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 April 1, 2011

Or

o **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 o

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 o

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 o	Non-accelerated filer o	Smaller reporting company o
		(Do not check if a 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 o No ☑

As of the close of business on April 20, 2011, 232,401,502 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 third quarters ended April 1, 2011 and April 2, 2010 both consisted of 13 weeks. Fiscal year 2010 was comprised of 52 weeks and ended on July 2, 2010. Fiscal year 2011 will be comprised of 52 weeks and will end on July 1, 2011. 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" and "WD" refer to Western Digital Corporation and its subsidiaries.

We are a Delaware corporation that operates as the parent company of our hard drive business, Western Digital Technologies, Inc., which was formed in 1970.

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)

	Apr. 1, 2011	Jul. 2, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	$ 3,230	$ 2,734
Accounts receivable, net	1,171	1,256
Inventories	574	560
Other current assets	178	170
Total current assets	5,153	4,720
Property, plant and equipment, net	2,249	2,159
Goodwill	151	146
Other intangible assets, net	75	88
Other non-current assets	211	215
Total assets	$ 7,839	$ 7,328
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 1,486	$ 1,507
Accrued expenses	250	281
Accrued warranty	134	129
Current portion of long-term debt	125	106
Total current liabilities	1,995	2,023
Long-term debt	200	294
Other liabilities	328	302
Total liabilities	2,523	2,619
Commitments and contingencies (Note 5)		
Shareholders' equity:		
Preferred stock, $.01 par value; authorized — 5 shares; issued and outstanding — none	—	—
Common stock, $.01 par value; authorized — 450 shares; issued and outstanding 232 and 231 shares, respectively	2	2
Additional paid-in capital	1,064	1,022
Accumulated other comprehensive income	8	11
Retained earnings	4,242	3,674
Total shareholders' equity	5,316	4,709
Total liabilities and shareholders' equity	$ 7,839	$ 7,328

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		Nine Months Ended	
	Apr. 1, 2011	Apr. 2, 2010	Apr. 1, 2011	Apr. 2, 2010
Revenue, net	$ 2,252	$ 2,641	$ 7,123	$ 7,468
Cost of revenue	1,842	1,976	5,801	5,602
Gross margin	410	665	1,322	1,866
Operating expenses:				
Research and development	179	160	515	456
Selling, general and administrative	73	64	198	177
Total operating expenses	252	224	713	633
Operating income	158	441	609	1,233
Other income (expense):				
Interest income	2	1	6	3
Interest and other expense	(1)	(2)	(6)	(8)
Total other income (expense), net	1	(1)	—	(5)
Income before income taxes	159	440	609	1,228
Income tax provision	13	40	41	110
Net income	$ 146	$ 400	$ 568	$ 1,118
Income per common share:				
Basic	$ 0.63	$ 1.75	$ 2.46	$ 4.93
Diluted	$ 0.62	$ 1.71	$ 2.42	$ 4.82
Weighted average shares outstanding:				
Basic	232	229	231	227
Diluted	236	234	235	232

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)

	Nine Months Ended	
	Apr. 1, 2011	Apr. 2, 2010
Cash flows from operating activities		
Net income	$ 568	$ 1,118
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation and amortization	452	376
Stock-based compensation	54	43
Deferred income taxes	4	(2)
Changes in:		
Accounts receivable, net	86	(331)
Inventories	(14)	(131)
Accounts payable	71	420
Accrued expenses	(26)	19
Other assets and liabilities	13	67
Net cash provided by operating activities	1,208	1,579
Cash flows from investing activities		
Purchases of property, plant and equipment	(625)	(552)
Sales and maturities of investments	—	4
Net cash used in investing activities	(625)	(548)
Cash flows from financing activities		
Issuance of stock under employee stock plans	35	54
Taxes paid on vested stock awards under employee stock plans	(8)	(16)
Excess tax benefits from employee stock plans	11	20
Repurchases of common stock	(50)	—
Repayment of debt	(75)	(57)
Net cash provided by (used in) financing activities	(87)	1
Net increase in cash and cash equivalents	496	1,032
Cash and cash equivalents, beginning of period	2,734	1,794
Cash and cash equivalents, end of period	$ 3,230	$ 2,826
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	$ 10	$ 6
Cash paid for interest	$ 4	$ 6

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 July 2, 2010. 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 July 2, 2010. 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

Inventories

	Apr. 1, 2011	Jul. 2, 2010
	(in millions)	
Raw materials and component parts	**$ 151**	$ 159
Work-in-process	**260**	255
Finished goods	**163**	146
Total inventories	**$ 574**	$ 560

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 repair or replacement 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 assists 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 materially affect operating results. 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		Nine Months Ended	
	Apr. 1, 2011	Apr. 2, 2010	Apr. 1, 2011	Apr. 2, 2010
Warranty accrual, beginning of period	**$ 176**	$ 154	**$ 170**	$ 123
Charges to operations	**42**	49	**132**	137
Utilization	**(41)**	(37)	**(120)**	(99)
Changes in estimate related to pre-existing warranties	**(3)**	(2)	**(8)**	3
Warranty accrual, end of period	**$ 174**	$ 164	**$ 174**	$ 164

Accrued warranty also includes amounts classified in other liabilities of $40 million at April 1, 2011 and $41 million at July 2, 2010.

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		Nine Months Ended	
	Apr. 1, 2011	**Apr. 2, 2010**	**Apr. 1, 2011**	**Apr. 2, 2010**
Net income	**$ 146**	$ 400	**$ 568**	$ 1,118
Weighted average shares outstanding:				
Basic	**232**	229	**231**	227
Employee stock options and other	**4**	5	**4**	5
Diluted	**236**	234	**235**	232
Income per common share:				
Basic	**$ 0.63**	$ 1.75	**$ 2.46**	$ 4.93
Diluted	**$ 0.62**	$ 1.71	**$ 2.42**	$ 4.82
Anti-dilutive potential common shares excluded*	**4**	1	**4**	1

* 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

In February 2008, Western Digital Technologies, Inc. ("WDTI"), a wholly-owned subsidiary of the Company, entered into a five-year credit agreement that provided for a $500 million term loan facility. As of April 1, 2011, the term loan facility had a variable interest rate of 1.56% and a remaining balance of $325 million, which requires principal payments totaling $31 million through the remainder of 2011, $144 million in 2012 and $150 million in 2013. The term loan facility has a maturity date of February 11, 2013. As of April 1, 2011, WDTI was in compliance with all covenants.

See Note 10 for additional disclosures related to the Company's new credit facility to be entered into in connection with the closing of the planned acquisition of Viviti Technologies Ltd., until recently known as Hitachi Global Storage Technologies Pte. Ltd.

5. Legal Proceedings

The Company discloses material loss contingencies deemed to be reasonably possible and accrues for loss contingencies when, in consultation with the Company's legal advisors, the Company concludes that a loss is probable and reasonably estimable. Except as otherwise indicated, the possible losses relating to the matters described below are not reasonably estimable. 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.

Intellectual Property Litigation

On June 20, 2008, plaintiff Convolve, Inc. ("Convolve") filed a complaint in the Eastern District of Texas against the Company and two other companies alleging infringement of U.S. Patent Nos. 6,314,473 and 4,916,635. Convolve is seeking 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 is scheduled to begin on July 5, 2011. The Company intends to defend itself vigorously in this matter.

On July 15, 2009, plaintiffs Carl B. Collins and Farzin Davanloo filed a complaint in the Eastern District of Texas against the Company and ten other companies alleging infringement of U.S. Patent Nos. 5,411,797 and 5,478,650. Plaintiffs are seeking injunctive relief and unspecified monetary damages, fees and costs. The asserted patents allegedly relate to nanophase diamond films. The Company intends to defend itself vigorously in this matter.

On December 7, 2009, plaintiff Nazomi Communications filed a complaint in the Eastern District of Texas against the Company and seven other companies alleging infringement of U.S. Patent Nos. 7,080,362 and 7,225,436. 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. The Company intends to defend itself vigorously in this matter.

On January 5, 2010, plaintiff Enova Technology Corporation filed a complaint in the District of Delaware against the Company and Initio Corporation alleging infringement of U.S. Patent Nos. 7,136,995 and 7,386,734. 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. The Company 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 the Company 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. The Company intends to defend itself vigorously in this matter.

On October 4, 2006, plaintiff Seagate Technology LLC (“Seagate”) filed a complaint against the Company and one of its employees formerly employed by Seagate in the Minnesota Fourth Judicial District Court. The complaint alleges claims based on supposed misappropriation of trade secrets and seeks injunctive relief and unspecified monetary damages, fees and costs. On June 19, 2007, the Company’s 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. The parties are engaged in arbitration, and discovery in the arbitration proceeding is ongoing. On September 23, 2010, Seagate filed a motion to amend its claims and add allegations based on the supposed misappropriation of additional confidential information. The arbitrator granted Seagate’s motion, and the plenary hearing in the arbitration is now set to begin in May 2011. The Company intends to continue to defend itself vigorously in this matter.

Employment Litigation

On March 20, 2009, plaintiff Ghazala H. Durrani, a former employee of the Company, filed a putative class action complaint in the Alameda County (California) Superior Court. The complaint alleged that certain of the Company’s engineers had been misclassified as exempt employees under California state law and were, therefore, due unspecified amounts for unpaid hourly overtime wages and other amounts, as well as penalties for allegedly missed meal and rest periods. By court order dated April 24, 2009, the case was transferred to the Orange County (California) Superior Court. On or about June 16, 2009, the Company was dismissed from the case without prejudice by stipulation, leaving WDTI as the sole remaining defendant. On or about June 4, 2009, WDTI filed its answer to the complaint, denying the substantive allegations thereof and raising several affirmative defenses. The parties participated in a mediation of the case on June 3, 2010, which led to a proposed settlement of the case. The proposed settlement, which was ultimately approved by the court, resolved the case on a class-wide basis for an immaterial amount that was accrued by the Company in the fourth quarter of fiscal 2010. The court granted final approval of the settlement and entered judgment on February 7, 2011. At the Final Accounting Hearing scheduled for July 11, 2011, the court is expected to confirm that the settlement amount was fully paid in accordance with the settlement agreement. After that hearing, the lawsuit will be formally concluded and dismissed.

On February 26, 2010, and as thereafter amended on August 23, 2010 and December 22, 2010, plaintiff Tarriq Sadaat, a former employee of the Company, filed a putative class action complaint in the Orange County (California) Superior Court against the Company; WDTI; Kelly Services, Inc., a Delaware corporation ("Kelly Services"); and certain other unnamed individuals. The named plaintiff seeks to represent certain hourly employees who were assigned to work at certain of the Company's facilities by Kelly Services, a temporary staffing agency. In this regard, the complaint alleges that the hourly employees are due unspecified sums for unpaid overtime wages and other amounts, as well as penalties for allegedly missed meal and rest periods. The complaint seeks unspecified damages including lost wages, penalties under the California Labor Code and other statutes, compensatory and punitive damages, declaratory relief, injunctive relief, interest, attorneys' fees and costs. The Company's response to the complaint was filed and served in January 2011. The Company denies the allegations and intends to defend itself vigorously.

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 April 1, 2011 was $13 million as compared to $40 million in the prior-year period. The Company's income tax provision for the nine months ended April 1, 2011 was $41 million as compared to $110 million in the prior-year period. The tax provision for the three and nine months ended April 1, 2011 reflects the retroactive extension of the research and development tax credit that was signed into law in December 2010. The differences between the effective tax rate and the U.S. Federal statutory rate are primarily due to tax holidays in Malaysia and Thailand that expire at various dates through 2023 and the current year generation of income tax credits.

In the three months ended April 1, 2011, the Company recognized a net increase of $6 million in its liability for unrecognized tax benefits. As of April 1, 2011, the Company had a recorded liability for unrecognized tax benefits of approximately $246 million. Interest and penalties recognized on such amounts were not material.

The United States Internal Revenue Service ("IRS") is currently examining fiscal years 2006 and 2007 for the Company and calendar years 2005 and 2006 for Komag, Incorporated ("Komag"), which was acquired by the Company on September 5, 2007. The IRS has completed its field work and proposed certain adjustments. Certain issues have been agreed upon by the Company and the IRS and certain issues remain unresolved. The Company has received Revenue Agent Reports ("RARs") for the agreed issues. The Company has also received RARs from the IRS for the unresolved issues which seek adjustments to income before income taxes of approximately $970 million for the Company and $380 million for Komag. The issues in dispute relate primarily to transfer pricing and certain other intercompany transactions. The Company strongly disagrees with the proposed adjustments and is contesting them.

The Company believes 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 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 April 1, 2011, it is not possible to estimate the amount of change, if any, in the unrecognized tax benefits that is reasonably possible within the next twelve months.

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 that are measured at fair value on a recurring basis as of April 1, 2011, and indicates the fair value hierarchy of the valuation techniques utilized to determine such value (in millions):

	Fair Value Measurements at Reporting Date Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total**
Cash equivalents				
Money market funds	$ 1,080	$ —	$ —	$ 1,080
U.S. Treasury securities	—	101	—	101
U.S. Government agency securities	—	118	—	118
Total cash equivalents	1,080	219	—	1,299
Auction-rate securities	—	—	15	15
Foreign exchange contracts	—	13	—	13
Total assets at fair value	$ 1,080	$ 232	$ 15	$ 1,327

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 expected to be held until secondary markets become available and as a result, are classified as long-term investments and recorded within other non-current assets in the condensed consolidated balance sheets. Auction-rate securities are valued using an income approach which is based on a discounted cash flow model or a credit default model. The inputs to the discounted cash flow model include market interest rates and a discount factor to reflect the illiquidity of the investments. The inputs to the credit default model include market interest rates, yields of similar securities, and probability-weighted assumptions related to the creditworthiness of the underlying assets.

Foreign Exchange Contracts. The Company's foreign exchange contracts are short-term contracts to hedge the Company's foreign currency risk related to the Thai Baht, Malaysian Ringgit, Euro and British Pound Sterling. Foreign exchange contracts are classified within other current assets in the condensed consolidated balance sheets. Foreign exchange contracts are valued using an income approach which 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 nine months ended April 1, 2011, there were no changes in Level 3 financial assets measured on a recurring basis. The Company had no liabilities that were re-measured and reported at fair value on a recurring basis at April 1, 2011.

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 April 1, 2011, the Company had outstanding foreign exchange contracts with commercial banks for Thai Baht, Malaysian Ringgit, Euro and British Pound Sterling. Malaysian Ringgit contracts are designated as cash flow hedges. Euro and British Pound Sterling contracts are designated as fair value hedges. Thai Baht contracts are 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. As of April 1, 2011, the net amount of existing gains expected to be reclassified into earnings within the next 12 months was $8 million. The Company determined the ineffectiveness associated with its cash flow hedges to be immaterial.

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.

As of April 1, 2011, the Company did not have any foreign exchange contracts with credit-risk-related contingent features. The Company opened $728 million and $2.7 billion, and closed $810 million and $2.4 billion, in foreign exchange contracts in the three and nine months ended April 1, 2011, respectively. The fair value and balance sheet location of such contracts were as follows (in millions):

	Asset Derivatives				Liability Derivatives			
	Apr. 1, 2011		Jul. 2, 2010		Apr. 1, 2011		Jul. 2, 2010	
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	$ 13	Other current assets	$ 17	—	—	—	—

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

	Amount of Gain Recognized in Accumulated OCI on Derivatives					Amount of Gain Reclassified from Accumulated OCI into Income				
Derivatives in Cash Flow Hedging Relationships	Three Months Ended Apr. 1, 2011	Nine Months Ended Apr. 1, 2011	Three Months Ended Apr. 2, 2010	Nine Months Ended Apr. 2, 2010	Location of Gain Reclassified from Accumulated OCI into Income	Three Months Ended Apr. 1, 2011	Nine Months Ended Apr. 1, 2011	Three Months Ended Apr. 2, 2010	Nine Months Ended Apr. 2, 2010
Foreign exchange contracts	$ 2	$ 76	$ 31	$ 53	Cost of revenue	$ 15	$ 79	$ 13	$ 33

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 and nine months ended April 1, 2011 and April 2, 2010.

9. Stock-Based Compensation

The Company granted approximately 0.9 million restricted stock units during the nine months ended April 1, 2011, which are payable in an equal number of shares of the Company's common stock at the time of vesting of the units. The aggregate fair value of the shares underlying the restricted stock unit awards was $25 million at the date of grant. These amounts are being recognized as expense over the corresponding vesting periods. For purposes of valuing these awards for the three and nine months ended April 1, 2011, the Company has assumed forfeiture rates of 2.7% and 2.1%, respectively, based on a historical analysis indicating forfeitures for these types of awards.

For the three and nine months ended April 1, 2011, the Company recognized $8 million and $25 million, respectively, in expense related to the vesting of restricted stock unit awards compared to $6 million and $16 million in the comparative prior-year periods. During the three and nine months ended April 1, 2011, the Company recognized $9 million and $29 million, respectively, in expense related to the vesting of stock options issued under stock option plans and the ESPP, compared to $10 million and $27 million in the comparative prior-year periods.

As of April 1, 2011, the aggregate unamortized fair value of all unvested restricted stock unit awards was $49 million, which will be recognized on a straight-line basis over a weighted average vesting period of approximately 1.6 years. At April 1, 2011, total compensation cost related to unvested stock options and ESPP rights issued to employees but not yet recognized was $67 million and will be amortized on a straight-line basis over a weighted average service period of approximately 2.3 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 July 2, 2010	9.4	$ 20.61		
Granted	2.4	26.14		
Exercised	(0.1)	12.21		
Canceled or expired	(0.1)	27.04		
Options outstanding at October 1, 2010	11.6	$ 21.82		
Granted	0.1	33.27		
Exercised	(0.4)	14.04		
Canceled or expired	(0.1)	24.42		
Options outstanding at December 31, 2010	11.2	$ 22.21		
Granted	—	—		
Exercised	(0.6)	18.65		
Canceled or expired	(0.1)	28.41		
Options outstanding at April 1, 2011	10.5	$ 22.35	4.8	$ 166
Exercisable at April 1, 2011	5.3	$ 18.96	4.0	$ 102
Vested and expected to vest after April 1, 2011	10.4	$ 22.33	4.8	$ 164

The aggregate intrinsic value is calculated based on the difference between the exercise price of the underlying options and the quoted price of the Company's common stock for those awards that have an exercise price below the quoted price on the date the intrinsic value is determined. As of April 1, 2011, the Company had options outstanding to purchase an aggregate of 10.4 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 $166 million. During the three and nine months ended April 1, 2011, the aggregate intrinsic value of options exercised under the Company's stock option plans was $9 million and $20 million, respectively, determined as of the date of exercise, compared to $13 million and $63 million in the comparative prior-year periods.

Fair Value Disclosure — Stock Options and ESPP

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 including the expected stock price volatility, the expected price multiple at which employees are likely to exercise stock options and the expected employee termination rate. The Company uses historical data to estimate option 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		Nine Months Ended	
	Apr. 1, 2011	**Apr. 2, 2010**	**Apr. 1, 2011**	**Apr. 2, 2010**
Suboptimal exercise factor	**1.81**	1.79	**1.81**	1.73
Range of risk-free interest rates	**0.27% to 2.90%**	0.46% to 3.40%	**0.26% to 2.90%**	0.37% to 3.40%
Range of expected stock price volatility	**0.41 to 0.56**	0.40 to 0.61	**0.41 to 0.59**	0.40 to 0.72
Weighted average expected volatility	**0.49**	0.52	**0.52**	0.57
Post-vesting termination rate	**2.95%**	2.91%	**2.44%**	3.59%
Dividend yield	**—**	—	**—**	—
Fair value	**$14.71**	$17.28	**$11.39**	$17.10

The weighted average expected term of the Company's stock options granted during the three and nine months ended April 1, 2011 was 5.0 years and 4.7 years, respectively, compared to 4.8 years and 4.6 years in the comparative prior-year periods.

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 was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. 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 1 or December 1. ESPP activity was immaterial to the condensed consolidated financial statements for the three and nine months ended April 1, 2011 and April 2, 2010.

10. Planned Acquisition

On March 7, 2011, the Company entered into a stock purchase agreement (the "Purchase Agreement") with Hitachi, Ltd. ("Hitachi"), Viviti Technologies Ltd., until recently known as Hitachi Global Storage Technologies Holdings Pte. Ltd., a wholly owned subsidiary of Hitachi ("HGST"), and Western Digital Ireland, Ltd., an indirect wholly owned subsidiary of the Company ("WDI"). Pursuant to the Purchase Agreement, WDI agreed to acquire all of the issued and outstanding paid-up share capital of HGST from Hitachi. The planned acquisition is intended to result in a more efficient and innovative customer-focused storage company, with significant operating scale, strong global talent and the industry's broadest product lineup backed by a rich technology portfolio. The aggregate purchase price of the planned acquisition is estimated to be approximately $4.3 billion, due at closing, and will be funded with existing cash, new debt, and 25 million newly issued shares of the Company's common stock. The Purchase Agreement contains certain termination rights for both the Company and Hitachi, including the right to terminate the Purchase Agreement if the planned acquisition has not closed by March 7, 2012. If the planned acquisition has not closed by March 7, 2012 due to the failure to receive any required antitrust or competition authority's consent, approval or clearance or any action by any certain governmental entities to prevent the planned acquisition for antitrust or competition reasons, the Company will, concurrently with such termination, pay Hitachi a fee of $250 million in cash. The planned acquisition, which is subject to customary closing conditions, including regulatory approvals, is expected to close in the Company's first quarter of fiscal 2012.

During the three months ended April 1, 2011, the Company incurred $10 million of expenses related to the planned acquisition of HGST which are included within selling, general, and administrative expense on the condensed consolidated statements of income.

On March 7, 2011, in connection with the planned acquisition of HGST, the Company, WDTI and WDI entered into a commitment letter with Bank of America, N.A. and Merrill Lynch, Pierce, Fenner & Smith Incorporated regarding a new credit facility for an amount of $2.5 billion, consisting of a $500 million revolving credit facility and $2.0 billion in term loans, to be entered into in connection with the closing of the planned acquisition (the "Senior Facility"). Since entering into the commitment letter, Bank of America N.A. and Merrill Lynch, Pierce, Fenner & Smith Incorporated has led the effort to syndicate the Senior Facility for an amount of up to $3.0 billion, consisting of a $500 million revolving credit facility and up to $2.5 billion in term loans. As a result of such effort, the Company, WDTI and WDI have fully negotiated definitive loan documents for the Senior Facility with the syndicate members and, subject to customary closing conditions including completion of the acquisition in accordance with its terms, the Company, WDTI and WDI fully expect all of these syndicate members to be part of the final lender group.

11. Recent Accounting Pronouncements

In September 2009, the FASB issued Accounting Standards Update ("ASU") 2009-13, "Multiple-Deliverable Revenue Arrangements" ("ASU 2009-13"), and ASU 2009-14, "Certain Revenue Arrangements That Include Software Elements" ("ASU 2009-14"). ASU 2009-13 amends the revenue guidance under Subtopic 605-25, "Multiple Element Arrangements," and addresses how to determine whether an arrangement involving multiple deliverables contains more than one unit of accounting and how arrangement consideration shall be measured and allocated to the separate units of accounting in the arrangement. ASU 2009-14 excludes tangible products containing software components and non-software components that function together to deliver the product's essential functionality from the scope of Subtopic 985-605, "Revenue Recognition." ASU 2009-13 and ASU 2009-14 are effective for fiscal periods beginning on or after June 15, 2010, which for the Company was the first quarter of fiscal 2011. The Company's adoption of ASU 2009-13 and ASU 2009-14 had no impact on its condensed consolidated financial statements.

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 July 2, 2010.

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," "forecasts," and the like, or the use of future tense. Statements concerning current conditions may also be forward-looking if they imply a continuation of current conditions. Examples of forward-looking statements include, but are not limited to, statements concerning:

- *the planned acquisition of HGST, including the expected timing and anticipated benefits of the acquisition;*
- *the terms of and our ability to syndicate the new credit facility to be entered into in connection with the planned acquisition of HGST;*
- *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;*
- *our entry into and position in the traditional enterprise market;*
- *emergence of new storage markets for hard drives;*
- *emergence of competing storage technologies;*
- *traditional seasonal demand and pricing trends;*
- *our beliefs regarding the adequacy of our facilities and fabrication capacity;*
- *our share repurchase plans;*
- *our stock price volatility;*
- *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;*
- *expectations regarding our net revenue and industry unit shipments in the June quarter;*
- *expectations regarding our capital expenditure plans and our depreciation and amortization expense in fiscal 2011; and*
- *beliefs regarding the sufficiency of our cash and cash equivalents to meet our working capital and capital expenditure 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 design, develop, manufacture and sell hard drives. A hard drive is a device that uses one or more rotating magnetic disks ("magnetic media") to store and allow fast access to data. Hard drives are key components of computers, including desktop and notebook computers ("PCs"), data storage subsystems and many consumer electronic ("CE") devices.

We sell our products worldwide to original equipment manufacturers ("OEMs") and original design manufacturers ("ODMs") for use in computer systems, subsystems or CE devices, and to distributors, resellers and retailers. Our hard drives are used in desktop computers, notebook computers, and in enterprise applications such as servers, workstations, network attached storage, storage area networks, video surveillance equipment and cloud computing environments. Additionally, our hard drives are used in CE applications such as digital video recorders and satellite and cable set-top boxes. We also sell our hard drives as stand-alone storage products by integrating them into finished enclosures, embedding application software and offering the products as WD®-branded external storage appliances for personal data backup and portable or expanded storage for digital music, photographs, video and other digital data.

Hard drives provide non-volatile data storage, which means that the data remains present when power is no longer applied to the device. Our hard drives currently include 2.5-inch and 3.5-inch form factor drives, having capacities ranging from 80 gigabytes ("GB") to 3 terabytes ("TB"), nominal rotation speeds up to 10,000 revolutions per minute ("RPM"), and offer interfaces including Enhanced Integrated Drive Electronics ("EIDE"), Serial Advanced Technology Attachment ("SATA") and Serial Attached SCSI (Small Computer System Interface) ("SAS"). We also embed our hard drives into WD®-branded external storage appliances using interfaces such as Universal Serial Bus ("USB") 2.0, USB 3.0, external SATA, FireWire™ and Ethernet network connections with capacities of 160 GB up to 8 TB. In addition, we offer a family of hard drives specifically designed to consume substantially less power than standard drives, utilizing our WD GreenPower Technology™.

In October 2010, we began shipping our 3.5-inch WD Caviar® Green™ 3 TB drive, a SATA hard drive utilizing 750 GB-per-platter areal density and Advanced Format technology.

We also design, develop, manufacture and sell solid-state drives and media players. A solid-state drive is a storage device that uses semiconductor, non-volatile media, rather than magnetic media and magnetic heads, to store and allow fast access to data. We sell our solid-state drives worldwide to OEMs and distributors for use in the embedded systems and client PC markets. A media player is a device that connects to a user's television, the Internet and/or home theater system and plays digital movies, music and photos from an integrated hard drive, any of our WD®-branded external hard drives, or other USB mass storage devices or content services accessed over the Internet. We sell our media players worldwide to resellers and retailers under the WD®brand.

Planned Acquisition of Hitachi Global Storage Technologies

On March 7, 2011, we entered into a stock purchase agreement (the "Purchase Agreement") with Hitachi, Ltd. ("Hitachi"), Viviti Technologies Ltd., until recently known as Hitachi Global Storage Technologies Holdings Pte. Ltd., a wholly owned subsidiary of Hitachi ("HGST"), and Western Digital Ireland, Ltd., our indirect wholly owned subsidiary ("WDI"). Pursuant to the Purchase Agreement, WDI agreed to acquire all of the issued and outstanding paid-up share capital of HGST from Hitachi. The planned acquisition is intended to result in a more efficient and innovative customer-focused storage company, with significant operating scale, strong global talent and the industry's broadest product lineup backed by a rich technology portfolio. The aggregate purchase price of the planned acquisition is estimated to be approximately $4.3 billion, due at closing, and will be funded with existing cash, new debt, and 25 million newly issued shares of our common stock. The Purchase Agreement contains certain termination rights for both us and Hitachi, including the right to terminate the Purchase Agreement if the planned acquisition has not closed by March 7, 2012. If the planned acquisition has not closed by March 7, 2012 due to the failure to receive any required antitrust or competition authority's consent, approval or clearance or any action by any certain governmental entities to prevent the planned acquisition for antitrust or competition reasons, we will, concurrently with such termination, pay Hitachi a fee of $250 million in cash. The planned acquisition, which is subject to customary closing conditions, including regulatory approvals, is expected to close in our first quarter of fiscal 2012.

On March 7, 2011, in connection with the planned acquisition of HGST, WD, Western Digital Technologies, Inc. ("WDTI"), our wholly-owned subsidiary, and WDI entered into a commitment letter with Bank of America, N.A. and Merrill Lynch, Pierce, Fenner & Smith Incorporated regarding a new credit facility for an amount of $2.5 billion, consisting of a $500 million revolving credit facility and $2.0 billion in term loans, to be entered into in connection with the closing of the planned acquisition (the "Senior Facility"). Since entering into the commitment letter, Bank of America N.A. and Merrill Lynch, Pierce, Fenner & Smith Incorporated has led the effort to syndicate the Senior Facility for an amount of up to $3.0 billion, consisting of a $500 million revolving credit facility and up to $2.5 billion in term loans. As a result of such effort, WD, WDTI and WDI have fully negotiated definitive loan documents for the Senior Facility with the syndicate members and, subject to customary closing conditions including completion of the acquisition in accordance with the terms, WD, WDTI and WDI fully expect all of these syndicate members to be part of the final lender group.

Third Quarter Overview

For the March quarter, we believe that overall hard drive industry shipments totaled approximately 160 million units, down 2% from the prior-year period and 5% sequentially from the December quarter. We also believe that the decrease in the March quarter from the December quarter resulted from normal seasonal declines and inventory adjustments in PC manufacturers' pipeline early in the quarter, partially offset by customers' accelerated product purchases in the last three weeks of the quarter due to supply concerns as a result of the March 11, 2011 earthquake in Japan and related events.

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				Nine Months Ended			
	Apr. 1, 2011		Apr. 2, 2010		Apr. 1, 2011		Apr. 2, 2010	
Net revenue	**$ 2,252**	**100.0%**	$ 2,641	100.0%	**$ 7,123**	**100.0%**	$ 7,468	100.0%
Gross margin	**410**	**18.2**	665	25.2	**1,322**	**18.6**	1,866	25.0
Total operating expenses	**252**	**11.2**	224	8.5	**713**	**10.0**	633	8.5
Operating income	**158**	**7.0**	441	16.7	**609**	**8.5**	1,233	16.5
Net income	**146**	**6.5**	400	15.1	**568**	**8.0**	1,118	15.0

The following is a summary of our financial performance for the third quarter of 2011:

- Consolidated net revenue totaled $2.3 billion.
- 64% of our hard drive revenue was derived from non-desktop markets, including notebook computers, CE products, enterprise applications and WD®-branded products, as compared to 62% in the prior-year period.
- Hard drive unit shipments decreased by 3% over the prior-year period to 49.8 million units.
- Gross margin decreased to 18.2%, compared to 25.2% for the prior-year period.
- Operating income, including $10 million of expenses related to the planned acquisition of HGST, was $158 million, a decrease of $283 million from the prior-year period.
- We generated $313 million in cash flow from operations in the third quarter of 2011, and we finished the quarter with $3.2 billion in cash and cash equivalents.

Historically, the June quarter hard drive industry unit demand has been seasonally flat to slightly down when compared to March volumes. We believe that overall hard drive industry unit shipments for the June quarter will be supply constrained as a result of the earthquake in Japan and related events; however, we are planning a normal seasonal June quarter and therefore, expect our net revenue in the June quarter to be flat to slightly down from the March quarter.

Results of Operations

Net Revenue

(in millions, except percentages and average selling price)	Three Months Ended Apr. 1, 2011	Three Months Ended Apr. 2, 2010	Percentage Change	Nine Months Ended Apr. 1, 2011	Nine Months Ended Apr. 2, 2010	Percentage Change
Net revenue	**$ 2,252**	$ 2,641	(15)%	**$ 7,123**	$ 7,468	(5)%
Unit shipments*	**49.8**	51.1	(3)	**152.8**	144.7	6
Average selling price (per unit)*	**$ 45**	$ 51		**$ 46**	$ 51	
Revenues by Geography(%)						
Americas	**22%**	24%		**23%**	23%	
Europe, Middle East and Africa	**24**	24		**24**	24	
Asia	**54**	52		**53**	53	
Revenues by Channel(%)						
OEM	**47%**	49%		**47%**	50%	
Distributors	**33**	33		**33**	31	
Retailers	**20**	18		**20**	19	
Revenues by Product(%)						
Non-desktop sources	**64%**	62%		**65%**	64%	
Desktop hard drives	**36**	38		**35**	36	

* Based on sales of hard drive units only.

For the quarter ended April 1, 2011, net revenue was $2.3 billion, a decrease of 15% from the prior-year period. Total hard drive shipments decreased to 49.8 million units for the quarter ended April 1, 2011 as compared to 51.1 million units in the prior-year period. The decrease in net revenue resulted from a $6 decrease in average selling price (“ASP”) from $51 to $45 and the decrease in unit shipments. For the nine months ended April 1, 2011, net revenue was $7.1 billion, a decrease of 5% from the prior-year period. Total hard drive shipments increased to 152.8 million units for the nine months ended April 1, 2011, as compared to 144.7 million units for the prior-year period. The decrease in net revenue resulted primarily from a $5 decrease in ASP from $51 to $46, partially offset by the increase in unit shipments. The decrease in ASP for the three and nine months ended April 1, 2011 as compared to the prior-year periods was a result of a competitive pricing environment.

Changes in revenue by geography and channel generally reflect normal fluctuations in market demand and competitive dynamics. For the three and nine months ended April 1, 2011, no single customer accounted for 10%, or more, of our 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 and nine months ended April 1, 2011, these programs represented 12% and 11% of gross revenues, respectively, compared to 8% and 7%, respectively, in both the comparative prior-year periods. 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 Apr. 1, 2011	Three Months Ended Apr. 2, 2010	Percentage Change	Nine Months Ended Apr. 1, 2011	Nine Months Ended Apr. 2, 2010	Percentage Change
Net revenue	**$ 2,252**	$ 2,641	(15)%	**$ 7,123**	$ 7,468	(5)%
Gross margin	**410**	665	(38)	**1,322**	1,866	(29)
Gross margin %	**18.2%**	25.2%		**18.6%**	25.0%	

For the three months ended April 1, 2011, gross margin as a percentage of revenue decreased to 18.2% as compared to 25.2% for the prior-year period. For the nine months ended April 1, 2011, gross margin as a percentage of revenue decreased to 18.6% as compared to 25.0% for the prior-year period. These decreases were a result of a competitive pricing environment.

Operating Expenses

(in millions, except percentages)	Three Months Ended Apr. 1, 2011	Three Months Ended Apr. 2, 2010	Percentage Change	Nine Months Ended Apr. 1, 2011	Nine Months Ended Apr. 2, 2010	Percentage Change
R&D expense	**$ 179**	$ 160	12%	**$ 515**	$ 456	13%
SG&A expense	**73**	64	14	**198**	177	12
Total operating expenses	**$ 252**	$ 224		**$ 713**	$ 633	

Research and development ("R&D") expense was $179 million for the three months ended April 1, 2011, an increase of $19 million over the prior-year period. For the nine months ended April 1, 2011, R&D expense was $515 million, an increase of $59 million over the prior-year period. As a percentage of net revenue, R&D expense increased to 7.9% and 7.2% in the three and nine months ended April 1, 2011, respectively, compared to 6.1% in both of the comparative prior-year periods. These increases were primarily due to the continued investment in product development to support new programs.

Selling, general and administrative ("SG&A") expense was $73 million for the three months ended April 1, 2011, an increase of $9 million over the prior-year period. SG&A expense as a percentage of net revenue increased to 3.2% in the three months ended April 1, 2011, compared to 2.4% in the comparative prior-year period. This increase was primarily due to expenses related to the planned acquisition of HGST. For the nine months ended April 1, 2011, SG&A expense was $198 million, an increase of $21 million over the prior-year period. SG&A expense as a percentage of net revenue increased to 2.8% in the nine months ended April 1, 2011, compared to 2.4% in the comparative prior-year period. This increase was primarily due to expenses related to the planned acquisition of HGST and the expansion of sales and marketing to support new products and growing markets.

Other Income (Expense)

Interest income for the three months ended April 1, 2011 was $2 million, an increase of $1 million compared to the prior-year period. Interest income for the nine months ended April 1, 2011 was $6 million, an increase of $3 million compared to the prior-year period. These increases were primarily due to higher average daily invested cash balances for the periods as compared to the prior-year periods. Interest and other expense for the three and nine months ended April 1, 2011 decreased by $1 million and $2 million, respectively, as compared to the prior-year periods, primarily due to a lower amount of debt during the three months ended April 1, 2011 as compared to the prior-year period.

Income Tax Provision

Our income tax provision for the three months ended April 1, 2011 was $13 million as compared to $40 million in the prior-year period. Our income tax provision for the nine months ended April 1, 2011 was $41 million as compared to $110 million in the prior-year period. Our tax provision for the three and nine months ended April 1, 2011 reflects the retroactive extension of the R&D tax credit that was signed into law in December 2010. The differences between the effective tax rate and the U.S. Federal statutory rate are primarily due to tax holidays in Malaysia and Thailand that expire at various dates through 2023 and the current year generation of income tax credits.

In the three months ended April 1, 2011, we recognized a net increase of $6 million in our liability for unrecognized tax benefits. As of April 1, 2011, we had a recorded liability for unrecognized tax benefits of approximately $246 million. Interest and penalties recognized on such amounts were not material.

The United States Internal Revenue Service ("IRS") is currently examining our fiscal years 2006 and 2007 and calendar years 2005 and 2006 for Komag, Incorporated ("Komag"), which was acquired by us on September 5, 2007. The IRS has completed its field work and proposed certain adjustments. Certain issues have been agreed upon by us and the IRS and certain issues remain unresolved. We have received Revenue Agent Reports ("RARs") for the agreed issues. We have also received RARs from the IRS for the unresolved issues which seek adjustments to our income before income taxes of approximately $970 million and $380 million for Komag. The issues in dispute relate primarily to transfer pricing and certain other intercompany transactions. We strongly disagree with the proposed adjustments and are contesting them.

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 April 1, 2011, it is not possible to estimate the amount of change, if any, in the unrecognized tax benefits that is reasonably possible within the next twelve months.

Liquidity and Capital Resources

We ended the third quarter of fiscal 2011 with total cash and cash equivalents of $3.2 billion. The following table summarizes our statements of cash flows (in millions):

	Nine Months Ended	
	Apr. 1, 2011	**Apr. 2, 2010**
Net cash flow provided by (used in):		
Operating activities	**$ 1,208**	$ 1,579
Investing activities	**(625)**	(548)
Financing activities	**(87)**	1
Net increase in cash and cash equivalents	**$ 496**	$ 1,032

Our investment policy is to manage our investment portfolio to preserve principal and liquidity while maximizing return through the full investment of available funds. We believe our current cash, cash equivalents and cash generated from operations will be sufficient to meet our working capital and capital expenditure needs through the foreseeable future. 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.

Operating Activities

Net cash provided by operating activities during the nine months ended April 1, 2011 was $1.2 billion as compared to $1.6 billion during the nine months ended April 2, 2010. 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 $130 million for the nine months ended April 1, 2011 as compared to $44 million for 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	
	Apr. 1, 2011	**Apr. 2, 2010**
Days sales outstanding	**47**	43
Days in inventory	**28**	23
Days payables outstanding	**(73)**	(69)
Cash conversion cycle	**2**	(3)

For the three months ended April 1, 2011, our days sales outstanding ("DSOs") increased by 4 days, days in inventory ("DIOs") increased by 5 days, and days payable outstanding ("DPOs") increased by 4 days as compared to the prior-year period. The increase in DSOs was primarily a result of changes in the linearity of shipments in the current quarter as compared to the prior-year period. The increase in DIOs was primarily due to the timing of inventory builds. The June 2010 acquisition of additional magnetic media sputtering operations also contributed slightly to the increases in DIOs and DPOs. 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 nine months ended April 1, 2011 consisted of $625 million of capital expenditures. Net cash used in investing activities for the nine months ended April 2, 2010 was $548 million which consisted of capital expenditures of $552 million, partially offset by sales and maturities of investments of $4 million.

For fiscal 2011, we expect capital expenditures to be between $775 million and $800 million, including approximately $100 million related to the conversion of our head wafer fabrication facilities to utilize 8-inch wafers from 6-inch wafers and minor expenditures to optimize the output from our magnetic media sputtering operations that were acquired in June 2010. We expect depreciation and amortization to be approximately $610 million for fiscal 2011.

Our cash equivalents are invested in highly liquid money market funds that are invested in U.S. Treasury securities, U.S. Treasury bills and U.S. Government agency securities. We also have auction-rate securities that are classified as long-term investments as they are expected to be held until secondary markets become available. These investments are currently accounted for as available-for-sale securities and recorded at fair value within other non-current assets in the condensed consolidated balance sheets. The estimated market values of these investments are subject to fluctuation. The carrying value of our investments in auction-rate securities was $15 million as of April 1, 2011.

Financing Activities

Net cash used in financing activities for the nine months ended April 1, 2011 was $87 million as compared to $1 million provided by financing activities in the prior-year period. Net cash used in financing activities for the nine months ended April 1, 2011 consisted of $75 million used to repay long-term debt and $50 million used to repurchase shares of our common stock, offset by a net $38 million related to employee stock plans. Net cash provided by financing activities for the nine months ended April 2, 2010 consisted of a net $58 million related to employee stock plans, offset by $57 million used to repay long-term debt.

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 — In February 2008, WDTI entered into a five-year credit agreement that provided for a $500 million term loan facility. As of April 1, 2011, the remaining balance of the term loan facility was $325 million, which requires principal payments totaling $31 million through the remainder of 2011, $144 million in 2012 and $150 million in 2013. See Part I, Item 1, Note 4 in the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

On March 7, 2011, in connection with the planned acquisition of HGST, WD, WDTI and WDI entered into a commitment letter for the Senior Facility. Since entering into the commitment letter, Bank of America N.A. and Merrill Lynch, Pierce, Fenner & Smith Incorporated has led the effort to syndicate the Senior Facility for an amount of up to $3.0 billion, consisting of a $500 million revolving credit facility and up to $2.5 billion in term loans. As a result of such effort, WD, WDTI and WDI have fully negotiated definitive loan documents for the Senior Facility with the syndicate members and, subject to customary closing conditions including completion of the acquisition in accordance with the terms, WD, WDTI and WDI fully expect all of these syndicate members to be part of the final lender group.

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 July 2, 2010, 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 such 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 April 1, 2011, the cash portion of our total recorded liability for unrecognized tax benefits was $146 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 — Our Board of Directors previously authorized us to repurchase $750 million of our common stock in open market transactions under a stock repurchase program through March 31, 2013. Since the inception of this program in 2005 through April 1, 2011, we have repurchased 20 million shares of our common stock for a total cost of $334 million. We did not repurchase any shares under this program during the three months ended April 1, 2011. We repurchased 1.8 million shares for a total cost of $50 million during the nine months ended April 1, 2011. We may continue to repurchase our stock as we deem appropriate and market conditions allow. We expect stock repurchases to be funded principally by operating cash flows.

Critical Accounting Policies and Estimates

We have prepared the accompanying 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 differ 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. Since the first quarter of fiscal 2010, total sales incentive and marketing programs have ranged from 7% to 12% of gross revenues per quarter. 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 0.2% of quarterly gross revenue since the first quarter of fiscal 2010.

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 repair or replacement 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 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 first-in, first-out 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

We disclose material contingencies deemed to be reasonably possible and accrue loss contingencies when, in consultation with our legal advisors, we conclude that a loss is probable and reasonably estimable. 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 benefit 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 granted are estimated using a binomial model, and the fair values of all Employee Stock Purchase Plan ("ESPP") purchase rights are estimated using the Black-Scholes-Merton option-pricing model. 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.

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 11 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 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 Thai Baht, Malaysian Ringgit, Euro and British Pound Sterling. Malaysian Ringgit contracts are designated as cash flow hedges. Euro and British Pound Sterling contracts are designated as fair value hedges. Thai Baht contracts are designated as either cash flow or fair value hedges. 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 April 1, 2011, we had outstanding the following purchased foreign exchange contracts (in millions, except weighted average contract rate):

	Contract Amount	Weighted Average Contract Rate*	Unrealized Gain
Foreign exchange contracts:			
Thai Baht cash flow hedges	$ 920	30.69	$ 3
Thai Baht fair value hedges	$ 60	30.27	—
Malaysian Ringgit cash flow hedges	$ 266	3.14	$ 5
Euro fair value hedges	$ 11	0.71	—
British Pound Sterling fair value hedges	$ 6	0.62	—

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

During the three and nine month periods ended April 1, 2011, 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 term loan facility bear interest at a rate equal to, at the option of WDTI, either (a) a LIBOR rate determined by reference to the cost of funds for Eurodollar deposits for the interest period relevant to such borrowing, adjusted for certain additional costs (the "Eurocurrency Rate") or (b) a base rate determined by reference to the higher of (i) the federal funds rate plus 0.50% and (ii) the prime rate as announced by JPMorgan Chase Bank, N.A. (the "Base Rate"); in each case plus an applicable margin. The applicable margin for borrowings under the term loan facility ranges from 1.25% to 1.50% with respect to borrowings at the Eurocurrency Rate and 0.0% to 0.125% with respect to borrowings at the Base Rate. The applicable margins for borrowings under the term loan 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 $3 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 quarter ended April 1, 2011 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 July 2, 2010. Except for the addition of the first five risk factors below and revisions to the sixth through ninth risk factors below, 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 ended July 2, 2010. For convenience, all of our risk factors are included below.

The successful completion of our planned acquisition of HGST, and the integration of HGST's business into our operations, is subject to risks and uncertainties, and in the event we fail in either endeavor our business may suffer.

We recently announced our planned acquisition of HGST. Our ability to complete the planned acquisition of HGST is subject to risks and uncertainties, including, but not limited to, the risk that a condition to closing of the transaction may not be satisfied and the risk that we fail to obtain the regulatory approvals and financing necessary to complete the transaction. These uncertainties regarding the acquisition may adversely affect our relationships with our vendors and customers, which could harm our operating results. In addition, in the event that the acquisition is not completed or is delayed, our business could suffer and the current market price of our common stock may decline.

The success of our planned acquisition of HGST will depend on our ability to realize the anticipated benefits from integrating HGST's business into our operations. Due to legal restrictions, we and HGST have conducted, and until the completion of the planned acquisition will conduct, only limited planning regarding the integration of the two companies following the acquisition. Our ongoing business could be disrupted and our management's attention diverted due to these integration planning activities and as a result of the actual integration of the two companies following the acquisition. Following the planned acquisition, we may fail to realize the anticipated benefits from this integration on a timely basis, or at all, for a variety of reasons, including the following:

- difficulties entering new markets or manufacturing in new geographies where we have no or limited direct prior experience;
- difficulties in coordinating geographically separate organizations, which may be subject to additional complications resulting from being geographically distant from our other operations;
- 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 share to our competitors;
- difficulties or delays in incorporating acquired technologies or products with our existing product lines and maintaining uniform standards, controls, processes and policies;
- failure to successfully manage relationships with our combined supplier and customer base;
- the impact of the recent earthquakes, tsunami and related events in Japan on HGST's business, component supply or Japan facilities;
- difficulties integrating and harmonizing business systems;
- difficulties in modifying HGST's existing accounting and internal control systems to comply with Section 404 of the Sarbanes-Oxley Act of 2002, to which HGST is not currently subject, which could adversely impact the effectiveness of internal control over financial reporting for the combined company; and
- the loss of key employees.

If we are not able to successfully integrate HGST's business and technology into our operations, the anticipated benefits and efficiencies of the planned 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 integration of HGST may result in significant restructuring charges that could adversely affect the financial results of the combined company.

The financial results of the combined company may be adversely affected by cash expenses and non-cash accounting charges incurred in connection with the combination. The amount and timing of these possible charges are not yet known. The price of our common stock following the acquisition could decline to the extent the combined company's financial results are materially affected by these charges.

The financing of our planned HGST acquisition will dilute our shareholders' ownership interest in the company, and 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 planned acquisition of HGST will be 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 issuance of additional shares of our common stock will dilute your ownership interest in the company. The use of cash on hand and indebtedness to finance the acquisition will reduce 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 expect to enter into with respect to the indebtedness we will incur to finance the planned acquisition will contain 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 we will enter into with respect to the indebtedness, 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.

The regulatory approvals required in connection with our planned acquisition of HGST may not be obtained or may contain materially burdensome conditions.

Completion of our planned acquisition of HGST is conditioned upon the receipt of certain governmental approvals. Although we and HGST have agreed to take any and all actions to obtain the requisite governmental approvals in certain specified jurisdictions, unless such action would reasonably be expected to materially impair the business operations of the combined company absent such imposed condition, there can be no assurance that these approvals will be obtained. While we do not currently expect that any such conditions or changes would be imposed, there can be no assurance that they will not be, and such conditions or changes could have the effect of jeopardizing or delaying completion of the planned acquisition or reducing the anticipated benefits of the planned acquisition. If we agree to any material conditions in order to obtain any approvals required to complete the planned acquisition, the business and results of operations of the combined company may be adversely affected. On April 25, 2011, we and Hitachi received a request for additional information (a "second request") from the U.S. Federal Trade Commission (the "FTC") in connection with the FTC's review of the Company's planned acquisition of HGST. The second request extends the waiting period imposed by the Hart-Scott-Rodino Antitrust Improvements Act of 1976 until 30 days after we and Hitachi have substantially complied with the second request unless the period is extended voluntarily by the parties or terminated sooner by the FTC.

Failure to complete the planned acquisition of HGST could negatively impact our stock price as well as our future business and financial results.

If the planned acquisition is not completed, our ongoing business may be adversely affected, and we will be subject to a number of risks, including the following:

- if the acquisition agreement is terminated by any party because the acquisition has not closed by March 7, 2012, and if, as of the time of such termination certain regulatory and antitrust closing conditions have not been satisfied due to the failure to receive any required antitrust or competition consent, approval or clearance or any action by any certain governmental entities to prevent the acquisition for antitrust or competition reasons, then we will be required to pay a termination fee of $250 million;
- we have incurred and will continue to incur costs relating to the planned acquisition (including significant legal and financial advisory fees) and many of these costs are payable by us whether or not the planned acquisition is completed; and
- matters relating to the planned acquisition (including integration planning) may require substantial commitments of time and resources by our management team, which could otherwise have been devoted to other opportunities that may have been beneficial to us;

in each case, without realizing any of the benefits of having completed the planned acquisition. If the planned acquisition is not completed, these risks may materialize and may adversely affect our business, financial results and stock price.

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. For example, approximately 80% of our requirement for heads is satisfied by wafers fabricated in our Fremont, California facility. Also, we manufacture the majority of our substrates for magnetic media in our Johor, Malaysia facility, and we finish a majority of our magnetic media in our facilities in Penang, Malaysia and Tuas, Singapore. A majority of our high volume hard drive manufacturing operations are conducted in our two facilities in Thailand, with the balance conducted in our Kuala Lumpur, Malaysia facility and the facilities of our contract manufacturers in Brazil, Europe and the United States. As part of our planned acquisition of HGST, we will also acquire manufacturing facilities located in Japan, China and the Philippines (as well as additional factories in Singapore, Thailand and Malaysia). 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 the Influenza A (H1N1) or a new 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 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, while we presently do not have manufacturing operations located in Japan, we do source certain components from suppliers with facilities in Japan. The recent earthquakes, tsunami and related events in Japan, including the resulting power outages, have affected and may continue to affect the supply of certain components used in the production of hard drives and systems that include hard drives. The development of events in Japan has, however, been fluid and unpredictable. If we experience any shortage of components of acceptable quality, or any interruption in the supply of required components we cannot promptly obtain from alternative sources at acceptable prices, our operating results would be adversely affected. In addition, even if the events in Japan do not adversely affect our component supply, they may adversely affect the supply of other components our customers use in their systems, which could negatively impact demand for our products and, therefore, our revenues.

Shortages of commodity materials or commodity components, price volatility, or use by other industries of materials and components used in the hard drive 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, 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 such as these, 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.

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. 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 hard drive 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 GB per platter. Our inability to achieve cost reductions could adversely affect our operating results.

If we fail to anticipate or timely respond to changes in the markets for hard drives, our operating results could be adversely affected.

The PC industry, which comprises a substantial portion of our revenue, is experiencing a shift in demand from 3.5-inch to 2.5-inch form factor disk drives. As a result, the market for 2.5-inch form factor drives is becoming increasingly dominated by large brand OEM customers. These OEM customers may be able to command increased leverage in negotiating prices and other terms of sale. If we are not successful in responding to these changes in the market for smaller form factor drives, our business may suffer.

In addition, during past economic downturns, as well as over the past few years, the consumer market for computers has shifted significantly towards lower priced systems, and we therefore expect this trend to continue in light of current global economic conditions. If we are not able to continue to offer a competitively priced hard drive for the low-cost PC market, our share of that market will likely fall, which could harm our operating results.

The market for hard drives is also fragmenting into a variety of devices and products. Many industry analysts expect, as do we, that as content increasingly converts to digital technology from the older analog technology, the technology of computers and consumer electronics will continue to converge, and hard drives may be found in many products other than computers, such as various CE devices. However, there has also been a recent rapid growth in CE devices that do not contain a hard drive such as tablet computers and smartphones. While tablet computers and smartphones provide many of the same capabilities as PCs, the extent to which they will displace or materially affect the demand for PCs is uncertain. If device-makers are successful in achieving customer acceptance of these devices as a replacement for traditional computing applications that contain hard drives, or if we are not successful in adapting our product offerings to include alternative storage solutions that address these devices, then demand for our products may decrease, which could adversely affect our operating results.

In addition, 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.

Moreover, some devices such as personal video recorders and digital video recorders, or some new PC operating systems which allow greater consumer choice in levels of functionality and therefore greater market differentiation, may require attributes not currently offered in our products, resulting in a need to develop new interfaces, form factors, technical specifications or product features, increasing our overall operational expense without corresponding incremental revenue at this stage. If we are not successful in continuing to deploy our hard drive technology and expertise to develop new products for emerging markets such as the CE market, or if we are required to incur significant costs in developing such products, it may harm our operating results.

Negative or uncertain global economic conditions could result in a decrease in our sales and revenue and an increase in our operating costs, which could adversely affect our business and operating results.

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 in each of the OEM, distribution and retail channels rely on credit financing in order to purchase our products. If negative conditions in the global credit markets prevent our customers' access to credit, product orders in these channels may decrease, which could result in lower revenue. Likewise, if our 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, increased price competition and increased operating costs, which could adversely affect our business, results of operations and financial condition.

If industry demand slows significantly as a result of negative or uncertain global economic conditions or otherwise, we may have to take steps to align our cost structure with demand, which could result in impairment charges and have a negative impact on our operating results.

If demand slows significantly as a result of a deterioration in economic conditions or otherwise, we may need to execute 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.

Negative or uncertain global economic conditions increase the risk that we could suffer unrecoverable losses on our customers' accounts receivable, which would adversely affect our financial results.

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; however, as a result of the continued uncertainty and volatility in global economic conditions, 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.

If our long-lived assets or goodwill become impaired, it may adversely affect our operating results.

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.

Declines in average selling prices ("ASPs") in the hard drive industry could adversely affect our operating results.

Historically, the hard drive industry has experienced declining ASPs. Our ASPs tend to decline when competitors lower prices as a result of decreased costs or to absorb excess capacity, liquidate excess inventories, restructure or attempt to gain market share. Our ASPs also 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. When ASPs in the hard drive industry decline, our ASPs are also likely to decline, which adversely affects our operating results.

Our prices and margins are subject to declines due to unpredictable end-user demand and oversupply of hard drives.

Demand for our hard drives depends 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 intense price competition. If intense price competition occurs, we may be forced to lower prices sooner and more than expected, which could result in lower revenue and gross margins.

Our failure to accurately forecast market and customer demand for our products 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. Accurately forecasting demand has become increasingly difficult for us, our customers and our suppliers in light of the volatility in global economic conditions. In addition, because hard drives are designed to be largely substitutable, our demand forecasts may be impacted significantly by the strategic actions of our competitors. The variety and volume of products we manufacture is based in part on these forecasts. If our forecasts exceed actual market demand, or if market demand decreases significantly from our forecasts, then we could experience periods of product oversupply and price decreases, which could impact our financial performance. If our forecasts do not meet actual market demand, or 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.

Although we receive forecasts from our customers, they are not generally obligated to purchase the forecasted amounts. Sales volumes in the distribution and retail channels are volatile and harder to predict than sales to our OEM or ODM customers. We consider these forecasts in determining our component needs and our inventory requirements. If we fail to accurately forecast our customers' product demands, we may have inadequate or excess inventory of our products or components, which could adversely affect our operating results.

In order to efficiently and timely meet the demands of many of our OEM customers, we position our products in multiple strategic locations based on the amounts forecasted by such customers. If an OEM customer's actual product demands decrease significantly from its forecast, then we may incur additional costs in relocating the products that have not been purchased by the OEM. This could result in a delay in our product sales and an increase in our operating costs, which may negatively impact our operating results.

Our entry into additional storage 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 storage markets, the overall complexity of our business increases at an accelerated rate and we must make necessary adaptations to our business model to address these complexities. For example, as we have previously disclosed, we entered the traditional enterprise market in November 2009. In addition to requiring significant capital expenditures, our entry into the traditional enterprise market adds complexity to our business that requires us to effectively adapt our business and management processes to address the unique challenges and different requirements of the traditional enterprise market, while maintaining a competitive operating cost model. If we fail to gain market acceptance in the traditional enterprise storage market, we will remain at a competitive disadvantage to the companies that succeed in this market and our ability to continue our growth will be negatively affected.

Our customers' demand for storage capacity 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 storage capacity may not continue to grow at current industry estimates as a result of developments in the regulation and enforcement of digital rights management, the emergence of processes such as cloud computing, data deduplication and storage virtualization, economic conditions or otherwise. In addition, the rate of increase in areal density may be greater than the increase in our customers' demand for storage capacity. These factors could lead to our customers' storage capacity 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 capacity, our ASPs could decline, which 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.

If we fail to successfully manage our new product development or new market expansion, or if we fail to anticipate the issues associated with such development or expansion, our business may suffer.

While we continue to develop new products and look to expand into new markets, the success of our new product introductions depends on a number of factors, including our ability to anticipate and manage a variety of issues associated with these new products and new markets, such as:

- difficulties faced in manufacturing ramp;
- market acceptance;
- 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.

Further, we need to identify how any of the new markets into which we are expanding may have different characteristics from the markets in which we currently exist and properly address these differences. These characteristics may include:

- demand volume requirements;
- demand seasonality;
- product generation development rates;
- customer concentrations;
- warranty expectations and product return policies; and
- cost, performance and compatibility requirements.

Our business may suffer if we fail to successfully anticipate and manage these issues associated with our product development and market expansion. For example, our branded products are designed to attach to and interoperate with a wide variety of PC and CE devices, and therefore their functionality relies on the manufacturer of such devices, or the associated operating systems, enabling the manufacturer's devices to operate with our branded products. If our branded products are not compatible with a wide variety of devices, or if device manufacturers design their devices so that our branded products cannot operate with them, and we cannot quickly and efficiently adapt our branded products to address these compatibility issues, our business could suffer.

Expanding into new markets exposes our business to different seasonal demand cycles, which in turn could adversely affect our operating results.

The CE and retail markets have different seasonal pricing and volume demand cycles as compared to the PC market. By expanding into these markets, we became exposed to seasonal fluctuations that are different from, and in addition to, those of the PC market. For example, because the primary customer for our branded products are individual consumers, this market has historically experienced a dramatic increase in demand during the winter holiday season. If we do not properly adjust our supply to these new demand cycles, we risk having excess inventory during periods of low demand and insufficient inventory during periods of high demand, which could adversely affect our operating results.

Selling to the retail market is an important part of our business, and if consumer spending decreases, or 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. If consumer spending decreases as a result of the recent uncertainty and volatility in global economic conditions or otherwise, our operating results could suffer because of the increased importance of our branded products business.

We sell our branded products directly to a select group of major retailers, such as computer superstores and CE stores, and authorize sales through distributors to other retailers and online resellers. Our current retail customer base is primarily in the United States, Canada and Europe. We are facing increased competition from other companies for shelf space at a small number of major retailers that have strong buying power and pricing leverage. Some of our competitors in the branded product market are large, diversified companies with well-established brands. If we are unable to maintain effective working relationships with major retailers and online resellers, or if we fail to successfully expand into and gain market acceptance of our products in multiple channels, our competitive position in the branded product market may suffer and our operating results may be adversely affected.

Our success in the retail market also depends on our ability to maintain our brand image and corporate reputation. Adverse publicity, whether or not justified, or allegations of product 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®-brand products, our operating results may be adversely affected.

Additionally, we face strong competition in maintaining and trying to grow our market share in the retail market, particularly because of the relatively low barriers to entry in this market. For example, several additional hard drive manufacturers have recently disclosed plans to expand into the external storage market. As these companies attempt to gain market share, we may have difficulty in maintaining or growing our market share and there may be increased downward pressure on pricing. There can be no assurance that any new products we introduce into the retail market will gain market acceptance, and if they do not, our operating results could suffer.

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

During the quarter ended April 1, 2011, a large percentage of our revenue, 49%, 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. Even if we successfully qualify a product with a customer, the customer is not generally obligated to purchase any minimum volume of products from us and may be able to cancel an order or terminate its relationship with us at any time. 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.

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. We may be at a competitive disadvantage to any companies that are able to gain these advantages.

Further industry consolidation could provide competitive advantages to our competitors.

The hard drive industry has experienced consolidation over the past several years. Consolidation by our competitors may enhance their capacity, abilities and resources and lower their cost structure, causing us to be at a competitive disadvantage. Additionally, continued industry consolidation may lead to uncertainty in areas such as component availability, which could negatively impact our cost structure.

Sales in the distribution channel are important to our business, and if we fail to maintain brand preference with our distributors 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. If we fail to remain competitive in terms of our technology, quality, service and support, our distribution customers may favor our competitors, and 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 oversupply in the distribution channel, then our operating results would be adversely affected.

The hard drive industry is highly competitive and can be characterized by significant shifts in market share among the major competitors.

The price of hard drives has fallen over time due to increases in supply, cost reductions, technological advances and price reductions by competitors seeking to liquidate excess inventories or attempting to gain market share. 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, taken together, may result in significant shifts in market share among the industry's major participants. In addition, product recalls can lead to a loss of market share, which could adversely affect our operating results.

Some of our competitors with diversified business units outside the hard drive industry 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 the hard drive industry. 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.

A competitive cost structure is critical to our operating results, and increased costs may adversely affect our operating margin.

A competitive cost structure for our products, including critical components, labor and overhead, is critical to the success of our business, and our operating results depend on our ability to maintain competitive cost structures on new and established products. If our competitors are able to achieve a lower cost structure that we are unable to match, we could be at a competitive disadvantage to those competitors.

If we fail to maintain effective relationships with our major component suppliers, our supply of critical components may be at risk and our profitability could suffer.

While we make most of our own heads and magnetic media for some of our product families, we do, according to our sourcing strategy, purchase some percentage of our required heads and magnetic media from our external supply base. In addition, we purchase a majority of our other components, including all mechanical and electronic components, from our external supply base. For certain components, we use multiple suppliers that deploy different technology or processes, and we must successfully integrate components from these suppliers in our products. Accordingly, 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. For example, in August 2003, we settled litigation with a supplier who previously was the sole source of read channel devices for our hard drives. As a result of the disputes that gave rise to the litigation, our profitability was at risk until another supplier's read channel devices could be designed into our products. Similar disputes with other strategic component suppliers could adversely affect our operating results.

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

We expect our suppliers, sub-suppliers and sub-contractors (collectively referred to as "suppliers") to operate in compliance with applicable laws and regulations, including labor and environmental laws, and to otherwise meet our required supplier standards of conduct. While our internal operating guidelines promote ethical business practices, we do not control our suppliers or their labor or environmental practices. The violation of labor, environmental or other laws by any of our suppliers, or divergence of a supplier's business practices from those generally accepted as ethical in the United States, 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 supplier's wrongdoings.

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. In addition, some of the components (or component types) used in our products are used in other devices, such as mobile telephones and digital cameras. If there is a significant simultaneous upswing in demand for such a component (or component type) from several high volume industries resulting in a supply reduction, if a component is otherwise in short supply, or if a supplier fails to qualify or has a quality issue with a component, we may experience delays or increased costs in obtaining that component. If we are unable to obtain sufficient quantities of materials used in the manufacture of magnetic components, or other necessary components, we may experience production delays, which could cause us loss of revenue. If a component becomes unavailable, we could suffer significant loss of revenue.

In addition, 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.

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 current 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.

There are certain additional capital expenditure costs and asset utilization risks to our business associated with our strategy to vertically integrate our operations.

Our vertical integration of head and magnetic media manufacturing resulted in a fundamental change in our operating structure, as we now manufacture heads and magnetic media for use in many of the hard drives we manufacture. Consequently, we make more capital investments and carry a higher percentage of fixed costs than we would if we were not vertically integrated. If the 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.

In addition, we may incur additional risks, including:

- failure to continue to leverage the integration of our magnetic media technology with our head technology;
- insufficient third party sources to satisfy our needs if we are unable to manufacture a sufficient supply of heads or magnetic media;
- third party head or magnetic media suppliers may not continue to do business with us or may not do business with us on the same terms and conditions we have previously enjoyed;
- claims that our manufacturing of heads or magnetic media may infringe certain intellectual property rights of other companies; and
- difficulties locating in a timely manner suitable manufacturing equipment for our head or magnetic media manufacturing processes and replacement parts for such equipment.

