivery by the Administrative Agent to any Lender that requests Holdings to deliver such paper copies, until a written request to cease delivering paper copies is given by the Administrative Agent or such Lender (through the Administrative Agent) and (ii) except with respect to documents posted on the EDGAR Website, Holdings shall notify the Administrative Agent (by telecopier or electronic mail) of the posting of any such documents and, if requested by the Administrative Agent, provide to the Administrative Agent by electronic mail electronic versions (i.e., soft copies) of such documents.

The Administrative Agent shall have no obligation to request the delivery of or to maintain paper copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by any Loan Party with any such request by a Lender for delivery, and each Lender shall be solely responsible for requesting delivery to it (through the Administrative Agent) or maintaining its copies of such documents.

Holdings and each Borrower hereby acknowledges that (a) the Administrative Agent and/or the Arranger will make available to the Lenders and the L/C Issuer materials and/or information provided by or on behalf of Holdings or a Borrower hereunder (collectively, "Borrower Materials") by posting the Borrower Materials on IntraLinks or another similar electronic system (the "Platform") and (b) certain of the Lenders (each, a "Public Lender") may have personnel who do not wish to receive material non-public information with respect to Holdings or its Affiliates, or the respective securities of any of the foregoing, and who may be engaged in investment and other market-related activities with respect to such Persons' securities. Holdings and each Borrower hereby agree that (w) all Borrower Materials that are to be made available to Public Lenders shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof; (x) by marking Borrower Materials "PUBLIC," Holdings and the Borrowers shall be deemed to have authorized the Administrative Agent, the Arranger, the L/C Issuer and the Lenders to treat such Borrower Materials as not containing any material non-public information with respect to Holdings, any Borrower or any of their securities for purposes of United States Federal and state securities laws (provided that to the extent such Borrower Materials constitute Information, they shall be treated as set forth in Section 11.07); (y) all Borrower Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated "Public Side Information;" and (z) the Administrative Agent and the Arranger shall be entitled to treat any Borrower Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform not designated "Public Side Information." Notwithstanding the foregoing, the Borrowers shall be under no obligation to mark any Borrower Materials "PUBLIC."

6.10 Use of Proceeds. Use the proceeds of the Credit Extensions to pay a portion of the consideration for the Acquisition and for general corporate purposes not in contravention of any Law or of any Loan Document.

6.11 Additional Guarantors. Notify the Administrative Agent at the time that any Person that is not at such time a Guarantor is or becomes a Material Domestic Subsidiary, and promptly thereafter (and in any event within 60 days or such longer period acceptable to the Administrative Agent), cause such Material Domestic Subsidiary to (a) become a Guarantor by executing and delivering to the Administrative Agent a counterpart of the Subsidiary Guaranty or such other document as the Administrative Agent shall deem appropriate for such purpose and (b) deliver to the Administrative Agent documents of the types referred to in clauses (iii) and (iv) of Section 4.01(a) and, if requested by the Administrative Agent, favorable opinions of counsel to such Person (which shall cover, among other things, the legality, validity, binding effect and enforceability of the documentation referred to in clause (a)), in form and substance reasonably satisfactory to the Administrative Agent.

ARTICLE VII.
NEGATIVE COVENANTS

So long as any Lender shall have any Commitment hereunder, any Loan or other Obligation hereunder shall remain unpaid or unsatisfied, or any Letter of Credit shall remain outstanding (other than any contingent indemnification or similar contingent obligation not yet due and payable), Holdings shall not, directly or indirectly:

7.01 Liens. Create or suffer to exist, or permit any of its Material Subsidiaries (measured both before and after giving effect to any transaction in which a Lien is created or suffered to exist) to create or suffer to exist, any Lien on or with respect to any of its properties, whether now owned or hereafter acquired, or assign, or permit any of its Material Subsidiaries to assign, any right to receive income, other than:

(a) Permitted Liens;

(b) Liens securing Debt permitted pursuant to Section 7.04(e); provided that (x) such Liens attach at all times only to the assets so financed except for accessions to the property that is affixed or incorporated into the property covered by such Lien or financed with the proceeds of such Debt and the proceeds and the products thereof and (y) individual financings or leases of equipment provided by one lender or lessor may be cross collateralized to other financings of equipment provided by such lender or lessor;

(c) Liens existing on the Closing Date and described on Schedule 7.01 hereto;

(d) Liens on property of a Person existing at the time such Person is merged into or consolidated with Holdings or any Material Subsidiary of Holdings or becomes a Material Subsidiary of Holdings (with "Material Subsidiary" being determined measured after giving effect to such transaction); provided that such Liens were not created in contemplation of such merger, consolidation or acquisition and do not extend to any assets other than those of the Person so merged into or consolidated with Holdings or such Material Subsidiary or acquired by Holdings or such Material Subsidiary;

(e) Liens on cash collateral or government securities to secure obligations under Hedge Agreements, letters of credit and bank guaranties, provided that the aggregate value of any collateral so pledged does not exceed $100,000,000 in the aggregate at any time;

(f) Liens on precious metals or commodities to secure obligations under Hedge Agreements;

(g) assignments of the right to receive income effected as a part of the sale of a business unit or for collection purposes;

(h) Liens that are contractual rights of set-off (A) relating to the establishment of depository relations with banks and other financial institutions not given in connection with the issuance of Debt (other than as described in clause (i) of the definition thereof), (B) relating to pooled deposit, sweep accounts, reserve accounts or similar accounts of Holdings or any of its Subsidiaries to permit satisfaction of overdraft or similar obligations incurred in the ordinary course of business of Holdings and its Subsidiaries, (C) relating to purchase orders and other agreements entered into with customers, suppliers or service providers of Holdings or any of its Subsidiaries in the ordinary course of business or (D) relating to the credit cards and credit accounts of Holdings or any of its Subsidiaries in the ordinary course of business;

(i) Liens encumbering customary initial deposits and margin deposits and similar Liens attaching to commodity trading accounts or other brokerage accounts incurred in the ordinary course of business and not for speculative purposes;

(j) the replacement, extension or renewal of any Lien permitted by clause (c) or (d) above upon or in the same property theretofore subject thereto or the replacement, extension or renewal (without increase in the amount or change in any direct or contingent obligor) of the Debt secured thereby;

(k) Liens arising under any Permitted Receivables Financing permitted under Section 7.04(w).

(l) Liens in favor of any Loan Party or any Material Subsidiary, provided that the aggregate principal amount of Debt secured by all such Liens granted by the Loan Parties in favor of one or more Material Subsidiaries that are not Loan Parties shall not exceed $25,000,000 at any time outstanding;

(m) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;

(n) Liens solely on any cash earnest money deposits made by Holdings or any Material Subsidiary in connection with any letter of intent or purchase agreement in respect of any investment by Holdings or such Material Subsidiary;

(o) the prior rights of consignees and their lenders under consignment arrangements entered into in the ordinary course of business;

(p) Liens arising from precautionary Uniform Commercial Code financing statements or consignments entered into in connection with any transaction otherwise permitted under this Agreement;

(q) Liens granted by a Material Subsidiary on Equity Interests in any joint venture of such Material Subsidiary securing obligations of such joint venture;

(r) Liens securing insurance premiums financing arrangements, provided, that such Liens are limited to the applicable unearned insurance premiums; and

(s) other Liens securing Debt in an aggregate principal amount not to exceed the amount specified in Section 7.04(y) at any time outstanding.

7.02 Mergers, Etc. Merge or consolidate with or into, or convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired), to, any Person, or permit any of its Material Subsidiaries to do so, except that (i) any Material Subsidiary of Holdings (other than a Borrower) may merge or consolidate with or into, or convey, transfer, lease or otherwise dispose of assets to, any other Subsidiary of Holdings, so long as, if any party to such transaction is a Material Domestic Subsidiary, the transferee or surviving corporation is a Material Domestic Subsidiary, (ii) any Material Subsidiary of Holdings (other than a Borrower) may merge or consolidate with or into, or convey, transfer, lease or otherwise dispose of assets to, Holdings, (iii) any Material Subsidiary of Holdings (other than a Borrower) may merge or consolidate with or into, or convey, transfer, lease or otherwise dispose of all or substantially all of its assets (including Equity Interests in one or more of its Subsidiaries) to, any other Person so long as Holdings delivers to the Administrative Agent a certificate demonstrating compliance on a Pro Forma Basis with Section 7.09 after giving effect to such transaction, (iv) any Material Subsidiary of Holdings (other than a Borrower) may merge or consolidate with or into any other Person so long as such Material Subsidiary is the surviving corporation and (v) any Borrower may merge or consolidate with or into any other Person so long as such Borrower is the surviving corporation; provided, in the case of clauses (iii), (iv) or (v) above, that no Default shall have occurred and be continuing at the time of such proposed transaction or would result therefrom. Without limiting the generality of Section 6.11, if any Person shall, after giving effect to any transaction permitted by this Section 7.02, be or become a Material Domestic Subsidiary, it shall comply with the provisions of Section 6.11, and such Person shall constitute a Material Subsidiary with respect to the incurrence of Debt or Liens in connection with, or simultaneously with, such transaction.

7.03 Accounting Changes. Make or permit, or permit any of its Subsidiaries to make or permit, any change in accounting policies or reporting practices, except as required or permitted by GAAP.

7.04 Indebtedness. Create or suffer to exist, or permit any Material Subsidiary (measured both before and after giving effect to any transaction in which such Debt is created or suffered to exist) to create or suffer to exist, any Debt other than:

(a) Debt under the Loan Documents;

(b) Debt owed to Holdings or to a wholly owned (other than directors' qualifying shares) Subsidiary of Holdings;

(c) Debt existing on the Closing Date and described on Schedule 7.04 hereto (the "Existing Debt"), and any Debt extending the maturity of, or refunding or refinancing, in whole or in part, the Existing Debt, provided that the principal amount of such Existing Debt shall not be increased above the principal amount thereof outstanding immediately prior to such extension, refunding or refinancing, and the direct and contingent obligors therefor and ranking in right of payment of such Existing Debt shall not be improved for the benefit of the holders thereof, as a result of or in connection with such extension, refunding or refinancing (other than by increasing such amount by fees and expenses in connection with any refinancing);

(d) Debt of a Person existing at the time such Person is merged into or consolidated with any Material Subsidiary of a Borrower or becomes a Material Subsidiary of a Borrower (the "Assumed Debt") and any Debt extending the maturity of, or refunding or refinancing, in whole or in part, the Assumed Debt; provided that (A) such Debt was not created in contemplation of such merger, consolidation or acquisition and (B) the principal amount of such Assumed Debt shall not be increased above the principal amount thereof outstanding immediately prior to such extension, refunding or refinancing, and the direct and contingent obligors therefor shall not be changed (other than as expressly permitted hereunder), as a result of or in connection with such extension, refunding or refinancing (other than by increasing such amount by fees and expenses in connection with any refinancing);

(e) purchase money obligations or other similar obligations (including obligations in respect of mortgage, industrial revenue bond, industrial development bond, and similar financings) (x) in respect of capital leases or (y) incurred to finance the acquisition, construction or improvement of any fixed or capital assets, in each case, together with any modifications, extensions, renewals, refundings, replacements and extensions of any such Debt that do not increase the outstanding principal amount thereof;

(f) endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business;

(g) Debt incurred by Holdings or any of its Subsidiaries arising from guaranties, letters of credit or bank guaranties, warehouse receipts or similar instruments in the ordinary course of business;

(h) Debt incurred by Holdings or any of its Subsidiaries in respect of surety, performance, statutory or appeal bonds or similar obligations (including those issued in respect of workers' compensation, unemployment insurance and other types of social security) in the ordinary course of business;

(i) Debt in respect of netting services, overdraft protections and otherwise in connection with deposit accounts;

(j) Debt existing or arising under any Hedge Agreement entered into in the ordinary course of business and not for speculative purposes;

(k) guaranties in the ordinary course of business of the obligations of suppliers, customers, franchisees and licensees of Holdings and its Subsidiaries;

(l) guaranties by Holdings of Debt of any Subsidiary or guaranties by a Material Subsidiary of Holdings of Debt of Holdings or any Subsidiary with respect, in each case, to Debt otherwise permitted to be incurred pursuant to this Section 7.04;

(m) guaranties by Holdings or any of its Material Subsidiaries of the obligations under Hedge Agreements entered into in the ordinary course of business;

(n) customary indemnification and purchase price adjustment obligations incurred in connection with sales of assets and acquisitions;

(o) contingent obligations consisting of take or pay obligations contained in supply agreements, in each case incurred in the ordinary course of business;

(p) Debt representing deferred compensation to employees;

(q) Debt consisting of promissory notes issued to future, present or former directors, officers, members of management, employees or consultants of Holdings or any of its Subsidiaries or their respective estates, heirs, family members, spouses or former spouses to finance the purchase or redemption of Equity Interests of Holdings or any of its direct or indirect parent companies;

(r) Debt consisting of the financing of insurance premiums;

(s) Debt permitted under Section 7.05;

(t) Debt in respect of the credit cards and credit accounts of Holdings or any of its Subsidiaries in the ordinary course of business;

(u) warranty or indemnification obligations of Holdings or any of its Subsidiaries incurred in the ordinary course of business;

(v) obligations of Holdings or any of its Subsidiaries incurred in connection with rebate programs;

(w) Permitted Receivables Financing not to exceed $400,000,000 at any time outstanding;

(x) other unsecured Debt of any Loan Party; and

(y) other Debt in an amount not to exceed 5% of consolidated total assets of Holdings and its Subsidiaries at any time outstanding (determined as of the date such Debt was incurred).

7.05 Speculative Transactions. Engage, or permit any of its Material Subsidiaries to engage, in any transaction involving commodity options or futures contracts or Hedge Agreements except in the ordinary course of business and not for speculative purposes.

7.06 Change in Nature of Business. Make, or permit any of its Material Subsidiaries to make, any material change in the nature of the business carried on by Holdings and its Subsidiaries considered as a whole at the date hereof (after giving effect to the Acquisition) or that are reasonably related, incidental, ancillary or complementary thereto.

7.07 Restricted Junior Payments. Directly or indirectly, declare, order, pay, make or set apart, or agree to declare, order, pay, make or set apart, or permit any of its Material Subsidiaries through any manner or means or through any other Person to directly or indirectly declare, order, pay, make or set apart, or agree to declare, order, pay, make or set apart, any sum for any Restricted Junior Payment except:

(a) Restricted Junior Payments made when the Consolidated Leverage Ratio, both before and after giving effect to such Restricted Junior Payment and any Debt incurred in connection therewith, is less than 2.0 to 1.0;

(b) Holdings may make Restricted Junior Payments to, purchase or redeem Equity Interests of Holdings (including related stock appreciation rights or similar securities) (A) held by then present or former directors, consultants, officers or employees of Holdings or any of its Subsidiaries or by any employee compensation and incentive arrangements upon such person's death, disability, retirement or termination of employment or under the terms of any such employee compensation and incentive arrangements or any other agreement under which such shares of stock or related rights were issued or (B) held by present or former officers, directors or employees of Holdings or any of its Subsidiaries at any time in order to provide liquidity to such officers in the ordinary course of business; provided that the aggregate amount of such purchases or redemptions under this clause (b) shall not exceed $100,000,000 per fiscal year (plus, the amount of net proceeds received by Holdings or its Subsidiaries during such fiscal year from (x) sales of Equity Interests of Holdings to directors, officers or employees of Holdings or any of its Subsidiaries in connection with employee compensation and incentive arrangements and (y) third-party insurers under key-man life insurance policies that were not already applied under this clause (b)) which, if not used in any year, may be carried forward to any subsequent fiscal year;

(c) repurchases of common stock of Holdings in open market transactions, pursuant to the existing stock repurchase program approved by the governing body of Holdings and in effect on April 15, 2011 in an aggregate amount not to exceed $416,000,000;

(d) noncash repurchases of Equity Interests deemed to occur upon exercise of stock options if such Equity Interests represent a portion of the exercise price of, and any required tax withholdings in respect of, such options;

(e) purchase, redeem or otherwise acquire Equity Interests issued by it with the proceeds received from the substantially concurrent issue of new shares of its common stock or other common Equity Interests; and

(f) other Restricted Junior Payments made, in an aggregate amount not to exceed $100,000,000;

provided, that, notwithstanding anything to the contrary foregoing, Holdings may pay dividends that were permitted under any provision of Section 7.07(a) through (f) above at the time of declaration thereof if, at the time of such declaration, no Default shall have occurred and then be continuing.

7.08 Use of Proceeds. Use the proceeds of any Credit Extension, whether directly or indirectly, and whether immediately, incidentally or ultimately, to purchase or carry margin stock (within the meaning of Regulation U of the FRB) or to extend credit to others for the purpose of purchasing or carrying margin stock or to refund indebtedness originally incurred for such purpose, in any manner that would violate Regulation T, U or X. If requested by the Administrative Agent or any Lender, the Borrowers will furnish to the Administrative Agent and each Lender a statement to the foregoing effect in conformity with the requirement of FR—Form G-3 or FR—Form U-1, as applicable, referred to in Regulation U.

7.09 Financial Covenants.

(a) Consolidated Leverage Ratio. Permit the Consolidated Leverage Ratio as of the last day of any fiscal quarter of Holdings, commencing with the last day of the fiscal quarter in which the Closing Date occurs, calculated on a Pro Forma Basis, to be greater than 2.5 to 1.0.

(b) Consolidated Interest Coverage Ratio. Permit the Consolidated Interest Coverage Ratio as of the last day of any fiscal quarter of Holdings, commencing with the last day of the fiscal quarter in which the Closing Date occurs, calculated on a Pro Forma Basis, to be less than 3.0 to 1.0.

ARTICLE VIII.
EVENTS OF DEFAULT AND REMEDIES

8.01 Events of Default. If any of the following events (each, an "Event of Default") shall occur and be continuing:

(a) Non-Payment. Any Borrower or any other Loan Party shall fail to pay (i) any principal of any Loan or L/C Obligation when the same becomes due and payable; or (ii) any interest on any Loan or any L/C Obligation, any fees or any other amounts payable under this Agreement or any other Loan Document within five days after the same becomes due and payable; or

(b) Representations and Warranties. Any representation or warranty made by any Loan Party herein or in any other Loan Document or by any Loan Party in connection with this Agreement or any other Loan Document shall prove to have been incorrect in any material respect (or, with respect to representations and warranties modified by materiality standards, in all respects) when made; or

(c) Specific Covenants. (i) Holdings or any Borrower shall fail to perform or observe any term, covenant or agreement contained in Section 6.04 (only with respect to the legal existence of Holdings and the Borrowers), 6.08 or 6.09(c) or in Article VII, or (ii) any Loan Party shall fail to perform or observe any other term, covenant or agreement contained in this Agreement or any other Loan Document on its part to be performed or observed if such failure shall remain unremedied for 30 days after written notice thereof shall have been given to Holdings by the Administrative Agent or any Lender; or

(d) Cross-Default. (i) Holdings, any Borrower or any of their respective Material Subsidiaries shall fail to pay any principal of or premium or interest on any Debt that is outstanding in a principal or notional amount of at least $125,000,000 in the aggregate (but excluding Debt outstanding hereunder and Debt under Hedge Agreements) of Holdings, such Borrower or such Material Subsidiary (as the case may be), when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Debt; or any other event shall occur or condition shall exist under any agreement or instrument relating to any such Debt and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to cause, or to permit the holder or holders of that Debt (or a trustee on behalf of such holder or holders) to cause, that Debt to become or be declared due and payable (or redeemable) prior to the stated maturity thereof; or (ii) there occurs under any Hedge Agreement an Early Termination Date (as defined in such Hedge Agreement) resulting from (A) any event of default under such Hedge Agreement as to which Holdings, any Borrower or any Material Subsidiary is the Defaulting Party (as defined in such Hedge Agreement) or (B) any Termination Event (as so defined) under such Hedge Agreement as to which Holdings, any Borrower or any Material Subsidiary is an Affected Party (as so defined) and, in either event, the Hedge Termination Value owed by Holdings, such Borrower or such Material Subsidiary as a result thereof is greater than $125,000,000; or

(e) Inability to Pay Debts; Attachment. Holdings, any Borrower or any of their respective Material Subsidiaries shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against Holdings, any Borrower or any of their respective Material Subsidiaries seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian, liquidator or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it), either such proceeding shall remain undismissed, unbonded or unstayed for a period of 60 days, or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian, liquidator or other similar official for, it or for any substantial part of its property) shall occur; or Holdings, any Borrower or any of their respective Material Subsidiaries shall take any corporate action (including, without limitation, passing any resolutions or convening any meetings for the purposes of passing any such resolutions) to authorize any of the actions set forth above in this subsection (e); or

(f) Judgments. Judgments or orders for the payment of money in excess of $125,000,000 in the aggregate shall be rendered against Holdings, any Borrower and/or any of their respective Material Subsidiaries and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect unless such judgment or order has been discharged or otherwise satisfied; provided, however, that any such judgment or order shall not be an Event of Default under this Section 8.01(f) if and for so long as (i) the amount of such judgment or order is covered by a valid and binding policy of insurance between the defendant and the insurer covering payment thereof and (ii) such insurer, which shall be rated at least “A” by A.M. Best Company, has been notified of, and has not disputed the claim made for payment of, the amount of such judgment or order; or

(g) Change of Control. (i) Any Person or two or more Persons acting in concert shall have acquired beneficial ownership (within the meaning of Rule 13d-3 of the SEC under the Securities Exchange Act of 1934), directly or indirectly, of Voting Stock of Holdings or any Borrower (or other securities convertible into such Voting Stock) representing 35% or more of the combined voting power of all Voting Stock of Holdings; or (ii) during any period of up to 24 consecutive months, commencing after the Closing Date, a majority of the members of the board of directors of Holdings cease to be composed of individuals (x) who were members of that board on the first day of such period, (y) whose election or nomination to that board was approved by individuals referred to in clause (x) above constituting at the time of such election or nomination at least a majority of that board or (z) whose election or nomination to that board was approved by individuals referred to in clauses (x) and (y) above constituting at the time of such election or nomination at least a majority of that board (excluding, in the case of both clause (x) and clause (y), any individual whose initial nomination for, or assumption of office as, a member of that board occurs as a result of an actual or threatened solicitation of proxies or consents for the election or removal of one or more directors by any person or group other than a solicitation for the election of one or more directors by or on behalf of the board of directors); or (iii) Holdings ceases to own 100% of the Equity Interests (other than directors’ qualifying shares) of either Borrower, directly or indirectly; or

(h) ERISA. Any one or more of the following shall have occurred and be continuing with respect to Holdings or any of its ERISA Affiliates and, in each case, such event or condition, together with all other such events or condition, if any, would result in a Material Adverse Effect: (i) the occurrence of any ERISA Event; (ii) the failure to make a contribution or contributions to one or more Foreign Pension Plans as required by Law applicable to such Foreign Pension Plan or Foreign Pension Plans; (iii) the partial or complete withdrawal of Holdings or any of its ERISA Affiliates from a Multiemployer Plan; (iv) the reorganization or termination of a Multiemployer Plan or (v) the termination of any Foreign Pension Plan which could result in increased liability to Holdings or any ERISA Affiliate; or

(i) Invalidity of Loan Documents. At any time after the execution and delivery thereof, (i) either the Subsidiary Guaranty or the Guaranty of Holdings or the US Borrower contained in Article X of this Agreement for any reason, other than the satisfaction in full of all Obligations, shall cease to be in full force and effect (other than in accordance with its terms) or shall be declared to be null and void or any Guarantor shall repudiate its obligations thereunder, (ii) this Agreement ceases to be in full force and effect (other than by reason of the satisfaction in full of the Obligations in accordance with the terms hereof) or shall be declared null and void, or (iii) the Borrowers or any Guarantor shall contest the validity or enforceability of any Loan Document in writing or deny in writing that it has any further liability, including with respect to future Credit Extensions by Lenders, under any Loan Document to which it is a party.