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.

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.

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. In addition, we may not have access to external sources of supply without incurring substantial costs which would negatively impact 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.

If we fail to make the technical innovations necessary to continue to increase areal density, we may fail to remain competitive.

New products in the hard drive market typically require higher areal densities than previous product generations, posing formidable technical and manufacturing challenges. 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. In addition, our introduction of new products during a technology transition increases the likelihood of unexpected quality concerns. Our failure to bring high quality new products to market on time and at acceptable costs may put us at a competitive disadvantage to companies that achieve these results.

We make significant investments in research and development, 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. 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.

A fundamental change in recording technology could result in significant increases in our operating expenses 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. For example, new recording technology requires changes in the manufacturing process of heads and magnetic media, which may cause longer production times and reduce the overall availability of magnetic media in the industry. Additionally, the new technology requires a greater degree of integration between heads and magnetic media which may lengthen our time of development of hard drives using this technology.

Furthermore, as we attempt to develop and implement new technologies, we may become more dependent on suppliers to ensure our access to components, technology and production equipment that accommodate the new technology. For example, advanced wafer and magnetic media manufacturing technologies have historically been developed for use in the semiconductor industry prior to the hard drive industry. However, successful implementation of the use of patterned magnetic media with hard drive magnetic media currently presents a significant technical challenge facing the hard drive industry but not the semiconductor industry. Therefore, our suppliers may not be willing to dedicate adequate engineering resources to develop manufacturing equipment for patterned magnetic media prior to a need for the equipment in the semiconductor industry. We believe that if new technologies, such as energy assisted magnetic recording, are not successfully implemented in the hard drive industry, then alternative storage technologies like solid-state storage may more rapidly overtake hard drives as the preferred storage solution for higher capacity storage needs. This result would put us at a competitive disadvantage and negatively impact our operating results.

If we do not properly manage the technology transitions of our products, 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. For example, serial interfaces normally go through cycles in which their maximum speeds double. We must effectively manage the transition of the features of our products to address these faster interface speeds in a timely manner in order to remain competitive and cost effective. If we fail to successfully and timely manage the transition to faster interface speeds, we may be at a competitive disadvantage to other companies that have successfully adapted their products in a timely manner and our operating results may suffer.

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 require a relatively low amount of storage capacity that cannot be economically serviced using hard drive technology. Typically, storage needs for higher capacity and performance, with lower cost-per-gigabyte, have been better served by hard drives. However, advances in semiconductor technology have resulted in solid-state storage emerging as a technology that is competitive with hard drives for niche high performance needs in advanced digital computing markets such as enterprise servers and storage, in spite of the associated challenges in the attributes of cost, capacity and reliability. Solid-state storage is produced by large semiconductor companies who can then sell their storage products at lower prices while still remaining profitable overall. This can help them improve their market share at the expense of the competition. In addition, these semiconductor companies may choose to supply companies like us with semiconductor media at prices that make it difficult, if not impossible, for us to compete with them on a profitable basis. As a result, 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.

Spending to improve our technology and develop new technology to remain competitive may negatively impact our financial results.

In attempting to remain competitive, we may need to increase our capital expenditures and expenses above our historical run-rate model in order to attempt to improve our existing technology and develop new technology. 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.

Our operating results will be adversely affected if we fail to optimize the overall quality, time-to-market and time-to-volume of new and established products.

To achieve consistent success with our customers, we must balance several key attributes such as time-to-market, time-to-volume, quality, cost, service, price and a broad product portfolio. Our operating results will be adversely affected if we fail to:

- maintain overall quality of products in new and established programs;
- produce sufficient quantities of products at the capacities our customers demand while managing the integration of new and established technologies;
- develop and qualify new products that have changes in overall specifications or features that our customers may require for their business needs;
- obtain commitments from our customers to qualify new products, redesigns of current products, or new components in our existing products;
- obtain customer qualification of these products on a timely basis by meeting all of our customers' needs for performance, quality and features;
- maintain an adequate supply of components required to manufacture our products; or
- maintain the manufacturing capability to quickly change our product mix between different capacities, form factors and spin speeds in response to changes in customers' product demands.

Manufacturing outside the United States 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 U.S. and foreign 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 problems;
- 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, 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, interruptions in our business, which could harm our reputation 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.

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.

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.

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.

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, 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.

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 Japanese and other 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. Currently, we hedge the Thai Baht, Malaysian Ringgit, Euro and British Pound Sterling with foreign exchange contracts.

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. 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.

Inaccurate projections of demand for our product can cause large fluctuations in our quarterly results.

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. In addition, our quarterly projections and 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;
- competition and consolidation in the data storage industry;
- seasonal and other fluctuations in demand for PCs often due to technological advances; and
- availability and rates of transportation.

Rapidly changing conditions in the hard drive industry make it difficult to predict actual results.

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 such as the following may significantly affect the market price of our common stock:

- 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 hard drive industry in general;
- macroeconomic conditions that affect the market generally; and
- uncertainties regarding our planned acquisition of HGST.

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 July 2, 2010, in compliance with Section 404 of the Sarbanes-Oxley Act of 2002, our internal control over financial reporting was effective. We believe that we currently have adequate internal control procedures in place for future periods; however, if our internal control over financial reporting is found to be ineffective or if we identify a material weakness or significant deficiency in our financial reporting, 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 IRS for certain fiscal years and in connection with that examination, we received Revenue Agent Reports seeking certain adjustments to income as disclosed in Part I, Item 1, Note 6 of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q. 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 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 No.	Description
2.1	Stock Purchase Agreement, dated March 7, 2011, 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	Employment Agreement, dated March 7, 2011, between Western Digital Corporation and John F. Coyne †*
10.3	Employment Agreement, dated March 7, 2011, between Western Digital Corporation and Timothy M. Leyden†*
10.4	Transition Services Agreement, dated March 7, 2011, among Hitachi, Ltd., Viviti Technologies Ltd. and Western Digital Corporation †
10.5	Commitment Letter, dated March 7, 2011, among Bank of America, N.A., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Western Digital Corporation, Western Digital Technologies, Inc. and Western Digital Ireland, Ltd.†
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†
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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**

† Exhibit filed with this Report.

± Certain schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company agrees to furnish supplementally copies of any of the omitted schedules upon request by the Securities and Exchange Commission.

* 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. In accordance with Rule 406T of Regulation S-T, the information in these exhibits shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to liability under that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, except as expressly set forth by specific reference in such filing.

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
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

/s/ JOSEPH R. CARRILLO
Joseph R. Carrillo
Vice President and Corporate Controller
(Principal Accounting Officer)

Date: April 29, 2011

EXHIBIT INDEX

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.

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Exhibit 2.1

EXECUTION VERSION

STOCK PURCHASE AGREEMENT

BY AND AMONG

WESTERN DIGITAL CORPORATION,

WESTERN DIGITAL IRELAND, LTD.,

HITACHI, LTD.,

AND

VIVITI TECHNOLOGIES LTD.

March 7, 2011

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SCHEDULES

STOCK PURCHASE AGREEMENT

This STOCK PURCHASE AGREEMENT (this "Agreement") is made and entered into as of the 7th day of March, 2011, 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 Seller (the "Company").

RECITALS

A. The Seller is the legal and beneficial owner of the Stock (as defined below), which represents 100% of the issued, outstanding and paid-up share capital of the Company;

B. Prior to the Closing Date (as defined below), the Buyer shall acquire the Buyer Parent Stock (as defined below) from the Buyer Parent;

C. As of the date hereof, Stephen Milligan has entered into an employment agreement with the Buyer and the Buyer Parent in respect of the position of President of the Buyer Parent effective from the Closing Date;

D. As of the date hereof, the Buyer, the Buyer Parent, the Seller and the Company have entered into a transition services agreement; and

E. On the terms and subject to the conditions contained herein, the Seller desires to sell and the Buyer desires to purchase all of the Seller's right, title and interest in and to the Stock.

NOW THEREFORE, in consideration of the premises and of the mutual representations, warranties and covenants that are to be made and performed by the parties hereto (each a "Party" and collectively the "Parties"), it is agreed as follows:

ARTICLE I
DEFINITIONS; INTERPRETATION

Section 1.1 Definitions. The following terms when used in this Agreement have the meanings set forth below:

"Accounting Arbitrator" has the meaning set forth in Section 2.7(h).

"Acquisition Proposal" has the meaning set forth in Section 6.7(a).

"Action" means any action, suit, proceeding, hearing, order, charge, complaint or arbitration at Law or in equity, or before any Governmental Entity.

"Active Scheme Members" has the meaning set forth in Section 6.12(i)(i).

"Adjusted Purchase Price" has the meaning set forth in Section 2.2.

"Affiliate" means any Person now or hereafter controlling, controlled by or under common control with another Person.

"Affiliate Contracts" has the meaning set forth in Section 3.7.

"Agreement" has the meaning set forth in the Preamble.

"Antitrust Laws" has the meaning set forth in Section 6.6(a).

"Antitrust Prohibition" has the meaning set forth in Section 6.6(b).

"Apportionment" has the meaning set forth in Section 6.12(i)(i).

"Approvals" has the meaning set forth in Section 4.23.

"Assumed Benefit Plans" has the meaning set forth in Section 6.12(d)(i).

"Assumed PBO" has the meaning set forth in Section 6.12(d)(i).

"Assumed RSU" has the meaning set forth in Section 2.4(c)(ii).

"Assumed SAR" has the meaning set forth in Section 2.4(c)(iii).

"Assumed Stock Option" has the meaning set forth in Section 2.4(c)(i).

"Balance Sheet Date" has the meaning set forth in Section 4.7(a).

"Benefit Arrangement" means any plan, program, policy, practice or arrangement relating to insurance, bonuses, vacation, profit-sharing, stock options, disability, pension, retirement, allowances, welfare, healthcare, unemployment or any other benefits to employees or former employees, their beneficiaries or dependents.

"Benefit Plan" has the meaning set forth in Section 4.17(a).

"Benefits Straddle Period" has the meaning set forth in Section 6.12(b)(ii).

"Branding Agreement" has the meaning set forth in Section 7.16.

"Business Day" means a day, other than Saturday, Sunday or public holidays in the United States of America.

"Business Intellectual Property" means the Owned Intellectual Property used in the conduct of the businesses of the Company and each of the Subsidiaries, and the Licensed Intellectual Property.

"Buyer" has the meaning set forth in the Recitals.

"Buyer 401(k) Plan" has the meaning set forth in Section 6.12(h)(ii).

"Buyer Actuary" has the meaning set forth in Section 6.12(d)(iii).

"Buyer Benefit Plans" has the meaning set forth in Section 6.12(b)(ii).

"Buyer Excluded Claim" has the meaning set forth in Section 9.1(a).

"Buyer Indemnitees" has the meaning set forth in Section 9.2(a).

"Buyer Parent" has the meaning set forth in the Preamble.

"Buyer Parent Average Share Price" means an amount equal to the average of the last reported sale prices for a single share of the Buyer Parent's common stock for the Buyer Parent Share Price Average Period.

"Buyer Parent Confidential Information" has the meaning set forth in Section 6.9(b).

"Buyer Parent SEC Reports" has the meaning set forth in Section 5.6.

"Buyer Parent Share Price Average Period" means the ten (10) consecutive full trading days on which the shares of the Buyer Parent's common stock are actually traded ending on (and including) the third trading day prior to the Closing Date.

"Buyer Parent Stock" has the meaning set forth in Section 2.2.

"Buyer Securities" has the meaning set forth in Section 5.5(c).

"Buyer Transaction Documents" means this Agreement, the Non-Competition Agreement, the Transition Services Agreement, the IP License Agreement, the Investor Rights Agreement, the Customer Agreement, the R&D Services Agreement, the Branding Agreement, the Secondment Agreement and any other agreements to be entered into in connection with the transactions contemplated by this Agreement to which the Buyer is, or is specified to be, a party.

"Cash Portion of the Purchase Price" has the meaning set forth in Section 2.2.

"Change of Control Payments" means the payments listed on Schedule 1.1(a); except that the amounts specified on such schedule by footnote shall be paid by the Seller immediately prior to the Closing and shall not be included in the Change of Control Payments. For the avoidance of doubt, amounts included in the Employee Payments and Equity Award Payments shall not be included in Change of Control Payments.

"Claim Certificate" has the meaning set forth in Section 9.4(a).

"Closing" has the meaning set forth in Section 2.5.

"Closing Date" has the meaning set forth in Section 2.5.

"Closing Payments and Assumed Obligations" means the sum of (a) the Transaction Expenses; (b) the Change of Control Payments; (c) the Employee Payments; (d) the Outstanding Company Debt and (e) the Equity Award Payments.

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

"Company" has the meaning set forth in the Preamble.

"Company Disclosure Schedules" has the meaning set forth in Article III.

"Company Employees" means the Continuing Employees and the Specified Persons, collectively.

"Company Equity Plans" means, collectively, the Hitachi Global Storage Technologies Holdings Pte. Ltd. 2010 Equity Plan and the Hitachi Global Storage Technologies Holdings Pte. Ltd. 2010 Senior Executive Officer Equity Plan.

"Company Options" means, collectively, options, whether vested or unvested, to purchase the Company's ordinary shares pursuant to the Company Equity Plans.

"Company Option Holders" means, collectively, the holders of Company Options immediately prior to the Closing.

"Company Securities" has the meaning set forth in Section 4.5(b).

"Company Software" means all Software, owned or purported to be owned by the Company or any of the Subsidiaries, including without limitation any such Software used in any products of the Company or any of the Subsidiaries.

"Company Transaction Documents" means this Agreement and any agreements to be entered into in connection with the transactions contemplated by this Agreement to which the Company is, or is specified to be a party.

"Confidentiality Agreements" has the meaning set forth in Section 6.9(a).

"Consideration Spreadsheet" means the spreadsheet described in Section 2.3(a).

"Continuing Employees" means all of the employees of the Company and each of the Subsidiaries as of the Closing who are not Specified Persons.

"Contract" means any legally binding written or oral contract, agreement, instrument, commitment, understanding or undertaking (including leases, franchises, bonds, guaranties, licenses, mortgages, notes, indentures, sublicenses, subcontracts and purchase orders).

"Customer Agreement" has the meaning set forth in Section 7.14.

"Divestiture Action" has the meaning set forth in Section 6.6(b).

"DOL" means the United States Department of Labor.

"DTSC" has the meaning set forth in Section 9.2(a).

"Employment Commencement Date" has the meaning set forth in Section 6.12(g)(i).

"Employee Payments" means all amounts, including any bonus, severance or other payments (other than amounts included in the Change of Control Payments or the Equity Award Payments and other than Severance and amounts payable pursuant to Sections 6.12(a)(v) and (vi)), that shall become payable (whether currently or in the future) to employees (past and present), consultants or contractors of the Company or any of the Subsidiaries in their capacities as such or liabilities owed to such employees in their capacities as such that are to be incurred by the Company, in each case, as a result of the purchase of the Stock by Buyer as contemplated by this Agreement, including all amounts payable pursuant to the Company's or any of the Subsidiaries' employee retention program, pursuant to an agreement entered into by the Company prior to the Closing (except to the extent paid in cash prior to the Closing or to the extent included in Total Current Liabilities).

"Encumbrance" means any mortgage, deed of trust, pledge, hypothecation, security interest, lien (statutory or otherwise), easement, charge, encumbrance, claim, license, option (including rights of first refusal or similar rights) or any similar types of restrictions or limitations.

"Environmental Laws" has the meaning set forth in Section 4.19(a).

"Environmental Release" has the meaning set forth in Section 4.19(c).

"Equity Award Exchange Ratio" means an exchange ratio equal to the Per Share Closing Payment divided by the Buyer Parent Average Share Price.

"Equity Award Payments" means the payments to be made in cash to the Vested Equity Holders at Closing pursuant to Section 2.3(a)(v), as set forth on the Consideration Spreadsheet.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" has the meaning set forth in Section 4.17(e).

"Estimated Assumed PBO Amount" has the meaning set forth in Section 6.12(d)(ii).

"Estimated Unfunded Assumed PBO Amount" has the meaning set forth in Section 6.12(d)(ii).

"Estimated Working Capital" has the meaning set forth in Section 2.7(a).

"Estimated Working Capital Deficit" has the meaning set forth in Section 2.7(a).

"Estimated Working Capital Surplus" has the meaning set forth in Section 2.7(a).

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Expiration Date" has the meaning set forth in Section 9.1(a).

"FIEL" has the meaning set forth in Section 12.11.

"FIN 48" has the meaning set forth in Section 11.1(a).

"Final Specified Persons List" has the meaning set forth in Section 6.12(a)(iii).

"Final Statement of Working Capital" has the meaning set forth in Section 2.7(j).

"Final Working Capital" has the meaning set forth in Section 2.7(j).

"Financial Statements" has the meaning set forth in Section 4.7(a).

"Fully Diluted Share Number" means that number of shares in the capital of the Company equal to the sum of (a) the Stock, (b) the number of shares in the capital of the Company issuable by the Company, including those shares issuable at its election, upon the exercise of the Vested Equity Awards (including, for the avoidance of doubt, Company Options and SARs held by Specified Persons or the individuals identified on Schedule 2.4(b) the vesting of which is accelerated pursuant to Section 2.4(b), except to the extent the Company has paid cash in exchange for the exercise of such Company Options and SARs prior to the Closing) and (c) the number of shares in the capital of the Company issuable by the Company, including those shares issuable at its election, upon the exercise of the Unvested Equity Awards held by the Continuing Employees (assuming such Unvested Equity Awards were fully vested).

"GAAP" means generally accepted accounting principles of the United States applied in a manner consistent with past practices of the Company and each of the Subsidiaries.

"Governmental Entity" means any supranational, foreign, domestic, federal, territorial, state, county, city, township or other local governmental authority, or any regulatory, administrative or other agency, instrumentality, court, government organization, quasi-governmental organization, mediator, arbitrator or arbitral forum (whether public or private), commission, tribunal thereof, or any political or other subdivision, department or branch of any of the foregoing, or any private body, in each case, which exercises any Tax, regulatory or governmental or quasi-governmental authority.

"Hazardous Material" shall mean all materials, wastes or substances regulated, classified or otherwise characterized under any applicable Environmental Laws as "hazardous", "toxic", "pollutant", or "contaminant".

"HGST Japan" means Hitachi Global Storage Technologies Japan, Ltd. and its Related Subsidiaries (if any).

"HGST Japan Secondees" has the meaning set forth in Section 6.12(f).

"HGST Japan Secondment Period" has the meaning set forth in Section 6.12(f).

"HGST UK" has the meaning set forth in Section 6.12(i)(i).

"Hitachi Europe" has the meaning set forth in Section 6.12(i)(i).

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"Indebtedness" means the sum of (a) the principal amount of any indebtedness of the Company and any of the Subsidiaries for borrowed money outstanding as of the Closing (excluding any intra-company indebtedness between the Company and any of the Subsidiaries), together with all prepayment premiums or penalties and such other similar payments coming due as a result of the transactions contemplated by this Agreement; and (b) any unpaid interest owing on any such indebtedness of the Company or any of the Subsidiaries.

"Indemnification Basket" has the meaning set forth in Section 9.2(b).

"Indemnification Cap" has the meaning set forth in Section 9.2(c).

"Indemnified Party" has the meaning set forth in Section 9.4(a).

"Indemnifying Party" has the meaning set forth in Section 9.4(b).

"Indemnified Properties" means (I) the Owned Real Estate located in (a) San Jose, California, U.S.A., (b) Fujisawa, Kanagawa, Japan, and (c) Odawara, Kanagawa, Japan, each as more particularly described on Schedule 1.1(b) and (II) the Rental Real Estate located in Odawara, Kanagawa, Japan, as more particularly described on Schedule 1.1(c).

"Intellectual Property" means all of the following in any jurisdiction worldwide, and all rights therein: (a) patents; (b) trademarks, service marks, trade dress, trade names, corporate names, together with all goodwill associated with the foregoing; (c) Internet domain names; (d) copyrights (including rights in computer software) and moral rights, database rights, rights in designs; (e) semi-conductor topography rights, integrated circuit layout design rights; (f) registrations and applications for any of the foregoing with any Governmental Entity; (g) trade secrets and know-how and rights protecting confidential information; and (h) all other intellectual property throughout the world, together with, in each case, all benefits, privileges, rights to sue, recover damages and obtain relief for any infringement, misappropriation or violation of any of the foregoing rights.

"Investor Rights Agreement" has the meaning set forth in Section 7.13.

"IP License Agreement" has the meaning set forth in Section 7.12.

"IRS" means the United States Internal Revenue Service.

"Japan Benefit Plan Participants" has the meaning set forth in Section 6.12(c)(i).

"Japan Benefit Plan Assets and Liabilities" has the meaning set forth in Section 6.12(c)(iii).

"Japan Benefit Plans" has the meaning set forth in Section 6.12(c)(i).

"Japan Employees" means the Continuing Employees of HGST Japan.

"Knowledge" means (a) the actual knowledge of (i) in the case of the Company or any of the Subsidiaries, Stephen Milligan, Michael Murray, Mark Long, Steve Campbell, Don Blake, Karen Rohde, Christopher Dewees, Steven Craig and Mike Cordano, (ii) in the case of the Seller, Toyoki Furuta, or (iii) in the case of the Buyer or Buyer Parent, John Coyne, Tim Leyden, Wolfgang Nickl, Michael Ray and Don Bennett, and (b) with respect to each of the foregoing, the actual knowledge of such person after reasonable inquiry.

"Latest Balance Sheet" means the audited consolidated balance sheets of the Company and each of the Subsidiaries at December 31, 2010 (including the notes thereto, if any), and the related unaudited consolidated statements of operations, shareholder's equity and cash flows for the period and year then ended.

"Law" means any foreign or domestic constitutional provision, act, statute or other law, ordinance, circular, rule or regulation of any Governmental Entity and any binding and enforceable decree, injunction, judgment, order, ruling, writ, doctrine, assessment or arbitration award or similar form of decision or determination issued by a Governmental Entity.

"Leases" has the meaning set forth in Section 4.11(b).

"Licensed Intellectual Property" means all Intellectual Property for which the Company or any of the Subsidiaries have a license or other valid right to use in the conduct of the businesses of the Company or any of the Subsidiaries.

"Loss" and "Losses" have the meaning set forth in Section 9.5(b).

"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 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 Party 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 the Buyer Parent or the Company and their respective subsidiaries operate, except to the extent that such changes have a materially disproportionate effect on the applicable Party 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 this 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 this Agreement; (iii) any decrease in the market price or trading volume of the Buyer Parent 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 such Party 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 Buyer to consent to any of the actions proscribed in Section 6.1 where such failure to consent would be a breach by the Buyer of Section 6.1 or (ix) the performance of this Agreement (including compliance with the covenants therein) or the failure to take any action prohibited by this Agreement; or (b) has materially impaired the ability of the applicable Party and/or its subsidiaries to consummate the transactions contemplated by this Agreement.

"Material Contract" or "Material Contracts" has the meaning set forth in Section 4.14.

"MHLW" has the meaning set forth in Section 6.12(c)(iii).

"Negotiation Procedures" has the meaning set forth in Section 12.7(b).

"New HGST Benefit Plans" has the meaning set forth in Section 6.12(c)(i).

"Non-Competition Agreement" has the meaning set forth in Section 7.10.

"Non-Practicing Entities" has the meaning set forth in Section 4.15(a).

"Non-R&D/R&D Related Secondees" has the meaning set forth in Section 6.12(e)(ii).

"Non-R&D/R&D Related Secondment Period" has the meaning set forth in Section 6.12(e)(ii).

"Notice of Working Capital Disagreement" has the meaning set forth in Section 2.7(f).

"OFAC" has the meaning set forth in Section 4.25(b).

"Offer Letters" has the meaning set forth in Section 6.12(g)(i).

"Open Source Software" means any Software that contains, is derived in any manner (in whole or in part) from, or is distributed as, free Software, share-ware, "open source software" or is otherwise made available under terms that require such Software or derivative works thereof, as a covenant or condition of distribution of such Software or derivative works, (a) be made available or distributed in a form other than binary (e.g., source code form); (b) be licensed under terms that allow for creation of derivative works; (c) be licensed under terms that allow for decompiling, disassembling or reverse engineering; or (d) be licensed under terms that permit free redistribution (such covenants and conditions, "Open Source Terms").

"Outstanding Company Debt" means all short and long-term debt, accounts-receivable related borrowings and lines of credit of the Company or any of its Subsidiaries outstanding as of the Closing Date, other than intercompany indebtedness between the Company and any of its Subsidiaries or between any of its Subsidiaries.

"Owned Intellectual Property" means all Intellectual Property owned or purported to be owned by the Company or any of the Subsidiaries, including the Owned Registered Intellectual Property.

"Owned Real Estate" has the meaning set forth in Section 4.11(a).

"Owned Registered Intellectual Property" has the meaning set forth in Section 4.12(a).

"Party" has the meaning set forth in the Recitals.

"Per Share Cash Closing Payment" means an amount, in cash, equal to the Per Share Closing Payment.

"Per Share Closing Payment" means an amount equal to the quotient of (a) the Adjusted Purchase Price, increased by (i) the aggregate exercise price of the Vested Options (including, for the avoidance of doubt, Company Options held by Specified Persons or the individuals identified on Schedule 2.4(b) the vesting of which is accelerated pursuant to Section 2.4(b)), plus (ii) the aggregate base price of the Vested SARs (including, for the avoidance of doubt, SARs held by Specified Persons or the individuals identified on Schedule 2.4(b) the vesting of which is accelerated pursuant to Section 2.4(b)), plus (iii) the aggregate exercise price of the Unvested Options held by the Continuing Employees and plus (iv) the aggregate base price of the Unvested SARs held by the Continuing Employees, and (b) the Fully Diluted Share Number.

"Permitted Encumbrance" means (a) liens to the extent shown on or reflected in the balance sheets of the Seller, the Company or any of the Subsidiaries; (b) liens for Taxes and other Government Entity charges and assessments that are not yet due or delinquent; (c) licenses to Business Intellectual Property granted by the Company or any of the Subsidiaries in the ordinary course of business consistent with past practice; and (d) carrier's, warehousemen's, mechanic's, materialmen's and other similar liens with respect to amounts that are not yet due and payable.

"Permitted Real Estate Encumbrance" means (a) easements, covenants, conditions, restrictions, access agreements, use agreements, licenses or other similar agreements, restrictions and/or encumbrances, none of which materially affect title to or the use and/or operation of Real Estate, and (b) liens for Taxes and other Government Entity charges and assessments that are not yet due or delinquent and for which adequate reserves have been established in accordance with GAAP.

"Person" means any individual, sole proprietorship, partnership, limited liability company, corporation, association, joint stock company, trust, joint venture, unincorporated organization, any other business organization or entity, or Governmental Entity.

"Post-Closing Tax Period" means any taxable period beginning after the Closing Date, and, in the case of any Straddle Period, the portion of such period beginning after the Closing Date.

"PRC" shall mean the People's Republic of China and, for purposes of this Agreement, does not include Hong Kong, Macau and Taiwan.

"PRC Tax Circular 698" means the Notice of the State Administration of Taxation on Strengthening the Management of Enterprise Income Tax Collection of Proceeds from Equity Transfers by Non-resident Enterprises, Guoshuihan 2009 No. 698.

"Pre-Closing Environmental Liabilities" has the meaning set forth in Section 9.2(a).

"Pre-Closing Taxes" shall mean, except for amounts included in the calculation of Final Working Capital, (A) Taxes of or imposed on the Company or the Subsidiaries for any Pre-Closing Tax Period, (B) Taxes of any Person (other than the Company or any of the Subsidiaries) imposed on the Company or any of the Subsidiaries pursuant to Treasury Regulation Section 1.1502-6 or any analogous state, local or foreign Law or regulation, or by reason of the Company or any of the Subsidiaries having been a member of any consolidated, combined, unitary or other group on or prior to the Closing Date, (C) Taxes of any other Person (other than the Company or any of the Subsidiaries) for which the Company or any of the Subsidiaries is liable as a transferee or successor, if the event giving rise to such liability occurred prior to the Closing Date, or pursuant to any indemnity agreement, tax sharing agreement, or similar agreement entered into on or before the Closing Date; and (D) (i) income Taxes imposed as a result of the direct or indirect transfer of the Company or any of the Subsidiaries pursuant to this Agreement, including with respect to built-in gain attributable to the Pre-Closing Tax Period in the shares of the Company or any of the Subsidiaries, (ii) any Taxes imposed pursuant to PRC Tax Circular 698 and/or (iii) any Taxes imposed based on the "resident enterprise" status of the Company or any of the Subsidiaries under the PRC Tax Law. For the avoidance of doubt, Pre-Closing Taxes shall not include (v) any Taxes that the Buyer is required to pay to any Seller Tax Indemnitee pursuant to Section 11.1(b), (w) any Taxes related to any agreement for a Tax holiday or incentive that arise as a result of the Buyer reducing employment, closing a factory, or other action or failure to take action by the Buyer on or after the Closing that is inconsistent with Seller's past practices with respect to such Tax holidays or incentives and that is in breach of any Tax holiday or incentive agreement (other than with respect to any of the transactions contemplated by this Agreement), (x) Transfer Taxes for which Buyer is responsible pursuant to Section 11.7, (y) any Taxes attributable to any election made by or at the direction of the Buyer under Section 338 of the Code (or similar provision of state, local or foreign Law) other than with respect to any Taxes attributable to a breach of Section 4.16(a)(xii) or (z) any Taxes under Section 1445 of the Code as a result of the transfer (or deemed sale) of the U.S. Subsidiary other than with respect to any Taxes attributable to a breach of Section 4.16(a)(xii).

"Pre-Closing Tax Period" means any taxable period ending on or before the Closing Date and, in the case of any Straddle Period, the portion of such period ending on and including the Closing Date.

"Proceeding" means any audit or other examination, or any judicial or administrative proceeding, relating to liability for or refunds or adjustments with respect to Taxes.

"Projected Benefit Obligation" has the meaning set forth in Section 6.12(d)(i).

"Proposed Statement of Working Capital" has the meaning set forth in Section 2.7(d).

"Proposed Statement Review Period" has the meaning set forth in Section 2.7(e).

"Purchase Price" has the meaning set forth in Section 2.2.

"R&D" has the meaning set forth in Section 6.12(e)(i).

"R&D Secondees" has the meaning set forth in Section 6.12(e)(i).

"R&D Secondment Period" has the meaning set forth in Section 6.12(e)(i).

"R&D Services Agreement" has the meaning set forth in Section 7.15.

"Real Estate" has the meaning set forth in Section 4.11(c).

"Registration Statement" has the meaning set forth in Section 4.10.

"Related Subsidiary" means, with respect to any Person, any other Person controlled, directly or indirectly, by such first Person.

"Remedial Activities" has the meaning set forth in Section 9.7(a).

"Rental Real Estate" has the meaning set forth in Section 4.11(b).

"Required Consents" means, collectively, the Required Governmental Consents and the Required Third-Party Consents.

"Required Governmental Consents" has the meaning set forth in Section 4.4(a).

"Required Third-Party Consents" has the meaning set forth in Section 4.4(b).

"Retained Land" has the meaning set forth in Section 7.8.

"RSUs" means, collectively, restricted share units, whether vested or unvested, with respect to the Company's ordinary shares pursuant to the Company Equity Plans.

"SARs" means, collectively share appreciation rights, whether vested or unvested, with respect to the Company's ordinary shares pursuant to the Company Equity Plans.

"Scheme Beneficiaries" has the meaning set forth in Section 6.12(i)(i).

"SEC" means the Securities and Exchange Commission.

"Secondment Agreement" has the meaning set forth in Section 6.12(e)(iii).

"Section 75" has the meaning set forth in Section 6.12(i)(i).

"Section 75 Debt" has the meaning set forth in Section 6.12(i)(iii).

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Seller" has the meaning set forth in the Preamble.

"Seller 401(k) Plan" has the meaning set forth in Section 6.12(h)(ii).

"Seller Actuary" has the meaning set forth in Section 6.12(d)(ii).

"Seller Employees" has the meaning set forth in Section 4.18(c).

"Seller Excluded Claims" has the meaning set forth in Section 9.1(a).

"Seller Group Entity" has the meaning set forth in Section 6.12(a)(iii).

"Seller Indemnitees" has the meaning set forth in Section 9.3(a).

"Seller Japanese Employees" has the meaning set forth in Section 6.12(e).

"Seller Tax Indemnitee" has the meaning set forth in Section 11.1(b).

"Seller Transaction Documents" means this Agreement, the Non-Competition Agreement, the Transition Services Agreement, the IP License Agreement, the Investor Rights Agreement, the Customer Agreement, the R&D Services Agreement, the Branding Agreement, the Secondment Agreement and any other agreements to be entered into in connection with the transactions contemplated by this Agreement to which the Seller is, or is specified to be a party.

"Seller Seconded/Transferred Employee" has the meaning set forth in Section 6.12(g)(i).

"Severance" has the meaning set forth in Section 6.12(a)(iv).

"Severance Plans" has the meaning set forth in Section 6.12(k)(ii).

"Social Insurance" means any form of social insurance required under applicable Laws, including without limitation, the PRC national and local contributions for pensions, medical insurance, unemployment insurance, work-related injury insurance, pregnancy benefits, and housing accumulation funds.

"Software" means computer programs and firmware, including any and all software implementations of algorithms, models and methodologies, program files, program and system logic, program modules, routines, and subroutines, whether in source code, object code or other form, including manuals, specifications, and other documentation and materials relating thereto.

"Specified Persons" means all of the employees of the Company and each of the Subsidiaries (other than HGST Japan and its Related Subsidiaries) set forth on the Final Specified Persons List, which employees are not expected by the Buyer to be employed by the Company or any of the Subsidiaries following the Closing.

"Statement of Estimated Working Capital" has the meaning set forth in Section 2.7(b).

"Stock" means all of the issued and paid-up shares in the capital of the Company outstanding on the Closing Date.

"Stock Portion of the Purchase Price" has the meaning set forth in Section 2.2.

"Straddle Period" means any taxable period beginning on or prior to and ending after the Closing Date.

"Submission" has the meaning set forth in Section 11.4.

"Subsidiaries" means the entities set forth on Schedule 1.1(d).

"Target Working Capital" means $160,000,000.

"Tax" or "Taxes" means any and all federal, state, local and foreign taxes, assessments, duties, impositions, including those based upon or measured by gross receipts, income, profits, sales, use and occupation, and value added, ad valorem, alternative minimum, windfall profits, estimated, customs, transfer, franchise, withholding, payroll, recapture, employment, excise and property taxes, together with all interest, penalties and additions imposed with respect to such amounts.

"Tax Attribute Indemnifiable Amount" has the meaning set forth in Section 11.1(a).

"Tax Return" means any return, declaration, report, claim for refund, information return (including any related or supporting schedule (including Schedule K-1), attachment, statement or information) filed or required to be filed in connection with the determination, assessment or collection of any Tax of any Party.

"Third-Party Claim" has the meaning set forth in Section 9.6(a).

"Total Current Assets" means (without duplication) (i) cash, plus (ii) accounts receivable (net of allowance for bad debts), plus (iii) securitized accounts receivable, plus (iv) inventory, net, plus (v) receivables from Seller and its Affiliates (other than any Subsidiary of the Company), plus (vi) prepaid expenses and other current assets, plus (vii) current deferred Tax assets, each as determined in a manner consistent with the preparation of the Financial Statements under GAAP as currently in effect. For the avoidance of doubt, any portion of the Retained Land that is classified as a current asset, and any other receivables from the Seller and its Affiliates that are terminated and do not survive the Closing, shall not be included in the definition of Total Current Assets.

"Total Current Liabilities" means (without duplication) (i) accounts payable, plus (ii) accrued liabilities which are classified as current liabilities, including current deferred Tax liabilities to the extent not otherwise included as a contra account in clause (vii) of the definition of Total Current Assets, plus (iii) payables to the Seller and its Affiliates (other than any Subsidiary of the Company), plus (iv) accrued warranty which are classified as current liabilities, each as determined in a manner consistent with the preparation of the Financial Statements under GAAP as currently in effect. For the avoidance of doubt, all Transaction Expenses, Change of Control Payments, Employee Payments, borrowings from Affiliates, Indebtedness to be paid at Closing, any other payables to the Seller and its Affiliates that are terminated and do not survive the Closing, and Equity Award Payments, shall not be included in the definition of Total Current Liabilities.

"Transaction Documents" means, collectively, the Buyer Transaction Documents, the Company Transaction Documents and the Seller Transaction Documents.

"Transaction Expenses" means all legal, accounting, broker's, investment banker and other third party costs, fees and expenses incurred by the Company or any of the Subsidiaries in connection with the negotiation, preparation and performance of and compliance with this Agreement and the transactions contemplated by this Agreement (including the fees, disbursements and expenses of experts, consultants, including pension and environmental advisors, or other representatives but not any third party consent fees), as set forth on the Consideration Spreadsheet.

"Transfer Taxes" has the meaning set forth in Section 11.7.

"Transition Services Agreement" means that certain Transition Services Agreement dated as of the date hereof, by and among the Seller, the Company and the Buyer Parent.

"UK Scheme" has the meaning set forth in Section 6.12(i)(i).

"Unassumed Equity Awards" has the meaning set forth in Section 2.4(b).

"Unvested Equity Awards" means, collectively, the Unvested Options, the Unvested RSUs and the Unvested SARs.

"Unvested Option" means, collectively, those Company Options that are unvested as of immediately prior to Closing.

"Unvested RSUs" means, collectively, those RSUs that are unvested as of immediately prior to Closing.

"Unvested SARs" means, collectively, those SARs that are unvested as of immediately prior to Closing.

"Updated Assumed PBO Amount" has the meaning set forth in Section 6.12(d)(iii).

"U.S. Benefit Plans" has the meaning set forth in Section 6.12(h)(i).

"U.S. Subsidiary" means Hitachi Global Storage Technologies, Inc., a Delaware corporation.

"Valuation Allowance Reduction" has the meaning set forth in Section 11.1(a)

"Vested Equity Awards" means, collectively, the Vested Options, the Vested RSUs and the Vested SARs.

"Vested Equity Holders" means, collectively, the Vested Option Holders, the Vested RSU Holders and the Vested SAR Holders.

"Vested Option" has the meaning set forth in Section 2.4(a)(i).

"Vested Option Holders" means, collectively, the Company Option Holders who hold Vested Options as of immediately prior to the Closing.

"Vested Option Payment" means, with respect to each share in the capital of the Company subject to a Vested Option, an amount, in cash, equal to (a) the Per Share Cash Closing Payment, less (b) the exercise price per share of such Vested Option, with the aggregate amount of such payment rounded to the nearest whole cent.

"Vested RSU" has the meaning set forth in Section 2.4(a)(ii).

"Vested RSU Holder" means, collectively, the holders of Vested RSUs as of immediately prior to the Closing.

"Vested SAR" has the meaning set forth in Section 2.4(a)(iii).

"Vested SAR Holders" means, collectively, the holders of Vested SARs as of immediately prior to the Closing.

"Vested SAR Payment" means, with respect to each share in the capital of the Company subject to a Vested SAR, an amount, in cash, equal to (a) the Per Share Cash Closing Payment, less (b) the base price per share of such Vested SAR, with the aggregate amount of such payment rounded to the nearest whole cent.

"WARN Act" has the meaning set forth in Section 4.18(f). "Working Capital" has the meaning set forth in Section 2.7(a).

Section 1.2 Interpretation.

(a) All references herein to Articles, Sections, Exhibits and Schedules are to Articles, Sections, Exhibits and Schedules, respectively, in or to this Agreement unless otherwise specified.

(b) All references herein to any document, instrument or agreement (i) shall include all exhibits, schedules and other attachments thereto, (ii) shall include all documents, instruments or agreements issued or executed in replacement thereof and (iii) shall mean such document, instrument or agreement, or replacement or predecessor thereto, as amended, modified and supplemented from time to time and in effect at any given time.

(c) All references herein to statutory provisions shall be construed as references to those provisions as respectively amended or re-enacted from time to time and references to any document or agreement shall be deemed to include references to such document or agreement as amended, modified, supplemented or novated from time to time.

(d) The headings contained in this Agreement, any Exhibit or Schedule and in the table of contents to this Agreement are inserted for convenience only and shall not affect the meaning or interpretation of this Agreement.

(e) The words “hereof”, “hereby”, “hereto”, “hereunder”, “herein” and “herewith” and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole and not to any particular provision of this Agreement.

(f) Whenever the words “include”, “includes”, “including” or “among other things” are used in this Agreement, they shall be deemed to be followed by the words “without limitation”.

(g) Unless the context clearly requires otherwise, “or” shall be inclusive and not exclusive.

(h) All references herein to “days” shall mean calendar days, unless otherwise indicated. References to a time of day shall mean such time in the State of California, unless otherwise indicated.

(i) All references to “dollars” and “$” are to the currency of the United States of America.

(j) All references to “domestic” mean within the United States of America.

(k) All references to “foreign” mean outside of the United States of America.

(l) A reference to a Party or any other Person includes a reference to its permitted transferees and assigns and to its successors.

(m) The meaning assigned to each term defined herein shall be equally applicable to both the singular and the plural forms of such term, and words denoting any gender shall include all genders. Where a word or phrase is defined herein, each of its other grammatical forms shall have a corresponding meaning.

(n) Unless otherwise provided therein, any capitalized terms used in any Schedule or Exhibit but not otherwise defined therein, shall have the meaning as defined in this Agreement.

(o) All accounting terms shall be construed in accordance with GAAP unless otherwise indicated. To the extent that the definition of an accounting term that is defined in this Agreement is inconsistent with the meaning of such term under GAAP, the definition set forth in this Agreement will control.

(p) The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties, and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any provisions of this Agreement.

(q) Unless otherwise expressly provided herein, the measure of a period of one month or one year for purposes of this Agreement shall be that date of the following month or year corresponding to the starting date; provided, however, that if no corresponding date exists, the measure shall be that date of the following month or year corresponding to the next day following the starting date. For example, one month following February 18th is March 18th, and one month following March 31 is May 1.

ARTICLE II
PURCHASE AND SALE

Section 2.1 Purchase and Sale. Subject to the terms and conditions set forth herein, at the Closing the Seller will sell as legal and beneficial owner and the Buyer will, relying on the representations, warranties, covenants and undertakings made by the Seller in this Agreement, purchase all of the Seller's right, title and interest in and to the Stock, free and clear of all Encumbrances and together with all rights, dividends, entitlements and advantages now and hereafter attaching thereto for the payments specified in Section 2.3. The Buyer shall not be obliged to complete the purchase of any of the Stock unless the purchase of all of the Stock is completed simultaneously. The Purchase Price shall be subject to a post-Closing adjustment, if any, as set forth in Section 2.7.

Section 2.2 Purchase Price. The Purchase Price (the "Purchase Price") shall consist of (a) $3,500,000,000 (the "Cash Portion of the Purchase Price") in cash and (b) Twenty-Five Million (25,000,000) shares of the Buyer Parent's common stock, par value $0.01 per share (the "Buyer Parent Stock"). The Purchase Price is subject to the following adjustments (without duplication):

(a) Estimated Working Capital Adjustment (if any). The Purchase Price shall be reduced by the amount of any Estimated Working Capital Deficit or increased by the amount of any Estimated Working Capital Surplus;

(b) Transaction Expenses. The Purchase Price shall be reduced by the amount of any Transaction Expenses not paid by the Company or any of the Subsidiaries prior to the Closing;

(c) Change of Control Payments. The Purchase Price shall be reduced by the amount of any Change of Control Payments not paid by the Company or any of the Subsidiaries prior to the Closing;

(d) Employee Payments. The Purchase Price shall be reduced by the amount of any Employee Payments not paid by the Company or any of the Subsidiaries prior to the Closing;

(e) Estimated Unfunded Assumed PBO Amount. The Purchase Price shall be reduced by the Estimated Unfunded Assumed PBO Amount, as determined under Section 6.12(d); and

(f) Outstanding Company Debt. The Purchase Price shall be reduced by the amount of any Outstanding Company Debt not paid by the Company or any of the Subsidiaries prior to the Closing, other than any such debt between the Company and any of the Subsidiaries or between any of the Subsidiaries.

(g) Paid or Accrued Severance. The Purchase Price shall be increased by the amount of any Severance which is paid or accrued by the Company prior to the Closing.

The Purchase Price, after giving effect to the adjustments set forth in Section 2.2(a) through Section 2.2(f) and Section 2.8(c), is referred to herein as the "Adjusted Purchase Price". For purposes of calculating the Adjusted Purchase Price, the aggregate value of the Buyer Parent Stock shall be calculated as follows: the product of (x) the Buyer Parent Stock and (y) the Buyer Parent Average Share Price (the "Stock Portion of the Purchase Price").

Section 2.3 Closing Payments.

(a) At the Closing, the Buyer shall make the following payments by wire transfer of immediately available funds for the benefit of the Persons and to the accounts and in the amounts specified on a spreadsheet containing the items listed below in this Section 2.3(a) (the "Consideration Spreadsheet"), to be prepared by the Company not less than three (3) Business Days prior to the Closing:

(i) Unpaid Transaction Expenses. The Buyer shall pay, from the Cash Portion of the Purchase Price, the Transaction Expenses not paid by the Company or any of the Subsidiaries prior to the Closing;

(ii) Unpaid Change of Control Payments. The Buyer shall pay, from the Cash Portion of the Purchase Price, all Change of Control Payments, to the extent not paid by the Company or any of the Subsidiaries prior to the Closing;

(iii) Unpaid Employee Payments. The Buyer shall pay, from the Cash Portion of the Purchase Price, all Employee Payments, to the extent not paid by the Company or any of the Subsidiaries prior to the Closing;

(iv) Unpaid Outstanding Company Debt. The Buyer shall pay, from the Cash Portion of the Purchase Price, all Outstanding Company Debt, to the extent not paid by the Company or any of the Subsidiaries prior to the Closing;

(v) Equity Award Payments. The Buyer shall pay to the Company, from the Cash Portion of the Purchase Price, an amount equal to the aggregate Equity Award Payments, and the Company shall concurrently make such Equity Award Payments, less applicable withholding Taxes, to the respective Vested Equity Holders; and

(vi) Seller. The Buyer shall pay to the Seller from the Cash Portion of the Purchase Price, an amount equal to the sum of (A) the product of (x) the total number of issued and paid-up shares of the Stock owned by the Seller at the Closing and (y) the Per Share Closing Payment less (B) the Stock Portion of the Purchase Price.

(b) At the Closing, the Buyer shall deliver to the Seller the Buyer Parent Stock; provided, however, that notwithstanding any provision of this Agreement to the contrary, in no event shall the sum of the Buyer Parent Stock and the shares of the Buyer Parent's common stock issuable upon exercise or conversion of all Unvested Equity Awards assumed by the Buyer Parent pursuant to this Agreement exceed 17.1% of the number of shares of the Buyer Parent's common stock outstanding immediately prior to the Closing Date, and to the extent that such 17.1% threshold is exceeded, for all purposes under this Agreement, (i) the "Buyer Parent Stock" amount shall be adjusted and shall instead be an amount equal to (A) 17.1% of the number of shares of the Buyer Parent's common stock outstanding immediately prior to the Closing Date less (B) the shares of the Buyer Parent's common stock issuable upon exercise or conversion of all Unvested Equity Awards assumed by the Buyer Parent pursuant to this Agreement; and (ii) the "Cash Portion of the Purchase Price" amount shall be adjusted and shall instead be an amount equal to the sum of (A) $3,500,000,000 and (B) the product of (1) 25,000,000 less the Buyer Parent Stock determined pursuant to clause (i) above and (2) the Buyer Parent Average Share Price.

Section 2.4 Treatment of Equity Awards.

(a) Vested Equity Awards.

(i) Vested Options. At Closing, each then outstanding vested Company Option including any Unassumed Equity Awards that are accelerated by operation of Section 2.4(b) (each, a "Vested Option"), shall be cancelled, and each Vested Option Holder shall be entitled to receive, subject to applicable Tax withholding, an amount equal to the product of (A) the total number of shares in the capital of the Company subject to the Vested Options held by such Vested Option Holder and (B) the Vested Option Payment. For purposes of clarity, no payment shall be made with respect to any Vested Option so cancelled with a per-share exercise price that equals or exceeds the amount of the Per Share Cash Closing Payment.

(ii) Vested Restricted Stock Units. At Closing, each then outstanding vested RSU including any Unassumed Equity Awards that are accelerated by operation of Section 2.4(b) (each, a "Vested RSU"), shall be cancelled, and each Vested RSU Holder shall be entitled to receive, subject to applicable Tax withholding, an amount equal to the product of (A) the total number of shares in the capital of the Company subject to the Vested RSUs held by such Vested RSU Holder and (B) the Per Share Cash Closing Payment.

(iii) Vested Stock Appreciation Rights. At Closing, each then outstanding vested SAR including any Unassumed Equity Awards that are accelerated by operation of Section 2.4(b) (each, a "Vested SAR"), shall be cancelled, and each Vested SAR Holder shall be entitled to receive, subject to applicable Tax withholding, an amount equal to the product of (A) the total number of shares in the capital of the Company subject to the Vested SARs held by such Vested SAR Holder and (B) the Vested SAR Payment. For purposes of clarity, no payment shall be made with respect to any Vested SARs cancelled with a per share base price that equals or exceeds the amount of the Per Share Cash Closing Payment.

(b) Unvested Equity Awards Held by Certain Persons. The Buyer Parent has determined not to assume any Unvested Equity Awards held by those individuals identified on Schedule 2.4(b) or by Specified Persons (collectively, the "Unassumed Equity Awards"). Immediately prior to the Closing (or, in the case of a Specified Person, if earlier, the involuntary termination of such Specified Person), the vesting of each Unassumed Equity Award shall accelerate in full and the holders thereof shall be entitled to the consideration set forth in Section 2.4(a)(i)-(iii), as applicable as a result of the cancellation of these Unassumed Equity Awards.

(c) Unvested Equity Awards Held by Continuing Employees.

(i) Unvested Options Held by Continuing Employees. At Closing, each Unvested Option held by a Continuing Employee shall be assumed by the Buyer Parent and shall be converted into an option (an "Assumed Stock Option") to purchase a number of shares of the Buyer Parent's common stock (rounded down to the nearest whole share) equal to the product of the number of the Company's ordinary shares subject to such Unvested Option multiplied by the Equity Award Exchange Ratio. The per share exercise price for the Buyer Parent's common stock issuable upon exercise of such Assumed Stock Option shall be equal (rounded up to the nearest whole cent) to the exercise price per share of the Company's ordinary shares subject to such Unvested Option divided by the Equity Award Exchange Ratio.

(ii) Unvested RSUs Held by Continuing Employees. At Closing, each Unvested RSU held by a Continuing Employee shall be assumed by the Buyer Parent and shall be converted into a restricted stock unit (an "Assumed RSU") with respect to a number of shares of the Buyer Parent's common stock (rounded to the nearest whole share) equal to the product of the number of the Company's ordinary shares subject to such Unvested RSU multiplied by the Equity Award Exchange Ratio. Each Assumed RSU shall vest as to one-third (1/3) of the Buyer Parent common stock on each of the first, second and third anniversaries of the vesting commencement date specified in each such Unvested RSU, subject to continued employment through such dates.

(iii) Unvested SARs Held by Continuing Employees. At Closing, each Unvested SAR held by a Continuing Employee shall be assumed by the Buyer Parent and shall be converted into a stock appreciation right (an "Assumed SAR") with respect to a number of shares of the Buyer Parent's common stock (rounded down to the nearest whole share) equal to the product of the number of the Company's ordinary shares subject to such Unvested SAR multiplied by the Equity Award Exchange Ratio. The per share base price for the Buyer Parent's common stock subject to such Assumed SAR shall be equal (rounded up to the nearest whole cent) to the base price per share of the Company's ordinary shares subject to such Unvested SAR divided by the Equity Award Exchange Ratio.

(d) Further Actions. Except as provided above, the Assumed Stock Options, Assumed RSUs and Assumed SARs shall be subject to the same terms and conditions (including any applicable expiration dates, vesting or exercise provisions and payment dates) as were applicable to the corresponding Company awards immediately prior to Closing. From and after Closing, the Assumed Stock Options, Assumed RSUs and Assumed SARs shall no longer represent the right to acquire the Company's ordinary shares. As soon as practicable after Closing, the Buyer Parent shall deliver to the holder of each Assumed Stock Option, Assumed RSU and Assumed SAR appropriate notices setting forth the number of shares of the Buyer Parent's common stock subject to such Assumed Stock Option, Assumed RSU and Assumed SAR, as applicable, and the applicable adjusted exercise or base price applicable to each Assumed Stock Option or Assumed SAR. Prior to Closing, the Seller and the Company shall use their reasonable best efforts to take all necessary or appropriate action to effectuate the treatment of outstanding Company equity awards (including both the Vested Equity Awards and the Unvested Equity Awards) in accordance with the terms of this Section 2.4 (including, without limitation, timely providing any required notices and obtaining any Required Consents). Prior to Closing, the Buyer Parent shall take all such steps as may be required to cause any acquisitions of the Buyer Parent common stock (including any derivative securities with respect to the Buyer Parent common stock) resulting from the treatment of outstanding Company equity awards in accordance with the terms of this Section 2.4 by any individual who is subject to the reporting requirements of Section 16(a) of the Exchange Act to be exempt under Rule 16b-3 promulgated under the Exchange Act, such steps to be taken in accordance with the guidance provided by the SEC.

(e) Registration Statement. As soon as practicable following the Closing, but in any event within ten (10) Business Days thereafter, the Buyer Parent shall use its reasonable best efforts to prepare and file with the SEC a registration statement on Form S-8 or other appropriate form covering the shares of the Buyer Parent's common stock issuable pursuant to the outstanding Assumed Options, Assumed RSUs and Assumed SARs.

Section 2.5 Closing. Unless this Agreement shall have been terminated pursuant to Article X, and subject to the satisfaction or waiver of all of the conditions set forth in Article VII and Article VIII, the closing of the transactions contemplated by this Agreement (the "Closing") shall take place at the offices of O'Melveny & Myers LLP, 610 Newport Center Drive, 17th Floor, Newport Beach, California, or such other place (including by electronic transmission) as the Buyer and the Seller shall agree, on the date that is three (3) Business Days following the satisfaction or waiver of all conditions set forth in Article VII and Article VIII (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the fulfillment or waiver of those conditions) and/or at such other time and place as shall be mutually agreed by the Parties (the "Closing Date").

Section 2.6 Delivery of Company Share Certificates and the Buyer Parent Stock Certificates; Other Closing Deliverables.

(a) Delivery of Company Share Certificates. At the Closing, the Seller shall deliver to the Buyer one or more certificates in respect of all of the Stock and valid share transfer forms in respect of the Stock duly executed by the Seller in favor of the Buyer, together with (i) a letter in the form prescribed by the Stamp Duty Branch of the Inland Revenue Authority of Singapore and executed by a director or the secretary of the Company incorporating a working sheet computing the net asset value per share of the Stock and/or (ii) such other documents as may be prescribed from time to time by the Stamp Duty Branch of the Inland Revenue Authority of Singapore for the purpose of assessing the stamp duty payable on the transfer of the Stock.

(b) Delivery of the Buyer Parent Stock Certificates. At the Closing, the Buyer shall deliver to the Seller one or more certificates representing the Buyer Parent Stock, duly endorsed in blank for transfer or accompanied by duly executed stock powers or equivalent instruments in proper form.

(c) Other Closing Deliverables. At or prior to the Closing, the Seller shall deliver to the Buyer:

(i) certified true copies of the resolutions passed by the board of directors of the Company: (A) approving the registration of the transfer of the Stock to the Buyer subject only to their being duly stamped; (B) authorizing the issue of new share certificates in respect of the Stock in favor of the Buyer; (C) approving the entry into the register of members of the Company the name of the Buyer as the holder of the Stock and the making of such other entries into other corporate records of the Company as may be necessary; and (D) revoking all existing authorities to bankers in respect of the operations of its bank accounts and giving authority in favor of such persons as the Buyer may nominate to operate such accounts;

(ii) such waivers or consents as may be necessary to enable the Buyer to be registered in the register of members of the Company as holders of any and all of the Stock;

(iii) (A) a certified copy of the seal impression (*inkan shomeisho*) of the representative director of the Seller issued during the two (2) week period preceding the Closing Date, (B) a certified copy of the corporate register (*tokibo*) of the Seller issued during two (2) week period preceding the Closing Date and (C) a certified copy of the articles of incorporation (*teikan*) of the Seller effective on the Closing Date; and

(iv) a certified copy of the Seller's board of director resolutions (*torshimariyakukai gijiroku*) approving the Seller Transaction Documents and the transactions contemplated thereby, certified by the Seller's representative director or his or her authorized nominee.

Section 2.7 Working Capital Adjustment.

(a) For purposes of this Agreement, (i) the term "Working Capital" means Total Current Assets less Total Current Liabilities, each as of 12:01 a.m. Pacific Time on the Closing Date as reflected on the Company's books and records as of that time in accordance with GAAP; (ii) the term "Estimated Working Capital" shall mean the estimated amount of Working Capital as determined pursuant to subsection (b) below; (iii) the term "Estimated Working Capital Deficit" shall mean the amount, if any, by which Estimated Working Capital is less than the Target Working Capital; and (iv) the term "Estimated Working Capital Surplus" shall mean the amount, if any, by which the Estimated Working Capital is greater than the Target Working Capital.

(b) Not later than the five (5) Business Days prior to the Closing Date, the Company shall deliver to the Buyer a statement of Estimated Working Capital, as of the close of business on the day immediately preceding the Closing Date (the "Statement of Estimated Working Capital"). The Statement of Estimated Working Capital shall include all of the balance sheet line items included in the computation of Estimated Working Capital and shall include a computation of the Estimated Working Capital Deficit, if any, or the Estimated Working Capital Surplus, if any.

(c) The Statement of Estimated Working Capital, Proposed Statement of Working Capital and Final Statement of Working Capital shall be based upon the books and records of the Company and each of the Subsidiaries and prepared in accordance with GAAP, consistent with and using the same principles, policies, practices, procedures, methods, estimates and calculations, with consistent classifications, judgments and valuation and estimation methods, as those used in preparing the Financial Statements.

(d) Within seventy-five (75) calendar days after the Closing Date, the Buyer and the Buyer's accountants shall prepare and deliver to the Seller a proposed statement of the Working Capital of the Company as of the close of business on the day immediately preceding the Closing Date (the "Proposed Statement of Working Capital"). The Proposed Statement of Working Capital shall include all of the balance sheet line items included in the computation of Working Capital and shall include a computation of Working Capital. In connection with the preparation of the Proposed Statement of Working Capital, to the extent the Buyer does not have all relevant information in its possession, the Buyer and its representatives will be permitted to have reasonable access during normal business hours to review the books, records and other relevant information relating to the Company's and each of the Subsidiaries' operations and finances and the work papers, if any, of the Seller and the Seller's independent accountants (to the extent permitted by the independent accountants), and the Seller shall make reasonably available the individuals in the employ of the Seller and its representatives, if any, responsible for and knowledgeable about the information used in, and the preparation of, the Financial Statements in order to assist the Buyer in the preparation of the Proposed Statement of Working Capital.

(e) During the sixty (60) calendar days immediately following the Seller's receipt of the Proposed Statement of Working Capital (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.

(f) The Seller shall notify the Buyer in writing (the "Notice of Working Capital Disagreement") prior to the expiration of the Proposed Statement Review Period if the Seller disagrees with any one or more of the line items of the Proposed Statement of Working Capital. The Notice of Working Capital Disagreement shall set forth in reasonable detail the basis for such dispute, the amounts involved and the Seller's determination of the amount of the Working Capital of the Company as of the close of business on the day immediately preceding the Closing Date. If no Notice of Working Capital Disagreement is given to the Buyer prior to the expiration of the Proposed Statement Review Period, then the Proposed Statement of Working Capital shall be deemed to have been accepted by the Seller and shall become final, binding and conclusive upon the Parties.

(g) If a Notice of Working Capital Disagreement is given to the Buyer prior to the expiration of the Proposed Statement Review Period, then the Negotiation Procedures shall apply and the Seller and the Buyer shall attempt, in good faith pursuant to the Negotiation Procedures, to resolve any differences that they may have with respect to the matters specified in the Notice of Working Capital Disagreement.

(h) If the Seller and the Buyer have been unable to resolve all of the differences they may have with respect to the matters specified in the Notice of Working Capital Disagreement pursuant to the Negotiation Procedures, either the Seller or the Buyer may submit all matters that remain in dispute with respect to the Notice of Working Capital Disagreement (along with a copy of the Proposed Statement of Working Capital marked to indicate those line items that are not in dispute) to the New York office of PricewaterhouseCoopers LLP (the "Accounting Arbitrator") after the conclusion of the Negotiation Procedures. Each Party agrees to execute a reasonable engagement letter if requested by the Accounting Arbitrator. During the review by the Accounting Arbitrator, the Buyer and the Seller will each make available to the Accounting Arbitrator such information, books and records and work papers, as may be reasonably required by the Accounting Arbitrator to fulfill its obligations under this Section 2.7.

(i) Within thirty (30) days after the submission of matters in dispute to the Accounting Arbitrator, or as soon as practicable thereafter, the Accounting Arbitrator shall make a final determination, binding on the Parties to this Agreement, of the appropriate amount of each of the line items in the Proposed Statement of Working Capital as to which the Seller and the Buyer disagree as set out in the Notice of Working Capital Disagreement. Such determination shall be in accordance with the standards set forth in this section and shall be final, binding and conclusive with respect to any issue relating to the Buyer's compliance with the standards set forth in this section in preparing the Proposed Statement of Working Capital. With respect to each disputed line item, such determination, if not in accordance with the position of either the Seller or the Buyer, shall not be in excess of the higher, nor less than the lower, of the amounts advocated by the Seller in the Notice of Working Capital Disagreement or by the Buyer in the Proposed Statement of Working Capital with respect to such disputed line item.

(j) The Statement of Working Capital of the Company and the determination of the Working Capital of the Company, as determined either through agreement of the Parties or through the action of the Accounting Arbitrator pursuant to this Section 2.7(j), shall be final, binding and conclusive on the Parties, and shall be referred to as the "Final Statement of Working Capital" and the "Final Working Capital," respectively.

(k) Final Working Capital Payments.

(i) If there was an Estimated Working Capital Deficit then, within five (5) Business Days after the Final Statement of Working Capital has been determined, the Parties shall do as follows:

(A) If the Final Working Capital is less than the Estimated Working Capital, then the Seller shall pay to the Buyer an amount equal to the amount by which the Estimated Working Capital exceeds the Final Working Capital; or

(B) If the Final Working Capital is greater than the Estimated Working Capital, then the Buyer shall pay the Seller an amount equal to the amount by which the Final Working Capital exceeds the Estimated Working Capital.

(ii) If there was neither an Estimated Working Capital Deficit nor an Estimated Working Capital Surplus, then, within five (5) Business Days after the Final Statement of Working Capital has been determined, the Parties shall do as follows:

(A) If the Final Working Capital is less than the Target Working Capital, then the Seller shall pay to the Buyer an amount equal to the amount by which the Target Working Capital exceeds the Final Working Capital;

(B) If the Final Working Capital is equal to the Target Working Capital, then no amount shall be paid; or

(C) If the Final Working Capital is greater than the Target Working Capital, then the Buyer shall pay the Seller an amount equal to the amount by which the Final Working Capital exceeds the Target Working Capital.

(iii) If there was an Estimated Working Capital Surplus, then, within five (5) Business Days after the Final Statement of Working Capital has been determined, the Parties shall do as follows:

(A) If the Final Working Capital is less than the Target Working Capital, then the Seller shall pay to the Buyer an amount equal to the amount by which the Estimated Working Capital exceeds the Final Working Capital;

(B) If the Final Working Capital is greater than the Target Working Capital, but less than the Estimated Working Capital, then the Seller shall pay to the Buyer an amount equal to the amount by which the Estimated Working Capital exceeds the Final Working Capital; or

(C) If the Final Working Capital is greater than the Estimated Working Capital, then the Buyer shall pay the Seller an amount equal to the amount by which the Final Working Capital exceeds the Estimated Working Capital.

Any amounts payable by the Seller pursuant to this Section 2.7(k) shall be paid to the Buyer in cash by wire transfer of immediately available funds. Any amounts payable by the Buyer pursuant to this Section 2.7(k) shall be paid to the Seller by wire transfer of immediately available funds in cash. The Accounting Arbitrator shall issue a written arbitration award stating the amount to be paid pursuant to this Section 2.7(k), which may be entered as a judgment in, and enforced by, any court of competent jurisdiction.

(l) The Buyer, on the one hand, and the Seller, on the other hand, will each be obligated to pay fifty percent (50%) of the fees and expenses, if any, of the Accounting Arbitrator.

Section 2.8 Withholding Taxes.

(a) Notwithstanding any other provision in this Agreement (other than Section 2.8(b)), the Buyer (and any other Person that has any withholding obligation with respect to any payment made pursuant to this Agreement) shall be entitled to deduct and withhold from the payments to be made pursuant to this Agreement any Taxes required to be deducted and withheld with respect to the making of such payments under the Code or any other applicable provision of Law. To the extent that amounts are so withheld pursuant to this Agreement, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to such Person in respect of which such deduction and withholding was made.

(b) Subject to Section 2.8(c), each of the Buyer and the Seller acknowledges and agrees that any payments made by the Buyer to the Seller hereunder are not subject to withholding Tax. To the extent that the Buyer becomes aware of any applicable withholding Taxes, the Buyer (i) shall provide prompt written notice to the Seller of the amount of such Tax and (ii) shall consult with the Seller in good faith as to the nature of the Tax and the basis upon which such withholding is required. Each of the Buyer and the Seller agrees to use its reasonable best efforts, in accordance with applicable Law, to obtain exemptions from, or reductions of, any Taxes required to be withheld from payments under this Agreement.