8.02 Remedies Upon Event of Default. If any Event of Default occurs and is continuing, the Administrative Agent shall, at the request of, or may, with the consent of, the Required Lenders, take any or all of the following actions:

(a) declare the commitment of each Lender to make Loans and any obligation of the L/C Issuer to make L/C Credit Extensions to be terminated, whereupon such commitments and obligation shall be terminated;

(b) declare the unpaid principal amount of all outstanding Loans of each Borrower, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Loan Document to be immediately due and payable by such Borrower, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by Holdings and the Borrowers;

(c) require that each Borrower Cash Collateralize the L/C Obligations for which it is liable (in an amount equal to the then Outstanding Amount thereof); and

(d) exercise on behalf of itself, the Lenders and the L/C Issuer all rights and remedies available to it, the Lenders and the L/C Issuer under the Loan Documents;

provided that upon the occurrence of an actual or deemed entry of an order for relief with respect to Holdings or any Borrower under the Bankruptcy Code of the United States, the obligation of each Lender to make Loans and any obligation of the L/C Issuer to make L/C Credit Extensions shall automatically terminate, the unpaid principal amount of all outstanding Loans and all interest and other amounts as aforesaid shall automatically become due and payable, and the obligation of the Borrowers to Cash Collateralize the L/C Obligations as aforesaid shall automatically become effective, in each case without further act of the Administrative Agent or any Lender.

8.03 Application of Funds. After the exercise of remedies provided for in Section 8.02 (or after the Loans have automatically become immediately due and payable and the L/C Obligations have automatically been required to be Cash Collateralized as set forth in the proviso to Section 8.02), any amounts received on account of the Obligations shall, subject to the provisions of Sections 2.15 and 2.16, be applied by the Administrative Agent in the following order:

First, to payment of that portion of the Obligations constituting fees, indemnities, expenses and other amounts (including fees, charges and disbursements of counsel to the Administrative Agent and amounts payable under Article III) payable to the Administrative Agent in its capacity as such;

Second, to payment of that portion of the Obligations constituting fees, indemnities and other amounts (other than principal, interest and Letter of Credit Fees) payable to the Lenders and the L/C Issuer (including fees, charges and disbursements of counsel to the respective Lenders and the L/C Issuer and amounts payable under Article III), ratably among them in proportion to the respective amounts described in this clause Second payable to them;

Third, to payment of that portion of the Obligations constituting accrued and unpaid Letter of Credit Fees and interest on the Loans, L/C Borrowings and other Obligations arising under the Loan Documents, ratably among the Lenders and the L/C Issuer in proportion to the respective amounts described in this clause Third payable to them;

Fourth, to (a) payment of (i) that portion of the Obligations constituting unpaid principal of the Loans and L/C Borrowings and (ii) Obligations then owing under Guaranteed Hedge Agreements and Guaranteed Cash Management Agreements, in each case ratably among the Lenders, the L/C Issuer, the Hedge Banks and the Cash Management Banks and (b) the Administrative Agent for the account of the L/C Issuer, to Cash Collateralize that portion of L/C Obligations composed of the aggregate undrawn amount of Letters of Credit to the extent not otherwise Cash Collateralized by the Borrowers pursuant to Sections 2.03 and 2.15, in proportion to the respective amounts described in this clause Fourth held by each applicable Person; and

Last, the balance, if any, after all of the Obligations have been indefeasibly paid in full, to the Borrowers or as otherwise required by Law.

Subject to Sections 2.03(c) and 2.15, amounts used to Cash Collateralize the aggregate undrawn amount of Letters of Credit pursuant to clause Fourth above shall be applied to satisfy drawings under such Letters of Credit as they occur. If any amount remains on deposit as Cash Collateral after all Letters of Credit have either been fully drawn or expired, such remaining amount shall be applied to the other Obligations, if any, in the order set forth above.

Notwithstanding the foregoing, Obligations arising under Guaranteed Cash Management Agreements and Guaranteed Hedge Agreements shall be excluded from the application described above if the Administrative Agent has not received written notice thereof, together with such supporting documentation as the Administrative Agent may request, from the applicable Cash Management Bank or Hedge Bank, as the case may be. Each Cash Management Bank or Hedge Bank not a party to the Credit Agreement that has given the notice contemplated by the preceding sentence shall, by such notice, be deemed to have acknowledged and accepted the appointment of the Administrative Agent pursuant to the terms of Article IX hereof for itself and its Affiliates as if a "Lender" party hereto.

ARTICLE IX.
ADMINISTRATIVE AGENT

9.01 Appointment and Authority. Each of the Lenders and the L/C Issuer hereby irrevocably appoints Bank of America to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of the Administrative Agent, the Lenders and the L/C Issuer, and neither Holdings, either Borrower nor any other Loan Party shall have rights as a third party beneficiary of any of such provisions.

9.02 Rights as a Lender. The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with the Borrowers or any Subsidiary or other Affiliate thereof as if such Person were not the Administrative Agent hereunder and without any duty to account therefor to the Lenders.

9.03 Exculpatory Provisions. The Administrative Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents. Without limiting the generality of the foregoing, the Administrative Agent:

(a) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;

(b) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Administrative Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents), provided that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Loan Document or applicable law; and

(c) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to a Borrower or any of its Affiliates that is communicated to or obtained by the Person serving as the Administrative Agent or any of its Affiliates in any capacity.

The Administrative Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith shall be necessary, under the circumstances as provided in Sections 11.01 and 8.02) or (ii) in the absence of its own gross negligence or willful misconduct. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until notice describing such Default is given to the Administrative Agent by the Borrowers, a Lender or the L/C Issuer.

The Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

9.04 Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan, or the issuance of a Letter of Credit, that by its terms must be fulfilled to the satisfaction of a Lender or the L/C Issuer, the Administrative Agent may presume that such condition is satisfactory to such Lender or the L/C Issuer unless the Administrative Agent shall have received notice to the contrary from such Lender or the L/C Issuer prior to the making of such Loan or the issuance of such Letter of Credit. The Administrative Agent may consult with legal counsel (who may be counsel for a Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

9.05 Delegation of Duties. The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

9.06 Resignation of Administrative Agent.

(a) The Administrative Agent may at any time give notice of its resignation to the Lenders, the L/C Issuer and the Borrowers. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, in consultation with the Borrowers, to appoint a successor, which shall be a bank with an office in the United States, or an Affiliate of any such bank with an office in the United States. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may on behalf of the Lenders and the L/C Issuer, in consultation with the Borrowers, appoint a successor Administrative Agent meeting the qualifications set forth above; provided that if the Administrative Agent shall notify the Borrowers and the Lenders that no qualifying Person has accepted such appointment, then such resignation shall nonetheless become effective in accordance with such notice and (1) the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that in the case of any collateral security held by the Administrative Agent on behalf of the Lenders or the L/C Issuer under any of the Loan Documents, the retiring Administrative Agent shall continue to hold such collateral security until such time as a successor Administrative Agent is appointed) and (2) all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender and the L/C Issuer directly, until such time as the Required Lenders appoint a successor Administrative Agent as provided for above in this Section. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or retired) Administrative Agent, and the retiring Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents (if not already discharged therefrom as provided above in this Section). The fees payable by the Borrowers to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrowers and such successor. After the retiring Administrative Agent's resignation hereunder and under the other Loan Documents, the provisions of this Article and Section 11.04 shall continue in effect for the benefit of such retiring Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring Administrative Agent was acting as Administrative Agent.

(b) Any resignation by Bank of America as Administrative Agent pursuant to this Section shall also constitute its resignation as L/C Issuer and Swing Line Lender. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, (a) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring L/C Issuer and Swing Line Lender, (b) the retiring L/C Issuer and Swing Line Lender shall be discharged from all of their respective duties and obligations hereunder or under the other Loan Documents, and (c) the successor L/C Issuer shall issue letters of credit in substitution for the Letters of Credit, if any, outstanding at the time of such succession or make other arrangements reasonably satisfactory to the retiring L/C Issuer to effectively assume the obligations of the retiring L/C Issuer with respect to such Letters of Credit.

9.07 Non-Reliance on Administrative Agent and Other Lenders. Each Lender and the L/C Issuer acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender and the L/C Issuer also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

9.08 No Other Duties, Etc. Anything herein to the contrary notwithstanding, none of the Bookrunners, Arrangers, Syndication Agents, Documentation Agents or other similar titles listed on the cover page hereof shall have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity, as applicable, as the Administrative Agent, a Lender or the L/C Issuer hereunder.

9.09 Administrative Agent May File Proofs of Claim. In case of the pendency of any proceeding under any Debtor Relief Law or any other judicial proceeding relative to any Loan Party, the Administrative Agent (irrespective of whether the principal of any Loan or L/C Obligation shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrowers) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans, L/C Obligations and all other Obligations that are owing and unpaid (other than Obligations in respect of Guaranteed Cash Management Agreements or Guaranteed Hedge Agreements unless consented to by the applicable Cash Management Bank or Hedge Bank, as the case may be) and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders, the L/C Issuer and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders, the L/C Issuer and the Administrative Agent and their respective agents and counsel and all other amounts due the Lenders, the L/C Issuer and the Administrative Agent under Sections 2.03(i) and (j), 2.09 and 11.04) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender and the L/C Issuer to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders and the L/C Issuer, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Sections 2.09 and 11.04.

Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender or the L/C Issuer any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or the L/C Issuer to authorize the Administrative Agent to vote in respect of the claim of any Lender or the L/C Issuer in any such proceeding.

9.10 Guaranty Matters. The Lenders and the L/C Issuer irrevocably authorize the Administrative Agent, at its option and in its discretion, to release any Subsidiary Guarantor from its obligations under the Subsidiary Guaranty if such Person ceases to be a Subsidiary or Material Domestic Subsidiary of Holdings as a result of a transaction permitted hereunder. Upon request by the Administrative Agent at any time, the Required Lenders will confirm in writing the Administrative Agent's authority to release any Subsidiary Guarantor from its obligations under the Subsidiary Guaranty pursuant to this Section 9.10.

9.11 Guaranteed Cash Management Agreements and Guaranteed Hedge Agreements. No Cash Management Bank or Hedge Bank that obtains the benefits of Section 8.03 or any Guaranty by virtue of the provisions hereof or of any Guaranty shall have any right to notice of any action or to consent to, direct or object to any action hereunder or under any other Loan Document other than in its capacity as a Lender and, in such case, only to the extent expressly provided in the Loan Documents. Notwithstanding any other provision of this Article IX to the contrary, the Administrative Agent shall not be required to verify the payment of, or that other satisfactory arrangements have been made with respect to, Obligations arising under Guaranteed Cash Management Agreements and Guaranteed Hedge Agreements unless the Administrative Agent has received written notice of such Obligations, together with such supporting documentation as the Administrative Agent may request, from the applicable Cash Management Bank or Hedge Bank, as the case may be.

ARTICLE X.
CONTINUING GUARANTY

10.01 Guaranties.

(a) Guaranty of Holdings. Holdings hereby absolutely and unconditionally guarantees, as a guaranty of payment and performance and not merely as a guaranty of collection, prompt payment when due, whether at stated maturity, by required prepayment, upon acceleration, demand or otherwise, and at all times thereafter, of any and all of the Obligations of the Loan Parties, whether for principal, interest, premiums, fees, indemnities, damages, costs, expenses or otherwise, to the Guaranteed Parties, and whether arising hereunder or under any other Loan Document, any Guaranteed Cash Management Agreement or any Guaranteed Hedge Agreement (including all renewals, extensions, amendments, refinancings and other modifications thereof and all costs, attorneys' fees and expenses incurred by the Guaranteed Parties in connection with the collection or enforcement thereof). The Administrative Agent's books and records showing the amount of the Obligations shall be admissible in evidence in any action or proceeding, and shall be binding upon Holdings, and conclusive for the purpose of establishing the amount of the Obligations. This Guaranty shall not be affected by the genuineness, validity, regularity or enforceability of the Obligations or any instrument or agreement evidencing any Obligations, or by the existence, validity, enforceability, perfection, non-perfection or extent of any collateral therefor, or by any fact or circumstance relating to the Obligations which might otherwise constitute a defense to the obligations of Holdings under this Guaranty, and Holdings hereby irrevocably waives any defenses it may now have or hereafter acquire in any way relating to any or all of the foregoing.

(b) Guaranty of US Borrower. US Borrower hereby absolutely and unconditionally guarantees, as a guaranty of payment and performance and not merely as a guaranty of collection, prompt payment when due, whether at stated maturity, by required prepayment, upon acceleration, demand or otherwise, and at all times thereafter, of any and all of the Obligations of the Loan Parties, whether for principal, interest, premiums, fees, indemnities, damages, costs, expenses or otherwise, to the Guaranteed Parties, and whether arising hereunder or under any other Loan Document, any Guaranteed Cash Management Agreement or any Guaranteed Hedge Agreement (including all renewals, extensions, amendments, refinancings and other modifications thereof and all costs, attorneys' fees and expenses incurred by the Guaranteed Parties in connection with the collection or enforcement thereof). The Administrative Agent's books and records showing the amount of the Obligations shall be admissible in evidence in any action or proceeding, and shall be binding upon the US Borrower, and conclusive for the purpose of establishing the amount of the Obligations. This Guaranty shall not be affected by the genuineness, validity, regularity or enforceability of the Obligations or any instrument or agreement evidencing any Obligations, or by the existence, validity, enforceability, perfection, non-perfection or extent of any collateral therefor, or by any fact or circumstance relating to the Obligations which might otherwise constitute a defense to the obligations of the US Borrower under this Guaranty, and the US Borrower hereby irrevocably waives any defenses it may now have or hereafter acquire in any way relating to any or all of the foregoing.

10.02 Rights of Lenders. Holdings and the US Borrower each consents and agrees that the Guaranteed Parties may, at any time and from time to time, without notice or demand, and without affecting the enforceability or continuing effectiveness hereof: (a) amend, extend, renew, compromise, discharge, accelerate or otherwise change the time for payment or the terms of the Obligations or any part thereof; (b) take, hold, exchange, enforce, waive, release, fail to perfect, sell, or otherwise dispose of any security for the payment of this Guaranty or any Obligations; (c) apply such security and direct the order or manner of sale thereof as the Administrative Agent, the L/C Issuer and the Lenders in their sole discretion may determine; and (d) release or substitute one or more of any endorsers or other guarantors of any of the Obligations. Without limiting the generality of the foregoing, Holdings and the US Borrower each consents to the taking of, or failure to take, any action which might in any manner or to any extent vary the respective risks of Holdings and the US Borrower under this Guaranty or which, but for this provision, might operate as a discharge of Holdings, the US Borrower or both.

10.03 Certain Waivers. Holdings and the US Borrower each waives (a) any defense arising by reason of any disability or other defense of any Borrower or any other guarantor, or the cessation from any cause whatsoever (including any act or omission of any Guaranteed Party) of the liability of any Borrower; (b) any defense based on any claim that Holdings' or the US Borrower's obligations exceed or are more burdensome than those of any Borrower; (c) the benefit of any statute of limitations affecting Holdings' or the US Borrower's liability hereunder; (d) any right to proceed against any Borrower, proceed against or exhaust any security for the Obligations, or pursue any other remedy in the power of any Guaranteed Party whatsoever; (e) any benefit of and any right to participate in any security now or hereafter held by any Guaranteed Party; and (f) to the fullest extent permitted by law, any and all other defenses or benefits that may be derived from or afforded by applicable law limiting the liability of or exonerating guarantors or sureties. Holdings and the US Borrower each expressly waives all setoffs and counterclaims and all presentments, demands for payment or performance, notices of nonpayment or nonperformance, protests, notices of protest, notices of dishonor and all other notices or demands of any kind or nature whatsoever with respect to the Obligations, and all notices of acceptance of this Guaranty or of the existence, creation or incurrence of new or additional Obligations. Holdings waives any rights and defenses that are or may become available to Holdings by reason of §§ 2787 to 2855, inclusive, and §§ 2899 and 3433 of the California Civil Code. As provided below, this Guaranty shall be governed by, and construed in accordance with, the laws of the State of New York. The foregoing waivers and the provisions hereinafter set forth in this Guaranty which pertain to California law are included solely out of an abundance of caution, and shall not be construed to mean that any of the above-referenced provisions of California law are in any way applicable to this Guaranty or the Obligations.

10.04 Obligations Independent. The respective obligations of each of Holdings and the US Borrower hereunder are those of primary obligor, and not merely as surety, and are independent of the Obligations and the obligations of any other guarantor, and a separate action may be brought against Holdings, the US Borrower or both to enforce this Guaranty whether or not any Borrower or any other person or entity is joined as a party.

10.05 Subrogation. Neither Holdings nor the US Borrower shall exercise any right of subrogation, contribution, indemnity, reimbursement or similar rights with respect to any payments it makes under this Guaranty until all of the Obligations and any amounts payable under this Guaranty have been indefeasibly paid and performed in full and the Commitments and the Facilities are terminated. If any amounts are paid to Holdings or the US Borrower in violation of the foregoing limitation, then such amounts shall be held in trust for the benefit of the Guaranteed Parties and shall forthwith be paid to the Guaranteed Parties to reduce the amount of the Obligations, whether matured or unmatured.

10.06 Termination; Reinstatement. This Guaranty is a continuing and irrevocable guaranty of all Obligations now or hereafter existing and shall remain in full force and effect until all Obligations (other than any contingent indemnification or similar contingent obligation not yet due and payable) and any other amounts payable under this Guaranty (other than any contingent indemnification or similar contingent obligation not yet due and payable) are indefeasibly paid in full in cash and the Commitments and the Facilities with respect to the Obligations are terminated. Notwithstanding the foregoing, this Guaranty shall continue in full force and effect or be revived, as the case may be, if any payment by or on behalf of the Borrowers or Holdings is made, or any of the Guaranteed Parties exercises its right of setoff, in respect of the Obligations and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by any of the Guaranteed Parties in their discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Laws or otherwise, all as if such payment had not been made or such setoff had not occurred and whether or not the Guaranteed Parties are in possession of or have released this Guaranty and regardless of any prior revocation, rescission, termination or reduction. The respective obligations of Holdings and the US Borrower under this paragraph shall survive termination of this Guaranty.

10.07 Subordination. (a) Holdings hereby subordinates the payment of all obligations and indebtedness of any Borrower owing to Holdings and (b) the US Borrower hereby subordinates the payment of all obligations and indebtedness of the Cayman Borrower owing to the US Borrower, in each case, whether now existing or hereafter arising, including but not limited to any obligation of (x) any Borrower to Holdings or (y) the Cayman Borrower to the US Borrower, as subrogee of the Guaranteed Parties or resulting from Holdings' or the US Borrower's performance under this Guaranty, to the indefeasible payment in full in cash of all Obligations. If the Guaranteed Parties so request following the occurrence and during the continuation of an Event of Default, any such obligation or indebtedness of any Borrower to Holdings or to the US Borrower shall be enforced, but without reducing or affecting in any manner the respective liability of Holdings or the US Borrower under this Guaranty.

10.08 Stay of Acceleration. If acceleration of the time for payment of any of the Obligations is stayed, in connection with any case commenced by or against Holdings or any Borrower under any Debtor Relief Laws, or otherwise, all such amounts shall nonetheless be payable by Holdings or the US Borrower promptly upon demand by the Guaranteed Parties.

10.09 Condition of Borrowers. Holdings and the US Borrower each acknowledges and agrees that it has the sole responsibility for, and has adequate means of, obtaining from the Borrowers and any other guarantor such information concerning the financial condition, business and operations of the Borrowers and any such other guarantor as Holdings or the US Borrower requires, and that none of the Guaranteed Parties has any duty, and neither Holdings nor the US Borrower is relying on the Guaranteed Parties at any time, to disclose to Holdings or the US Borrower any information relating to the business, operations or financial condition of any Borrower or any other guarantor (Holdings and the US Borrower each waiving any duty on the part of the Guaranteed Parties to disclose such information and any defense relating to the failure to provide the same).

ARTICLE XI.
MISCELLANEOUS

11.01 Amendments, Etc. No amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent to any departure by the Borrowers or any other Loan Party therefrom, shall be effective unless in writing signed by the Required Lenders, Holdings and the Borrowers or the applicable Loan Party, as the case may be, and acknowledged by the Administrative Agent, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided that no such amendment, waiver or consent shall:

(a) either (i) waive any condition set forth in Section 4.01 (other than Section 4.01(a)(x)) without the written consent of each Lender or (ii) without limiting the generality of clause (i), waive any condition set forth in Section 4.02 as to any Revolving Credit Borrowing without the written consent of the Required Revolving Credit Lenders (including any effective waiver resulting from an amendment, consent or waiver otherwise approved hereunder, but without which a condition set forth in Section 4.02 would not be satisfied);

(b) extend or increase the Commitment of any Lender (or reinstate any Commitment terminated pursuant to Section 8.02) without the written consent of such Lender;

(c) postpone any date fixed by this Agreement or any other Loan Document for any payment (excluding mandatory prepayments) of principal, interest, fees or other amounts due to the Lenders (or any of them) hereunder or under any other Loan Document, or the mandatory termination of the Term Commitments pursuant to Section 2.06(b), without the written consent of each Lender directly and adversely affected thereby;

(d) reduce the principal of, or the rate of interest specified herein on, any Loan or L/C Borrowing, or (subject to clause (iv) of the second proviso to this Section 11.01) any fees or other amounts payable hereunder or under any other Loan Document without the written consent of each Lender directly affected thereby; provided that only the consent of the Required Lenders shall be necessary (i) to amend the definition of "Default Rate" or to waive any obligation of the Borrowers to pay interest or Letter of Credit Fees at the Default Rate or (ii) to amend any financial covenant hereunder (or any defined term used therein) even if the effect of such amendment would be to reduce the rate of interest on any Loan or L/C Borrowing or to reduce any fee payable hereunder;

(e) change Section 8.03 in a manner that would alter the pro rata sharing of payments required thereby without the written consent of each Lender;

(f) change (i) any provision of this Section or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to amend, waive or otherwise modify any rights hereunder or make any determination or grant any consent hereunder (other than the definition(s) specified in Section 11.01(f)(ii)) without the written consent of each Lender and (ii) the definition of "Required Revolving Credit Lenders" without the written consent of each Revolving Credit Lender;

(g) release (i) Holdings or the US Borrower from the Guaranty in Article X hereof or (ii) all or substantially all of the value of the Subsidiary Guaranty, in either case, without the written consent of each Lender, except to the extent the release of any Subsidiary Guarantor is permitted pursuant to Section 9.10 (in which case such release may be made by the Administrative Agent acting alone);

(h) impose any greater restriction on the ability of any Lender under a Facility to assign any of its rights or obligations hereunder without the written consent of such Lender;

and, provided further, that (i) no amendment, waiver or consent shall, unless in writing and signed by the L/C Issuer in addition to the Lenders required above, affect the rights or duties of the L/C Issuer under this Agreement or any Issuer Document relating to any Letter of Credit issued or to be issued by it; (ii) no amendment, waiver or consent shall, unless in writing and signed by the Swing Line Lender in addition to the Lenders required above, affect the rights or duties of the Swing Line Lender under this Agreement; (iii) no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Lenders required above, affect the rights or duties of the Administrative Agent under this Agreement or any other Loan Document; and (iv) the Fee Letter may be amended, or rights or privileges thereunder waived, in a writing executed only by the parties thereto. Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder (and any amendment, waiver or consent which by its terms requires the consent of all Lenders or each affected Lender may be effected with the consent of the applicable Lenders other than Defaulting Lenders), except that (x) the Commitment of any Defaulting Lender may not be increased or extended without the consent of such Lender and (y) any waiver, amendment or modification requiring the consent of all Lenders or each affected Lender that by its terms affects any Defaulting Lender more adversely than other affected Lenders shall require the consent of such Defaulting Lender.

Notwithstanding anything to the contrary herein, each Lender hereby irrevocably authorizes the Administrative Agent on its behalf, and without further consent, to enter into amendments or modifications to this Agreement (including, without limitation, amendments to this Section 11.01 and/or Section 2.13) or any of the other Loan Documents or to enter into additional Loan Documents as the Administrative Agent reasonably deems appropriate in order to effectuate the terms of any amendment which extends the Maturity Date of any Facility with respect to fewer than all of the Lenders (including any terms therein which provide for a higher interest rate and/or fees to be paid to each Lender agreeing to extend its maturity date); provided that (a) such amendment has been approved by the Required Lenders and each Lender required to approve such amendment pursuant to Section 11.01(c), and (b) no amendment or modification shall result in any increase in the amount of any Lender's Term Loans or Revolving Credit Commitment or any increase in any Lender's Applicable Percentage without the consent of such Lender.

Notwithstanding anything to the contrary herein, if following the Closing Date, the Administrative Agent, Holdings and the Borrowers shall have jointly identified an inconsistency, error or omission of a technical or immaterial nature, in each case, in any provision of the Loan Documents, then the Administrative Agent and the Loan Parties shall be permitted to amend such provision and such amendment shall become effective without any further action or consent of any other party to any Loan Documents if the same is not objected to in writing by the Required Lenders within ten Business Days following receipt of notice thereof.

If any Lender does not consent to a proposed amendment, waiver, consent or release with respect to any Loan Document that requires the consent of such Lender and that has been approved by the Required Lenders, the Borrowers may replace such non-consenting Lender in accordance with Section 11.13; provided that such amendment, waiver, consent or release can be effected as a result of the assignment contemplated by such Section (together with all other such assignments required by the Borrowers to be made pursuant to this paragraph).

11.02 Notices; Effectiveness; Electronic Communication.

(a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in subsection (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopier as follows, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, as follows:

(i) if to Holdings, the Borrowers, the Administrative Agent, the L/C Issuer or the Swing Line Lender, to the address, telecopier number, electronic mail address or telephone number specified for such Person on Schedule 11.02; and

(ii) if to any other Lender, to the address, telecopier number, electronic mail address or telephone number specified in its Administrative Questionnaire (including, as appropriate, notices delivered solely to the Person designated by a Lender on its Administrative Questionnaire then in effect for the delivery of notices that may contain material non-public information relating to Holdings and its Subsidiaries).

Notices and other communications sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices and other communications sent by telecopier shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices and other communications delivered through electronic communications to the extent provided in subsection (b) below, shall be effective as provided in such subsection (b).

(b) Electronic Communications. Notices and other communications to the Lenders and the L/C Issuer hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent, provided that the foregoing shall not apply to notices to any Lender or the L/C Issuer pursuant to Article II if such Lender or the L/C Issuer, as applicable, has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent or the Loan Parties may, in their discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender’s receipt of an acknowledgement from the intended recipient (such as by the “return receipt requested” function, as available, return e-mail or other written acknowledgement), provided that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

(c) The Platform. THE PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE." THE AGENT PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE BORROWER MATERIALS OR THE ADEQUACY OF THE PLATFORM, AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS IN OR OMISSIONS FROM THE BORROWER MATERIALS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY ANY AGENT PARTY IN CONNECTION WITH THE BORROWER MATERIALS OR THE PLATFORM. In no event shall the Administrative Agent or any of its Related Parties (collectively, the "Agent Parties") have any liability to Holdings, the Borrowers, any Lender, the L/C Issuer or any other Person for losses, claims, damages, liabilities or expenses of any kind (whether in tort, contract or otherwise) arising out of Holdings', the Borrowers' or the Administrative Agent's transmission of Borrower Materials through the Internet, except to the extent that such losses, claims, damages, liabilities or expenses are determined by a court of competent jurisdiction by a final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Agent Party; provided that in no event shall any Agent Party have any liability to Holdings, the Borrowers, any Lender, the L/C Issuer or any other Person for indirect, special, incidental, consequential or punitive damages (as opposed to direct or actual damages).

(d) Change of Address, Etc. Each of Holdings, the Borrowers, the Administrative Agent, the L/C Issuer and the Swing Line Lender may change its address, telecopier or telephone number for notices and other communications hereunder by notice to the other parties hereto. Each other Lender may change its address, telecopier or telephone number for notices and other communications hereunder by notice to the Borrowers, the Administrative Agent, the L/C Issuer and the Swing Line Lender. In addition, each Lender agrees to notify the Administrative Agent from time to time to ensure that the Administrative Agent has on record (i) an effective address, contact name, telephone number, telecopier number and electronic mail address to which notices and other communications may be sent and (ii) accurate wire instructions for such Lender. Furthermore, each Public Lender agrees to cause at least one individual at or on behalf of such Public Lender to at all times have selected the "Private Side Information" or similar designation on the content declaration screen of the Platform in order to enable such Public Lender or its delegate, in accordance with such Public Lender's compliance procedures and applicable Law, including United States Federal and state securities Laws, to make reference to Borrower Materials that are not made available through the "Public Side Information" portion of the Platform and that may contain material non-public information with respect to Holdings and its Subsidiaries or their respective securities for purposes of United States Federal or state securities laws.

(e) Reliance by Administrative Agent, L/C Issuer and Lenders. The Administrative Agent, the L/C Issuer and the Lenders shall be entitled to rely and act upon any notices (including telephonic Loan Notices and Swing Line Loan Notices) purportedly given by or on behalf of any Borrower even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. Each Borrower shall indemnify the Administrative Agent, the L/C Issuer, each Lender and the Related Parties of each of them from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of such Borrower. All telephonic notices to and other telephonic communications with the Administrative Agent may be recorded by the Administrative Agent, and each of the parties hereto hereby consents to such recording.

11.03 No Waiver; Cumulative Remedies; Enforcement. No failure by any Lender, the L/C Issuer or the Administrative Agent to exercise, and no delay by any such Person in exercising, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

Notwithstanding anything to the contrary contained herein or in any other Loan Document, the authority to enforce rights and remedies hereunder and under the other Loan Documents against the Loan Parties or any of them shall be vested exclusively in, and all actions and proceedings at law in connection with such enforcement shall be instituted and maintained exclusively by, the Administrative Agent in accordance with Section 8.02 for the benefit of all the Lenders and the L/C Issuer; provided that the foregoing shall not prohibit (a) the Administrative Agent from exercising on its own behalf the rights and remedies that inure to its benefit (solely in its capacity as Administrative Agent) hereunder and under the other Loan Documents, (b) the L/C Issuer or the Swing Line Lender from exercising the rights and remedies that inure to its benefit (solely in its capacity as L/C Issuer or Swing Line Lender, as the case may be) hereunder and under the other Loan Documents, (c) any Lender from exercising setoff rights in accordance with Section 11.08 (subject to the terms of Section 2.13), or (d) any Lender from filing proofs of claim or appearing and filing pleadings on its own behalf during the pendency of a proceeding relative to any Loan Party under any Debtor Relief Law; and provided, further, that if at any time there is no Person acting as Administrative Agent hereunder and under the other Loan Documents, then (i) the Required Lenders shall have the rights otherwise ascribed to the Administrative Agent pursuant to Section 8.02 and (ii) in addition to the matters set forth in clauses (b), (c) and (d) of the preceding proviso and subject to Section 2.13, any Lender may, with the consent of the Required Lenders, enforce any rights and remedies available to it and as authorized by the Required Lenders.

11.04 Expenses; Indemnity; Damage Waiver.

(a) Costs and Expenses. The Borrowers shall pay (i) all reasonable and documented costs and out-of-pocket expenses incurred by the Administrative Agent, the Arranger and their Affiliates (including the reasonable fees, charges and disbursements of one lead counsel for the Administrative Agent and the Arranger and of appropriate local counsel, if any, limited to one such counsel in each jurisdiction), in connection with the syndication of the credit facilities provided for herein, the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable and documented out-of-pocket expenses incurred by the L/C Issuer in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (iii) all documented out-of-pocket expenses incurred by the Administrative Agent, the Arranger, any Lender or the L/C Issuer (including the reasonable fees, charges and disbursements of one counsel for the Administrative Agent and the Arranger, and one additional counsel for the Lenders and the L/C Issuer, taken together, absent a conflict of interest, and any necessary local or foreign counsel (limited to one or, in the case of a conflict of interest, two such local and foreign counsel in each jurisdiction)), in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the other Loan Documents, including its rights under this Section, or (B) in connection with the Loans made or Letters of Credit issued hereunder, including all such documented out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit (including, without limitation, any Cayman Islands stamp duty that may become payable on this Agreement or any other Loan Document).

(b) **Indemnification by the Borrowers**. The Borrowers shall indemnify the Administrative Agent (and any sub-agent thereof), each Lender and the L/C Issuer, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the reasonable fees, charges and disbursements of one counsel for the Administrative Agent and one counsel for the other Indemnitees, taken together, absent a conflict of interest, and any necessary local or foreign counsel (limited to one or, in the case of a conflict of interest, two such local or foreign counsel in each jurisdiction), and shall indemnify and hold harmless each Indemnitee from all reasonable fees and time charges and disbursements for attorneys who may be employees of any Indemnitee, incurred by any Indemnitee or asserted against any Indemnitee by any third party or by Holdings, the Borrowers or any other Loan Party arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder, the consummation of the transactions contemplated hereby or thereby, or, in the case of the Administrative Agent (and any sub-agent thereof) and its Related Parties only, the administration of this Agreement and the other Loan Documents (including in respect of any matters addressed in Section 3.01), (ii) any Loan or Letter of Credit or the use or proposed use of the proceeds therefrom (including any refusal by the L/C Issuer to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by a Borrower or any of its Subsidiaries, or any Environmental Liability related in any way to a Borrower or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by a Borrower or any other Loan Party, and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available (A) to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence, bad faith (including, without limitation, a material breach by such Indemnitee of its obligations under this Agreement or under any other Loan Document) or willful misconduct of such Indemnitee or (B) in the case of disputes solely between or among Indemnitees (except that in the event of such dispute involving a claim or proceeding brought against the Administrative Agent or the Arranger (in each case, in its capacity as such) by the other Indemnitees, the Administrative Agent or the Arranger (in each case, in its capacity as such), as applicable, shall be entitled (subject to the other limitations and exceptions set forth in this proviso) to the benefit of such indemnities) not relating to or in connection with acts or omissions by Holdings, any Borrower, any other Loan Party or any of the their respective Affiliates. This Section 11.04(b) shall not apply with respect to Taxes other than any Taxes that represent losses or damages arising from any non-Tax claim; provided, however, for the avoidance of doubt, (A) this Section 11.04(b) shall not apply to Indemnified Taxes or Other Taxes covered by Section 3.01 or Excluded Taxes imposed on any payment of interest or fees and (B) the amount of Taxes that represent losses or damages from any non-Tax claim shall take into account whether (and to what extent) the Indemnitee is entitled to take a deduction in respect of the payment of the non-Tax claim and whether (and to what extent) the receipt of the indemnity payment by such Indemnitee is taxable to such Indemnitee.

(c) Reimbursement by Lenders. To the extent that the Borrowers for any reason fail to indefeasibly pay any amount required under subsection (a) or (b) of this Section to be paid by it to the Administrative Agent (or any sub-agent thereof), the L/C Issuer or any Related Party of any of the foregoing, each Lender severally agrees to pay to the Administrative Agent (or any such sub-agent), the L/C Issuer or such Related Party, as the case may be, such Lender's Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount, provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent (or any such sub-agent) or the L/C Issuer in its capacity as such, or against any Related Party of any of the foregoing acting for the Administrative Agent (or any such sub-agent) or L/C Issuer in connection with such capacity. The obligations of the Lenders under this subsection (c) are subject to the provisions of Section 2.12(d).

(d) Waiver of Consequential Damages, Etc. To the fullest extent permitted by applicable law, and without derogating the Indemnitees' rights to indemnity under this Section, Holdings and the Borrowers, on one hand, and the Indemnitees, on the other hand, shall not assert, and hereby waives, any claim against any of the others on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the Transactions, including any transactions contemplated hereby or thereby, any Loan or Letter of Credit or the use of the proceeds thereof. No Indemnitee referred to in subsection (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed to such unintended recipients by such Indemnitee through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby other than for direct or actual damages resulting from the gross negligence or willful misconduct of such Indemnitee as determined by a final and nonappealable judgment of a court of competent jurisdiction.

(e) Payments. All amounts due under this Section shall be payable not later than ten Business Days after demand therefor.

(f) Survival. The agreements in this Section shall survive the resignation of the Administrative Agent**,** the L/C Issuer and the Swing Line Lender, the replacement of any Lender, the termination of the Aggregate Commitments and the repayment, satisfaction or discharge of all the other Obligations.

11.05 Payments Set Aside. To the extent that any payment by or on behalf of a Borrower is made to the Administrative Agent, the L/C Issuer or any Lender, or the Administrative Agent, the L/C Issuer or any Lender exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Administrative Agent, the L/C Issuer or such Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred, and (b) each Lender and the L/C Issuer severally agrees to pay to the Administrative Agent upon demand its applicable share (without duplication) of any amount so recovered from or repaid by the Administrative Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the Federal Funds Rate from time to time in effect. The obligations of the Lenders and the L/C Issuer under clause (b) of the preceding sentence shall survive the payment in full of the Obligations and the termination of this Agreement.

11.06 Successors and Assigns.

(a) Successors and Assigns Generally. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that, other than in a transaction permitted under Section 6.04 or 7.02 hereof, neither the Borrowers nor any other Loan Party may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with the provisions of subsection (b) of this Section, (ii) by way of participation in accordance with the provisions of subsection (d) of this Section, or (iii) by way of pledge or assignment of a security interest subject to the restrictions of subsection (f) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in subsection (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent, the L/C Issuer and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lenders. Any Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans (including for purposes of this subsection (b), participations in L/C Obligations and in Swing Line Loans) at the time owing to it); provided that any such assignment shall be subject to the following conditions:

(i) Minimum Amounts.

(A) in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment under any Facility and the Loans at the time owing to it under such Facility or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and

(B) in any case not described in subsection (b)(i)(A) of this Section, the aggregate amount of the Commitment (which for this purpose includes Loans outstanding thereunder) or, if the Commitment is not then in effect, the principal outstanding balance of the Loans of the assigning Lender subject to each such assignment, determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date, shall not be less than $5,000,000, in the case of any assignment in respect of the Revolving Credit Facility, or $1,000,000, in the case of any assignment in respect of a Term Loan Facility unless each of the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Borrowers otherwise consent (each such consent not to be unreasonably withheld or delayed); provided that concurrent assignments to members of an Assignee Group and concurrent assignments from members of an Assignee Group to a single Eligible Assignee (or to an Eligible Assignee and members of its Assignee Group) will be treated as a single assignment for purposes of determining whether such minimum amount has been met.

(ii) Proportionate Amounts. Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loans or the Commitment assigned, except that this clause (ii) shall not (A) apply to the Swing Line Lender's rights and obligations in respect of Swing Line Loans or (B) prohibit any Lender from assigning all or a portion of its rights and obligations among separate Facilities on a non-pro rata basis;

(iii) Required Consents. No consent shall be required for any assignment except to the extent required by subsection (b)(i)(B) of this Section and, in addition:

(A) the consent of the Borrowers (such consent not to be unreasonably withheld) shall be required unless (1) an Event of Default has occurred and is continuing at the time of such assignment or (2) such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund; provided that the Borrowers shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within ten (10) Business Days after having received notice thereof;

(B) the consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed) shall be required for assignments in respect of (1) any Term Commitment or any Revolving Credit Commitment if such assignment is to a Person that is not a Lender with a Commitment in respect of the applicable Facility, an Affiliate of such Lender or an Approved Fund with respect to such Lender or (2) any Term Loan to a Person that is not a Lender, an Affiliate of a Lender or an Approved Fund;

(C) the consent of the L/C Issuer (such consent not to be unreasonably withheld or delayed) shall be required for any assignment that increases the obligation of the assignee to participate in exposure under one or more Letters of Credit (whether or not then outstanding); and

(D) the consent of the Swing Line Lender (such consent not to be unreasonably withheld or delayed) shall be required for any assignment in respect of the Revolving Credit Facility.

(iv) Assignment and Assumption. The parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee in the amount of $3,500; provided that the Administrative Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment. The assignee, if it is not a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

(v) No Assignment to Certain Persons. No such assignment shall be made (A) to the Borrowers or any of the Borrowers' Affiliates or Subsidiaries, or (B) to any Defaulting Lender or any of its Subsidiaries, or any Person who, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this clause (B), or (C) to a natural person.

(vi) Certain Additional Payments. In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of the Borrowers and the Administrative Agent, the applicable pro rata share of Loans previously requested but not funded by the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (x) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Administrative Agent or any Lender hereunder (and interest accrued thereon) and (y) acquire (and fund as appropriate) its full pro rata share of all Loans and participations in Letters of Credit and Swing Line Loans in accordance with its Applicable Percentage. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under applicable Law without compliance with the provisions of this paragraph, then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to subsection (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 3.01, 3.04, 3.05, and 11.04 with respect to facts and circumstances occurring prior to the effective date of such assignment. Upon request, each applicable Borrower (at its expense) shall execute and deliver a Note or Notes to the assignee Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this subsection shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with subsection (d) of this Section.

(c) Register. The Administrative Agent, acting solely for this purpose as an agent of each Borrower (and such agency being solely for tax purposes), shall maintain at the Administrative Agent's Office a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts of (and interest on) the Loans and L/C Obligations owing by each Borrower to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Borrowers, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. In addition, the Administrative Agent shall maintain on the Register information regarding the designation, and revocation of designation, of any Lender as a Defaulting Lender. The Register shall be available for inspection by each Loan Party and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Participations. (i) Any Lender may at any time, without the consent of, or notice to, the Borrowers or the Administrative Agent, sell participations to any Person (other than a natural person, a Defaulting Lender or a Borrower or any of the Borrowers' Affiliates or Subsidiaries) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans (including such Lender's participations in L/C Obligations and/or Swing Line Loans) owing to it); provided that (A) such Lender's obligations under this Agreement shall remain unchanged, (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (C) the Loan Parties, the Administrative Agent, the Lenders and the L/C Issuer shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement.

(ii) Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, waiver or other modification described in the first proviso to Section 11.01 that affects such Participant. Subject to clause (e) of this Section, the Borrowers agree that each Participant shall be entitled to the benefits of Sections 3.01, 3.04 and 3.05 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to subsection (b) of this Section; provided such Participant agrees to be subject to Section 3.06 as though it were a Lender. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 11.08 as though it were a Lender, provided such Participant agrees to be subject to Section 2.13 as though it were a Lender.

(iii) Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the applicable Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents owing to each Borrower (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register to any Person (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under any Loan Document) except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) or 1.871-14(c) of the United States Treasury Regulations. Any participation of a Loan shall be effective only upon appropriate entries with respect thereto being made in the Participant Register. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary.

(e) Limitations upon Participant Rights. A Participant shall not be entitled to receive any greater payment under Section 3.01 or 3.04 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless (A) the sale of the participation to such Participant is made with the Borrowers' prior written consent or (B) such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable Participation and such Participant shall have otherwise complied with Section 3.01(e). A Participant shall not be entitled to the benefits of Section 3.01 unless the Borrowers are notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrowers, to comply with Section 3.01(e) as though it were a Lender.

(f) Certain Pledges. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (including under its Note, if any) to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(g) Resignation as L/C Issuer or Swing Line Lender after Assignment. Notwithstanding anything to the contrary contained herein, if at any time Bank of America assigns all of its Revolving Credit Commitment and Revolving Credit Loans pursuant to subsection (b) above, Bank of America may, (i) upon 30 days' notice to the Borrowers and the Lenders, resign as L/C Issuer and/or (ii) upon 30 days' notice to the Borrowers, resign as Swing Line Lender. In the event of any such resignation as L/C Issuer or Swing Line Lender, the Borrowers shall be entitled to appoint, from among the Lenders willing to serve in such capacity, a successor L/C Issuer or Swing Line Lender hereunder; provided that no failure by the Borrowers to appoint any such successor shall affect the resignation of Bank of America as L/C Issuer or Swing Line Lender, as the case may be. If Bank of America resigns as L/C Issuer, it shall retain all the rights, powers, privileges and duties of the L/C Issuer hereunder with respect to all Letters of Credit outstanding as of the effective date of its resignation as L/C Issuer and all L/C Obligations with respect thereto (including the right to require the Lenders to make Base Rate Loans or fund risk participations in Unreimbursed Amounts pursuant to Section 2.03(c)). If Bank of America resigns as Swing Line Lender, it shall retain all the rights of the Swing Line Lender provided for hereunder with respect to Swing Line Loans made by it and outstanding as of the effective date of such resignation, including the right to require the Lenders to make Base Rate Loans or fund risk participations in outstanding Swing Line Loans pursuant to Section 2.04(c). Upon the appointment of a successor L/C Issuer and/or Swing Line Lender, (a) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring L/C Issuer or Swing Line Lender, as the case may be, and (b) the successor L/C Issuer shall issue letters of credit in substitution for the Letters of Credit, if any, outstanding at the time of such succession or make other arrangements reasonably satisfactory to Bank of America to effectively assume the obligations of Bank of America with respect to such Letters of Credit.

11.07 Treatment of Certain Information; Confidentiality. Each of the Administrative Agent, the Lenders and the L/C Issuer agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its and its Affiliates' respective partners, directors, officers, employees, agents, trustees, advisors and representatives on a need to know basis and only in connection with the transactions described herein (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority purporting to have jurisdiction over it (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or any Eligible Assignee invited to be a Lender pursuant to Section 2.14(c) or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction or to any credit insurance provider relating to the Borrowers and their obligations, (g) with the consent of the Borrowers or (h) to the extent such Information (x) becomes generally available to the public other than as a result of a breach of this Section or (y) becomes available to the Administrative Agent, any Lender, the L/C Issuer or any of their respective Affiliates on a nonconfidential basis from a source other than the Borrowers who is not known by the Person to whom such Information has become available to be bound by a confidentiality agreement or other confidentiality obligation to the Borrowers with respect to such Information. For purposes of this Section, "Information" means all information received from any Borrower or any Subsidiary relating to the Borrowers or any Subsidiary or any of their respective businesses, other than any such information that is available to the Administrative Agent, any Lender or the L/C Issuer on a nonconfidential basis prior to disclosure by any Borrower or any Subsidiary, provided that, in the case of information received from any Borrower or any Subsidiary after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

Each of the Administrative Agent, the Lenders and the L/C Issuer acknowledges that (a) the Information may include material non-public information concerning Holdings or a Subsidiary, as the case may be, (b) it has developed compliance procedures regarding the use of material non-public information and (c) it will handle such material non-public information in accordance with applicable Law, including United States Federal and state securities Laws.

11.08 Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender, the L/C Issuer and each of their respective Affiliates is hereby authorized at any time and from time to time, after obtaining the prior written consent of the Administrative Agent, to the fullest extent permitted by applicable law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Lender, the L/C Issuer or any such Affiliate to or for the credit or the account of a Borrower or any other Loan Party against any and all of the obligations of the Borrowers or such Loan Party now or hereafter existing under this Agreement or any other Loan Document to such Lender or the L/C Issuer, irrespective of whether or not such Lender or the L/C Issuer shall have made any demand under this Agreement or any other Loan Document and although such obligations of such Borrower or such Loan Party may be contingent or unmatured or are owed to a branch or office of such Lender or the L/C Issuer different from the branch or office holding such deposit or obligated on such indebtedness; provided that in the event that any Defaulting Lender shall exercise any such right of setoff, (x) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 2.16 and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent and the Lenders, and (y) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Lender as to which it exercised such right of setoff. The rights of each Lender, the L/C Issuer and their respective Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff) that such Lender, the L/C Issuer or their respective Affiliates may have. Each Lender and the L/C Issuer agrees to notify the Borrowers and the Administrative Agent promptly after any such setoff and application, provided that the failure to give such notice shall not affect the validity of such setoff and application.

11.09 Interest Rate Limitation. Notwithstanding anything to the contrary contained in any Loan Document, the interest paid or agreed to be paid under the Loan Documents shall not exceed the maximum rate of non-usurious interest permitted by applicable Law (the "Maximum Rate"). If the Administrative Agent or any Lender shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the principal of the Loans or, if it exceeds such unpaid principal, refunded to the applicable Borrower. In determining whether the interest contracted for, charged, or received by the Administrative Agent or a Lender exceeds the Maximum Rate, such Person may, to the extent permitted by applicable Law, (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the Obligations of the applicable Borrower hereunder.

11.10 Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement, and the other Loan Documents constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or other electronic imaging means shall be effective as delivery of a manually executed counterpart of this Agreement.

11.11 Survival of Representations and Warranties. All representations and warranties made hereunder and in any other Loan Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by the Administrative Agent and each Lender, regardless of any investigation made by the Administrative Agent or any Lender or on their behalf and notwithstanding that the Administrative Agent or any Lender may have had notice or knowledge of any Default at the time of any Credit Extension, and shall continue in full force and effect as long as any Loan or any other Obligation (other than any contingent indemnification or similar contingent obligation not yet due or payable) hereunder shall remain unpaid or unsatisfied or any Letter of Credit shall remain outstanding.