(c) The Seller acknowledges and agrees that the Buyer may have a U.S. withholding tax obligation under Section 1445 of the Code as a result of the transfer (or deemed sale) of the U.S. Subsidiary. The Seller agrees, to the extent reasonably practicable, to (i) provide the Buyer any and all information necessary to perform an appraisal of the fair market value of the Company's U.S. Subsidiary before the Closing and (ii) otherwise cooperate fully with the Buyer before the Closing and determine the built-in gain for purposes of Section 897 of the Code, if any, with respect to the shares in the Company's U.S. Subsidiary. The Seller further agrees, to the extent reasonably practicable, upon request, to cooperate fully with the Buyer to obtain a withholding certificate from the IRS with respect to the Company's U.S. Subsidiary under Rev. Proc. 2000-35 before the Closing. If the Buyer withholds and remits a portion of the Purchase Price to the IRS pursuant to Section 1445 of the Code, the amount of the Purchase Price shall be increased by an amount such that the Seller receives on the Closing Date the amount of Purchase Price (in cash and shares) equal to the amount it would have received had such withholding not applied. Any refunds relating to any withholding taxes withheld and paid by the Buyer to the IRS pursuant to this Section 2.8(c) shall be for the benefit of the Buyer.

ARTICLE III
REPRESENTATIONS AND WARRANTIES RELATING TO THE SELLER

Except as set forth in the disclosure schedules delivered by the Company concurrent with the execution and delivery of this Agreement (the "Company Disclosure Schedules"), the Seller represents and warrants to each of the Buyer and the Buyer Parent as of the date of this Agreement and the Closing Date (except for such representations and warranties as are made only as of a specific date) as set forth below. Each exception set forth in the Company Disclosure Schedules is identified by reference to the specific Section or subsection of this Agreement and relates only to such Section or subsection, and to any other Section or subsection of this Agreement that it is reasonably apparent on the face of such disclosure that it should also qualify or apply to.

Section 3.1 Organization. The Seller is a company duly organized, validly existing and in good standing under the Laws of Japan, with all requisite corporate power and authority necessary to carry on its business as it is presently conducted and to own, lease or operate its properties and assets. The Seller is not in violation of any of the provisions of its articles of incorporation (*teikan*) or bylaws (or other equivalent organizational documents).

Section 3.2 Authorization; Enforceability.

(a) The Seller has all requisite power and authority to enter into this Agreement and the other Seller Transaction Documents, to perform its obligations hereunder and thereunder and to carry out the transactions contemplated hereby and thereby. All necessary corporate action has been taken by the Seller to authorize the execution, delivery and performance of this Agreement and each other Seller Transaction Document. The Seller has duly executed and delivered this Agreement and, at or prior to the Closing, will have duly executed and delivered each other Seller Transaction Document.

(b) This Agreement is, and each other Seller Transaction Document, when duly executed and delivered at or prior to the Closing by the Seller will be, the legal, valid and binding obligation of the Seller, enforceable against the Seller in accordance with its respective terms, except as enforceability may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other similar Laws now or hereafter in effect relating to or limiting creditors' rights and remedies generally and general principles of equity relating to the availability of specific performance and injunctive and other forms of equitable relief.

Section 3.3 Ownership of the Stock. The Seller is currently, and shall on Closing be, the sole owner, legally, beneficially and of record, of the Stock, free and clear of any Encumbrances. All of the Stock has been duly authorized, validly issued and fully paid, and is not subject to and was not issued in violation of any preemptive rights. The Stock was not issued in violation of any Laws, including applicable securities laws. There is no stockholder agreement, voting trust or other agreement or understanding to which the Seller is a party or by which the Seller is bound relating to the voting, purchase, transfer or registration of the Stock or preemptive rights with respect thereto. At the Closing, the Buyer will acquire good and marketable title to the Stock, free and clear of any Encumbrances, together with all rights and benefits attaching thereto as at the Closing Date.

Section 3.4 No Violation. Provided the Required Consents are obtained prior to the Closing Date, neither the execution and delivery of this Agreement and the other Seller Transaction Documents nor the consummation of the transactions contemplated hereby or thereby (with or without the passage of time or the giving of notice, or both) by the Seller will (a) contravene, violate, breach or be in conflict with any provisions of its articles of incorporation (*teikan*) or bylaws or other equivalent organizational documents or (b) with or without the giving of notice or passage of time, or both, violate, or be in conflict with under or constitute a default (or give rise to any right of termination, amendment, cancellation or acceleration) under any of the terms, conditions or provisions of any Material Contract to which the Seller is a party or by which the Seller or any of the Seller's assets may be bound or (c) violate or conflict with any Laws to which the Seller is subject, except in the case of clauses (b) and (c) above, for any such conflicts, violations, breaches and defaults or other occurrences which could not reasonably be expected to have a Material Adverse Effect on the Seller's ability to consummate the transactions.

Section 3.5 Litigation; Compliance with Law. There is no material Action pending or, to the Knowledge of the Seller, threatened, against the Seller or affecting any of its properties or assets that would reasonably be expected to have an adverse effect on or materially delay or prevent the Seller's performance under this Agreement and the other Seller Transaction Documents or the consummation of the transactions contemplated hereby or thereby.

Section 3.6 Consents and Approvals. Except for the Required Governmental Consents and except for compliance with the HSR Act and other applicable Antitrust Laws, no consent, Approval or authorization of, or declaration or filing with, any Governmental Entity is required to be made or obtained by the Seller in connection with the execution, delivery and performance by the Seller of this Agreement and the Seller Transaction Documents or the consummation by the Seller of the transactions contemplated hereby or thereby.

Section 3.7 No Claims. (a) There are no defaults by the Company or any of the Subsidiaries under any Contract between the Seller or any of its Affiliates (other than the Company and each of the Subsidiaries), on the one hand, and the Company or any of the Subsidiaries, on the other hand (collectively, the "Affiliate Contracts"), (b) no event has occurred which, through the passage of time or the giving of notice, or both, would constitute a default by the Company or any of the Subsidiaries under any of the Affiliate Contracts or would cause the acceleration of any obligation of the Company or any of the Subsidiaries under any of the Affiliate Contracts, the loss of any rights of the Company or any of the Subsidiaries under any of the Affiliate Contracts, or the creation of any Encumbrance (other than a Permitted Encumbrance) upon any asset of the Company or any of the Subsidiaries pursuant to any of the Affiliate Contracts and (c) neither the Seller nor any of its Affiliates (other than the Company and each of the Subsidiaries) has any material claim, cause of action or the like against the Company or any of the Subsidiaries under any of the Affiliate Contracts.

Section 3.8 Investment.

(a) The Seller is an "accredited investor" as defined in Rule 501 of Regulation D of the Securities Act, as presently in effect. The Seller agrees to furnish any additional information requested to assure compliance with applicable federal and state securities Laws in connection with the issuance of the Buyer Parent Stock.

(b) The Buyer Parent Stock is being acquired by the Seller for the Seller's own account, for investment only, not as a nominee or agent and not with a view to the sale or distribution of all or any part thereof in violation of federal or state securities Laws or the terms of this Agreement. The Seller shall not offer or otherwise dispose of the Buyer Parent Stock in violation of any Laws applicable to any such offer, sale or other disposition.

(c) The Seller is aware that the Buyer Parent Stock is subject to significant restrictions on transfer, including pursuant to the Investor Rights Agreement. The Seller represents that it (i) has liquid assets sufficient to assure that the purchase contemplated by this Agreement will cause no undue financial difficulties, (ii) can afford the complete loss of its investment, and (iii) can provide for current needs and possible contingencies without the need to sell or dispose of the Buyer Parent Stock.

(d) Seller is aware that each certificate evidencing the Buyer Parent Stock shall bear the following legend:

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON TRANSFER PURSUANT TO AN AGREEMENT BETWEEN THE CORPORATION AND THE ORIGINAL HOLDER OF THESE SHARES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE CORPORATION. SUCH RESTRICTIONS ON TRANSFER ARE BINDING ON ANY TRANSFEREES OF THESE SHARES.

Section 3.9 Brokers', Finders' Fees, etc. Except for Goldman, Sachs & Co., no Person is entitled to rights to brokerage commissions, finders' fees or similar compensation in connection with the transactions contemplated by this Agreement based on any arrangement or agreement made or alleged to have been made by or on behalf of the Seller or any of its Affiliates, officers, employees or directors for which the Company is liable.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES RELATING TO THE COMPANY

Except as set forth in the Company Disclosure Schedules, the Company represents and warrants to each of the Buyer and the Buyer Parent as of the date of this Agreement and the Closing Date (except for such representations and warranties as are made only as of a specific date) as set forth below. Each exception set forth in the Company Disclosure Schedules is identified by reference to the specific Section or subsection of this Agreement and relates only to such Section or subsection, and to any other Section or subsection of this Agreement that it is reasonably apparent on the face of such disclosure that it should also qualify or apply to.

Section 4.1 Organization. The Company is a company duly incorporated and validly existing under the Laws of the Republic of Singapore, with all requisite corporate power and authority to carry on its business as it is presently conducted and to own, lease or operate its properties and assets. The Company is duly qualified to do business and is in good standing in each jurisdiction where the character of its properties owned or leased or the nature of its activities make such qualification necessary, except where the failure to be so qualified or in good standing would not, individually or in the aggregate, have or reasonably be expected to have a Material Adverse Effect. The Company has delivered to the Buyer and the Buyer Parent complete and correct copies of its memorandum and articles of association, as amended to date, and each such instrument is in full force and effect. The Company is not in violation of any of the provisions of its memorandum and articles of association.

Section 4.2 Authority; Enforceability.

(a) The Company has all requisite power and authority to enter into this Agreement and the other Company Transaction Documents, and to perform its obligations hereunder and thereunder and to carry out the transactions contemplated hereby and thereby. All necessary corporate action has been taken by the Company to authorize the execution, delivery and performance of this Agreement and each other Company Transaction Document. The Company has duly executed and delivered this Agreement and, at or prior to the Closing, will have duly executed and delivered each other Company Transaction Document.

(b) This Agreement is, and each other Company Transaction Document, when duly executed and delivered at or prior to the Closing by the Company, will be the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its respective terms, except as enforceability may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other similar Laws now or hereafter in effect relating to or limiting creditors' rights and remedies generally and general principles of equity relating to the availability of specific performance and injunctive and other forms of equitable relief.

Section 4.3 No Violation. Provided the Required Consents are obtained prior to the Closing Date, neither the execution and delivery of this Agreement and the other Company Transaction Documents nor the consummation of the transactions contemplated hereby or thereby (with or without the passage of time or the giving of notice, or both) by the Company will (a) contravene, violate, breach or be in conflict with any provisions of the memorandum and articles of association or other equivalent organizational documents of the Company or any of the Subsidiaries or (b) with or without the giving of notice or passage of time, or both, violate, or be in conflict with, or create an Encumbrance (other than a Permitted Encumbrance or Permitted Real Estate Encumbrance) under, constitute a default (or give rise to any right of termination, amendment, cancellation or acceleration) under or result in any loss of rights under any of the terms, conditions or provisions of any Material Contract to which the Company or any of the Subsidiaries is a party or by which the Company or any of the Subsidiaries or any of their respective assets may be bound or (c) violate or conflict with any Laws to which the Company or any of the Subsidiaries is subject or (d) give rise to a declaration or imposition of any Encumbrance (other than a Permitted Encumbrance or Permitted Real Estate Encumbrance) on any of the assets of the Company or any of the Subsidiaries, except in the cases of (b), (c) and (d) above, for any such conflicts, violations, breaches, defaults or other occurrences which would not reasonably be expected to have a Material Adverse Effect on the Company and the Subsidiaries, taken as a whole.

Section 4.4 Consents and Approvals.

(a) Except for the consents set forth on Section 4.4(a) of the Company Disclosure Schedules (other than with respect to antitrust matters, the "Required Governmental Consents"), and except for compliance with the HSR Act and other applicable Antitrust Laws, no material consent, Approval or authorization of, or declaration or filing with, any Governmental Entity is required to be made or obtained by the Company or any of the Subsidiaries in connection with the execution, delivery and performance by the Company of this Agreement and the other Company Transaction Documents or the consummation by the Company of the transactions contemplated hereby or thereby.

(b) Except for the consents set forth on Section 4.4(b) of the Company Disclosure Schedules (the "Required Third-Party Consents"), no consent, Approval or authorization of, or notice to any counterparty to any Material Contract must be made or obtained by the Company or any of the Subsidiaries in connection with the execution, delivery and performance by the Company of this Agreement and the other Company Transaction Documents or the consummation by the Company of the transactions contemplated hereby or thereby, other than any consents, Approvals, authorizations or notices the failure of which to obtain would not reasonably be expected to have a Material Adverse Effect on the Company and the Subsidiaries, taken as a whole.

Section 4.5 Capitalization.

(a) The issued and paid-up share capital of the Company is $861,807,200.01, which, as of the date of this Agreement, is comprised of 88,418,001 issued and paid-up ordinary shares. As of the date of this Agreement, there are outstanding Company Options to purchase an aggregate of 7,288,511 ordinary shares, outstanding RSUs with respect to an aggregate of 814,074 ordinary shares and outstanding SARs with respect to an aggregate of 2,003,268 ordinary shares. The Company has reserved an aggregate of 9,824,222 ordinary shares for issuance pursuant to the Company Equity Plans (including shares issued in respect of awards and shares subject to outstanding awards).

(b) All issued shares of the Stock have been duly authorized validly issued, fully paid and are not subject to and were not issued in violation of any preemptive rights. Except as set forth in Section 4.5(a), as of the date of this Agreement, there is no outstanding, and there has not been reserved for issuance any: (i) share or other voting securities of the Company or any of the Subsidiaries; (ii) security of the Company or any of the Subsidiaries convertible into or exchangeable for shares in the capital or voting securities of the Company; (iii) option or other right to acquire from the Company or any of the Subsidiaries, or obligation of the Company or any of the Subsidiaries to issue, any shares, voting securities or security convertible into or exchangeable for shares or voting securities of the Company or any of the Subsidiaries, as the case may be; or (iv) equity equivalent interest in the ownership or earnings of the Company or other similar right (the items in clauses (i) through (iv) collectively, "Company Securities"). There is no outstanding obligation of the Company or any of the Subsidiaries to repurchase, redeem or otherwise acquire any Company Security. There is no stockholder agreement, voting trust or other agreement or understanding to which the Company or any of the Subsidiaries is a party or by which the Company or any of the Subsidiaries are bound relating to the voting, purchase, transfer or registration of any shares of the Company or any of the Subsidiaries or preemptive rights with respect thereto.

Section 4.6 Subsidiaries and Affiliates.

(a) The Company or one of the Subsidiaries owns the capital stock or other equity securities of the Persons and otherwise has an interest (whether ownership or other) in the Persons set forth on Section 4.6 of the Company Disclosure Schedules. The interests of the Company and each of the Subsidiaries in the Persons set forth on Section 4.6 of the Company Disclosure Schedules are owned by the Company or one of the Subsidiaries, as applicable, free and clear of any Encumbrance (other than Permitted Encumbrances). Neither the Company nor any of the Subsidiaries is subject to any obligation or requirement to provide funds for, or to make any investment (in the form of a loan, capital contribution or otherwise) to or in, any of such Persons. Each of the Subsidiaries is duly organized, validly existing and in good standing (where applicable) under the Laws of the jurisdiction of its incorporation or organization, with all requisite corporate power and authority to carry on its business as it is presently conducted and to own, lease or operate its properties and assets. All outstanding equity securities of each of the Subsidiaries are duly and validly issued in compliance with all applicable Laws, free of any preemptive rights, rights of first refusal (except to the extent provided by applicable Laws), with respect to such equity securities. None of the Subsidiaries is a party or subject to any Contract that relates to the voting or giving of written consents with respect to, or the right to cause the redemption, or repurchase of, any equity securities of such Subsidiary. Each of the Subsidiaries is duly qualified to do business and in good standing (where applicable) in every jurisdiction where the character of its properties owned or leased or the nature of its activities make such qualification necessary, except where the failure to be so qualified or in good standing would not, individually or in the aggregate, have or reasonably be expected to have a Material Adverse Effect on the Company and the Subsidiaries, taken as a whole.

(b) Section 4.6 of the Company Disclosure Schedules sets forth the name, jurisdiction of organization, jurisdictions of qualification as a foreign entity and the authorized and outstanding capital stock and issued share capital, as applicable, of each of the Subsidiaries. The Company has delivered to the Buyer and the Buyer Parent complete and correct copies of each of the Subsidiaries' certificate of incorporation and bylaws (or other equivalent organizational documents), as amended to date, and each such instrument is in full force and effect.

Section 4.7 Financial Statements.

(a) The Company has previously delivered to the Buyer accurate and complete copies of the audited consolidated balance sheets of the Company and each of the Subsidiaries at December 31, 2010 (the "Balance Sheet Date") and December 31, 2009 (including the notes thereto, if any), and the related audited consolidated statements of operations, shareholder's equity and cash flows for the three (3) years in the period ended December 31, 2010 (collectively, the financial statements described in this Section 4.7 are referred to herein as the "Financial Statements"). Such Financial Statements present fairly, in all material respects, the consolidated financial position of the Company and the Subsidiaries at the date thereof, and the results of operations and cash flows of the Company and each of the Subsidiaries for the period indicated, in conformity with GAAP consistently applied throughout such periods.

(b) The Company and the Subsidiaries maintain systems of internal accounting controls sufficient to provide reasonable assurances that: (i) the Company's and the Subsidiaries' transactions are executed in accordance with management's general or specific authorization; (ii) the Company's and the Subsidiaries' transactions are recorded as necessary to permit the preparation of financial statements in conformity with GAAP and to maintain accountability for its assets; (iii) access to the Company's and the Subsidiaries' assets is generally permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for the Company's and the Subsidiaries' assets is compared with the actual levels annually and appropriate action is taken with respect to any differences. The Company has provided the Buyer copies of the management letters delivered to the Company or any Subsidiary, as applicable, by their outside accountants in connection with the Financial Statements or relating to any review by the Company's or the Subsidiaries' outside accountants of the internal controls of the Company or the Subsidiaries, as applicable.

Section 4.8 Absence of Certain Changes. Since the Balance Sheet Date until the date of this Agreement, except as may be affected by actions expressly contemplated by this Agreement, (a) the businesses of the Company and each of the Subsidiaries has been conducted in the ordinary course consistent with past practice, (b) none of the actions or events prohibited or circumscribed by Section 6.1(b) have been taken or have occurred, and (c) there has not been any circumstance, development, event, condition, effect or change that, individually or in the aggregate, has had or could reasonably be expected to have a Material Adverse Effect on the Company and the Subsidiaries, taken as a whole.

Section 4.9 Undisclosed Liabilities. Neither the Company nor any of the Subsidiaries has any liabilities required by GAAP to be included in the Financial Statements other than (a) liabilities reflected or otherwise reserved against in the Financial Statements or disclosed in the notes thereto, (b) liabilities in connection with this Agreement, the other agreements contemplated hereby and the transactions contemplated hereby and thereby, (c) liabilities arising subsequent to the Balance Sheet Date in the ordinary course of business consistent with past practice or (d) liabilities that have not had and would not be reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on the Company and the Subsidiaries, taken as a whole.

Section 4.10 Registration Statement. The Registration Statement on Form F-1 (including all exhibits and schedules thereto, the "Registration Statement"), confidentially submitted to the SEC on February 16, 2011 in connection with the Company's proposed initial public offering, complied in all material respects, as of its submission date, with the applicable requirements of the Securities Act, as in effect on the date the Registration Statement was submitted. As of its submission date, the Registration Statement, including any financial statements or schedules included therein, did not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading. True and correct copies of the Registration Statement, as well as copies of any correspondence between the Company and the SEC related to the Registration Statement, have been furnished to the Buyer and the Buyer Parent.

Section 4.11 Title to Properties; Encumbrances.

(a) Section 4.11(a) of the Company Disclosure Schedules lists the address and description of each parcel of real property owned by the Company or any of the Subsidiaries (including without limitation, any land use rights) (the "Owned Real Estate"). With respect to each parcel of Owned Real Estate:

(i) The Company and each of the Subsidiaries, as applicable, has sole legal and beneficial ownership of good and marketable title (or equivalent concepts for any non-United States jurisdictions) in the estate in fee simple (or equivalent concepts for any non-United States jurisdictions), free and clear of any Encumbrance (except for Permitted Real Estate Encumbrance).

(ii) Neither the Company nor any of the Subsidiaries has leased or otherwise granted to any Person the right to use or occupy the Owned Real Estate or any portion thereof.

(iii) There are no outstanding options, rights of first offer, rights of first refusal or any other rights to purchase, lease or acquire any other interest in the Owned Real Estate or any portion thereof or interest therein.

(iv) To the extent such Owned Real Estate is a land use right, all land grant premiums required under applicable Laws in connection with securing such land use rights, and under the applicable land use rights grant contracts have been fully paid except to the extent where such failure would not be reasonably expected to have a Material Adverse Effect on the Company and the Subsidiaries, taken as a whole.

(b) Section 4.11(b) of the Company Disclosure Schedules lists all real property that is leased, used or occupied by the Company or any of the Subsidiaries, as applicable, in connection with their respective businesses (the "Rental Real Estate") and true and complete copies of the leases, subleases and agreements (including all amendments thereto) by which such Rental Real Estate is leased, used or occupied (collectively, the "Leases") have been delivered or made available to the Buyer (or in the case of oral agreements, a description of such arrangement is contained in Section 4.11(b) of the Company Disclosure Schedules). With respect to each of the Leases and the Rental Real Estate:

(i) The Company or any of the Subsidiaries, as applicable, has sole legal and beneficial ownership of good and marketable title (or equivalent concepts for any non-United States jurisdictions) in the leasehold estate to the Rental Real Estate, free and clear of any Encumbrance (except for Permitted Real Estate Encumbrances).

(ii) Each Lease is a valid and binding obligation of the Company or any of the Subsidiaries (as applicable), enforceable against it in accordance with its terms, except as the same may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or similar Laws now or hereafter in effect relating to creditors' rights and remedies generally. As of the date of this Agreement, there are no defaults by the Company or any of the Subsidiaries under any Lease or, to the Knowledge of the Company and each of the Subsidiaries, by any other party thereto, nor is the Company or any of the Subsidiaries in receipt of any written claims of default, or to the Knowledge of the Company and each of the Subsidiaries, any oral claims of default, under any Lease, in each case except as would not reasonably be expected to have a Material Adverse Effect on the Company and the Subsidiaries, taken as a whole. No event has occurred as of the date of this Agreement which, through the passage of time or the giving of notice, or both, would constitute a default by the Company or any of the Subsidiaries under any Lease or, to the Knowledge of the Company and each of the Subsidiaries, by the other party thereto or would cause the acceleration of any obligation under any Lease, the loss of any rights under any Lease, or the creation of any Encumbrance (other than a Permitted Real Estate Encumbrance) upon any asset of the Company or any of the Subsidiaries, in each case, except as would not reasonably be expected to have a Material Adverse Effect on the Company and the Subsidiaries, taken as a whole.

(iii) Neither the Company nor any of the Subsidiaries have entered into leases, subleases, concessions or other agreements granting to any Person the right to lease, use or occupy, or to acquire any interest in, the Leases or any portion of the Rental Real Estate and no Person (other than the Company or any of the Subsidiaries, as applicable) is in possession of any part of the Rental Real Estate.

(iv) All material registrations and filings of such Leases as required under applicable Laws have been duly made.

(c) The Owned Real Estate and Rental Real Estate (collectively, the "Real Estate") comprise all of the real property used or intended to be used in the businesses of the Company and each of the Subsidiaries; and neither the Company nor any of the Subsidiaries is a party to any agreement or option to purchase any other real property or interest therein.

(d) All material buildings, structures, fixtures, building systems and equipment, utility services or systems, and all components thereof, owned by the Company or any of the Subsidiaries and included in the Real Estate are, except for ordinary wear and tear, in condition and repair sufficient for the operation of the businesses, as presently conducted, of the Company and each of the Subsidiaries.

(e) Neither the Company nor any of the Subsidiaries has Knowledge of any condemnation, expropriation, other proceeding in eminent domain, or acquisition affecting any Real Estate or any portion thereof or interest therein.

(f) To the Knowledge of the Company and each of the Subsidiaries, the use of the Real Estate is in material compliance with all applicable building, zoning, subdivision, health and safety and other applicable land use Laws, and all material requirements of any Permitted Real Estate Encumbrances.

(g) The Company and each of the Subsidiaries, as applicable, has paid all material stamp duty relating to the Leases that was due prior to the date of this Agreement.

(h) There are no material encroachments by adjoining properties onto the Real Estate and there are no material encroachments by the Real Estate onto adjoining properties.

Section 4.12 Intellectual Property.

(a) Section 4.12(a) of the Company Disclosure Schedules includes a complete and accurate list of all patent, trademark, service mark, trade name, domain name and copyright registrations and applications for registration of any of the foregoing owned by the Company or any of the Subsidiaries ("Owned Registered Intellectual Property"), in each case listing (i) the jurisdiction where the application or registration has been filed; (ii) the application or registration number; (iii) the filing or registration date; (iv) the registered owner; and (v) the current status. Each item of material Owned Registered Intellectual Property is and, to the Knowledge of the Company and each of the Subsidiaries, at all times has been in material compliance with all applicable Laws, and all filings, payments, and other actions required to be taken to maintain such material Owned Registered Intellectual Property in full force and effect have been taken. To the Knowledge of the Company and each of the Subsidiaries, the material Owned Registered Intellectual Property is valid, enforceable and uncontested, and nothing has been done or omitted to be done by which they may cease to be valid and enforceable. All assignments to the Company and each of the Subsidiaries with respect to material Owned Registered Intellectual Property have been properly executed and recorded with the relevant Governmental Entities.

(b) The Company or one of the Subsidiaries is the exclusive legal and beneficial owner of all right, title and interest in and to all material Owned Intellectual Property, free and clear of all Encumbrances (except for Permitted Encumbrances). To the Knowledge of the Company and each of the Subsidiaries, the conduct of the businesses of the Company and each of the Subsidiaries does not conflict with, misappropriate, or infringe (other than assertions of infringement by Non-Practicing Entities that arise as of or after the date of the Agreement), and has not, within the three (3) years prior to the date hereof, conflicted with, infringed or misappropriated, the rights of any third Person. There have been no proceedings or written threats within the three (3) years prior to the date of this Agreement, and there are no proceedings currently pending before any Governmental Entity or threatened in writing, (i) alleging that the Company or any of the Subsidiaries is infringing, misappropriating or violating any rights of a third Person with regard to any Intellectual Property, or (ii) contesting the title, scope, validity, registrability or enforceability of any material Owned Intellectual Property. As of the date of this Agreement, no Owned Intellectual Property is subject to any Action, settlement agreement or stipulation that restricts in any material manner the use, transfer or licensing thereof by the Company or any of the Subsidiaries or that may materially affect the validity or enforceability of any Owned Intellectual Property whether before or immediately after the Closing.

(c) The Business Intellectual Property (including all Intellectual Property that is the subject of the IP License Agreement) constitutes all of the Intellectual Property sufficient (other than Business Intellectual Property that is the subject of an assertion of infringement by Non-Practicing Entities that arise as of or after the date of the Agreement) for the operation of the businesses as presently conducted by the Company and each of the Subsidiaries as of the date of this Agreement. The Company or any of the Subsidiaries owns or possesses a valid, enforceable and written license to use the Licensed Intellectual Property sufficient for the present operation of the business, and, to the Knowledge of the Company and each of the Subsidiaries, neither the Company nor any of the Subsidiaries is in default under any such license it has to use Licensed Intellectual Property; except as enforceability of such licenses may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other similar Laws now or hereafter in effect relating to or limiting creditors' rights and remedies generally and general principles of equity relating to the availability of specific performance and injunctive and other forms of equitable relief.

(d) To the Knowledge of the Company and each of the Subsidiaries, within the three (3) years prior to the date of this Agreement, (i) no third Person has materially infringed any Owned Intellectual Property; or (ii) no claim has been made in writing contesting the validity, registrability or enforceability of any Owned Intellectual Property.

(e) The Company and each of the Subsidiaries have taken all commercially reasonable measures to maintain the confidentiality of all confidential information developed, used or held for use in the operation of their respective businesses. The Company and each of the Subsidiaries have and use commercially reasonable efforts to enforce policies (i) requiring all Persons, including employees, agents, consultants or contractors contributing to or participating in the creation, development or authorship of any material Owned Intellectual Property to assign to the Company or any of the Subsidiaries full ownership of, and all right, title and interest in and to such Intellectual Property, and (ii) any such assignment of material Owned Intellectual Property to the Company or any of the Subsidiaries as of the date of this Agreement has been made in accordance with applicable Laws.

(f) To the Knowledge of the Company and each of the Subsidiaries, all use and distribution by the Company or any of the Subsidiaries of products of the Company or any of the Subsidiaries and any Open Source Software by the Company or any of the Subsidiaries is in material compliance with all Open Source Software licenses applicable thereto.

(g) Neither the Company nor any of the Subsidiaries is or has been a member or promoter of, or contributor to, any industry standards bodies, patent pooling organizations or similar organizations that could reasonably be expected to require or obligate the Company or any of the Subsidiaries to grant or offer to any Person any license or right to any material Owned Intellectual Property that would materially impair or materially limit its control of such Owned Intellectual Property. No funding, facilities, or personnel of any Governmental Entity or university, college, other educational institution or research center or funding from any other Person was used directly or indirectly in the development of any material Owned Intellectual Property where, as a result of such funding or the use of such facilities, any Governmental Entity or any university, college, other educational institution or research center has any rights in or to such Owned Intellectual Property.

(h) None of the execution, delivery or performance of this Agreement or the consummation of any of the transactions contemplated by this Agreement will, under the terms of any Material Contract to which the Company or any Subsidiary is a party, result in (i) the Buyer granting, assigning or transferring to any Person any material rights or licenses to any Intellectual Property, (ii) the Company or any of the Subsidiaries being obligated to cause the Buyer to grant, assign or transfer to any Person any material rights or licenses to any Intellectual Property; (iii) the release, disclosure or required delivery to any Person of any material Owned Intellectual Property or tangible embodiments thereof; (iv) any requirement to pay any material royalties or other material amounts in excess of those that would have, in any event, been payable by the Company or any of the Subsidiaries, or the Company or any of the Subsidiaries being subject to more materially adverse terms in respect of any rights or licenses to any material Business Intellectual Property had the transactions contemplated by this Agreement not occurred; or (v) the loss of any material rights of the Company or any of the Subsidiaries to any Intellectual Property licensed to the Seller or its Affiliates by any third Persons, except in the cases of (i), (ii), (iii), (iv) and (v) above, for any such conflicts, violations, breaches, defaults or other occurrences which would not reasonably be expected to have a Material Adverse Effect on the Company and the Subsidiaries, taken as a whole.

Section 4.13 Title to Assets; Condition and Sufficiency of Assets.

(a) The Company and each of the Subsidiaries have good and valid title to, or a valid leasehold interest in, the material tangible personal property used in the conduct of the Company's and each of the Subsidiaries' respective businesses, reflected on the Financial Statements or acquired since the date thereof, free and clear of all Encumbrances (except Permitted Encumbrances), except as would not reasonably be expected to materially interfere with the ability of the Company and the Subsidiaries to use such personal property in the business of the Company and the Subsidiaries as currently conducted and except for assets disposed of in the ordinary course of business consistent with past practice since the Balance Sheet Date and otherwise in compliance with this Agreement.

(b) The material tangible personal property owned or used by the Company and each of the Subsidiaries is, respectively, in operating condition and repair, ordinary wear and tear excepted, and is usable in the ordinary course of business. The personal property and assets shown on the Latest Balance Sheet or acquired after the Balance Sheet Date and the lease rights under the leases of the Company and each of the Subsidiaries' personal property collectively include all material assets reasonably necessary to the conduct of the Company and each of the Subsidiaries' respective businesses as presently conducted, and all such properties are located at the Real Estate.

Section 4.14 Material Contracts. Section 4.14 of the Company Disclosure Schedules lists all of the following Contracts to which the Seller (only with respect to Section 4.14(g), (h) and (i)), the Company or any of the Subsidiaries is a party or is bound as of the date of this Agreement (each, a "Material Contract" and collectively, the "Material Contracts") (with such list including the applicable subsection(s) of this Section 4.14 to which such Contract is responsive):

(a) Contracts (other than Leases and other than Contracts otherwise required to be listed pursuant to clause (m) below) that cannot be terminated upon ninety (90) days' or less notice without penalty, that have an unexpired term of one year or more and involve future expenditure commitments in excess of $1,000,000;

(b) Contracts (other than non-disclosure agreements entered into in the ordinary course of business consistent with past practice) with (i) the Seller or any of its Affiliates or (ii) any director or officer of the Company or any of the Subsidiaries in excess of $100,000, other than employment agreements entered into in the ordinary course of business and other than Contracts required to be listed pursuant to clauses (h) or (i) below;

(c) Contracts that constitute an obligation in respect of a borrowing of money in excess of $2,000,000 by the Company or any of the Subsidiaries;

(d) Contracts that constitute a guaranty or indemnity by the Company or any of the Subsidiaries with a maximum potential liability of $5,000,000 or greater;

(e) Contracts providing for the extension of credit in excess of $5,000,000 by the Company or any of the Subsidiaries, other than in the ordinary course of business from vendors or to customers;

(f) Contracts materially limiting the ability of the Company or any of the Subsidiaries to conduct their business as currently being conducted as to manner or place;

(g) Contracts that are collective bargaining agreements, works council agreements, work forces agreements or other agreements with any labor union, employees' association or other employee representative of a group of employees of the Company or any of the Subsidiaries or any Seller Employees;

(h) Contracts that are for the employment (other than at will offer letters), severance or retention of any Seller Employee or any manager, director, officer, employee, agent, consultant or advisor of the Company or any of the Subsidiaries providing for compensation or payments in excess of $100,000 or any other Contract with any Seller Employee or member, manager, director, officer or employee, in each case in the United States, which does not provide for termination at will without further cost or liability to the Seller, the Company or any of the Subsidiaries (except for costs required by applicable Law) as of or at any time after the date of this Agreement;

(i) Contracts with any Seller Employee or any current or former employee, director or consultant of the Company or any of the Subsidiaries that (a) accelerates the vesting schedule for any grant of equity, upon or following a termination of such Person's employment or engagement with the Seller, the Company or any of the Subsidiaries or (b) provides for any bonus payments or benefits, or accelerates the vesting schedule for any grant of equity, upon the consummation of the transactions contemplated by this Agreement;

(j) Contracts with a third party that leases temporary employees or provides for contingent workers to work for the Company or any of the Subsidiaries;

(k) Contracts that are for capital expenditures in an amount exceeding $1,500,000 in any individual case or $10,000,000 in the aggregate;

(l) Contracts granting any Person an Encumbrance, other than Permitted Encumbrances or Permitted Real Estate Encumbrances, on all or any material part of the assets of the Company or any of the Subsidiaries, other than Encumbrances that will be released at the Closing;

(m) Contracts that are material to the business of the Company or any of the Subsidiaries pursuant to which (i) the Company or any of the Subsidiaries licenses or otherwise has the right to use Licensed Intellectual Property, other than Contracts for which the license or maintenance fees is less than $400,000 on an annual basis, and (ii) the Company or any of the Subsidiaries has entered into any patent cross-license with any third Person or granted any third Person any license or other right to use Owned Intellectual Property, other than non-exclusive licenses granted to customers in connection with the use of the Company's or any of the Subsidiaries' products or services in the ordinary course of business;

(n) Contracts with the ten (10) largest customers and the ten (10) largest suppliers of the Company and the Subsidiaries, on a consolidated basis, for the fiscal year ended December 31, 2010, as set forth on Section 4.21(a) of the Company Disclosure Schedules; and

(o) Contracts (other than technical services agreements and developed works agreements entered into in the ordinary course and substantially in the form of the Company's standard form for such agreements) that are joint venture, joint development, strategic partnership, partnership or other similar agreements (however named) involving a sharing of profits, losses, costs or liabilities, or the joint development or joint ownership or joint licensing of material Business Intellectual Property.

True, correct and complete copies of all Material Contracts, together with all amendments, waivers, or other changes thereto, have been delivered or made available to the Buyer. Each Material Contract is a valid and binding obligation of the Company or any of the Subsidiaries (as applicable), enforceable against it in accordance with its terms, except as the same may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or similar Laws now or hereafter in effect relating to creditors' rights and remedies generally. As of the date of this Agreement, there are no defaults by the Company or any of the Subsidiaries under any Material Contract or, to the Knowledge of the Company and each of the Subsidiaries, by any other party thereto, nor is the Company or any of the Subsidiaries in receipt of any written claims of default, or to the Knowledge of the Company and each of the Subsidiaries, any oral claims of default, under any Material Contract, in each case except as would not reasonably be expected to have a Material Adverse Effect on the Company or the Subsidiaries, taken as a whole. No event has occurred as of the date of this Agreement which, through the passage of time or the giving of notice, or both, would constitute a default by the Company or any of the Subsidiaries under any Material Contract or, to the Knowledge of the Company and each of the Subsidiaries, by the other party thereto or would cause the acceleration of any obligation under any Material Contract, the loss of any rights under any Material Contract, or the creation of any Encumbrance (other than a Permitted Encumbrance or a Permitted Real Estate Encumbrance) upon any asset of the Company or any of the Subsidiaries, in each case except as would not reasonably be expected to have a Material Adverse Effect on the Company and the Subsidiaries, taken as a whole.

Section 4.15 Litigation; Compliance with Law.

(a) There is no material Action pending or, to the Knowledge of the Company and each of the Subsidiaries, threatened in writing, against or affecting the Company or any of the Subsidiaries or any of their respective properties or assets that would reasonably be expected to have a Material Adverse Effect on the Company and the Subsidiaries, taken as a whole, other than any Action as of or after the date of this Agreement that arises out of or is related to (i) assertions of infringement by entities that aggregate Patents with the intent of asserting such Patents against multiple defendants in particular industries and that do not commercialize products or services relating to such Patents ("Non-Practicing Entities") or (ii) any Antitrust Laws. Neither the Company nor any of the Subsidiaries is a party to nor is bound by any currently effective order, judgment, injunction, assessment, unsatisfied arbitration award or decree.

(b) The Company and each of the Subsidiaries are, and have been for the three (3) years preceding the date of this Agreement, in compliance with all Laws to which any of them, or any of their respective businesses, properties or operations is subject, except where such failure to comply would not reasonably be expected to have a Material Adverse Effect on the Company and the Subsidiaries, taken as a whole, it being understood that nothing in this representation is intended to address any compliance issue that is specifically addressed by any other representation or warranty set forth in this Agreement. No written or, to the Knowledge of the Company and each of the Subsidiaries, oral notice has been received by the Company or any of the Subsidiaries alleging a material violation of any such Law. To the Knowledge of the Company and each of the Subsidiaries, no investigation, inspection, audit, or other proceeding involving allegations of any material violation of any Law has been threatened by any Governmental Entity.

Section 4.16 Taxes.

(a) Tax Matters.

(i) All material Tax Returns required to be filed on or before the Closing Date by or on behalf of the Company and each of the Subsidiaries have been or will be filed. All Tax Returns filed by any of the aforementioned are true, correct and complete in all material respects. All material Taxes (whether or not shown on a Tax Return) required to be paid prior to the Closing Date by the Company and each of the Subsidiaries have been or will be paid by the due date thereof, other than Taxes (i) for which adequate reserves have been established or (ii) being contested in good faith by appropriate procedures.

(ii) No written claim for the assessment or collection of material Taxes is presently being asserted against either of the Company or any of the Subsidiaries for any open taxable period and there are no material audits or investigations by any taxing authority, or judicial or administrative proceedings with respect to Taxes of or relating to the Company or any of the Subsidiaries currently in progress or threatened in writing. Within the past three years, no material claim has been received (in writing) from a jurisdiction in which Tax Returns have not been filed by the Company or any of the Subsidiaries to the effect that such entity is or may be subject to taxation by such jurisdiction, that has not been previously resolved. To the knowledge of the Company and each of the Subsidiaries in respect of the period preceding the past three years, no material claim has been received (in writing) from a jurisdiction in which Tax Returns have not been filed by the Company or any of the Subsidiaries to the effect that such entity is or may be subject to taxation by such jurisdiction, that has not been previously resolved.

(iii) Neither the Company nor any of the Subsidiaries has engaged in a transaction that constitutes a “listed transaction” as such term is defined in Treasury Regulation Section 1.6011-4(b)(2).

(iv) Neither the Company nor any of the Subsidiaries is or has been a member of any affiliated group within the meaning of Section 1504(a) of the Code or any combined, consolidated, unitary or other group for any Federal or state (within the United States) Tax purpose, other than a group the parent of which is the Company or such Subsidiary.

(v) Neither the Company nor any of the Subsidiaries is subject to any extension of, or has filed any waiver with respect to, any statute of limitations applicable to the assessment or collection of any material Tax, which statute (taking into account any waiver or extension) has not yet expired.

(vi) The Company and each of the Subsidiaries has withheld and paid all material Taxes required to have been withheld and paid.

(vii) There are no Tax liens on any assets of any of the Company or any of the Subsidiaries other than statutory liens for Taxes not yet due and payable.

(viii) Neither the Company nor any of the Subsidiaries will have any material liability following the Closing under any Tax sharing, Tax allocation or Tax indemnification agreement entered into prior to the Closing (other than any agreement by and among the Company or the Subsidiaries and their respective affiliates). Neither the Company nor any of the Subsidiaries has any material liability for the Taxes of any other person (other than the Company or any of the Subsidiaries) under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local, or foreign Law), as a transferee or successor.

(ix) Neither the Company nor any of the Subsidiaries will be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any (A) change in method of accounting under the Code for a taxable period ending on or prior to the Closing Date, or (B) "closing agreement" as described in Section 7121 of the Code (or any corresponding or similar provision of state Tax Law) executed on or prior to the Closing Date.

(x) The Company has provided to the Buyer all agreements for Tax holidays or incentives of the non-U.S. Subsidiaries as in effect as of the date hereof. The Company and each of the Subsidiaries are, and up until immediately before the Closing will be, in compliance with all requirements for any applicable Tax holidays or incentives.

(xi) There is no limitation on the utilization by the Company or any of the Subsidiaries of its net operating losses, capital loss carry forwards, Tax credits, or similar items under Sections 382, 383, or 384 of the Code (or any corresponding or similar provision of state, local or foreign income Tax Law), other than any such limitation arising as a result of the consummation of the transactions contemplated by this Agreement.

(xii) As of the Closing Date, the U.S. tax basis in the shares of the U.S. Subsidiary will be at least $615,000,000.

Section 4.17 Employee Benefit Plans.

(a) Section 4.17(a) of the Company Disclosure Schedules sets forth a true and complete list of each material "employee benefit plan," as defined in Section 3(3) of ERISA, and each and every material written, unwritten, formal or informal plan, agreement, program, policy or other arrangement involving direct or indirect compensation (other than workers' compensation, unemployment compensation and other government programs), employment, severance, consulting, disability benefits, supplemental unemployment benefits, vacation benefits, retirement benefits, deferred compensation, profit-sharing, bonuses, stock options, stock appreciation rights, other forms of incentive compensation, post-retirement insurance benefits, Benefit Arrangement, or other benefits, entered into, maintained or contributed to by the Company or any of the Subsidiaries or with respect to which the Company or any of the Subsidiaries has, prior to the assumption of liabilities by the Seller as contemplated Section 6.12 had, or may in the future have any liability (contingent or otherwise). Each plan, agreement, program, policy or arrangement required to be set forth on Section 4.17(a) of the Company Disclosure Schedules pursuant to the foregoing is referred to herein as a "Benefit Plan."

(b) Section 4.17(b) of the Company Disclosure Schedules sets forth for each Company Option, RSU and SAR, (i) the exercise or base price per share of each Company Option and SAR, (ii) the number of shares covered by such award, (iii) the vesting schedule for such award, (iv) whether each Company Option is an incentive stock option or non-statutory stock option under the Code, and (v) if such award is held by a Person who is not an employee of the Company or any of the Subsidiaries, the relationship of such Person to the Company. True and correct copies of the Company Equity Plans, the standard award agreements under the Company Equity Plans, and each agreement for each award that does not conform to the standard agreements under the Company Equity Plans have been delivered to the Buyer. All awards have been issued and granted in compliance with the Company Equity Plans.

(c) The Company has delivered or made available the following documents to the Buyer with respect to each Benefit Plan: (i) correct and complete copies of all documents embodying such Benefit Plan, including all amendments thereto, and all related trust documents, or a written description of any Benefit Plan that is not set forth in a written document, (ii) the most recent summary plan description together with the summary or summaries of material modifications thereto, if any, (iii) the two most recent annual actuarial valuations, if any and, (iv) the two most recent annual reports (Form Series 5500 and all schedules and financial statements attached thereto) or their foreign equivalent, if any.

(d) The Company and each of the Subsidiaries maintains, and has funded to the extent required by applicable Law, each Benefit Plan and any other labor-related plans that it is required by Law or by Contract to maintain. Each Benefit Plan has been maintained and administered in all material respects in compliance with its terms and with the requirements prescribed by any and all statutes, orders, rules and regulations (foreign and domestic), including ERISA and the Code, which are applicable to such Benefit Plans. All contributions, reserves or premium payments required to be made or accrued as of the date of this Agreement to the Benefit Plans have been timely made or accrued in all material respects. The Company and each of the Subsidiaries is in compliance in all material respects with all Laws and Contracts relating to its provision of any form of Social Insurance, and has paid, or made provision for the payment of, all Social Insurance contributions required under applicable Laws and Contracts. Each Benefit Plan intended to be qualified under Section 401(a) of the Code and each trust intended to qualify under Section 501(a) of the Code either: (i) has obtained a currently effective favorable determination, advisory and/or opinion letter, as applicable, as to its qualified status (or the qualified status of the master or prototype form on which it is established) from the IRS covering the amendments to the Code effected by the Tax Reform Act of 1986 and all subsequent legislation for which the IRS will currently issue such a letter, and no amendment to such Benefit Plan has been adopted since the date of such letter covering such Benefit Plan that would adversely affect such favorable determination; or (ii) still has a remaining period of time in which to apply for or receive such letter and to make any amendments necessary to obtain a favorable determination.

(e) No plan currently or ever in the past maintained, sponsored, contributed to or required to be contributed to by the Company, any of the Subsidiaries, or any of their respective current or former ERISA Affiliates is or ever in the past was (i) a "multiemployer plan" as defined in Section 3(37) of ERISA, (ii) a plan described in Section 413 of the Code, (iii) a plan subject to Title IV of ERISA, (iv) a plan subject to the minimum funding standards of Section 412 of the Code or Section 302 of ERISA, or (v) a plan maintained in connection with any trust described in Section 501(c)(9) of the Code. The term "ERISA Affiliate" means any Person that, together with the Company or any of the Subsidiaries, would be deemed a "single employer" within the meaning of Section 414(b), (c), (m) or (o) of the Code.

(f) Except as would not have a Material Adverse effect, (i) neither the Company nor any of the Subsidiaries is subject to any liability or penalty under Sections 4975 through 4980G of the Code or Title I of ERISA; (ii) the Company and each of the Subsidiaries have complied with all applicable health care continuation requirements in Section 4980B of the Code and in ERISA; and (iii) no "Prohibited Transaction," within the meaning of Section 4975 of the Code or Sections 406 or 407 of ERISA and not otherwise exempt under Section 408 of ERISA, has occurred with respect to any Benefit Plan.

(g) No Benefit Plan provides, or reflects or represents any obligation to provide, benefits (including death or medical benefits), whether or not insured, with respect to any former or current employee, or any spouse or dependent of any such employee, beyond the employee's retirement or other termination of employment with the Company and each of the Subsidiaries other than benefits in the nature of severance pay with respect to one or more of the employment Contracts set forth on Section 4.17(g) of the Company Disclosure Schedules.

(h) There is no Contract, plan or arrangement covering any employee or former employee of the Company or any of the Subsidiaries that, individually or collectively, could give rise to the payment as a result of the transactions contemplated by this Agreement of any amount that would not be deductible by the Company or any of the Subsidiaries by reason of Section 280G of the Code or other applicable foreign Law. For purposes of the foregoing sentence, the term "payment" shall include any payment, acceleration, forgiveness of indebtedness, vesting, distribution, increase in benefits or obligation to fund benefits. The execution of this Agreement and the consummation of the transactions contemplated by this Agreement (alone or together with any other event which, standing alone, would not by itself trigger such entitlement or acceleration) will not (i) entitle any Person to any payment, forgiveness of indebtedness, vesting, distribution or increase in benefits under or with respect to any Benefit Plan, (ii) otherwise trigger any acceleration (of vesting or payment of benefits or otherwise) under or with respect to any Benefit Plan, or (iii) trigger any obligation to fund any Benefit Plan.

(i) Except as would not have a Material Adverse Effect, no Action (excluding claims for benefits incurred in the ordinary course) has been brought or is pending or threatened against or with respect to any Benefit Plan or the assets or any fiduciary thereof (in that Person's capacity as a fiduciary of such Benefit Plan). To the Knowledge of the Company, there are no audits, inquiries or proceedings pending or threatened by the IRS, DOL, or other Governmental Entity with respect to any Benefit Plan.

(j) With respect to each Benefit Plan that is a "nonqualified deferred compensation plan" (as defined for purposes of Section 409A(d)(1) of the Code), (i) such plan has been operated since January 1, 2005 in material compliance with Section 409A of the Code and all applicable IRS guidance promulgated thereunder to the extent such plan is subject to Section 409A of the Code and so as to avoid any tax, interest or penalty thereunder; (ii) the document or documents that evidence each such plan have conformed to the provisions of Section 409A of the Code and the final regulations under Section 409A of the Code since December 31, 2008; and (iii) as to any such plan in existence prior to January 1, 2005 and not subject to Section 409A of the Code, has not been "materially modified" (within the meaning of IRS Notice 2005-1) at any time after October 3, 2004. No Company Option, RSU or SAR is, has been or would be, as applicable, subject to any Tax under Section 409A of the Code.

Section 4.18 Employment Matters.

(a) Neither the Seller (with respect to the Seller Employees), the Company nor any of the Subsidiaries is a party to any collective bargaining agreements, works council agreements or other labor contracts with any employee organization, and there are no labor unions or other organizations representing any employee of the Company or any of the Subsidiaries, or any Seller Employees. There are no labor unions or other labor organizations that have filed a petition with the National Labor Relations Board or other Governmental Entity seeking certification as the collective bargaining representative of any employee of the Company, any employee of any of the Subsidiaries, or any Seller Employees and to the Knowledge of the Company and each of the Subsidiaries, no labor union, work council or other labor organization is engaged in any organizing activity with respect to any employee or independent contractor of the Company or any of the Subsidiaries, or any Seller Employees. In the three (3) years prior to the Closing Date there has not been, there is not presently pending or existing, and, to the Knowledge of the Company, there is not threatened, (i) any strike, lockout, slowdown, picketing, or work stoppage with respect to the employees of the Company or any of the Subsidiaries or (ii) any material unfair labor practice charge or material grievance or arbitration proceeding against the Company or any of the Subsidiaries.

(b) Section 4.18(b) of the Company Disclosure Schedules lists all current employees as of the date of this Agreement, without identifying the names of such employees, of the Company and each of the Subsidiaries as of the date of this Agreement whose base compensation in 2010 exceeded $100,000, and for each such employee: (i) job position; (ii) job location; (iii) classification as exempt or non-exempt under applicable state, federal or foreign overtime regulations; (iv) hourly rate of compensation or base salary (as applicable); (v) target incentive compensation for 2011 (including commission and/or bonus, as applicable); (vi) the commencement date of employment; and (vii) the entity by which such employee is employed.

(c) Section 4.18(c) of the Company Disclosure Schedules lists all current employees as of the date of this Agreement, without identifying the names of such employees, of the Seller that primarily provide services to the Company and/or any of the Subsidiaries as of the date of this Agreement, and for each such employee ("Seller Employees"): (i) job position; (ii) job location; (iii) classification as exempt or non-exempt under applicable state or federal overtime regulations; (iv) hourly rate of compensation or base salary (as applicable); (v) target incentive compensation for 2011 (including commission and/or bonus, as applicable); (vi) the commencement date of employment with Seller; and (vii) the entity to which such employee is providing services.

(d) As of the date of this Agreement, to the Knowledge of the Company, no executive of the Company has indicated any plans to terminate employment with the Company before or after the Closing. As of the date of this Agreement, to the Knowledge of the Seller, no executive that is a Seller Employee has indicated any plans to terminate employment with Seller before or after the Closing.

(e) The Seller (with respect to the Seller Employees), the Company and each of the Subsidiaries is presently in compliance, in all material respects with all applicable Laws relating to employment, equal opportunity, nondiscrimination, immigration, wages, employee exemption status, hours, collective bargaining, occupational safety and health, and/or privacy rights of employees.

(f) Since January 1, 2010, neither the Company nor any of the Subsidiaries has effectuated (i) a "plant closing" as defined in the Worker Adjustment and Retraining Notification Act, 29 U.S.C. §§ 2101 et seq. (the "WARN Act") (or any similar state, local or foreign Law) affecting any site of employment or one or more facilities or operating units within any site of employment or facility of the Company or any of the Subsidiaries, (ii) a "mass layoff" as defined in the WARN Act (or any similar state, local or foreign Law) affecting any site of employment or facility of the Company or any of the Subsidiaries, or (iii) a "Relocation" or "Termination" within the meaning of California Labor Code § 1400 *et seq*.

Section 4.19 Environmental Matters.

(a) Except as would not have, or be reasonably expected to have, a Material Adverse Effect, the Company and each of the Subsidiaries are and have been since the date that is three (3) years before the Closing Date in compliance with all applicable Laws, and all applicable and legally binding judicial or administrative interpretations thereof, in effect at as of the date of this Agreement relating to the protection of the environment or natural resources or human health and safety as it relates to environmental protection, and relating to the presence, use, production, generation, handling, transportation, treatment, storage, disposal, distribution, labeling, testing, processing, discharge, release, threatened release, control or cleanup of any Hazardous Material in the environment and including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. § 9601 et seq.), the Hazardous Materials Transportation Act (49 U.S.C. App. § 1801 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.), the Clean Water Act (33 U.S.C. § 1251 et seq.), the Clean Air Act (42 U.S.C. § 7401 et seq.) the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.), and the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. § 136 et seq.), to the extent each is applicable and as each has been amended, including the regulations promulgated pursuant thereto (the "Environmental Laws").

(b) Except as would not have, or be reasonably expected to have, a Material Adverse Effect, the Company and each of the Subsidiaries possess and are in compliance with all permits, licenses, certificates, Approvals, franchises and other authorizations required by any Environmental Laws for the operation of their respective businesses and use and occupation of the Real Estate, and at all times prior to the date that is three (3) years before Closing Date the Company and each of the Subsidiaries possessed and were in compliance with all permits, licenses, certificates, Approvals, franchises and other authorizations required by any Environmental Laws for the operation of their respective businesses and use and occupation of the Real Estate.

(c) Except as would not have, or be reasonably expected to have, a Material Adverse Effect, the operations of the Company and each of the Subsidiaries have not caused any release of Hazardous Material ("Environmental Release") on, in or under (i) any Real Estate of the Company or any of the Subsidiaries, (ii) any other property at which the Company or any of the Subsidiaries has disposed of or arranged for the disposal of Hazardous Material or (iii) any property adjoining the Real Estate.

(d) To the Knowledge of the Company and each Company Subsidiary, there is no Environmental Release that remains unresolved at any real property presently owned, leased or operated by the Company or any of the Subsidiaries or at any Real Estate formerly owned, leased, occupied or operated by the Company or any of the Subsidiaries that represents a material liability to the Company or any of the Subsidiaries.

(e) There are no suits, notices, investigations or claims related to any Environmental Law that are pending, or to the Knowledge of the Company and each of the Subsidiaries, threatened against the Company or any of the Subsidiaries, that if determined adversely would be material to the Company and the Subsidiaries, taken as a whole.

(f) The representations and warranties in this Section 4.19 constitute the sole and exclusive representations and warranties of the Company and the Subsidiaries regarding environmental matters.

(g) Section 4.19 of the Company Disclosure Schedules contains a list of all underground storage tanks that are located on property now owned, leased or operated by the Company or any of the Subsidiaries.

Section 4.20 Affiliate Transactions. No officer or director of the Seller, the Company or any of the Subsidiaries: (a) is a party to any current Material Contract with the Company or any of the Subsidiaries or has any ownership interest in any material property or material asset of the Company or any of the Subsidiaries; (b) owns, directly or indirectly, any interest in or is an officer, director, employee or consultant of any Person that is a significant competitor the Company and the Subsidiaries; or (c) has any loan outstanding to or Action against the Seller, the Company or any of the Subsidiaries, except for claims in the ordinary course of business, for accrued salary, bonus, vacation pay, and benefits under Employee Benefit Plans. Section 4.20 of the Company Disclosure Schedules sets forth a description of all services provided by the Seller or any of its Affiliates to the Company or any of the Subsidiaries.

Section 4.21 Customers and Suppliers.

(a) Section 4.21(a) of the Company Disclosure Schedules sets forth the ten (10) largest customers and the ten (10) largest suppliers of the Company and the Subsidiaries, on a consolidated basis, for the fiscal year ended December 31, 2010, and includes the actual amount of net revenue (after rebates, discounts, or other allowances) or net purchases, as applicable, by the Company and the Subsidiaries, taken as a whole, attributable to each such customer or supplier for such period.

(b) Since the Balance Sheet Date until the date of this Agreement, no customer or supplier listed on Section 4.21(a) of the Company Disclosure Schedules has (i) cancelled or otherwise terminated any Contract with the Company or any of the Subsidiaries with a value in excess of $1,000,000 or (ii) returned, or communicated to the Company or any of the Subsidiaries an intent or threatened to return products, equipment, goods or services, with a value in excess of $1,000,000, purchased from the Company or any of the Subsidiaries. As of the date of this Agreement, neither the Company nor any of the Subsidiaries has received notice from any customer or supplier listed on Section 4.21(a) of the Company Disclosure Schedules that such customer or supplier intends to discontinue purchases or the supply of products in an amount in excess of $1,000,000 per annum.

Section 4.22 Insurance. Section 4.22 of the Company Disclosure Schedules sets forth a list of each material insurance policy to which the Company or any of the Subsidiaries is a party or a named insured and such policies are sufficient for compliance in all material respect with the requirements of applicable Law. To the Knowledge of the Company and each of the Subsidiaries, all of such material insurance policies are legal, valid, binding and enforceable, and in full force and effect and will remain so immediately after the Closing; except as enforceability of such insurance policies may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other similar Laws now or hereafter in effect relating to or limiting creditors' rights and remedies generally and general principles of equity relating to the availability of specific performance and injunctive and other forms of equitable relief. To the Knowledge of the Company and each of the Subsidiaries, neither the Company nor any of the Subsidiaries is in material breach or default with respect to its material obligations under such insurance policies (including with respect to payment of premiums).

Section 4.23 Product Warranties and Returns; Product Liability. Except to the extent reserved for on the face of the Latest Balance Sheet, as of the date of this Agreement there exists no (i) to the Knowledge of the Company, latent defect in the design or manufacture of any of the Company's or any of the Subsidiaries' products that could reasonably be expected to lead to a general recall or rework of, or post-sale warning for, such product or would affect the safety of such product (ii) pending, or to the Knowledge of the Company and each of the Subsidiaries threatened, Action by or before any Governmental Entity relating to any product alleged to have been manufactured, distributed or sold by the Company to others, and alleged to have been defective or improperly designed or manufactured or in breach of any express or implied product warranty or (iii) pending, or to the Knowledge of the Company and each of the Subsidiaries threatened, material products liability claims.

Section 4.24 Permits. The Company and each of the Subsidiaries has obtained and currently owns or possesses all right, title and interest in and to all of and is in compliance with all terms and conditions of all material permits, registrations, licenses, franchises, certifications, approvals, exemptions and other approvals (collectively, the "Approvals") from any Governmental Entity necessary for the ownership of its properties and assets and conduct of its business as presently conducted, including those Approvals necessary for the employment of the Company's or any of the Subsidiaries' employees, except where the failure to have any such Approvals would not reasonably be expected to have a Material Adverse Effect on the Company and the Subsidiaries, taken as a whole. The Company and each of the Subsidiaries are in compliance in all material respects with the terms and conditions of such Approvals and has not received any written or, to the Knowledge of the Company, oral notice that it is in material violation of any of the terms or conditions of such Approvals. All such Approvals are, and will remain valid and in full force and effect following the consummation of the transactions contemplated by this Agreement.

Section 4.25 Compliance with Anti-bribery, Economic Sanctions, Export Control and Import Laws.

(a) None of the Company, any of the Subsidiaries, or, any of their respective controlled Affiliates, directors, officers, agents or employees has, directly or indirectly, paid, or offered, promised or authorized the payment of money or anything of value to: (i) any official or employee of any Government Entity or political party; (ii) any employee of an enterprise owned or controlled by a Government Entity; (iii) a political party, a candidate for political office or person holding political office; (iv) an officer or employee of a public international organization, such as the World Bank; or (v) to any other Person, in each instance, while being aware of or having a belief that such money or item of value will be passed on to one of the above, to influence any act or decision by such Person or by any Governmental Entity for the purpose of obtaining, retaining or directing business, in violation of any applicable anti-bribery laws.

(b) Neither the Company nor any of the Subsidiaries maintains or conducts, and has not maintained or conducted, any business, investment, operation or other activity in the conduct of the respective businesses of the Company or any of the Subsidiaries and the ownership, operation or use of the Company's or of each of the Subsidiaries' assets in or with: (i) any country or Person targeted by any of the United States economic sanctions laws administered by the United States Treasury Department's Office of Foreign Assets Control ("OFAC"); (ii) any Person appearing on the list of Specially Designated Nationals and Blocked Persons issued by OFAC; or (iii) any country or Person designated by the United States Secretary of the Treasury pursuant to the USA PATRIOT Act as being of "primary money laundering concern."

(c) In the past three years, neither the Company nor any of the Subsidiaries has conducted business in material violation of applicable export control and import Laws and has at all times obtained appropriate material authorizations, licenses, classifications or other necessary approvals in connection with the export and importation of its products.

Section 4.26 Books and Records. The books and records (including any statutory records, registers and books) of the Company and each of the Subsidiaries are true, accurate and complete in all material respects and have been kept in all material respects in compliance with the customary practice of the Company and the Subsidiaries and applicable Law. At the Closing, all such books and records will be in the possession of the Company and the Subsidiaries.

Section 4.27 Brokers', Finders' Fees, etc. Except for Goldman, Sachs & Co., no Person is entitled to rights to brokerage commissions, finders' fees or similar compensation in connection with the transactions contemplated by this Agreement based on any arrangement or agreement made by or on behalf of the Company, any of the Subsidiaries or any of their respective Affiliates, officers, employees or directors, for which the Company is liable.

Section 4.28 No Additional Representations. Except for representations and warranties made by the Seller and the Company in Article III, Article IV and in any other Transaction Document and as set forth in the certificates delivered by the Company and the Seller to the Buyer pursuant to Section 7.3 and Section 7.4, none of the Company, the Seller or any other Person makes any express or implied representation or warranty with respect to the Seller, the Company or the Subsidiaries or their respective businesses, operations, assets, liabilities, conditions (financial or otherwise) or prospects in connection with this Agreement or the transactions contemplated hereby, and the Seller and the Company hereby disclaim any such other representations or warranties. In particular, without limiting the foregoing disclaimer, neither the Seller, the Company nor any other Person makes or has made any representation or warranty to the Buyer or any of its affiliates or representatives with respect to (a) any financial projection, forecast, estimate, budget or prospect information relating to the Company, any of the Subsidiaries or their respective businesses, or (b) any oral or, except for the representations and warranties made by the Seller and the Company in Article III and this Article IV and as set forth in the certificates delivered by the Company and the Seller to the Buyer pursuant to Section 7.3 and Section 7.4, written information presented to the Buyer or any of its affiliates or representatives in the course of their due diligence investigation of the Seller, the Company and the Subsidiaries, the negotiation of the Agreement or in the course of the transactions contemplated hereby.

ARTICLE V
REPRESENTATIONS AND WARRANTIES RELATING TO THE BUYER AND THE BUYER PARENT

Each of the Buyer and the Buyer Parent represents and warrants to each of the Company and the Seller as of the date of this Agreement and as of the Closing Date, as though made as of the Closing Date, as set forth below.

Section 5.1 Organization. The Buyer is a corporation duly organized, validly existing and in good standing under the laws of the Cayman Islands and is an indirect wholly owned subsidiary of the Buyer Parent. The Buyer Parent is a corporation duly organized, validly existing and in good standing under the Laws of the State of Delaware. Each of the Buyer and the Buyer Parent has all requisite corporate power and authority to carry on its business as presently conducted and to own or lease and operate its property and assets. Each of the Buyer and the Buyer Parent is duly qualified to do business and is in good standing in each jurisdiction where the character of their respective properties owned or leased or the nature of their respective activities make such qualification necessary, except where the failure to be so qualified or in good standing would not, individually or in the aggregate, have or reasonably be expected to have a Material Adverse Effect on Buyer Parent or any of its subsidiaries, taken as a whole. The Buyer and the Buyer Parent have each delivered to the Company complete and correct copies of their respective articles of incorporation and bylaws (or other equivalent organizational documents), as amended to date, and each such instrument is in full force and effect.

Section 5.2 Authorization; Enforceability.

(a) Each of the Buyer and the Buyer Parent has all requisite power and authority to enter into this Agreement and the other Buyer Transaction Documents, to perform its obligations hereunder and thereunder and to carry out the transactions contemplated by this Agreement and thereby. All necessary corporate action has been taken to authorize the execution, delivery and performance of this Agreement and each other Buyer Transaction Document. Each of the Buyer and the Buyer Parent has duly executed and delivered this Agreement and, at or prior to the Closing, will have duly executed and delivered each other Buyer Transaction Document.

(b) This Agreement is, and each other Buyer Transaction Document, when duly executed and delivered at or prior to the Closing by the Buyer and the Buyer Parent (as applicable) will be, the legal, valid and binding obligation of the Buyer and the Buyer Parent (as applicable), enforceable against the Buyer and the Buyer Parent (as applicable) in accordance with their respective terms, except as enforceability of such objections may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other similar Laws now or hereafter in effect relating to or limiting creditors' rights or remedies generally and general principles of equity relating to the availability of specific performance and injunctive and other forms of equitable relief.

Section 5.3 No Violation. Neither the execution and delivery of this Agreement and the other Buyer Transaction Documents nor the consummation of the transactions contemplated hereby or thereby (with or without the passage of time or the giving of notice, or both) will (a) contravene, violate, breach or be in conflict with any provisions of the Buyer's or the Buyer Parent's respective articles of incorporation or bylaws or other equivalent organizational documents or any of their respective subsidiaries or (b) with or without the giving of notice or passage of time, or both, violate, or be in conflict with, or create an Encumbrance (other than a Permitted Encumbrance or Permitted Real Estate Encumbrance) under or constitute a default (or give rise to any right of termination, amendment, cancellation or acceleration) under any of the terms, conditions or provisions of any material contract to which the Buyer or the Buyer Parent or any of their respective subsidiaries is a party or by which the Buyer or the Buyer Parent or any of their respective subsidiaries or any of their respective assets may be bound or (c) violate or conflict with any Laws to which the Buyer or the Buyer Parent is subject or (d) give rise to a declaration or imposition of any Encumbrance (other than a Permitted Encumbrance or Permitted Real Estate Encumbrance) on any of the assets of the Buyer or the Buyer Parent or any of their respective subsidiaries, except in the cases of (b), (c) and (d) above, for any such conflicts, violations, breaches, defaults or other occurrences which could not reasonably be expected to have a Material Adverse Effect on the Buyer or the Buyer Parent.

Section 5.4 Consents and Approvals.

(a) Except for compliance with the HSR Act and other applicable Antitrust Laws, no consent, approval or authorization of, or declaration, filing or registration with, any Governmental Entity is required to be made or obtained by the Buyer or the Buyer Parent, respectively, in connection with the execution, delivery and performance of this Agreement and the other agreements contemplated hereby or the consummation of the transactions contemplated hereby or thereby.

(b) No consent, approval or authorization of, or notice to any counterparty to any material contract of the Buyer or the Buyer Parent must be made or obtained by the Buyer or the Buyer Parent, respectively, in connection with the execution, delivery and performance of this Agreement and the other agreements contemplated hereby or the consummation of the transactions contemplated hereby or thereby.

Section 5.5 Capitalization.

(a) The authorized capital stock of the Buyer Parent consists of (a) 5,000,000 shares of preferred stock, par value $0.01 per share, and (b) 450,000,000 shares of the Buyer Parent's common stock, of which, as of the date of this Agreement, zero shares of the Buyer Parent's preferred stock are issued and outstanding or held in treasury, and 232,101,734 shares of the Buyer Parent's common stock are issued and outstanding and zero shares of the Buyer Parent's common stock are held in treasury. As of the date of this Agreement, there are outstanding options to purchase an aggregate of 10,671,605 shares of the Buyer Parent's common stock. The Buyer Parent has reserved an aggregate of 28,935,206 shares of the Buyer Parent's common stock for issuance pursuant to the Buyer Parent's employee benefit plans (including shares issued in respect of awards and shares subject to outstanding awards). All issued shares of the Buyer Parent's common stock have been duly authorized validly issued, fully paid and are nonassessable and are not subject to and were not issued in violation of any preemptive rights.

(b) The authorized capital stock of the Buyer consists of 1,000,000 ordinary shares, par value $1.00 per share, of which, as of the date of this Agreement, 900,001 shares of the Buyer's ordinary shares are issued and outstanding, and zero shares of the Buyer's ordinary shares are held in treasury. As of the date of this Agreement, there are no outstanding options to purchase shares of the Buyer. The Buyer has reserved zero ordinary shares for issuance pursuant to employee benefit plans (including shares issued in respect of awards and shares subject to outstanding awards). All of the 900,001 issued shares of the Buyer have been duly authorized validly issued, fully paid and are nonassessable and are not subject to and were not issued in violation of any preemptive rights.

(c) Except as set forth above, there is no outstanding, and there has not been reserved for issuance any: (i) share or other voting securities of the Buyer Parent or the Buyer; (ii) security of the Buyer Parent or the Buyer convertible into or exchangeable for shares in the capital or voting securities of the Buyer Parent or the Buyer; (iii) option or other right to acquire from the Buyer Parent or the Buyer, or obligation of the Buyer Parent or the Buyer to issue, any shares, voting securities or security convertible into or exchangeable for shares or voting securities of the Buyer Parent or the Buyer, as the case may be; or (iv) equity equivalent interest in the ownership or earnings of the Buyer Parent or the Buyer or other similar right (the items in clauses (i) through (iv) collectively, "Buyer Securities"). There is no outstanding obligation of the Buyer Parent or the Buyer to repurchase, redeem or otherwise acquire any Buyer Security. There is no stockholder agreement, voting trust or other agreement or understanding to which the Buyer Parent or the Buyer is a party or by which the Buyer Parent or the Buyer are bound relating to the voting, purchase, transfer or registration of any shares of the Buyer Parent or the Buyer or preemptive rights with respect thereto.

Section 5.6 Reports; SEC Filings. The Buyer Parent has timely filed with, or furnished to, as applicable, the SEC all forms, reports and documents required to be filed or furnished since June 27, 2008 (all such forms, reports and documents, together with any documents filed during such period by the Buyer Parent with the SEC on a voluntary basis on Current Reports on Form 8-K and, in all cases, all exhibits and schedules thereto, the "Buyer Parent SEC Reports"), each of which complied in all material respects, as of its filing date (or, if amended or superseded by a filing prior to the date of this Agreement, on the date of such amended or superseded filing), with the applicable requirements of the Securities Act or the Exchange Act, as the case may be, each as in effect on the date such Buyer Parent SEC Report was filed, except as otherwise disclosed in any such Buyer Parent SEC Report. As of its filing date (or, if amended or superseded by a filing prior to the date of this Agreement, on the date of such amended or superseded filing), each Buyer Parent SEC Report, including any financial statements or schedules included or incorporated by reference therein, did not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading. True and correct copies of all Buyer Parent SEC Reports filed prior to the date of this Agreement have been furnished to the Company or are publicly available in the EDGAR database of the SEC. None of the Buyer Parent's subsidiaries is required to file any forms, reports or other documents with the SEC. No executive officer of the Buyer Parent has failed in any respect to make the certifications required of him or her under Section 302 or 906 of the Sarbanes-Oxley Act of 2002 with respect to any Buyer Parent SEC Report, and neither the Buyer Parent nor any of its executive officers has received notice from any Governmental Entity challenging or questioning the accuracy, completeness, form or manner of filing of such certifications. There are no outstanding comments from the staff of the SEC with respect to any of the Buyer Parent SEC Reports.

Section 5.7 Financial Statements.

(a) The audited and unaudited consolidated financial statements of the Buyer Parent and its subsidiaries, including any related notes thereto, included (or incorporated by reference) in the Buyer Parent SEC Reports (except as amended or superseded by a filing prior to the date of this Agreement) present fairly, in all material respects, the consolidated financial position of the Buyer Parent and its subsidiaries as of the dates thereof, and the consolidated results of operations and cash flows of the Buyer Parent and its subsidiaries for the periods then ended, in conformity with GAAP consistently applied throughout such periods.

(b) The Buyer Parent has implemented and maintains a system of internal accounting controls sufficient in all material respects to provide reasonable assurances regarding the reliability of financial reporting and the preparation of financial statements in accordance with GAAP. The Buyer Parent (i) has implemented and maintains disclosure controls and procedures sufficient in all material respects to ensure that material information relating to the Buyer Parent is made known to the chief executive officer and the chief financial officer of the Buyer Parent by others within those entities and (ii) has disclosed, based on its most recent evaluation prior to the date of this Agreement, to the Buyer Parent's outside auditors and the audit committee of the board of directors of the Buyer Parent (A) any significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting that are reasonably likely to adversely affect the Buyer Parent'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 Buyer Parent's internal control over financial reporting.

Section 5.8 Litigation; Compliance with Law.

(a) Except as set forth in the reports, schedules and other documents filed by the Buyer Parent with the SEC, or furnished by the Buyer Parent to the SEC, in either case publicly available prior to the date of this Agreement, there is no material Action pending or, to the Knowledge of the Buyer or the Buyer Parent, threatened in writing, against or affecting the Buyer Parent or any of its subsidiaries or affecting any of their respective properties or assets that would reasonably be expected to have a Material Adverse Effect on the Buyer Parent and its subsidiaries, taken as a whole, other than any Action as of or after the date of this Agreement that arises out of or is related to (i) assertions of infringement by Non-Practicing Entities or (ii) any Antitrust Laws.

(b) The Buyer and the Buyer Parent are in compliance with all Laws applicable to the Buyer and the Buyer Parent or to the conduct of the business or operations of the Buyer and the Buyer Parent, except for such failures to be in compliance that have not had or would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. No written or, to the Knowledge of the Buyer Parent and the Buyer, oral notice has been received by the Buyer Parent or the Buyer alleging a material violation of any such Law. To the Knowledge of the Buyer Parent and the Buyer, no investigation, inspection, audit, or other proceeding involving allegations of any material violation of any Law is threatened.

Section 5.9 Absence of Certain Changes. Since December 31, 2010 to the date of this Agreement, there has not been any circumstance, development, event, condition, effect or change that, individually or in the aggregate, has had or could reasonably be expected to have a Material Adverse Effect on the Buyer Parent or the Buyer.

Section 5.10 Accredited Investor. The Buyer is an "accredited investor" as defined in Rule 501 of Regulation D of the Securities Act, as presently in effect. The Buyer acknowledges that the Stock has not been registered under the Securities Act or any state securities Laws and that the Stock may not be sold, transferred, offered for sale, pledged, hypothecated or otherwise disposed of unless such transfer, sale, assignment, pledge, hypothecation or other disposition is pursuant to the terms of an effective registration statement under the Securities Act and is registered under any applicable state or foreign securities Laws or pursuant to an exemption from registration under the Securities Act and any applicable state or foreign securities Laws.

Section 5.11 Buyer Parent Stock. At the Closing, the Buyer Parent Stock will have been duly authorized, validly issued, fully paid, non-assessable and free and clear of all Encumbrances, other than as set forth in the Investor Rights Agreement.

Section 5.12 Sufficient Funds. The Buyer and the Buyer Parent will have at the Closing sufficient funds to pay all of the consideration payable to the Seller as required by this Agreement, and to make all other necessary payments in connection with the purchase of the Stock on the terms set forth herein and to pay all related fees and expenses of the Buyer and the Buyer Parent.

Section 5.13 Brokers', Finders' Fees, etc. Except for Merrill Lynch, Pierce, Fenner & Smith Incorporated, no Person is entitled to rights to brokerage commissions, finders' fees or similar compensation in connection with the transactions contemplated by this Agreement based on any arrangement or agreement made or alleged to have been made by or on behalf of the Buyer, the Buyer Parent or any of their respective Affiliates, officers, employees or directors, and neither the Buyer nor the Buyer Parent has received a claim for such compensation nor has Knowledge of any such claim.

Section 5.14 Tax Holidays or Incentives. The Buyer has no knowledge of any Taxes relating to any agreements for Tax holidays or incentives that would arise as a result of the transactions contemplated by this Agreement.

ARTICLE VI
COVENANTS

Section 6.1 Conduct of Business.

(a) From and after the date of this Agreement until the Closing Date or the date, if any, on which this Agreement is earlier terminated pursuant to Section 10.1 (except (w) as may be required by Law, (x) with the prior written consent of the Buyer, which consent shall not be unreasonably withheld, delayed or conditioned, (y) as contemplated or permitted by this Agreement or (z) as set forth in Schedule 6.1), the Company and the Seller agree to use commercially reasonable efforts to conduct the activities and operations of the Company and each of the Subsidiaries only in the ordinary course of business, consistent with past practices and in material compliance with all applicable Laws.

(b) Notwithstanding Section 6.1(a), except (w) as may be required by Law, (x) with the prior written consent of the Buyer, which consent shall not be unreasonably withheld, delayed or conditioned, (y) as contemplated or permitted by this Agreement or (z) as set forth in Schedule 6.1, neither the Company nor any of the Subsidiaries will take any of the following actions; provided, however, that the Buyer may for any reason withhold its consent with respect to (x) with respect to the Company for any action, which is not in the ordinary course of business for the Company consistent with past practice, (A) establishing or adopting any Benefit Plan, (B) taking any of the actions specified in Section 6.1(b)(xvii) and (xxi), (C) granting or providing any severance or termination payments or benefits to any Seller Employee or any director, officer, Company Employee, former employee, or their dependents or beneficiaries, (D) increasing the pension, welfare, severance or other benefits of any Seller Employee or Company Employee, or (E) entering into, adopting or amending any employment, severance, change in control, termination, equity award, deferred compensation or similar agreement with any Seller Employee or Company Employee, but only to the extent, in the case of each of (A), (C), (D) and (E), that any such related obligation would survive the Closing:

(i) Except for (A) the repayment by the Company or any of the Subsidiaries of debt (including the payment of debt owed to the Seller) or (B) ordinary shares of the Company to be issued or delivered pursuant to the Company Equity Plans, and except for the issuance, grant or delivery of equity-based awards granted pursuant to the Company Equity Plans in the ordinary course of business consistent with past practice, transfer, issue, sell, redeem or dispose of, or agree to do so, any shares in or other equity securities of the Company or any of the Subsidiaries, grant options, warrants, calls or other rights to purchase or otherwise acquire shares in or other equity securities of the Company or any of the Subsidiaries or issue any security convertible into shares in or other equity securities of the Company or any of the Subsidiaries;

(ii) Except for ordinary shares of the Company to be issued or delivered pursuant to the Company Equity Plans, and except for the issuance, grant or delivery of equity-based awards granted pursuant to the Company Equity Plans in the ordinary course of business consistent with past practice, effect any change in the Company's or any of the Subsidiaries' authorized or issued share capital (where applicable) or other equity securities, effect any recapitalization, reclassification, stock split or like change, directly or indirectly, in the share capital or other equity securities of the Company or any of the Subsidiaries or amend any material term of any outstanding security of the Company or any of the Subsidiaries;

(iii) Amend or propose to amend the memorandum and articles of association and other charter and organizational documents of the Company or any of the Subsidiaries;

(iv) Acquire, by merging or consolidating with, or by purchasing an equity interest in, or by any other manner, any Person or division thereof or any securities of any Person;

(v) Other than in the ordinary course of business consistent with past practices (including under the Company's revolving trade accounts receivable financing program or any new such programs and existing lines of credit), incur Indebtedness for borrowed money for any reason, or become the guarantor, surety, endorser or otherwise liable for any Indebtedness of any other Person (except as the endorser of checks in the ordinary course of business);

(vi) Other than in the ordinary course of business consistent with past practice (including but not limited to (A) purchases and sales of products, materials and inventory in the ordinary course of business consistent with past practice, (B) inventory write-offs in the ordinary course of business consistent with past practice or (C) purchases and dispositions of equipment and other capital items in the ordinary course or consistent with the Company's 2011 capital plan made available to the Buyer), acquire, sell, lease, license, dispose of, pledge or encumber any assets;

(vii) Except as may be required by Law, enter into, modify or terminate any labor or collective bargaining agreement, work council agreement, work force agreement or any other labor union Contract applicable to any Seller Employee or Company Employee or, through negotiation or otherwise, make any commitment or incur any liability to any labor organization relating to any Seller Employees or Company Employee;

(viii) Except in accordance with their terms and except in the ordinary course of business consistent with past practice, terminate, renew or renegotiate any Material Contract, default in any obligation under any Material Contract;

(ix) Enter into any transaction (or series of related transactions) or make or enter into any Contract, commitment or understanding (or series of related Contracts), other than ordinary course of business sales and supply transactions, commitments and understandings, which calls for payments by the Company or any of the Subsidiaries in excess of $5,000,000 individually;

(x) Terminate or fail to renew any existing material insurance coverage;

(xi) Terminate or fail to renew any Approvals;

(xii) Other than in the ordinary course of business consistent with past practices, make any loan, or enter into any commitment to make any loan, or other extension of credit to or for the benefit of any Affiliate of the Seller, the Company or any of the Subsidiaries;

(xiii) Except in the ordinary course of business consistent with past practices or as otherwise required under the terms of any existing Benefit Plan, (A) grant or provide any severance or termination payments or benefits to any Seller Employee or any director, officer, Company Employee, former employee, or their dependents or beneficiaries, (B) increase the compensation, bonus or pension, welfare, severance or other benefits of, pay any bonus to, make any new equity awards to, or make or amend any loans to, any Seller Employee, any director, officer, Company Employee, former employee, or any persons who will be a director or executive officer of the Buyer Parent effective as of the Closing Date, or their dependents or beneficiaries, (C) enter into, adopt or amend any employment, severance, change in control, termination, equity award, deferred compensation or similar agreement with any Seller Employee or any director, officer, Company Employee, former employee, or their dependents or beneficiaries, or (D) establish, adopt, amend or terminate any Benefit Plan, in each case;

(xiv) Except in the ordinary course of business consistent with past practice, abandon, dispose of or permit to lapse any rights to use any material Business Intellectual Property;

(xv) Except in the ordinary course of business consistent with past practice (A) make, amend or change any material Tax election; (B) make a request for a material Tax ruling or enter into a material closing agreement; (C) settle or compromise any material Tax Liability or Proceeding; (D) file any material amendments to any previously filed Tax Returns; (E) surrender any right to claim a refund of any material Taxes; or (F) make any change to any of its material methods of reporting income or deductions for Tax accounting purposes;

(xvi) Declare, set aside, issue, make or pay any dividend (whether in stock, personal or real property or other things of value) or the distribution or payment in respect of the capital stock or other equity securities of the Company or any of the Subsidiaries or any direct or indirect redemption, purchase or other acquisition of any capital stock or other equity securities of the Company or any of the Subsidiaries, except for (A) any transaction between the Company and any of the Subsidiaries or among the Subsidiaries or (B) any dividend or distribution of cash;

(xvii) Except as required under the terms of any existing Benefit Plan, accelerate the vesting schedule for any equity awards of the Company or any of the Subsidiaries, except with respect to Specified Persons or the Change of Control Payments;

(xviii) Take any action that would cause the Buyer to be unable to purchase the Stock free from all Encumbrances and together with all rights and advantages attached to them as at the Closing (including pledging any of the Stock as security for obligations of the Seller or the Company);

(xix) Change in any material respect any of the accounting methods used by the Company unless required by GAAP or applicable Law;

(xx) Take any action that would prohibit the satisfaction of any of the Buyer's conditions to the Closing set forth in Article VII or would materially delay their satisfaction;

(xxi) Permit the exercise of any equity award of the Company;

(xxii) Settle or compromise any pending or threatened Action, other than a settlement or compromise of any such pending or threatened Action for cash in an amount not exceeding $5,000,000; or

(xxiii) Agree to, or make any commitment to, whether orally or in writing, take any action prohibited by the Company or the Seller in this Article VI.

(c) Neither the Buyer Parent, the Buyer nor any of their respective subsidiaries shall (except (x) as may be required by Law, (y) with the prior written consent of the Company and the Seller, which consent shall not be unreasonably withheld, or (z) as otherwise specifically contemplated by the terms of this Agreement), between the date of this Agreement and the earlier of the termination of this Agreement in accordance with its terms and the Closing, directly or indirectly do, any of the following:

(i) Amend the Buyer Parent's or the Buyer's certificate of incorporation or by-laws in any manner that would reasonably be likely to prevent or materially delay or impair the Buyer Parent or the Buyer's performance under this Agreement and the Buyer Transaction Documents or the consummation of the transactions contemplated hereby or thereby, or have an adverse impact on the value of the Buyer Parent Stock;

(ii) Split, combine, subdivide or reclassify any of the capital stock of the Buyer Parent or declare, set aside for payment or pay any dividend or other distribution in respect of any shares of the Buyer Parent's capital stock or otherwise make any payments to stockholders in their capacity as such;

(iii) During the Buyer Parent Share Price Average Period, issue, deliver, sell, authorize, pledge, or otherwise encumber or propose any of the foregoing with respect to any shares of capital stock of the Buyer Parent or any securities convertible into shares of capital stock of the Buyer Parent, or subscriptions, rights, warrants or options to acquire any shares of capital stock of the Buyer Parent or any securities convertible into shares of capital stock of the Buyer Parent, or enter into other agreements or commitments of any kind or character obligating it to issue any such shares or convertible securities or publicly announce an intention to do any of the above, other than (i) the issuance, delivery and/or sale of shares of the Buyer Parent Stock pursuant to the exercise of stock options outstanding on the date hereof; (ii) the granting of options to purchase shares of the Buyer Parent Stock, to be granted at fair market value in the ordinary course of business consistent with past practice (as to recipients, amounts and vesting); (iii) shares of the Buyer Parent Stock issuable upon the exercise of the stock options referred to in clause (ii); and (iv) shares of the Buyer Parent Stock issuable to participants in any Buyer Parent's employee stock purchase plan consistent with the terms thereof;

(iv) Knowingly take, or knowingly omit to take, any action that is reasonably likely to result in any of the conditions to the Closing set forth in Article VIII not being satisfied in a timely manner, including any acquisition, joint venture, strategic partnership or alliance which could reasonably be expected to delay or otherwise negatively impact obtaining regulatory clearance of this transaction; or authorize or enter into any agreement, contract, arrangement or commitment to do any of the foregoing; or

(v) Agree, make any public announcement, or make any commitment, whether orally or in writing, to take any action prohibited by this Section 6.1(c).

Section 6.2 Reasonable Access. The Company shall (and shall cause each of the Subsidiaries to) afford to representatives of the Buyer reasonable access, in a manner not disruptive to the operations of the business of the Company and the Subsidiaries, during normal business hours and upon reasonable notice throughout the period prior to the Closing Date, to the properties, books and records of the Company and the Subsidiaries and, during such period, shall (and shall cause each of the Subsidiaries to) furnish promptly to such representatives all information concerning the business, properties and personnel of the Company and the Subsidiaries in each case as may reasonably be requested and necessary to consummate the transactions contemplated by this Agreement (and not to conduct further due diligence or other investigation of the Company and the Subsidiaries); provided, however, that nothing herein shall require the Company or any of the Subsidiaries to disclose any information to the Buyer or its representatives if such disclosure would, in the reasonable judgment of the Company, (i) cause significant competitive harm to the Company or the Subsidiaries if the transactions contemplated by this Agreement are not consummated, (ii) violate applicable Law or the provisions of any agreement to which the Company or any of the Subsidiaries is a party or (iii) jeopardize any attorney-client or other legal privilege; provided further, however, that nothing herein shall authorize Buyer or its representatives to undertake any further environmental investigations or sampling at any of the properties owned, operated or leased by the Company or the Subsidiaries. The Buyer agrees that it will not, and will cause its representatives not to, use any information obtained pursuant to this Section 6.2 for any competitive or other purpose unrelated to the consummation of the transactions contemplated by this Agreement pursuant to this Agreement. The Confidentiality Agreements shall apply with respect to information furnished hereunder by the Company, the Subsidiaries and the Company's representatives.

Section 6.3 Notification. From the date of this Agreement until the Closing Date, the Company and the Seller shall as promptly as may be reasonably practicable disclose to the Buyer in writing if, after the date of this Agreement, either of the Company or the Seller (a) becomes aware of any fact, event or condition that has caused or could be reasonably be expected to cause any of the representations and warranties contained in Article III or IV to fail to be true or correct in any material respect, (b) becomes aware of the occurrence of any fact, event or condition that has had or could reasonably be expected to have a Material Adverse Effect, (c) becomes aware of any fact, event or condition that has resulted in or could reasonably be expected to result in a material breach by the Company, any of the Subsidiaries or the Seller of any of their respective covenants and obligations under this Agreement, or (d) becomes aware of the occurrence of any fact, event or condition that has made or could reasonably be expected to make the satisfaction of the conditions in Article VII impossible.

Section 6.4 Other Information. From the date of this Agreement to the Closing Date, the Company shall furnish to the Buyer (a) as soon as reasonably practicable after they become available, copies of all (i) reports, renewals, filings, certificates, statements and other documents filed with any Governmental Entity; (ii) notices or communications from any Governmental Entity; and (iii) notice of any planned or threatened labor dispute, organization efforts, strike or collective work stoppage affecting the employees of the Company or any of the Subsidiaries, and (b) within two (2) Business Days after they are completed but in no event more than forty-five (45) days following the relevant quarter end, copies of all quarterly unaudited balance sheets, statements of operations, shareholder's equity and cash flows for the Company and each of the Subsidiaries on a consolidated basis and monthly unaudited balance sheets and statements of operations. Each of the financial statements delivered pursuant to this Section 6.4 shall be prepared substantially in the same manner as presently prepared, in accordance with GAAP, subject to year-end adjustments and any other adjustments described therein and the absence of footnotes thereto and, in the case of monthly financial statements, customary exceptions for the fact that not all balances will be closed, and shall be accompanied by a certificate of the chief financial officer of the Company to the effect that such financial statements present fairly the financial position and results of operations and cash flows of the Company and each of the Subsidiaries for the periods covered, subject to year-end adjustments and any other adjustments described therein and the absence of footnotes thereto and, in the case of monthly financial statements, customary exceptions for the fact that not all balances will be closed.

Section 6.5 Mutual Reasonable Best Efforts; Further Assurances. Upon the terms and subject to the conditions herein provided, each Party shall use its reasonable best efforts, to take or cause to be taken all action, to do or cause to be done (including the execution and delivery of such other instruments as may be necessary), and to assist and cooperate with each other Party in doing, all things necessary, proper or advisable under applicable Laws and regulations to consummate and make effective, in the most expeditious manner practicable, the transactions and undertakings contemplated by this Agreement.

Section 6.6 Antitrust.

(a) Notwithstanding anything to the contrary set forth herein, each applicable Party shall (i) make its initial filing required under the HSR Act and any other initial filings required under or with respect to the Antitrust Laws reasonably promptly and in consultation with the other Parties, (ii) use reasonable best efforts to obtain all necessary actions or nonactions, waivers, consents, approvals, orders and authorizations from, and the giving of any necessary notices to, Governmental Entities and other persons and the making of all necessary registrations, declarations and filings (including filings under the HSR Act and any other Antitrust Laws and other registrations, declarations and filings with, or notices to, Governmental Entities, if any), and in connection therewith and for the avoidance of doubt, the Buyer Parent, the Company and the Seller shall interface with such Governmental Entities and in making regulatory strategy decisions, (iii) use reasonable best efforts to coordinate and cooperate with, and give due consideration to all reasonable additions, deletions or changes suggested by another Party in connection with, making (A) any filing under or with respect to any Antitrust Laws and (B) any filings, conferences or other submissions related to resolving any investigation or other inquiry by any Governmental Entity, (iv) use reasonable best efforts to provide any supplemental information requested by a Governmental Entity, including participating in meetings with officials of such entity in the course of its review of this Agreement and the transactions contemplated by this Agreement, (v) use reasonable best efforts to avoid any Action by any Governmental Entity or other person, and (vi) use reasonable best efforts in litigating or participating in the litigation of any Action whether judicial or

administrative, brought by any Governmental Entity, for the purpose of enabling the Parties to consummate the transactions contemplated by this Agreement on the terms and conditions set forth herein. No Party shall initiate any meeting or discussion with, or make any submission to, any Governmental Entity with respect to any filings, applications, investigation, litigation, or other inquiry regarding the transactions contemplated by this Agreement without giving the other Party (or Parties) reasonable prior notice of the meeting or discussion and, to the extent permitted by the relevant Governmental Entity, the opportunity to attend and participate; provided, however, that no Party shall engage in any substantive communication with any Governmental Entity without the consent of the other Parties. For purposes of this Agreement, "Antitrust Laws" means the Sherman Act, as amended, the Clayton Act, as amended, the HSR Act, the Federal Trade Commission Act, as amended, and all other federal, state and foreign, if any, statutes, rules, regulations, orders, decrees, administrative and judicial doctrines and other Laws that are designed or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade or lessening of competition through merger or acquisition.

(b) In connection with and without limiting the generality of the foregoing, each of the Seller, the Company and their respective boards of directors shall, if any federal, state or foreign takeover statute or similar statute or regulation is or becomes applicable to this Agreement and the transactions contemplated by this Agreement, use its reasonable best efforts to ensure that the transactions contemplated by this Agreement may be consummated as promptly as practicable on the terms contemplated hereby or thereby and otherwise to minimize the effect of such statute or regulation on this Agreement and the transactions contemplated by this Agreement. Notwithstanding anything herein to the contrary other than the last sentence of this Section 6.6(b), the Buyer and the Buyer Parent shall take any and all action necessary to obtain the required antitrust approvals or clearances from the Governmental Entities listed on Schedule 6.6, including but not limited to (i) selling or otherwise disposing of, or holding separate and agreeing to sell or otherwise dispose of, assets, categories of assets or businesses of the Company, the Buyer or the Buyer Parent or their respective subsidiaries; (ii) terminating existing relationships, contractual rights or obligations of the Company, the Buyer or the Buyer Parent or their respective subsidiaries; (iii) terminating any venture or other arrangement; (iv) creating any relationship, contractual rights or obligations of the Company, the Buyer or the Buyer Parent or their respective subsidiaries or (v) effectuating any other change or restructuring of the Company, the Buyer or the Buyer Parent or their respective subsidiaries (and, in each case, to enter into agreements or stipulate to the entry of an order or decree or file appropriate applications with any Governmental Entity in connection with any of the foregoing and provided, however, that the Buyer and the Buyer Parent shall not be required pursuant to this Section 6.6(b) to commit to or effect any action that is not conditioned upon the consummation of the Agreement or transactions contemplated by this Agreement) (each a "Divestiture Action") to ensure that no Governmental Entity enters any order, decision, judgment, decree, ruling, injunction (preliminary or permanent), or establishes any law, rule, regulation or other action preliminarily or permanently restraining, enjoining or prohibiting the consummation of the transactions contemplated by this Agreement (each an "Antitrust Prohibition"), or to ensure that no Governmental Entity with the authority to clear, authorize or otherwise approve the consummation of the transactions contemplated by this Agreement, fails to do so by the Closing Date. In the event that any action is threatened or instituted challenging the transactions contemplated in this Agreement as violative of any premerger notification rule or

other Antitrust Law, the Buyer and the Buyer Parent shall take all action necessary, including but not limited to any Divestiture Action, to avoid or resolve such action. In the event that any permanent or preliminary injunction or other order is entered or becomes reasonably foreseeable to be entered in any proceeding that would make consummation of the transactions contemplated hereby in accordance with the terms of this Agreement unlawful or that would restrain, enjoin or otherwise prevent or materially delay the consummation of the transactions contemplated by this Agreement, the Buyer and the Buyer Parent shall take promptly any and all steps necessary to vacate, modify or suspend such injunction or order so as to permit such consummation prior to the Closing Date. The Company shall cooperate with the Buyer and the Buyer Parent and shall use its reasonable best efforts to assist Buyer and the Buyer Parent in resisting and reducing any Divestiture Action, provided, however, that neither the Buyer Parent nor the Seller or the Company shall initiate any offer or enter into discussions with any Governmental Entity with respect to any Divestiture Action or any other action in connection with any matter within the scope of this Section 6.6(b) outside the presence of the other Party (or Parties) unless required to do so by the applicable Governmental Entity. Notwithstanding the foregoing or any other provision of this Agreement, including the second sentence of this Section 6.6(b), neither the Buyer, the Buyer Parent, nor the Company shall be required to undertake (i) any Divestiture Action that, individually or in the aggregate, would reasonably be expected to materially impair the business operations of the combined company absent such imposed conditions; or (ii) any Divestiture Action sought by a Governmental Entity of the United States or the European Union or any other Governmental Entity in any other jurisdiction other than the jurisdictions specified in Schedule 6.6.

(c) Each applicable Party and any of their respective Affiliates shall not take any action with the intention to or that could reasonably be expected to hinder or delay the obtaining of clearance or any necessary approval of any Governmental Entity under any premerger notification rule or Antitrust Law or the expiration of the required waiting period under any premerger notification rule or any other Antitrust Law; provided, however, that the Buyer and the Buyer Parent may take any reasonable action to resist or reduce the scope of a Divestiture Action, even if it delays such expiration to a date not beyond the Closing Date.

(d) If any Divestiture Action agreed to by the Buyer or the Buyer Parent requires action by or with respect to the Company or the Subsidiaries or its or their businesses or assets, and such action would constitute a breach of this Agreement, the Buyer and the Buyer Parent hereby agree to consent to the taking of such action by the Company or the Subsidiaries and any such action may, at the discretion of the Company, be conditioned upon the consummation of the transactions contemplated by this Agreement.

Section 6.7 No Solicitation of Competing Proposals; Notice of Inquiry.

(a) The Company and the Seller agree that they shall immediately cease and cause to be terminated any existing discussions or negotiations with any parties conducted heretofore with respect to any proposed Acquisition Proposal and shall direct any of their respective Affiliates, stockholders, officers, directors or employees of, or any investment bankers, attorneys or other advisors or representatives to cease and terminate such activities, discussions or negotiations. Each of the Company and the Seller further agrees that it shall not, nor shall it authorize or permit any of its respective Affiliates, stockholders, officers, directors or employees, or any investment banker, attorney or other of its advisors or representatives to solicit or initiate, or knowingly encourage the submission of, any Acquisition Proposal, or participate in any negotiations regarding, or furnish to any Person any non-public information with respect to, or take any other action to knowingly facilitate any inquiries or the making of any proposal that constitutes, or may reasonably be expected to lead to, an Acquisition Proposal. For purposes of this Agreement, "Acquisition Proposal" means any proposal (whether or not in writing and whether or not delivered to the Company's stockholders) for a merger, consolidation, purchase of assets other than in the ordinary course of business, tender offer or other business combination involving the Company or any of the Subsidiaries, or any proposal or offer to acquire in any manner, directly or indirectly, an equity interest in, any voting securities of, or a portion of the assets (other than in the ordinary course of business) of the Company or any of the Subsidiaries taken as a whole, other than in furtherance of the transactions contemplated by this Agreement.

(b) The Company and the Seller shall promptly (but in any event within two (2) Business Days of such contact) advise the Buyer orally and in writing of its receipt of any Acquisition Proposal, as well as the material terms and conditions of such Acquisition Proposal and indicate in reasonable detail the identity of the person making any Acquisition Proposal.

(c) The Company and the Seller shall not, and the Company shall cause each of the Subsidiaries not to, without the prior written consent of the Buyer, directly or indirectly, release any Person from, or waive any provision of, any confidentiality or standstill agreement to which the Company or any of the Subsidiaries or the Seller is a party.

(d) Concurrent with the execution of this Agreement, the Company and the Seller shall cease all activities related to the Company's proposed initial public offering.

Section 6.8 Press Releases and Announcements; Contacts with Customers and Suppliers. No press release related to this Agreement or the transactions contemplated by this Agreement, or other announcement to the customers or suppliers of the Company and each of the Subsidiaries, will be issued without the joint approval of the Buyer and the Seller, except as otherwise required by applicable Law, including the rules of the New York Stock Exchange, the Tokyo Stock Exchange, the SEC or the Japanese Financial Services Agency. The Parties shall consult with each other concerning the means by which the Company's and each of the Subsidiaries' customers and suppliers will be informed of the transactions contemplated by this Agreement.

Section 6.9 Confidentiality.

(a) The Parties acknowledge that the Company and the Buyer Parent have previously executed a Confidentiality Agreement, dated November 30, 2010, and a Confidentiality Agreement, dated December 2, 2010, as amended on March 1, 2011 and that the Seller and Buyer Parent have previously executed a Confidentiality Agreement, dated February 23, 2011, as amended on March 1, 2011 (together, the "Confidentiality Agreements"). The Parties agree that, (i) the Confidentiality Agreements are in full force and effect through the Closing Date, and (ii) following the Closing Date, the Confidentiality Agreements shall terminate and be of no further force or effect in accordance with their terms.

(b) Following the Closing Date until the third anniversary of the Closing Date, the Seller shall treat and hold as confidential all information concerning the businesses, affairs, properties, employees, finances, products, technologies and operations of the Buyer and the Buyer Parent and any notes, analyses, compilations, studies, forecasts, interpretations or other documents that are derived from, contain, reflect or are based upon any such information (the "Buyer Parent Confidential Information") and refrain from using any of the Buyer Parent Confidential Information except as otherwise contemplated by this Agreement; provided, however, that nothing in this Section 6.9(b) shall prohibit the disclosure of any Buyer Parent Confidential Information (i) that is required to be disclosed in connection with any Law or any proceeding before any Governmental Entity (provided, that the Seller exercises its commercially reasonable efforts to preserve the confidentiality of the Buyer Parent Confidential Information disclosed, including by cooperating with the Buyer and the Buyer Parent to obtain an appropriate protective order or other reliable assurance that confidential treatment shall be accorded the Buyer Parent Confidential Information required to be disclosed), (ii) in connection with the enforcement of the Seller's rights hereunder or (iii) in connection with the defense by the Seller of any claim asserted against the Seller hereunder. The Buyer Parent Confidential Information with respect to the Buyer and the Buyer Parent (x) shall not include general industry knowledge about the businesses, markets and industries in which the Buyer and/or the Buyer Parent conducts businesses, and (y) shall not include any information that (A) is or becomes publicly available without a breach of this Agreement, (B) was known to the Seller prior to the Seller's receipt of such information from the Buyer or the Buyer Parent (or their agents) or (C) was independently developed by the Seller without reference to or use of the Buyer Parent Confidential Information.

(c) Following the Closing Date until the third anniversary of the Closing Date, the Seller shall treat and hold as confidential all information concerning the businesses, affairs, properties, employees, finances, products, technologies and operations of the Company and each of the Subsidiaries and any notes, analyses, compilations, studies, forecasts, interpretations or other documents that are derived from, contain, reflect or are based upon any such information (the "Company Confidential Information") and refrain from using any of the Company Confidential Information except as otherwise contemplated by this Agreement; provided, however, that nothing in this Section 6.9(c) shall prohibit the disclosure of any Company Confidential Information (i) that is required to be disclosed in connection with any Law or any proceeding before any Governmental Entity (provided, that the Seller exercises its commercially reasonable efforts to preserve the confidentiality of the Company Confidential Information disclosed, including by cooperating with the Buyer and the Buyer Parent to obtain an appropriate protective order or other reliable assurance that confidential treatment shall be accorded the Company Confidential Information required to be disclosed), (ii) in connection with the enforcement of the Seller's rights hereunder, (iii) in connection with the defense by the Seller of any claim asserted against the Seller hereunder or (iv) that is required to be disclosed in connection with the corporate, financial and tax reporting obligations of the Seller. The Company Confidential Information with respect to the Company and each of the Subsidiaries (x) shall not include general industry knowledge about the businesses, markets and industries in which the Company and/or any of the Subsidiaries conducts businesses, and (y) shall not include any information that (A) is or becomes publicly available without a breach of this Agreement, (B) was known to the Seller prior to the Seller's receipt of such information from the Company or any of the Subsidiaries (or their agents), (C) was independently developed by the Seller without reference to or use of the Company Confidential Information or (D) relates to the Seller and its Affiliates (other than the Company and each of the Subsidiaries) or any of their respective clients and customers.

(d) Following the Closing Date until the third anniversary of the Closing Date, the Buyer and the Buyer Parent shall treat and hold as confidential all information concerning the businesses, affairs, properties, employees, finances, products, technologies and operations of the Seller and any notes, analyses, compilations, studies, forecasts, interpretations or other documents that are derived from, contain, reflect or are based upon any such information (the "Seller Confidential Information") and refrain from using any of the Seller Confidential Information except as otherwise contemplated by this Agreement; provided, however, that nothing in this Section 6.9(d) shall prohibit the disclosure of any Seller Confidential Information (i) that is required to be disclosed in connection with any Law or any proceeding before any Governmental Entity (provided, that the Buyer and the Buyer Parent exercise their commercially reasonable efforts to preserve the confidentiality of the Seller Confidential Information disclosed, including by cooperating with the Seller to obtain an appropriate protective order or other reliable assurance that confidential treatment shall be accorded the Seller Confidential Information required to be disclosed), (ii) in connection with the enforcement of the Buyer's or the Buyer Parent's rights hereunder or (iii) in connection with the defense by the Buyer or the Buyer Parent of any claim asserted against the Buyer or the Buyer Parent hereunder. The Seller Confidential Information with respect to the Seller (x) shall not include general industry knowledge about the businesses, markets and industries in which the Seller conducts its businesses, and (y) shall not include any information that (A) is or becomes publicly available without a breach of this Agreement, (B) was known to the Buyer or the Buyer Parent prior to the Buyer's or the Buyer Parent's receipt of such information from the Seller (or its agents) or (C) was independently developed by the Buyer or the Buyer Parent without reference to or use of the Seller Confidential Information.

Section 6.10 Expenses. Except as otherwise expressly provided herein, each Party to this Agreement shall pay its own legal, financial advisory and other fees and expenses (including fees and expenses related to antitrust filings) in connection with the negotiation of this Agreement, the performance of its obligations hereunder, and the consummation of the transactions contemplated by this Agreement.

Section 6.11 Consents. The Seller and the Company shall, upon Buyer's reasonable request, use, and the Company shall cause each of the Subsidiaries to use, commercially reasonable efforts to obtain the consents set forth on Section 4.4(b) of the Company Disclosure Schedules. If any such consent is not obtained, the Parties shall reasonably cooperate to establish arrangements reasonably satisfactory to the Parties under which the Buyer would obtain rights of, benefits to and liabilities under such Contracts. Any third party consent payments with respect to the Contracts listed on Section 4.4(b) of the Company Disclosure Schedules shall be paid by the Buyer.

Section 6.12 Employees.

(a) Employees Generally.

(i) The Parties acknowledge and intend that, except as otherwise provided in this Section 6.12, after the Closing the Continuing Employees (other than the Japan Employees) and Specified Persons will be treated in a manner substantially equivalent to all other similarly situated employees of the Buyer and its Affiliates.

(ii) From the date hereof until the Closing, the Company shall provide to the Buyer all reasonably requested information relating to the roles of then-current employees of the Company and the Subsidiaries and, subject to applicable Law, all relevant data with respect to each such employee. Subject to applicable Law, the Company shall, upon the reasonable request of the Buyer, take all reasonable measures to provide the Buyer with access to such employees for assessment, interview and screening by the Buyer. From and after the Closing, the Seller and the Buyer shall furnish such information including payroll information, employee data or other information or records, and do all things and take all actions necessary, proper and advisable as may be reasonably required to carry out the arrangements described in this Section 6.12 to the extent permitted by applicable Law and Section 6.9 (Confidentiality).

(iii) From the date hereof until the Closing, no later than the end of each full calendar quarter the Buyer shall prepare and deliver to the Seller and the Company a proposed list of the Specified Persons; provided that the Buyer shall deliver to the Seller and the Company an update to such list which shall be final (the "Final Specified Persons List") no later than ten (10) Business Days prior to the Closing.

(iv) Except as required by this Section 6.12, neither the Company nor the Seller shall be under any obligation to terminate the employment of any Specified Person; provided, however, that the Company or any applicable Subsidiary may terminate the employment of any Specified Person prior to Closing, in which case the Company shall pay Severance to each such terminated Specified Person; provided, further, however, the Seller may, or may cause an Affiliate other than the Company and the Subsidiaries (each, a "Seller Group Entity") to, offer employment to any Specified Person and the Buyer and its Affiliates shall not interfere in any way with any attempts by the Seller or any Seller Group Entity from soliciting, hiring and retaining such Specified Person; provided, further, however, that the Company and any of the Subsidiaries, if applicable, shall use commercially reasonable efforts (upon provision of assurance of the Buyer Parent that they will be held harmless for any liability arising as a result of giving such notice) to avoid requiring the payment of base salary and benefits in lieu of any notice required by the WARN Act and/or any other applicable similar state, local or foreign Law. "Severance" means severance, long-service, terminal payment, notice pay or payment in lieu of notice, or similar payment determined in accordance with the requirements of applicable Law and the Company's policy or customary practice as of the date of this Agreement (subject to applicable Law) and any amounts payable to a Specified Person in connection with the termination of their employment on account of, or in connection with any failure to comply with, the WARN Act (or any similar state, local or foreign law) or any other liabilities which would be borne by the Company arising from the termination of any Specified Person prior to the Closing excluding final wages, any accrued but unused vacation or paid time off as may be applicable.

(v) Subject to applicable Law, from and after the Closing until the date that is six (6) months following the Closing Date, the Buyer, the Buyer Parent or any of their respective Affiliates (including the Company and the Subsidiaries) may terminate any Specified Person; provided that the Buyer, the Buyer Parent or any of their respective Affiliates shall provide severance benefits to such Specified Person taking into account such Specified Person's past service and employment with the Company and the Subsidiaries, which benefits may be pursuant to existing severance policies, practices, procedures or arrangements of the Buyer, the Buyer Parent or any of their respective Affiliates, provided further that the severance benefits payable by the Buyer, the Buyer Parent or any of their respective Affiliates shall be at least substantially equivalent to the severance benefits such Specified Person would have been entitled had such Specified Person's employment been terminated by the Company or any Subsidiary prior to the Closing.

(vi) Subject to applicable Law, from and after the Closing until the date that is six (6) months following the Closing Date, the Buyer, the Buyer Parent or any of their respective Affiliates (including the Company and the Subsidiaries) may terminate any Continuing Employee; provided that the Buyer, the Buyer Parent or any of their respective Affiliates shall provide severance benefits to such Continuing Employee taking into account such Continuing Employee's past service and employment with the Company and the Subsidiaries, which benefits may be pursuant to existing severance policies, practices, procedures or arrangements of the Buyer, the Buyer Parent or any of their respective Affiliates, provided further that the severance benefits payable by the Buyer, the Buyer Parent or any of their respective Affiliates shall be at least substantially equivalent to the severance benefits such Continuing Employee would have been entitled had such Continuing Employee's employment been terminated by the Company or any Subsidiary prior to the Closing. Notwithstanding anything to the contrary, nothing in this Section 6.12 is intended to amend, modify or supercede any individual incentive, bonus, individual benefit, employment, employment termination, severance and other such individual compensation agreements or arrangements, in each case existing immediately prior to the execution of this Agreement by all the Parties, that are between the Company or any of the Subsidiaries and any current or former officer, director or employee thereof or for the benefit of any such current or former officer, director or employee.

(vii) Neither the Buyer nor any of its Affiliates shall have any obligation to continue the employment of the Continuing Employees after the Closing.

(b) Japan Employees.

(i) For a period of 18 months following the Closing, the Buyer shall cause HGST Japan to (A) continue to employ each Japan Employee on terms and conditions no less favorable than such Japan Employee's terms and conditions in effect as of immediately prior to the Closing, and (B) not offer any Japan Employee a voluntary resignation plan, early retirement program or similar option; provided, however, that, with respect to any Japan Employee, following the Closing the Buyer may discuss with any labor union or other organization representing such Japan Employee, or take any action reasonably necessary to prepare for the implementation of, a voluntary resignation plan, early retirement program or similar option to be effective from and after the expiration of such 18-month period; provided further that, with respect to any Japan Employee who is an employee with a fixed term contract, the Buyer's obligations under this Section 6.12(b)(i) shall continue until the expiration of employment contract between such Japan Employee and HGST Japan in accordance with such contract's terms and conditions.

(ii) To the extent any Benefit Arrangements established or sponsored and administered by the Buyer or its Affiliates ("Buyer Benefit Plans") are made available to the Japan Employees after the end of the 180-day period following the Closing (the "Benefits Straddle Period"), (A) all prior service with the Company and the Subsidiaries before the end of the Benefits Straddle Period shall be credited for eligibility and vesting (but not benefit accrual) purposes to the same extent such service is recognized by the Company or any of the Subsidiaries as of the end of the Benefits Straddle Period, and (B) with respect to any Buyer Benefit Plan so made available, the Buyer shall use commercially reasonable efforts, to cause such Buyer Benefit Plan to provide credit for any co-payments or deductibles by such Japan Employees and waive all pre-existing condition exclusions and waiting periods, other than exclusions or waiting periods that have not been satisfied under the applicable Japan Benefit Plan (as defined below) as of the Closing Date or those under insured plans that shall not be credited or waived by the respective insurer.

(iii) During the 18 month period following the Closing and without providing any assurances as to result, the Seller will reasonably cooperate with the Buyer or the Buyer Parent in its assessment of potential employment alternatives, including the transfer of employment to the Seller or any Seller Group Entity after the expiration of such 18 month period, for certain Japan Employees identified by the Buyer from time to time as individuals for whom the Buyer may want to find alternative employment. If (A) an alternative position at the Seller or any Seller Group Entity is identified by the Seller and (B) the relevant Japan Employee accepts an offer of employment for such position, the Buyer shall pay the Seller the reasonable costs of transferring and repurposing such Japan Employee. Except as provided in Section 6.12(f), neither the Seller nor any Seller Group Entity shall have any obligation whatsoever to offer employment to, employ, retain, accept the secondment of or otherwise replace any Japan Employee during or after the 18-month period following the Closing.

(c) Seller Benefit Plans.

(i) Japan Benefit Plans. As soon as practicable after the Closing and in no event later than end of the Benefits Straddle Period, the Buyer shall cause HGST Japan to use reasonable best efforts to newly establish, sponsor and administer (either directly or indirectly) Benefit Arrangements having terms and conditions not less favorable with respect to the Japan Employees, including (A) the Hitachi Ltd. Corporate Pension Fund, and (B) the Hitachi Ltd. DC Plan, (such Benefit Arrangements, collectively, the "Japan Benefit Plans"). Such newly established, sponsored and administered plans are referred to herein as the "New HGST Benefit Plans". If the New HGST Benefit Plans cannot be established, sponsored and administered by HGST Japan prior to the end of the Benefits Straddle Period through no fault of the Buyer or its Affiliates, then the Parties shall discuss and negotiate a mutually acceptable extension to the Benefits Straddle Period, which extension shall be no longer than the additional period that is reasonably determined by the Parties to be necessary to establish, sponsor and administer the New HGST Benefit Plans; provided further that if the Parties cannot mutually agree on any such extension the Benefits Straddle Period shall automatically be extended for a single six (6)-month period (that shall not be subject to any automatic renewal). The individuals entitled to participate under the New HGST Benefit Plans shall include all Japan Employees participating in the Japan Benefit Plans (such employees, collectively, the "Japan Benefit Plan Participants"). Each Japan Benefit Plan Participant shall be eligible to participate in each New HGST Benefit Plan at the same benefit level and under the same terms and conditions as such Japan Benefit Plan Participant would have been entitled to participate under the corresponding Japan Benefit Plan immediately prior to the Closing.

(ii) HGST Japan Benefit Plans. From and after the Closing, HGST Japan and its Related Subsidiaries (as determined from and after the Closing) shall continue to sponsor and administer their respective Benefit Arrangements. The establishment of the New HGST Benefit Plans contemplated by this Section 6.12(c) may include a merger, amalgamation or other combination of the New HGST Benefit Plans into, with or between the Benefit Arrangements of HGST Japan and its Related Subsidiaries consisting of the Hitachi GST Corporate Pension Plan and the Hitachi GST DC Plan.

(iii) Establishment of the New HGST Benefit Plans. In connection with and prior to the establishment of the New HGST Benefit Plans, the Buyer shall use reasonable best efforts to, and the Buyer shall cause HGST Japan to use reasonable best efforts to, (A) obtain all consents, Approvals and authorizations from the Japan Benefit Plan Participants, the labor union (*roudou kumiai*) or other organization representing the Japan Benefit Plan Participants (as applicable), and any applicable Governmental Entity, including the Ministry of Health, Labor and Welfare of Japan (the "MHLW"), necessary to establish, and to cause the assignment and assumption of all assets, rights, benefit liabilities and obligations under the Japan Benefit Plans to the extent related to the Japan Benefit Plan Participants (the "Japan Benefit Plan Assets and Liabilities") to, the New HGST Benefit Plans as required by Law, Contract or this Section 6.12, and (B) do all things and take all actions necessary, proper and advisable to establish, sponsor and administer the New HGST Benefit Plans. The Seller shall provide reasonable assistance to the Buyer, HGST Japan and its Related Subsidiaries in establishing, and causing the transfer of the Japan Benefit Plan Participants and the Japan Benefit Plan Assets and Liabilities to, the New HGST Benefit Plans within the Benefits Straddle Period. From time to time and upon the Seller's reasonable request, the Buyer shall provide the Seller a written update, together with reasonable supporting details, regarding the status and anticipated date of the establishment of the New HGST Benefit Plans.

(iv) Benefit Plans Transition Period. Until such time as the New HGST Benefit Plans are established and the Japan Benefit Plan Assets and Liabilities are transferred (whether assigned, assumed or otherwise) to the New HGST Benefit Plans, the Seller shall continue to sponsor and administer the Japan Benefit Plans consistent with past practices on behalf of the Japan Employees; provided that, for the avoidance of doubt, immediately after the Closing, the Seller shall not be liable for making any contributions from its own assets to the Japan Benefit Plans on behalf of the Japan Benefit Plan Participants. For so long as the Seller continues to sponsor and administer the Japan Benefit Plans after the Closing, prior to the end of, and with respect to, each calendar month (beginning with the month in which the Closing occurs), the Buyer shall cause HGST Japan to (A) pay to the Japan Benefit Plans an amount equal to the aggregate benefits accrued with respect to the Japan Benefit Plan Participants for such month (which amount shall be calculated reasonably and consistent with past practices and which shall not include payment for any portion of the Assumed PBO), and (B) pay the Seller for all reasonable costs and expenses incurred by the Seller with respect to the Japan Benefit Plan Participants in connection with such sponsorship and administration, in each case with respect to such full calendar month (and the remainder of the month in which the Closing occurs).

(v) Transition to New HGST Benefit Plans. Promptly after establishment of the New HGST Benefit Plans, the Seller shall transfer, or shall cause the transfer of, as applicable, the Japan Benefit Plans Assets and Liabilities to the New HGST Benefit Plans (the date of such transfer, the "Transfer Date"); provided, however, that the Japan Benefits Plans Assets and Liabilities so transferred shall not include any assets and liabilities of any Japan Benefit Participant who becomes a retiree between the Closing and the Transfer Date.

(d) Seller Benefit Plans Adjustment.

(i) For purposes of this Section 6.12(d):

(A) "Projected Benefit Obligation" means the projected benefit obligation within the meaning of the Statement of Financial Accounting Standards No. 87.

(B) "Assumed PBO" means the Projected Benefit Obligation with respect to the Assumed Benefit Plans as determined according to the actuarial methods and assumptions used in determining the Projected Benefit Obligation set forth in the Financial Statements as of the Balance Sheet Date.

(C) "Assumed Benefit Plans" means the Hitachi Ltd. Corporate Pension Fund to the extent related to the Japan Benefit Plan Participants, HGST Retirement Allowance Plan, Hitachi GST Corporate Pension Plan, Severance Indemnity and Retirement Indemnity of the Philippines, Retirement Indemnity and Cash Balance of Taiwan, and Severance Pay Plan of Thailand.

(ii) No later than five (5) Business Days prior to the Closing Date, the Seller shall, and may cause an internationally recognized actuary selected by the Seller ("Seller Actuary") to, estimate the Assumed PBO, in the aggregate and on an individual Benefit Plan basis, at the Closing Date for participants (whether active or terminated) in the Assumed Benefit Plans (the "Estimated Assumed PBO Amount"). The Cash Portion of the Purchase Price shall be reduced by an amount (the "Estimated Unfunded Assumed PBO Amount"), which shall be equal to the difference between (A) the Estimated Assumed PBO Amount, and (B) the aggregate assets of the Assumed Benefit Plans, with each such plan's assets determined as of the last business day of the first month prior to the month in which the Closing Date occurs (or if the Closing Date occurs in the first five (5) business days of a month, as of the last business day of the second month prior to the month in which the Closing Date occurs).

(iii) Within 90 days after the Closing Date, the Seller Actuary, who shall be retained by the Seller if not previously retained under Section 6.12(d)(ii), will provide the Buyer with an updated calculation of the Assumed PBO, in the aggregate and on an individual Benefit Plan basis, at the Closing Date for participants (whether active or terminated) in the Assumed Benefit Plans (the "Updated Assumed PBO Amount"). The Buyer may submit the Seller Actuary's determination of the Updated Assumed PBO Amount to an internationally recognized actuary selected by the Buyer Parent ("Buyer Actuary") for verification, which shall relate only to the calculation of the Updated Assumed PBO Amount. The Buyer shall pay the cost of the Buyer Actuary. The Seller Actuary and the Buyer Actuary shall make a good faith attempt to reconcile any difference in their calculations. If the Buyer Actuary's calculation is within five percent (5%) of the Seller Actuary's calculation of the Updated Assumed PBO Amount, the average of the Seller Actuary's calculation and the Buyer Actuary's calculation shall be used. If the difference cannot be reconciled and exceeds five percent (5%), the Seller Actuary and the Buyer Actuary shall jointly designate a third independent actuary whose verification shall be final and binding, but not greater than the calculation of the Buyer Actuary or less than the calculation of the Seller Actuary. The Buyer and the Seller shall each pay one-half the costs of such third actuary.

(iv) If the amount of the Updated Assumed PBO Amount is *greater than* the Estimated Assumed PBO Amount, then within sixty (60) days after completion of the final verification of the Updated Assumed PBO Amount, the Seller shall pay the Buyer Parent an amount in cash equal to such difference (subject to the adjustment with respect to plan assets provided below). If the amount of the Updated Assumed PBO Amount is *less than* the Estimated Assumed PBO Amount, then within sixty (60) days after completion of the final verification of the Updated Assumed PBO Amount, the Buyer shall pay the Seller an amount in cash equal to such difference (subject to the adjustment with respect to plan assets provided below). The adjustment with respect to plan assets shall be determined as follows. The actual assets of the Assumed Benefit Plans as of the Closing Date shall be compared to the assets of such plans used to determine the Estimated Unfunded Assumed PBO Amount. If the actual assets of such plans as of the Closing Date are greater than the assets of such plans used to determine the Estimated Unfunded Assumed PBO Amount, then, as applicable, the payment to the Buyer Parent from the Seller under this Section 6.12(d)(iv) shall be reduced by the difference in such asset amounts, or the payment to the Seller from the Buyer shall be increased by the difference in such asset amounts. If the actual assets of such plans as of the Closing Date are less than the assets of such plans used to determine the Estimated Unfunded Assumed PBO Amount, then, as applicable, the payment to the Buyer Parent from the Seller under this Section 6.12(d)(iv) shall be increased by the difference in such asset amounts, or the payment to the Seller from the Buyer shall be reduced by the difference in such asset amounts.

(v) Upon completion of the transfer of the Japan Benefit Plans Assets and Liabilities to the New HGST Benefit Plans pursuant to Section 6.12(c)(v), the Seller and the Buyer shall give effect to Sections 6.12(d)(i) through (iv) *mutatis mutandis*, whereby any reference to (A) Assumed Benefit Plans shall consist of the Hitachi Ltd. Corporate Pension Fund only, (B) the Closing Date shall be deemed to mean the Transfer Date, and (C) the assets of the Hitachi Ltd. Corporate Pension Fund shall be deemed to mean the actual assets (but not the liabilities) of such plan included in the Japan Benefit Plan Assets and Liabilities; provided, however, that (x) any amount that would have been a reduction to the Cash Portion of the Purchase Price under Section 6.12(d)(ii) shall be paid in cash from the Seller to the Buyer and (y) any Japan Benefit Plan Participant who becomes a retiree between the Closing and the Transfer Date shall not be deemed as a Japan Benefit Plan Participant and any amount that was deducted from the Cash Portion of the Purchase Price under Section 6.12(d)(ii) with respect to such retiree Japan Benefit Plan Participant shall be deemed an over funding of the New HGST Benefit Plans.

(vi) The Parties shall make all calculations made pursuant to this Section 6.12(d) without double counting, whether by inclusion or exclusion of any amounts as applicable.

(e) Seller Seconded Employees.

(i) As of the Closing, subject to normal attrition prior to the Closing, up to 113 employees of the Seller providing research and development ("R&D") services to HGST Japan as of the date hereof and as identified on Schedule 6.12(e)(i) (the "R&D Secondees") shall be seconded to HGST Japan until the two (2)-year anniversary of the Closing (the "R&D Secondment Period"). Subject to the applicable R&D Secondee's consent, the R&D Secondment Period for each R&D Secondee shall renew automatically for successive two-year periods.

(ii) As of the Closing, subject to normal attrition prior to the Closing, up to 26 employees of the Seller providing non-R&D and other R&D related services to HGST Japan as of the date hereof and as identified on Schedule 6.12(e)(ii) (the "Non-R&D/R&D Related Secondees") shall be seconded to HGST Japan until the two (2)-year anniversary of the Closing (the "Non-R&D/R&D Related Secondment Period"). Subject to the applicable Non-R&D/R&D Related Secondee's consent, the Non-R&D/R&D Related Secondment Period for each Non-R&D/R&D Related Secondee shall renew automatically for successive two-year periods, provided that either the Seller or HGST Japan may elect not to renew the Non-R&D/R&D Related Secondment Period by giving written notice of such election not to renew no later than three (3) months prior to the end of the then-current Non-R&D/R&D Related Secondment Period.

(iii) The secondments contemplated with respect to the foregoing (i) and (ii) shall be implemented in accordance with a secondment agreement substantially in the form attached hereto as Exhibit G (the "Secondment Agreement"). The Parties acknowledge that the R&D Secondees and the Non-R&D/R&D Related Secondees are currently seconded from the Seller to HGST Japan and that the applicable Secondment Agreement shall provide, among other things, that HGST Japan shall pay to the Seller fees for the performance of services by the R&D Secondees and the Non-R&D/R&D Related Secondees, as applicable, on the same terms and conditions of such secondments as are in effect as of the date hereof. During the R&D Secondment Period or the Non-R&D/Other R&D Secondment Period, the Seller and the Buyer may discuss and negotiate the permanent transfer of employment, modification, extension or termination of any secondment term (individually or in the aggregate), or change to terms and conditions of secondment, of any R&D Secondees and the Non-R&D/R&D Related Secondees (subject to obtaining such applicable secondee's consent) to HGST Japan or any of its Related Subsidiaries during any R&D Secondment Period or the Non-R&D/Other R&D Secondment Period.

(f) HGST Japan Seconded Employees. As of the Closing, subject to normal attrition prior to the Closing, 82 employees of HGST Japan seconded to the Seller as of the date hereof and as identified on Schedule 6.12(f) (the "HGST Japan Secondees") shall be seconded to the Seller until the two (2)-year anniversary of the Closing (the "HGST Japan Secondment Period"). Subject to the applicable HGST Japan Secondee's consent, the HGST Japan Secondment Period for each HGST Japan Secondee shall renew automatically for successive two-year periods. The secondments contemplated with respect to this Section 6.12(f) shall be implemented in accordance with the Secondment Agreement. The Parties acknowledge that the HGST Japan Secondees are currently seconded from HGST Japan to the Seller and that the applicable Secondment Agreement shall provide, among other things, that the Seller shall pay to HGST Japan fees for the performance of services by the HGST Japan Secondees on the same terms and conditions of such secondments as are in effect as of the date hereof. During the HGST Japan Secondment Period, the Seller and the Buyer may discuss and negotiate the permanent transfer of employment of any HGST Japan Secondees to the Seller or any of its Related Subsidiaries during any HGST Japan Secondment Period.

(g) Seller Employees.

(i) The Seller shall reasonably cooperate with the Buyer and its Affiliates in permitting representatives of the Buyer and its Affiliates to interview, on a voluntary basis, each Seller Employee identified by the Seller as a candidate for secondment to, or employment with, the Buyer or its Affiliates in a written notice provided to the Buyer no later than two (2) months prior to the Closing Date, so as to make selection decisions and communicate to such Seller Employee any information concerning secondment or employment offers and secondment or employment with the Buyer or its Affiliates. By no later than fifteen (15) calendar days before Closing, the Buyer shall cause to be delivered written offers of secondment or employment, contingent upon the occurrence of Closing, to those Seller Employees the Buyer or its Affiliate wishes to accept secondment or to employ at Buyer's or its Affiliate's sole discretion (the "Offer Letters"), which, if accepted, shall provide that such Seller Employee shall be seconded to or hired by the Buyer or its Affiliate (including the Company or any of the Subsidiaries) as of immediately after the Closing Date on terms and conditions no less favorable, in the aggregate, than such Seller Employee's terms and conditions in effect, in the aggregate, as of immediately prior to the Closing. Each Seller Employee who accepts the Offer Letter by signing it and returning it as provided therein shall be seconded to or employed by the Buyer or its Affiliate on the terms set forth in the Offer Letter, commencing on his or her first hour of service with such entity following the Closing Date (the "Employment Commencement Date") and is referred to herein as a "Seller Seconded/Transferred Employee". Effective on the Closing Date, the Seller shall (A) enter into a secondment agreement with the Buyer or its applicable Affiliate with respect to the Seller Seconded/Transferred Employees who are to be seconded to the Buyer or its Affiliates, or (B) accept the resignation of the Seller Seconded/Transferred Employees who are to be transferred to the Buyer and its Affiliates, and the Buyer or its Affiliate shall accept the secondment of or hire such Seller Seconded/Transferred Employee.