11.12 Severability. If any provision of this Agreement or the other Loan Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Loan Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Without limiting the foregoing provisions of this Section 11.12, if and to the extent that the enforceability of any provisions in this Agreement relating to Defaulting Lenders shall be limited by Debtor Relief Laws, as determined in good faith by the Administrative Agent, the L/C Issuer or the Swing Line Lender, as applicable, then such provisions shall be deemed to be in effect only to the extent not so limited.

11.13 Replacement of Lenders. If any Lender requests compensation under Section 3.04 or is unable to make Eurodollar Rate Loans pursuant to Section 3.02, or if any Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.01, or if any Lender is a Defaulting Lender, or if the last paragraph of Section 11.01 applies to such Lender, or if any other circumstance exists hereunder that gives the Borrowers the right to replace a Lender as a party hereto pursuant to this Section, then the Borrowers may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 11.06), all of its interests, rights and obligations under this Agreement and the related Loan Documents to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment), provided that:

(a) the Administrative Agent shall have received the assignment fee specified in Section 11.06(b)(iv);

(b) such Lender shall have received payment of an amount equal to 100% of the outstanding principal of its Loans and L/C Advances, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any amounts under Section 3.05) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrowers (in the case of all other amounts);

(c) in the case of any such assignment resulting from a claim for compensation under Section 3.04 or payments required to be made pursuant to Section 3.01, such assignment will result in a reduction in such compensation or payments thereafter; and

(d) such assignment does not conflict with applicable Laws.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver or consent by such Lender or otherwise, the circumstances entitling the Borrowers to require such assignment and delegation cease to apply.

11.14 Governing Law; Jurisdiction; Etc.

(a) GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

(b) SUBMISSION TO JURISDICTION. EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK SITTING IN CITY OF NEW YORK, BOROUGH OF MANHATTAN AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR IN ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT THE ADMINISTRATIVE AGENT, ANY LENDER OR THE L/C ISSUER MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AGAINST ANY BORROWER OR ANY OTHER LOAN PARTY OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(c) WAIVER OF VENUE. EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO IN CLAUSE (B) OF THIS SECTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) SERVICE OF PROCESS. EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 11.02. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

11.15 Waiver of Jury Trial. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

11.16 California Judicial Reference. If any action or proceeding is filed in a court of the State of California by or against any party hereto in connection with any of the transactions contemplated by this Agreement or any other Loan Document, (a) the court shall, and is hereby directed to, make a general reference pursuant to California Code of Civil Procedure Section 638 to a referee (who shall be a single active or retired judge) to hear and determine all of the issues in such action or proceeding (whether of fact or of law) and to report a statement of decision, provided that at the option of any party to such proceeding, any such issues pertaining to a "provisional remedy" as defined in California Code of Civil Procedure Section 1281.8 shall be heard and determined by the court, and (b) without limiting the generality of Section 11.04, the Borrowers shall be solely responsible to pay all fees and expenses of any referee appointed in such action or proceeding.

11.17 Judgment Currency. If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due hereunder or any other Loan Document in one currency into another currency, the rate of exchange used shall be that at which in accordance with normal banking procedures the Administrative Agent could purchase the first currency with such other currency on the Business Day preceding that on which final judgment is given. The obligation of each Borrower in respect of any such sum due from it to the Administrative Agent or any Lender hereunder or under the other Loan Documents shall, notwithstanding any judgment in a currency (the "Judgment Currency") other than that in which such sum is denominated in accordance with the applicable provisions of this Agreement (the "Agreement Currency"), be discharged only to the extent that on the Business Day following receipt by the Administrative Agent or such Lender, as the case may be, of any sum adjudged to be so due in the Judgment Currency, the Administrative Agent or such Lender, as the case may be, may in accordance with normal banking procedures purchase the Agreement Currency with the Judgment Currency. If the amount of the Agreement Currency so purchased is less than the sum originally due to the Administrative Agent or any Lender from any Borrower in the Agreement Currency, such Borrower agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Administrative Agent or such Lender, as the case may be, against such loss. If the amount of the Agreement Currency so purchased is greater than the sum originally due to the Administrative Agent or any Lender in such currency, the Administrative Agent or such Lender, as the case may be, agrees to return the amount of any excess to such Borrower (or to any other Person who may be entitled thereto under applicable law).

11.18 No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), each Borrower and each other Loan Party acknowledges and agrees, and acknowledges its Affiliates' understanding**,** that: (i) (A) the arranging and other services regarding this Agreement provided by the Administrative Agent and the Arranger, are arm's-length commercial transactions between the Borrowers, each other Loan Party and their respective Affiliates, on the one hand, and the Administrative Agent and the Arranger, on the other hand, (B) each Borrower and each other Loan Party has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (C) each Borrower and each other Loan Party is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents; (ii) (A) the Administrative Agent and the Arranger each is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for the Borrowers, any other Loan Party or any of their respective Affiliates, or any other Person and (B) neither the Administrative Agent nor the Arranger has any obligation to the Borrowers, any other Loan Party or any of their respective Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; and (iii) the Administrative Agent and the Arranger and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Borrowers, the other Loan Parties and their respective Affiliates, and neither the Administrative Agent nor the Arranger has any obligation to disclose any of such interests to the Borrowers, any other Loan Party or any of their respective Affiliates. To the fullest extent permitted by law, each of the Borrowers and the other Loan Parties hereby waives and releases any claims that it may have against the Administrative Agent and the Arranger with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

11.19 Electronic Execution of Assignments and Certain Other Documents. The words "execution," "signed," "signature," and words of like import in any Assignment and Assumption or in any amendment or other modification hereof (including waivers and consents) shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

11.20 USA PATRIOT Act. Each Lender that is subject to the Patriot Act and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Borrowers that pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies each Borrower and each other Loan Party, which information includes the name and address of each Borrower and each other Loan Party and other information that will allow such Lender or the Administrative Agent, as applicable, to identify each Borrower and each other Loan Party in accordance with the Patriot Act. Each Borrower and each other Loan Party shall, promptly following a request by the Administrative Agent or any Lender, provide all documentation and other information that the Administrative Agent or such Lender requests in order to comply with its ongoing obligations under applicable "know your customer" and anti-money laundering rules and regulations, including the Patriot Act.

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

WESTERN DIGITAL TECHNOLOGIES, INC., as the US Borrower and Guarantor

By: /s/ Wolfgang Nickl
Name: Wolfgang Nickl
Title: Chief Vice President and Chief Financial Officer

WESTERN DIGITAL IRELAND, LTD., as the Cayman Borrower

By: /s/ Wolfgang Nickl
Name: Wolfgang Nickl
Title: Director and Chief Financial Officer

WESTERN DIGITAL CORPORATION, as Holdings and Guarantor

By: /s/ Wolfgang Nickl
Name: Wolfgang Nickl
Title: Senior Vice President and Chief Financial Officer

BANK OF AMERICA, N.A., as Administrative Agent

By: /s/ Joan Mok
Name: Joan Mok
Title: Vice President, Agency Management Officer

BANK OF AMERICA, N.A., as a Lender, L/C Issuer and Swing Line Lender

By: /s/ Sugeet Manchanda Madan
Name: Sugeet Manchanda Madan
Title: Director

THE BANK OF NOVA SCOTIA, as a Lender

By: /s/ John Mathews
Name: John Mathews
Title: Director

UNION BANK, N.A., as a Lender

By: /s/ James Heim
Name: James Heim
Title: Vice President

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD., as a Lender

By: /s/ Victor Pierzchalski
Name: Victor Pierzchalski
Title: Authorized Signatory

HSBC BANK USA, NATIONAL ASSOCIATION as a Lender

By: /s/ Andrew W. Hietala
Name: Andrew W. Hietala
Title: Vice President

JPMORGAN CHASE BANK, N.A., as a Lender

By: /s/ Alex McKindra
Name: Alex McKindra
Title: Senior Vice President

THE ROYAL BANK OF SCOTLAND PLC, as a Lender

By: /s/ Richard Ong Pho
Name: Richard Ong Pho
Title: Authorized Signatory

COMPASS BANK, as a Lender

By: /s/ Scott L. Brewer
Name: Scott L. Brewer
Title: Managing Director

CITIBANK, N.A., as a Lender

By: /s/ Sean Klimchalk
Name: Seam Klimchalk
Title: Director

MIZUHO CORPORATE BANK, LTD., as a Lender

By: /s/ Bertram H. Tang
Name: Bertram H. Tang
Title: Authorized Signatory

U.S. BANK NATIONAL ASSOCIATION, as a Lender

By: /s/ Richard J. Ameny, Jr.
Name: Richard J. Ameny, Jr.
Title: Vice President

WELLS FARGO BANK, NATIONAL ASSOCIATION, as a Lender

By: /s/ Meggie Chichioco
Name: Meggie Chichioco
Title: Managing Director

DEUTSCHE BANK AG, NEW YORK BRANCH, as a Lender

By: /s/ Ross Levitsky
Name: Ross Levitsky
Title: Managing Director

By: /s/ Yvonne Tilden
Name: Yvonne Tilden
Title: Director

UNITED OVERSEAS BANK LIMITED, NEW YORK AGENCY, as a Lender

By: /s/ K. Jin Koh
Name: K. Jin Koh
Title: Executive Director

By: /s/ Mario Sheng
Name: Mario Sheng
Title: AVP

BARCLAYS BANK PLC, as a Lender

By: /s/ Diane Rolfe
Name: Diane Rolfe
Title: Director

COMERICA BANK, as a Lender

By: /s/ Steve D. Clear
Name: Steve D. Clear
Title: Vice President

OVERSEA-CHINESE BANKING CORPORATION LIMITED, LOS ANGELES AGENCY, as a Lender

By: /s/ Charles Ong
Name: Charles Ong
Title: General Manager

TD BANK, N.A., as a Lender

By: /s/ Todd A. Antico
Name: Todd A. Antico
Title: Senior Vice President

KEYBANK NATIONAL ASSOCIATION, as a Lender

By: /s/ Raed Y. Alfayoumi
Name: Raed Y. Alfayoumi
Title: Vice President

DBS BANK LTD., LOS ANGELES AGENCY, as a Lender

By: /s/ James McWalters
Name: James McWalters
Title: General Manager

STANDARD CHARTERED BANK, as a Lender

By: /s/ James P. Hughes
Name: James P. Hughes A2386
Title: Director

By: /s/ Robert K. Reddington
Name: Robert K. Reddington
Title: Credit Documentation Manager Credit Documentations Unit, WB Legal-Americas

THE BANK OF EAST ASIA, LIMITED, NEW YORK BRANCH, as a Lender

By: /s/ Kitty Sin
Name: Kitty Sin
Title: Senior Vice President

By: /s/ Peng-Wah Tang
Name: Peng-Wah Tang
Title: General Manager

BRANCH BANKING & TRUST CO., as a Lender

By: /s/ Bradley B. Sands
Name: Bradley B. Sands
Title: Assistant Vice President

THE NORTHERN TRUST COMPANY, as a Lender

By: /s/ Brandon Rolek
Name: Brandon Rolek
Title: Vice President

BANK OF CHINA, LOS ANGELES BRANCH, as a Lender

By: /s/ Jason Fu
Name: JASON FU aka HOU YUE FU
Title: VICE PRESIDENT

BANK OF THE WEST, as a Lender

By: /s/ Cecile Segovia
Name: Cecile Segovia
Title: Vice President, Sr. Relationship Mgr

LAND BANK OF TAIWAN LOS ANGELES BRANCH, as a Lender

By: /s/ Juifu Chien
Name: Juifu Chien
Title: Vice President & General Manager

MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD., Los Angeles Branch as a Lender

By: /s/ Chia Jang Liu
Name: Chia Jang Liu
Title: SVP & GM

SUMITOMO MITSUI BANKING CORPORATION, as a Lender

By: /s/ William M. Ginn
Name: William M. Ginn
Title: Executive Officer

BANK OF COMMUNICATIONS CO., LTD., NEW YORK BRANCH as a Lender

By: /s/ Shelley He
Name: Shelley He
Title: Deputy General Manager

FIRST HAWAIIAN BANK, as a Lender

By: /s/ Susan Takeda
Name: Susan Takeda
Title: Vice President

TAIPEI FUBON COMMERCIAL BANK CO., LTD., as a Lender

By: /s/ Robin Wu
Name: Robin Wu
Title: VP & Deputy General Manager

TAIWAN BUSINESS BANK LOS ANGELES BRANCH, as a Lender

By: /s/ Alex Wang
Name: Alex Wang
Title: S.V.P. & General Manager

TAIWAN COOPERATIVE BANK, LOS ANGELES BRANCH, as a Lender

By: /s/ Li-Hua Huang
Name: LI-HUA HANG
Title: VP & GENERAL MANAGER

BANK LEUMI USA, as a Lender

By: /s/ Joung Hee Hong
Name: Joung Hee Hong
Title: First Vice President

BANK OF TAIWAN, LOS ANGELES BRANCH, as a Lender

By: /s/ Chwan-Ming Ho
Name: Chwan-Ming Ho
Title: VP & General Manager

CHANG HWA COMMERCIAL BANK, LTD., LOS ANGELES BRANCH, as a Lender

By: /s/ Beverley Chen
Name: Beverley Chen
Title: VP & General Manager

E.SUN COMMERCIAL BANK, LTD., LOS ANGELES BRANCH, as a Lender

By: /s/ Edward Chen
Name: Edward Chen
Title: V.P. & General Manager

HUA NAN COMMERCIAL BANK, LTD., as a Lender

By: /s/ Henry Hsieh
Name: Henry Hsieh
Title: Assistant Vice President

MANUFACTURERS BANK, as a Lender

By: /s/ Sandy Lee
Name: Sandy Lee
Title: Vice President

AMERICAN SAVINGS BANK, F.S.B., as a Lender

By: /s/ Rian DuBach
Name: Rian DuBach
Title: Vice President

CHINATRUST COMMERCIAL BANK NEW YORK BRANCH, as a Lender

By: /s/ Amy Fong
Name: Amy Fong
Title: SVP & General Manager

SCHEDULE 1.01(a)
Consolidated EBITDA

Fiscal Quarter Ending on or about	Consolidated EBITDA
June 30, 2011	$525,792,000
September 30, 2011	$723,433,000
December 31, 2011	$758,620,000

To the extent required for any relevant period of measurement, including any of the fiscal quarters referenced above, the foregoing amounts shall be adjusted to give effect to any acquisition (other than the Acquisition), any incurrence or repayment of Debt or any Asset Sale in a manner necessary to give effect thereto on a Pro Forma Basis as set forth in the Credit Agreement.

SCHEDULE 1.01(b)
Consolidated Interest Expense

Fiscal Quarter Ending on or about	Consolidated Interest Expense
June 30, 2011	$7,035,000
September 30, 2011	$6,226,000
December 31, 2011	$6,695,000

To the extent required for any relevant period of measurement, including any of the fiscal quarters referenced above, the foregoing amounts shall be adjusted to give effect to any acquisition (other than the Acquisition), any incurrence or repayment of Debt or any Asset Sale in a manner necessary to give effect thereto on a Pro Forma Basis as set forth in the Credit Agreement.

SCHEDULE 2.01
COMMITMENTS AND APPLICABLE PERCENTAGES

Lender	Term A-1 Commitment	Applicable Percentage of Term A-1 Facility	Revolving Credit Commitment	Applicable Percentage of Revolving Credit Facility
Bank of America, N.A.	$180,714,285.71	7.857142857%	$39,285,714.29	7.857142858%
The Bank of Nova Scotia	$149,910,714.29	6.517857143%	$32,589,285.71	6.517857142%
Union Bank, N.A.	$ 74,955,357.14	3.258928571%	$16,294,642.86	3.258928572%
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	$ 74,955,357.14	3.258928571%	$16,294,642.86	3.258928572%
HSBC Bank USA, National Association	$149,910,714.29	6.517857143%	$32,589,285.71	6.517857142%
JPMorgan Chase Bank, N.A.	$149,910,714.29	6.517857143%	$32,589,285.71	6.517857142%
The Royal Bank of Scotland plc	$115,000,000.00	5.000000000%	$25,000,000.00	5.000000000%
Compass Bank	$ 98,571,428.57	4.285714286%	$21,428,571.43	4.285714286%
Citibank, N.A.	$ 98,571,428.57	4.285714286%	$21,428,571.43	4.285714286%
Mizuho Corporate Bank, Ltd.	$ 98,571,428.57	4.285714286%	$21,428,571.43	4.285714286%
U.S. Bank National Association	$ 98,571,428.57	4.285714286%	$21,428,571.43	4.285714286%
Wells Fargo Bank, National Association	$ 98,571,428.57	4.285714286%	$21,428,571.43	4.285714286%
Deutsche Bank AG, New York Branch	$ 82,142,857.14	3.571428571%	$17,857,142.86	3.571428572%
United Overseas Bank Limited, New York Agency	$ 82,142,857.14	3.571428571%	$17,857,142.86	3.571428572%
Barclays Bank PLC	$ 61,607,142.86	2.678571429%	$13,392,857.14	2.678571428%
Comerica Bank	$ 61,607,142.86	2.678571429%	$13,392,857.14	2.678571428%
Oversea-Chinese Banking Corporation Limited, Los Angeles Agency	$ 61,607,142.86	2.678571429%	$13,392,857.14	2.678571428%
TD Bank, N.A.	$ 61,607,142.86	2.678571429%	$13,392,857.14	2.678571428%
KeyBank National Association	$ 49,285,714.29	2.142857143%	$10,714,285.71	2.142857142%
DBS Bank Ltd., Los Angeles Agency	$ 41,071,428.57	1.785714286%	$ 8,928,571.43	1.785714286%

Standard Chartered Bank	$ 41,071,428.57	1.785714286%	$ 8,928,571.43	1.785714286%
The Bank of East Asia, Limited, New York Branch	$ 28,750,000.00	1.250000000%	$ 6,250,000.00	1.250000000%
Branch Banking & Trust Co.	$ 28,750,000.00	1.250000000%	$ 6,250,000.00	1.250000000%
The Northern Trust Company	$ 28,750,000.00	1.250000000%	$ 6,250,000.00	1.250000000%
Bank of China, Los Angeles Branch	$ 24,642,857.14	1.071428571%	$ 5,357,142.86	1.071428572%
Bank of the West	$ 24,642,857.14	1.071428571%	$ 5,357,142.86	1.071428572%
Land Bank of Taiwan Los Angeles Branch	$ 20,535,714.29	0.892857143%	$ 4,464,285.71	0.892857142%
Mega International Commercial Bank Co., Ltd., Los Angeles Branch	$ 20,535,714.29	0.892857143%	$ 4,464,285.71	0.892857142%
Sumitomo Mitsui Banking Corporation	$ 20,535,714.29	0.892857143%	$ 4,464,285.71	0.892857142%
Bank of Communications Co., Ltd., New York Branch	$ 16,428,571.43	0.714285714%	$ 3,571,428.57	0.714285714%
First Hawaiian Bank	$ 16,428,571.43	0.714285714%	$ 3,571,428.57	0.714285714%
Taipei Fubon Commercial Bank Co., Ltd.	$ 16,428,571.43	0.714285714%	$ 3,571,428.57	0.714285714%
Taiwan Business Bank Los Angeles Branch	$ 16,428,571.43	0.714285714%	$ 3,571,428.57	0.714285714%
Taiwan Cooperative Bank, Los Angeles Branch	$ 16,428,571.43	0.714285714%	$ 3,571,428.57	0.714285714%
Bank Leumi USA	$ 12,321,428.57	0.535714286%	$ 2,678,571.43	0.535714286%
Bank of Taiwan, Los Angeles Branch	$ 12,321,428.57	0.535714286%	$ 2,678,571.43	0.535714286%
Chang Hwa Commercial Bank, Ltd., Los Angeles Branch	$ 12,321,428.57	0.535714286%	$ 2,678,571.43	0.535714286%
E.Sun Commercial Bank, Ltd., Los Angeles Branch	$ 12,321,428.57	0.535714286%	$ 2,678,571.43	0.535714286%
Hua Nan Commercial Bank, Ltd.	$ 12,321,428.57	0.535714286%	$ 2,678,571.43	0.535714286%
Manufacturers Bank	$ 12,321,428.57	0.535714286%	$ 2,678,571.43	0.535714286%
American Savings Bank, F.S.B.	$ 8,214,285.71	0.357142856%	$ 1,785,714.29	0.357142858%
Chinatrust Commercial Bank New York Branch	$ 8,214,285.71	0.357142856%	$ 1,785,714.29	0.357142858%
Total	**$2,300,000,000.00**	**100.000000000%**	**$500,000,000.00**	**100.000000000%**

SCHEDULE 7.01
Existing Liens

1. UCC-1 Financing Statements

Western Digital Technologies, Inc.:

Jurisdiction	Secured Party	Filing Date	Filing No.	Collateral Description
DE	MCGRATH RENTCORP; and TRS-RENTELCO	08/28/07	2007 3279956	Specific equipment subject to Lease Contract.
DE	MCGRATH RENTCORP; and TRS-RENTELCO	08/28/07	2007 3280236	Specific equipment subject to Lease Contract.
DE	MCGRATH RENTCORP; and TRS-RENTELCO	08/28/07	2007 3281051	Specific equipment subject to Lease Contract.
DE	MCGRATH RENTCORP; and TRS-RENTELCO	08/28/07	2007 3281077	Specific equipment subject to Lease Contract.
DE	MCGRATH RENTCORP; and TRS-RENTELCO	08/28/07	2007 3284030	Specific equipment subject to Lease Contract.
DE	MCGRATH RENTCORP; and TRS-RENTELCO	08/28/07	2007 3284642	Specific equipment subject to Lease Contract.
DE	MCGRATH RENTCORP; and TRS-RENTELCO	08/28/07	2007 3284808	Specific equipment subject to Lease Contract.
DE	MCGRATH RENTCORP; and TRS-RENTELCO	08/28/07	2007 3285318	Specific equipment subject to Lease Contract.
DE	MCGRATH RENTCORP; and TRS-RENTELCO	08/28/07	2007 3285698	Specific equipment subject to Lease Contract.
DE	MCGRATH RENTCORP; and TRS-RENTELCO	08/28/07	2007 3285854	Specific equipment subject to Lease Contract.
DE	MCGRATH RENTCORP; and TRS-RENTELCO	08/28/07	2007 3286589	Specific equipment subject to Lease Contract.
DE	MCGRATH RENTCORP; and TRS-RENTELCO	08/28/07	2007 3286696	Specific equipment subject to Lease Contract.
DE	MCGRATH RENTCORP; and TRS-RENTELCO	08/28/07	2007 3286704	Specific equipment subject to Lease Contract.
DE	CITIBANK NA	12/06/11	2011 4652528	Accounts receivable subject to supplier agreement with secured party.

Hitachi Global Storage Technologies, Inc.

Jurisdiction	Secured Party	Filing Date	Filing No.	Collateral Description
DE	CITIBANK, N.A.	04/27/11	2011 1581100	Account receivables of debtor sold to secured party under the purchase agreement between debtor and secured party.

2. Guaranties

(a). The guaranty by Western Digital Technologies, Inc. to the State of the Netherlands for the payment of value-added-tax in the Netherlands is secured by cash in a deposit account at Bank of America, N.A.

3. WD Media, Inc. Liens

(b). Security interest held by First National Bank of Boston in U.S. patents 5714044, 5738945, 5834111.[1]

[1] HMT Technology Corp. granted this security interest on November 30, 1995 prior to its merger with Komag; it is in the process of being released.

SCHEDULE 7.04
Existing Debt

1. Bank Guaranties

   (a). Guarantee facility by HSBC Bank Malaysia Berhad in the amount of up to RM 26 million, utilized by Western Digital (Malaysia) Sdn. Bhd. for various purposes, including guaranteeing electric power service accounts, foreign workers' security coverage, medical and health purposes. Beneficiaries currently include Tenaga Nasional Berhad, Ketua Pengarah Imigresen Malaysia, Pengarah Pusat Perubatan UM, Pengarah Hospital Universiti Malaya, Penolong Kanan Pengarah Kastam and Pengarah Kastam Negeri. Current utilization stands at RM19.5 million.

   (b). Guarantee facility by Citibank Berhad in the amount of up to RM 10 million, utilized by Western Digital (Malaysia) Sdn. Bhd mainly for security coverage for foreign workers and custom duties. Beneficiaries currently include Ketua Pengarah Imigresen Malaysia, Penolong Kanan Pengarah Kastam and Pengarah Kastam Negeri. Current utilization stands at RM 6.6 million.