(ii) Nothing in this Agreement shall require the Buyer or its Affiliates to make an offer to, accept a secondment or hire any particular Seller Employee or continue to employ any Seller Transferred Employee following the Closing Date. Nothing in this Agreement shall restrict the Buyer or its Affiliates from terminating any Japan Employee or the Seller Seconded/Transferred Employee for cause or due to a voluntary resignation pursuant to applicable Law.

(iii) The Seller shall be responsible for worker's compensation claims with respect to any Seller Employee if the incident or alleged incident giving rise to the claim occurred prior to the Employment Commencement Date. The Buyer or the Buyer Parent shall be responsible for any workers' compensation claims with respect to any Seller Seconded/Transferred Employee if the incident or alleged incident giving rise to the claim occurs on or after the Employment Commencement Date.

(iv) The Buyer or the Buyer Parent shall provide to the Seller Seconded/Transferred Employees employee benefits under Buyer Benefit Plans. Subject to applicable Law, the Buyer or the Buyer Parent can amend or terminate at any time any or all of the Buyer Benefit Plans. To the extent any Buyer Benefit Plan (but excluding pension benefit plans) is made available to the Seller Transferred Employees, (a) service with the Seller before the Closing Date shall be credited for eligibility and vesting (but not benefit accrual) purposes to the same extent such service is recognized by the Seller immediately prior to the Closing, and (b) with respect to any Buyer Benefit Plan so made available, the Buyer or its Affiliate shall use commercially reasonable efforts, subject to approval of the relevant insurer, to cause such Buyer Benefit Plan to provide credit for any co-payments or deductibles by such employees and waive all pre-existing condition exclusions and waiting periods, other than exclusions or waiting periods that have not been satisfied under the Seller's welfare plans as of the Closing Date or those under insured plans that shall not be credited or waived by the respective insurer.

(h) Company U.S. Benefit Plans.

(i) Prior to the Closing, the Seller shall, and shall cause the Company and any of Seller's applicable Affiliates to, (i) use its best efforts to obtain all consents (if any), Approvals (if any) and authorizations (if any) from any applicable Governmental Entity necessary to permit the Seller or any of its Affiliates other than the Company and the Subsidiaries to become the sponsor and administrator of the Hitachi Global Storage Technologies, Inc. Pension Plan, the Hitachi Global Storage Technologies, Inc. Supplemental Executive Retirement Plan and the Hitachi Global Storage Technologies, Inc. Retiree Health Subsidy Plan, each of which was "frozen" on February 28, 2011 and will continue to be frozen as of the Closing (such Benefit Arrangements, collectively, the "U.S. Benefit Plans"), and (ii) do all things and take all actions necessary, proper and advisable for the Seller or such Affiliate to become the sponsor of the U.S. Benefit Plans no later than the Closing.

(ii) Effective not later than the Closing, Buyer shall, or shall cause one of its Affiliates to, maintain a benefit plan that is intended to satisfy the requirements of Sections 401(a) and 401(k) of the Code (the "Buyer 401(k) Plan"). As soon as practicable following the Closing, the Seller shall cause any and all accounts of Continuing Employees under any benefit plan sponsored by Seller or its Affiliates that is intended to satisfy the requirements of Sections 401(a) and 401(k) of the Code (the "Seller 401(k) Plan") to be fully vested. Buyer shall cause the Buyer 401(k) Plan to accept rollover contributions of amounts distributed to Continuing Employees from the Seller 401(k) Plan. Such rollover contributions shall be in cash, except that to the extent the rollover contribution is made not later than the end of the calendar quarter following the calendar quarter in which the Closing occurs, the Buyer 401(k) Plan will accept in-kind rollovers of participant loan balances and provide for continued repayments of any such loans through payroll deductions commencing not later than with the first payroll period ending not more than fourteen (14) days following the date of such rollover. The Buyer shall use commercially reasonable efforts to provide for remittance of continued payroll deductions to service any participant loan balance maintained by a Continuing Employee under the Seller 401(k) Plan through the end of the calendar quarter following the calendar quarter in which the Closing occurs (or through the date of distribution of such Continuing Employee's account under the Seller 401(k) Plan, if earlier).

(iii) Upon the Closing, the Seller shall cause each participant in any US Benefit Plan to be fully vested in his or her benefit under such plan. Upon the Closing, the Seller shall cause each participant in the U.S. Benefit Plans other than the Hitachi Global Storage Technologies, Inc. Retiree Health Subsidy Plan who is an active employee of the Company or the Subsidiaries immediately prior to the Closing Date to be treated as having satisfied any service requirement for any early retirement subsidy that such participant would have become entitled to had he or she continued active participation in such plan or plans; provided, however, that at its option, the Seller may instead cause such plans to credit post-closing service with the Buyer Parent or its Affiliates for purposes of determining the eligibility for any such early retirement subsidy.

(i) UK Employees; UK Benefit Plans.

(i) Subject to the approval of the trustees of the Hitachi UK Pension Scheme (the "UK Scheme"), the Seller, Hitachi Europe Ltd. or other Affiliate of the Seller ("Hitachi Europe"), and Hitachi Global Storage Technologies Europe, Ltd. ("HGST UK") shall use commercially reasonable efforts to effect by the Closing a scheme apportionment arrangement in accordance with the Occupational Pension Schemes (Employer Debt Regulations) 2005 or other applicable Law whereby (A) HGST UK will cease being the participant in the UK Scheme with respect to HGST UK's active members or employees in pensionable service (the "Active Scheme Members") and former employee members or employees in pensionable service (together with the Active Scheme Members, the "Scheme Beneficiaries") and (B) the liability attributable to HGST UK pursuant to Sections 75 and 75A of the Pensions Act 1995 ("Section 75") will be reallocated to Hitachi Europe or other participating employer(s) of the UK Scheme with respect to the Scheme Beneficiaries, save for a scheme apportionment share payable by HGST UK of £1.00 (ONE POUND STERLING) (the "Apportionment"). Upon effectiveness of the Apportionment, HGST UK shall have no obligations with respect to any payment under or in connection with the UK Scheme including any obligation to make any debt payment under Sections 75 or any distributions to the Scheme Beneficiaries.

(ii) Notwithstanding whether the Apportionment has been effected prior to the Closing, prior to the Closing the Seller shall cause HGST UK to close or "freeze" the UK Scheme with respect to any new accrual of benefits and the acceptance of new active employee members in the UK Scheme from HGST UK and all then-current Active Scheme Members from HGST UK will become deferred vested participants in the UK Scheme.

(iii) If the Seller and Hitachi Europe are unable to effect the Apportionment by the Closing, for two (2) years following the Closing, the Buyer and the Company shall cause HGST UK to (A) do all things and take all actions necessary, proper and advisable to maintain HGST UK's status as a participant in the UK Scheme, including continuing the employment of the minimum number of Active Members required under, and thereby preventing any obligation to make any payment under or in connection with the UK Scheme pursuant to Section 75, and (B) otherwise use commercially reasonable efforts to effect the Apportionment together with the Seller and Hitachi Europe. If the Apportionment has not been effected at the end of such two (2)-year period, the Buyer and the Company shall cause HGST UK to cease to be a participant in the UK Scheme. Any amount of debt that becomes payable by the Company or any of the Subsidiaries to the trustee of the UK Scheme under Section 75 as a result of such cessation shall be paid in cash by the Seller to the Buyer (or its designated Affiliate) promptly following the date such debt has been certified and such certificate has been provided to the Seller (the "Section 75 Debt"). Upon payment of the Section 75 Debt, the Buyer shall cause the Company to promptly pay to the UK Scheme the Section 75 Debt as set forth in the certification thereof.

(j) Rest of World. Except as otherwise provided in Section 6.12(c) (Seller Benefit Plans), (h) (Company U.S. Benefit Plans), and (i) (UK Employees; UK Benefit Plans), from and after the Closing, the Company and the Subsidiaries shall continue to sponsor and administer their respective Benefit Arrangements, and the Seller and its Affiliates shall not be liable for any adjustments, true-ups, contributions, payments or other obligations of any kind whatsoever in respect of such Benefit Arrangements; provided, however, that this Section 6.12(j) shall not be construed to relieve the Seller of its obligations under Article IX.

(k) No Third Party Beneficiaries. No provision of this Agreement shall create any third party beneficiary rights in any employee of the Company, any employee of any of the Subsidiaries, or any Seller Employee, or any of their respective beneficiaries, dependents, or collective bargaining representatives, with respect to the compensation, terms and conditions of employment and benefits that may be provided to any employee of the Company, any employee of any of the Subsidiaries, or any Seller Employee by the Buyer or its Affiliates or under any Benefit Arrangement which the Buyer or its Affiliates may maintain, or otherwise. Except as provided in this Section 6.12, no provision of this Agreement shall be construed to prohibit the Buyer or its Affiliates from amending or terminating any Buyer Benefit Plans.

Section 6.13 **Separation of Network and Infrastructure**. Prior to the Closing or, pursuant to the Transition Services Agreement, thereafter, the Seller shall, to the extent not already done, (a) separate the networks and IT infrastructure components of the Company and each of the Subsidiaries from the Seller's and its other Affiliates' networks and IT infrastructure, and (b) ensure that the operation of all networks and IT infrastructure components of the Company and each of the Subsidiaries is not dependent upon any networks or IT infrastructure of the Seller or its other Affiliates, it being agreed that the Buyer Parent shall pay the fees and reimburse the expenses of the Seller in connection with the Seller's performance of all such activities as provided in the Transition Services Agreement, as if such agreement were already in effect for such purposes.

Section 6.14 **SEC Filings and Financing Cooperation**. The Seller shall cause the Company and each of the Subsidiaries and their respective accounting and legal advisors to provide all cooperation reasonably requested by the Buyer Parent or the Buyer in connection with the Buyer Parent or the Buyer SEC filings related to the proposed purchase, and the purchase, of the Company and the arrangement of debt financing for the transactions contemplated by this Agreement (provided that such requested cooperation does not unreasonably interfere with the ongoing operations of the Company and the Subsidiaries and all reasonable out of pocket expenses incurred by the Company and its Subsidiaries in connection with such filings and financing shall be paid by the Buyer Parent), including, to the extent applicable (a) participating in a reasonable number of meetings, presentations, road shows, due diligence sessions and sessions with rating agencies, (b) reasonably assisting in the preparation of one or more appropriate and customary offering documents and other appropriate and customary marketing materials to be used in connection with such debt financing (including any "bank book" prepared in connection with any bank financing), (c) preparing and delivering financial statements and other financial data of the Company as are required by or otherwise customarily included in such offering documents (including any "bank book" prepared in connection with any bank financing), (d) permitting reasonable access to the Company's independent auditors and their work papers (to the extent permitted by the independent auditors), (e) requesting timely delivery of (i) any independent auditor consents required in connection with any filing with the SEC and (ii) appropriate and customary "comfort letters" and "bring down" comfort letters and providing customary representations to the Company's independent auditors in connection therewith, (f) facilitating any pledging of collateral, (g) providing authorization letters to one or more financing sources authorizing the distribution of information to prospective lenders provided that they are bound by the confidentiality agreement between the parties, and (h) furnishing as promptly as reasonably practicable such financial and other pertinent information regarding the Company as may be reasonably requested. Notwithstanding anything in this Agreement to the contrary, neither the Seller, the Company nor any of their subsidiaries shall be required to pay any commitment or other fee or incur any other liability or obligation in connection with the Buyer and the Buyer Parent's arrangement of debt financing (except for the Company and the Subsidiaries from and after the consummation of the Closing and except for any fees reimbursed by the Buyer Parent).

Section 6.15 Environmental Approvals. With respect to material environmental permits and approvals, the Company shall, and shall cause each of the Subsidiaries to, cooperate with the Buyer Parent and the Buyer prior to and after Closing in the transfer, assignment, issuance or reissuance of such environmental approvals from the Company and the Subsidiaries to the Buyer Parent and the Buyer.

Section 6.16 Negotiation of External Storage Brand Agreement. Promptly following the execution of this Agreement, the Seller and the Buyer shall negotiate in good faith, but without obligation as to result, concerning the right to continued use of the Seller brand with respect to the Company's external storage products for a mutually agreed period of time after Closing.

Section 6.17 Termination of Accounts Receivable Guarantee. The Parties acknowledge that nothing in this Agreement shall restrict the Seller from terminating its guarantee or any credit support in connection with the Company's trade account receivable program.

ARTICLE VII
CONDITIONS PRECEDENT TO THE BUYER'S OBLIGATIONS

The obligations of the Buyer under this Agreement shall be subject to the satisfaction, on or before the Closing, of each of the following conditions:

Section 7.1 No Adverse Governmental Action, Proceeding or Injunction. No Governmental Entity having jurisdiction over the Company, the Seller, the Buyer or the Buyer Parent shall have issued an order, decree or ruling or taken any other material action enjoining or otherwise prohibiting consummation of the acquisition of the Stock on the terms contemplated by this Agreement; provided that any order, decree or ruling with respect to Antitrust Laws other than those set forth on Schedule 7.2 shall be disregarded for purposes of this Section 7.1.

Section 7.2 Antitrust Approvals. The approvals required to consummate the transactions contemplated by this Agreement pursuant to the Antitrust Laws of the jurisdictions listed in Schedule 7.2 shall have been obtained or any applicable waiting periods thereunder (and any extensions thereof) shall have expired or been terminated.

Section 7.3 Representations and Warranties of the Company. Except for those representations and warranties of the Company that address matters only as of a particular date prior to the date of this Agreement (which representations and warranties shall have been true and correct in all respects as of such particular date, except where the failure of such representations and warranties to be true and accurate (individually or in the aggregate) as of such particular date would not have a Material Adverse Effect on the Company and the Subsidiaries taken as a whole), the representations and warranties of the Company contained herein shall be true and accurate in all respects as of the Closing Date as if made on the Closing Date, except where the failure of such representations and warranties to be true and accurate (individually or in the aggregate) as of the Closing Date would not have a Material Adverse Effect on the Company and the Subsidiaries, taken as a whole; and the Buyer shall have received at the Closing a certificate, dated the Closing Date, signed by an authorized executive officer of the Company on behalf of the Company to such effect. For purposes of determining whether a Material Adverse Effect on the Company has occurred, (a) all references to "material," "materiality" or "Material Adverse Effect" contained in any of the Company's representations and warranties shall be disregarded, and (b) any disclosures made pursuant to Section 6.3 of a breach of any representation, warranty, covenant or obligation of the Company shall not be a qualification to the original representation, warranty, covenant or obligation.

Section 7.4 Representations and Warranties of the Seller. Except for those representations and warranties of the Seller that address matters only as of a particular date prior to the date of this Agreement (which representations and warranties shall have been true and correct in all respects as of such particular date, except where the failure of such representations and warranties to be true and accurate (individually or in the aggregate) as of such particular date would not prevent Seller from consummating the transactions contemplated by this Agreement), the representations and warranties of the Seller contained herein shall be true and accurate in all respects as of the date of this Agreement and as of the Closing Date as if made on the Closing Date, except where the failure of such representations and warranties to be true and accurate (individually or in the aggregate) as of the Closing Date would not prevent Seller from consummating the transactions contemplated by this Agreement; and the Buyer shall have received at the Closing a certificate, dated the Closing Date, signed by an authorized executive officer of the Seller on behalf of the Seller to such effect. For purposes of determining whether a Material Adverse Effect on the Seller has occurred, (a) all references to "material," "materiality" or "Material Adverse Effect" contained in any of the Seller's representations and warranties shall be disregarded, and (b) any disclosures made pursuant to Section 6.3 of a breach of any representation, warranty, covenant or obligation of the Seller shall not be a qualification to the original representation, warranty, covenant or obligation.

Section 7.5 Performance. The Seller and the Company shall have performed and complied, in all material respects, with all agreements, obligations and conditions required to be performed or complied with by them on or prior to the Closing; and the Buyer shall have received at the Closing a certificate, dated the Closing Date, signed by an authorized executive officer(s) of each of the Seller and the Company to such effect.

Section 7.6 No Material Adverse Effect. From the execution of this Agreement until the Closing, there shall not have occurred a Material Adverse Effect on the Company.

Section 7.7 Payoff Letters. At least two (2) Business Days prior to the Closing, the Buyer shall have received evidence reasonably satisfactory to it that upon payment by it of the Indebtedness to be paid on the Closing Date, the Indebtedness will be paid in full and all lines of credit available to the Company or any of its Subsidiaries will be terminated, and, concurrently with such payment or termination, all related Encumbrances shall be released.

Section 7.8 Retained Land. The Company's real property in San Jose, California, as more particularly described on Schedule 7.8 (the "Retained Land"), has been transferred from the Company to the Seller or a third party.

Section 7.9 Resignation Letters. The Buyer and the Buyer Parent shall have received the resignations of each of the officers in the agreed form of the Company and each of the Subsidiaries specified on a list to be provided by the Buyer to the Seller and the Company not less than five (5) Business Days prior to the Closing, and each member of the board of directors (or equivalent) and each legal representative of the Company and each of the Subsidiaries, in each case, effective as of the Closing Date, and, provided that the Buyer has provided all necessary information no later than ten (10) Business Days prior to the Closing, any other documentation required to be executed and delivered by the incumbent directors or legal representative or other officers of the Company and each of the Subsidiaries to effect the appointment of the new directors to the board of directors of each of the Subsidiaries and the new legal representatives (if any) of any of the Subsidiaries under applicable Law.

Section 7.10 Non-Competition Agreement. The Buyer and the Buyer Parent shall have received the non-competition agreement, in the form attached as Exhibit A (the "Non-Competition Agreement"), executed by the Seller.

Section 7.11 IP License Agreement. The Buyer and the Buyer Parent shall have received the intellectual property license agreement, in the form attached as Exhibit B (the "IP License Agreement"), executed by the Seller.

Section 7.12 Investor Rights Agreement. The Buyer and the Buyer Parent shall have received the investor rights agreement, in the form attached as Exhibit C (the "Investor Rights Agreement"), executed by the Seller.

Section 7.13 Customer Agreement. The Buyer and the Buyer Parent shall have received the customer agreement, in the form attached as Exhibit D (the "Customer Agreement"), executed by the Seller.

Section 7.14 R&D Services Agreement. The Buyer and the Buyer Parent shall have received the R&D services agreement, in the form attached as Exhibit E (the "R&D Services Agreement"), executed by the Company and the Seller.

Section 7.15 Branding Agreement. The Buyer and the Buyer Parent shall have received the branding agreement, in the form attached as Exhibit F (the "Branding Agreement"), executed by the Company and the Seller.

Section 7.16 Secondment Agreement. The Buyer and the Buyer Parent shall have received the Secondment Agreement executed by the Seller and HGST Japan.

ARTICLE VIII
CONDITIONS PRECEDENT TO THE COMPANY'S AND THE SELLER'S OBLIGATIONS

The obligations of the Company and the Seller under this Agreement shall be subject to the satisfaction, on or before the Closing, of each of the following conditions:

Section 8.1 No Adverse Governmental Action, Proceeding or Injunction. No Governmental Entity having jurisdiction over the Company, the Seller, the Buyer or the Buyer Parent shall have issued an order, decree or ruling or taken any other material action enjoining or otherwise prohibiting consummation of the acquisition of the Stock on the terms contemplated by this Agreement; provided that any order, decree or ruling with respect to Antitrust Laws other than those set forth on Schedule 7.2 shall be disregarded for purposes of this Section 8.1.

Section 8.2 Antitrust Approvals. The approvals required to consummate the transactions contemplated by this Agreement pursuant to the Antitrust Laws of the jurisdictions listed in Schedule 7.2 shall have been obtained or any applicable waiting periods thereunder (and any extensions thereof) shall have expired or been terminated.

Section 8.3 Representations and Warranties. Except for those representations and warranties of the Buyer and the Buyer Parent that address matters only as of a particular date prior to the date of this Agreement (which representations and warranties shall have been true and correct in all respects as of such particular date, except where the failure of such representations and warranties to be true and accurate (individually or in the aggregate) as of such particular date would not have a Material Adverse Effect on the Buyer or the Buyer Parent taken as a whole), the representations and warranties of the Buyer and the Buyer Parent contained herein shall be true and accurate in all respects as of the Closing Date as if made on the Closing Date, except where the failure of such representations and warranties to be true and accurate (individually or in the aggregate) as of the Closing Date would not have a Material Adverse Effect on the Buyer or the Buyer Parent; and the Company and the Seller shall have received at the Closing a certificate, dated the Closing Date, signed by an authorized executive officer(s) of the Buyer and the Buyer Parent on behalf of the Buyer and the Buyer Parent to such effect. For purposes of determining whether a Material Adverse Effect on the Buyer or the Buyer Parent has occurred, all references to "material," "materiality" or "Material Adverse Effect" contained in any of the Buyer's or the Buyer Parent's representations and warranties shall be disregarded.

Section 8.4 Performance. The Buyer and the Buyer Parent shall have performed and complied with, in all material respects, all agreements, obligations and conditions required by this Agreement to be performed or complied with by it on or prior to the Closing, and the Company and the Seller shall have received at the Closing a certificate, dated the Closing Date, signed by an executive officer(s) of each of the Buyer and the Buyer Parent to such effect.

Section 8.5 No Material Adverse Effect. From the execution of this Agreement until the Closing, there shall not have occurred a Material Adverse Effect on the Buyer.

Section 8.6 IP License Agreement. The Seller shall have received the IP License Agreement executed by the Buyer and the Buyer Parent.

Section 8.7 Investor Rights Agreement. The Seller shall have received the Investor Rights Agreement executed by the Buyer Parent.

ARTICLE IX
INDEMNIFICATION

Section 9.1 Survival.

(a) Survival of Representations and Warranties. The Parties' respective indemnification obligations with respect to representations and warranties in this Agreement or in any instrument delivered pursuant to this Agreement shall survive the Closing Date and continue until 5:00 p.m. on the date which is twelve (12) months after the Closing Date (the "Expiration Date"), except for (i) representations and warranties set forth in (A) Section 3.1 (Organization), Section 3.2 (Authorization; Enforceability), Section 3.3 (Ownership of the Stock), Section 3.8 (Investment), Section 3.9 (Brokers', Finders' Fees, etc.), Section 4.1 (Organization), Section 4.2 (Authority; Enforceability), Section 4.5 (Capitalization), Section 4.6(a) (Subsidiaries and Affiliates), Section 4.27 (Brokers', Finders' Fees, etc.) and (B) Section 5.1 (Organization), Section 5.2 (Authorization; Enforceability), Section 5.10 (Accredited Investor), Section 5.11 (Buyer Parent Stock), Section 5.13 (Brokers', Finders' Fees, etc.) (any claim related to the breach of such Section in clause (A) a "Seller Excluded Claim" and any claim related to the breach of such Section in clause (B) a "Buyer Excluded Claim"), which shall survive the Closing Date and continue until the applicable statute of limitations, if any, (ii) representations and warranties set forth in Section 4.19 (Environmental Matters), which shall survive the Closing Date and continue until 5:00 p.m. on the date which is 36 months after the Closing Date, and (iii) representations and warranties set forth in Section 4.16 (Taxes), which shall survive the Closing Date until ninety (90) days following the expiration of the relevant statute of limitations period (as may be extended prior to such expiration by the Buyer at the request of the applicable Governmental Entity). The Parties' respective indemnification obligations with respect to covenants, obligations and agreements in this Agreement or in any instrument delivered pursuant to this Agreement which contemplate performance or compliance after the Closing Date shall survive the Closing Date and shall terminate in accordance with the respective terms of such covenants, obligations and agreements. The Parties' respective indemnification obligations with respect to covenants, obligations and agreements in this Agreement or in any instrument delivered pursuant to this Agreement which contemplate performance or compliance at or prior to the Closing Date shall survive the Closing Date and shall terminate as of the Expiration Date. Any claim for indemnity under Section 9.2 or Section 9.3 shall be deemed time-barred, and no such claim shall be made after the period specified in the immediately preceding three sentences; provided, however, that in the event a Buyer Indemnitee or the Seller Indemnitee has incurred a Loss or received written notice from a third party of a third party claim for which such Buyer Indemnitee or the Seller Indemnitee is entitled to indemnification under Section 9.2 or Section 9.3 and such Indemnitee provides written notice of a claim for indemnification under Section 9.2 or Section 9.3, as the case may be, to the Buyer or the Seller, as the case may be, in good faith and in accordance with the requirements of Article IX before the expiration of the applicable survival period that describes such claim in reasonable detail (including the facts underlying each particular claim) and includes copies of all material written evidence upon which such claim is based, then the indemnification rights pursuant to Section 9.2 or Section 9.3 that would otherwise terminate as set forth above shall survive as to such claim until such time as such claim is fully and finally resolved.

Section 9.2 Indemnification of the Buyer.

(a) Subject to the limitations set forth herein, from and after the Closing, the Seller shall indemnify and hold harmless the Buyer (and its stockholders, directors, officers, employees, agents, Affiliates, representatives, successors, and assigns) (collectively, the "Buyer Indemnitees") from and against any and all Losses incurred by a Buyer Indemnitee arising out of (i) the breach of any representation or warranty made by the Seller or the Company in this Agreement other than Section 4.16 (Taxes) (provided, that for any representation or warranty that is limited by materiality, Material Adverse Effect, or other similar qualifiers, the amount of damages will be determined as if the materiality, Material Adverse Effect, or other similar qualifiers were not included therein), (ii) the breach of any covenant, obligation or agreement made by the Seller or the Company in this Agreement (other than Section 6.1(b)(xv)), any other Seller Transaction Document or any Company Transaction Documents (A) which contemplate performance or compliance solely prior to the Closing Date other than the covenants, obligations or agreements set forth in Section 6.1 and (B) which contemplate performance or compliance at or after the Closing Date, (iii) Losses in excess of $2,000,000 for a breach of any covenant, obligation or agreement made by the Seller or the Company in Section 6.1(a) or Section 6.1(b), which contemplate performance or compliance solely prior to the Closing Date, (iv) any understatement of any of the Closing Payments and Assumed Obligations, (v) any liabilities associated with the Retained Land, including environmental liabilities and liabilities arising from the transfer or distribution of the Retained Land prior to the Closing, (vi) Losses in excess of $11,000,000 incurred for Remedial Activities (as defined in Section 9.7(a) hereof) to address the release of Hazardous Substances into the environment at, in, on, under or migrating from the Indemnified Properties, to the extent such conditions existed prior to the Closing Date ("Pre-Closing Environmental Liabilities"), provided however, that such Pre-Closing Environmental Liabilities shall not include costs incurred for closure and post-closure related requirements under Hazardous Waste Facility Permit Number 05-SAC-02 issued by the California Department of Toxic Substances Control ("DTSC") as currently secured by the Letter Of Credit issued to DTSC by the Mizuho Corporate Bank, Ltd., dated May 28, 2010, (vii) any claim set forth on Schedule 9.2(a)(vii) by any of the Equity Award Holders that such holders are entitled to amounts in excess of the payments made by the Buyer at Closing pursuant to Section 2.3(a)(v) provided that the Buyer has made such payments and (viii) any claim by the assignee of any receivable, with respect to any receivables assigned prior to or on the Closing Date, pursuant to the factoring program described in Item 5 of Schedule 6.1.

(b) Notwithstanding the provisions of Section 9.2(a), the Seller shall have no liability under Section 9.2(a)(i), unless and until the Losses incurred by the Buyer Indemnitees in the aggregate exceed $15,000,000 (the "Indemnification Basket") (in which event the Seller shall be obligated to indemnify the Buyer Indemnitees for Losses in excess of the Indemnification Basket), provided that the foregoing Indemnification Basket shall not apply to Losses related to, any claim for indemnification with respect to (i) any of the Seller Excluded Claims, (ii) any of the items set forth in Section 9.2(a)(ii)-(viii), and (iii) fraud or intentional misrepresentation.

(c) The maximum aggregate liability for the Seller under Section 9.2(a)(i), Section 9.2(a)(ii)(A) and Section 9.2(a)(iii) of this Agreement shall be limited to $350,000,000 ("Indemnification Cap"); provided that the foregoing Indemnification Cap shall not apply to, and the Seller shall be responsible for any Losses related to, any claim for indemnification with respect to (i) any of the Seller Excluded Claims, (ii) any of the items set forth in Section 9.2(a)(ii)(B) and Section 9.2(a)(iv)-(viii), and (iii) fraud or intentional misrepresentation by the Company or the Seller of any of the representations and warranties set forth in Article III and Article IV.

Section 9.3 Indemnification of the Seller.

(a) Subject to the limitations set forth herein, from and after the Closing, the Buyer and the Buyer Parent shall jointly and severally indemnify and hold harmless the Seller (and its stockholders, directors, officers, employees, agents, Affiliates, representatives, successors, and assigns) (collectively, the "Seller Indemnitees") from and against any and all Losses incurred by a Seller Indemnitee arising out of (i) the breach of any representation or warranty made by the Buyer in this Agreement (provided, that for any representation or warranty that is limited by materiality, Material Adverse Effect or other similar qualifiers, the amount of damages will be determined as if the materiality, Material Adverse Effect or other similar qualifiers were not included therein), and (ii) the breach of any covenant, obligation or agreement made by the Buyer or the Buyer Parent in this Agreement, any other Buyer Transaction Document (A) which contemplate performance or compliance solely prior to the Closing Date and (B) which contemplate performance or compliance at or after the Closing Date.

(b) The maximum aggregate liability for the Buyer and the Buyer Parent under Section 9.3(a)(i) and Section 9.3(a)(ii)(A) of this Agreement shall be limited to amount equal to the Indemnification Cap; provided that the foregoing Indemnification Cap shall not apply to, and the Buyer and the Buyer Parent shall be responsible for any Losses related to, any claim for indemnification with respect to (i) any of the Buyer Excluded Claims, and (ii) fraud or intentional misrepresentation by the Buyer of any of the representations and warranties set forth in Article V.

Section 9.4 Indemnification Claim Procedures.

(a) In the event that a Party entitled to indemnification pursuant to the terms hereof (an "Indemnified Party") proposes to make any claim for indemnification pursuant to this Article IX, such Indemnified Party shall deliver a written demand signed by any officer of the Indemnified Party (a "Claim Certificate") to the Seller (in the case of an indemnification claim from a Buyer Indemnitee) or to the Buyer (in the case of an indemnification claim from a Seller Indemnitee) which Claim Certificate contains (i) a description of and if reasonably determinable at the time such demand is delivered, the amount of any Losses incurred or reasonably expected to be incurred by such Indemnified Party, (ii) a statement that the Indemnified Party is entitled to indemnification under this Article IX and a reasonable explanation of the basis therefore, (iii) a copy of any related notices or claims filed with or received from any Governmental Entity or other Person, if readily available, and (iv) a demand for indemnification hereunder and payment of all such Losses.

(b) The Party providing indemnity hereunder (the "Indemnifying Party") shall deliver to the Indemnified Party, an amount equal to the Losses set forth in the Claim Certificate within thirty (30) days of receipt thereof, unless the Indemnifying Party shall object in a written statement to the claim or claims made in the Claim Certificate, and such statement shall have been delivered to the Indemnified Party prior to the expiration of such thirty (30) day period. In the event the Indemnifying Party does not object to a Claim Certificate within thirty (30) days following its receipt by the Indemnifying Party, the Indemnifying Party shall be deemed to have accepted and agreed to the claim set forth in the Claim Certificate and shall be precluded from raising any objection thereto following such date.

(c) In case the Indemnifying Party shall object in writing to any claim or claims made in any Claim Certificate, the Indemnified Party shall have fifteen (15) days after receipt of such objection to respond thereto in a written statement. If after such fifteen (15)-day period there remains a dispute as to any claim the Negotiation Procedures shall apply and the Indemnifying Party and the Indemnified Party shall attempt in good faith, pursuant to the Negotiation Procedures, to agree upon the rights of the respective Parties with respect to such claim. If the Parties should so agree, a memorandum setting forth such agreement shall be prepared and signed by both Parties and the Indemnifying Party shall deliver to the Indemnified Party the amount set forth in such memorandum in accordance with the terms thereof. In the event that the Parties are not able to reach an agreement, or the memorandum contains an agreement as to only a portion of the Losses in question, the Parties may resolve such dispute in the manner provided in Section 12.7(d) hereof.

(d) In the event a claim set forth in the Claim Certificate is contested by the Indemnifying Party solely on the grounds that Losses have not been finally determined, then such claim shall be treated as an unresolved claim only with respect to the amount of Losses and not with respect to whether the Indemnified Party is entitled to indemnification and there shall be no indemnification for amounts incurred in connection with investigation or defending such claim until such Losses are finally determined.

Section 9.5 Additional Indemnity Provisions. The indemnification obligations of the Buyer and the Seller hereunder shall be subject to the following terms and conditions:

(a) Except as provided in Article XI and Section 12.11, the right of the Parties after the Closing to assert indemnification claims and receive indemnification payments pursuant to this Article IX shall be the sole and exclusive right and remedy exercisable by the Parties with respect to any inaccuracy or breach in any representation, warranty, covenant or obligation contained in this Agreement or in any instrument delivered pursuant to this Agreement or in connection with the transactions contemplated by this Agreement except in the case of actual fraud.

(b) The term "Loss" or "Losses" shall mean any and all assessments, disbursements, penalties, fines, losses, Taxes (other than income Taxes imposed upon any payments made as indemnification under Section 9.2 or Section 9.3), damages, costs and/or expenses, whether or not arising out of third-party claims, including interest, penalties, accounting fees and related disbursements, reasonable attorneys' fees and expenses (including both reasonable fees and expenses of counsel incurred in connection with the defense or prosecution of an indemnifiable claim, court costs and all reasonable amounts paid in investigation, defense or settlement); provided that, notwithstanding anything to the contrary contained in this Agreement, Losses shall not include and in no event shall an Indemnifying Party be liable to and Indemnified Party for any consequential, punitive, special, incidental or indirect damages or lost profits, except to the extent recovered from an Indemnified Party in a Third Party Claim.

(c) Any payments made as indemnification under Section 9.2 or Section 9.3 shall be considered adjustments to the Purchase Price to the extent permitted under applicable Law.

(d) The Buyer shall use its commercially reasonable efforts to make and pursue a claim under any insurance policies and make and pursue a claim for indemnification, reimbursement, offset or recovery against third parties who have a contractual obligation existing as of the Closing Date to provide to the Company such indemnity, reimbursement, offset or recovery. Any amounts actually received from such insurers or such other third parties (net of any out-of-pocket expenses incurred relating to such insurance or third-party claim) shall reduce the amount of Losses for purposes of determining the amount of the Seller's indemnity obligation under Section 9.2. If received after an indemnification payment has been made under Section 9.2, any amounts recovered from insurers or other third parties shall be paid by the Buyer within five (5) days of receipt to the Seller, as applicable, up to an amount previously paid by the Seller as Losses pursuant to Section 9.2.

(e) In calculating the amount of any Loss, there shall be deducted an amount equal to the net Tax benefit (for clarity, net of any Tax costs associated therewith) actually received by the Indemnified Party in connection therewith; provided, that such net Tax benefit shall be paid by the Indemnified Party only at such time or times and to the extent that such net Tax benefit is actually realized (i.e., calculated on the basis of the actual reduction in cash payments or increase in cash refunds for Taxes attributable to such Loss, taking account of all other items of deduction and loss prior to utilizing such Loss).

(f) The right to indemnification or any other remedy based on representations, warranties, covenants and agreements of the Seller and the Company or any of the Subsidiaries in this Agreement or any other Transaction Document shall not be affected by any investigation conducted by the Buyer at any time, or any knowledge acquired (or capable of being acquired) by the Buyer at any time, whether before or after the execution and delivery of this Agreement or the Closing Date, with respect to the accuracy or inaccuracy of or compliance with, any such representations, warranties, covenants or agreements. The waiver by the Buyer of any condition based on the accuracy of any representation or warranty of the Seller, the Company, or any of the Subsidiaries, or on the performance of or compliance with such covenants or agreements of the Seller, the Company, or any of the Subsidiaries, will not affect the right to indemnification or any other remedy based on such representations, warranties, covenants and agreements.

(g) The right to indemnification or any other remedy based on representations, warranties, covenants and agreements of the Buyer and the Buyer Parent in this Agreement or any other Transaction Document shall not be affected by any investigation conducted by the Company or the Seller at any time, or any knowledge acquired (or capable of being acquired) by the Company or the Seller at any time, whether before or after the execution and delivery of this Agreement or the Closing Date, with respect to the accuracy or inaccuracy of or compliance with, any such representations, warranties, covenants or agreements. The waiver by the Company or the Seller of any condition based on the accuracy of any representation or warranty of the Buyer or the Buyer Parent or on the performance of or compliance with such covenants or agreements of the Buyer or the Buyer Parent, will not affect the right to indemnification or any other remedy based on such representations, warranties, covenants and agreements.

(h) Each Indemnified Party shall use its reasonable efforts to mitigate any indemnifiable Loss. In the event an Indemnified Party fails to so mitigate an indemnifiable Loss, the Indemnifying Party shall have no liability for any portion of such Loss that reasonably could have been avoided had the Indemnified Party made such efforts.

(i) The Parties agree that nothing in this Agreement shall limit or impair the obligations of any Party under applicable law for Losses arising out of fraud or intentional misrepresentation.

Section 9.6 Defense of Third-Party Claims.

(a) In the event that an Indemnified Party becomes aware of any Action (including appeals) in respect of such item (or items) by any Person other than the Indemnified Party (a "Third-Party Claim"), the Indemnified Party shall promptly notify the Indemnifying Party of such Third-Party Claim; provided, however, that the failure to give prompt notice shall not affect the indemnification provided hereunder except to the extent the Indemnifying Party has been actually prejudiced as a result of such failure. The notice of any Third-Party Claim shall include, based on information then available to the Indemnified Party, a summary in reasonable detail of the basis for the claim and a reasonable estimate of the Losses. The Indemnifying Party shall have the right in its discretion and at its expense to assume and control the defense or settlement of such Third-Party Claim through counsel of its choice (such counsel to be reasonably acceptable to the Indemnified Party) if it gives notice of its intention to do so to the Indemnified Party within twenty (20) Business Days of the receipt of such notice from the Indemnified Party; provided, however, that the Indemnifying Party shall not have the right to assume the defense of the Third-Party Claim if (i) any such claim seeks, in addition to or in lieu of monetary losses, any injunctive or other equitable relief, (ii) involves criminal allegations, (iii) if such Third-Party Claim is a claim for indemnification under Section 9.2 and such claim would cause the aggregate Losses that would otherwise be paid by the Indemnifying Party under this Article IX to exceed the Indemnification Cap, or (iv) there is an actual conflict of interest that would make it inappropriate (in the judgment of the Indemnified Party after consultation with outside counsel) for the same counsel to represent both the Indemnified Party and the Indemnifying Party. In the event that the Indemnifying Party assumes the defense of such Third-Party Claim, it will conduct the defense actively, diligently and at its own expense. The Indemnified Party shall cooperate with the Indemnifying Party in such defense and shall make available to the Indemnifying Party, at the Indemnifying Party's expense, all witnesses, pertinent records, materials and information in the Indemnified Party's possession or under the Indemnified Party's control relating thereto as reasonably requested by the Indemnifying Party. Except with the written consent of the Indemnified Party (not to be unreasonably withheld, conditioned or delayed), the Indemnifying Party will not, in the defense of a Third-Party Claim, consent to the entry of any judgment or enter into any settlement.

(b) In the event that the Indemnifying Party is not entitled to assume the defense of the Indemnified Party, or if the Indemnifying Party fails or elects not to assume the defense of the Indemnified Party, against such Third-Party Claim pursuant to Section 9.6(a), the Indemnified Party shall have the right, at its own expense (which expenses the Indemnified Party can recover if it is otherwise entitled to indemnification with respect to such Third-Party Claim), to defend or prosecute such Third-Party Claim in any manner as it may reasonably deem appropriate after giving written thereof to the Indemnifying Party, and the Indemnifying Party shall have the right, at its own expense, to defend or prosecute such Third-Party Claim. Except with the written consent of the Indemnifying Party (not to be unreasonably withheld, conditioned or delayed), the Indemnified Party will not, in the defense of a Third-Party Claim, consent to the entry of any judgment or enter into any settlement. In such case, the Indemnified Party shall conduct the defense of the Third-Party Claim actively and diligently, and the Indemnifying Party shall cooperate with the Indemnified Party in such defense and make available to the Indemnified Party, at the Indemnified Party's Expense, all such witnesses, records, materials and information in the Indemnifying Party's possession or under the Indemnifying Party's control relating thereto as are reasonably requested by the Buyer. If any Indemnifying Party does not elect to assume the defense of a Third Party Claim, which it has the right to assume hereunder, the Indemnified Party shall have no obligation to do so.

(c) Any Losses for which it is finally determined in accordance with this Agreement that the Indemnified Party is entitled to indemnification shall be promptly paid by the Indemnifying Party to the Indemnified Party in cash by wire transfer of immediately available funds.

Section 9.7 Additional Environmental Remediation Procedures.

(a) Notwithstanding anything to the contrary contained in this Agreement, the Seller's obligation to indemnify and hold harmless the Buyer, and its stockholders, officers, employees, agents, directors Affiliates, representatives, successors and assigns pursuant to Section 9.2(a)(i) and (v) to the extent predicated on the release of Hazardous Substances into the environment, from and against all Losses shall be limited to remedial activities that are: (i) required by a Governmental Entity under an applicable Environmental Law; (ii) necessary to achieve the least stringent remediation standards that would be applicable given the use of the property as of the day before the Closing Date; (iii) conducted using the most cost effective methods consistent with applicable Environmental Law or the requirements of a Governmental Entity ("Remedial Activities"). To the extent that the Losses incurred in connection with the Remedial Activities covered by this Section 9.7 are in excess of Losses that would be incurred for activities meeting the conditions set forth in this Section 9.7 (a), the Seller shall have no obligation to indemnify the Buyer and its officers, directors and affiliates for such excess amounts.

(b) Notwithstanding anything to the contrary contained in this Agreement, the Seller and the Buyer further agree that the Seller's indemnity obligations for Remedial Activities pursuant to Section 9.2(a) (i) and (v) to the extent predicated on the release of Hazardous Substances into the environment, shall be subject to the following limitations: (i) if the cost of Remedial Activities is increased after the Closing Date due to an act or omission by any person other than the Seller or its affiliates or any of their respective employees or representatives, the Seller shall not be responsible for any such increase in costs incurred; (ii) the Seller shall not be responsible for any capital improvements, closure, repairs or modifications to capital improvements made after the Closing Date; (iii) the Seller shall not be responsible for any costs to the extent such costs are incurred due to any change in uses related to any properties or resulting or arising from the closure or sale of a facility or property, and (iv) the Seller shall not be responsible for any Remedial Activities that Buyer or any third party voluntarily initiates, performs or causes to be performed or that is not required by any Environmental Law or a Governmental Entity.

(c) For claims relating to Remedial Activities within the scope of this Section 9.7, the Seller shall have the right to assume responsibility for managing such Remedial Activities and matters related thereto by providing written notice to the Buyer. If the Seller assumes responsibility for management of Remedial Activities under this subsection, the Seller shall be obligated to comply with all applicable Environmental Laws with respect to such cleanup, provided, that the Seller reserves the right to seek reimbursement of costs for Remedial Activities that are incurred for work that is in excess of work that would be required in accordance with the conditions set forth in Sections 9.7(a) and 9.7(b).

(d) For claims relating to Remedial Activities within the scope of this Section 9.7, the Buyer and the Seller each shall: (i) cooperate in conducting the Remedial Activities and related matters, and provide access to books, records, employees and properties as reasonably necessary to do so; (ii) have the right to comment on any scope of work, work plans and other significant documents concerning the selection and evaluation of Remedial Activities prior to the submission of such documents to any Governmental Authority; (iii) have the right to participate in any significant meetings (or teleconferences) with Governmental Entities or others relating to the Remedial Activities (including reasonable prior notice thereof) and to receive copies of all reports, data and other communications to or from Governmental Authorities and other documentation relating to the Remedial Activities; and (iv) execute and record such documents as may be reasonably necessary to accomplish the Remedial Activities, including without limitation any deed restrictions, covenants or similar documents limiting future use of the property; provided, however, that no such deed restrictions, covenants or similar documents will be recorded without approval of the Buyer (which shall not be unreasonably withheld or delayed).

ARTICLE X
TERMINATION AND ABANDONMENT

Section 10.1 Methods of Termination. This Agreement may be terminated and the transactions contemplated by this Agreement may be abandoned at any time prior to the Closing:

(a) by mutual consent of the Parties;

(b) by any of the Parties at any time after the date that is twelve (12) months following the date of execution of this Agreement (the "Termination Date"), if the Closing shall not have occurred and the Party seeking termination is not in material violation or breach of its respective representations, warranties, covenants or obligations contained in this Agreement;

(c) by the Buyer by written notice to the Seller, upon a breach of any representation, warranty, covenant or agreement on the part of the Seller or the Company set forth in this Agreement, or if any representation or warranty of the Seller or the Company shall have become untrue or inaccurate, such that if not cured on or prior to the Closing Date, the conditions set forth in Section 7.3, Section 7.4 or Section 7.5 would not be satisfied; provided, that if such inaccuracy or breach in the Seller's or the Company's representations and warranties or the breach by the Seller or the Company is curable, through the exercise of commercially reasonable efforts, within thirty (30) days after receipt of written notice from the Buyer of such breach hereunder, then the Buyer may not terminate this Agreement under this Section 10.1(c) prior to the end of such thirty (30)-day period, provided, that the Seller or the Company, as applicable, continues to exercise commercially reasonable efforts to cure such inaccuracy or breach through such thirty (30)-day period (it being understood that the Buyer may not terminate this Agreement pursuant to this Section 10.1(c) if the Buyer shall have materially breached this Agreement or if such inaccuracy or breach by the Seller or the Company, as applicable, is cured prior to the end of such thirty (30)-day period); or

(d) by the Seller by written notice to the Buyer, upon a breach of any representation, warranty, covenant or agreement on the part of the Buyer set forth in this Agreement, or if any representation or warranty of the Buyer shall have become untrue or inaccurate, such that if not cured on or prior to the Closing Date, the conditions set forth in Section 8.3 or Section 8.4 would not be satisfied; provided, that if such inaccuracy or breach in the Buyer's representations and warranties or breach by the Buyer is curable, through the exercise of commercially reasonable efforts, within thirty (30) days after receipt of written notice from the Seller of such breach hereunder, then the Seller may not terminate this Agreement under this Section 10.1(d) prior to the end of such thirty (30)-day period, provided, that the Buyer continues to exercise commercially reasonable efforts to cure such inaccuracy or breach through such thirty (30)-day period (it being understood that the Seller may not terminate this Agreement pursuant to this Section 10.1(d) if the Seller, the Company, or any of the Subsidiaries shall have materially breached this Agreement or if such inaccuracy or breach by the Buyer is cured prior to the end of such thirty (30)-day period).

Section 10.2 Procedure Upon Termination.

(a) In the event of termination and abandonment by the Seller, the Company or the Buyer, or all of them, pursuant to this Article X, written notice thereof shall forthwith be given to the other Parties, and this Agreement shall terminate and be abandoned without further action by any of the Parties. If this Agreement is terminated as provided herein, none of the Parties shall have any liability or further obligation to perform its respective obligations under this Agreement, except as provided in Section 6.9 with respect to confidentiality and Section 6.10 with respect to expenses (each of which shall survive the termination of this Agreement); provided, however, that nothing in this Section 10.2 shall limit legal or equitable rights and remedies which any Party may have by reason of any breach or violation of this Agreement by any other Party.

(b) If this Agreement is terminated by any Party pursuant to Section 10.1(b), and if, as of the time of such termination the conditions to Closing set forth in Sections 7.1 or Section 7.2 shall not have been satisfied due to the failure to receive any required antitrust or competition consent, approval or clearance from a Governmental Entity listed on Schedule 7.2 or any action by any Governmental Entity listed on Schedule 7.2 to prevent the acquisition of the Stock by the Buyer for antitrust or competition reasons, then the Buyer Parent shall, concurrently with such termination, pay the Seller a fee of $250,000,000 in cash. Upon payment of such fee, each of the Buyer and the Buyer Parent shall have no further liability to the Company or the Seller with respect to this Agreement or the transactions contemplated hereby, provided that nothing herein shall release Buyer or the Buyer Parent from liability for intentional breach or fraud. All payments contemplated by this Section 10.2(b) shall be made by wire transfer of immediately available funds to an account designated by the Seller.

ARTICLE XI
TAX MATTERS

Section 11.1 Tax Indemnification.

(a) If the Closing shall occur, the Seller shall be responsible for, pay or cause to be paid, and shall indemnify Buyer and its subsidiaries and Affiliates (each a "Buyer Tax Indemnitee") and hold each Buyer Tax Indemnitee harmless from and against, without duplication, any and all (x) Pre-Closing Taxes, (y) Taxes attributable to any breach of a representation or warranty in Section 4.16(a)(xii), and (z) Taxes attributable to any breach of covenant in Section 6.1(b)(xv) and Taxes or the Tax Attribute Indemnifiable Amount, as the case may be, attributable to any breach of representation or warranty in Section 4.16 other than any breach arising from a representation or warranty relating to any Tax attributes of the Company or the Subsidiaries other than (i) net operating losses, capital loss carryforwards, Tax credits or similar items reflected on the December 31, 2010 Financial Statement or (ii) the breach of representation or warranty in Section 4.16(a)(xii). With respect to any representation or warranty in clause (x), (y) or (z) that is limited by materiality or other similar qualifiers, the amount of Taxes or the Tax Attribute Indemnifiable Amount, as the case may be, attributable to a breach of such representation or warranty, will be determined as if the materiality qualifier or other similar qualifiers were not included therein. For the avoidance of doubt, except as provided in clause (y) of this Section 11.1(a), the Seller shall not be responsible to indemnify Buyer with respect to any Taxes attributable to any election under Section 338 of the Code (or any similar provision of state, local or foreign Law) made by or at the direction of the Buyer with respect to the Company or any of the Subsidiaries or any Taxes under Section 1445 of the Code as a result of the transfer (or deemed sale) of the U.S. Subsidiary. In the case of any breach arising from a representation or warranty relating to any net operating losses, capital loss carryforwards, Tax credits or similar items of the Company or the Subsidiaries as described in clause (z) of this Section 11.1(a) in respect of which indemnification may be sought hereunder, (i) the amount of such indemnification (the "Tax Attribute Indemnifiable Amount") associated with such breach shall be equal to the excess of (x) the amount of the relevant net operating loss, capital loss carryforward, Tax credit or similar item that is the subject of the breach, as stated as a deferred tax asset and as reflected on the opening balance sheet of the Company or the relevant Subsidiary, as established by the Buyer for financial reporting purposes and after taking into

account, and reduced by, any valuation allowances and/or directly related reserves established pursuant to FASB Interpretation No. 48 ("FIN 48," and any such reduction, a "FIN 48 or Valuation Allowance Reduction"), for the financial statement period that commences with, or includes, on the Closing Date over (y) the amount of such relevant net operating loss, capital loss carryforward, Tax credit or similar item that is the subject of the breach, as stated as a deferred tax asset, that would have been reflected on such opening balance sheet had the Buyer known of such breach when establishing such opening balance sheet and after taking into account any FIN 48 or Valuation Allowance Reduction and (ii) no indemnification may be sought hereunder for any such breach that results in a reduction to any such net operating losses, capital loss carryforwards, Tax credits or similar items to the extent that such reduction gives rise to a decrease of, or offset to, the valuation allowance and/or FIN 48 reserve established for such attribute as reflected on such opening balance sheet.

(b) If the Closing shall occur, the Buyer shall be responsible for, pay or cause to be paid, and shall indemnify Seller and its subsidiaries and Affiliates (each a "Seller Tax Indemnitee") and hold each Seller Tax Indemnitee harmless from and against any and all (i) Taxes of or imposed on the Company or the Subsidiaries, or for which the Company or the Subsidiaries are liable under applicable Law, in each case except to the extent that such Taxes (A) are the responsibility of Seller under Section 9.2(a) or Section 11.1(a).

(c) For purposes of apportioning liability for Taxes of the Company or any of the Subsidiaries in connection with any Straddle Period (i) in the case of Taxes other than those referred to in clause (ii) below, the amount of any such Taxes allocable to the portion of the taxable period ending on the Closing Date shall be determined based on an interim closing of the books as of the close of business on the Closing Date; and (ii) in the case of property Taxes and ad valorem Taxes and exemptions, allowances or deductions that are calculated on an annual basis, such as the deduction for depreciation, the amount of such Taxes and items allocable to the portion of the taxable period ending on the Closing Date shall be the product of (A) the amount of such Taxes and items for the entire period and (B) a fraction, the numerator of which is the number of calendar days in the period ending with the Closing Date and the denominator of which is the number of calendar days in the entire period.

Section 11.2 Tax Returns.

(a) The Seller shall prepare or cause to be prepared and file all Tax Returns of the Company and each of the Subsidiaries that are required to be filed or that may be filed on or before the Closing Date with respect to any Pre-Closing Tax Period (other than a Straddle Period). All such Tax Returns shall be prepared in a manner consistent with past practice of the Company or the applicable Subsidiary (as applicable) unless otherwise required by applicable Law. A copy of each such Tax Return shall be provided to the Buyer for its review and approval (not to be unreasonably withheld, conditioned or delayed) at least fifteen (15) days prior to its filing date; provided that the Buyer's review and approval shall not be required with respect to any Tax Return if none of the positions taken in or other contents of such Tax Return would be reasonably expected to materially affect the Tax Liability of the Company or any of the Subsidiaries for any Post-Closing Tax Period.

(b) The Buyer shall prepare or cause to be prepared and file or cause to be filed all Tax Returns of the Company and each of the Subsidiaries due after the Closing Date. Any such Tax Return that covers a Tax period (or portion thereof) ending on or prior to the Closing Date shall be prepared in a manner consistent with past practice of the Company or the applicable Subsidiary (as applicable) unless otherwise required to comply with applicable Law and shall be provided to the Seller for its review and approval (which shall not be unreasonably withheld, conditioned or delayed) at least fifteen (15) days prior to the filing date; provided that the Seller's review and approval shall not be required if the Taxes shown as due in respect of such Tax Return would not be reasonably expected to result in the Seller bearing any additional liability or incurring any obligation to the Buyer under this Agreement, including the indemnification provisions hereof.

(c) The Buyer and the Seller shall consult with each other and attempt in good faith to resolve any issues arising as a result of any Tax Returns described in this Section 11.2. If any dispute with respect to a Tax Return is not resolved prior to the date that is eight (8) days prior to the due date for filing any such Tax Return, then such dispute shall be referred to the Accounting Arbitrator for resolution. The costs of the Accounting Arbitrator shall be borne fifty percent (50%) by the Seller and fifty percent (50%) by the Buyer. If the Accounting Arbitrator cannot resolve the dispute by the due date of such Tax Return, the preparing party shall be entitled to file the Tax Return without the consent of the non-preparing party, but the amount of Taxes for which the parties are entitled to indemnification hereunder shall be based on the amount of Taxes that is ultimately determined by the Accounting Arbitrator to be due, notwithstanding the fact that the Tax Return as filed reflects a different amount.

Section 11.3 Conduct and Notice of Audits. Notwithstanding anything in this Agreement to the contrary, the provisions of this Section 11.3 shall solely govern the conduct of Proceedings.

(a) Each party entitled to an indemnity payment pursuant to Section 11.1 (a "Tax Indemnified Party") agrees to give written notice to the indemnifying party (the "Tax Indemnitor") of any assertion of any Proceeding in respect of which indemnity may be sought (an "Indemnifiable Tax") within thirty (30) days of such receipt or such earlier time as would allow the Tax Indemnitor to timely respond to such Proceeding.

(b) The Tax Indemnitor shall, at its own expense, assume control of the defense of any Proceeding for any Indemnifiable Tax. Subject to Section 11.3(c), if the Tax Indemnitor assumes control of such defense, the Tax Indemnitor shall (i) notify the Tax Indemnified Party of significant developments with respect to such Proceeding and keep the Tax Indemnified Party reasonably informed, (ii) consult with the Tax Indemnified Party with respect to any issue that reasonably could be expected to have an adverse effect on the Tax Indemnified Party or any of its affiliates (including by giving rise to an indemnity obligation of the Tax Indemnified Party or any of its affiliates), (iii) give to the Tax Indemnified Party a copy of any Tax adjustment proposed in writing with respect to such Proceeding and copies of any other material correspondences with the relevant Taxing Authority with respect to such Proceeding and (iv) not settle any issue in such Proceeding without the prior written consent of the Tax Indemnified Party unless such issue could not reasonably be expected to materially impact the Taxes of the Company, any Subsidiary or any Affiliate thereof for a Post-Closing Tax Period. The Seller may, however, elect to have the Buyer assume control of the defense of any Proceeding described in this Section 11.3(b) that Seller would otherwise be entitled to control, in which case Buyer shall represent the interests of the Company and each of the Subsidiaries relating to such Proceeding in the same manner and subject to the same procedures and conditions that apply with respect to Proceedings described in Section 11.3(c); provided that any reasonable costs (excluding, without limitation, any overhead costs) incurred by the Buyer in the conduct of such defense shall be borne by the Seller.

(c) The Buyer shall, at Buyer's own expense, represent the interests of the Company and each of the Subsidiaries in any Proceeding relating to Tax Returns of the Company and any of the Subsidiaries for any Straddle Period; provided, however, that the Buyer shall (i) notify Seller of significant developments with respect to such Proceeding and keep Seller reasonably informed, (ii) consult with Seller with respect to any issue that reasonably could be expected to result in the Seller (or its subsidiaries and affiliates) bearing any liability or incurring any obligation under this Agreement, including the indemnification provisions hereof, which shall include obtaining prior written consent of the Seller before pursuing any strategy and/or negotiation with respect to such Proceeding, (iii) give to the Seller a copy of any Tax adjustment proposed in writing with respect to such Proceeding and copies of any other material correspondences with the relevant taxing authority with respect to such Proceeding and (iv) otherwise permit Seller to participate in all aspects of any proceedings (including all meeting with any tax authorities) relating to such Proceeding. Buyer shall not pay or compromise any Tax liability asserted with respect to any Proceeding relating to Taxes for any Straddle Period, without the prior written consent of Seller, which consent shall not be unreasonably withheld, delayed or conditioned.

Section 11.4 Cooperation on Tax Matters. The Buyer, the Company, each of the Subsidiaries and the Seller shall cooperate fully, as and to the extent reasonably requested by any other Party, in connection with the filing of all Tax Returns (including any amended Tax Return or claim for refund) and any audit, litigation, Tax Claim or other proceeding with respect to Taxes and in connection with Section 11.8 hereof, obtaining an independent expert appraisal of the fair market value of any Subsidiaries located in the PRC. Such cooperation shall include the retention and the provision of records and information reasonably relevant to any such audit, litigation or other proceeding, and the provision of powers of attorney; provided, however, that the Party retaining such records may destroy such records after seven (7) years with the consent of the other Parties (and if such other Parties do not consent, such other Parties shall pay the costs of delivering such records to such other Parties and the costs of further retention). The Buyer and the Seller shall make themselves (and their respective employees) reasonably available on a mutually convenient basis to provide explanations of any documents or information provided under this Section 11.4. The Buyer and the Seller further agree to use commercially reasonable efforts to obtain any certificate or other document from any Governmental Entity or any other Person as may be necessary to mitigate, reduce or eliminate any Tax that could be imposed. In addition, the Company shall during the period preceding the Closing Date, provide to the Buyer a copy of any submissions made to any relevant Governmental Entity in connection with any agreement for a Tax holiday or incentive described in Section 4.16(a)(x) (a "Submission") to the extent that such Submissions are in the possession of the Company or the Subsidiaries provided, that the Company shall use reasonable efforts to obtain any such Submissions that are not in the possession of the Company or the Subsidiaries. In the event that the Company is unable to obtain any Submission, the Company shall promptly notify the Buyer of such event, and shall use reasonable efforts to make available to the Buyer an abstract of such Submission. If the Buyer or the Seller become aware of any Taxes relating to any agreement for Tax holidays or incentives that could arise as a result of the transactions contemplated by this Agreement, then the Buyer or the Seller, as the case may be, shall promptly notify the other party that such Taxes could be imposed. The Buyer and the Seller further agree to cooperate fully to take any action as may be necessary to mitigate, reduce or eliminate any Tax described in the immediately preceding sentence.

Section 11.5 Tax Sharing Agreements. All Tax sharing agreements or similar agreements (other than this Agreement or any agreement by and among the Company or the Subsidiaries), if any, to which any of the Company or the Subsidiaries are parties shall be terminated as of the Closing Date so that neither the Seller or any of its affiliates nor any of the Company or the Subsidiaries shall have any rights or obligations thereunder after the Closing.

Section 11.6 Tax Treatment. The Parties intend that transactions contemplated by this Agreement shall be treated as a fully taxable transaction for United States federal income tax purposes. Except to the extent otherwise required pursuant to a "determination" (within the meaning of Section 1313(a) of the Code or any similar provision of state, local or foreign law), the Parties and their respective affiliates shall treat any and all payments under Article XI or Section 2.7 as an adjustment to the Purchase Price for Tax purposes. The Parties agree to report the transactions contemplated by this Agreement in a manner consistent with the foregoing.

Section 11.7 Transfer Taxes. The Buyer shall be responsible for and shall pay all of stock transfer Taxes, sales Taxes, documentary stamp Taxes, recording charges and other similar Taxes, charges, fees or other amounts arising in connection with the transactions contemplated by this Agreement, but not including any Taxes included in subsection (D) of the definition of "Pre-Closing Taxes" (collectively, "Transfer Taxes"). Each of the Parties shall prepare and file all Tax Returns and other documentation with respect to Transfer Taxes which such party is required by Law to file, and, if required by Law, the other party shall, and shall cause its affiliates to, join in the execution of any such Tax Returns and other documentation.

Section 11.8 Certain Non-U.S. Tax Filings. The Seller shall prepare and file all Tax Returns required by applicable Law to be filed by it in any jurisdiction in connection with the transactions contemplated by this Agreement, including all agreements, reports, communications, explanation, documents, reports or other information and Tax Returns as described in PRC Tax Circular 698 with respect to the indirect transfer of any of the Subsidiaries located in the PRC.

Section 11.9 Conflicts. Notwithstanding anything in this Agreement to the contrary, in the event of a conflict between this Article XI and Article IX or any other provision of this Agreement, this Article XI shall govern and control.

ARTICLE XII
MISCELLANEOUS PROVISIONS

Section 12.1 Amendment and Modification. This Agreement may only be amended, modified and supplemented by written agreement of each of the Parties.

Section 12.2 Extension; Waiver. At any time prior to the Closing, a Party may (a) extend the time for the performance of any of the obligations or acts of any other Party, (b) waive any inaccuracies in the representations and warranties of any other Party contained herein or in any document delivered pursuant hereto, (c) waive compliance with any of the agreements of any other Party contained herein or (d) waive any condition to its obligations hereunder. Any agreement on the part of a Party to any such extension or waiver shall be valid only if set forth in a written instrument signed by such Party. Except as otherwise expressly provided herein, no failure to exercise, delay in exercising, or single or partial exercise of any right, power or remedy by any Party, and no course of dealing among the Parties, shall constitute a waiver of any such right, power or remedy.

Section 12.3 Notices. All notices, requests, consents, waivers and other communications hereunder shall be in writing and shall be deemed given: (a) when delivered if delivered personally (including by courier); (b) on the third day after mailing, if mailed, postage prepaid, by registered or certified mail (return receipt requested); (c) on the day after mailing if sent by a internationally recognized overnight delivery service that maintains records of the time, place, and recipient of delivery; or (d) upon receipt of a confirmed transmission during the normal business hours of the recipient (or the next Business Day if it is not received during the normal business hours of the recipient), if sent by telex, telecopy or facsimile transmission or e-mail, in each case to the other Parties at the following addresses, facsimile numbers or e-mail addresses or to such other addresses as may be furnished in writing by one Party to the others:

(a) if to the Company or any of the Subsidiaries prior to the Closing to:

Viviti Technologies Ltd.
c/o Hitachi Global Storage Technologies, Inc.
3403 Yerba Buena Road
San Jose, CA 95135
Attention: Christopher Dewees
Facsimile: (408) 717-9063
E-mail: Christopher.Dewees@hitachigst.com

with a copy (which shall not constitute notice) to:

Skadden, Arps, Slate, Meagher & Flom LLP
525 University Avenue
Palo Alto, California 94301
Attention: Thomas J. Ivey, Esq.
Facsimile: (650) 470-4570
E-mail: Thomas.Ivey@skadden.com

(b) if to the Seller:

Hitachi, Ltd., Business Development Office
6-6 Marunouchi 1-chome
Chiyoda-ku
Tokyo 100-8280, Japan
Attention: General Manager
Facsimile: 81-3-4564-6260

with a copy (which shall not constitute notice) to:

Morrison & Foerster LLP
Shin-Marunouchi Building, 29th Floor
5-1, Marunouchi 1-chome
Chiyoda-ku, Tokyo 100-6529
Japan
Attention: Kenneth A. Siegel, Esq.
Facsimile: 011-81-3-3214-6512
E-mail: KSiegel@mofo.com

(c) if to the Buyer (or the Company or any of the Subsidiaries after the Closing):

Western Digital Corporation
3355 Michelson Drive, Suite 100
Irvine, California 92612
Attention: Michael Ray
Facsimile: (949) 672-9612
E-mail: Michael.Ray@wdc.com

with a copy (which shall not constitute notice) to:

O'Melveny & Myers LLP
610 Newport Center Drive, Suite 1700
Newport Beach, California 92660
Attention: J. Jay Herron, Esq. and Mark Easton, Esq.
Facsimile: (949) 823-6994
E-mail: jherron@omm.com; measton@omm.com

Section 12.4 Binding Nature; Assignment. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns, but neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned, transferred or delegated by any of the Parties without prior written consent of all of the other Parties, and any attempt to make any such assignment, transfer or delegation without such consent shall be null and void.