   (c). Guaranties by Siam Commercial Bank to the Provincial Electricity Authority in the amount of THB 113,351,000.00 for the payment for electric power services on behalf of Western Digital (Thailand) Company Limited.

   (d). Guaranties by Kasikorn Bank to the Provincial Electricity Authority in the amount of THB 32,052,000.00 for the payment for electric power services on behalf of Western Digital (Thailand) Company Limited.

2. Capital Leases

   Capital Leases are in existence for which Liens are listed on Schedule 7.01.

3. WD Media, Inc. Debt

   (a). Bank Guaranties

      (i). Guarantee facility by CIMB Bank Berhad in the amount of up to RM 10.9 million, utilized by WD Media (Malaysia) Sdn. for various purposes, including guaranteeing electric power service, water supply, custom duties and for the due performance of the covenants of application for export of scheduled waste. Beneficiaries currently are Tenaga Nasional Berhad, Perbadanan Bekalan Air Pulau Pinang Sdn. Bhd., Pengarah Kastam Negeri and Ketua Pengarah Jabatan Alam Sekitar. Current utilization stands at RM 7.9 million.

      (ii). Guarantee facility by HSBC Bank Malaysia Berhad in the amount of up to RM 12 million, utilized by WD Media (Malaysia) Sdn. mainly for guaranteeing electric power service accounts and custom duties. Beneficiaries currently are Tenaga Nasional Berhad and Pengarah Kastam Negeri. Current utilization stands at RM 8.7 million.

4. Bonds

(a). Principal: Western Digital Technologies, Inc.
Bond No.: 9910F6296
Importer No.: 95-264712500
Surety: Washington International Insurance Company
Limit of Liability: $400,000.
Effective Date: March 18, 2010.
Coverage Term: Continuous Until Cancelled
Bond Type: Import and Export

(b). Principal: Western Digital Fremont, LLC
Bond No.: 9911HU224
Importer No.: 20-012090600
Surety: Travelers Casualty and Surety Company
Limit of Liability: $100,000.00
Effective Date: 10/14/2011
Coverage Term: Continuous Until Canceled
Bond Type: Foreign Trade Zone Operator

(c). Principal: Western Digital Fremont, LLC
Bond No.: 9908D4326
Importer No.: 20-012090600
Surety: Travelers Casualty and Surety Company
Limit of Liability: $500,000.00
Effective Date: 05/09/2011
Coverage Term: Continuous Until Canceled
Bond Type: US Customs Drawback

(d). California Self Insured Security Plan

Certificate No: 2112
Western Digital Corporation participates in the California Alternative Security Plan and pays an annual assessment in lieu of deposit for total known liabilities. Western Digital Corporation’s current known liabilities are $1,964,728.00. Western Digital Corporation’s current assessment is $20,027.00.

5. Line of Credit

(a). Up to $95,000,000 Credit Line provided by Agricultural Bank of China to Hitachi Global Storage Products (Shenzhen) Co., Ltd.

(b). Up to $95,000,000 Credit Line provided by Agricultural Bank of China to Hitachi Global Storage Technologies (Shenzhen) Co., Ltd.

SCHEDULE 11.02
ADMINISTRATIVE AGENT'S OFFICE;
CERTAIN ADDRESSES FOR NOTICES

WESTERN DIGITAL TECHNOLOGIES, INC.:

3355 Michelson Drive
Suite 100
Irvine, CA 92612

Attention:	Wolfgang Nickl, Senior Vice President and Chief Financial Officer AND Michael Ray, Senior Vice President, General Counsel and Secretary
Telephone:	Wolfgang Nickl: 949-672-7403 Michael Ray: 949-672-7822
Telecopier:	Wolfgang Nickl: 949-672-8589 Michael Ray: 949-672-9612
Electronic Mail:	Wolfgang.Nickl@wdc.com Michael.Ray@wdc.com
Website Address:	www.wdc.com

U.S. Taxpayer Identification Number(s): 95-2647125

WESTERN DIGITAL IRELAND, LTD.:

3355 Michelson Drive
Suite 100
Irvine, CA 92612

Attention:	Wolfgang Nickl, Chief Financial Officer AND Michael Ray, Vice President
Telephone:	Wolfgang Nickl: 949-672-7403 Michael Ray: 949-672-7822
Telecopier:	Wolfgang Nickl: 949-672-8589 Michael Ray: 949-672-9612
Electronic Mail:	Wolfgang.Nickl@wdc.com Michael.Ray@wdc.com
Website Address:	www.wdc.com

U.S. Taxpayer Identification Number(s): 98-0547652

ADMINISTRATIVE AGENT:

Administrative Agent's Office
(for payments and Requests for Credit Extensions):

Bank of America, N.A.
101 N Tryon St
Mail Code: NC1-001-04-39
Charlotte, NC 28255-0001
Attention: Valarie Gravesandy
Telephone: 980-387-2469
Telecopier: 704-409-0169
Electronic Mail: valerie.v.gravesandy@baml.com

Western Digital Technologies, Inc.
Bank of America
New York, NY
ABA#
Account No.:
Attn: Corporate Credit Services
Ref: Western Digital Technologies

Western Digital Ireland, Ltd.
Bank of America
New York, NY
ABA#
Account No.:
Attn: Corporate Credit Services
Ref: Western Digital Ireland

Other Notices as Administrative Agent:

Bank of America, N.A.
Agency Management
1455 Market Street
Mail Code: CA5-701-05-19
San Francisco, CA 94103-1399
Attention: Joan Mok
Telephone: 415-436-3496
Telecopier: 415-503-5085
Electronic Mail: joan.mok@baml.com

L/C ISSUER:

Bank of America, N.A.
Trade Operations
1000 West Temple Street
Mail Code: CA9-705-07-05
Los Angeles, CA 90012-1514
Attention: Stella Rosales
Telephone: 213-417-9484
Telecopier: 213-457-8841
Electronic Mail: stella.rosales@baml.com

SWING LINE LENDER:

Bank of America, N.A.
101 N Tryon St
Mail Code: NC1-001-04-39
Charlotte, NC 28255-0001
Attention: Valarie Gravesandy
Telephone: 980-387-2469
Telecopier: 704-409-0169
Electronic Mail: valerie.v.gravesandy@baml.com

Bank of America
New York, NY
Account No.:
Attn: Corporate Credit Services
Attn: Credit Services West
Ref: Western Digital

EXHIBIT A

[FORM OF]

LOAN NOTICE

Date: ,

To: Bank of America, N.A., as Administrative Agent

Ladies and Gentlemen:

Reference is made to that certain Credit Agreement, dated as of March 8, 2012 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Agreement"; the terms defined therein being used herein as therein defined), among Western Digital Technologies, Inc., a Delaware corporation (the "US Borrower"), Western Digital Ireland, Ltd., an exempted company incorporated under the laws of the Cayman Islands (the "Cayman Borrower" and together with the US Borrower, the "Borrowers"), Western Digital Corporation, a Delaware corporation ("Holdings"), each lender from time to time party thereto (collectively, the "Lenders" and individually, a "Lender") and Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer.

The undersigned hereby requests (select one):

☐ A Borrowing of a Revolving Credit Loan ☐ A conversion or continuation of Loans

☐ A Borrowing of a Term Loan

1. On (a Business Day).
2. In the amount of $.
3. Comprised of _____.
   [Type of Loan requested]
4. For Eurodollar Rate Loans: with an Interest Period of months.

The Borrowing of a Revolving Credit Loan, if any, requested herein complies with the proviso to the first sentence of Section 2.01(c) of the Agreement.

[WESTERN DIGITAL TECHNOLOGIES, INC.

By: _____
Name: _____
Title: _____]

[WESTERN DIGITAL IRELAND, LTD.

By: _____
Name: _____
Title: _____]

EXHIBIT B

[FORM OF]

SWING LINE LOAN NOTICE

Date: ,

To: Bank of America, N.A., as Swing Line Lender
Bank of America, N.A., as Administrative Agent

Ladies and Gentlemen:

Reference is made to that certain Credit Agreement, dated as of March 8, 2012 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Agreement"; the terms defined therein being used herein as therein defined), among Western Digital Technologies, Inc., a Delaware corporation (the "US Borrower"), Western Digital Ireland, Ltd., an exempted company incorporated under the laws of the Cayman Islands (the "Cayman Borrower" and together with the US Borrower, the "Borrowers"), Western Digital Corporation, a Delaware corporation ("Holdings"), each lender from time to time party thereto (collectively, the "Lenders" and individually, a "Lender") and Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer.

The undersigned hereby requests a Borrowing of a Swing Line Loan:

1. On (a Business Day).
2. In the amount of $.

The Swing Line Borrowing requested herein complies with the requirements of the provisos to the first sentence of Section 2.04(a) of the Agreement.

[WESTERN DIGITAL TECHNOLOGIES, INC.

By: _____
Name: _____
Title: _____]

[WESTERN DIGITAL IRELAND, LTD.

By: _____
Name: _____
Title: _____]

[FORM OF]

REVOLVING CREDIT NOTE

FOR VALUE RECEIVED, the undersigned (the ["US Borrower"] ["Cayman Borrower"]) hereby promises to pay to or registered assigns (the "Lender"), in accordance with the provisions of the Agreement (as hereinafter defined), the principal amount of each Revolving Credit Loan from time to time made by the Lender to such Borrower under that certain Credit Agreement, dated as of March 8, 2012 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Agreement"; the terms defined therein being used herein as therein defined), among Holdings, the US Borrower, the Cayman Borrower, the Lenders from time to time party thereto and Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer.

The [US Borrower] [Cayman Borrower] promises to pay interest on the unpaid principal amount of each Revolving Credit Loan made to such Borrower from the date of such Revolving Credit Loan until such principal amount is paid in full, at such interest rates and at such times as provided in the Agreement. Except as otherwise provided in Section 2.04(f) of the Agreement with respect to Swing Line Loans, all payments of principal and interest shall be made to the Administrative Agent for the account of the Lender in Dollars in immediately available funds at the Administrative Agent's Office. If any amount is not paid in full when due hereunder, such unpaid amount shall bear interest, to be paid upon demand, from the due date thereof until the date of actual payment (and before as well as after judgment) computed at the per annum rate set forth in the Agreement.

This Note is one of the Notes referred to in the Agreement, is entitled to the benefits thereof and may be prepaid in whole or in part subject to the terms and conditions provided therein. This Note is also entitled to the benefits of the Guaranty. Upon the occurrence and continuation of one or more of the Events of Default specified in the Agreement, all amounts then remaining unpaid on this Note shall become, or may be declared to be, immediately due and payable all as provided in the Agreement. Loans made by the Lender shall be evidenced by one or more loan accounts or records maintained by the Lender in the ordinary course of business. The Lender may also attach schedules to this Note and endorse thereon the date, amount and maturity of its Loans and payments with respect thereto.

The [US Borrower] [Cayman Borrower], for itself, its successors and assigns, hereby waives diligence, presentment, protest and demand and notice of protest, demand, dishonor and non-payment of this Note.

[Signature Page Follows]

THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

[WESTERN DIGITAL TECHNOLOGIES, INC.

By: _____
Name: _____
Title: _____]

[WESTERN DIGITAL IRELAND, LTD.

By: _____
Name: _____
Title: _____]

REVOLVING CREDIT LOANS AND
PAYMENTS WITH RESPECT THERETO

Date	Type of Loan Made	Amount of Loan Made	End of Interest Period	Amount of Principal or Interest Paid This Date	Outstanding Principal Balance This Date	Notation Made By

EXHIBIT C-2

[FORM OF]

TERM NOTE

FOR VALUE RECEIVED, the undersigned (the ["US Borrower"] ["Cayman Borrower"]) hereby promises to pay to or registered assigns (the "Lender"), in accordance with the provisions of the Agreement (as hereinafter defined), the principal amount of each Term Loan from time to time made by the Lender to such Borrower under that certain Credit Agreement, dated as of March 8, 2012 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Agreement"; the terms defined therein being used herein as therein defined), among Holdings, the US Borrower, the Cayman Borrower, the Lenders from time to time party thereto and Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer.

The [US Borrower] [Cayman Borrower] promises to pay interest on the unpaid principal amount of each Term Loan made to such Borrower from the date of such Term Loan until such principal amount is paid in full, at such interest rates and at such times as provided in the Agreement. Except as otherwise provided in Section 2.04(f) of the Agreement with respect to Swing Line Loans, all payments of principal and interest shall be made to the Administrative Agent for the account of the Lender in Dollars in immediately available funds at the Administrative Agent's Office. If any amount is not paid in full when due hereunder, such unpaid amount shall bear interest, to be paid upon demand, from the due date thereof until the date of actual payment (and before as well as after judgment) computed at the per annum rate set forth in the Agreement.

This Note is one of the Notes referred to in the Agreement, is entitled to the benefits thereof and may be prepaid in whole or in part subject to the terms and conditions provided therein. This Note is also entitled to the benefits of the Guaranty. Upon the occurrence and continuation of one or more of the Events of Default specified in the Agreement, all amounts then remaining unpaid on this Note shall become, or may be declared to be, immediately due and payable all as provided in the Agreement. Loans made by the Lender shall be evidenced by one or more loan accounts or records maintained by the Lender in the ordinary course of business. The Lender may also attach schedules to this Note and endorse thereon the date, amount and maturity of its Loans and payments with respect thereto.

The [US Borrower] [Cayman Borrower], for itself, its successors and assigns, hereby waives diligence, presentment, protest and demand and notice of protest, demand, dishonor and non-payment of this Note.

[Signature Page Follows]

THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

[WESTERN DIGITAL TECHNOLOGIES, INC.

By: _____
Name: _____
Title: _____]

[WESTERN DIGITAL IRELAND, LTD.

By: _____
Name: _____
Title: _____]

TERM LOANS AND PAYMENTS WITH RESPECT THERETO

Date	Type of Loan Made	Amount of Loan Made	End of Interest Period	Amount of Principal or Interest Paid This Date	Outstanding Principal Balance This Date	Notation Made By

EXHIBIT D

[FORM OF]

COMPLIANCE CERTIFICATE

Financial Statement Date:

To: Bank of America, N.A., as Administrative Agent

Ladies and Gentlemen:

Reference is made to that certain Credit Agreement, dated as of March 8, 2012 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Agreement"; the terms defined therein being used herein as therein defined), among Western Digital Technologies, Inc., a Delaware corporation, as US Borrower, Western Digital Ireland, Ltd., an exempted company incorporated under the laws of the Cayman Islands, as Cayman Borrower, Western Digital Corporation, a Delaware corporation, as Holdings, each Lender from time to time party thereto and Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer.

The undersigned [chief executive officer] [chief financial officer] [treasurer] [controller] of Holdings hereby certifies as of the date hereof that he/she is the [chief executive officer] [chief financial officer] [treasurer] [controller] of Holdings, and that, as such, he/she is authorized to execute and deliver this Certificate to the Administrative Agent on the behalf of Holdings, and that, on behalf of Holdings:

[Use following paragraph 1 for fiscal year-end financial statements]

1. Holdings has delivered the year-end audited financial statements required by Section 6.09(b) of the Agreement for the fiscal year of Holdings ended as of the above date, together with the report and opinion of an independent certified public accountant required by such section.

[Use following paragraph 1 for fiscal quarter-end financial statements]

1. Holdings has delivered the unaudited financial statements required by Section 6.09(a) of the Agreement for the fiscal quarter of Holdings ended as of the above date. Such financial statements fairly present, in all material respects, the financial condition of Holdings and its Subsidiaries as of the date thereof and their results of operations for the period covered thereby, subject to normal year-end audit adjustments and the absence of footnotes.

2. The undersigned has reviewed and is familiar with the terms of the Agreement and has made, or has caused to be made under his/her supervision, a review of the transactions and condition (financial or otherwise) of Holdings and its Subsidiaries during the accounting period covered by such financial statements.

3. A review of the activities of Holdings and the Loan Parties during such fiscal period has been made under the supervision of the undersigned with a view to determining whether during such fiscal period Holdings and each Loan Party performed and observed all its Obligations under the Loan Documents, and

[select one:]

[to the knowledge of the undersigned, during such fiscal period, Holdings and each Loan Party has performed and observed each covenant of the Loan Documents applicable to it, and no Default has occurred and is continuing.]

—or—

[to the knowledge of the undersigned, during such fiscal period the following covenants have not been performed or observed and the following is a list of each such Default and its nature and status:]

4. The representations and warranties of Holdings and the Borrowers contained in Article V of the Agreement are true and correct, in all material respects (or, with respect to representations and warranties modified by materiality standards, in all respects), on and as of the date hereof, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct, in all material respects (or, with respect to representations and warranties modified by materiality standards, in all respects), as of such earlier date, and except that for purposes of this Compliance Certificate, the representations and warranties contained in subsections (a) and (b) of Section 5.05 of the Agreement shall be deemed to refer to the most recent statements furnished pursuant to clauses (b) and (a), respectively, of Section 6.09 of the Agreement, including the statements in connection with which this Compliance Certificate is delivered.

5. The financial covenant analyses and information set forth on Schedules 1, 2 and 3 attached hereto are true and accurate, in all material respects, on and as of the date of this Certificate.

IN WITNESS WHEREOF, the undersigned has executed this Certificate, on behalf of Holdings, as of , .

WESTERN DIGITAL CORPORATION

By: _____
Name: _____
Title: _____

For the Quarter/Year ended ("Statement Date")

SCHEDULE 1

to the Compliance Certificate

($ in 000's)

I. Section 7.09(a) – Consolidated Leverage Ratio.

A. Consolidated Debt for Borrowed Money at Statement Date: $ _____

B. Consolidated EBITDA for four prior fiscal quarters ending Statement Date (see Schedule 2): $ _____

C. Consolidated Leverage Ratio (Line I.A ÷ Line I.B): _____ to 1

Maximumpermitted: 2.5 to 1.0

II. Section 7.09(b) – Consolidated Interest Coverage Ratio.

A. Consolidated EBITDA for four prior fiscal quarters ending on Statement Date (see Schedule 2): $ _____

B. Consolidated Interest Expense for four prior fiscal quarters ending on Statement Date (see Schedule 3): $ _____

C. Consolidated Interest Coverage Ratio (Line II.A ÷ Line II.B): _____ to 1

Minimum required: 3.0 to 1.0

For the Quarter/Year ended

SCHEDULE 2

to the Compliance Certificate

($ in 000's)

CONSOLIDATED EBITDA

CONSOLIDATED EBITDA (for Holdings and its Subsidiaries on a consolidated basis)	Quarter Ended[2]	Quarter Ended	Quarter Ended	Quarter Ended	Four Quarter Period Ended
Net Income/Loss					
plus interest expense					
plus income tax expense					
plus depreciation expense					
plus amortization expense					
plus extraordinary losses					
plus other non-cash items reducing net income (other than any such non-cash item to the extent it represents an accrual of or reserve for cash expenditures in any future period or amortization of a prepaid cash charge that was paid in a prior period)					

[2] Consolidated EBITDA for the fiscal quarters of Holdings ended closest to June 30, 2011, September 30, 2011 and December 31, 2011 will be deemed to be equal the amounts set forth for such fiscal quarters on Schedule 1.01(a), and Consolidated EBITDA for the period from the earlier of (A) the first day of the most recently ended fiscal quarter immediately preceding the Closing Date, if Consolidated EBITDA for such fiscal quarter is not set forth on Schedule 1.01(a), or (B) otherwise, the first day of the fiscal quarter during which the Closing Date occurs, through the Closing Date will be computed as if the Acquisition had been consummated on the first day of such period in a manner similar to the calculation of the amounts set forth on Schedule 1.01(a) for the periods provided therein, as determined in good faith by Holdings and reasonably acceptable to the Administrative Agent.

CONSOLIDATED EBITDA (for Holdings and its Subsidiaries on a consolidated basis)	Quarter Ended[2]	Quarter Ended	Quarter Ended	Quarter Ended	Four Quarter Period Ended
plus all merger, integration, restructuring and transaction costs payable by Holdings or any of its Subsidiaries in connection with the Transactions (in an aggregate amount not to exceed $350,000,000, as such amount may be increased with the approval of the Administrative Agent)					
minus extraordinary gains					
minus non-cash gains increasing net income (excluding any such non-cash gain to the extent it represents the reversal of an accrual or reserve for potential cash gain in any prior period)					
minus interest income					
Consolidated EBITDA					

For the Quarter/Year ended

SCHEDULE 3

to the Compliance Certificate

($ in 000's)

CONSOLIDATED INTEREST EXPENSE

CONSOLIDATED INTEREST EXPENSE (for Holdings and its Subsidiaries on a consolidated basis)	Quarter Ended[3]	Quarter Ended	Quarter Ended	Quarter Ended	Four Quarter Period Ended
Total interest expense (including that portion attributable to capital leases in accordance with GAAP and capitalized interest) of Holdings and its Subsidiaries for such period, on a consolidated basis with respect to all outstanding Consolidated Debt for Borrowed Money, including all commissions, discounts and other fees and charges owed with respect to letters of credit					
minus interest expense not payable in cash					
minus income (net of costs) under Hedge Agreements in respect of interest rates					

[3] Consolidated Interest Expense for the fiscal quarters of Holdings ended closest to June 30, 2011, September 30, 2011 and December 31, 2011 will be deemed to be equal the amounts set forth for such fiscal quarters on Schedule 1.01(b), and Consolidated Interest Expense for the period from the earlier of (A) the first day of the most recently ended fiscal quarter immediately preceding the Closing Date, if Consolidated Interest Expense for such fiscal quarter is not set forth on Schedule 1.01(b), or (B) otherwise, the first day of the fiscal quarter during which the Closing Date occurs, through the Closing Date will be computed as if the Acquisition had been consummated on the first day of such period in a manner similar to the calculation of the amounts set forth on Schedule 1.01(b) for the periods provided therein, as determined in good faith by Holdings and reasonably acceptable to the Administrative Agent.

CONSOLIDATED INTEREST EXPENSE (for Holdings and its Subsidiaries on a consolidated basis)	Quarter Ended[3]	Quarter Ended	Quarter Ended	Quarter Ended	Four Quarter Period Ended
Consolidated Interest Expense					

[FORM OF]

ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (this "Assignment and Assumption") is dated as of the Effective Date set forth below and is entered into by and between [the][each][4] Assignor identified in item 1 below ([the][each, an] "Assignor") and [the][each][5] Assignee identified in item 2 below ([the][each, an] "Assignee"). [It is understood and agreed that the rights and obligations of [the Assignors][the Assignees][6] hereunder are several and not joint.][7] Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (the "Credit Agreement"), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, [the][each] Assignor hereby irrevocably sells and assigns to [the Assignee][the respective Assignees], and [the][each] Assignee hereby irrevocably purchases and assumes from [the Assignor][the respective Assignors], subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of [the Assignor's][the respective Assignors'] rights and obligations in [its capacity as a Lender][their respective capacities as Lenders] under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of [the Assignor][the respective Assignors] under the respective facilities identified below (including, without limitation, the Letters of Credit and the Swing Line Loans included in such facilities) and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of [the Assignor (in its capacity as a Lender)][the respective Assignors (in their respective capacities as Lenders)] against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned by [the][any] Assignor to [the][any] Assignee pursuant to clauses (i) and (ii) above being referred to herein collectively as [the][an] "Assigned Interest"). Each such sale and assignment is without recourse to [the][any] Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by [the][any] Assignor.

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[4] For bracketed language here and elsewhere in this form relating to the Assignor(s), if the assignment is from a single Assignor, choose the first bracketed language. If the assignment is from multiple Assignors, choose the second bracketed language.

[5] For bracketed language here and elsewhere in this form relating to the Assignee(s), if the assignment is to a single Assignee, choose the first bracketed language. If the assignment is to multiple Assignees, choose the second bracketed language.

[6] Select as appropriate.

[7] Include bracketed language if there are either multiple Assignors or multiple Assignees.

1. Assignor[s]:

2. Assignee[s]: [for each Assignee, indicate [Affiliate][Approved Fund] of [*identify Lender*]]

3. Borrower(s):

4. Administrative Agent: Bank of America, N.A., as the administrative agent under the Credit Agreement

5. Credit Agreement: Credit Agreement, dated as of March 8, 2012 among Western Digital Technologies, Inc., a Delaware corporation, and Western Digital Ireland, Ltd., an exempted company incorporated under the laws of the Cayman Islands, as borrowers, Western Digital Corporation, a Delaware corporation, each lender from time to time party thereto and Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer.