Section 12.5 Governing Law. This Agreement and the legal relations among the Parties shall be governed by and construed in accordance with the Laws of the State of Delaware without giving effect to any Law or rule that would cause the Laws of any jurisdiction other than the State of Delaware to be applied.

Section 12.6 Severability. Any provision of this Agreement that is invalid, illegal or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability, without affecting in any way the remaining provisions hereof in such jurisdiction or rendering that or any other provision of this Agreement invalid, illegal or unenforceable in any other jurisdiction.

Section 12.7 Negotiation Procedure; Consent to Jurisdiction; Service of Process; Venue.

(a) The Parties intend that all disputes between the Parties arising out of this Agreement or any other Transaction Documents shall be settled by the Parties amicably through good faith discussions upon the written request of either Party.

(b) Prior to filing suit, instituting a Proceeding or seeking other judicial or governmental resolution in connection with any dispute between the Parties or any of their subsidiaries arising out of this Agreement or any of the Transaction Documents or any of the transactions contemplated hereby or thereby, the Parties will attempt to resolve such dispute by good faith negotiations. Such negotiations shall proceed as follows:

(i) Any Party may send a written notice to another Party requesting such negotiations. Promptly following receipt of such notice by the receiving Party, each Party shall cause the individual designated by it as having general responsibility for the affected Agreement or Transaction Document to meet in person with the individual so designated by the other Party to discuss the dispute.

(ii) If the dispute is not resolved within thirty (30) days after the first meeting between such individuals (or if earlier within forty five (45) days of the notice referred to in clause (i) above), then, upon the written request of any Party, each Party shall cause the individual designated by it as having general responsibility for the overall relationship defined by this Agreement to meet in person with the individual so designated by the other Party to discuss the dispute.

(iii) If the dispute is not resolved within fifteen (15) days after the first meeting between such individuals (or if earlier within thirty (30) days of the notice referred to in clause (ii) above), then, upon the written request of either Party, the Buyer Parent shall nominate one corporate officer of the rank of senior vice president or higher, and the Seller shall nominate one corporate officer of the rank of Board Director or higher, which corporate officers shall meet in person and attempt in good faith to negotiate a resolution to the dispute.

Except and only to the limited extent provided in Section 12.7(c), neither Party shall file suit, institute a Proceeding or seek other judicial or governmental resolution of the dispute until thirty (30) days after the first meeting between the corporate officers described in clause (iii) above (or if earlier forty-five (45) days after the notice referred to in such clause (iii)) but after the expiration of such periods, either Party may file suit, institute a Proceeding or seek other judicial or governmental resolution. For purposes of this Agreement, the procedures set forth in this Section 12.7(b) shall be referred to as the "Negotiation Procedures".

(c) Notwithstanding the provisions of Section 12.7(b), any Party may institute a Proceeding at any time seeking a preliminary injunction, temporary restraining order, or other equitable relief, if necessary in the sole judgment of that Party to avoid material harm to its property, rights or other interests, before commencing, or at any time during the course of, the dispute procedure described in Section 12.7(b). In addition, any Party may file an action prior to the commencement of or at any time during or after the dispute resolution procedures in Section 12.7(b) if in the sole judgment of that Party it is necessary to prevent the expiration of a statute of limitations or filing period or the loss of any other substantive or procedural right.

(d) Each of the Parties irrevocably and unconditionally submits to the exclusive jurisdiction of the Delaware Court of Chancery (and if jurisdiction in the Delaware Court of Chancery shall be unavailable, any Delaware State court and the Federal court of the United States of America sitting in the State of Delaware) for the purposes of any Action or other proceeding arising out of this Agreement or any transaction contemplated by this Agreement (and agrees that no such Action or proceeding relating to this Agreement shall be brought by it or any of the subsidiaries except in such courts). Each of the Parties further agrees that, to the fullest extent permitted by applicable Law, service of any process, summons, notice or document by registered or certified mail, return receipt requested, to such person's respective address set forth in Section 12.3 above shall be effective service of process for any Action or proceeding in the State of Delaware with respect to any matters to which it has submitted to jurisdiction as set forth above in the immediately preceding sentence. Each of the Parties irrevocably and unconditionally waives (and agrees not to plead or claim), any objection to the laying of venue of any Action or proceeding arising out of this Agreement or the transactions contemplated by this Agreement in the Delaware Court of Chancery (and if the Delaware Court of Chancery shall be unavailable, in any Delaware State court or the Federal court of the United States of America sitting in the State of Delaware) or that any such Action or proceeding brought in any such court has been brought in an inconvenient forum.

Section 12.8 Complete Agreement. This Agreement (including the Company Disclosure Schedule and the exhibits and instruments referred to herein), the Common Interest Agreement and the Confidentiality Agreements contain the complete agreement between the Parties and supersede any prior understandings, agreements or representations by or between the Parties, written or oral, which may have related to the subject matter hereof in any way.

Section 12.9 No Third-Party Beneficiaries. This Agreement is intended and agreed to be solely for the benefit of the Parties, and no third party shall accrue any benefit, claim or right of any kind whatsoever pursuant to, under, by or through this Agreement, except as otherwise contemplated by Section 12.4.

Section 12.10 Guarantee. Buyer Parent guarantees each and every obligation of the Buyer under the terms of the provisions of the Agreement and the Transaction Documents subject to the terms hereby and thereby, including without limitation, each and every representation and warranty of the Buyer, and/or any of its respective permitted assigns (and where any such representation or warranty is made to the Knowledge of the Buyer, such guarantee shall be deemed made to the Knowledge of the Buyer Parent), and the full and timely performance of the Buyer's obligations under the provisions of the Agreement and the Transaction Documents subject to the terms hereby and thereby. This is a guarantee of payment and performance and the Buyer Parent acknowledges and agrees that this guarantee is unconditional.

Section 12.11 Notification pursuant to The Financial Instruments and Exchange Law of Japan. In accordance with the provision of Article 23-13, Paragraph 4 of the Financial Instruments and Exchange Law of Japan (*kinyushouhintorihikihou*) (the "FIEL"), the Buyer hereby notifies the Seller, and the Seller hereby acknowledges the receipt of such notice that the solicitation for acquisition of the Buyer Parent Stock has not been registered and will not be registered pursuant to Article 4, Paragraph 1 of the FIEL since such solicitation will fall under the "Solicitation for Small Number of Investors" (*shouninzumuke kanyu*) as provided in Article 23-13, Paragraph 4 of the FIEL.

Section 12.12 Specific Performance. Each Party acknowledges and agrees that the other Parties would be irreparably damaged in the event any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached and money damages may not be an adequate remedy for any such failure to perform or breach. Accordingly, each Party agrees that, in addition to any other remedy to which such Party may be entitled at Law or in equity or under this Agreement, each shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically this Agreement and the terms and provisions hereof, and each Party expressly waives the defense that a remedy in damages will be adequate.

Section 12.13 Counterparts and Signatures. This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

Section 12.14 Waiver of Jury Trial. Each Party hereby waives, to the fullest extent permitted by applicable Law, any right it may have to a trial by jury in respect of any suit, Action or other proceeding directly or indirectly arising out of, under or in connection with this Agreement. Each Party (a) certifies that no representative, agent or attorney of any other Party has represented, expressly or otherwise, that such Party would not, in the event of any Action or proceeding, seek to enforce the foregoing waiver and (b) acknowledges that it and the other Parties have been induced to enter into this Agreement, by, among other things, the mutual waiver and certifications in this Section 12.14.

[*Remainder of Page Intentionally Left Blank*]

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

"BUYER PARENT"

WESTERN DIGITAL CORPORATION

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

"BUYER"

WESTERN DIGITAL IRELAND, LTD.

By: */s/ Michael C. Ray*
Name: Michael C. Ray
Title: Vice President

"SELLER"

HITACHI, LTD.

By: */s/ Hiroaki Nakanishi*
Name: Hiroaki Nakanishi
Title: Representative Executive Officer and President

"COMPANY"

VIVITI TECHNOLOGIES LTD.

By: */s/ Stephen Dwight Milligan*
Name: Stephen Dwight Milligan
Title: President and Chief Executive Officer

Exhibit A

Form of

AGREEMENT NOT TO COMPETE

This Agreement Not to Compete ("**Agreement**") is entered into by and between Hitachi, Ltd., a corporation registered under the laws of Japan ("**Hitachi**") and Western Digital Corporation, a Delaware corporation ("**Buyer Parent**"). (Hitachi and Buyer Parent are collectively referred to herein as the "**Parties**" and each, individually, as a "**Party**"). This Agreement shall be effective as of _____ (the "**Effective Date**").

RECITALS

WHEREAS, Hitachi, Buyer Parent, Viviti Technologies Ltd. (formerly known as Hitachi Global Storage Technologies Holdings Pte. Ltd., "**HGST**") and 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**"), have entered into that certain Stock Purchase Agreement dated as of March 7, 2011 (the "**Purchase Agreement**"). (All capitalized terms used but not defined herein shall have the meaning ascribed to them in the Purchase Agreement.)

WHEREAS, pursuant to the Purchase Agreement, Hitachi will sell all of the outstanding and issued Stock in HGST to the Buyer; and

WHEREAS, in connection with such sale, Hitachi has agreed to certain non-competition covenants, as set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements herein contained, the parties, intending to be legally bound, agree as follows:

Section 1. Definitions

(a) "**Additional Source Supplier**" shall mean a supplier of an HDD Product to Hitachi, in addition to HGST or other than HGST.

(b) "**Code**" shall mean computer programming code including microcode, as applicable, and including both Object Code and Source Code.

(c) "**External Drive**" shall mean an enclosure that encases an HDD or SSD and related peripheral hardware, or Software or Firmware components (other than RAID)

(d) "**HDD Components**" shall mean any and all components and subassemblies thereof incorporated within such a device (including, without limitation, substrates, magnetic media, read and write heads, motors, read and write channels, suspensions, controller hardware, firmware, Semiconductors, data/command interfaces, mechanicals, printed circuit boards, Code and other parts of an HDD Product) designed for operation in an HDD Product, regardless of whether the component is sold separately or within an HDD Product enclosure.

(e) **"HDD Product"** shall mean a product designed to magnetically write, read, and erase digital information which includes, in a single enclosure, (a) one or more rigid rotating magnetic disks as data storage media, (b) one or more spindle motors to rotate said magnetic disk, (c) one or more Magnetic Heads to write, read and erase the digital information, and (d) one or more actuators for positioning the Magnetic Head across the magnetic disk; provided, however, the definition of "HDD Product" does not include (i) any other type of disk drive or storage device that does not meet all of the foregoing conditions, such as optical disk drives, non-magnetic memory products, magnetic RAM or holographic storage devices or (ii) any other type of media, such as flash memory, with a capacity that can be used as a part of HDD Product memory when combined with other storage media. For removal of doubt, (i) RAID (defined below), (ii) Information Versatile Disk for Removable usage (iVDR) (iii) SSD (defined below), and (iv) External Drive are not HDD Products. Furthermore, HDD Product does not mean HDD Components individually.

(f) **"HDD Included Products"** shall mean products that include an HDD Product among their components but are a combination of such HDD Product with at least one other device distinct from such HDD Product and provide a material function that is not provided by a single HDD Product. Examples of HDD Included Products are storage systems (including RAID), External Drives, JBODs, enterprise systems, servers, server blades, desktop computers, portable computers (including notebook and handheld computers), personal digital assistants, digital video recorders, digital cameras, game consoles, mobile phones and global positioning systems that include an HDD Product among their components. For the avoidance of doubt, a combination of two or more HDD Products contained in an enclosure is an HDD Included Product and is not an HDD Product per se; provided, that each of the individual HDD Products contained in such enclosure is an HDD Product, and each is therefore subject to the noncompetition provisions relating to HDD Products contained in Section 2(a) of this Agreement.

(g) **"Key HGST Employees"** shall mean the employees of HGST and/or its Subsidiaries that are (a) engaged in technical research activities and (b) identified on Exhibit B to this Agreement.

(h) "**Magnetic Head**" shall mean a device having one or more transducers, each transducer operative to write and/or read electromagnetic signals representing any form of information to or from a magnetic storage medium.

(i) "**Multiple Use Technology**" shall mean any product, component, software, design, or instrumentality that is used or is usable with or may be incorporated in both an HDD Product and at least one apparatus that is not an HDD Product. Multiple Use Technology shall include (i) Code that is used or useable in both an HDD Product and another apparatus, (ii) electronic functions that are used or useable in both an HDD Product and in another apparatus, including independent device functions (such as partial response maximum likelihood detection ("PRML"), run length limited checking("RLL"), error checking and correction("ECC"), and small computer system interface ("SCSI") and other interface protocols), cooperative functions (such as a SCSI function which enables an HDD Product and another apparatus to communicate), and architecturally partitioned functions that can be implemented in an HDD Product or another apparatus of a system based on architecture considerations, and (iii) research and development activities that may be related to or useful in both an HDD Product and another apparatus, but are not being conducted in violation of Section 2(a)(ii).

(j) "**National Projects**" shall mean any of the projects funded by NEDO (New Energy and Industrial Technology Development Organization) set forth in Exhibit A.

(k) "**Object Code**" shall mean computer programming code substantially in binary form. It is directly executable by a computer after processing, but without compilation or assembly.

(l) "**Source Code**" shall mean computer programming code other than Object Code, and includes code that may be displayed in a form readable and understandable by a programmer of ordinary skill. It includes related Source Code level system documentation, comments and procedural code, such as job control language.

(m) "**RAID**" shall mean a collection of multiple HDD Products and/or other storage media, combined with associated Software or Firmware provided for the purpose of data storage and retrieval to protect data from a single component failure.

(n) "**Subsidiary**" shall mean, as to an entity, another entity (i) more than fifty percent (50%) of whose outstanding shares or securities (representing the right to vote for the election of directors or other managing authority) are, now or hereafter, owned or controlled, directly or indirectly, by the first entity; or (ii) which does not have outstanding shares or securities, as may be the case in a partnership, joint venture or unincorporated association, but more than fifty percent (50%) of whose ownership interest representing the right to make the decisions for such corporation, company or other entity is now or hereafter, owned or controlled, directly or indirectly, by the first entity. For removal of doubt, HGST and its Subsidiaries shall not be considered Hitachi's Subsidiaries under this Agreement.

(o) "**Semiconductor**" shall mean an integral unit including a plurality of active and/or passive circuit elements formed at least in part of semiconductor material and associated on, or in, one substrate comprising the first level of packaging for such elements.

(p) "**Software or Firmware**" shall mean a set of instructions, that either (i) directly provides instructions to the computer hardware, or, (ii) indirectly serves as an input to another piece of software.

(q) "**SSD**" shall mean a product, component, subcomponent or subassembly thereof designed, in whole or in part, to electrically write, read and/or erase persistent data from storage media or memory (including, without limitation, NOR-flash, NAND-flash, or MRAM semiconductor microchips), which utilizes an HDD Product-type interface (or an interface also employed for HDDs), including without limitation, PATA, SATA, SAS, PCI Express, SCI, Fibre Channel, USB 3.0 and InfiniBand.

(r) "**Wholly Owned Subsidiary**" shall mean, as to an entity, another entity one hundred percent (100%) of whose outstanding shares or securities (representing the right to vote for the election of directors or other managing authority) are, now or hereafter, owned or controlled, directly or indirectly, by the first entity. For avoidance of doubt, as of the Closing Date Hitachi Data Systems is a Wholly Owned Subsidiary of Hitachi.

Section 2. Covenant Not to Compete

(a) **Prohibited Activities.** Hitachi agrees that, for a period of ten (10) years following the Closing Date (the "**Noncompete Period**"), Hitachi will not, and will not permit any of its Wholly-Owned Subsidiaries to engage in any of the following activities ("Prohibited Activities"), directly or indirectly, anywhere in the world:

(i) the manufacture or assembly of any HDD Products; or

(ii) the marketing, distribution for sale or sale of HDD Products ("Sales Activities")

(iii) research or development which is related in any material aspect to the design, development, manufacture or assembly of any HDD Products ("R&D Activities") other than the research and developments under the R&D Services Agreement between the parties, dated _____ and the research and developments under the existing National Projects.

For the avoidance of doubt, the restrictions of this Section 2 (a) in this Agreement shall apply to only Hitachi and its Wholly-Owned Subsidiaries. Subsidiaries and affiliates that are not Wholly Owned Subsidiaries of Hitachi shall have no restrictions or obligations under this Section 2 (a).

(b) **Permitted Activities.** Notwithstanding anything in the foregoing paragraph (a) to the contrary, Hitachi and its Wholly-Owned Subsidiaries will have the right to engage in the following activities, to the extent not otherwise prohibited by any other agreements between Hitachi and HGST:

(i) manufacture, assembly, marketing, distribution for sale, sale, research, development, licensing, transfer of, or any other activities related to any products that are not HDD Products;

(ii) manufacture, assembly, marketing, distribution for sale, sale, research, development, licensing, or transfer of or any other activities related to Multiple Use Technology or HDD Included Products, including RAID, that are not HDD Products;

(iii) manufacture, assembly, marketing, distribution for sale, sale, research, development, licensing, or transfer of or any other activities related to Semiconductors or HDD Components, even if designed for operation in a HDD Product, provided that such activities do not involve manufacture, assembly, marketing, distribution for sale, sale, research, or development of HDD Products otherwise prohibited by Section 2(a);

(iv) performance of maintenance services, or including the procurement of a third party to engage in maintenance services, with respect to any Multiple Use Technology, HDD Included Products or any other products that are not HDD Products;

(v) any activities with Additional Source Suppliers directly relating to addressing failures of HDD Products supplied by such Additional Source Suppliers for use in HDD Included Products of Hitachi to operate (a) in accordance with the applicable specifications for such HDD Products or (b) as intended with such HDD Included Products of Hitachi;

(vi) the licensing or sale to an Additional Source Supplier of the results of any research or development activities for the purpose of enabling such Additional Source Supplier to use such results in HDD Products to be supplied to Hitachi for incorporation into HDD Included Products of Hitachi, provided that such research and development activities are not prohibited activities under Section 2(a);

(vii) Sales Activities with respect to HDD Products which Hitachi markets, distributes for sale or sells as integral components of HDD Included Products;

(viii) any research or development activities, or the licensing or sale of any results thereof, that are not Prohibited Activities when started but which over time become Prohibited Activities because of an evolution of the research or development; provided, that Hitachi may not engage in the manufacture, assembly, marketing or distribution for sale of the results of such research and development activities that involves using such results inside an HDD Product;

(ix) the manufacture, assembly, marketing, research, design, development or licensing of, or sales with respect to, external industrial design packaging for HDD Products, including packaging for protection from external elements;

(x) any activities required or contemplated by this Agreement or any other agreements entered into between Hitachi and HGST, or among Hitachi, HGST and any third party;

(xi) licensing or other activities with respect to patents and patent applications (including licensing of patents and patent applications generated from the results of research and development activities conducted by Hitachi prior to the Closing Date); For the avoidance of doubt, such activities are only permitted to the extent they are not otherwise limited or restricted by any other agreements between Hitachi and HGST; and

(xii) any *de minimis* activities incidental to the performance of any activity other than a Prohibited Activity.

Section 3. Covenant Not to Hire or Solicit Key HGST Employees. During the two (2) year period immediately following the Closing Date, Hitachi and its Wholly-Owned Subsidiaries shall not, directly or indirectly, hire, solicit, recruit, induce or encourage any Key HGST Employee to become employed or engaged as a consultant by Hitachi or its Wholly-Owned Subsidiaries or, directly or indirectly, solicit, encourage or induce any Key HGST Employee to leave the employment of HGST or any of its Subsidiaries; provided, however, that the foregoing restriction will not prevent Hitachi from placing general advertisements or solicitations on websites, in trade journals, newspapers or similar publications, or from conducting other general recruiting activities, which are not directed at the employees of HGST or any of its Subsidiaries.

Section 4. Covenant Not to Provide Technical Assistance. During the Noncompete Period, Hitachi and its Wholly Owned Subsidiaries shall not provide to any Subsidiaries of Hitachi that are not Wholly Owned Subsidiaries any technical assistance services designed to assist such Subsidiaries in the performance of any activities which, if performed by Hitachi or any of its Wholly-Owned Subsidiaries, would constitute Prohibited Activities. For the avoidance of doubt, this Agreement is not intended to and shall not impose any limitation on the provision of technical assistance with respect to any activity which, if performed by Hitachi or any of its Wholly-Owned Subsidiaries, would constitute a Permitted Activity.

Section 5. Dispute Resolution

(a) HGST shall promptly notify Hitachi in writing of any activity it believes violates or will violate any of its rights under Section 2(a) (a "**Prohibited Activity Notice**"), which Prohibited Activity Notice shall indicate whether HGST reasonably believes the alleged or threatened breach is capable of cure. Hitachi shall respond within 30 business days to any Prohibited Activity Notice it receives, describing any objection to the assertions set forth in such Prohibited Activity Notice or, if such matters are not objected to, describing its intentions regarding the cure of such violation(s).

(b) If a breach or threatened breach of Hitachi's obligations under Section 2(a) is capable of cure (a "**Remediable Breach**"), Hitachi shall have 30 days after its receipt of a Prohibited Activity Notice with respect to such Remediable Breach to cure such Remediable Breach ("**Covenant Cure Period**"); provided, however , that such Covenant Cure Period may, if approved by HGST, such approval not to be unreasonably withheld, be extended for such additional period of time as shall be reasonably necessary to permit Hitachi to cure or cause to be cured such Remediable Breach if such Remediable Breach has not been remedied within the initial Covenant Cure Period, so long as during the initial Covenant Cure Period Hitachi diligently endeavors• to cure or cause to be cured such Remediable Breach, and if such extension would not reasonably be expected to have a material adverse effect on HGST. If the existence of a Remediable Breach is disputed in good faith and a timely manner, but it is then determined pursuant to Section 3(c) that such Remediable Breach exists, Hitachi shall then have 30 days from the date of such determination (or such longer period as may be reasonably necessary to cure or caused to be cured such Remediable Breach as may be permitted on the same terms and conditions set forth in the proviso to the preceding sentence) to cure or caused to be cured such Remediable Breach.

(c) If there is any continuing objection or dispute in connection with a Prohibited Activity Notice following the Covenant Cure Period, if applicable, the parties shall refer such dispute to a senior executive officer of each of Hitachi and HGST, who shall within 15 business days attempt in good faith to resolve such dispute and determine the appropriate remedial action.

Section 6. Miscellaneous

(a) **Termination For Bankruptcy.** A party may terminate this Agreement by giving written notice of termination to the other party at any time upon or after:

(i) the filing by the other party of an petition in bankruptcy or insolvency which petition or proceeding is not dismissed within sixty (60) days;

(ii) any adjudication that the other party is bankrupt or insolvent;

(iii) the filing by the other party of any petition or answer seeking reorganization, readjustment or arrangement of its business under any law relating to bankruptcy or insolvency which petition or proceeding is not dismissed within sixty (60) days;

(iv) the appointment of a receiver for all or substantially all of the property of the other party;

(v) the institution of any proceeding for the liquidation winding up of the other party's business which petition or proceeding is not dismissed within sixty (60) days.

(b) **Severability.** If any term or provision of this Agreement is determined to be invalid, illegal or unenforceable by a court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement. Upon such determination that any term or other provision is invalid, illegal or unenforceable, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the obligations contemplated hereby be consummated as originally contemplated to the greatest extent possible.

(c) **Amendments and Waivers.** This Agreement may only be amended, modified or supplemented by an agreement in writing signed by the Parties. A waiver by any Party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any Party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed 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.

(d) **Non-Circumvention.** Hitachi shall not, and shall cause Hitachi's Wholly Owned Subsidiaries not to, engage in any transaction or take any other action the principal purpose of which is to circumvent or to evade the observance or performance of any of the provisions of this Agreement. The Parties will at all times in good faith observe and perform in accordance with the provisions of this Agreement. Without limiting the generality of the foregoing, Hitachi will not form any division or Subsidiary, or acquire any division or Subsidiary, or cause any share of a Wholly-Owned Subsidiary to be sold or transferred during the Non-Compete Period, with the principal purpose of circumventing or evading the application of this Agreement thereto.

(e) **Certain Acquisitions**. Notwithstanding anything above to the contrary, the acquisition by Hitachi or any of its Wholly-Owned Subsidiaries of a person or business that at the time of such acquisition is engaged in Prohibited Activities not falling within any of the exceptions set forth in Section 2(b) and the continuation of such activities following such acquisition will not be a breach of this Agreement, provided, that as soon as reasonably practicable, and in any event within eighteen (18) months following the time of such acquisition, Hitachi or such Wholly Owned Subsidiary sells or transfers to an entity other than Hitachi or any of Hitachi's Subsidiaries, or otherwise discontinues the operations of, the portion of such acquired person or business that is engaged in Prohibited Activities not falling within any of the exceptions set forth in Section 2(b).

(f) **Assignment/Successors.** This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their permitted successors and assigns. Hitachi may not assign this Agreement without the prior written consent of HGST.

(g) **Governing Law**. This Agreement and the legal relations among the Parties shall be governed by and construed in accordance with the Laws of the State of Delaware without giving effect to any Law or rule that would cause the Laws of any jurisdiction other than the State of Delaware to be applied.

(h) **Consent to Jurisdiction; Service of Process; Venue.** Each of the Parties irrevocably and unconditionally submits to the exclusive jurisdiction of the Delaware Court of Chancery (and if jurisdiction in the Delaware Court of Chancery shall be unavailable, any Delaware State court and the Federal court of the United States of America sitting in the State of Delaware) for the purposes of any Action or other proceeding arising out of this Agreement or any transaction contemplated hereby (and agrees that no such Action or proceeding relating to this Agreement shall be brought by it or any of the Subsidiaries except in such courts). Each of the Parties further agrees that, to the fullest extent permitted by applicable Law, service of any process, summons, notice or document by U.S. registered mail to such person's respective address set forth in Section 5(h) below shall be effective service of process for any Action or proceeding in the State of Delaware with respect to any matters to which it has submitted to jurisdiction as set forth above in the immediately preceding sentence. Each of the Parties irrevocably and unconditionally waives (and agrees not to plead or claim), any objection to the laying of venue of any Action or proceeding arising out of this Agreement or the transactions contemplated hereby in the Delaware Court of Chancery (and if the Delaware Court of Chancery shall be unavailable, in any Delaware State court or the Federal court of the United States of America sitting in the State of Delaware) or that any such Action or proceeding brought in any such court has been brought in an inconvenient forum.

(i) **Waiver of Jury Trial.** Each Party hereby waives, to the fullest extent permitted by applicable Law, any right it may have to a trial by jury in respect of any suit, Action or other proceeding directly or indirectly arising out of, under or in connection with this Agreement. Each Party (a) certifies that no representative, agent or attorney of any other Party has represented, expressly or otherwise, that such Party would not, in the event of any Action or proceeding, seek to enforce the foregoing waiver and (b) acknowledges that it and the other Parties have been induced to enter into this Agreement, by, among other things, the mutual waiver and certifications in this Section 5(h).

(j) **Notices**. All notices, requests, consents, waivers and other communications hereunder shall be in writing and shall be deemed given: (a) when delivered if delivered personally (including by courier); (b) on the third day after mailing, if mailed, postage prepaid, by registered or certified mail (return receipt requested); (c) on the day after mailing if sent by a nationally recognized overnight delivery service that maintains records of the time, place, and recipient of delivery; or (d) upon receipt of a confirmed transmission, if sent by telex, telecopy or facsimile transmission or e-mail, in each case to the other Parties at the following addresses, facsimile numbers or e-mail addresses or to such other addresses as may be furnished in writing by one Party to the others:

(a) if to Hitachi:

_____
_____
_____
Attention: _____
Facsimile: _____
E-mail: _____

with a copy (which shall not constitute notice) to:

_____
_____
_____
Attention: _____
Facsimile: _____
E-mail: _____

(b) if to the Buyer Parent:

_____
_____
_____
Attention: _____
Facsimile: _____
E-mail: _____

with a copy (which shall not constitute notice) to:

(k) O'Melveny & Myers LLP
610 Newport Center Drive, Suite 1700
Newport Beach, California 92660
Attention: J. Jay Herron, Esq. and Mark Easton, Esq.
Facsimile: (949) 823-6994
E-mail: jherron@omm.com; measton@omm.com

(l) **Headings.** The descriptive headings of the Sections and subsections of this Agreement are for convenience only and do not constitute a part of this Agreement.

(m) **No License or Immunity.** This Agreement does not grant any license or immunity under any of HGST's intellectual property rights, including without limitation patents, copyrights, trademarks or mask works now or hereafter owned or controlled by HGST.

(n) **Entire Agreement.** This Agreement constitutes the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter.

(o) **Counterparts**. This Agreement may be executed in counterparts, which together shall constitute one and the same Agreement. The Parties may execute more than one copy of this Agreement, each of which copies shall constitute an original. A facsimile signature shall be deemed to be the same as an original signature.

IN WITNESS WHEREOF, the parties hereto have executed this Non-Competition Agreement as of the date first above written.

[*Remainder of page is intentionally blank.*]

WESTERN DIGITAL CORPORATION

By: _____
Name:
Title:

HITACHI, LTD.

By: _____
Name:
Title:

Exhibit A

List of National Projects

1. NEDO — “Development of Nanobit Technology for Ultra-high Density Magnetic Recording (Green IT Project)”

2. Research and Development for Next-Generation Information Technology by MEXT -“High-Performance Low-Power Consumption Spin Devices and Storage Systems”

Exhibit B

[List of Key HGST Employees]

Exhibit B

Form of

LICENSE AGREEMENT

This License Agreement **("Agreement"),** effective as of the Closing Date (as defined below), is entered into by and between Western Digital Corporation ("**Buyer Parent**")**,** a Delaware company with its principal place of business at 3355 Michelson Drive, Suite 100 Irvine, California 92612, USA, and Hitachi, Ltd. **("HITACHI"),** a Japanese company with its principal place of business at 6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8280, Japan. Each of the signatories to this Agreement is referred to as a "**Party**," and jointly as the "**Parties**."

RECITALS

WHEREAS, 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, and Hitachi Global Storage Technologies Holdings Pte. Ltd., a company incorporated under the laws of the Republic of Singapore ("**HGST**") and a wholly owned subsidiary of HITACHI, have entered into that certain Stock Purchase Agreement dated as of March 7, 2011 (the "**Purchase Agreement**");

WHEREAS, pursuant to the Purchase Agreement, Buyer Parent desires to enter into a patent cross-license with HITACHI for certain technologies and enter into a mutual release of claims pursuant to the terms and conditions of this Agreement; and

WHEREAS, pursuant to the Purchase Agreement, HITACHI desires to enter into a patent cross-license with Buyer Parent for certain technologies and enter into a mutual release of claims pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual promises and covenants set out below, the Parties agree as follows:

TERMS OF AGREEMENT

1. DEFINITIONS

1.1 **"External Drive"** means an enclosure that encases one or more HDDs or SSDs and related peripheral hardware, or Software or Firmware components (other than RAID).

1.2 "**Existing Terms**" means terms and conditions in written agreements existing as of the Closing Date between HGST or any of its Subsidiaries, on the one hand, and HITACHI or any HITACHI Sublicensed Subsidiary, on the other hand, with respect to license limitations, restrictions on use (with respect to any intellectual property rights, Works or materials not owned by HITACHI or a HITACHI Sublicensed Subsidiary), restrictions on disclosure, royalties or other consideration, and/or license duration.

1.3 **"Have Made"** means to have any products or other items subject to the licenses granted herein made by a third-party manufacturer for the use, lease, sale or other transfer by a Party or its Subsidiaries; provided, however, that (i) the specifications for such products or other items were solely or jointly created by or at the direction of such Party or its Subsidiaries, and (ii) such product or other item is not an off-the-shelf product of a third-party manufacturer.

1.4 **"HDD"** means any device designed to magnetically record and/or read digital information on or from a rotating disk **("Rotating Magnetic Storage")** that contains one or more spindle motors, one or more magnetic heads, and one or more actuators, all of which are incorporated in a single enclosure, and related peripheral hardware, or Software or Firmware components. For the avoidance of doubt "HDD" (a) includes any device that incorporates both Rotating Magnetic Storage and other digital storage media, such as semiconductor-based memory, but only in the case that the memory capacity of Rotating Magnetic Storage supersedes that of other digital storage media, and (b) excludes External Drive, RAID (as defined below), Information Versatile Disk for Removable Usage (iVDR), and optical disk products.

1.5 **"Buyer Parent SSD Patents"** means all Patents related to SSD (i) issued or issuing on patent applications entitled to a first effective filing date on or before the end of the Term, (ii) under which Buyer Parent or any of its Subsidiaries has now or during the Term obtains the right to grant licenses within the scope granted herein without the payment of royalties or other consideration to any third party, and (iii) that would be, but for this Agreement, directly or indirectly infringed by HITACHI or HITACHI Sublicensed Subsidiaries making, using, importing, exporting, leasing, selling, offering to sell, or otherwise disposing of SSD.

1.6 "**Storage Software Products**" means the Hitachi Backup™ software product and the Lifestudio™ software product.

1.7 **"Storage Software Patents"** means all Patents related to the Storage Software Products (i) issued or issuing on patent applications entitled to a first effective filing date on or before the end of the Term, (ii) under which Hitachi or any HITACHI Sublicensed Subsidiary has now or during the Term obtains the right to grant licenses within the scope granted herein without the payment of royalties or other consideration to any third party, and (iii) that would be, but for this Agreement, directly or indirectly infringed by Buyer Parent or its Subsidiaries making, using, importing, exporting, selling, leasing, offering to sell, or otherwise disposing of the version of either Storage Software Product that is generally commercially available as of the Closing Date.

1.8 **"HGST RAID Patents"** means all Patents related to RAID (i) issued or issuing on patent applications entitled to a first effective filing date on or before the first anniversary of the Closing Date (ii) under which Buyer Parent or any of its Subsidiaries has now or hereafter obtains the right to grant licenses within the scope granted herein without the payment of royalties or other consideration to any third party, (iii) whose named inventors are or were employees or contractors of HGST or any of its Subsidiaries on or prior to the Closing Date or that were assigned or exclusively licensed to HGST or any of its Subsidiaries on or prior to the Closing Date, and (iv) that would be, but for this Agreement, directly or indirectly infringed by HITACHI or HITACHI Sublicensed Subsidiaries making, using, importing, exporting, leasing, selling, offering to sell, or otherwise disposing of RAID.

1.9 **"Buyer Parent RAID Patents"** means all Patents related to RAID (i) issued or issuing on patent applications entitled to a first effective filing date on or before the end of the Term (ii) under which Buyer Parent or any of its Subsidiaries has now or hereafter obtains the right to grant licenses within the scope granted herein without the payment of royalties or other consideration to any third party, and (iii) that would be, but for this Agreement, directly or indirectly infringed by HITACHI or HITACHI Sublicensed Subsidiaries making, using, importing, exporting, leasing, selling, offering to sell, or otherwise disposing of RAID. For clarity, the Buyer Patent RAID Patents include, but are not limited to, the HGST RAID Patents.

1.10 **"Closing Date"** has the meaning set forth in the Purchase Agreement.

1.11 **"HITACHI External Drive Patents"** means all Patents related to External Drive (i) issued or issuing on patent applications entitled to a first effective filing date on or before the end of the Term, (ii) under which HITACHI or any HITACHI Sublicensed Subsidiary has now or during the Term obtains the right to grant licenses within the scope granted herein without the payment of royalties or other consideration to any third party, and (iii) that would be, but for this Agreement, directly or indirectly infringed by Buyer Parent or its Subsidiaries making, using, importing, exporting, selling, leasing, offering to sell, or otherwise disposing of External Drive.

1.12 **"HITACHI HDD Patents"** means all Patents related to HDD (i) issued or issuing on patent applications entitled to a first effective filing date on or before the end of the Term, (ii) under which HITACHI or any HITACHI Sublicensed Subsidiary has now or hereafter obtains the right to grant licenses within the scope granted herein without the payment of royalties or other consideration to any third party, and (iii) that would be, but for this Agreement, directly or indirectly infringed by Buyer Parent or its Subsidiaries making, using, importing, exporting, leasing, selling, offering to sell, or otherwise disposing of HDD.

1.13 "**HITACHI Exclusions**" means (i) any Works (*e.g.*, Software) that as of the Closing Date are made generally commercially available by HITACHI or any of the HITACHI Sublicensed Subsidiaries, and (ii) any proprietary information of HITACHI or any of the HITACHI Sublicensed Subsidiaries that has been disclosed to HGST or any of its Subsidiaries in its role as a supplier or potential supplier of products to HITACHI or a HITACHI Sublicensed Subsidiary.

1.14 "**HITACHI Licensed Copyrights**" means copyrights owned by HITACHI or any of the HITACHI Sublicensed Subsidiaries as of the Closing Date in any Works that were provided to HGST by HITACHI or any HITACHI Sublicensed Subsidiary prior to, and are used by HGST or any of its Subsidiaries as of, the Closing Date; provided, however, that "HITACHI Licensed Copyrights" do not include any copyrights embodied or used in any HITACHI Exclusions.

1.15 "**HITACHI Licensed Trade Secrets**" means trade secrets owned by HITACHI or any of the HITACHI Licensed Subsidiaries as of the Closing Date that were provided to HGST by HITACHI or any HITACHI Sublicensed Subsidiary prior to, and are used by HGST or any of its Subsidiaries as of, the Closing Date; provided, however, that "HITACHI Licensed Trade Secrets" do not include any trade secrets embodied or used in HITACHI Exclusions.

1.16 "**HITACHI RAID Patents**" means all Patents related to RAID (i) issued or issuing on patent applications entitled to a first effective filing date on or before the end of the Term, (ii) under which HITACHI or any HITACHI Sublicensed Subsidiary has now or during the Term obtains the right to grant licenses within the scope granted herein without the payment of royalties or other consideration to any third party, and (iii) that would be, but for this Agreement, directly or indirectly infringed by Buyer Parent or its Subsidiaries making, using, importing, exporting, selling, leasing, offering to sell, or otherwise disposing of RAID.

1.17 "**HITACHI SSD Patents**" means all Patents related to SSD (i) issued or issuing on patent applications entitled to a first effective filing date on or before the end of the Term, and (ii) under which HITACHI or any HITACHI Sublicensed Subsidiary has now or during the Term obtains the right to grant licenses within the scope granted herein without the payment of royalties or other consideration to any third party, and (iii) that would be, but for this Agreement, directly or indirectly infringed by Buyer Parent or its Subsidiaries making, using, importing, exporting, selling, leasing, offering to sell, or otherwise disposing of SSD.

1.18 **"HITACHI Sublicensed Subsidiary"** means any HITACHI Subsidiary to which the rights, licenses, releases, covenants and privileges are extended in accordance with Section 2.4.

1.19 **"Non-HDD Business"** means any entity (or internal business division or organization of an entity) that is principally engaged in a business other than the design, sale, or manufacture of HDDs.

1.20 **"Patents"** means all classes and types of patents, including utility patents, utility models, design patents, invention certificates, including divisionals, continuations, continuations-in-part, reexaminations, reissues, extensions and renewals, in all jurisdictions of the world.

1.21 **"RAID"** means a device comprised of an assembly of storage media components and related peripheral hardware, or Software or Firmware components contained within one or more enclosures, combined with associated Software or Firmware, for the purpose of data storage and retrieval, designed to protect digital information from a single component failure or to enhance performance by dividing data among multiple storage media components. For the avoidance of doubt, "RAID" excludes storage media components incorporated therein.

1.22 **"Software or Firmware"** means a set of instructions, that either (i) directly provides instructions to the computer hardware, or, (ii) indirectly serves as an input to another piece of software.

1.23 **"SSD"** means a product, component, subcomponent or subassembly thereof, and related peripheral hardware, or Software or Firmware components, designed, in whole or in part, to electrically write, read and/or erase digital information from storage media or memory (including, without limitation, NOR-flash, NAND-flash, or MRAM semiconductor microchips), which utilizes an HDD-type interface (or an interface also employed for HDDs), including without limitation, PATA, SATA, SAS, PCI Express, SCI, Fibre Channel, USB 3.0 and InfiniBand. For the avoidance of doubt, "SSD" excludes HDD and RAID.

1.24 **"Subsidiary"** of either party shall mean 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 are at the time beneficially owned, directly, or indirectly, by such party. For the purposes of this Agreement, HGST and its Subsidiaries will be Subsidiaries of Buyer Parent (subject to meeting the requirements of the preceding sentence) and are not Subsidiaries of HITACHI.

1.25 **"Term"** means the period from the Closing Date through the fifth anniversary of the Closing Date.

1.26 **"HDD Component"** means any component, subcomponent, subassembly, Software or Firmware which is specifically designed for HDD, whether or not sold as a stand-alone unit or integrated within an HDD.

1.27 "**Works**" means works of authorship and other copyrightable materials and subject matter, including Software to the extent within the subject matter of copyright.

2. LICENSES, RELEASES, AND COVENANTS GRANTED TO HITACHI

2.1 SSD License to HITACHI. Buyer Parent, on behalf of itself and its Subsidiaries, hereby grants to HITACHI a non-exclusive, irrevocable, fully paid-up, world-wide term license, without the right to grant a sublicense (other than pursuant to Section 2.4), under the Buyer Parent SSD Patents, to make, Have Made, use, import, export, sell, lease, offer to sell, or otherwise dispose of SSD.

2.2 RAID License to HITACHI. Buyer Parent, on behalf of itself and its Subsidiaries, hereby grants to HITACHI a non-exclusive, irrevocable, fully paid-up, world- wide, license, without the right to grant a sublicense (other than pursuant to Section 2.4), under the Buyer Parent RAID Patents, to make, Have Made, use, import, export, sell, lease, offer to sell, or otherwise dispose of RAID.

2.3 Past Release to HITACHI. Buyer Parent, on behalf of itself and its Subsidiaries, hereby irrevocably releases and forever discharges HITACHI and the HITACHI Sublicensed Subsidiaries from any and all claims, losses, demands, causes of action, liabilities, and rights of action of any kind, at law or in equity, whether known or unknown, suspected and unsuspected, disclosed and undisclosed, liquidated or unliquidated, for any act of direct or indirect infringement, before the Closing Date, of any Buyer Parent SSD Patent or Buyer Parent RAID Patent by HITACHI or any HITACHI Sublicensed Subsidiary making, using, importing, exporting, selling, leasing, offering to sell, or otherwise disposing of SSD (in the case of Buyer Parent SSD Patents) or RAID (in the case of Buyer Parent RAID Patents). For the avoidance of doubt, the foregoing release is intended to and does apply to all activities of HITACHI and the HITACHI Sublicensed Subsidiaries that fall within the scope of the licenses granted by Buyer Parent set forth in this Agreement that were carried out before the Closing Date.

2.4 Extension to HITACHI's Subsidiaries. HITACHI shall have a right to extend to its Subsidiaries the rights, releases, licenses, covenants and any other privileges granted to HITACHI hereunder, if such Subsidiary agrees to abide by the terms and conditions of this Agreement and include its Patents in HITACHI HDD Patents, HITACHI External Drive Patents, HITACHI RAID Patents, and HITACHI SSD Patents as if it were named in the place of HITACHI hereunder, subject to the termination provision in Section 4.2.

2.5 Covenant Not To Sue HITACHI Regarding RAID. Buyer Parent and its Subsidiaries shall reserve the right to sue the sellers and/or manufacturers of HDD incorporated into RAID sold to HITACHI or HITACHI Sublicensed Subsidiaries for infringement of Buyer Parent Patents related to HDD by making, using, selling, offering to sell, leasing, importing or otherwise disposing of such HDD incorporated into RAID; provided however, that Buyer Parent, on behalf of itself and its Subsidiaries, covenants not to sue HITACHI, HITACHI Sublicensed Subsidiaries, or their customers (to the extent the RAID was purchased from HITACHI or HITACHI Sublicensed Subsidiaries) for infringement of Buyer Parent Patents related to HDD by using, leasing, importing, exporting, selling, offering to sell such HDD incorporated into RAID.

3. LICENSES, RELEASE AND COVENANTS GRANTED TO BUYER PARENT

3.1 HDD/HDD Component License to Buyer Parent. HITACHI, on behalf of itself and HITACHI Sublicensed Subsidiaries, hereby grants to Buyer Parent and its Subsidiaries a non-exclusive, irrevocable, fully paid-up, world-wide, license, without the right to grant a sublicense, under the HITACHI HDD Patents, to make, Have Made, use, import, export, sell, lease, offer to sell, or otherwise dispose of HDD and HDD Components.

3.2 SSD License to Buyer Parent. HITACHI, on behalf of itself and HITACHI Sublicensed Subsidiaries, hereby grants to Buyer Parent and its Subsidiaries a non-exclusive, irrevocable, fully paid-up, world-wide term license, without the right to grant a sublicense, under HITACHI SSD Patents, to make, Have Made, use, import, export, sell, lease, offer to sell, or otherwise dispose of SSD.

3.3 RAID License to Buyer Parent. HITACHI, on behalf of itself and HITACHI Sublicensed Subsidiaries, hereby grants to Buyer Parent and its Subsidiaries a non-exclusive, irrevocable, fully paid-up, world-wide term license, without the right to grant a sublicense, under HITACHI RAID Patents, to make, Have Made, use, import, export, sell, lease, offer to sell, or otherwise dispose of RAID.

3.4 External Drive License to Buyer Parent. HITACHI, on behalf of itself and HITACHI Sublicensed Subsidiaries, hereby grants to Buyer Parent and its Subsidiaries a non-exclusive, irrevocable, fully paid-up, world-wide term license, without the right to grant a sublicense, under HITACHI External Drive Patents, to make, Have Made, use, import, export, sell, lease, offer to sell, or otherwise dispose of External Drive.

3.5 Storage Software License. HITACHI, on behalf of itself and HITACHI Sublicensed Subsidiaries, hereby grants to Buyer Parent and its Subsidiaries a non-exclusive, irrevocable, fully paid-up, world-wide, term license, without the right to grant a sublicense, under the Storage Software Patents, to make, Have Made, use, import, export, sell, lease, offer to sell, or otherwise dispose of the Storage Software Products, including future versions thereof.

3.6 HITACHI Licensed Copyrights License. Subject, in the case of any particular HITACHI Licensed Work, to any applicable Existing Terms, HITACHI, on behalf of itself and the HITACHI Sublicensed Subsidiaries, hereby grants to Buyer Parent and its Subsidiaries a nonexclusive, irrevocable, fully paid-up, world-wide, perpetual license under the HITACHI Licensed Copyrights to reproduce, distribute, display, perform, and make derivative works of any Works covered by the HITACHI Licensed Copyrights ("**HITACHI Licensed Works**"), in each case, in the ordinary course of the business of Buyer Parent and its Subsidiaries (such license, the "**HITACHI Licensed Copyrights License**"). Buyer Parent and its Subsidiaries may grant sublicenses under the HITACHI Licensed Copyrights License to third parties in connection with the development, manufacture, distribution, provision, sale and use of any products or services of Buyer Parent and its Subsidiaries, in each case, solely in such fields, provided that any disclosure to such third parties of HITACHI Licensed Trade Secrets embodied in HITACHI Licensed Works (and any use of such HITACHI Licensed Trade Secrets by such third parties) shall be only as permitted by Section 3.8.

3.7 HITACHI Licensed Trade Secrets License. Subject to the terms and conditions of this Agreement and, in the case of any particular HITACHI Licensed Trade Secret, to any applicable Existing Terms, HITACHI, on behalf of itself and the HITACHI Sublicensed Subsidiaries, hereby grants to Buyer Parent and its Subsidiaries, a nonexclusive, irrevocable, fully paid-up, worldwide, perpetual license under the HITACHI Licensed Trade Secrets to use the HITACHI Licensed Trade Secrets, in each case, in the ordinary course of the business of Buyer Parent and its Subsidiaries (the "**HITACHI Licensed Trade Secrets License**"). The HITACHI Licensed Trade Secrets shall be deemed Confidential Information of HITACHI and the HITACHI Trade Secret License shall be subject to the terms and conditions of Section 3.8. Notwithstanding the preceding sentence, Buyer Parent and its Subsidiaries may disclose the HITACHI Licensed Trade Secrets to and allow use of the HITACHI Licensed Trade Secrets by third parties as reasonably necessary in connection with the development, manufacture, distribution, provision, sale, and use of the products and services of Buyer Parent and its Subsidiaries, in each case, solely in such fields, provided that such third parties are bound in writing by confidentiality terms at least as protective as those set forth in Section 3.8. Except as expressly set forth in the preceding sentence or as expressly permitted by Section 3.8, Buyer Parent and its Subsidiaries shall not (and shall have no right to) disclose or allow the use of any HITACHI Licensed Trade Secret.

3.8 Confidentiality. Buyer Parent and its Subsidiaries shall maintain the HITACHI Licensed Trade Secrets with at least the same degree of care it uses to protect its own proprietary information of a similar nature or sensitivity, but no less than reasonable care under the circumstances. Buyer Parent and its Subsidiaries shall not disclose any HITACHI Licensed Trade Secrets to third parties except where (i) such disclosure is required by law or order of a court of competent jurisdiction, provided that, in such event, Buyer Parent shall provide HITACHI prompt, advance notice of such requirement to allow intervention (and shall cooperate with HITACHI) to contest or minimize the scope of the disclosure (including through application for a protective order), (ii) the HITACHI Licensed Trade Secret disclosed was in the public domain prior to the disclosure to Buyer Parent or its Subsidiaries, (iii) the HITACHI Licensed Trade Secret disclosed becomes part of the public domain by publication or otherwise except by breach of this Agreement, or (iv) Buyer Parent can establish by competent proof the HITACHI Licensed Trade Secret disclosed was received from a third party without restrictions on confidentiality. Buyer Parent shall be responsible to HITACHI for the acts and omissions of any Subsidiary, employee or agent with respect to such confidentiality obligations. To the extent a particular HITACHI Licensed Trade Secret is subject to confidentiality obligations under a written agreement existing as of the Closing Date between HGST or any of its Subsidiaries, on the one hand, and HITACHI or any HITACHI Sublicensed Subsidiary, on the other hand, the obligations set forth in this Section 3.8 will not extend in duration beyond the expiration of the confidentiality obligations set forth in such written agreement.

3.9 Past Release to Buyer Parent. HITACHI, on behalf of itself and HITACHI Sublicensed Subsidiaries, hereby irrevocably releases and forever discharges Buyer Parent and its Subsidiaries from any and all claims, losses, demands, causes of action, liabilities, and rights of action of any kind, at law or in equity, whether known or unknown, suspected and unsuspected, disclosed and undisclosed, liquidated or unliquidated, for any act of direct or indirect infringement, before the Closing Date, of any HITACHI HDD Patent, HITACHI SSD Patent, HITACHI External Drive Patent, HITACHI RAID Patent or Storage Software Patent by Buyer Parent or its Subsidiaries making, using, importing, exporting, selling, leasing, offering to sell, or otherwise disposing of HDD (in the case of HITACHI HDD Patents), External Drive (in the case of HITACHI External Drive Patents), SSD (in the case of HITACHI SSD Patents), RAID (in the case of HITACHI RAID patents) or Storage Software Products (in the case of Storage Software Patents). For the avoidance of doubt, the foregoing release is intended to and does apply to all activities of Buyer Parent and its Subsidiaries that fall within the scope of the licenses granted by HITACHI set forth in this Agreement that were carried out before the Closing Date.

3.10 No Licenses to Third Parties. Nothing in this Agreement shall be deemed to grant any license, immunity, release, or other right to any person or entity, other than the Parties and their respective Subsidiaries, as provided herein.

4. TERMS AND TERMINATIONS

4.1 Termination and Survival. The licenses granted in Sections 2.1, 3.2, 3.3, 3.4 and 3.5 shall terminate at the end of Term. Further, the license grant in Sections 2.2 and 3.1 shall terminate in part: with respect to Section 2.2, only the license under Buyer Parent RAID Patents that are not HGST RAID Patents shall terminate at the end of the Term; with respect to Section 3.1, only the license under Patents issued or issuing on patent applications entitled to a first effective filing date after the first anniversary of the Closing Date shall terminate at the end of the Term. The remainder of the licenses set forth in Sections 2.2 and 3.1, including their transferability, shall continue and remain in full force and effect until the expiration of the life of the last Patent, as defined herein. In addition, the covenant set forth in Section 2.5 shall terminate (a) at the end of the Term, with respect to Patents issued or issuing on patent applications entitled to a first effective filing date after the first anniversary of the Closing Date and (b) upon the expiration of the life of the last Patent subject to the covenant, as to all other Patents subject to the covenant. The remainder of this Agreement, including the licenses set forth in Sections 3.6 and 3.7 and the provisions of Section 3.8, shall continue and remain in full force for so long as any HITACHI License Copyright or HITACHI Licensed Trade Secret continues to exist and be enforceable.

4.2 Termination of the Rights Granted to Subsidiaries. All rights, licenses and covenants granted to any Subsidiaries of either Party shall automatically terminate in the event that such Subsidiaries no longer fall under the definition of “Subsidiary,” as defined herein.

4.3 Termination For Material Breach. If Buyer Parent or any of its Subsidiaries breaches Section 2.5 of this Agreement, and if such material breach is not corrected within sixty (60) days after written notice by HITACHI, the continuing covenants, rights, licenses, and any other privileges granted to Buyer Parent and its Subsidiaries in this Agreement may be terminated by HITACHI forthwith by written notice to Buyer Parent; provided that no such termination shall terminate, modify or limit, in any manner, any of the continuing covenants, rights, licenses, and any other privileges granted to HITACHI and the HITACHI Sublicensed Subsidiaries in this Agreement, all of which shall continue unaffected.

4.4 Termination For Bankruptcy. A Party may terminate this Agreement by giving written notice of termination to the other Party at any time upon or after:

(a) the filing by the other Party of an petition in bankruptcy or insolvency which petition or proceeding is not dismissed within sixty (60) days;

(b) any adjudication that the other Party is bankrupt or insolvent;

(c) the filing by the other Party of any petition or answer seeking reorganization, readjustment or arrangement of its business under any law relating to bankruptcy or insolvency which petition or proceeding is not dismissed within sixty (60) days;

(d) the appointment of a receiver for all or substantially all of the property of the other Party;

(e) the institution of any proceeding for the liquidation winding up of the other Party's business which petition or proceeding is not dismissed within sixty (60) days.

Notwithstanding the foregoing, the occurrence of any of the events provided above shall not be deemed to terminate, modify or limit, in any manner (or permit a Party to terminate, modify or limit, in any manner), any of the continuing covenants, rights, licenses and any other privileges granted to the terminating Party and its Subsidiaries in this Agreement, all of which shall continue unaffected by such event.

4.5 No Release on Termination. No termination in this Agreement pursuant to Section 4.2, 4.3, or 4.4 above shall relieve either Party of any obligation or liability accrued hereunder prior to such termination.

5. REPRESENTATIONS AND WARRANTIES

5.1 Authority. Each Party represents and warrants that it has the corporate power and authority to enter this Agreement, and to carry out the terms and obligations set forth in this Agreement, and that the persons executing this Agreement on its behalf have the authority to act for and bind the Party and/or, in case of Buyer Parent, its Subsidiaries, and in case of HITACHI, HITACHI Sublicensed Subsidiaries.

5.2 Buyer Parent's Right To Grant. Buyer Parent, on behalf of itself and its Subsidiaries, represents and warrants that Buyer Parent (or a Subsidiary of Buyer Parent) owns, and that Buyer Parent has the right to license, the Patents licensed by Buyer Parent; and that it is not a party to any agreements or obligations inconsistent with this Agreement.

5.3 HITACHI's Right To Grant. HITACHI, on behalf of itself and HITACHI Sublicensed Subsidiaries, represents and warrants that HITACHI (or a HITACHI Sublicensed Subsidiary) owns, and that HITACHI has the right to license, the Patents licensed by HITACHI; and that it is not a party to any agreements or obligations inconsistent with this Agreement.

5.4 No Warranty by Buyer Parent. This Agreement does not and shall not be interpreted or construed to include: (a) any warranty or representation on the part of Buyer Parent as to the validity, enforceability, or scope of any Patent licensed by Buyer Parent; (b) any warranty or representation that any specific apparatus or method used by HITACHI in connection with any Patents licensed by Buyer Parent is or will be free from infringement of patents of others or other intangible rights of third parties; (c) any requirement to file any patent application, or secure or maintain any patent; (d) any obligation to bring or prosecute any action for infringement of any Patent licensed by Buyer Parent; (e) any obligation to furnish any technical or support information; (f) any license or right by implication or estoppel; or (g) any warranty of MERCHANTABILITY, NON-INFRINGEMENT OR FITNESS FOR ANY PARTICULAR PURPOSE OR USE for implementations of Patents licensed by Buyer Parent.

5.5 No Warranty by HITACHI. This Agreement does not and shall not be interpreted or construed to include: (a) any warranty or representation on the part of HITACHI as to the validity, enforceability, or scope of any Patent licensed by HITACHI; (b) any warranty or representation that any specific apparatus or method used by Buyer Parent or its Subsidiaries in connection with any Patent licensed by HITACHI is or will be free from infringement of patents of others or other intangible rights of third parties; (c) any requirement to file any patent application, or secure or maintain any patent; (d) any obligation to bring or prosecute any action for infringement of any Patent licensed by HITACHI; (e) any obligation to furnish any technical or support information; (f) any license or right by implication or estoppel; or (g) any warranty of MERCHANTABILITY, NON-INFRINGEMENT OR FITNESS FOR ANY PARTICULAR PURPOSE OR USE for implementations of the Patents licensed by HITACHI.

6. NOTICES

All notices and other communications required or permitted hereunder shall be in writing and shall be mailed by Federal Express or other internationally recognized express carrier, registered or certified mail, postage prepaid, or otherwise delivered by hand or by messenger, addressed to a Party at the addresses set forth below, or at such other address as a Party may substitute by written notice provided to the other Party in such manner. Such notices shall be deemed to have been served when delivered.

If to HITACHI:

IP Business Division
Intellectual Property Group
Hitachi, Ltd.
Atten: General Manager
6-1 Marunouchi 1-chome, Chiyoda-ku
Tokyo 100-8220 Japan

If to Buyer Parent:

7. BUSINESS ACQUISITION, TRANSFER, CHANGE OF CONTROL, ETC.

7.1 Assignment and Change of Control of Buyer Parent HDD Business. Buyer Parent may assign or transfer the rights, licenses, and covenants under Section 3.1 of this Agreement in connection with any sale or other transfer of (i) all or substantially all of Buyer Parent's HDD business, (ii) all or substantially all of Buyer Parent's HDD-related assets in a single transaction or a series of transactions, or (iii) any transaction under which Buyer Parent undergoes a change in control.

7.2 Assignment of Buyer Parent Non-HDD Business. In connection with any sale or other transfer of (a) all or substantially all of Buyer Parent's RAID, External Drive, and/or SSD business, or (b) all or substantially all of Buyer Parent's RAID-, External Drive-and/or SSD-related assets in a single transaction or a series of transactions, Buyer Parent may assign or transfer the rights, licenses and covenants under Sections 3.2, 3.3, 3.4, 3.5 and/or 3.6 corresponding to the sold or transferred business, subject to the following limitations:

(a) The rights, licenses, and covenants under Sections 3.2, 3.3, 3.4, 3.5 and/or 3.6 shall be assignable provided that: the acquiring third party **("Acquiring 3rd Party")** agrees to grant a royalty-free license to HITACHI and the HITACHI Sublicensed Subsidiaries under the Patents which would fall within the scope of Buyer Parent SSD Patents or Buyer Parent RAID Patents if the Acquiring 3rd Party were named in the place of Buyer Parent in Sections 1.4 and 1.5 hereunder, in each case for the applicable term set forth in Section 4.1;

(b) The rights, licenses, and covenants under Sections 3.2, 3.3, 3.4, 3.5 and/or 3.6 shall not be extended to the business originally run by the Acquiring 3rd Party or any of its Subsidiaries. To the extent that such rights, licenses and covenants continue to extend to the acquired portion of the business, the extension shall be limited to a revenue of such business equal to no more than the revenue of the acquired business in the twelve (12) months preceding such sale or transfer plus twenty percent (20%); and shall also be limited, in each of the successive twelve-month periods following such transfer or sale, to a revenue equal to no more than the immediately preceding twelve-month period plus twenty percent (20%). To the extent that the business exceeds this cap, and the Acquiring 3rd Party desires to obtain further rights and licenses, the Acquiring 3rd Party and HITACHI shall discuss a mutually acceptable resolution; and,

(c) In no event shall the rights, licenses, and covenants under Sections 3.2, 33, 3.4, 3.5 and/or 3.6 supersede or relieve any obligation by any party to pay on-going royalties under any existing patent license agreement with respect to business operations of the Acquiring 3rd Party.

(d) The rights, licenses, and covenants under Sections 3.2, 3.3, 3.4, 3.5 and/or 3.6 may not be assigned or transferred by Buyer Parent to any Acquiring 3rd Party if such Acquiring 3rd Party or any of its Subsidiaries has made, in court or otherwise, a written allegation of patent infringement against HITACHI that existed prior to the completion of the assignment or transfer and has not been resolved prior to the completion of the assignment or transfer.

7.3 Impact of Change of Control of Buyer Parent or HGST on Sections 3.2, 3.3, 3.4, 3.5, and 3.6 Licenses. In the event that in a single transaction or in a series of transactions Buyer Parent is acquired by a third party, through a merger, stock sale, asset purchase, or otherwise, HITACHI may, at its option, terminate the rights, licenses, and covenants under Section 3.2. 3.3, 3.4, 3.5 or 3.6 of this Agreement (but not the license under Section 3.1), if and only if the Acquiring 3rd Party or any of its Subsidiaries is a competitor in the RAID business. Buyer Parent shall timely notify HITACHI in writing of the acquisition with the information reasonably required for HITACHI to determine whether or not to terminate those rights, including the framework and schedule of the acquisition. HITACHI shall notify, in turn, Buyer Parent in writing of its election whether or not to terminate the license within ninety (90) days after receipt of the notice. In the event that HITACHI chooses to terminate the license pursuant to the terms of this provision, HITACHI and Buyer Parent shall have a good faith basis upon which to renegotiate the license. Notwithstanding the foregoing, the rights, licenses and covenants in Sections 3.1 and 3.8 shall not be terminated in any event.

7.4 Acquisition of Non-HDD Business by Buyer Parent. In the event that Buyer Parent directly or indirectly acquires a Non-HDD Business pursuant to a merger, asset or stock purchase, or otherwise in a single transaction or a series of transactions during the Term, HITACHI shall have an option not to extend the rights, licenses, releases, and covenants under Section 3 to such Non-HDD Business; provided, however, if HITACHI exercises the option, the Patents owned or controlled by the acquired Non-HDD Business shall not be included in the definitions of Buyer Parent SSD Patents or Buyer Parent RAID Patents. Buyer Parent shall notify HITACHI in writing of the acquisition with information of the acquired Non-HDD Business reasonably required for HITACHI to determine the exercise of the option. HITACHI shall notify, in turn, Buyer Parent in writing of its exercise of the option or not within ninety (90) days after HITACHI received such notice without delay.

7.5 Assignment of RAID Business By HITACHI. HITACHI may assign or transfer the rights, licenses and covenants under Section 2.2 in connection with any sale or other transfer of (i) all or substantially all of HITACHI's RAID business or (ii) substantially all of HITACHI's related RAID assets in a single transaction or a series of transactions.

7.6 Assignment of SSD Business By HITACHI. HITACHI may assign or transfer the rights, licenses and covenants under Section 2.1 in connection with any sale or other transfer of (i) all or substantially all of HITACHI's SSD business or (ii) substantially all of HITACHI's related SSD assets in a single transaction or a series of transactions during the Term.

7.7 Change of Control of HITACHI. In the event that in a single transaction or in a series of transactions HITACHI is acquired by a third party, through a merger, stock sale, asset purchase, or otherwise, this Agreement shall remain effective and shall not be terminated.

7.8 Notice of Assignment/Transfer. In the event of a valid assignment or transfer (*i.e.*, one made pursuant to the terms of Section 7.1, 7.2, 7.5 or 7.6 above) by either Party of this Agreement, the transferring or assigning Party shall, within ninety (90) calendar days, provide the other Party notice, in writing, of such assignment or transfer and shall identify the person to whom it has made such assignment or transfer.

7.9 Effect of Assignment. Any license, covenants and/or any other rights assigned by either Party pursuant to any provision of this Section 7 shall be effective with respect to the assignee (and its business and operations) on a prospective basis only. Accordingly, no such assignment shall relieve, release or discharge any assignee from any liability for damages accruing prior to the effective date of the applicable assignment due to the infringement of any Patent licensed under this Agreement. Should either Party assign or otherwise transfer this Agreement or any of its respective Patents, such transfer shall not operate to terminate, impair or in any way modify the licenses and releases provided by the Parties herein, except as expressly provided for under the terms of this Agreement.

7.10 Assignment of Patents. From and after any assignment or transfer of a Patent by either Party or its Subsidiaries, the assignee shall be bound by the terms and conditions of this Agreement with respect to such Patents.

7.11 Sublicense. Neither party, nor their Subsidiaries, may sublicense any rights under this Agreement unless otherwise provided hereunder.

8. MISCELLANEOUS

8.1 Entire Agreement. This Agreement contains the complete agreement between, and contains all of the promises and undertakings made to each other by, the Parties regarding the subject matter of this Agreement. Any and all prior agreements, representations, negotiations, and undertakings between the Parties, oral or written, express or implied, with respect to the subject matter hereof are hereby superseded and merged by and into this Agreement. This Agreement may not be revised or modified without the mutual written consent of the Parties.

8.2 Severability. If any paragraph, provision or clause of this Agreement shall be found or held to be invalid or unenforceable by a court or other decision-making body of competent jurisdiction, in a judgment from which no further appeal can be taken, the remainder of this Agreement shall remain valid and enforceable, and to the extent required in the pursuit of this Agreement, the Parties shall negotiate in good faith a substitute, valid and enforceable provision that reflects the Parties' intent in entering this Agreement.

8.3 No Other Rights. Nothing contained in this Agreement shall be construed as conferring any rights by implication, estoppel or otherwise, under any non-patent intellectual property right, or any patent, other than the Patents licensed to Buyer Parent and HITACHI. Neither Party is required hereunder to furnish or disclose to the other any technical or other information (including copies of Patents licensed to Buyer Parent and HITACHI.)

8.4 ADR Provision. The Parties agree that, in the event of a dispute arising under this Agreement, the Parties shall agree to attend a non-binding mediation prior to bringing any action in a court of law. The mediation shall be facilitated by a neutral third-party, selected by the parties. A representative from each Party with authority to settle on behalf of that party shall attend the mediation in person. The purpose of the mediation is to resolve the disputed issue(s) without the need for formal legal proceedings.

8.5 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware as applied to contracts entered into and fully performed in such state.

8.6 Jurisdiction. The Parties agree that the Delaware Court of Chancery (and if jurisdiction in the Delaware Court of Chancery shall be unavailable, any Delaware State court and the Federal court of the United States of America sitting in the State of Delaware) shall have exclusive jurisdiction of interpreting or enforcing this Agreement. The parties expressly waive their right to a trial by jury.

8.7 Counterparts. This Agreement may be executed in identical counterparts, each of which shall constitute an original and all of which shall constitute one and the same agreement.

8.8 Bankruptcy Code. The Parties acknowledge and agree that the rights and licenses granted in this Agreement, including but not limited to Section 2.0, are "intellectual property" as defined in Section 101 (35) of the United States Bankruptcy Code, as the same may be amended from time to time (the "Code"), for purposes of Section 365(n) of the Code, and have been licensed in this Agreement in a contemporaneous exchange for value.

8.9 Further Assurances. Each Party hereto shall execute and cause to be delivered to each other Party hereto such instruments and other documents, and shall take such other actions, as such other Party may reasonably request, to effect, evidence, record or perfect any of the licenses and other rights set forth in this Agreement. The requesting Party shall reimburse the other Party for its reasonable out-of-pocket costs in responding to a request under this Section.

8.10 Disclosure. The terms of this Agreement shall remain confidential and neither Party shall disclose this Agreement or its terms to any individual or entity, except (a) with the prior written consent of the other Party, (b) to the extent disclosure by a Party is required by law or order of a court of competent jurisdiction, provided that, in such event, such Party shall provide the other Party prompt, advance notice of such requirement to allow intervention (and shall cooperate with the other Party) to contest or minimize the scope of the disclosure (including through application for a protective order) or (c) in confidence by a Party to its auditors or legal counsel in connection with the provision of audit or legal services (respectively) to such Party, to the extent required for the provision of such services.

[Remainder of this page is intentionally left blank]

IN WITNESS WHEREOF, the Parties have caused their duly authorized officers to execute this Agreement on the dates indicated below.

For and on behalf of
Hitachi Ltd., and HITACHI Sublicensed Subsidiaries,

By: _____ Date: _____
Name: Naoya Takahashi
Title: Executive Vice President and Executive Officer

For and on behalf of
Western Digital Corporation, a Delaware corporation, and its Subsidiaries,

By: _____ Date: _____
Name:
Title:

[Signature Page for IP License Agreement]

Exhibit C

Form of

INVESTOR RIGHTS AGREEMENT

This Investor Rights Agreement (the "Agreement") is made as of this [_____] day of [_____] among Western Digital Corporation, a Delaware corporation (the "Company"), and Hitachi, Ltd., a company incorporated under the laws of Japan (the "Investor").

WHEREAS, the Company, Western Digital Ireland, Ltd., a corporation organized under the laws of the Cayman Islands and an indirect wholly owned subsidiary of the Company (the "Buyer"), the Investor, and Viviti Technologies Ltd., a company incorporated under the laws of the Republic of Singapore and a wholly-owned subsidiary of the Investor ("Viviti"), are parties to that certain Stock Purchase Agreement, dated as of March 7, 2011 (the "Stock Purchase Agreement"), pursuant to which the Investor will receive from the Buyer on the Closing Date Twenty Five Million (25,000,000) shares of the Company's Common Stock (the "Shares") as a portion of the consideration for the sale of the Investor's stock in Viviti; and

WHEREAS, in connection with the Stock Purchase Agreement and the transfer of the Shares to the Investor, the parties desire to enter into this Agreement in order to establish certain rights and restrictions relating to the Investor's ownership of the Shares.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and for other good and valid consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE 1
DEFINITIONS

Section 1.01 **Definitions**. The following terms shall have the following meanings:

"13D Group" means any partnership, limited partnership, syndicate or other group, as those terms are used within the meaning of Section 13(d)(3) of the Exchange Act.

"Action" means any action, suit, proceeding, hearing, order, charge, complaint, claim, arbitration or investigation at Law or in equity, or before any Governmental Entity.

"Affiliate" means any Person now or hereafter controlling, controlled by or under common control with another Person.

"Agreement" has the meaning set forth in the Preamble.

"Beneficial Owner," "Beneficial Ownership," "Beneficially Own" or "Beneficially Owned" shall refer to the concept of "beneficial ownership" in Rule 13d-3 promulgated under the Exchange Act.

"Board" or "Board of Directors" means the Board of Directors of the Company.

"brokers' transaction" has the meaning ascribed to such term under Rule 144(g) under the Securities Act.

"Business Day" means a day, other than Saturday, Sunday or public holidays in the United States of America.

"Buyer" has the meaning set forth in the Recitals.

"Change of Control" means the existence or occurrence of any of the following: (i) the sale, conveyance or disposition by the Company of more than fifty percent (50%) of the Company's assets; (ii) the consolidation, merger or other business combination of the Company with or into any other entity, unless, immediately after such consolidation, merger or other business combination, shareholders of the Company immediately prior to the consummation of the transaction continue to own Equity Securities representing, directly or indirectly, more than fifty percent (50%) of the aggregate voting rights of such new or surviving entity; or (iii) the acquisition by any Person, whether singly or as part of a 13D Group, as a result of one transaction or a series of transactions over time, of Equity Securities representing, directly or indirectly, more than fifty percent (50%) of the aggregate voting rights of the Company. For purposes of this definition, a sale of more than fifty percent (50%) of the Company's assets includes a sale of more than fifty percent (50%) of the aggregate value of the assets of the Company and its Affiliates or the sale of equity interests of one or more of the Company's Affiliates with an aggregate value in excess of fifty percent (50%) of the aggregate value of the Company and its Affiliates or any combination of methods by which more than fifty percent (50%) of the aggregate value of the Company and its Affiliates is sold.

"Closing" has the meaning set forth in the Stock Purchase Agreement.

"Closing Date" has the meaning set forth in the Stock Purchase Agreement.

"Common Stock" means the Common Stock of the Company, par value 0.01 United States dollars.

"Company" has the meaning set forth in the Preamble.

"Company Indemnitees" has the meaning set forth in Section 4.06(b).

"Company Supported Distribution" means a public underwritten offering by the Company of Registrable Securities that is designated by the Investor as a "Company Supported Distribution" in the applicable Shelf Take-Down Notice or Demand Notice.

"Competitors" has the meaning set forth in Section 3.03(b)(i).

"Competitor List Letter" has the meaning set forth in Section 3.03(b)(i).

"Competitor Transferees" has the meaning set forth in Section 3.03(b)(i).

"Demand Notice" has the meaning set forth in Section 4.02(a).

"Demand Registration" has the meaning set forth in Section 4.02(a).

"Demand Registration Statement" has the meaning set forth in Section 4.02(a).

"Election Meetings" has the meaning set forth in Section 2.01.

"Equity Securities" of the Company means any capital stock or other equity interests of the Company, any securities convertible into, exercisable for or exchangeable for capital stock or other equity interests of the Company, and any other rights, warrants or options to acquire any of the foregoing securities.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and any successor federal statute, and the rules and regulations thereunder, all as the same shall be in effect from time to time.

"Existing Shelf Registration Statement" has the meaning set forth in Section 4.01(a).

"FINRA" means the Financial Industry Regulatory Authority.

"FIRPTA Certificate" has the meaning set forth in Section 3.03(e).

"Governmental Entity" means any supranational, foreign, domestic, federal, territorial, state, county, city, township or other local governmental authority, or any regulatory, self-regulatory, administrative or other agency, instrumentality, court, government organization, quasi-governmental organization, mediator, arbitrator or arbitral forum (whether public or private), commission, tribunal thereof, or any political or other subdivision, department or branch of any of the foregoing, or any private body exercising any tax, regulatory or governmental or quasi-governmental authority.

"Indemnified Party" has the meaning set forth in Section 4.06(c).

"Indemnifying Party" has the meaning set forth in Section 4.06(c).

"Investor" has the meaning set forth in the Preamble.

"Investor Designee Termination Event" has the meaning set forth in Section 2.06.

"Investor Designee" and "Investor Designees" have the meanings set forth in Section 2.01.

"Investor Indemnitees" has the meaning set forth in Section 4.06(a).

"Law" means any foreign or domestic constitutional provision, act, statute or other law, ordinance, rule, regulation or interpretation of any Governmental Entity and any binding and enforceable decree, injunction, judgment, order, ruling, assessment, writ, doctrine, assessment or arbitration award or similar form of decision or determination issued by a Governmental Entity.

"Lockup Period" means, with respect to the Shares Beneficially Owned by the Investor, the period commencing on the date of this Agreement and ending on the day that is one (1) year from the date of this Agreement.

"Losses" shall have the meaning set forth in Section 4.06(a).

"Other Securities" means the Common Stock or other securities of the Company which the Company is registering pursuant to a Registration Statement covered by ARTICLE 4.

"Permitted Acquisition" has the meaning set forth in Section 3.01(a).

"Permitted Transfer" has the meaning set forth in Section 3.03(d).

"Person" means any individual, sole proprietorship, partnership, limited liability company, corporation, association, joint stock company, trust, joint venture, unincorporated organization, any other business organization or entity, or Governmental Entity.

"Piggyback Notice" has the meaning set forth in Section 4.03(a).

"Piggyback Registration" has the meaning set forth in Section 4.03(a).

"Prospectus" means the prospectus included in any Registration Statement, as amended or supplemented by any prospectus supplement and by all other amendments thereto, including post-effective amendments, and all material incorporated by reference into such prospectus.

"Registrable Securities" means the Shares acquired by the Investor pursuant to the Stock Purchase Agreement, as well as any shares of Common Stock or other securities issued as (or issuable upon the conversion or exercise of any warrant, right or other security which is issued as) a dividend or other distribution with respect to, or in exchange generally for, or in replacement generally of, such Shares or other Registrable Securities and any securities issued in exchange for such Shares or other Registrable Securities in any merger, reorganization, consolidation, share exchange, recapitalization, restructuring or other comparable transaction of the Company. As to any particular Registrable Securities, once issued such securities shall cease to be Registrable Securities when (i) a Registration Statement with respect to the sale by the Investor has been declared or deemed effective by the SEC and such securities have been disposed of pursuant to such effective Registration Statement, (ii) such securities have been otherwise Transferred (other than pursuant to Section 3.03(d)(i) and in accordance with Section 6.04), (iii) such securities shall have ceased to be outstanding or (iv) such securities have been or could all be sold in a single transaction without volume or other limitations pursuant to Rule 144 (or any similar provisions then in force) under the Securities Act.

"Registration Expenses" has the meaning set forth in Section 4.04(a).

"Registration Statement" means any registration statement of the Company under the Securities Act which permits the public offering of any of the Registrable Securities pursuant to the provisions of this Agreement, including the Prospectus, amendments and supplements to such registration statement, including post-effective amendments, all exhibits and all material incorporated by reference or deemed to be incorporated by reference in such registration statement.

"SEC" means the U.S. Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933, as amended, and any successor federal statute, and the rules and regulations thereunder, all as the same shall be in effect from time to time.

"Shares" has the meaning set forth in the Preamble.

"Shelf Date" has the meaning set forth in Section 4.01(a).

"Shelf Registration Statement" has the meaning set forth in Section 4.01(a).

"Shelf Take-Down Notice" has the meaning set forth in Section 4.01(b).

"Significant Subsidiary" means a significant subsidiary (as defined under the Exchange Act) of the Company.

"Standstill Period" means the period commencing on the Closing Date and continuing until the earlier to occur of (i) a Change of Control or (ii) the date which is 90 days following the termination of the Investor's rights pursuant to Section 2.06.

"Stock Purchase Agreement" has the meaning set forth in the Recitals.

"Suspension Period" has the meaning set forth in Section 4.05(a)(ii).

"Transfer" means (i) sell, assign, give, pledge, encumber, hypothecate, mortgage, exchange or otherwise dispose, (ii) grant to any Person any option, right or warrant to purchase or otherwise receive, or (iii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences or other rights of ownership.

"Viviti" has the meaning set forth in the Recitals.

ARTICLE 2
BOARD REPRESENTATION

Section 2.01 **Investor Designee Appointment and Nomination Right**. The Investor shall have the right to designate two nominees to serve as directors of the Company (each, an "Investor Designee" and, together, the "Investor Designees"). The initial Investor Designees shall be [_____] and [_____]. Promptly after the Closing, the Company shall increase the size of the Board by two, and fill the resulting vacancies with the initial Investor Designees in accordance with the Company's Bylaws. Thereafter, the Company shall (a) include the Investor Designees in its slate of nominees for election to the Board of Directors at each annual or special meeting of stockholders of the Company following the Closing at which directors are to be elected and at which the seats held by the Investor Designees are subject to election (such annual or special meetings, the "Election Meetings") and (b) recommend that the Company's stockholders vote in favor of the election of the Investor Designees, support the Investor Designees for election in a manner no less favorable than the manner in which the Company supports its other nominees, and otherwise use commercially reasonable efforts to cause the election of the Investor Designees to the Board of Directors at each of the Election Meetings. The foregoing appointment and nomination rights will be subject to the Investor Designees satisfying the Company's Board Qualifications (as defined in Section 2.03); provided that, if an Investor Designee does not meet the Board Qualifications, (i) the Company will not nominate a replacement candidate in place of the rejected Investor Designee (unless the Investor does not nominate a replacement candidate pursuant to its rights in the following clause (ii) within the time period stated in such clause), and (ii) the Investor shall have the right (if exercised as promptly as reasonably practicable and in any event within 30 days) to nominate a replacement candidate in place of the rejected Investor Designee until such time as an Investor Designee that meets the Board Qualifications is put forward by the Investor. For the avoidance of doubt, the Company hereby affirms that each of the initial Investor Designees identified above satisfies the Board Qualifications.

Section 2.02 **Vacancies**. At any time prior to an Investor Designee Termination Event, if an Investor Designee who has been duly elected to the Board resigns from the Board, is removed (with or without cause) pursuant to applicable Law or the Company's Bylaws, fails to satisfy the Board Qualifications, dies or otherwise cannot or is not willing to stand for reelection or to continue to serve as a member of the Board, the Company shall use commercially reasonable efforts to cause the vacancy to be filled by a new Investor Designee prior to or concurrent with any further meeting or action by the Board.

Section 2.03 **Board Qualifications**. Each Investor Designee shall, at the time of nomination and at all times thereafter until such individual's service on the Board of Directors ceases, (a) meet any applicable requirements under applicable Law, stock exchange rules or the Company's corporate governance policies to be a member of the Board of Directors, (b) be an executive officer or former executive officer of the Investor, (c) not be an officer or director of any Competitor or Competitor Transferee, and (d) prior to being nominated, agree to comply with the requirements of this Section 2.03 (the "Board Qualifications"). The Company shall not revise or amend the Board Qualifications in a manner that has the intent or effect of adversely affecting the nomination or election of an Investor Designee (by for instance, adding requirements that all directors meet citizenship or independence requirements that would disqualify Persons known by the Company to be the Investor's probable designees).

Section 2.04 **Compensation, Indemnification and Insurance**. Investor Designees shall be entitled to the same retainer, equity compensation or other fees or compensation, including travel and expense reimbursement, paid to the non-employee directors of the Company for their services as a director, including any service on any committee of the Board. For so long as an Investor Designee continues to serve as a director and for a period of six (6) years thereafter, the Company shall, to the extent permitted by applicable Laws, indemnify such Investor Designees and shall maintain in full force and effect directors' and officers' liability insurance in reasonable amounts from established and reputable insurers to the same extent it now indemnifies and provides insurance for the non-executive members of the Board of Directors. In all directors' and officers' insurance policies, each Investor Designee shall be covered as an insured in such a manner as to provide the Investor Designee with rights and benefits under such insurance policies no less favorable than provided to the other non-executive directors of the Company.

Section 2.05 **Committees**. Unless otherwise agreed to by the Board of Directors, the Investor Designees shall not be appointed to or otherwise gain membership on any of the Board committees.

Section 2.06 **Termination of Investor Designee Rights**. Notwithstanding the foregoing:

(a) the Investor's rights under this ARTICLE 2 with respect to one of the Investor Designees shall terminate automatically at the end of the second full calendar year following the Closing Date; and

(b) all of the Investor's rights under this ARTICLE 2 shall terminate automatically (in the case of (i) and (ii)) or following written notice from the Company (in the case of (iii)) upon the earliest to occur of:

(i) the Investor ceasing to Beneficially Own at least fifty percent (50%) of the Shares received pursuant to the Stock Purchase Agreement;

(ii) if the Investor has first sold at least ten percent (10%) of the Shares received pursuant to the Stock Purchase Agreement, the Investor ceasing to Beneficially Own at least five percent (5%) of the total issued and outstanding Common Stock; or

(iii) any (A) breach by the Investor of the provisions of ARTICLE 3 of this Agreement or (B) material breach by the Investor of the Non-Competition Agreement between the parties entered into upon the Closing of the transactions contemplated by the Stock Purchase Agreement, provided that in the case of (B), if such breach is a Remediable Breach (as such term is defined in the Non-Competition Agreement) and such breach is cured pursuant to the dispute resolution procedures set forth in Section 4 thereof, then such breach shall not be an Investor Designee Termination Event (as defined below) hereunder.

(each of the events described in subsections (a) and (b) of this Section 2.06 are referred to as an "Investor Designee Termination Event"). The Investor shall cause any applicable Investor Designee to tender his resignation from the Board of Directors promptly upon the occurrence of an Investor Designee Termination Event.

Section 2.07 **Non-Transferability**. The Investor may not Transfer to any Person all or any portion of its rights under this ARTICLE 2 under any circumstances, notwithstanding the Transfer of all or any portion of the Shares.

ARTICLE 3
INVESTOR RESTRICTIONS

Section 3.01 **Standstill**. During the Standstill Period and unless otherwise approved by the Board of Directors (excluding any Investor Designees), the Investor will not, and will cause each of its Affiliates, directors, officers or employees not to, directly or indirectly, acting alone or as part of a 13D Group:

(a) acquire or agree, offer, seek or propose, whether by purchase, tender or exchange offer, by joining any 13D Group or otherwise, to acquire ownership of any, (x) of the businesses or material assets of the Company or any Significant Subsidiary (except for any transaction in the ordinary course of business), (y) any Equity Securities or any equity securities of any Significant Subsidiary, or (z) rights or options to acquire such ownership other than (i) the delivery of the Shares pursuant to the Stock Purchase Agreement, (ii) the acquisition of the Company's securities as a result of any stock splits, stock dividends or other distributions or recapitalizations or offerings made available by the Company to holders of Common Stock, including rights offerings, (iii) any acquisition of the Company's securities approved by the Board of Directors (excluding any Investor Designees), or (iv) any acquisition of the Company's securities pursuant to a Permitted Transfer (each event listed in clauses (i) through (iv), a "Permitted Acquisition");

(b) engage in any "solicitation" (within the meaning of the Exchange Act) of proxies or consents relating to the election of directors with respect to the Company, or become a "participant" in any "election contest" (both within the meaning of the Exchange Act) seeking to elect directors not nominated by the Board of Directors, other than the Investor Designees, or call, or seek or propose to call, any meeting of the Company's shareholders in connection therewith;

(c) in any manner, agree, attempt, seek or propose to deposit any securities of the Company or any rights to acquire (whether currently, upon lapse of time, following the satisfaction of any conditions, upon the occurrence of any event or any combination of the foregoing) any Equity Securities of the Company in any voting trust or similar arrangement;

(d) form or join in the formation of a 13D Group (other than a 13D Group consisting only of the Investor and its Affiliates) with respect to any Equity Securities or equity securities of any Significant Subsidiary, or grant to any Person any proxy with respect to the exercise of voting rights with respect to the Shares; or

(e) publicly announce any intention, plan or arrangement or finance (or arrange financing for) any Person in connection with any of the foregoing.

Section 3.02 **Permitted Actions**.

(a) The restrictions set forth in Section 3.01(a)-Section 3.01(e) shall cease to have effect if any of the following occurs (provided, that if any event described in this Section 3.02 occurs and, during the following 12 months, none of the transactions described below has been consummated, then the restrictions set forth in Section 3.01 shall thereafter resume and continue to apply in accordance with their terms):

(i) in the event that the Company enters into a definitive agreement for a merger, consolidation or other business combination transaction as a result of which the stockholders of the Company immediately prior to the consummation of such transaction would not own (including Beneficial Ownership) more than fifty percent (50%) of the aggregate voting rights of the surviving entity;

(ii) in the event that a tender offer or exchange offer for more than 50% of the Common Stock is commenced by any Person (and not involving any breach of Section 3.01) which tender offer or exchange offer, if consummated, would result in a Change of Control, and the Board of Directors recommends that the stockholders of the Company tender their shares in response to such offer within ten (10) Business Days after the commencement thereof or such longer period as shall then be permitted under U.S. federal securities Laws; or

(iii) in the event that the Company makes any public announcement indicating that it is actively pursuing a Change of Control, and such announcement is not disavowed by the Company pursuant to a public announcement made within two Business Days of such first announcement.

(b) Notwithstanding the foregoing, this Section 3.02 shall not restrict or otherwise apply to the activities of any Investor Designee in such Person's capacity as a director of the Company, acting in good faith and in satisfaction of such Person's duties to the Company in such capacity.

Section 3.03 **Dispositions**.

(a) Lockup Period. The Investor agrees that during the Lockup Period, without the prior written consent of the Company, the Investor shall not, and shall not authorize, permit or direct its subsidiaries or Affiliates to, directly or indirectly, Transfer any of the Shares.

(b) Competitor Transferees.

(i) During the term of this Agreement, the Investor agrees that it shall not, and shall not allow any of its Affiliates to, Transfer, directly or indirectly, any of the Shares knowingly to any Person identified in that certain competitor list letter (the "Competitor List Letter"), dated as of the Closing Date, and provided to the Investor at the Closing, as such letter may be amended from time to time in accordance with Section 3.03(b)(ii) (collectively, "Competitors"), or to any Affiliate of any such Person (Competitors and their respective Affiliates collectively, "Competitor Transferees"), and any such Transfer shall be null and void; provided, however, that the foregoing shall not prohibit any sale of Shares through brokers' transactions to a Person who the Investor has no reason to believe is a competitor (and, for the avoidance of doubt, Investor shall have no duty of inquiry in connection with such brokers' transactions).

(ii) The Competitor List Letter identifies the Competitors as of the date hereof. The Company may amend the Competitor List Letter following the date hereof to add or remove Competitors from such Competitor List Letter, each such amendment to be effective upon delivery of written notice thereof to the Investor, provided that (x) any Person so added to the Competitor List Letter as a Competitor must be a material direct competitor of the Company in one of its principal lines of business, as determined in good faith by the Company, (y) there shall not be more than ten (10) Competitors in total identified on the Competitor List Letter at any time, and (z) the Company may not amend the Competitor List Letter (A) prior to the six month anniversary of the Closing, or (B) more than twice per each twelve-month period thereafter.

(c) 5% Threshold. During the term of this Agreement, the Investor agrees that it shall not, and shall not allow any of its Affiliates to, Transfer, directly or indirectly, any of the Shares knowingly to any member of a 13D Group and any such Transfer shall be null and void; provided, however, that the foregoing shall not prohibit any sale of Shares through brokers' transactions to a Person who the Investor has no reason to believe is a member of a 13D Group (and, for the avoidance of doubt, Investor shall have no duty of inquiry in connection with such brokers' transactions).

(d) Permitted Transfers. Notwithstanding the foregoing, the following Transfers of the Shares shall be permitted at any time (each a "Permitted Transfer"):

(i) by the Investor to any of its Affiliates and by any Affiliate of the Investor to any other Affiliate of the Investor, provided that prior to and as a condition to any such Transfer, (A) the Company is furnished with written notice of the name and address of such Affiliate and the Shares Transferred, and (B) such Affiliate agrees in writing to be bound by and subject to the terms and conditions of this Agreement; and provided, further, that, with respect to any Transfer of registration rights under ARTICLE 4 in connection with any Permitted Transfer under this Section 3.03(d)(i) prior to and as a condition to any such Transfer, such Affiliate agrees to designate the Investor as its exclusive representative, agent and attorney-in-fact to exercise all of its rights thereunder pursuant to a written agreement in form reasonably satisfactory to the Company; or

(ii) by the Investor to a third party pursuant to a tender offer, exchange offer, merger, consolidation or other transaction (A) which is recommended to the stockholders of the Company by the Board of Directors; or (B) in the case of a merger or other business combination transaction, which has been approved by the stockholders of the Company.

(e) Real Property Interests. In connection with a subsequent disposition of Shares, the Investor may request a certification, in accordance with applicable Treasury Regulations, to the effect that (i) any interests in the Company do not constitute "U.S. real property interests" within the meaning of section 897(c)(1) of the Internal Revenue Code of 1986, as amended and (ii) the Company is not, and has not been during the shorter of (A) the 5 years preceding the date of the certification or (B) the Investor's holding period for the Shares, a United States real property holding corporation within the meaning of section 897(c)(2) of the Code (a "FIRPTA Certificate"). Upon the request of a FIRPTA Certificate by the Investor, the Company agrees to execute and deliver such FIRPTA Certificate within 10 days of such request, unless the Company determines, after reasonable diligence, that it cannot execute the certification because it cannot certify as to the information contained in clauses (i) or (ii). The Company's obligation under this Section 3.03(e) shall continue until such time as the Investor has disposed of all of the Shares received pursuant to the Stock Purchase Agreement.

ARTICLE 4
REGISTRATION RIGHTS

Section 4.01 **Shelf Registration**.

(a) On or before the expiration of the Lockup Period (the "Shelf Date"), so long as the Company is eligible to do so, the Company shall file with the SEC a Registration Statement providing for registration and resale, on a continuous or delayed basis pursuant to Rule 415 under the Securities Act, as such rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC, of all of the Registrable Securities, provided that such obligation shall be satisfied if the Company shall have in effect an automatically effective shelf registration statement on Form S-3ASR (or any comparable or successor form or forms then in effect) (an "Existing Shelf Registration Statement") as of the Shelf Date (any such registration statement, a "Shelf Registration Statement") that covers resale of the Registrable Securities; provided, further, that for the avoidance of doubt, the existence of an Existing Shelf Registration Statement shall not have any effect on the restrictions set forth in Section 3.03. The Shelf Registration Statement shall be on Form S-3 (or any comparable or successor form or forms then in effect) under the Securities Act; provided, however, that if the Company is a well-known seasoned issuer (as defined in Rule 405 under the Securities Act) at the time of filing of the Shelf Registration Statement with the SEC, such Shelf Registration Statement shall be designated by the Company as an automatic shelf registration statement (as defined in Rule 405 under the Securities Act). The Company shall use its commercially reasonable efforts to keep the Shelf Registration Statement continuously effective under the Securities Act until the Investor no longer holds any Registrable Securities. If the Shelf Registration Statement is not on Form S-3ASR, the Company shall use commercially reasonable efforts to cause the Shelf Registration Statement to become effective, as promptly as practicable, but in no event later than one hundred twenty (120) days following the filing of the Shelf Registration Statement.

(b) The Investor agrees that if it wishes to sell Registrable Securities pursuant to a Shelf Registration Statement and related Prospectus, it will do so in accordance with this Section 4.01(b) and Section 4.05. In the event the Investor wishes to sell Registrable Securities pursuant to a Shelf Registration Statement and related Prospectus, whether in an underwritten offering or otherwise that would require action by the Company pursuant to Section 4.01(b)(i), the Investor agrees to notify the Company of such intent (a "Shelf Take-Down Notice") and shall deliver a Shelf Take-Down Notice at least twenty (20) Business Days prior to any intended distribution of Registrable Securities under the Shelf Registration Statement, it being agreed that if the Investor intends to distribute any Registrable Securities by means of an underwritten offering it shall promptly so advise the Company and the Company shall reasonably cooperate with the Investor to facilitate such distribution, including the actions required pursuant to Section 4.05(a)(viii) and, if a Company Supported Distribution is requested, Section 4.05(a)(xiv). From and after the date the Shelf Registration Statement is declared or deemed effective, the Company shall, as promptly as practicable after the date of the Shelf Take-Down Notice:

(i) if required by applicable Law, file with the SEC a post-effective amendment to the Shelf Registration Statement or prepare and, if required by applicable Law, file a supplement to the related Prospectus or a supplement or amendment to any document incorporated therein by reference or file any other required document so that the Investor is named as a selling security holder in the Shelf Registration Statement and the related Prospectus in such a manner as to permit the Investor to deliver or be deemed to have delivered such Prospectus to purchasers of Registrable Securities in accordance with applicable Law and, if the Company shall file a post-effective amendment to the Shelf Registration Statement, use commercially reasonable efforts to cause such post-effective amendment to be declared or deemed effective under the Securities Act as promptly as practicable;

(ii) provide the Investor copies of any documents filed pursuant to Section 4.01(b)(i); and

(iii) notify the Investor as promptly as practicable after the effectiveness under the Securities Act of any post-effective amendment filed pursuant to Section 4.01(b)(i); provided, however, that if such Shelf Take-Down Notice is delivered during a Suspension Period, the Company shall so inform the Investor and shall take the actions set forth in clauses (i) and (ii) above promptly upon expiration of the Suspension Period in accordance with Section 4.05; provided, further, that the Investor shall not be entitled to deliver to the Company more than one (1) Shelf Take-Down Notice in any twelve (12) month period and each Shelf Take-Down Notice may only be made if the sale of the Registrable Securities covered thereby is reasonably expected to result in aggregate gross cash proceeds in excess of Fifty Million Dollars ($50,000,000) (without regard to any underwriting discount or commission) and, provided, further, that the Investor shall not be entitled to request more than three (3) Company Supported Distributions in the aggregate. A Shelf Take-Down Notice may not be made without the Company's prior written consent (not to be unreasonably withheld, delayed or conditioned) if the sale of the Registrable Securities covered thereby is reasonably expected to exceed the greater of (i) the value of twelve million five hundred thousand (12,500,000) Shares at the time of the sale or (ii) Five Hundred Million Dollars ($500,000,000).

(c) If any of the Registrable Securities to be sold pursuant to a Shelf Registration Statement are to be sold in a firm commitment underwritten offering which underwritten offering was initially requested by the Investor pursuant to a Shelf Take-Down Notice, and the managing underwriter of such underwritten offering advises the Investor that it is their good faith opinion that the total number or dollar amount of Registrable Securities proposed to be sold in such offering, together with any Other Securities proposed to be included by the Company or holders thereof which are entitled to include securities in such Registration Statement, exceeds the total number or dollar amount of such securities that can be sold without having an adverse effect on the price, timing or distribution of the Registrable Securities to be so included, together with all such Other Securities, then there shall be included in such firm commitment underwritten offering the number or dollar amount of Registrable Securities and such Other Securities that in the opinion of such managing underwriter can be sold without so adversely affecting such offering, and such number of Registrable Securities and Other Securities shall be allocated for inclusion as follows:

(i) first, the Registrable Securities for which inclusion in such underwritten offering was requested by the Investor; and

(ii) second, among the Company and any holders of Other Securities, pro rata, based on the number of Other Securities proposed to be included in such underwritten offering by the Company and the number of Other Securities Beneficially Owned by each such holder of Other Securities;

(d) The Investor shall have the right to notify the Company that it has determined that the Shelf Take-Down Notice be abandoned or withdrawn, in which event the Company shall promptly abandon or withdraw all activities undertaken in connection with such offering with respect to Registrable Securities, and such withdrawn Shelf Take-Down Notice shall not count against the limit of Shelf Take-Down Notices or Company Supported Distributions, as applicable; provided, however, that the Company shall not be required to pay for expenses of any registration proceeding begun pursuant to Section 4.01(a), which has been subsequently abandoned or withdrawn pursuant to this Section 4.01(d) at the request of the Investor, and shall be reimbursed by the Investor for reasonable and documented out-of-pocket expenses (including legal fees and printing expenses) so incurred, unless the withdrawal is based upon material adverse information concerning the Company that the Company has not publicly disclosed in compliance with applicable securities Laws at least five (5) Business Days prior to the Company's receipt of such withdrawal request.

(e) In the event that the SEC sets forth a limitation on the securities that may be registered on a particular Shelf Registration Statement, the Company may reduce the number of securities to be registered on such Shelf Registration Statement to such number of securities as allowed by the SEC.

Section 4.02 **Demand Registration**.

(a) At any time following the expiration of the Lockup Period, if the Company is unable to file, cause to be effective or maintain the effectiveness of a Shelf Registration Statement as required under Section 4.01, the Investor shall have the right, by delivering a written notice to the Company (a "Demand Notice"), to require the Company to register under and in accordance with the provisions of the Securities Act the number of Registrable Securities Beneficially Owned by the Investor and requested by such Demand Notice to be so registered (a "Demand Registration"); provided, however, that the Company shall not be required to effect more than three (3) Demand Registrations for underwritten offerings pursuant to this Section 4.02(a); provided, further, that the Investor shall not be entitled to deliver to the Company more than two (2) Demand Registrations in any twelve (12) month period; and provided, further, that a Demand Registration may not be made until at least one hundred and twenty (120) days after the date of a prior Demand Registration, and, in any event, a Demand Notice may only be made if the sale of the Registrable Securities requested to be registered by the Investor is reasonably expected to result in aggregate gross cash proceeds in excess of Fifty Million Dollars ($50,000,000) (without regard to any underwriting discount or commission); and provided, further, that the Investor shall not be entitled to request more than three (3) Company Supported Distributions in the aggregate (including underwritten Demand Registrations). A Demand Registration may not exceed the greater of (i) the value of twelve million five hundred thousand (12,500,000) Shares or (ii) Five Hundred Million Dollars ($500,000,000) without the Company's prior written consent (not to be unreasonably withheld, delayed or conditioned). A Demand Notice shall also specify the expected method or methods of disposition

of the applicable Registrable Securities. Following receipt of a Demand Notice, the Company shall use commercially reasonable efforts to file, as promptly as reasonably practicable, but not later than ninety (90) Business Days after receipt by the Company of such Demand Notice, a Registration Statement relating to the offer and sale of the Registrable Securities requested to be included therein by the Investor in accordance with the methods of distribution elected (a "Demand Registration Statement") and shall use commercially reasonable efforts to cause such Registration Statement to be declared effective under the Securities Act as promptly as practicable after the filing thereof, but in no event later than one hundred twenty (120) days following the date of filing the Registration Statement, it being agreed that if the Investor intends to distribute any Registrable Securities by means of an underwritten offering it shall promptly so advise the Company and the Company shall cooperate with the Investor to facilitate such distribution, including the actions required pursuant to Section 4.05(a)(viii) and, if a Company Supported Distribution is requested, Section 4.05(a)(xiv).

(b) If any of the Registrable Securities registered pursuant to a Demand Registration are to be sold in a firm commitment underwritten offering, and the managing underwriter of such underwritten offering advises the Investor in writing that it is their good faith opinion that the total number or dollar amount of Registrable Securities proposed to be sold in such offering, together with any Other Securities proposed to be included by the Company or holders thereof which are entitled to include securities in such Registration Statement, exceeds the total number or dollar amount of such securities that can be sold without having an adverse effect on the price, timing or distribution of the Registrable Securities to be so included together with all such Other Securities, then there shall be included in such firm commitment underwritten offering the number or dollar amount of Registrable Securities and such Other Securities that in the opinion of such managing underwriter can be sold without so adversely affecting such offering, and such number of Registrable Securities and Other Securities shall be allocated for inclusion as follows:

(i) first, the Registrable Securities for which inclusion in such underwritten offering was requested by the Investor; and

(ii) second, among the Company and any holders of Other Securities, pro rata, based on the number of Other Securities proposed to be included in such underwritten offering by the Company and the number of Other Securities Beneficially Owned by each such holder of Other Securities;

(c) In the event of a Demand Registration, the Company shall be required to maintain the continuous effectiveness of the applicable Registration Statement for a period of at least thirty (30) days after the effective date thereof or such shorter period in which all Registrable Securities included in such Registration Statement have actually been sold.

(d) The Investor shall have the right to notify the Company that it has determined that the Registration Statement relating to a Demand Registration be abandoned or withdrawn with respect to Registrable Securities, in which event the Company shall promptly abandon or withdraw such Registration Statement with respect to Registrable Securities and such abandoned or withdrawn registration shall not count against the limit of Demand Registrations or Company Supported Distributions, as applicable; provided, however, that the Company shall not be required to pay for expenses of any registration proceeding begun pursuant to Section 4.02(a), which has been subsequently abandoned or withdrawn pursuant to this Section 4.02(d) at the request of the Investor, and shall be reimbursed by the Investor for reasonable and documented out-of-pocket expenses (including legal fees and printing expenses) so incurred, unless the withdrawal is based upon material adverse information concerning the Company that the Company has not publicly disclosed at least five (5) Business Days prior to the Company's receipt of such withdrawal request.

(e) Notwithstanding anything contained herein to the contrary, with the prior written consent of the Investor (which consent shall not be unreasonably withheld, conditioned or delayed), the Company shall be entitled to coordinate (but not in violation of Section 4.02) any offerings under this Section 4.02 with any offerings to be effected pursuant to similar agreements with the holders of Other Securities, including, if practicable, by filing one Registration Statement for all Other Securities.

(f) The Investor may not make a Demand Registration in the event that a Shelf Registration Statement is effective and covers the number of Registrable Securities that the Investor wishes to sell.

(g) In the event that the SEC sets forth a limitation on the number of securities to be registered in a particular Demand Registration, the Company may reduce the number of securities to be registered in such Demand Registration to such number of securities as allowed by the SEC.

Section 4.03 **Piggyback Registration**.

(a) At any time following the expiration of the Lockup Period, if the Company proposes to file a registration statement under the Securities Act with respect to an offering (i) by the Company for its own account (other than a registration statement (A) on Form S-4, Form S-8 or any successor forms thereto, (B) filed solely in connection with any employee benefit, dividend reinvestment, or any other similar plan or (C) for the purpose of effecting a rights offering afforded to all holders of the Shares) or (ii) for the account of any of its security holders, the Company will give the Investor written notice of such filing at least ten (10) Business Days' prior to the anticipated filing date (the "Piggyback Notice"). The Piggyback Notice shall offer the Investor the opportunity to include in such registration statement the number of Registrable Securities (for purposes of this Section 4.03, "Registrable Securities" shall be deemed to mean solely securities of the same type as those proposed to be offered for the account of the Company or its security holders) as they may request (a "Piggyback Registration"). Subject to Section 4.03(b), the Company shall include in each such Piggyback Registration all Registrable Securities with respect to which the Company has received a written request from the Investor for inclusion therein within five (5) Business Days after notice has been given to the Investor. The Company shall be required to maintain the effectiveness of the Registration Statement for a Piggyback Registration for a period of at least thirty (30) days after the effective date thereof or such shorter period in which all Registrable Securities included in such Registration Statement have actually been sold.

(b) If any of the securities to be registered pursuant to the registration giving rise to the Investor's rights under this Section 4.03 are to be sold in an underwritten offering, the Investor shall be permitted to include all Registrable Securities requested to be included in such registration in such offering on the same terms and conditions as the securities of the Company or its security holders included therein; provided, however, that if such offering involves a firm commitment underwritten offering and the managing underwriter of such underwritten offering advises the Investor in writing that it is their good faith opinion that the total number or dollar amount of Registrable Securities proposed to be sold in such offering, together with all Other Securities that the Company and any other Persons having rights to participate in such registration intend to include in such offering, exceeds the total number or dollar amount of such securities that can be sold without having an adverse effect on the price, timing or distribution of the Registrable Securities to be so included together with all such Other Securities, then there shall be included in such firm commitment underwritten offering the number or dollar amount of Registrable Securities and such Other Securities that in the opinion of such managing underwriter can be sold without so adversely affecting such offering, and such number of Registrable Securities and Other Securities shall be allocated for inclusion as follows:

(i) first, all Other Securities being sold by the Company or by any Person (other than the Investor) exercising a contractual right to demand registration pursuant to which such registration statement was filed;

(ii) second, to the Investor, and

(iii) third, among any other holders of Other Securities.

(c) The Company shall have the right to terminate or withdraw any registration initiated by it under this Section 4.03 prior to the effectiveness of the related Registration Statement and shall have no obligation to register any Registrable Securities in connection with such registration, except to the extent provided herein. The Registration Expenses of such withdrawn Piggyback Registration shall be borne by the Company in accordance with Section 4.04. The Investor shall have the right to withdraw its request for inclusion of its Registrable Securities in any Piggyback Registration by giving written notice to the Company of its request to withdraw at least two (2) Business Days prior to the planned effective date of the related Registration Statement; provided, however, that the Company shall not be required to pay for expenses relating to the proposed inclusion of the Investor's Registrable Securities in such Piggyback Registration, and shall be reimbursed by the Investor for reasonable and documented out-of-pocket expenses (including legal fees and printing expenses) so incurred, unless the withdrawal is based upon material adverse information concerning the Company that the Company has not publicly disclosed in compliance with applicable securities Laws at least five (5) Business Days prior to the Company's receipt of such withdrawal request.

(d) In the event that the SEC sets forth a limitation on the number of securities that may be registered in a particular Piggyback Registration, the Company may reduce the number of securities to be registered in such Piggyback Registration to such number of securities as allowed by the SEC.

Section 4.04 **Registration Expenses**.

(a) Expenses of the Company. Except to the extent otherwise provided herein, in connection with registrations pursuant to Section 4.01, Section 4.02, or Section 4.03, the Company shall pay all of the registration expenses incurred in connection with the registration thereunder (the "Registration Expenses"), including, without limitation, all: (i) reasonable registration and filing fees, (ii) Financial Industry Regulatory Authority, Inc. fees, (iii) printing expenses, (iv) fees and disbursements of the Company's counsel, (v) blue sky fees and expenses, (vi) expenses of the Company's independent accountants in connection with any regular or special reviews or audits incident to or required by any such registration, (vii) expenses incurred in connection with making road show presentations and holding meetings with potential investors and (viii) up to fifty thousand dollars ($50,000) of reasonable fees and disbursements of one firm of attorneys acting as counsel of the Investor.

(b) Expenses of the Investor. The Investor shall be responsible for (i) any allocable underwriting fees, discounts or commissions, (ii) any allocable commissions of brokers and dealers, (iii) fees and disbursements of the Investor's counsel other than as provided in Section 4.04(a), and (iv) capital gains, income and transfer taxes, if any, relating to the sale of Registrable Securities of the Investor.

Section 4.05 **Registration Procedures**.

(a) In connection with the registration of any Registrable Securities pursuant to this Agreement, the Company will keep the Investor advised in writing as to the initiation of each such registration and the Company will:

(i) Use commercially reasonable efforts to keep each Registration Statement continuously effective during the period such Registration Statement is required to remain effective pursuant to the terms of this Agreement; upon the occurrence of any event that would cause the Registration Statement or the Prospectus contained therein (A) to contain a material misstatement or omission or (B) not to be effective and usable for resale of Registrable Securities during the period such Registration Statement is required to remain effective pursuant to the terms of this Agreement, the Company shall file promptly an appropriate amendment to the Registration Statement, a supplement to the Prospectus or a report filed with the SEC pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act, in the case of clause (A), correcting any such misstatement or omission, and, in the case of either clause (A) or (B), the Company shall use commercially reasonable efforts to cause such amendment to be declared or deemed effective and the Registration Statement and the related Prospectus to become usable for their intended purposes as soon as practicable thereafter.

(ii) Notwithstanding anything to the contrary contained herein, the Company may delay filing or suspend the effectiveness of a Registration Statement and the Investor's right to sell thereunder (each such period, a "Suspension Period") if (A) the Company is pursuing an acquisition, merger, reorganization, disposition or similar transaction and the Company determines in good faith that the Company's ability to pursue or consummate such a transaction would be materially adversely affected by any required disclosure of such transaction in the registration statement, or (B) the Company has experienced some other material non-public event the disclosure of which at such time could reasonably be expected to materially adversely affect the Company; provided that the Company may not take any action pursuant to this Section 4.05(a) for a period of time in excess of 120 days in the aggregate in any twelve (12) month period.

(iii) Prepare and file with the SEC such amendments and post-effective amendments to each Registration Statement as may be necessary to keep such Registration Statement effective during the period provided herein.

(iv) Advise the Investor, promptly (which notice pursuant to clauses (B) through (D) below shall be accompanied by an instruction to suspend the use of the Prospectus until the Company shall have remedied the basis for such suspension and promptly thereafter notified the Investor of such remediation):

(A) when the Prospectus or any Prospectus supplement or post-effective amendment is proposed to be or has been filed, and, with respect to the Registration Statement or any post-effective amendment thereto, when the same has become effective;

(B) of any request by the SEC or any other Governmental Entity received by the Company for amendments to the Registration Statement or amendments or supplements to the Prospectus or for additional information relating thereto;

(C) of the issuance by the SEC of any stop order received by the Company suspending the effectiveness of the Registration Statement under the Securities Act or of the suspension by any state securities commission of the qualification of the Registrable Securities for offering or sale in any jurisdiction, or the threatening or initiation of any proceeding for any of the preceding purposes;

(D) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction, or the initiation or threatening of any proceeding for such purpose; or

(E) of the existence of any fact or the happening of any event, during the pendency of a distribution of Registrable Securities pursuant to a Registration Statement, that makes any statement of a material fact made in such Registration Statement, the Prospectus, any amendment or supplement thereto, or any document incorporated by reference therein untrue, or that requires the making of any additions to or changes in the Registration Statement or the Prospectus in order to make the statements therein not misleading.

(v) Unless any Registrable Securities shall be in book-entry form only, cooperate with the Investor to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold and not bearing any restrictive legends (unless required by applicable securities Laws), and enable such Registrable Securities to be in such denominations and registered in such names as the Investor may request at least two (2) Business Days before any sale of Registrable Securities.

(vi) Use commercially reasonable efforts to promptly register or qualify any Registrable Securities under such other securities or blue sky laws of such jurisdictions within the United States as any Investor reasonably requests and which may be reasonably necessary or advisable to enable such Investor to consummate the disposition in such jurisdictions of the Registrable Securities owned by such Investor, keep such registrations or qualifications in effect for so long as the applicable Registration Statement is required to remain in effect and do any and all other acts and things which may be reasonably necessary or advisable to enable such Investor to consummate the disposition in such jurisdictions of the Registrable Securities owned by such Investor; provided, however, that the Company will not be required to (A) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this Agreement, (B) subject itself to taxation in any jurisdiction where it would not otherwise be subject to taxation but for this Agreement or (C) consent to general service of process in any jurisdiction where it would not otherwise be subject to such service but for this Agreement.

(vii) Use commercially reasonable efforts to promptly cause any Registrable Securities covered by a Registration Statement to be registered with or approved by such other Governmental Entity within the United States as may be necessary to enable the Investor to consummate the disposition of such Registrable Securities in accordance with the intended methods of disposition set forth in such Registration Statement.

(viii) In the event that the Investor advises the Company that the Investor intends to distribute any Registrable Securities by means of an underwritten offering, whether pursuant to Section 4.01 or Section 4.02, enter into an underwriting agreement in customary form, scope and substance (including customary representations, warranties, covenants and indemnifications) and take all such other actions reasonably requested by the Investor or by the managing underwriter, if any, to expedite or facilitate the underwritten disposition of such Registrable Securities and deliver such documents and certificates as may be reasonably requested by the Investor, its counsel and the managing underwriter, if any.

(ix) Use its commercially reasonable efforts to prevent, or obtain the withdrawal of, any stop order or other order suspending the use of any Prospectus.

(x) Deliver to the Investor and each underwriter, if any, without charge, as many copies of the applicable Prospectus and any amendment or supplement thereto as the Investor or underwriter may reasonably request.

(xi) Cooperate with the Investor and the underwriters, if any, of such Registrable Securities and their respective counsel in connection with any filings required by Law to be made with FINRA.

(xii) Obtain opinions of counsel to the Company and updates thereof addressed to the Investor and the underwriters or initial purchasers, if any, covering matters as are customarily requested in opinions covering secondary resale offerings of companies of comparable size, maturities and lines of business as the Company.

(xiii) Obtain "comfort" letters and updates thereof from the Company's independent certified public accountants, such letters covering matters as are customarily requested in comfort letters covering secondary resale offerings of companies of comparable size, maturities and lines of business as the Company.

(xiv) Only in the case of a Company Supported Distribution, as requested by the managing underwriter in any such underwritten offering, provide reasonable assistance with the marketing of any such offering, including causing members of the Company's management team to participate in a reasonable and customary number of conference calls, investor meetings and due diligence sessions, in each case and, to the extent to be in-person, to take place in the continental United States; provided, that any such requested assistance shall not be required if it would, in the Company's reasonable judgment, interfere with the normal business operations of the Company in any substantial respect.

(b) The Investor agrees by acquisition of a Registrable Security that the Investor shall not be entitled to sell any of such Registrable Securities pursuant to a Registration Statement, or to receive a Prospectus relating thereto, unless the Investor has furnished the Company with the information set forth in the next sentence at least five (5) Business Days prior to the filing of the applicable Registration Statement or Prospectus. The Company may require the Investor pursuant to a Registration Statement to furnish to the Company such customary information regarding the Investor and the distribution of such Shares as the Company may reasonably require for inclusion in such Registration Statement. The Investor agrees promptly to furnish to the Company all information required to be disclosed in order to make the information previously furnished to the Company by the Investor not misleading. Any sale of any Registrable Securities by the Investor shall constitute a representation and warranty by the Investor that the information relating to the Investor and its plan of distribution is as set forth in the Prospectus delivered in connection with such disposition, that such Prospectus does not as of the time of such sale contain any untrue statement of a material fact provided by the Investor and that such Prospectus does not as of the time of such sale omit to state any material fact provided by the Investor necessary to make the statements in such Prospectus, in light of the circumstances under which they were made, not misleading. The Company may exclude from such Registration Statement the Registrable Securities of the Investor if the Investor fails to furnish such information within a reasonable time after receiving such request. The Company shall not include in any Registration Statement any information regarding, relating to or referring to the Investor or its plan of distribution without the approval of the Investor in writing. Notwithstanding any other provision of this Agreement, the Investor shall also provide the Company as a condition to including Registrable Securities in a Registration Statement, such information as is reasonably requested by the Company in response to the Company's customary questionnaire seeking the information required by the Securities Act and the rules and regulations promulgated thereunder.

(c) The Investor shall not use any free writing prospectus (as defined in Rule 405 under the Securities Act) in connection with the sale of Registrable Securities.

(d) Any single offering of Registrable Securities pursuant to any Shelf Registration Statement or any Demand Registration that is reasonably expected to result in aggregate cash proceeds in excess of One Hundred Million Dollars ($100,000,000) shall be made pursuant to an underwritten offering. The Investor shall determine the managing underwriters for any offering initiated by the Investor, subject to the consent of the Company (which shall not be unreasonably withheld, conditioned or delayed). The Company shall determine the managing underwriters in any Piggyback Registration, subject to the consent of the Company (which shall not be unreasonably withheld, conditioned or delayed).

Section 4.06 **Indemnification**.

(a) The Company shall indemnify and hold harmless, to the fullest extent permitted by Law, (1) the Investor if the Registrable Securities are covered by a Registration Statement or Prospectus, (2) each of the Investor's Affiliates, officers, directors, shareholders, employees, advisors, agents, (3) each underwriter (including the Investor if deemed to be an underwriter pursuant to any SEC comments or policies), if any, and (4) each Person who controls (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) such underwriter (collectively, "Investor Indemnitees"), from and against all losses, claims, damages, liabilities, penalties, judgments, suits, costs and expenses (including reasonable legal fees and disbursements, which shall be reimbursed periodically as incurred) (collectively, "Losses") in connection with any sale of Registrable Securities pursuant to a Registration Statement under this Agreement arising out of or based upon (i) any untrue or alleged untrue statement of a material fact contained in any such Registration Statement or any Prospectus (including preliminary or final) relating to the registration of such Registrable Securities or any amendment or supplement thereto or any document incorporated by reference therein or any omission or (ii) or any alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading, and will reimburse to each of the Persons listed above, for any legal or any other expenses reasonably incurred in connection with investigating and defending any such Losses; provided, however, that the Company shall not be liable to such Investor Indemnitee in any such case to the extent that any such Loss, claim, damage, liability or expense arises out of or is based upon (A) an untrue statement or alleged untrue statement or omission or alleged omission made in such Registration Statement, including any such preliminary or final Prospectus contained therein or any such amendments or supplements thereto, or contained in any free writing prospectus (as such term is defined in Rule 405 under the Securities Act) prepared by the Company or authorized by it in writing for use by such Investor Indemnitee (or any amendment or supplement thereto), in reliance upon and in conformity with information regarding such Investor Indemnitee or its plan of distribution or ownership interests which was furnished in writing to the Company expressly for use in connection with such Registration Statement, including any such preliminary or final Prospectus contained therein or any such amendments or supplements thereto (B) offers or sales effected by or on behalf of such Investor Indemnitee "by means of" (as defined in Rule 159A under the Securities Act) a "free writing prospectus" (as defined in Rule 405 under the Securities Act) or (C) the failure of any Investor Indemnitee to deliver or make available to a purchaser of Registrable Securities a copy of any Registration Statement, including any preliminary or final Prospectus contained therein or any amendments or supplements thereto (if the same was required by applicable Law to be delivered or made available); provided that the Company shall have delivered or made available to such Investor Indemnitee such Registration Statement, including such preliminary or final Prospectus contained therein and any amendments or supplements thereto.

(b) In connection with any Registration Statement in which the Investor is participating by registering Registrable Securities, the Investor agrees to indemnify and hold harmless, to the fullest extent permitted by Law, the Company, its Affiliates, the officers, directors, shareholders, advisors, agents, representatives or other employees of the Company, each Person who controls (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) the Company, each underwriter, if any, and each Person who controls (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) such underwriter (collectively, "Company Indemnitees"), from and against all Losses, as incurred, arising out of or based on any untrue or alleged untrue statement of a material fact contained in any such Registration Statement or preliminary or final Prospectus relating to the registration of such Registrable Securities or any amendment or supplement thereto or any document incorporated by reference therein, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading, in each case solely to the extent that such untrue or alleged untrue statement or omission or alleged omission is made in such Registration Statement or in any preliminary or final Prospectus contained therein or any such amendments or supplements thereto or contained in any free writing prospectus (as such term is defined in Rule 405 under the Securities Act) in reliance upon and in conformity with written information furnished to the Company by such Selling Investor expressly for inclusion in such document; provided, however, that in no event shall the liability of the Investor hereunder be greater in amount than the dollar amount of the net proceeds received by the Investor upon the sale of the Registrable Securities under the Registration Statement giving rise to such indemnification obligation.

(c) If any Person shall be entitled to indemnity hereunder (an "Indemnified Party"), such Indemnified Party shall give prompt notice to the party from which such indemnity is sought (the "Indemnifying Party") of any claim or of the commencement of any Action with respect to which such Indemnified Party has actual notice and seeks indemnification or contribution pursuant hereto; provided, however, that the delay or failure to so notify the Indemnifying Party shall not relieve the Indemnifying Party from any obligation or liability except to the extent that the Indemnifying Party has been actually prejudiced by such delay or failure. The Indemnifying Party shall have the right, exercisable by giving written notice (including an acknowledgement of its obligation to indemnify the Indemnified Party therefor on the terms set forth herein) to an Indemnified Party promptly after the receipt of written

notice from such Indemnified Party of such claim or Action, to assume, at the Indemnifying Party's expense, the defense of any such Action, with counsel reasonably satisfactory to such Indemnified Party; provided, however, that an Indemnified Party shall have the right to employ separate counsel in any such Action and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party unless: (i) the Indemnifying Party agrees to pay such fees and expenses; (ii) the Indemnifying Party fails promptly to assume, or in the event of a conflict of interest cannot assume, the defense of such Action or fails to employ counsel reasonably satisfactory to such Indemnified Party, in which case the Indemnified Party shall also have the right to employ counsel and to assume the defense of such Action or (iii) in the Indemnified Party's reasonable judgment a conflict of interest between such Indemnified Party and Indemnifying Party may exist in respect of such Action; provided, further, that the Indemnifying Party shall not, in connection with any one such Action or separate but substantially similar or related Actions in the same jurisdiction, arising out of the same general allegations or circumstances, be liable for the fees and expenses of more than one firm of attorneys (together with appropriate local counsel) at any time for all of the Indemnified Parties, or for fees and expenses that are not reasonable.

(d) Neither party shall settle, compromise, discharge or consent to an entry of judgment with respect to a claim or liability subject to indemnification under this Section 4.06 without the other party's prior written consent (which consent shall not be unreasonably withheld, conditioned or delayed); provided that the Indemnifying Party may agree without the prior written consent of the Indemnified Party solely to any settlement, compromise, discharge or consent to an entry of judgment, in each case that relates only to money damages and by its terms obligates the Indemnifying Party to pay the full amount of the liability in connection with such claim and which unconditionally releases the Indemnified Party from all liability in connection with such claim.

(e) If the indemnification provided for in this Section 4.06 is unavailable to hold harmless each of the Indemnified Parties against any losses, claims, damages, liabilities and expenses to which such parties may become subject under the Securities Act, then the Indemnifying Party shall, in lieu of indemnifying each party entitled to indemnification hereunder, contribute to the amount paid or payable by such party as a result of such losses, claims, damages, liabilities or expenses in such proportion as is appropriate to reflect (i) the relative benefits received by the Indemnifying Party, on the one hand, and the Indemnified Parties, on the other hand, from the offering or (ii) if the allocation provided by clause (i) above is not permitted by applicable Law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Indemnifying Party, on the one hand, and such Indemnified Parties, on the other hand, in connection with the statements or omissions or alleged statements or omissions that resulted in such losses, claims, damages, liabilities or expenses. The relative fault of such parties shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact, or omission or alleged omission to state a material fact, relates to information supplied by or concerning the Indemnifying Party on the one hand, or by such Indemnified Party on the other, and such party's relative intent, knowledge, access to information and opportunity to have corrected or prevented such statement or omission. No Person guilty of fraudulent misrepresentation (within the meaning of the Securities Act) shall be entitled to contribution from any Person that is not guilty of such fraudulent misrepresentation.

Section 4.07 **Miscellaneous**.

(a) With a view to making available the benefits of certain rules and regulations of the SEC which may at any time permit the sale of the Registrable Securities to the public without registration, the Company agrees, so long as there are outstanding Registrable Securities, to use its commercially reasonable efforts to file with the SEC in a timely manner all reports and other documents as the SEC may prescribe under Section 13(a) or 15(d) of the Exchange Act at any time while the Company is subject to such reporting requirements of the Exchange Act; and

(b) Subject to the provisions hereof, in the event that the Company proposes to enter into an underwritten public offering, to the extent requested by the managing underwriters, and provided that the Company and all executive officers (as defined under the Exchange Act) and directors of the Company are also so bound, the Investor agrees to enter into a customary agreement with the managing underwriters not to effect any sale or distribution of equity securities of the Company, or any securities convertible, exchangeable or exercisable for or into such securities, without the consent of the managing underwriters, during the period beginning upon receipt of notice hereunder that the Company intends to conduct an offering of its securities in accordance with the terms hereof and ending ninety (90) Business Days following the effective date of such offering, except pursuant to such offering in accordance with the terms hereof; provided, however, that if any executive officer or director is released by such managing underwriters from its lockup obligations herein, then the Investor shall be so released on a pro rata basis (with the percentage of the Investor's Registrable Securities so released being equal to the percentage of shares so released for the executive officer or director having the highest percentage of released shares among all of the executive officers or directors). The Company may impose stop-transfer restrictions with respect to the securities subject to the foregoing restriction until the end of the required stand-off period and shall lift such stop-transfer restrictions immediately upon the end of such period.

(c) The registration rights granted to the Investor under this Agreement shall terminate on the date on which the Investor no longer owns Registrable Securities.

(d) Except for this Agreement, the Company is not party to any agreement granting any holder or prospective holder of any securities of the Company registration rights with respect to such securities. From and after the date hereof, the Company shall not, without the prior written consent of the Investor, enter into any agreement granting any holder or prospective holder of any securities of the Company registration rights with respect to such securities unless such new registration rights, including with respect to underwriters' "cutbacks" and "standoff" obligations, do not conflict with, the registration rights granted to Investor hereunder.

ARTICLE 5
TERMINATION

Section 5.01 **Termination**. Other than the termination provisions applicable to particular Sections of this Agreement that are specifically provided elsewhere in this Agreement, this Agreement shall terminate (a) at any time upon the mutual written agreement of the Company and the Investor and (b) at such time as the Investor ceases to Beneficially Own any Registrable Securities.

ARTICLE 6
MISCELLANEOUS

Section 6.01 **Amendment and Modification**. This Agreement may not be amended, modified or supplemented except by written agreement of the Company and the Investor.

Section 6.02 **Titles and Subtitles; Interpretation**. Unless otherwise indicated herein, with respect to any reference made in this Agreement to a Section (or Article, Subsection, Paragraph, Subparagraph or Clause), such reference shall be to a section (or article, subsection, paragraph, subparagraph or clause) of, or an exhibit or schedule to, this Agreement. The table of contents and any article, section, subsection, paragraph or subparagraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Any reference made in this Agreement to a statute or statutory provision shall mean such statute or statutory provision as it has been amended through the date as of which the particular portion of the Agreement is to take effect, or to any successor statute or statutory provision relating to the same subject as the statutory provision so referred to in this Agreement, and to any then applicable rules or regulations promulgated thereunder. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed, as the context indicates, to be followed by the words "but (is/are) not limited to." The words "herein," "hereof," "hereunder" and words of like import shall refer to this Agreement as a whole, unless the context clearly indicates to the contrary. Words used herein, regardless of the number and gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context indicates is appropriate. Where specific language is used to clarify or illustrate by example a general statement contained herein, such specific language shall not be deemed to modify, limit or restrict the construction of the general statement which is being clarified or illustrated.

Section 6.03 **Extension; Waiver.** At any time prior to the Closing Date, a party to this Agreement may (a) extend the time for the performance of any of the obligations or acts of the other party, (b) waive any inaccuracies in the representations and warranties of the other party contained herein or in any document delivered pursuant hereto, (c) waive compliance with any of the agreements of the other party contained herein or (d) waive any condition to its obligations hereunder. Any agreement on the part of a party to any such extension or waiver shall be valid only if set forth in a written instrument signed by such party. Except as otherwise expressly provided herein, no failure to exercise, delay in exercising, or single or partial exercise of any right, power or remedy by any party, and no course of dealing among the parties, shall constitute a waiver of any such right, power or remedy.

Section 6.04 **Binding Nature; Assignment**. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, but neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned, Transferred or delegated by the Investor without prior written consent of the Company, and any attempt to make any such assignment, Transfer or delegation without such consent shall be null and void; provided that the Investor may assign its registration rights under ARTICLE 4 in connection with any Permitted Transfer under Section 3.03(d)(i).

Section 6.05 **Severability**. Any provision of this Agreement that is invalid, illegal or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability, without affecting in any way the remaining provisions hereof in such jurisdiction or rendering that or any other provision of this Agreement invalid, illegal or unenforceable in any other jurisdiction.

Section 6.06 **Notices and Addresses**. All notices, requests, consents, waivers and other communications hereunder shall be in writing and shall be deemed given: (a) when delivered if delivered personally (including by courier); (b) on the third day after mailing, if mailed, postage prepaid, by registered or certified mail (return receipt requested); (c) on the day after mailing if sent by a nationally recognized overnight delivery service that maintains records of the time, place, and recipient of delivery; or (d) upon receipt of a confirmed transmission, if sent by telex, telecopy or facsimile transmission or e-mail, in each case to the other parties at the following addresses, facsimile numbers or e-mail addresses or to such other addresses as may be furnished in writing by one party to the others:

(a) if to the Investor to:

_____
_____
_____
Attention: _____
Facsimile: _____
E-mail: _____

with a copy (which shall not constitute notice) to:

_____
_____
_____
Attention: _____
Facsimile: _____
E-mail: _____

(b) if to the Company:

_____
_____
_____
Attention: _____
Facsimile: _____
E-mail: _____

with a copy (which shall not constitute notice) to:

O'Melveny & Myers LLP
610 Newport Center Drive, Suite 1700
Newport Beach, California 92660
Attention: J. Jay Herron, Esq. and Mark Easton, Esq.
Facsimile: (949) 823-6994
E-mail: jherron@omm.com; measton@omm.com

Section 6.07 **Governing Law**. This Agreement and the legal relations among the Parties shall be governed by and construed in accordance with the Laws of the State of Delaware without giving effect to any Law or rule that would cause the Laws of any jurisdiction other than the State of Delaware to be applied.