6. Assigned Interest[s]:

Assignor[s][8]	Assignee[s][9]	Facility Assigned[10]	Aggregate Amount of Commitment/Loans for all Lenders[11]	Amount of Commitment / Loans Assigned	Percentage Assigned of Commitment /Loans[12]	CUSIP Number
_____	_____	_____	$_____	$_____	_____%	_____
_____	_____	_____	$_____	$_____	_____%	_____
_____	_____	_____	$_____	$_____	_____%	_____

[7. Trade Date: _____][13]

Effective Date: , 20 [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

---

8 List each Assignor, as appropriate.

9 List each Assignee, as appropriate.

10 Fill in the appropriate terminology for the types of facilities under the Credit Agreement that are being assigned under this Assignment (e.g. "Revolving Credit Commitment", "Term Loan Commitment", etc.).

11 Amounts in this column and in the column immediately to the right to be adjusted by the counterparties to take into account any payments or prepayments made between the Trade Date and the Effective Date.

12 Set forth, to at least 9 decimals, as a percentage of the Commitment/Loans of all Lenders thereunder.

13 To be completed if the Assignor and the Assignee intend that the minimum assignment amount is to be determined as of the Trade Date.

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR
[NAME OF ASSIGNOR]

By: _____
Title:

ASSIGNEE
[NAME OF ASSIGNEE]

By: _____
Title:

[Consented to and][14] Accepted:

BANK OF AMERICA, N.A., as
Administrative Agent

By: _____
Title:

[Consented to:][15]

BANK OF AMERICA, N.A., as
Swing Line Lender and L/C Issuer

By: _____
Title:

WESTERN DIGITAL TECHNOLOGIES, INC.

By: _____
Title:

WESTERN DIGITAL IRELAND, LTD.

By: _____
Title:

[14] To be added only if the consent of the Administrative Agent is required by the terms of the Credit Agreement.
[15] To be added only if the consent of the Borrower and/or other parties (e.g. Swing Line Lender, L/C Issuer) is required by the terms of the Credit Agreement.

ANNEX 1 TO ASSIGNMENT AND ASSUMPTION

Credit Agreement, dated as of March 8, 2012 among Western Digital Technologies, Inc., a Delaware corporation, and Western Digital Ireland, Ltd., an exempted company incorporated under the laws of the Cayman Islands, as borrowers, Western Digital Corporation, a Delaware corporation, each lender from time to time party thereto and Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer.

STANDARD TERMS AND CONDITIONS FOR ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1. Assignor. [The][Each] Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of [the][the relevant] Assigned Interest, (ii) [the][such] Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2. Assignee. [The][Each] Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it meets all the requirements to be an assignee under Section 11.06(b)(iii) and (v) of the Credit Agreement (subject to such consents, if any, as may be required under Section 11.06(b)(iii) of the Credit Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of [the][the relevant] Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it is sophisticated with respect to decisions to acquire assets of the type represented by [the][such] Assigned Interest and either it, or the Person exercising discretion in making its decision to acquire [the][such] Assigned Interest, is experienced in acquiring assets of such type, (v) it has received a copy of the Credit Agreement, and has received or has been accorded the opportunity to receive copies of the most recent financial statements delivered pursuant to Section 6.09 thereof, as applicable, and such other documents and information as it deems appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase [the][such] Assigned Interest, (vi) it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Assignment and Assumption and to purchase [the][such] Assigned Interest, and (vii) if it is a Foreign Lender, attached hereto is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by [the][such] Assignee; and (b) agrees that (i) it will, independently and without reliance upon the Administrative Agent, [the][any] Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of [the][each] Assigned Interest (including payments of principal, interest, fees and other amounts) to [the][the relevant] Assignor for amounts which have accrued to but excluding the Effective Date and to [the][the relevant] Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York.

[FORM OF]

ADMINISTRATIVE QUESTIONNAIRE

[ATTACHED]

ADMINISTRATIVE DETAILS REPLY FORM – US DOLLAR ONLY

CONFIDENTIAL

(i) *FAX ALONG WITH COMMITMENT LETTER TO: Paul Stroup*

FAX # (704) 719-5233

I. BorrowerName: Western Digital Technologies, Inc., and Western Digital Ireland, Ltd.

$2,800,000,000 Senior Credit Facilities

II. Legal Name of Lender of Record for Signature Page:

- **Signing Credit Agreement ☐ YES ☐ NO**
- **Coming in via Assignment ☐ YES ☐ NO**

III. Type of Lender: _____
(Bank, Asset Manager, Broker/Dealer, CLO/CDO, Finance Company, Hedge Fund, Insurance, Mutual Fund, Pension Fund, Other Regulated Investment Fund, Special Purpose Vehicle, Other – please specify)

IV. Domestic Address: **V. Eurodollar Address:**

(ii) *VI.* Contact Information:

Syndicate level information (which may contain material non-public information about the Borrower and its related parties or their respective securities will be made available to the Credit Contact(s). The Credit Contacts identified must be able to receive such information in accordance with his/her institution's compliance procedures and applicable laws, including Federal and State securities laws.

	Primary Credit Contact	Operations Contact	Secondary Operations Contact
Name:			
Title:			
Address:			
Telephone:			
Facsimile:			
E Mail Address:			

Does Secondary Operations Contact need copy of notices? ☐ YES ☐ NO

	Letter of Credit Contact	Draft Documentation Contact	Legal Counsel
Name:			
Title:			
Address:			
Telephone:			
Facsimile:			
E Mail Address:			

VII. Lender's Standby Letter of Credit, Commercial Letter of Credit, and Bankers' Acceptance Fed Wire Payment Instructions (if applicable):

Pay to:

(Bank Name)

(ABA #)

(Account #)

(Attention)

VIII. Lender's Fed Wire Payment Instructions:

Pay to:

(Bank Name)

(ABA #) (City/State)

(Account #) (Account Name)

(Attention)

IX. Organizational Structure and Tax Status

Please refer to the enclosed withholding tax instructions below and then complete this section accordingly:

Lender Taxpayer Identification Number (TIN):

Tax Withholding Form Delivered to Bank of America*:

_____ **W-9**

_____ **W-8BEN**

_____ **W-8ECI**

_____ **W-8EXP**

_____ **W-8IMY**

NON–U.S. LENDER INSTITUTIONS

1. Corporations:

If your institution is incorporated outside of the United States for U.S. federal income tax purposes, and is the beneficial owner of the interest and other income it receives, you must complete one of the following three tax forms, as applicable to your institution: a.) Form W-8BEN (Certificate of Foreign Status of Beneficial Owner), b.) Form W-8ECI (Income Effectively Connected to a U.S. Trade or Business), or c.) Form W-8EXP (Certificate of Foreign Government or Governmental Agency).

A U.S. taxpayer identification number is required for any institution submitting a Form W-8 ECI. It is also required on Form W-8BEN for certain institutions claiming the benefits of a tax treaty with the U.S. Please refer to the instructions when completing the form applicable to your institution. In addition, please be advised that U.S. tax regulations do not permit the acceptance of faxed forms. **An original tax form must be submitted.**

2. Flow-Through Entities

If your institution is organized outside the U.S., and is classified for U.S. federal income tax purposes as either a Partnership, Trust, Qualified or Non-Qualified Intermediary, or other non-U.S. flow-through entity, an original Form W-8IMY (Certificate of Foreign Intermediary, Foreign Flow-Through Entity, or Certain U.S. branches for United States Tax Withholding) must be completed by the intermediary together with a withholding statement. Flow-through entities other than Qualified Intermediaries are required to include tax forms for each of the underlying beneficial owners.

Please refer to the instructions when completing this form. In addition, please be advised that U.S. tax regulations do not permit the acceptance of faxed forms. **Original tax form(s) must be submitted**.

U.S. LENDER INSTITUTIONS:

If your institution is incorporated or organized within the United States, you must complete and return Form W-9 (Request for Taxpayer Identification Number and Certification). **Please be advised that we require an original form W-9**.

Pursuant to the language contained in the tax section of the Credit Agreement, the applicable tax form for your institution must be completed and returned on or prior to the date on which your institution becomes a lender under this Credit Agreement. Failure to provide the proper tax form when requested will subject your institution to U.S. tax withholding.

* Additional guidance and instructions as to where to submit this documentation can be found at this link:

X. Bank of America Payment Instructions:

Pay to: Bank of America, N.A.
ABA #
Account #
Account Name: Corporate Credit Services
Reference: Western Digital
Attention: Valerie Gravesandy

3/1/07 Revision

EXHIBIT F

[FORM OF]

SUBSIDIARY GUARANTY

[ATTACHED]

(b) SUBSIDIARY GUARANTY

THIS SUBSIDIARY GUARANTY (as amended, restated, supplemented or otherwise modified from time to time, this "Guaranty"), dated as of March 8, 2012, is made by certain Domestic Subsidiaries of Holdings (as defined below) as identified on the signature pages hereto and any Additional Guarantor (as defined below) who may become a party to this Guaranty (such signatories and the Additional Guarantors, collectively, the "Guarantors" and individually, a "Guarantor"), in favor of BANK OF AMERICA, N.A., as Administrative Agent (in such capacity, the "Administrative Agent") for the ratable benefit of itself and the Guaranteed Parties (as defined in the Credit Agreement identified below).

Pursuant to that certain Credit Agreement dated as of the date hereof (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Western Digital Technologies, Inc., a Delaware corporation, and Western Digital Ireland, Ltd., an exempted company incorporated under the laws of the Cayman Islands (together, the "Borrowers"), Western Digital Corporation, a Delaware corporation ("Holdings"), the Lenders from time to time party thereto, the Administrative Agent, the Swing Line Lender and the L/C Issuer, the Lenders have agreed to make Credit Extensions to the Borrowers upon the terms and subject to the conditions set forth therein.

Each Guarantor will materially benefit from the Credit Extensions made and to be made under the Credit Agreement.

Each Guarantor is required to enter into this Guaranty pursuant to the terms of the Credit Agreement.

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, and to induce the Administrative Agent and the other Guaranteed Parties to make their respective Credit Extensions and other financial accommodations under the Loan Documents, the Guaranteed Cash Management Agreements or the Guaranteed Hedge Agreements, the Guarantors hereby agree with the Administrative Agent, for the ratable benefit of the Guaranteed Parties, as follows:

ARTICLE XII.1. DEFINED TERMS. CAPITALIZED TERMS USED AND NOT OTHERWISE DEFINED HEREIN SHALL HAVE THE MEANINGS ASCRIBED THERETO IN THE CREDIT AGREEMENT. THE FOLLOWING TERMS WHEN USED HEREIN SHALL HAVE THE MEANINGS SET FORTH BELOW:

"Additional Guarantor" means each Person which hereafter becomes a Guarantor pursuant to Section 19 hereof and Section 6.11 of the Credit Agreement.

"Contribution Share" means, for any Guarantor in respect of any Excess Payment made by any other Guarantor, the ratio (expressed as a percentage) as of the date of such Excess Payment of (a) the amount by which the aggregate present fair salable value of all of its assets and properties exceeds the amount of all debts and liabilities of such Guarantor (including probable contingent, subordinated, unmatured, and unliquidated liabilities, but excluding the obligations of such Guarantor hereunder) to (b) the amount by which the aggregate present fair salable value of all assets and other properties of the Guarantors other than the maker of such Excess Payment exceeds the amount of all of the debts and liabilities (including probable contingent, subordinated, unmatured, and unliquidated liabilities, but excluding the obligations of the Guarantors hereunder) of the Guarantors other than the maker of such Excess Payment; provided that for purposes of calculating the Contribution Shares of the Guarantors in respect of any Excess Payment, any Guarantor that became a Guarantor subsequent to the date of any such Excess Payment shall be deemed to have been a Guarantor on the date of such Excess Payment and the financial information for such Guarantor as of the date such Guarantor became a Guarantor shall be utilized for such Guarantor in connection with such Excess Payment.

"Excess Payment" means the amount paid by any Guarantor in excess of its Ratable Share of any Guaranteed Obligations.

"Guaranteed Obligations" has the meaning set forth in Section 2.

"Ratable Share" means, for any Guarantor in respect of any payment of Guaranteed Obligations, the ratio (expressed as a percentage) as of the date of such payment of Guaranteed Obligations of (a) the amount by which the aggregate present fair salable value of all of its assets and properties exceeds the amount of all debts and liabilities of such Guarantor (including probable contingent, subordinated, unmatured, and unliquidated liabilities, but excluding the obligations of such Guarantor hereunder) to (b) the amount by which the aggregate present fair salable value of all assets and other properties of all of the Guarantors exceeds the amount of all of the debts and liabilities (including probable contingent, subordinated, unmatured, and unliquidated liabilities, but excluding the obligations of the Guarantors hereunder) of the Guarantors; provided that for purposes of calculating the Ratable Shares of the Guarantors in respect of any payment of Guaranteed Obligations, any Guarantor that became a Guarantor subsequent to the date of any such payment shall be deemed to have been a Guarantor on the date of such payment and the financial information for such Guarantor as of the date such Guarantor became a Guarantor shall be utilized for such Guarantor in connection with such payment.

ARTICLE XIII.2. GUARANTY. EACH GUARANTOR HEREBY ABSOLUTELY AND UNCONDITIONALLY GUARANTEES, AS A GUARANTY OF PAYMENT AND PERFORMANCE AND NOT MERELY AS A GUARANTY OF COLLECTION, PROMPT PAYMENT WHEN DUE, WHETHER AT STATED MATURITY, BY REQUIRED PREPAYMENT, UPON ACCELERATION, DEMAND OR OTHERWISE, AND AT ALL TIMES THEREAFTER, OF ALL OBLIGATIONS (COLLECTIVELY, THE "GUARANTEED OBLIGATIONS"). THE BOOKS AND RECORDS OF THE ADMINISTRATIVE AGENT AND THE BOOKS AND RECORDS OF EACH GUARANTEED PARTY SHOWING THE AMOUNT OF THE GUARANTEED OBLIGATIONS SHALL BE ADMISSIBLE IN EVIDENCE IN ANY ACTION OR PROCEEDING, AND SHALL BE CONCLUSIVE ABSENT MANIFEST ERROR OF THE AMOUNT OF THE CREDIT EXTENSIONS MADE BY THE LENDERS TO THE BORROWERS AND THE INTEREST AND PAYMENTS THEREON. THIS GUARANTY SHALL NOT BE AFFECTED BY THE GENUINENESS, VALIDITY, REGULARITY OR ENFORCEABILITY OF THE GUARANTEED OBLIGATIONS OR ANY INSTRUMENT OR AGREEMENT EVIDENCING ANY GUARANTEED OBLIGATIONS, OR BY THE EXISTENCE, VALIDITY, ENFORCEABILITY, PERFECTION, NON-PERFECTION OR EXTENT OF ANY COLLATERAL THEREFOR, OR BY ANY FACT OR CIRCUMSTANCE RELATING TO THE GUARANTEED OBLIGATIONS WHICH MIGHT OTHERWISE CONSTITUTE A DEFENSE TO THE OBLIGATIONS OF EACH GUARANTOR UNDER THIS GUARANTY, AND SUCH GUARANTOR HEREBY IRREVOCABLY WAIVES ANY DEFENSES IT MAY NOW HAVE OR HEREAFTER ACQUIRE IN ANY WAY RELATING TO ANY OR ALL OF THE FOREGOING. ANYTHING CONTAINED HEREIN TO THE CONTRARY NOTWITHSTANDING, THE OBLIGATIONS OF EACH GUARANTOR HEREUNDER AT ANY TIME SHALL BE LIMITED TO AN AGGREGATE AMOUNT EQUAL TO THE LARGEST AMOUNT THAT WOULD NOT RENDER ITS OBLIGATIONS HEREUNDER SUBJECT TO AVOIDANCE AS A FRAUDULENT TRANSFER OR CONVEYANCE UNDER SECTION 548 OF THE BANKRUPTCY CODE (TITLE 11, UNITED STATES CODE) OR ANY COMPARABLE PROVISIONS OF ANY SIMILAR FEDERAL OR STATE LAW.

ARTICLE XIV.3. NO SETOFF OR DEDUCTIONS; TAXES; PAYMENTS. EACH GUARANTOR SHALL MAKE ALL PAYMENTS HEREUNDER WITHOUT SETOFF OR COUNTERCLAIM AND FREE AND CLEAR OF AND WITHOUT DEDUCTION FOR ANY TAXES, LEVIES, IMPOSTS, DUTIES, CHARGES, FEES, DEDUCTIONS, WITHHOLDINGS, COMPULSORY LOANS, RESTRICTIONS OR CONDITIONS OF ANY NATURE NOW OR HEREAFTER IMPOSED OR LEVIED BY ANY JURISDICTION OR ANY POLITICAL SUBDIVISION THEREOF OR TAXING OR OTHER AUTHORITY THEREIN UNLESS SUCH GUARANTOR IS COMPELLED BY APPLICABLE LAW TO MAKE SUCH DEDUCTION OR WITHHOLDING AND EACH GUARANTOR SHALL, JOINTLY AND SEVERALLY, PAY AND INDEMNIFY EACH GUARANTEED PARTY FOR TAXES (OTHER THAN EXCLUDED TAXES) AND OTHER TAXES TO THE EXTENT ANY BORROWER WOULD BE REQUIRED TO DO SO PURSUANT TO SECTION 3.01 OF THE CREDIT AGREEMENT. THE OBLIGATIONS OF EACH GUARANTOR UNDER THIS PARAGRAPH SHALL SURVIVE THE PAYMENT IN FULL OF THE GUARANTEED OBLIGATIONS AND TERMINATION OF THIS GUARANTY.

ARTICLE XV.4. RIGHTS OF GUARANTEED PARTIES. EACH GUARANTOR CONSENTS AND AGREES THAT THE GUARANTEED PARTIES MAY, AT ANY TIME AND FROM TIME TO TIME, WITHOUT NOTICE OR DEMAND, AND WITHOUT AFFECTING THE ENFORCEABILITY OR CONTINUING EFFECTIVENESS HEREOF: (A) AMEND, EXTEND, RENEW, COMPROMISE, DISCHARGE, ACCELERATE OR OTHERWISE CHANGE THE TIME FOR PAYMENT OR THE TERMS OF THE GUARANTEED OBLIGATIONS OR ANY PART THEREOF, (B) TAKE, HOLD, EXCHANGE, ENFORCE, WAIVE, RELEASE, FAIL TO PERFECT, SELL, OR OTHERWISE DISPOSE OF ANY SECURITY FOR THE PAYMENT OF THIS GUARANTY OR ANY GUARANTEED OBLIGATIONS, (C) APPLY SUCH SECURITY AND DIRECT THE ORDER OR MANNER OF SALE THEREOF AS THE GUARANTEED PARTIES IN THEIR SOLE DISCRETION MAY DETERMINE AND (D) RELEASE OR SUBSTITUTE ONE OR MORE OF ANY ENDORSERS OR OTHER GUARANTORS OF ANY OF THE GUARANTEED OBLIGATIONS. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, SUCH GUARANTOR CONSENTS TO THE TAKING OF, OR FAILURE TO TAKE, ANY ACTION WHICH MIGHT IN ANY MANNER OR TO ANY EXTENT VARY THE RISKS OF SUCH GUARANTOR UNDER THIS GUARANTY OR WHICH, BUT FOR THIS PROVISION, MIGHT OPERATE AS A DISCHARGE OF SUCH GUARANTOR.

ARTICLE XVI.5. CERTAIN WAIVERS. EACH GUARANTOR WAIVES (A) ANY DEFENSE ARISING BY REASON OF ANY DISABILITY OR OTHER DEFENSE OF ANY BORROWER OR ANY OTHER GUARANTOR, OR THE CESSATION FROM ANY CAUSE WHATSOEVER (INCLUDING ANY ACT OR OMISSION OF ANY GUARANTEED PARTY) OF THE LIABILITY OF ANY BORROWER OTHER THAN INDEFEASIBLE PAYMENT AND PERFORMANCE IN FULL OF THE GUARANTEED OBLIGATIONS, (B) ANY DEFENSE BASED ON ANY CLAIM THAT SUCH GUARANTOR'S OBLIGATIONS EXCEED OR ARE MORE BURDENSOME THAN THOSE OF ANY BORROWER, (C) THE BENEFIT OF ANY STATUTE OF LIMITATIONS AFFECTING SUCH GUARANTOR'S LIABILITY HEREUNDER, (D) ANY RIGHT TO REQUIRE ANY GUARANTEED PARTY TO PROCEED AGAINST ANY BORROWER, PROCEED AGAINST OR EXHAUST ANY SECURITY FOR THE GUARANTEED OBLIGATIONS, OR PURSUE ANY OTHER REMEDY IN ANY GUARANTEED PARTY'S POWER WHATSOEVER, (E) ANY BENEFIT OF AND ANY RIGHT TO PARTICIPATE IN ANY SECURITY NOW OR HEREAFTER HELD BY ANY GUARANTEED PARTY AND (F) TO THE FULLEST EXTENT PERMITTED BY LAW, ANY AND ALL OTHER DEFENSES OR BENEFITS THAT MAY BE DERIVED FROM OR AFFORDED BY APPLICABLE LAW LIMITING THE LIABILITY OF OR EXONERATING GUARANTORS OR SURETIES. EACH GUARANTOR EXPRESSLY WAIVES ALL SETOFFS AND COUNTERCLAIMS AND ALL PRESENTMENTS, DEMANDS FOR PAYMENT OR PERFORMANCE, NOTICES OF NONPAYMENT OR NONPERFORMANCE, PROTESTS, NOTICES OF PROTEST, NOTICES OF DISHONOR AND ALL OTHER NOTICES OR DEMANDS OF ANY KIND OR NATURE WHATSOEVER WITH RESPECT TO THE GUARANTEED OBLIGATIONS, AND ALL NOTICES OF ACCEPTANCE OF THIS GUARANTY OR OF THE EXISTENCE, CREATION OR INCURRENCE OF NEW OR ADDITIONAL GUARANTEED OBLIGATIONS.

ARTICLE XVII.6. OBLIGATIONS INDEPENDENT. THE OBLIGATIONS OF EACH GUARANTOR HEREUNDER ARE THOSE OF PRIMARY OBLIGOR, AND NOT MERELY AS SURETY, AND ARE INDEPENDENT OF THE GUARANTEED OBLIGATIONS AND THE OBLIGATIONS OF ANY OTHER GUARANTOR, AND A SEPARATE ACTION MAY BE BROUGHT AGAINST SUCH GUARANTOR TO ENFORCE THIS GUARANTY WHETHER OR NOT ANY BORROWER OR ANY OTHER PERSON OR ENTITY IS JOINED AS A PARTY.

ARTICLE XVIII.7. SUBROGATION. EACH GUARANTOR SHALL NOT EXERCISE ANY RIGHT OF SUBROGATION, CONTRIBUTION, INDEMNITY, REIMBURSEMENT OR SIMILAR RIGHTS WITH RESPECT TO ANY PAYMENTS IT MAKES UNDER THIS GUARANTY UNTIL ALL OF THE GUARANTEED OBLIGATIONS AND ANY AMOUNTS PAYABLE UNDER THIS GUARANTY HAVE BEEN INDEFEASIBLY PAID AND PERFORMED IN FULL AND ANY COMMITMENTS OF EACH GUARANTEED PARTY OR FACILITIES PROVIDED BY EACH GUARANTEED PARTY WITH RESPECT TO THE GUARANTEED OBLIGATIONS ARE TERMINATED. IF ANY AMOUNTS ARE PAID TO ANY GUARANTOR IN VIOLATION OF THE FOREGOING LIMITATION, THEN SUCH AMOUNTS SHALL BE HELD IN TRUST FOR THE BENEFIT OF THE GUARANTEED PARTIES AND SHALL FORTHWITH BE PAID TO THE ADMINISTRATIVE AGENT (FOR THE BENEFIT OF ITSELF AND THE OTHER GUARANTEED PARTIES) TO REDUCE THE AMOUNT OF THE GUARANTEED OBLIGATIONS, WHETHER MATURED OR UNMATURED.

ARTICLE XIX.8. CONTRIBUTION. SUBJECT TO SECTION 7, EACH GUARANTOR HEREBY AGREES WITH EACH OTHER GUARANTOR THAT IF ANY GUARANTOR SHALL MAKE AN EXCESS PAYMENT, SUCH GUARANTOR SHALL HAVE A RIGHT OF CONTRIBUTION FROM EACH OTHER GUARANTOR IN AN AMOUNT EQUAL TO SUCH OTHER GUARANTOR'S CONTRIBUTION SHARE OF SUCH EXCESS PAYMENT. THE PAYMENT OBLIGATIONS OF ANY GUARANTOR UNDER THIS SECTION SHALL BE SUBORDINATE AND SUBJECT IN RIGHT OF PAYMENT TO THE GUARANTEED OBLIGATIONS UNTIL SUCH TIME AS THE GUARANTEED OBLIGATIONS HAVE BEEN INDEFEASIBLY PAID AND PERFORMED IN FULL, AND NO GUARANTOR SHALL EXERCISE ANY RIGHT OR REMEDY UNDER THIS SECTION AGAINST ANY OTHER GUARANTOR UNTIL SUCH GUARANTEED OBLIGATIONS HAVE BEEN INDEFEASIBLY PAID AND PERFORMED IN FULL. EACH GUARANTOR RECOGNIZES AND ACKNOWLEDGES THAT THE RIGHTS TO CONTRIBUTION ARISING HEREUNDER SHALL CONSTITUTE AN ASSET IN FAVOR OF THE PARTY ENTITLED TO SUCH CONTRIBUTION. THIS SECTION SHALL NOT BE DEEMED TO AFFECT ANY RIGHT OF SUBROGATION, INDEMNITY, REIMBURSEMENT OR CONTRIBUTION THAT ANY GUARANTOR MAY HAVE UNDER APPLICABLE LAW AGAINST ANY BORROWER IN RESPECT OF ANY PAYMENT OF GUARANTEED OBLIGATIONS.

ARTICLE XX.9. TERMINATION; REINSTATEMENT. THIS GUARANTY IS A CONTINUING AND IRREVOCABLE GUARANTY OF ALL GUARANTEED OBLIGATIONS NOW OR HEREAFTER EXISTING AND SHALL REMAIN IN FULL FORCE AND EFFECT UNTIL ALL GUARANTEED OBLIGATIONS (OTHER THAN ANY CONTINGENT INDEMNIFICATION OR SIMILAR CONTINGENT OBLIGATION NOT YET DUE AND PAYABLE) AND ANY OTHER AMOUNTS PAYABLE UNDER THIS GUARANTY (OTHER THAN ANY CONTINGENT INDEMNIFICATION OR SIMILAR CONTINGENT OBLIGATION NOT YET DUE AND PAYABLE) ARE INDEFEASIBLY PAID IN FULL IN CASH AND ANY COMMITMENTS OF EACH GUARANTEED PARTY OR FACILITIES PROVIDED BY EACH GUARANTEED PARTY WITH RESPECT TO THE GUARANTEED OBLIGATIONS ARE TERMINATED. NOTWITHSTANDING THE FOREGOING, THIS GUARANTY SHALL CONTINUE IN FULL FORCE AND EFFECT OR BE REVIVED, AS THE CASE MAY BE, IF ANY PAYMENT BY OR ON BEHALF OF A BORROWER OR ANY GUARANTOR IS MADE, OR ANY GUARANTEED PARTY EXERCISES ITS RIGHT OF SETOFF, IN RESPECT OF THE GUARANTEED OBLIGATIONS AND SUCH PAYMENT OR THE PROCEEDS OF SUCH SETOFF OR ANY PART THEREOF IS SUBSEQUENTLY INVALIDATED, DECLARED TO BE FRAUDULENT OR PREFERENTIAL, SET ASIDE OR REQUIRED (INCLUDING PURSUANT TO ANY SETTLEMENT ENTERED INTO BY ANY GUARANTEED PARTY IN ITS DISCRETION) TO BE REPAID TO A TRUSTEE, RECEIVER OR ANY OTHER PARTY, IN CONNECTION WITH ANY PROCEEDING UNDER ANY DEBTOR RELIEF LAWS OR OTHERWISE, ALL AS IF SUCH PAYMENT HAD NOT BEEN MADE OR SUCH SETOFF HAD NOT OCCURRED AND WHETHER OR NOT ANY GUARANTEED PARTY IS IN POSSESSION OF OR HAS RELEASED THIS GUARANTY AND REGARDLESS OF ANY PRIOR REVOCATION, RESCISSION, TERMINATION OR REDUCTION. THE OBLIGATIONS OF EACH GUARANTOR UNDER THIS PARAGRAPH SHALL SURVIVE TERMINATION OF THIS GUARANTY.

ARTICLE XXI.10. SUBORDINATION. EACH GUARANTOR HEREBY SUBORDINATES THE PAYMENT OF ALL OBLIGATIONS AND INDEBTEDNESS OF ANY BORROWER OWING TO SUCH GUARANTOR, WHETHER NOW EXISTING OR HEREAFTER ARISING, INCLUDING BUT NOT LIMITED TO ANY OBLIGATION OF A BORROWER TO SUCH GUARANTOR AS SUBROGEE OF ANY GUARANTEED PARTY OR RESULTING FROM SUCH GUARANTOR'S PERFORMANCE UNDER THIS GUARANTY, TO THE INDEFEASIBLE PAYMENT IN FULL IN CASH OF ALL GUARANTEED OBLIGATIONS; PROVIDED THAT A BORROWER MAY MAKE ORDINARY COURSE PAYMENTS PURSUANT TO SUCH BORROWER'S AND ITS SUBSIDIARIES' CASH MANAGEMENT SYSTEM UNLESS AN EVENT OF DEFAULT HAS OCCURRED AND IS CONTINUING. IF THE ADMINISTRATIVE AGENT SO REQUESTS WHEN AN EVENT OF DEFAULT HAS OCCURRED AND IS CONTINUING, ANY SUCH OBLIGATION OR INDEBTEDNESS OF ANY BORROWER TO ANY GUARANTOR SHALL BE ENFORCED, BUT WITHOUT REDUCING OR AFFECTING IN ANY MANNER THE LIABILITY OF SUCH GUARANTOR UNDER THIS GUARANTY.

ARTICLE XXII.11. STAY OF ACCELERATION. IN THE EVENT THAT ACCELERATION OF THE TIME FOR PAYMENT OF ANY OF THE GUARANTEED OBLIGATIONS IS STAYED, IN CONNECTION WITH ANY CASE COMMENCED BY OR AGAINST ANY BORROWER OR ANY GUARANTOR UNDER ANY DEBTOR RELIEF LAWS, OR OTHERWISE, ALL SUCH AMOUNTS SHALL NONETHELESS BE PAYABLE BY SUCH GUARANTOR PROMPTLY UPON DEMAND BY THE ADMINISTRATIVE AGENT.

ARTICLE XXIII.12. CONDITION OF BORROWERS. EACH GUARANTOR ACKNOWLEDGES AND AGREES THAT IT HAS THE SOLE RESPONSIBILITY FOR, AND HAS ADEQUATE MEANS OF, OBTAINING FROM THE BORROWERS AND ANY OTHER GUARANTOR SUCH INFORMATION CONCERNING THE FINANCIAL CONDITION, BUSINESS AND OPERATIONS OF THE BORROWERS AND ANY SUCH OTHER GUARANTOR AS SUCH GUARANTOR REQUIRES, AND THAT NO GUARANTEED PARTY HAS A DUTY, AND SUCH GUARANTOR IS NOT RELYING ON ANY GUARANTEED PARTY AT ANY TIME, TO DISCLOSE TO SUCH GUARANTOR ANY INFORMATION RELATING TO THE BUSINESS, OPERATIONS OR FINANCIAL CONDITION OF THE BORROWERS OR ANY OTHER GUARANTOR (THE GUARANTOR WAIVING ANY DUTY ON THE PART OF ANY GUARANTEED PARTIES TO DISCLOSE SUCH INFORMATION AND ANY DEFENSE RELATING TO THE FAILURE TO PROVIDE THE SAME).

ARTICLE XXIV.13. REPRESENTATIONS AND WARRANTIES. EACH GUARANTOR REPRESENTS AND WARRANTS THAT EACH REPRESENTATION AND WARRANTY CONTAINED IN ARTICLE V OF THE CREDIT AGREEMENT RELATING TO SUCH GUARANTOR IS TRUE AND CORRECT IN ALL MATERIAL RESPECTS (OR, WITH RESPECT TO REPRESENTATIONS AND WARRANTIES MODIFIED BY MATERIALITY STANDARDS, IN ALL RESPECTS) AS IF MADE BY SUCH GUARANTOR HEREIN.

ARTICLE XXV.14. AMENDMENTS, WAIVERS AND CONSENTS. NONE OF THE TERMS OR PROVISIONS OF THIS GUARANTY MAY BE WAIVED, AMENDED, SUPPLEMENTED OR OTHERWISE MODIFIED, NOR ANY CONSENT BE GIVEN, EXCEPT IN ACCORDANCE WITH SECTION 11.01 OF THE CREDIT AGREEMENT.

ARTICLE XXVI.15. NOTICES. ALL NOTICES AND COMMUNICATIONS HEREUNDER OR UNDER ANY JOINDER AGREEMENT SHALL BE GIVEN TO THE ADDRESSES AND OTHERWISE MADE IN ACCORDANCE WITH SECTION 11.02 OF THE CREDIT AGREEMENT; PROVIDED THAT NOTICES AND COMMUNICATIONS TO THE GUARANTORS SHALL BE DIRECTED TO THE GUARANTORS, AT THE ADDRESS OF HOLDINGS SET FORTH IN SCHEDULE 11.02 OF THE CREDIT AGREEMENT.

ARTICLE XXVII.16. EXPENSES; INDEMNIFICATION AND SURVIVAL. THE GUARANTORS SHALL, JOINTLY AND SEVERALLY, (A) PAY ALL DOCUMENTED OUT-OF-POCKET EXPENSES (INCLUDING REASONABLE FEES, CHARGES AND DISBURSEMENTS OF COUNSEL FOR THE ADMINISTRATIVE AGENT) INCURRED BY THE ADMINISTRATIVE AGENT AND EACH OTHER GUARANTEED PARTY IN CONNECTION WITH THE ENFORCEMENT OR PROTECTION OF ITS RIGHTS IN CONNECTION WITH THIS GUARANTY AND (B) INDEMNIFY EACH INDEMNITEE, IN EACH CASE, TO THE EXTENT THE BORROWERS WOULD BE REQUIRED TO DO SO PURSUANT TO SECTION 11.04 OF THE CREDIT AGREEMENT. THE OBLIGATIONS OF THE GUARANTORS UNDER THIS PARAGRAPH SHALL SURVIVE THE PAYMENT IN FULL OF THE GUARANTEED OBLIGATIONS AND TERMINATION OF THIS GUARANTY IN ACCORDANCE WITH ITS TERMS.

ARTICLE XXVIII.17. RIGHT OF SETOFF; GOVERNING LAW; SUBMISSION TO JURISDICTION; VENUE; WAIVER OF JURY TRIAL. THIS GUARANTY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK. WITHOUT LIMITING THE GENERAL APPLICABILITY OF THE FOREGOING AND THE TERMS OF THE OTHER LOAN DOCUMENTS TO THIS GUARANTY AND THE PARTIES HERETO, THE TERMS OF SECTIONS 11.08, 11.12, 11.14, 11.15 AND 11.16 OF THE CREDIT AGREEMENT ARE INCORPORATED HEREIN BY REFERENCE, *MUTATIS MUTANDIS*, WITH EACH REFERENCE TO THE "BORROWERS" THEREIN (WHETHER EXPRESS OR BY REFERENCE TO THE BORROWERS AS "PARTY" THERETO) BEING A REFERENCE TO THE GUARANTORS, AND THE PARTIES HERETO AGREE TO SUCH TERMS.

ARTICLE XXIX.18. COUNTERPARTS; ELECTRONIC EXECUTION. THIS GUARANTY MAY BE EXECUTED IN COUNTERPARTS (AND BY DIFFERENT PARTIES HERETO IN DIFFERENT COUNTERPARTS), EACH OF WHICH SHALL CONSTITUTE AN ORIGINAL, BUT ALL OF WHICH WHEN TAKEN TOGETHER SHALL CONSTITUTE A SINGLE CONTRACT. DELIVERY OF AN EXECUTED COUNTERPART OF A SIGNATURE PAGE OF THIS GUARANTY BY TELECOPY OR OTHER ELECTRONIC IMAGING MEANS SHALL BE EFFECTIVE AS DELIVERY OF A MANUALLY EXECUTED COUNTERPART OF THIS GUARANTY.

ARTICLE XXX.19. ADDITIONAL GUARANTORS. AT ANY TIME AFTER THE DATE OF THIS GUARANTY, ONE OR MORE ADDITIONAL PERSONS MAY BECOME A PARTY HERETO BY EXECUTING AND DELIVERING TO THE ADMINISTRATIVE AGENT A JOINDER AGREEMENT PURSUANT TO SECTION 6.11 OF THE CREDIT AGREEMENT. IMMEDIATELY UPON SUCH EXECUTION AND DELIVERY OF SUCH JOINDER AGREEMENT (AND WITHOUT ANY FURTHER ACTION, EACH SUCH ADDITIONAL PERSON WILL BECOME A PARTY TO THIS GUARANTY AS A "GUARANTOR" AND HAVE ALL OF THE RIGHTS AND OBLIGATIONS OF A GUARANTOR HEREUNDER AND THIS GUARANTY SHALL BE DEEMED AMENDED BY SUCH JOINDER AGREEMENT. ATTACHED HERETO AS EXHIBIT A IS A FORM OF JOINDER AGREEMENT.

ARTICLE XXXI.20. DISCHARGE OF GUARANTY. IF ANY GUARANTOR CEASES TO BE A SUBSIDIARY OR MATERIAL DOMESTIC SUBSIDIARY OF HOLDINGS AS A RESULT OF A TRANSACTION PERMITTED UNDER THE CREDIT AGREEMENT, SUCH GUARANTOR (OR HOLDINGS OR ANY BORROWER) MAY REQUEST THE ADMINISTRATIVE AGENT TO EXECUTE AND DELIVER DOCUMENTS OR INSTRUMENTS NECESSARY TO EVIDENCE THE RELEASE AND DISCHARGE OF SUCH GUARANTOR FROM THIS GUARANTY AS PROVIDED IN SECTION 9.10 OF THE CREDIT AGREEMENT.

ARTICLE XXXII.21. MISCELLANEOUS. NO FAILURE BY ANY GUARANTEED PARTY TO EXERCISE, AND NO DELAY IN EXERCISING, ANY RIGHT, REMEDY OR POWER HEREUNDER SHALL OPERATE AS A WAIVER THEREOF, NOR SHALL ANY SINGLE OR PARTIAL EXERCISE OF ANY RIGHT, REMEDY OR POWER HEREUNDER PRECLUDE ANY OTHER OR FURTHER EXERCISE THEREOF OR THE EXERCISE OF ANY OTHER RIGHT, POWER OR REMEDY. THE REMEDIES HEREIN PROVIDED ARE CUMULATIVE AND NOT EXCLUSIVE OF ANY REMEDIES PROVIDED BY LAW OR IN EQUITY. THE UNENFORCEABILITY OR INVALIDITY OF ANY PROVISION OF THIS GUARANTY SHALL NOT AFFECT THE ENFORCEABILITY OR VALIDITY OF ANY OTHER PROVISION HEREIN. UNLESS OTHERWISE AGREED BY THE ADMINISTRATIVE AGENT AND EACH GUARANTOR IN WRITING, THIS GUARANTY IS NOT INTENDED TO SUPERSEDE OR OTHERWISE AFFECT ANY OTHER GUARANTY NOW OR HEREAFTER GIVEN BY ANY GUARANTOR OR ANY OTHER GUARANTOR FOR THE BENEFIT OF THE GUARANTEED PARTIES OR ANY TERM OR PROVISION THEREOF.

ARTICLE XXXIII.22. ACKNOWLEDGMENTS. EACH GUARANTOR HEREBY ACKNOWLEDGES THAT (A) IT HAS BEEN ADVISED BY COUNSEL IN THE NEGOTIATION, EXECUTION AND DELIVERY OF THIS GUARANTY AND THE OTHER LOAN DOCUMENTS TO WHICH IT IS A PARTY AND (B) IT HAS RECEIVED A COPY OF THE CREDIT AGREEMENT AND THE OTHER LOAN DOCUMENTS AND HAS REVIEWED AND UNDERSTANDS THE SAME.

ARTICLE XXXIV.23. USA PATRIOT ACT. EACH LENDER THAT IS SUBJECT TO THE PATRIOT ACT AND THE ADMINISTRATIVE AGENT (FOR ITSELF AND NOT ON BEHALF OF ANY LENDER) HEREBY NOTIFIES THE GUARANTORS THAT PURSUANT TO THE REQUIREMENTS OF THE PATRIOT ACT, IT IS REQUIRED TO OBTAIN, VERIFY AND RECORD INFORMATION THAT IDENTIFIES EACH GUARANTOR, WHICH INFORMATION INCLUDES THE NAME AND ADDRESS OF EACH GUARANTOR AND OTHER INFORMATION THAT WILL ALLOW SUCH LENDER OR THE ADMINISTRATIVE AGENT, AS APPLICABLE, TO IDENTIFY EACH GUARANTOR IN ACCORDANCE WITH THE PATRIOT ACT. EACH GUARANTOR SHALL, PROMPTLY FOLLOWING A REQUEST BY THE ADMINISTRATIVE AGENT OR ANY LENDER, PROVIDE ALL DOCUMENTATION AND OTHER INFORMATION THAT THE ADMINISTRATIVE AGENT OR SUCH LENDER REQUESTS IN ORDER TO COMPLY WITH ITS ONGOING OBLIGATIONS UNDER APPLICABLE "KNOW YOUR CUSTOMER" AND ANTI-MONEY LAUNDERING RULES AND REGULATIONS, INCLUDING THE PATRIOT ACT.

[Signature Pages Follow]

IN WITNESS WHEREOF, each of the parties hereto has caused this Guaranty to be duly executed as of the date first above written.

GUARANTORS:

WD MEDIA, LLC

By: _____

Name: _____

Title: _____

Acknowledged and accepted:

BANK OF AMERICA, N.A.,
as Administrative Agent

By: _____
Name: _____
Title: _____

EXHIBIT A

FORM OF JOINDER AGREEMENT

This JOINDER AGREEMENT, (as amended, restated, supplemented or otherwise modified from time to time, this "Agreement"), dated as of , 20 , is made between , a (the "New Subsidiary"), and BANK OF AMERICA, N.A., as Administrative Agent, under that certain Credit Agreement, dated as of March 8, 2012 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Western Digital Technologies, Inc., a Delaware corporation, and Western Digital Ireland, Ltd., an exempted company incorporated under the laws of the Cayman Islands, as Borrowers, Western Digital Corporation, a Delaware corporation, as Holdings, the Lenders, the Administrative Agent, the Swing Line Lender and the L/C Issuer. All capitalized terms used and not defined herein shall have the meanings given thereto in the Credit Agreement or the applicable Loan Document referred to herein.

The Borrowers are required by Section 6.11 of the Credit Agreement to cause the New Subsidiary to become a "Guarantor".

Accordingly, the New Subsidiary hereby agrees as follows with the Administrative Agent, for the benefit of the Guaranteed Parties:

ARTICLE XXXV. THE NEW SUBSIDIARY HEREBY AGREES THAT BY EXECUTION OF THIS AGREEMENT IT IS A GUARANTOR (AS DEFINED IN THE GUARANTY) UNDER THE GUARANTY AS IF A SIGNATORY THEREOF ON THE CLOSING DATE, AND THE NEW SUBSIDIARY (A) SHALL COMPLY WITH, AND BE SUBJECT TO, AND HAVE THE BENEFIT OF, ALL OF THE TERMS, CONDITIONS, COVENANTS, AGREEMENTS AND OBLIGATIONS SET FORTH IN THE GUARANTY AND (B) HEREBY MAKES EACH REPRESENTATION AND WARRANTY SET FORTH IN THE GUARANTY. THE NEW SUBSIDIARY HEREBY AGREES THAT (I) EACH REFERENCE TO A "GUARANTOR" OR THE "GUARANTORS" IN THE GUARANTY AND THE OTHER LOAN DOCUMENTS SHALL INCLUDE THE NEW SUBSIDIARY AND (II) EACH REFERENCE TO THE "GUARANTY" AS USED THEREIN SHALL MEAN THE GUARANTY AS SUPPLEMENTED HEREBY. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING TERMS OF THIS PARAGRAPH 1, THE NEW SUBSIDIARY HEREBY, JOINTLY AND SEVERALLY TOGETHER WITH THE OTHER GUARANTORS, GUARANTEES TO THE ADMINISTRATIVE AGENT, FOR THE BENEFIT OF THE GUARANTEED PARTIES, AS PROVIDED IN THE GUARANTY, THE PROMPT PAYMENT AND PERFORMANCE OF THE GUARANTEED OBLIGATIONS IN FULL WHEN DUE (WHETHER AT STATED MATURITY, AS A MANDATORY PREPAYMENT, BY ACCELERATION OR OTHERWISE) STRICTLY IN ACCORDANCE WITH THE TERMS THEREOF.

ARTICLE XXXVI. ALL NOTICES AND COMMUNICATIONS TO THE NEW SUBSIDIARY SHALL BE GIVEN TO THE ADDRESSES AND OTHERWISE MADE IN ACCORDANCE WITH SECTION 11.02 OF THE CREDIT AGREEMENT; PROVIDED THAT NOTICES AND COMMUNICATIONS SHALL BE DIRECTED TO THE NEW SUBSIDIARY, AT THE ADDRESS OF HOLDINGS SET FORTH IN SCHEDULE 11.02 OF THE CREDIT AGREEMENT.

ARTICLE XXXVII. THE NEW SUBSIDIARY HEREBY WAIVES ACCEPTANCE BY THE ADMINISTRATIVE AGENT AND THE GUARANTEED PARTIES OF THE GUARANTY BY THE NEW SUBSIDIARY UNDER THE GUARANTY UPON THE EXECUTION OF THIS AGREEMENT BY THE NEW SUBSIDIARY.

ARTICLE XXXVIII. THE NEW SUBSIDIARY HEREBY ACKNOWLEDGES THAT (A) IT HAS BEEN ADVISED BY COUNSEL IN THE NEGOTIATION, EXECUTION AND DELIVERY OF THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS TO WHICH IT IS DEEMED A PARTY AND (B) IT HAS RECEIVED A COPY OF THE CREDIT AGREEMENT AND THE OTHER LOAN DOCUMENTS AND HAS REVIEWED AND UNDERSTANDS THE SAME.

ARTICLE XXXIX. THIS AGREEMENT MAY BE EXECUTED IN COUNTERPARTS (AND BY DIFFERENT PARTIES HERETO IN DIFFERENT COUNTERPARTS), EACH OF WHICH SHALL CONSTITUTE AN ORIGINAL, BUT ALL OF WHICH WHEN TAKEN TOGETHER SHALL CONSTITUTE A SINGLE CONTRACT. DELIVERY OF AN EXECUTED COUNTERPART OF A SIGNATURE PAGE OF THIS AGREEMENT BY TELECOPY OR OTHER ELECTRONIC IMAGING MEANS SHALL BE EFFECTIVE AS DELIVERY OF A MANUALLY EXECUTED COUNTERPART OF THIS AGREEMENT.

ARTICLE XL. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

[Signature Pages Follow**]**

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be duly executed as of the date first above written.

[ ],
as Guarantor

By: _____
Name: _____
Title: _____

Acknowledged and accepted:

BANK OF AMERICA, N.A.,
as Administrative Agent

By: _____
Name: _____
Title: _____

[FORM OF]

O'MELVENY & MYERS LLP LEGAL OPINION

[TO BE ATTACHED]

March 8, 2012

Bank of America, N.A., as Administrative Agent

Lenders on the date hereof party to the Credit Agreement referred to below

Ladies and Gentlemen:

We have acted as counsel to Western Digital Corporation, a Delaware corporation ("Holdings"), Western Digital Technologies, Inc., a Delaware corporation ("WDT"), WD Media, LLC, a Delaware limited liability company ("WD Media" and, together with Holdings and WDT, the "Opinion Parties"), Western Digital Ireland, Ltd., an exempted company incorporated under the laws of the Cayman Islands ("WDI" and, together with the Opinion Parties, the "Loan Parties"), in connection with the Credit Agreement dated as of March 8, 2012 (the "Credit Agreement"), by and among Holdings, WDT, WDI, Bank of America, N.A., as Administrative Agent for the Lenders (in such capacity, the "Administrative Agent"), and the lenders party thereto from time to time (the "Lenders"). We are providing this opinion to you at the request of the Loan Parties pursuant to Section 4.01(a)(v) of the Credit Agreement. Except as otherwise indicated, capitalized terms used in this opinion and defined in the Credit Agreement will have the meanings given in the Credit Agreement.

In our capacity as such counsel, we have examined originals or copies of those corporate and other records and documents we considered appropriate, including the following (the documents listed in the preceding clauses (a) through (c) are referred to hereinafter collectively as the "Loan Documents"):

(a) the Credit Agreement;

(b) the Subsidiary Guaranty dated as of the date hereof (the "Subsidiary Guaranty"), executed by WD Media in favor of the Administrative Agent and the Lenders;

(c) the Term Notes and Revolving Notes, each dated as of the date hereof; and

(d) the documents, agreements, orders, judgments and decrees listed in the Opinion Certificate dated as of the date hereof (the "Opinion Certificate").

We note that you have received on or about the date hereof the opinion of Conyers Dill & Pearman, special counsel to WDI, relating to the corporate status and power of WDI under the laws of the Cayman Islands and certain other Cayman Islands law matters relating to WDI and the Loan Documents (as defined herein) (the "Supporting Opinion"). With your permission we have assumed the matters set forth in the Supporting Opinion for purposes of this opinion. None of the opinions rendered herein should be construed to address the matters covered by the Supporting Opinion.

As to relevant factual matters, we have relied upon, among other things, the factual representations of each Loan Party in the Loan Documents and in the Opinion Certificate, a copy of which has been delivered to you. In addition, we have obtained and relied upon those certificates of public officials we considered appropriate.

We have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies. With respect to each natural person who is a party to the transaction, we have assumed such person has sufficient legal capacity to enter into and carry out his or her role and obligations with respect to the Loan Documents or other relevant agreements. To the extent each Loan Party's obligations depend on the due authorization, execution, and delivery of the Loan Documents or other agreements by the other parties to the Loan Documents or such other agreements, we have assumed that the Loan Documents and such other agreements have been so authorized, executed, and delivered by such party (other than an Opinion Party) and that they constitute the legally valid and binding obligations of each such party (other than a Loan Party) enforceable in accordance with their terms and that each such party is in compliance with all applicable laws.

With respect to our opinions herein relating to WDI, we have, with your permission, assumed that (i) WDI is a company validly existing and in good standing under the laws of the Cayman Islands, (ii) WDI has duly authorized, executed, and delivered the Loan Documents to which it is a party, and has all necessary company power to be bound thereby and perform its obligations thereunder, and (iii) the memorandum and articles of association of WDI are not contravened by WDI's execution, delivery, performance of the Loan Documents to which it is a party. With your permission, we do not purport to be an expert as to, nor we do express any opinion to the opinions, assumptions, and other maters set forth in the Supporting Opinion.

On the basis of such examination, our reliance upon the assumptions in this opinion and our consideration of those questions of law we considered relevant, and subject to the limitations and qualifications in this opinion, we are of the opinion that:

1. Based on certificates from public officials, we confirm that each of Holdings and WDT is a corporation validly existing and in good standing under the laws of the State of Delaware, with corporate power to enter into the Loan Documents to which it is a party and to perform its obligations under such Loan Documents.

2. Based on certificates from public officials, we confirm that WD Media is a limited liability company validly existing and in good standing under the laws of the State of Delaware, with the limited liability company power under the current Delaware Limited Liability Company Act (the "**Delaware LLC Act**") and its certificate of formation and limited liability company agreement (the "**WD Media Organizational Documents**") to enter into the Loan Documents to which it is a party and to perform its obligations under such Loan Documents.

3. The execution, delivery and performance by each of Holdings and WDT of each Loan Document to which such Opinion Party is a party have been duly authorized by all necessary corporate action on the part of such Opinion Party, and each such Loan Document has been duly executed and delivered by such Opinion Party.

4. The execution, delivery and performance by WD Media of each Loan Document to which it is a party have been duly authorized by all necessary limited liability action under the Delaware LLC Act and the WD Media Organizational Documents on the part of WD Media, and each such Loan Document has been duly executed and delivered by WD Media.

5. Each Loan Document constitutes the legally valid and binding obligation of each Loan Party party thereto, enforceable against such Loan Party in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting creditors' rights generally (including, without limitation, fraudulent conveyance laws), the effect of Article XI of the certificate of incorporation of WDT, the effect of Article X of the certificate of incorporation of Holdings and by general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing and the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or at law.

6. The execution and delivery by each Opinion Party of the Loan Documents to which it is a party do not, and such Opinion Party's performance of its obligations under such Loan Documents will not, violate the certificate of incorporation or bylaws of Holdings or WDT or any WD Media Organizational Documents.

7. The execution and delivery by each Loan Party of the Loan Documents to which it is a party do not, and such Loan Party's performance of its obligations under such Loan Documents will not (i) violate, breach, or result in a default under, any existing obligation of or restriction on such Loan Party under any other agreement (the "Other Agreements") identified in the Opinion Certificate, or (ii) breach or otherwise violate any existing obligation of or restriction on such Loan Party under any order, judgment or decree of any New York or federal court or governmental authority binding on such Loan Party identified in the Opinion Certificate. If an Other Agreement is governed by the laws of a jurisdiction other than New York, we have assumed such Other Agreement would be interpreted in accordance with its plain meaning, except that technical terms would mean what lawyers generally understand them to mean for agreements governed by the laws of New York. We express no opinion with respect to any provision of any Other Agreement to the extent that an opinion with respect to such provision would require making any financial, accounting or mathematical calculation or determination.

8. The execution and delivery by each Loan Party of the Loan Documents to which it is a party do not, and such Loan Party's performance of its obligations under such Loan Documents will not, violate the current Delaware General Corporation Law, the current Delaware LLC Act or any current New York or federal statute, rule or regulation that we have, in the exercise of customary professional diligence, recognized as applicable to such Loan Party or to transactions of the type contemplated by the Loan Documents.

9. No order, consent, permit or approval of, or filing or registration with, any New York or federal governmental authority that we have, in the exercise of customary professional diligence, recognized as applicable to any Loan Party or to transactions of the type contemplated by the Loan Documents is required on the part of such Loan Party for the execution and delivery of, and performance of its obligations under, the Loan Documents to which it is a party, except for (i) such as have been obtained, (ii) routine informational filings required by applicable law, (iii) the filing of UCC-1 financing statements with respect to any collateral (including Cash Collateral) that may be provided under the Loan Documents, (iv) filings required to maintain the existence of such Loan Party in good standing in the applicable jurisdictions and (v) future filings in the ordinary course of business to comply with generally applicable regulatory, environmental, or other laws or regulations applicable to such Loan Party in connection with its performance of the Loan Documents.

10. No Loan Party is an investment company required to register under the Investment Company Act of 1940, as amended.

Our opinion in **paragraph 5** above as to the enforceability of the Loan Documents is subject to:

(i) public policy considerations, statutes or court decisions that may limit the rights of a party to obtain indemnification against its own gross negligence, willful misconduct or unlawful conduct;

(ii) the unenforceability under certain circumstances of broadly or vaguely stated waivers or waivers of rights granted by law where the waivers are against public policy or prohibited by law;

(iii) the unenforceability under certain circumstances of provisions imposing penalties, liquidated damages or other economic remedies;

(iv) the unenforceability under certain circumstances of provisions appointing one party as attorney-in-fact or trustee for an adverse party or provisions for the appointment of a receiver; and

(v) the unenforceability under certain circumstances of choice of law provisions.

We express no opinion:

(i) *as to the effect of non-compliance by you with any state or federal laws or regulations applicable to the transactions contemplated by the Loan Documents because of the nature of your business; or*

(ii) *as to any provision of any Loan Document insofar as it purports to grant a right of setoff in respect of any Loan Party's assets to any person other than a creditor of such Loan Party.*

We advise you that Section 11.14 of the Credit Agreement, and any similar provisions in the other Loans Documents which provide for the exclusive or non-exclusive jurisdiction of the courts of State of New York and federal courts sitting in that State, may not be binding on the courts in the forum(s) selected or excluded.

Our opinion in **paragraph 5** is subject to the qualification that certain rights, remedies, waivers and other provisions of any of the Loan Documents may not be enforceable, but such unenforceability will not, subject to the other exceptions, qualifications and limitations set forth herein, render such Loan Document invalid as a whole or substantially interfere with the substantial realization of the principal benefits that such Loan Document purports to provide (except for the economic consequences of procedural or other delay).

For purposes of the opinions expressed in **paragraphs 6**, **7**, **8**, and **9** we have assumed that no Loan Party will in the future take any discretionary action (including a decision not to act) permitted by any Loan Document that would cause the performance of such Loan Document to violate any New York or federal statute, rule or regulation, violate any Loan Party's certificate of incorporation or bylaws or constitute a violation or breach of or default under any of the Other Agreements, orders, judgments or decrees referred to in clauses (i) and (ii) of **paragraph 7** or require an order, consent, permit or approval to be obtained from a New York or federal governmental authority. In addition, we do not express any opinion with respect to orders, consents, permits, approvals, filings or registrations that may be necessary in connection with the ordinary course of business or operations of any Loan Party.

We further express no opinion concerning (i) federal or state securities laws or regulations (except with respect to the opinions expressed in **paragraph 10**), (ii) federal or state antitrust, unfair competition or trade practice laws or regulations, (iii) pension and employee benefit laws and regulations, (iv) compliance with fiduciary requirements, (v) federal or state environmental laws and regulations, (vi) federal or state land use or subdivision laws or regulations or (vii) the Trading with the Enemy Act, as amended, the foreign assets control regulations of the United States Treasury Department, the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT Act) Act of 2001, as amended, Executive Order No. 13,224 of September 24, 2001, Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit or Support Terrorism, as amended, and any enabling legislation, rules, regulations or executive orders relating thereto.

The law covered by this opinion is limited to the present federal law of the United States, the present law of the State of New York, for purposes of **paragraphs 1**, **3** and **8**, the present Delaware General Corporation Law, and, for purposes of **paragraphs 2**, **4** and **8**, the present Delaware LLC Act. We express no opinion as to the laws of any other jurisdiction and no opinion regarding the statutes, administrative decisions, rules, regulations or requirements of any county, municipality, subdivision or other local authority of any jurisdiction.

This opinion is furnished by us as counsel for the Loan Parties and may be relied upon by you only in connection with the Loan Documents. It may not be used or relied upon by you for any other purpose or by any other person, nor may copies be delivered to any other person, without in each instance our prior written consent. You may, however, deliver a copy of this opinion to your accountants, attorneys, and other professional advisors, to governmental regulatory agencies having jurisdiction over you, and to permitted assignees under Section 11.06 of the Credit Agreement. At your request, we hereby consent to reliance on this opinion by such assignees to the same extent as the addressees hereof as if this opinion were addressed and had been delivered to them on the date of this opinion, on the condition and understanding that we assume no responsibility or obligation to consider the applicability or correctness of this opinion to any person other than the addressee(s). This opinion is expressly limited to the matters set forth above and we render no opinion, whether by implication or otherwise, as to any other matters. This letter speaks only as of the date hereof and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that arise after the date of this opinion and come to our attention, or any future changes in laws.

Respectfully submitted,

[FORM OF]

CONYERS DILL & PEARMAN LEGAL OPINION

[TO BE ATTACHED]

March 8, 2012

Matter No.:705185
Doc Ref: filesite.169508.2
Direct Dial: (345) 814 7374
Email: Kevin.Butler@conyersdill.com

The addressees listed in Annex A

Dear Sirs

Western Digital Ireland, Ltd (the "Company")

We have acted as special Cayman Islands legal counsel to the Company in connection with the Credit Agreement dated as of March 8, 2012 (the "**Credit Agreement**"), by and among Western Digital Corporation, Western Digital Technologies Inc., the Company, Bank of America, N.A., as administrative agent for the Lenders and the lenders party thereto from time to time (the "**Lenders**"). We are providing this opinion to you at the request of the Loan Parties pursuant to Section 4.01(a)(v) of the Credit Agreement. Except as otherwise indicated, capitalized terms used in this opinion and defined in the Credit Agreement will have the meanings given in the Credit Agreement.

For the purposes of giving this opinion, we have examined the following documents:

(i) a copy of the Credit Agreement;

(ii) a copy of the Revolving Credit Note; and

(iii) a copy of the Term A-1 Note;

The documents listed in items (i) through (iii) above are herein sometimes collectively referred to as the "Documents" (which term does not include any other instrument or agreement whether or not specifically referred to therein or attached as an exhibit or schedule thereto).

We have also reviewed the Memorandum and Articles of Association of the Company, registered and filed on 12 April 1983 as amended by resolutions dated 15 July 1987, 28 January 1998 and 9 April 2007, written resolutions of its directors dated 1 March 2012 and 7 March 2012 (the "**Resolutions**"), a Certificate of Good Standing issued by the Registrar of Companies in relation to the Company on 5 March 2012 (the "**Certificate Date**") and such other documents and made such enquiries as to questions of law as we have deemed necessary in order to render the opinion set forth below.

We have assumed (a) the genuineness and authenticity of all signatures and the conformity to the originals of all copies (whether or not certified) examined by us and the authenticity and completeness of the originals from which such copies were taken; (b) that where a document has been examined by us in draft form, it will be or has been executed in the form of that draft, and where a number of drafts of a document have been examined by us all changes thereto have been marked or otherwise drawn to our attention; (c) the capacity, power and authority of each of the parties to the Documents, other than the Company, to enter into and perform its respective obligations under the Documents; (d) the due execution and delivery of the Documents by each of the parties thereto, other than the Company, and the physical delivery thereof by the Company with an intention to be bound thereby; (e) the accuracy and completeness of all factual representations made in the Documents and the Company's (i) Memorandum and Articles of Association; (ii) Resolutions and resolutions contained in the minute book of the Company or provided to us; (iii) Certificate of Incorporation; (iv) Certificate of Good Standing; (v) Director and Officer Register; (vi) Register of Members; (vii) Register of Mortgages and Charges; and (viii) any officer's certificates provided in accordance with the Documents reviewed by us (except to the extent that we expressly opine herein on matters of Cayman law); (f) that the Resolutions were passed at one or more duly convened, constituted and quorate meetings or by unanimous written resolutions, remain in full force and effect and have not been rescinded or amended; (g) that there is no provision of the law of any jurisdiction, other than the Cayman Islands, which would have any implication in relation to the opinions expressed herein; (h) the validity and binding effect under the laws of the State of New York (the "**Foreign Laws**") of the Documents which are expressed to be governed by such Foreign Laws in accordance with their respective terms; (i) the validity and binding effect under the Foreign Laws of the submission by the Company pursuant to the Documents to the non-exclusive jurisdiction of the courts of the State of New York sitting in the City of New York, Borough of Manhattan and of the United States District Court of the Southern District of New York and any appellate Court from any thereof, (the "**Foreign Courts**"); (j) that on the date of entering into the Documents the Company is and after entering into the Documents will be able to pay its liabilities as they become due.

The obligations of the Company under the Documents (a) will be subject to the laws from time to time in effect relating to bankruptcy, insolvency, liquidation, possessory liens, rights of set off, reorganisation, amalgamation, merger, consolidation, moratorium or any other laws or legal procedures, whether of a similar nature or otherwise, generally affecting the rights of creditors; (b) will be subject to statutory limitation of the time within which proceedings may be brought; (c) will be subject to general principles of equity and, as such, specific performance and injunctive relief, being equitable remedies, may not be available; (d) may not be given effect to by a Cayman Islands court, whether or not it was applying the Foreign Laws, if and to the extent they constitute the payment of an amount which is in the nature of a penalty and not in the nature of liquidated damages; (e) may not be given effect by a Cayman Islands court to the extent that they are to be performed in a jurisdiction outside the Cayman Islands and such performance would be illegal under the laws of that jurisdiction. Notwithstanding any contractual submission to the jurisdiction of specific courts, a Cayman Islands court has inherent discretion to stay or allow proceedings in the Cayman Islands against the Company under the Documents if there are other proceedings in respect of those Documents simultaneously underway against the Company in another jurisdiction. Under Cayman Islands law, a person who is not one of the parties to an agreement is, in general, unable to enforce it.

We express no opinion as to the enforceability of any provision of the Documents which provides for the payment of a specified rate of interest on the amount of a judgment after the date of judgment. We express no opinion in respect of the enforceability of any provision in the Documents which purports to fetter the statutory powers of the Company.

We have made no investigation of and express no opinion in relation to the laws of any jurisdiction other than the Cayman Islands. This opinion is to be governed by and construed in accordance with the laws of the Cayman Islands and is limited to and is given on the basis of the current law and practice in the Cayman Islands.

This opinion is issued solely for your benefit and use in connection with the matter described herein and is not to be relied upon by any other person, firm or entity or in respect of any other matter, except that any person who becomes a Lender under the Credit Agreement may rely on this opinion to the extent that you can rely on it.

On the basis of and subject to the foregoing, we are of the opinion that:

1. The Company is duly incorporated as an exempted company and existing under the laws of the Cayman Islands and as at the Certificate Date in good standing (meaning solely that it has not failed to make any filing with any Cayman Islands government authority or to pay any Cayman Islands government fee which would make it liable to be struck off by the Registrar of Companies and thereby cease to exist under the laws of the Cayman Islands).
2. The Company has the necessary corporate power and authority to enter into, execute and deliver, and perform its obligations under the Documents. The execution and delivery of the Documents by the Company and the performance by the Company of its obligations thereunder will not violate or contravene the Memorandum or Articles of Association of the Company nor any applicable law, regulation, order or decree in the Cayman Islands.
3. The Company has taken all corporate action required to authorise its execution, delivery and performance of the Documents and the performance of its obligations thereunder. The Documents have been duly executed and delivered by or on behalf of the Company, and constitute the legal, valid and binding obligations of the Company in accordance with the terms thereof.
4. No order, consent, approval, licence, authorisation or validation of or exemption by any government or public body or authority of the Cayman Islands or any sub-division thereof is required to authorise or is required in connection with the execution, delivery, performance and enforcement of the Documents.
5. It is not necessary or desirable to ensure the legality, validity, enforceability or admissibility in evidence of the Documents in the Cayman Islands that they or any of them be notarised, legalised, apostiled, filed, recorded or registered in any court or in any register kept by, or filed with, any governmental authority or regulatory body in the Cayman Islands. However, to the extent that any of the Documents creates a charge over assets of the Company, the Company and its Directors are under an obligation to enter such charge in the Register of Mortgages and Charges of the Company in accordance with section 54 of the Companies Law. While there is no exhaustive definition of a charge under Cayman Islands law, a charge normally has the following characteristics:

(i) it is a proprietary interest granted by way of security which entitles the chargee to resort to the charged property only for the purposes of satisfying some liability due to the chargee (whether from the chargor or a third party); and

(ii) the chargor retains an equity of redemption to have the property restored to him when the liability has been discharged.

However, as the Documents are governed by the Foreign Laws, the question of whether they would possess these particular characteristics would be determined under the Foreign Laws.

6. The Documents will be subject to nominal stamp duty if they are executed in or brought into the Cayman Islands but will otherwise not be subject to stamp duty.

7. No taxes, fees or charges will be imposed by the government of the Cayman Islands or by any department or taxing authority thereof (a "Cayman Islands Taxing Authority") in connection with the execution, delivery, filing, recording, registration, performance or enforcement of the Documents, or as a result of any of the transactions contemplated thereby, or on or in connection with the admissibility in evidence thereof (although stamp duty will be payable in certain circumstances as referred to in opinion 6 above).

8. No taxes will be imposed by any Cayman Islands Taxing Authority on, or will be required by any Cayman Islands Taxing Authority to be deducted or withheld from, any payment by the Company under the Documents;

9. The choice of the Foreign Laws as the governing law of the Documents is a valid choice of law and would be recognised and given effect to in any action brought before a court of competent jurisdiction in the Cayman Islands, except for those laws (i) which such court considers to be procedural in nature, (ii) which are revenue or penal laws or (iii) the application of which would be inconsistent with public policy, as such term is interpreted under the laws of the Cayman Islands. The submission in the Documents to the non-exclusive jurisdiction of the Foreign Courts is valid and binding upon the Company.

10. No party to the Documents (other than the Company) is or will be deemed to be resident, domiciled, carrying on business or subject to tax in the Cayman Islands by reason only of the negotiation, preparation, execution, performance, enforcement of, and/or receipt of any payment due from the Company under, the Documents.

11. Based solely upon a search of the Register of Writs and other Originating Process of the Grand Court of the Cayman Islands conducted at approximately 11:00 am on 5 March 2012, (which would not reveal details of proceedings which have been filed but not actually entered in the Register of Writs and other Originating Process of the Grand Court of the Cayman Islands at the time of our search or an originating process not otherwise entered prior to 8 December 2008), there are no actions pending against the Company nor any petitions to wind up the Company pending in the Grand Court of the Cayman Islands to which the Company is subject.

12. The courts of the Cayman Islands would recognise as a valid judgment, a final and conclusive judgment *in personam* obtained in the Foreign Courts against the Company based upon the Documents under which a sum of money is payable (other than a sum of money payable in respect of multiple damages, taxes or other charges of a like nature or in respect of a fine or other penalty) or, in certain circumstances, an *in personam* judgment for non-monetary relief, and would give a judgment based thereon provided that (a) such courts had proper jurisdiction over the parties subject to such judgment; (b) such courts did not contravene the rules of natural justice of the Cayman Islands; (c) such judgment was not obtained by fraud; (d) the enforcement of the judgment would not be contrary to the public policy of the Cayman Islands; (e) no new admissible evidence relevant to the action is submitted prior to the rendering of the judgment by the courts of the Cayman Islands; and (f) there is due compliance with the correct procedures under the laws of the Cayman Islands.

Yours faithfully,

Conyers Dill & Pearman

Annex A

Bank of America, N.A.
Merrill Lynch, Pierce, Fenner & Smith Incorporated
The Bank of Nova Scotia
Union Bank, N.A.
HSBC Bank USA, National Association
JPMorgan Chase Bank, N.A.
The Royal Bank of Scotland plc
Compass Bank
Citibank, N.A.
Mizuho Corporate Bank, Ltd.
U.S. Bank National Association
Wells Fargo Bank N.A.
Deutsche Bank AG
United Overseas Bank Limited, New York Agency
Barclays Bank PLC
Comerica Bank
Oversea-Chinese Banking Corporation Limited, Los Angeles Agency
TD Bank, N.A.
KeyBank National Association
DBS Bank Ltd
Standard Chartered Bank
The Bank of East Asia, Limited
Branch Banking & Trust Co.
The Northern Trust Company
Bank of China, Los Angeles Branch
Bank of the West
Land Bank of Taiwan Los Angeles Branch
Mega International Commercial Bank Co., Ltd. Los Angeles Branch
Sumitomo
Bank of Communications Co., Ltd., New York Branch
First Hawaiian Bank
Taipei Fubon Commercial Bank Co., Ltd.
Taiwan Business Bank Los Angeles Branch
Taiwan Cooperative Bank, Los Angeles Branch
Bank Leumi USA
Bank of Taiwan, Los Angeles Branch
Chang Hwa Commercial Bank, Ltd Los Angeles Branch
E.Sun Commercial Bank, Ltd., Los Angeles Branch
Hua Nan Commercial Bank, Ltd.
Manufacturers Bank
American Savings Bank, F.S.B.
Chinatrust Commercial Bank New York Branch
The Bank of Tokyo-Mitsubishi UFJ, Ltd.

Exhibit 31.1

Certification of Principal Executive Officer

Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, John F. Coyne, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Western Digital Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15(d)-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 2, 2012

/s/ JOHN F. COYNE
John F. Coyne
Chief Executive Officer

Exhibit 31.2

Certification of Principal Financial Officer

Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Wolfgang U. Nickl, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Western Digital Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15(d)-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 2, 2012

/s/ WOLFGANG U. NICKL
Wolfgang U. Nickl
Executive Vice President and Chief Financial Officer

Exhibit 32.1

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

Certification of Chief Executive Officer

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

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the period ended September 28, 2012 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

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

Date: November 2, 2012

/s/ JOHN F. COYNE
John F. Coyne
Chief Executive Officer

Exhibit 32.2

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

Certification of Chief Financial Officer

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

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the period ended September 28, 2012 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

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

Date: November 2, 2012

/s/ WOLFGANG U. NICKL
Wolfgang U. Nickl
Executive Vice President and Chief Financial Officer