Section 6.08 **Complete Agreement.** This document and the documents referred to herein contain the complete agreement between the parties and supersede any prior understandings, agreements or representations by or between the parties, written or oral, which may have related to the subject matter hereof in any way.

Section 6.09 **No Third-Party Beneficiaries.** This Agreement is intended and agreed to be solely for the benefit of the parties hereto, and no third party shall accrue any benefit, claim or right of any kind whatsoever pursuant to, under, by or through this Agreement, except as otherwise contemplated by Section 6.04.

Section 6.10 **Counterparts and Signatures**. This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

Section 6.11 **Further Assurances**. Each party shall cooperate and take such action as may be reasonably requested by another party in order to carry out the provisions and purposes of this Agreement and the transactions contemplated hereby.

Section 6.12 **Specific Performance**. The parties acknowledge and agree that irreparable damage would be caused in the event any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached and money damages may not be an adequate remedy for any such failure to perform or breach. Accordingly, the parties agree that, in addition to any other remedy to which each party may be entitled at Law or in equity or under this Agreement, each shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically this Agreement and the terms and provisions hereof, and each party expressly waives the defense that a remedy in damages will be adequate.

Section 6.13 **Consent to Jurisdiction; Service of Process; Venue**. Each of the parties to this Agreement irrevocably and unconditionally submits to the exclusive jurisdiction of the Delaware Court of Chancery (and if jurisdiction in the Delaware Court of Chancery shall be unavailable, any Delaware State court and the Federal court of the United States of America sitting in the State of Delaware) for the purposes of any action or other proceeding arising out of this Agreement or any transaction contemplated hereby. Each of the parties further agree that, to the fullest extent permitted by applicable Law, service of any process, summons, notice or document by U.S. registered mail to such Person's respective address set forth in Section 6.06 above shall be effective service of process for any action or proceeding in the State of Delaware with respect to any matters to which it has submitted to jurisdiction as set forth above in the immediately preceding sentence. Each of the parties irrevocably and unconditionally waives (and agrees not to plead or claim), any objection to the laying of venue of any action or proceeding arising out of this Agreement or the transactions contemplated hereby in the Delaware Court of Chancery (and if the Delaware Court of Chancery shall be unavailable, in any Delaware State court or the Federal court of the United States of America sitting in the State of Delaware) or that any such action or proceeding brought in any such court has been brought in an inconvenient forum.

Section 6.14 **Waiver of Jury Trial.** Each of the parties to this Agreement hereby waives, to the fullest extent permitted by applicable Law, any right it may have to a trial by jury in respect of any suit, action or other proceeding directly or indirectly arising out of, under or in connection with this Agreement. Each party (a) certifies that no representative, agent or attorney of any other party has represented, expressly or otherwise, that such party would not, in the event of any action or proceeding, seek to enforce the foregoing waiver and (b) acknowledges that it and the other parties have been induced to enter into this Agreement, by, among other things, the mutual waiver and certifications in this Section 6.14.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto caused this Agreement to be duly executed by their respective authorized officers on the day and year first above written.

Western Digital Corporation

By: _____
Name:
Title:

Hitachi, Ltd.

By: _____
Name:
Title:

Exhibit D

Western Digital Technologies, Inc.
3355 Michelson Drive
Suite 100
Irvine, CA 92612

Hitachi, Ltd.

_____

_____

Attn: _____

Re: Customer Agreement

Dear _____:

Western Digital Corporation ("WDC"), Western Digital Ireland, Ltd., Hitachi, Ltd. ("Hitachi") and Viviti Technologies Ltd. ("Viviti") have entered into that certain Stock Purchase Agreement dated as of March 7, 2011 (the "Stock Purchase Agreement"). As a condition to WDC's obligations under the Stock Purchase Agreement, Hitachi and WDC are executing this letter (the "Customer Agreement") with respect to the purchase by Hitachi of HDD (as defined in the IP License Agreement) products from WDC's Subsidiaries following the Closing Date.

Effective as of the Closing Date, Hitachi and WDC hereby agree that for a period of two (2) years after the Closing Date, the supply of HDD products to Hitachi's Disk Array Systems Division ("RSD") from any of WDC's Subsidiaries will be subject to the terms and conditions of the Master Sales Agreement No. 2075 dated April 1, 2003 (the "MSA"), including as may be amended or superseded by mutual agreement of Hitachi and Viviti.

Further, Hitachi agrees that, following the Closing Date, RSD will continue to purchase HDD products from WDC's Subsidiaries in a manner generally consistent with its past practices regarding purchases from Viviti, so long as the HDD products in question are, as determined by RSD in good faith, at least competitive with those of other suppliers in terms of price, performance, support and schedule, as to each applicable generation of HDD product. For clarity, the foregoing does not apply to SSD, RAID (each as defined in the IP License Agreement) or any other products other than HDD products, and does not apply to any affiliates or subsidiaries of Hitachi.

WDC acknowledges and agrees that this Customer Agreement does not constitute an obligation to purchase any specific volume, or any specific percentage of RSD's requirements, of HDD products.

Capitalized terms herein not otherwise defined shall have the meaning attributed to them in the Stock Purchase Agreement.

The Parties hereto have caused this Customer Agreement to be executed and delivered by their respective duly authorized representatives and effective as of the date first above written.

ACCEPTED AND AGREED:

Hitachi, Ltd.	**Western Digital Corporation**
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

[Signature Page for Customer Agreement]

Exhibit E

Form of
R&D SERVICES AGREEMENT

This R&D Services Agreement ("**Agreement**") effective as of the Closing Date (as defined below), is entered into by and between Western Digital Corporation, a Delaware company with its principal place of business at 3355 Michelson Drive, Suite 100, Irvine, California 92612 ("**Company**") and Hitachi, Ltd. ("**Hitachi**"), a Japanese company with its principal place of business at 6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8280, Japan. Each of the signatories to this Agreement is referred to as a "**Party**," and jointly as the "**Parties**."

RECITALS

WHEREAS, Company, Western Digital Ireland, Ltd., a corporation organized under the laws of the Cayman Islands and an indirect wholly-owned subsidiary of the Company ("**Buyer**"), Hitachi and Viviti Technology Ltd., a company incorporated under the laws of the Republic of Singapore ("**Viviti**") have entered into that certain Stock Purchase Agreement dated as of March 7, 2011 (the "**Purchase Agreement**");

WHEREAS, prior to the Closing Date, Hitachi has performed, from time to time, certain research and development services for the Viviti; and

WHEREAS, Company and Hitachi desire that following the Closing Date Hitachi will continue to provide certain research and development services to Company and its Subsidiaries relating to HDD (as defined below), of a nature similar to those provided to Viviti prior to the Closing Date, pursuant to the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the mutual promises and covenants set out herein, the Parties agree as follows:

TERMS OF AGREEMENT

1. DEFINITIONS

1.1 "**Background Intellectual Property Rights**" means Intellectual Property Rights, if any, owned by Hitachi that are (a) embodied in Background Technology, and (b) not Developed Intellectual Property Rights; *provided*, *however*, that a Patent will be a Background Intellectual Property Right only if Hitachi has the right to grant to Company a license of the scope set forth in Section 4.2 under such Patent without incurring any obligation to pay any royalty or other consideration to any third party.

1.2 "**Background Technology**" means Technology, if any, owned by Hitachi or its Subsidiaries that is (a) embodied in any Deliverable, and (b) not Developed Technology.

1.3 "**Closing Date**" has the meaning set forth in the Purchase Agreement.

1.4 "**Deliverables**" means the deliverables, if any, to be provided by Hitachi as part of the Services performed hereunder, as specifically described in an applicable Project Agreement.

1.5 "**Developed Intellectual Property Rights**" means Intellectual Property Rights to the extent such Intellectual Property Rights (i) are first created by Hitachi in the course of its performance of the Services pursuant to the applicable Project Agreement and within the scope and during the term of such applicable Project Agreement, and (ii) are embodied in Developed Technology. For the avoidance of doubt, "Developed Intellectual Property Rights" includes the right to seek Patent protection for inventions that constitute Developed Intellectual Property, if any, but does not include any Patents or Patent applications of Hitachi or its Subsidiaries.

1.6 "**Developed IP**" means, collectively, Developed Technology and Developed Intellectual Property Rights.

1.7 "**Developed Technology**" means Technology embodied in any Deliverable to the extent such Technology is first developed or created by Hitachi in the course of its performance of the Services pursuant to the applicable Project Agreement and within the scope and during the term of such applicable Project Agreement.

1.8 "**Fully Burdened Cost**" means all of Hitachi's costs and expenses incurred in connection with the performance of the Services, including labor and material costs, expenses, and general and administrative expenses and overhead, all as determined in accordance with generally accepted accounting principles as consistently applied by Hitachi.

1.9 "**HDD**" has the meaning set forth in the License Agreement.

1.10 "**Intellectual Property Rights**" means Patents, copyrights, and rights with respect to trade secrets, whether arising under the laws of the United States, Japan or any other jurisdiction, including, in each case, any rights apply for, register, and enforce any of the foregoing. Notwithstanding the foregoing, "Intellectual Property Rights" does not include any trademark rights or similar rights with respect to indicia of source or origin.

1.11 "**License Agreement**" means that certain License Agreement entered into by and between Company and Hitachi as of the Closing Date.

1.12 "**Patents**" means all classes and types of patents, including utility patents, utility models, design patents, invention certificates, including divisionals, continuations, continuations-in-part, reexaminations, reissues, extensions and renewals, in all jurisdictions of the world.

1.13 "**Project Coordinator(s)**" means the Hitachi representative(s) and Company representative(s) identified as project coordinator(s) in the applicable Project Agreement.

1.14 "**Services**" means the research and development services to be performed by Hitachi hereunder, as specifically described in an applicable Project Agreement.

1.15 "**Software or Firmware**" means a set of instructions, that either (i) directly provides instructions to the computer hardware, or, (ii) indirectly serves as an input to another piece of software.

1.16 "**Subsidiary**" of either Party shall mean 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 are at the time beneficially owned, directly, or indirectly, by such Party. For the purposes of this Agreement, Viviti and its Subsidiaries will be Subsidiaries of Company (subject to meeting the requirements of the preceding sentence) and are not Subsidiaries of Hitachi.

1.17 "**Technology**" means inventions, know-how, designs, specifications, Software or Firmware and other copyrightable material, technical information, devices, and other developments and technology.

1.18 "**Term**" means the period beginning on the Closing Date and ending eighteen (18) months from the Closing Date.

2. SCOPE OF SERVICES

2.1 **Project Agreements.** Any services and deliverables to be performed or provided by Hitachi hereunder shall be mutually agreed and described in written Project Agreements entered into by the Parties hereunder and specifically referencing this Agreement ("**Project Agreements**"). Each Project Agreement shall describe a specific research and development project ("**Project**") and set forth in sufficient detail (i) the type, scope, and nature of the Services and Deliverables to be performed or provided by Hitachi with respect to such Project, (ii) specific staffing requirements and schedule, if applicable, for such Project, (iii) the Project Coordinators for such Project, and (iv) such other matters as the Parties may mutually agree**.** In addition, Hitachi will use commercially reasonable efforts to identify in the applicable Project Agreement any Patents owned by Hitachi and claiming Background Technology Hitachi expects to be embodied in Deliverables to be delivered to Company in the course of a Project under which Hitachi does not have the right to grant to company a license of the scope set forth in Section 4.2 without incurring an obligation to pay a royalty or other consideration to a third party. All Project Agreements shall be an integral part of this Agreement and be subject to the terms and conditions set forth herein.

2.2 **Projects**. The Projects currently contemplated by the Parties are described in Schedule 1 hereto. The Parties may mutually agree to add additional Projects directly related to the business of Company during the Term. Unless otherwise expressly agreed in writing by the Parties, all Projects will be directed to HDDs. If the Parties agree in writing to undertake a Project directed in whole or in part to any product or technology other than HDDs, the Parties will discuss and agree in the Project Agreement for such Project any additional or revised terms that will apply to such Project, including without limitation with respect to ownership and licenses of associated Developed IP and/or Background IP.

2.3 **Services**. Hitachi shall use commercially reasonable efforts to perform or cause to be performed for Company the Services, and to deliver to Company the Deliverables, as set forth in the applicable Project Agreements. Hitachi shall perform such Services in a manner that is consistent with its past practice in regards to its performance of similar services for Viviti prior to the Closing Date ("**Past Practice**").

2.4 **Personnel and Project Coordinators**. Hitachi will assign employees and subcontractors with suitable qualifications to perform the Services consistent with Past Practice. Hitachi may replace or change employees and subcontractors as required. The Parties' Project Coordinators will be responsible for exchanging information, coordinating meetings, and arranging all other matters pertinent to the applicable Project. Each Party may change its Project Coordinator by giving written notice to the other Party. The Project Coordinators are not authorized to modify or change any term or condition of this Agreement, including any Project Agreement.

2.5 **Company's Cooperation**. Company acknowledges that its timely provision of reasonable assistance, cooperation, and complete and accurate information and data ("**Cooperation**") is essential to the performance of the Services, and that Hitachi shall not be responsible for any deficiency in performing the Services if such deficiency results from Company's failure to provide such Cooperation as required hereunder.

3. PAYMENTS

3.1 **Fees**. Unless otherwise specified in the applicable Project Agreement, all Services shall be provided on a time-and-materials basis at Hitachi's Fully Burdened Cost (such Fully Burdened Costs and any other fees and payments specified in an applicable Project Agreement, the "**Fees**").

3.2 **Expenses**. Company shall reimburse Hitachi for all reasonable travel, lodging, communications, shipping, and other out-of-pocket expenses incurred by Hitachi in connection with providing the Services and Deliverables ("**Expenses**").

3.3 **Payment Terms**. Hitachi will invoice Company on a monthly basis for all Fees and Expenses and other payments due under this Agreement and any Project Agreement and, unless otherwise specified in the applicable Project Agreement, Company shall pay such invoiced amounts within thirty (30) days of the date of the invoice. Customer agrees to pay interest at the rate of one and one-half percent (1.5%) per month (or the maximum rate permitted by applicable law, whichever is less) for all amounts not paid within thirty (30) days from the date of the invoice therefor. All payments shall be made in Japanese Yen by wire transfer in immediately available funds to an account designated by Hitachi.

3.4 **Taxes**. In addition to all Fees, Expenses and other amounts payable under this Agreement and the Project Agreements, Company shall pay or reimburse Hitachi for all federal, state, local or other taxes, including, without limitation, sales, use, excise, withholding, and property taxes, or amounts levied in lieu thereof, based on the Services provided or amounts payable under this Agreement or any Project Agreement. Company shall have no responsibility for taxes imposed on Hitachi's net income.

4. INTELLECTUAL PROPERTY

4.1 **Developed IP.** Subject to Company's compliance with the terms and conditions of this Agreement, including payment of all Fees, Expenses, and other amounts payable hereunder, Hitachi hereby assigns and agrees to assign all of its right, title and interest in and to the Developed IP to Company. Company shall have the sole right to apply for, file, register, or otherwise seek Intellectual Property Rights with respect to Developed IP, including the right to seek Patent protection for inventions that constitute Developed IP, if any. Hitachi will provide (and will use commercially reasonable efforts to cause any inventors of Developed IP in Hitachi's or its Subsidiaries' employ to provide) reasonable information and assistance, at Company's cost and expense, to effect the assignment of rights pursuant to this Section 4.1. With respect to any Developed Technology, Hitachi reserves and Company hereby grants and agrees to grant to Hitachi and its Subsidiaries, under the Developed Intellectual Property Rights, a worldwide, non-exclusive, perpetual and irrevocable license to use such Developed Technology in the ordinary course of its business. With respect to any Patents within the Developed Intellectual Property Rights, Hitachi reserves and Company hereby grants and agrees to grant to Hitachi and its Subsidiaries a worldwide, non-exclusive, perpetual and irrevocable license to make, have made, use, sell, offer for sale, and import any article of manufacture or composition of matter and practice any method or process.

4.2 **Background IP**. To the extent, if any, that any Background Technology is embodied in any Deliverables provided to Company under this Agreement, subject to Company's compliance with the terms and conditions of this Agreement, including payment of all Fees, Expenses, and other amounts payable hereunder, Hitachi hereby grants and agrees to grant to Company and its Subsidiaries, under Hitachi's Background Intellectual Property Rights, a worldwide, non-exclusive, perpetual, and irrevocable license to use such Background Technology, solely as embodied in such Deliverables, in the ordinary course of its business.

4.3 **No Other Rights**. Except as expressly set forth in this Agreement, neither Party grants any rights in or to its Technology or Intellectual Property Rights pursuant to this Agreement. As between the Parties, each Party shall be solely responsible to prepare, file, prosecute, maintain, and enforce its Intellectual Property Rights in its discretion and at its own cost. Except as expressly set forth in this Agreement, there shall be no right, license, authority, covenant not to sue, immunity from suit, or other defense, whether by implication, by reason of exhaustion, estoppel, or otherwise pursuant to or as a result of this Agreement or the activities of the Parties under this Agreement.

5. CONFIDENTIALITY

5.1 "**Confidential Information**" of a Party shall mean Technology of such Party that is (a) identified as Confidential Information in an applicable Project Agreement, and (b) marked as "proprietary" or "confidential" at the time of disclosure, or, if disclosed in a form not susceptible to marking, described and designated as "proprietary" or "confidential" in a writing provided to the Recipient within thirty (30) days of such disclosure.

5.2 **Non-Disclosure**. For the term of each Project Agreement, and for a period of five (5) years from the end of such Project Agreement, the receiving Party agrees to limit disclosure of the disclosing Party's Confidential Information disclosed in connection with such Project Agreement to those of the receiving Party's employees who have a need to know it, and the receiving Party agrees to use the same care and discretion to avoid disclosure, publication or dissemination outside of those employees as the receiving Party does with similar information of its own which it does not desire to publish, disclose or disseminate. In addition, the receiving Party shall not use, and shall not permit its employees to use, any Confidential Information of the disclosing Party except in connection with the performance of its obligations pursuant to this Agreement and the applicable Project Agreement, except as otherwise permitted hereunder (including pursuant to any license grant set forth herein) or in such Project Agreement. Notwithstanding the foregoing, the receiving Party's use of Residuals of the disclosing Party's confidential information for any purpose shall not constitute a breach of this Section 5.2. As used herein, "**Residuals**" shall mean that portion of any trade secret or other Technology subject to any obligation of confidentiality between the Parties, which is in intangible form and which is retained in the unaided memory of any of a Party's employees who have had authorized access to such trade secrets or other Technology pursuant to this Agreement.

5.3 **Exceptions**. The receiving Party may disclose Confidential Information if the disclosure is required by law, but the receiving Party must give the disclosing Party reasonable prior notice to allow the disclosing Party an opportunity to obtain a protective order. The obligations of Section 5.2 above will not apply to information to the extent it is: (a) already rightfully in the possession of the receiving Party or its Subsidiaries without an obligation of confidence; (b) independently developed by the receiving Party or its Subsidiaries; (c) publicly available when received by the receiving Party, or becomes publicly available through no fault of the receiving Party or its Subsidiaries; or (d) disclosed by the disclosing Party without obligation of confidence.

6. TERM AND TERMINATION

6.1 **Term**. This Agreement, including any Project Agreement, shall be effective during the Term, unless terminated earlier in accordance with the provisions hereof and except to the extent any Project Agreement expressly sets forth a different term.

6.2 **Termination for Breach**.

(a) If any material breach of this Agreement occurs, and such breach is not cured within thirty (30) days after written notice from the non-breaching Party, the non-breaching Party shall have the right to terminate this Agreement by giving the breaching Party five (5) days' written notice.

(b) If any material breach of any Project Agreement occurs, and such breach is not cured within thirty (30) days after written notice from the non-breaching Party, the non-breaching Party shall have the right to terminate that Project Agreement by giving five (5) days' written notice.

6.3 **Termination for Bankruptcy**. A Party may terminate this Agreement by giving written notice of termination to the other Party at any time upon or after:

(a) the filing by the other Party of an petition in bankruptcy or insolvency which petition or proceeding is not dismissed within sixty (60) days;

(b) any adjudication that the other Party is bankrupt or insolvent;

(c) the filing by the other Party of any petition or answer seeking reorganization, readjustment or arrangement of its business under any law relating to bankruptcy or insolvency which petition or proceeding is not dismissed within sixty (60) days;

(d) the appointment of a receiver for all or substantially all of the property of the other Party;

(e) the institution of any proceeding for the liquidation winding up of the other Party's business which petition or proceeding is not dismissed within sixty (60) days.

6.4 **Effect of Termination of Agreement**. Upon any termination of this Agreement all Project Agreements shall simultaneously terminate. No termination in this Agreement shall relieve either Party of any obligation or liability accrued hereunder prior to such termination. Upon the expiration or earlier termination of this Agreement, the Parties will immediately cease performing work under all Project Agreements. Upon the expiration or earlier termination of any Project Agreement, the Parties will immediately cease performing work under the expired or terminated Project Agreement.

6.5 **Survival**. Notwithstanding anything to the contrary in this Agreement, Sections 1, 3, 4, 5 (as provided therein), 6.4, 6.5, 7.2, 7.3, and 10 shall, to the extent applicable, survive any expiration or termination of this Agreement.

7. REPRESENTATIONS AND WARRANTIES; LIABILITY LIMITATION

7.1 **Authority**. Each Party represents and warrants that it has the corporate power and authority to enter this Agreement, and to carry out the terms and obligations set forth in this Agreement, and that the persons executing this Agreement on its behalf have the authority to act for and bind the Party.

7.2 **No Other Warranty**. EXCEPT AS SPECIFICALLY PROVIDED IN THIS SECTION 7, NEITHER PARTY MAKES ANY OTHER WARRANTIES, EITHER EXPRESS OR IMPLIED, AS TO ANY OTHER MATTER WHATSOEVER, AND EACH PARTY HEREBY EXPRESSLY DISCLAIMS ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR ANY PARTICULAR PURPOSE, ACCURACY, NON-INFRINGEMENT, AND TITLE, AND ANY WARRANTIES THAT MAY ARISE FROM COURSE OF DEALING, COURSE OF PERFORMANCE OR USAGE OF TRADE.

7.3 **Limitation of Liability**. Except as expressly set forth herein, neither Party shall be liable for any indirect, incidental, consequential, special or punitive damages arising out of or relating to this Agreement, irrespective of whether such Party has been advised of the possibility of any such damages. The foregoing limitation of liability shall not apply with respect to any liability arising out of or relating to any breach of Section 5 or any infringement, misappropriation or other violation of any Intellectual Property Rights of a Party.

8. NOTICES

All notices and other communications required or permitted hereunder shall be in writing and shall be mailed by Federal Express or other internationally recognized express carrier, registered or certified mail, postage prepaid, or otherwise delivered by hand or by messenger, addressed to a Party at the addresses set forth below, or at such other address as a Party may substitute by written notice provided to the other Party in such manner. Such notices shall be deemed to have been served when delivered.

If to Hitachi:

[•]

If to Company:

[•]

9. ASSIGNMENT

This Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and permitted assigns of the Parties. Nothing in this Agreement shall confer any rights upon any person other than the Parties and their respective successors and permitted assigns. Neither Party may assign this Agreement or its rights hereunder to any third party without the written consent of the other Party; provided, that each Party may assign this Agreement and its rights hereunder to one or more of its direct or indirect Subsidiaries without the consent of the other Party so long as the assignee assumes the obligations hereunder of the assigning party in a writing reasonably acceptable to the other Party. Any attempted assignment of this Agreement in violation of this Section 9 shall be void and of no effect.

10. MISCELLANEOUS

10.1 **Entire Agreement**. Except for the Purchase Agreement, the License Agreement, other agreements entered into pursuant to the Purchase Agreement, and, where applicable, the Inventor Award Integration Agreement dated December 10, 2010 by and between Hitachi and Viviti, (the "**IAIA**") (a) this Agreement, together with any Project Agreements, contains the complete agreement between, and contains all of the promises and undertakings made to each other by, the Parties regarding the subject matter of this Agreement, and (b) except as set forth in the Transition Services Agreement (as defined in the Purchase Agreement), any and all prior agreements, representations, negotiations, and undertakings between the Parties, oral or written, express or implied, with respect to the subject matter hereof, are hereby superseded and merged by and into this Agreement, effective as of the Closing Date. This Agreement may not be revised or modified without the mutual written consent of the Parties.

10.2 **Application of IAIA**. Notwithstanding anything to the contrary set forth in the IAIA:

(a) all Patents claiming inventions that constitute Developed IP will be deemed "New ERA Patents" for purposes of the IAIA (despite the fact that such Patents do not arise out of research pursuant to the ERA);

(b) any employee or agent of Hitachi who is named as an inventor in any such Patent shall be deemed a "Hitachi Inventor" with respect to such Patent for purposes of the IAIA;

(c) Section 4 of the IAIA shall apply to (i) the incentive payments made by Hitachi to such employee or agent of Hitachi with respect to such Patent (with such payments deemed "HGST Base Awards," despite the fact that such payments are not being made to an employee of the Company), and (ii) Company's reimbursement of Hitachi for such payments, as if all applicable references in the IAIA to "HGST" were references to Company; *provided*, *however*, that the Parties recognize and agree that (1) the larger size of Company's business relative to the business of Viviti prior to the Closing Date may require the incentive payments made to such employees and agents of Hitachi to be higher than those contemplated by the IAIA and (2) the Parties will discuss and agree in good faith as to the specific amounts of such incentive payments no later than thirty (30) days after the Closing Date, with such amounts expected by the Parties to be no less than the amounts set forth in the IAIA and no greater than twice the amounts set forth in the IAIA.

10.3 **Severability**. If any paragraph, provision or clause of this Agreement shall be found or held to be invalid or unenforceable by a court or other decision-making body of competent jurisdiction, in a judgment from which no further appeal can be taken, the remainder of this Agreement shall remain valid and enforceable, and to the extent required in the pursuit of this Agreement, the Parties shall negotiate in good faith a substitute, valid and enforceable provision that reflects the Parties' intent in entering this Agreement.

10.4 **ADR Provision**. The Parties agree that, in the event of a dispute arising under this Agreement, the Parties shall agree to attend a non-binding mediation prior to bringing any action in a court of law. The mediation shall be facilitated by a neutral third-party, selected by the Parties. A representative from each Party with authority to settle on behalf of that party shall attend the mediation in person. The purpose of the mediation is to resolve the disputed issue(s) without the need for formal legal proceedings.

10.5 **Governing Law**. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware as applied to contracts entered into and fully performed in such state.

10.6 **Jurisdiction**. The Parties agree that the Delaware Court of Chancery (and if jurisdiction in the Delaware Court of Chancery shall be unavailable, any Delaware State court and the Federal court of the United States of America sitting in the State of Delaware) shall have exclusive jurisdiction of interpreting or enforcing this Agreement, provided, however, that, notwithstanding the foregoing, either Party may (i) seek injunctive or other preliminary relief, (ii) enforce its Intellectual Property Rights, and (iii) seek recognition and enforcement of any order or judgment, in any court of competent jurisdiction. The parties expressly waive their right to a trial by jury.

10.7 **Counterparts**. This Agreement may be executed in identical counterparts, each of which shall constitute an original and all of which shall constitute one and the same agreement.

10.8 **Further Assurances**. Each Party hereto shall execute and cause to be delivered to each other Party hereto such instruments and other documents, and shall take such other actions, as such other Party may reasonably request, to effect, evidence, record or perfect any of the licenses and other rights set forth in this Agreement. The requesting Party shall reimburse the other Party for its reasonable out-of-pocket costs in responding to a request under this Section.

10.9 **Export Compliance**. Company understands and acknowledges that Hitachi is subject to regulation by agencies of the U.S. government, including the U.S. Department of Commerce, and similar regulations in other jurisdictions, which prohibit export or diversion of certain products and technology to certain countries. Company understands and acknowledges that the Deliverables and other Developed IP are subject in all respects to such United States and other jurisdictions' laws and regulations as shall from time to time govern the license and delivery of technology and products abroad by persons subject to the jurisdiction of the United States, including the Export Administration Act of 1979, as amended, any successor legislation, and the Export Administration Regulations ("**EAR**") issued by the Department of Commerce, International Trade Administration, Bureau of Industry and Security ("**BIS**"). Company warrants that it will comply in all respects with the export and re-export restrictions applicable to the Deliverables and other Developed IP and further agrees that it will not export, re-export or transship, directly or indirectly, any Deliverables and other Developed IP without the proper authorization from BIS under the EAR, or proper authorization from competent authorities in other jurisdictions, explicitly permitting the export, re-export or transshipment.

[Remainder of this page is intentionally left blank]

IN WITNESS WHEREOF, the Parties have caused their duly authorized officers to execute this Agreement on the dates indicated below.

For and on behalf of
Hitachi, Ltd.

By: _____ Date: _____
Name: _____
Title: _____

For and on behalf of
Western Digital Corporation

By: _____ Date: _____
Name: _____
Title: _____

[Signature Page for R&D Services Agreement]

EXHIBIT F

Form of

BRANDING AGREEMENT

This Branding Agreement ("**Branding Agreement**") effective as of the Closing Date (as defined below), is entered into by and between Viviti Technologies Ltd., a company incorporated under the laws of the Republic of Singapore with its principal place of business at [_____] ("**Company**") and Hitachi, Ltd., a Japanese company with its principal place of business at 6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8280, Japan ("**Hitachi**"). Each of the signatories to this Branding Agreement is referred to as a "**Party**," and jointly as the "**Parties**."

RECITALS

WHEREAS, Western Digital Corporation, a Delaware company with its principal place of business at [_____], ("**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 ("**Buyer**"), Hitachi, and Company have entered into that certain Stock Purchase Agreement dated as of March 7, 2011 (the "**Purchase Agreement**");

WHEREAS, Company and Hitachi desire that Company may, on a transitional basis and under Hitachi's authorization, continue to use certain branding of Hitachi with respect to Company's products in accordance with the terms and conditions set forth below in order to provide for an orderly transition to new branding;

NOW, THEREFORE, in consideration of the mutual promises and covenants set out herein, the Parties agree as follows:

TERMS OF AGREEMENT

1. DEFINITIONS

1.1 Any capitalized term used but not defined herein, including without limitation the following terms, has the meaning set forth in the Transaction Documents:

(a) Closing Date

(b) External Drive

(c) HDD

(d) HDD Components

(e) HDD Products

(f) Losses

(g) RAID

(h) SSD

(i) Storage Software Products.

1.2 "**Company Current Products**" means those Products of Company or its Subsidiaries in active production as of the Closing Date.

1.3 "**Company Inventory Units**" means any units of Products produced, packaged, or in inventory as of the Closing Date (regardless of whether such Products may be Company Current Products as of the Closing Date) provided that any such units of Products are branded with the Licensed Hitachi Marks as of the Closing Date.

1.4 "**Company Non-Current Products**" means Products previously manufactured and sold by Company or its Subsidiaries under the Licensed Hitachi Marks and that are not in active production by Company or its Subsidiaries at the Closing Date.

1.5 "**Company Product(s)**" means Company Current Products, Company Non-Current Products, and Remanufactured Products and Repair Parts.

1.6 "**Company Reseller**" means an organization or person that is authorized by Company directly, or indirectly through another Company Reseller, to sell or lease Company Products.

1.7 "**Electronic Label**" means any label, sticker, decal or the like affixed to an Internal Product bearing a machine-readable code which identifies with specificity an Internal Product, and which may include other information regarding the Internal Product.

1.8 "**EOL**" or "**End-of-Life**" means, with respect to a particular Product, the date on which Company, in its sole discretion, chooses to no longer offer such Product for sale on a general commercial basis.

1.9 "**Hitachi Marks**" has the meaning set forth in Section 5.1.

1.10 "**Internal Product**" means an HDD Product sold for use in an HDD Included Products or SSD product sold for use in an SSD Included Product.

1.11 "**In-Warranty Products**" has the meaning set forth in Section 2.1(b).

1.12 "**Licensed Articles**" has the meaning set forth in Section 2.1(a).

1.13 "**Licensed Hitachi Marks**" shall mean the Hitachi trademarks and/or service marks set forth in Schedule 2.1

1.14 "**Licensed Hitachi Trade Dress**" has the meaning set forth in Section 2.2.

1.15 "**Licensed Marks**" means the Licensed Hitachi Marks and Licensed Hitachi Trade Dress.

1.16 “**Licensed Materials**” means packaging; labels; sales, instruction and service materials; marketing materials; product documentation regardless of form or media in which presented, and installation software.

1.17 “**Licensed Products**” means the Licensed Current Products, Warranty Licensed Products, Remanufactured Products, and internal components as more fully described in Sections 2.1(a) through (e), and the Licensed Trade Dress Products.

1.18 “**Licensed Trade Dress Products**” has the meaning set forth in Section 2.2.

1.19 “**Material Quality Breach**” has the meaning set forth in Section 4.4.

1.20 “**New Trademark**” means any mark developed by Company for any product developed, manufactured, or produced by Company subsequent to the Closing Date that is not part of or encompassed by Company Products.

1.21 **“Products”** means HDD Products, SSD products, RAID products, External Drive products, and Storage Software Products.

1.22 “**Qualification**” means technical evaluation or testing by an OEM customer which must be passed by a supplier with respect to a particular product in order to qualify the product for purchasing by such customer for use in an HDD Included Product or SSD Included Product. As used in this Branding Agreement, the term “Qualification” includes evaluation and testing with respect to technical and engineering requirements and excludes any marketing, promotion, advertising or retail display requirements.

1.23 “**Remanufactured Products**” means Company Non-Current Products and Company Current Products sold under or that bear the Licensed Hitachi Marks, whether produced or sold before or after Closing, that are remanufactured or repaired by Company after the Closing Date.

1.24 “**Repair Parts**” means (a) replacement products for (i) Company Non-Current Products or (ii) Company Current Products; and (b) replacement parts which, to the extent available prior to the Closing Date, bore the Licensed Hitachi Marks prior to the Closing Date and which are used for the repair or remanufacture of Company Non-Current Products or Company Current Products.

1.25 “**SSD Included Product**” means products that include an SSD among their components but are a combination of such SSD with at least one other device distinct from such SSD and provide a material function that is not provided by a single SSD. Examples of SSD Included Products are storage systems (including RAID), External Drives, JBODs, enterprise systems, servers, server blades, desktop computers, portable computers (including notebook and handheld computers), personal digital assistants, digital video recorders, digital cameras, game consoles, mobile phones and global positioning systems that include an SSD among their components.

1.26 “**Subsidiary**” of either Party 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 are at the time beneficially owned, directly, or indirectly, by such party. For the purposes of this Agreement, Company and its Subsidiaries are not Subsidiaries of Hitachi.

1.27 “**Terminated Products**” has the meaning set forth in Section 8.2(b).

2. GRANT OF LICENSES AND CONSENTS

2.1 Hitachi hereby grants to Company and Company hereby accepts non-exclusive, royalty free licenses to use the Licensed Hitachi Marks under the following terms and conditions:

(a) on or in connection with Company Current Products, Company Inventory Units, and Licensed Materials relating thereto ("**Licensed Articles**"), Company may use the Licensed Hitachi Marks for a period of one hundred eighty (180) days after the Closing Date ("**Cut-Over Date**") (subject to Section 6.2), provided the Licensed Articles, subsequent to the Closing Date, are manufactured by or for Company pursuant to the quality control requirements set forth in Section 4 and are marketed by Company itself or through Company Resellers;

(b) on or in connection with Repair Parts for Company Current Products or Company Non-Current Products under warranty after the Closing Date ("**In-Warranty Products**") and Licensed Materials relating thereto (collectively, "**Warranty Licensed Products**"), Company may use the Licensed Hitachi Marks for a period of time equal to and coterminous with the warranty period for such In-Warranty Products provided that the Licensed Hitachi Marks were used in connection with such Repair Parts prior to the Closing Date (to the extent such Repair Parts were available before the Closing Date);

(c) on or in connection with Remanufactured Products used to replace particular Products and Licensed Materials relating thereto, Company may use the Licensed Hitachi Marks until the seven (7) year anniversary of the EOL of the particular Product or until such Product is no longer supported by Company or until the seven (7) year anniversary of the Cut-Over Date, whichever occurs first, provided such products are manufactured by or for Company pursuant to the quality control requirements set forth in Article 4 and are marketed by Company itself or through Company Resellers;

(d) notwithstanding Section 2.1(a) above, in any Electronic Label used to identify any Company Current Product that is an Internal Product, Remanufactured Product that is an Internal Product or Repair Part for an Internal Product for so long as continued use of the applicable Licensed Hitachi Mark(s) in such Electronic Label is necessary in order to avoid triggering a Qualification requirement (as dictated by the applicable agreement with the customer of such Company Product) that would not arise if the applicable Hitachi Mark(s) were retained in the Electronic Label, but only until the Company alters such Company Current Product, Remanufactured Product or Repair Part identified by the Label in a manner that triggers a Qualification requirement, provided that the Licensed Hitachi Marks are not more visible to individuals than are the Labels used in units of Company Current Products manufactured prior to the Closing Date;

(e) on or in connection with internal components of any Company Current Product that is an Internal Product, including but not limited to HDD heads and mask works used in the making of HDD Components, for so long as continued use of the applicable Licensed Hitachi Mark(s) on or in connection with such internal components is necessary in order to avoid triggering a Qualification requirement (as dictated by the applicable agreement with the customer of such Company Current Product) that would not arise if use of the applicable Hitachi Mark(s) were retained on or in connection with such internal components, but only until the Company alters the internal components, or the Company Current Product in which such internal components are used, in a manner that triggers a Qualification requirement, provided that the Licensed Hitachi Marks are not generally visible other than to those individuals installing, administering, or maintaining the any Company Current Product.

2.2 Hitachi hereby grants to Company and Company hereby accepts a non-exclusive, royalty free license to use the Hitachi trade dress as depicted in Schedule 2.2 (the "**Licensed Hitachi Trade Dress**") on or in connection with consumer boxes, commercial packaging, labeling, product information provided on diskettes and/or CDs, and installation software (collectively "**Packaging**") for any Company Products sold with Packaging bearing the Licensed Hitachi Trade Dress as of the Closing Date (collectively, the "**Licensed Trade Dress Products**") for one hundred eighty (180) days after the Closing Date, provided that the Licensed Trade Dress Products are manufactured by or for Company, or, with respect to such software, Company has a right to distribute such software, and are marketed by Company itself or through Company Resellers.

2.3 The licenses granted in this Article 2 shall not apply to any services (including but not limited to repair or maintenance services) offered by or under authorization of Company.

3. **COMPANY'S USE OF THE LICENSED MARKS**

3.1 The grant of licenses set forth in Article 2 hereof shall include and incorporate as if fully set forth therein the following terms and conditions which shall control and define the use of the Licensed Marks on or in connection with the Licensed Products:

(a) All use of the Licensed Marks by Company shall be limited to the specific Licensed Products set forth in the license grant and shall meet all quality control requirements of Hitachi as specified in Article 4.

(b) Company shall use the Licensed Marks only in the form and manner and with such proprietary legends and notices as used by Company or its Subsidiaries prior to the Closing Date for the Licensed Products.

(c) Subject to Section 2.1(d) and (e), Company shall place the symbols "Ô", "tm", or ®, as is appropriate according to the laws in each applicable country or territory next to the Licensed Hitachi Marks. In the case of Licensed Materials, such symbols must appear in connection with the Licensed Hitachi Marks at least once on or in each separate piece of Licensed Material.

(d) Subject to Section 2.1(d) and (e), Company shall use the following legend at least once in each separate piece of Licensed Material on which any of the Licensed Hitachi Marks appear: "[Licensed Hitachi Mark] is a [registered] trademark of Hitachi, Ltd. and is used under license."

(e) Subject to Section 2.1(d) and (e), on all Licensed Trade Dress Products bearing the Licensed Hitachi Trade Dress, Company shall include the © symbol and the legend "© Hitachi, Ltd."

(f) Except as authorized pursuant to this Branding Agreement, Company shall not at any time use, or authorize the use of, any Hitachi Mark, or any trademark, trade name, service mark, domain name or corporate name consisting of or incorporating any Hitachi Mark, or any mark phonetically equivalent or confusingly similar to any Hitachi Mark.

(g) Company shall not adopt or use on or in connection with any product or service it produces, manufactures, advertises, distributes, sells, or offers for sale, a New Trademark, or any service mark, trade name, domain name or other designation, that is a phonetic equivalent or a colorable imitation of any of the Licensed Hitachi Marks or that is otherwise confusingly similar to any of the Licensed Hitachi Marks, nor shall Company adopt or use any trade dress that copies or is a colorable imitation of the Licensed Hitachi Trade Dress or that is otherwise confusingly similar to the Licensed Hitachi Trade Dress. If any application for registration of a mark or other designation is filed by or on behalf of Company after the Closing Date and such mark is confusingly similar or disparaging to or dilutes any of the Licensed Hitachi Marks anywhere in the world, Company shall abandon all use of such mark and any application to register or registration thereof.

(h) With respect to its use of the Licensed Marks, Company shall comply with all applicable laws and regulations pertaining to the use and designation of trademarks and trade dress in the each country or territory in which the Licensed Marks may be used by Company.

3.2 Company shall not pledge or otherwise encumber any of the Licensed Marks and shall not use any of the Licensed Marks as security or collateral for any loans or indebtedness.

4. **QUALITY CONTROL**

4.1 Company agrees that the nature and quality of the Licensed Products when such products are sold or distributed in connection with the Licensed Marks shall be commensurate with standards previously achieved and maintained by Company for the identical goods or for comparable products manufactured or distributed by Company during calendar year 2010. Company shall provide to Hitachi monthly consolidated quality reports with respect to each Licensed Product marked with the Licensed Marks and for which shipments are being made during the term of the applicable license granted pursuant to Article 2.

4.2 Company agrees that all uses of the Licensed Hitachi Trade Dress as permitted by this Branding Agreement shall conform to and are subject to the guidelines established by Hitachi for such trade dress, which guidelines are attached as Schedule 4.2.

4.3 Except for units of Products produced, packaged, or in inventory as of the Closing Date, and Licensed Materials developed by Company or its Subsidiaries prior to Closing or varying in no significant respect from Licensed Materials developed by Company or its Subsidiaries prior to Closing, Company shall, upon Hitachi's request, (a) provide to Hitachi or, at Hitachi's request, demonstrate to Hitachi, samples of Licensed Products that bear, or are marketed or sold using any of the Licensed Marks, and (b) provide to Hitachi samples of Licensed Materials that bear any of the Licensed Marks. Any such requests shall be with reasonable notice and at reasonable intervals.

4.4 Any modifications by Company after the Closing to a Licensed Product marked with any Licensed Mark, including, but not limited to changes in manufacturing processes thereof or parts vendor selection by Company, that result in adverse changes of the annual quality return rate for such product in each of two (2) consecutive thirty (30) day periods greater than three percent (3%) shall be noticed to Hitachi within five (5) Business Days. Any such modifications shall, upon resulting in such changes, be deemed "**Material Quality Breaches**." Company shall provide to Hitachi samples of such Licensed Products.

4.5 Except for Licensed Materials developed by Hitachi or its Subsidiaries prior to Closing or varying in no significant respect from Licensed Materials developed by Hitachi or its Subsidiaries prior to Closing, Company shall submit to Hitachi all new Licensed Materials developed by Company after Closing on and in which the Licensed Marks appear prior to their commercial use. Within fifteen (15) Business Days of receipt of any submission by Company, Hitachi shall inform Company in writing whether the submission meets the applicable standards for quality or usage. If Hitachi does not respond to Company within fifteen (15) Business Days, Company may assume without penalty or prejudice that its submission has been approved, provided that Company produces a written receipt evidencing that the submission was sent to and received by Hitachi.

4.6 If Hitachi determines that any Licensed Products or Licensed Materials using the Licensed Marks materially do not meet the requirements set forth in this Branding Agreement, Hitachi may notify Company, providing Company with a description of the deficiencies. Company shall submit to Hitachi a report describing Company's plan for investigation of the causes of and for remediation of such deficiencies and the time frame for such actions within thirty (30) Business Days after receipt of the notice. If Hitachi considers the actions or time frame described in such report to be inconsistent with applicable industry standards, the Parties shall promptly meet and confer with respect to the report. If the Parties are unable through such meeting to mutually agree on appropriate actions and time frames, Hitachi shall have the right, effective on notice to Company, to suspend use of the Licensed Marks on or in connection with the materially deficient Licensed Products or Licensed Materials until such deficiencies are cured. To the extent Company has in inventory during a proper suspension of use of the Licensed Marks pursuant to this Section 4.6 any Licensed Products or Licensed Materials that: (i) were produced, manufactured, or remanufactured after the Closing Date, (ii) materially do not meet the requirements set forth in this Branding Agreement, and (iii) are subject to such proper suspension ("**Suspended Products**"); then Company shall not be authorized under the suspended license or consent to ship any such Suspended Products until the Licensed Marks have been removed or obliterated (for example, by covering such Licensed Marks with a sticker) or such material deficiencies have been cured.

4.7 For as long as Company is licensed to use the Licensed Marks for any of the Licensed Products, Company shall provide to Hitachi on an as-needed basis but no less than once during the term of the license grants set forth in Sections 2.1(a) and 2.2 and once per year during the term of the license grants set forth in Sections 2.1(b), 2.1(c), 2.1(d) and 2.1(e) the following information: (a) a list of all recalls of any Licensed Products on which the Licensed Marks appear, the reason for each recall and the action taken to remedy the problem; and (b) the number of warranty claims submitted for each Licensed Product on which the Licensed Marks appear, broken down for each product. Hitachi shall have the right to require that Company produce to Hitachi any written complaints or actual documents from which the information provided by Company under the terms of this provision were created or obtained.

5. **DOMAIN NAME TRANSITION**

5.1 Within ninety (90) days after the Closing Date, Company shall assign to Hitachi all registrations anywhere in the world of any domain names held by Company that include any trademark or service mark owned by Hitachi or any of its Subsidiaries (such trademarks and service marks, the "**Hitachi Marks**" and such domain names, the "**Transferred Domain Names**").

5.2 During the twelve (12)-month period following the Closing Date, Hitachi shall maintain at the landing page for each Transferred Domain Name a hyperlink that connects the user to a designated Company URL, as notified by Company to Hitachi.

6. **CESSATION OF USE OF SELLER MARKS**

6.1 To the extent that as of the Closing Date Company or any of its Subsidiaries own any registered trademarks or service marks anywhere in the world that contain any Hitachi Mark, Company shall, and shall cause its Subsidiaries to: (a) not renew or maintain (including not filing any affidavits of use or paying any registration fees) such registrations, in order to allow such registrations to expire upon the expiration of their then-current terms and (b) use such trademarks or service marks only to the extent expressly permitted by this Branding Agreement.

6.2 Company agrees that, notwithstanding anything to the contrary set forth herein, it shall, and shall cause each of its Subsidiaries to:

(a) as soon as practicable after the Closing Date and in any event within thirty (30) days following the Closing Date, change its and their corporate names to names that do not include any Hitachi Mark (or any word confusingly similar thereto) and make any necessary legal filings with the appropriate Governmental Entities to effect such change;

(b) as soon as practicable after the Closing Date and in any event within forty-five (45) days following the Closing Date, cease use of all stationary, business forms and business cards bearing any Hitachi Marks;

(c) as soon as practicable after the Closing Date and in any event within sixty (60) days following the Closing Date (or such longer period as may be required to obtain any needed approvals of any Governmental Entity), remove, strike over or otherwise obliterate all Hitachi Marks from all facilities, vehicles, physical signage, badges and uniforms of the Company and each of its Subsidiaries; and

(d) as soon as practicable after the Closing Date and in any event within ninety (90) days following the Closing Date, cease (i) reproducing any product manuals, collateral materials, promotional materials and packaging materials bearing any of the Hitachi Marks, except for those that are Licensed Articles (which shall be subject to Section 2.1(a)), (ii) replicating any software displaying any of the Hitachi Marks, except for software which is a Licensed Article (which shall be subject to Section 2.1(a)), and (iii) publishing any websites bearing any of the Hitachi Marks.

7. **RIGHT TO SUBLICENSE AND ASSIGN AGREEMENT**

7.1 None of the rights provided under this Branding Agreement relating to use of the Licensed Marks may be assigned, pledged, encumbered, or otherwise transferred by Company and shall not inure to the benefit of any trustee in bankruptcy, receiver or other successor of Company, whether by operation of law or otherwise, without the prior written consent of Hitachi, which shall not be unreasonably withheld, and any attempted or actual assignment or transfer without such consent shall be null and void.

7.2 Other than to its Subsidiaries, Company shall not sublicense this Branding Agreement or any rights of Company hereunder to any third party including to any affiliate of Company or, other than Subsidiaries and as provided in Section 7.4, otherwise authorize any third party, including any affiliate, to use any of the Licensed Marks.

7.3 Company shall not have the right to transfer or assign the rights granted herein to any third party including any party that has any ownership interest in or that exercises any control over Company, even as part of a transfer of all of the business of Company without the prior written consent of Hitachi, which shall not be unreasonably withheld. This Branding Agreement shall be fully and freely assignable by Hitachi.

7.4 Notwithstanding anything in this Branding Agreement to the contrary, Company may transfer its rights under this Branding Agreement between itself and its Subsidiaries and any of its legal successors-in-interest formed pursuant to a reorganization or other corporate restructuring of Company, provided that after such reorganization or corporate restructuring, such successor-in-interest agrees in writing to be bound by the terms of this Branding Agreement and Company and its Subsidiaries have substantially the same assets as Company and its Subsidiaries had immediately prior to such reorganization or corporate restructuring.

8. **TERMINATION**

8.1 Hitachi may terminate this Agreement by giving written notice of termination to Company at any time upon or after:

(a) the filing by Company of a petition in bankruptcy or insolvency which petition or proceeding is not dismissed within sixty (60) days;

(b) any adjudication that Company is bankrupt or insolvent;

(c) the filing by Company of any petition or answer seeking reorganization, readjustment or arrangement of its business under any law relating to bankruptcy or insolvency which petition or proceeding is not dismissed within sixty (60) days;

(d) the appointment of a receiver for all or substantially all of the property of Company;

(e) the institution of any proceeding for the liquidation winding up of Company's business which petition or proceeding is not dismissed within sixty (60) days.

8.2 The licenses granted in Article 2 may also be terminated in accordance with the following:

(a) Company shall be deemed in material breach of this Branding Agreement if there is a Material Quality Breach as to any of the Licensed Products marked with the Licensed Marks by Company.

(b) If Company materially breaches this Branding Agreement, Hitachi shall provide written notice to Company, advising that Company has committed a material breach, describing the material breach, the specific license grant(s) in Article 2 to which the material breach relates, and, in the case of a Material Quality Breach, the specific Licensed Products giving rise to the material breach, and providing Company with thirty (30) Business Days to cure. Should Company not cure the material breach within such thirty (30)-Business Day period, the specific license grant(s) identified by Hitachi, for the specific Licensed Product identified by Hitachi in the case of a Material Quality Breach, shall immediately terminate, and Company shall (i) cease all further use of the Licensed Marks on the goods that were subject to the terminated license grant(s) (the "**Terminated Products**"); (ii) cease all further shipment, distribution and sale of the Terminated Products bearing the Licensed Marks; and (iii) cease all further advertising, marketing and promotion of the Terminated Products using the Licensed Marks.

8.3 All rights and licensed granted to any Subsidiary of Company, including without limitation via sublicense from Company, shall automatically terminate if such Subsidiary ceases to meet the definition of "Subsidiary," as defined in this Branding Agreement.

8.4 Upon the termination or suspension of any of the licenses granted in Article 2 either pursuant to this Article 8 or as a result of the expiration of the license, Company shall immediately (i) cease shipping or distributing the products covered by such license grant that bear the Licensed Marks; and (ii) cease all further use of the Licensed Marks for such products. Company shall have no obligation to recall or stop the shipment or sales by its dealers or customers of any products covered by the terminated or suspended license and that bear the Licensed Marks shipped by Company prior to the termination or expiration or suspension of any license. Company may continue after any termination or expiration or suspension of any license to ship goods from which the Licensed Marks have been removed or obliterated (for example, by covering the Licensed Marks with a sticker).

8.5 To the extent that upon termination or expiration of any of the license grants in Section 2.1 or Section 2.2, Company has in inventory any Licensed Products or Repair Parts bearing any Licensed Marks, or Company Products that incorporate or use Electronic Labels, which were manufactured or remanufactured: (i) prior to Closing; or (ii) pursuant to and in compliance with this Branding Agreement and that have not been determined to have been the basis of a Material Quality Breach and were not Suspended Products at the termination or expiration of the license grants and their material deficiencies have not been cured, Company shall be entitled to sell and distribute its inventory of such products provided it uses the same channels of trade and distribution that were used by Company prior to the Closing or that Company uses for comparable products distributed under Company's own marks.

8.6 Notwithstanding anything to the contrary in this Agreement, Sections 1, 3.1(f), 3.1(g), 10, 11, 12.2, 12.3, 14, 15 and this Section 8 shall, to the extent applicable, survive any expiration or termination of this Branding Agreement or of any licenses granted herein.

8.7 Except as set forth in Section 12.3, the Parties acknowledge that each shall have available to it all remedies at law or in equity (including specific performance) for breach of this Branding Agreement in addition to or as a substitute for all remedies that they may have under this Branding Agreement.

9. **UNAUTHORIZED USE BY OTHERS**

9.1 During the term of the licenses granted in Article 2, Company shall notify Hitachi in writing of any unauthorized use of the Licensed Marks by others promptly as such unauthorized use comes to its attention. Upon notification Hitachi may, at its discretion, choose to take action including but not limited to bringing, prosecuting or settling any claim involving the Licensed Marks. Should Hitachi decide to take such action, Hitachi shall bear all costs and expenses in connection therewith and shall retain exclusively any damage awards or settlement amounts recovered. If Hitachi believes that Company should be joined as a party to such action, Hitachi and Company will discuss in good faith Company's cooperation and cost recovery for its participation in any such action.

9.2 Upon obtaining written confirmation from Company that a Company Reseller no longer distributes any Hitachi-branded Product, Hitachi shall have the right to contact such Company Reseller and advise it that it must cease all use of the Licensed Hitachi Marks and any other indicia suggesting an affiliation or association with Hitachi (except as may be separately authorized under any agreement directly between Hitachi and such Company Reseller). Hitachi may advise such resellers that failure to comply with Hitachi's demands violates Hitachi's rights. Should such resellers continue to use the Licensed Hitachi Marks or other prohibited indicia, Hitachi may pursue all legal action against such resellers that Hitachi in its sole discretion deems appropriate and necessary. Company agrees to reasonably cooperate with Hitachi with respect to such actions, which may include providing the names and addresses of particular resellers of Company Products.

10. **ACKNOWLEDGMENTS AND COVENANTS**

10.1 Company understands, acknowledges and agrees that, as between Company and Hitachi, all rights in the Licensed Marks (including all registrations thereof) throughout the world are the sole and exclusive property of Hitachi, free and clear from any claim or retention of rights thereto on Company's part and that Hitachi reserves all rights in the Licensed Marks, other than those expressly granted herein. Company shall do nothing inconsistent with such ownership, and it shall forbear from attacking the validity of the Licensed Marks, or any registrations thereof, or Hitachi's title thereto. Company acknowledges that nothing in this Branding Agreement shall give Company any right, title or interest in the Licensed Marks at any time other than the right of Company to use the Licensed Marks in accordance with the licenses granted in Article 2 and the rights granted in Section 8.5.

10.2 Company shall not knowingly take or omit to take, or authorize the taking or omission of, any action that could reasonably be expected to dilute or adversely affect Hitachi's claims to ownership of the Licensed Marks or the validity, enforceability, registration, or application for registration of the Licensed Marks.

10.3 All use of the Licensed Marks by Company shall inure to the benefit of Hitachi. During the term of this Branding Agreement and thereafter, Company shall not apply to register the Licensed Marks, any phonetic equivalent thereof, or any mark or term confusingly similar thereto as, or as part of, a trademark, service mark, trade name, business name, domain name or other indication of source or origin in any jurisdiction worldwide.

10.4 Company shall ensure that its Subsidiaries do not take any action that Company is prohibited from taking as specified in this Branding Agreement and Company shall not authorize any third party to take any action that Company is expressly prohibited from taking under the terms of this Branding Agreement.

10.5 Nothing herein shall restrict or otherwise affect the right of Hitachi to obtain relief against Company or any third party for any acts of trademark infringement, unfair competition or dilution.

11. **INDEMNIFICATION**

11.1 Company shall pay, indemnify, reimburse and hold harmless Hitachi and its Subsidiaries (for purposes of this Article 11, "**Hitachi Protected Parties**"), from and against any and all Losses to the extent incurred by any of them, as a result of, arising from or with respect to: (a) the sale, distribution, promotion or marketing of the Licensed Products under the Licensed Marks by Company, or by Company's Resellers other than to any Hitachi Protected Party; (ii) any actions or omissions by Company with respect thereto; and (iii) the use by Company of the Licensed Marks in a manner prohibited by this Branding Agreement; provided, however, that Company's obligations under this Section 11.2 shall not include Losses to the extent arising out of any breaches by Hitachi of any Transaction Document with respect to which Hitachi is obligated to indemnify Buyer or Buyer Parent under any Transaction Document.

11.2 The provisions of Sections 9.4 and 9.6 of the Purchase Agreement are incorporated, *mutatis mutandis*, into this Article 11 by reference, with respect to indemnification rights and obligations of the Parties arising under Section 11.1 of this Branding Agreement.

12. **REPRESENTATIONS AND WARRANTIES; LIMITATIONS OF LIABILITY**

12.1 Each Party represents and warrants that it has the corporate power and authority to enter this Branding Agreement, and to carry out the terms and obligations set forth in this Branding Agreement, and that the persons executing this Branding Agreement on its behalf have the authority to act for and bind the Party.

12.2 EXCEPT AS SPECIFICALLY PROVIDED IN THIS ARTICLE 12, NEITHER PARTY MAKES ANY OTHER WARRANTIES, EITHER EXPRESS OR IMPLIED, AS TO ANY OTHER MATTER WHATSOEVER, AND EACH PARTY HEREBY EXPRESSLY DISCLAIMS ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR ANY PARTICULAR PURPOSE, ACCURACY, NON-INFRINGEMENT, AND TITLE, AND ANY WARRANTIES THAT MAY ARISE FROM COURSE OF DEALING, COURSE OF PERFORMANCE OR USAGE OF TRADE.

12.3 Except as expressly set forth herein, neither Party shall be liable for any indirect, incidental, consequential, special or punitive damages arising out of or relating to this Branding Agreement, irrespective of whether such Party has been advised of the possibility of any such damages. The foregoing limitation of liability shall not apply with respect to any liability arising under, out of or in connection with Section 11 or any infringement, misappropriation or other violation of any Intellectual Property Rights of a Party.

13. **NOTICES AND OTHER COMMUNICATIONS**

All notices and other communications required or permitted hereunder shall be in writing and shall be mailed by Federal Express or other internationally recognized express carrier, registered or certified mail, postage prepaid, or otherwise delivered by hand or by messenger, addressed to a Party at the addresses set forth below, or at such other address as a Party may substitute by written notice provided to the other Party in such manner. Such notices shall be deemed to have been served when delivered.

If to Hitachi:

[•]

If to Company:

[•]

14. **ADR, GOVERNING LAW AND JURISDICTION**

14.1 The Parties agree that, in the event of a dispute arising under this Branding Agreement, the Parties shall agree to attend a non-binding mediation prior to bringing any action in a court of law. The mediation shall be facilitated by a neutral third-party, selected by the Parties. A representative from each Party with authority to settle on behalf of that party shall attend the mediation in person. The purpose of the mediation is to resolve the disputed issue(s) without the need for formal legal proceedings.

14.2 This Branding Agreement shall be governed by and construed in accordance with the laws of the State of Delaware as applied to contracts entered into and fully performed in such state.

14.3 The Parties agree that the Delaware Court of Chancery (and if jurisdiction in the Delaware Court of Chancery shall be unavailable, any Delaware State court and the Federal court of the United States of America sitting in the State of Delaware) shall have exclusive jurisdiction of interpreting or enforcing this Branding Agreement, provided, however, that, notwithstanding the foregoing, either Party may (i) seek injunctive or other preliminary relief, (ii) enforce its Intellectual Property Rights, and (iii) seek recognition and enforcement of any order or judgment, in any court of competent jurisdiction. The parties expressly waive their right to a trial by jury.

15. **MISCELLANEOUS**

15.1 Nothing contained in this Branding Agreement shall be construed as conferring any right to use in advertising, publicity or other promotional activities any name, trade name, trademark, or other designation of either Party hereto (including any contraction, abbreviation, or simulation of any of the foregoing) except as specifically provided herein; and each Party hereto agrees not to use the existence of this Branding Agreement or any provision thereof in any advertising or sales promotional activity, without the express written approval of the other Party.

15.2 The Parties acknowledge that this Branding Agreement is not and does not purport to be a full recitation of Hitachi's rights in and to the Licensed Marks, which rights may not be limited to the terms of this Branding Agreement.

15.3 Except for the Purchase Agreement and other Transaction Documents, (a) this Branding Agreement contains the complete agreement between, and contains all of the promises and undertakings made to each other by, the Parties regarding the subject matter of this Agreement, and (b) any and all prior agreements, representations, negotiations, and undertakings between the Parties, oral or written, express or implied, with respect to the subject matter hereof, are hereby superseded and merged by and into this Branding Agreement, effective as of the Closing Date. This Agreement may not be revised or modified without the mutual written consent of the Parties.

15.4 If any paragraph, provision or clause of this Branding Agreement shall be found or held to be invalid or unenforceable by a court or other decision-making body of competent jurisdiction, in a judgment from which no further appeal can be taken, the remainder of this Branding Agreement shall remain valid and enforceable, and to the extent required in the pursuit of this Branding Agreement, the Parties shall negotiate in good faith a substitute, valid and enforceable provision that reflects the Parties' intent in entering this Branding Agreement.

15.5 This Branding Agreement may be executed in identical counterparts, each of which shall constitute an original and all of which shall constitute one and the same agreement.

[Remainder of this page is intentionally left blank]

IN WITNESS WHEREOF, the Parties have caused their duly authorized officers to execute this Agreement on the dates indicated below.

For and on behalf of
Hitachi, Ltd.

By: _____ Date: _____
Name: _____
Title: _____

For and on behalf of
Viviti Technologies Ltd.

By: _____ Date: _____
Name: _____
Title: _____

[Signature page for Brand License Agreement]

SCHEDULE 2.1

Licensed Hitachi Marks

SCHEDULE 2.2

Licensed Hitachi Trade Dress

SCHEDULE 4.2

Trade Dress Guidelines

Exhibit G

Form of

SECONDMENT AGREEMENT

This SECONDMENT AGREEMENT (this "Agreement") is made and entered into as of [_____], by and between [_____], a company incorporated under the laws of Japan (the "Seconding Entity"), and [_____], a company incorporated under the laws of Japan (the "Receiving Entity" and together with [_____] and the Seconding Entity, the "Parties" and each a "Party").

RECITALS

A. The [_____] and the [_____] are parties to that certain Stock Purchase Agreement dated as of March 7, 2011 (the "Stock Purchase Agreement"), pursuant to which, *inter alia*, [_____] has acquired all of the outstanding shares in the capital of the [_____] as of the date hereof.

B. The Stock Purchase Agreement contemplates the secondment of certain employees of the Seconding Entity to the Receiving Entity.

AGREEMENT

Now, therefore, the Parties agree as follows:

1. DEFINITIONS; INTERPRETATION

1.1 Definitions. Capitalized terms used in this Agreement are defined or referenced in Annex A attached hereto.

2. SECONDMENT

2.1 Secondees and Secondment Period.

(a) Secondment. On the date hereof, the Seconding Entity shall use its commercially reasonable efforts to second to the Receiving Entity the employees referred to on Schedule 2.1 (each such employee, a "Secondee" and, collectively, the "Secondees").

(b) Secondment Period.

(i) The initial period of secondment for each Secondee shall be two years commencing on the date hereof and thereafter shall, subject to the Secondee's consent, automatically renew for successive two-year periods (the initial and any renewal terms, collectively, the "Secondment Period")[, except that either Party may elect not to renew the Secondment Period by giving written notice of non-renewal no later than three months prior to the end of the then-current two-year period (whether an initial or renewal period).][1]; provided, that the Parties may agree otherwise with respect to any Secondee.

(ii) At any time during the Secondment Period, the Receiving Entity may terminate the secondment of any Secondee (A) by written agreement of the Seconding Entity and the Receiving Entity, and (B) upon written notice from the Receiving Entity to the Seconding Entity that such Secondee has done or omitted to do anything which would entitle the Receiving Entity to terminate such Secondee's employment (*chokai kaiko*) pursuant to the employment rules, regulations and policies of the Receiving Party if such Secondee were a direct employee of the Receiving Party. Upon written notice from (X) the Seconding Entity to the Receiving Entity stating that such Secondee has voluntarily or involuntarily retired or resigned, or (Y) the Receiving Entity to the Seconding Entity that such Secondee has done or omitted to do such things as described in clause (B) of this paragraph, the secondment of such Secondee hereunder shall terminate upon the effectiveness of such retirement, resignation, or receipt of the notice that such Secondee has so acted or omitted to act, as applicable.

2.2 Secondment Principles. During the Secondment Period, each Secondee shall remain an employee of the Seconding Entity but shall (a) be made available on a full-time basis to the Receiving Entity, (b) be managed by the Receiving Entity, (c) be subject to the employment rules, regulations and policies of the Receiving Entity with respect to working hours, break time and any holidays, (d) perform such duties and provide such services at such times and at such places as the Receiving Entity may require, and (e) act in accordance with and subject to the instructions of the Receiving Entity. The Parties acknowledge and agree that no Secondee shall be under the control or supervision of the Seconding Entity during the Secondment Period and agree that the Seconding Entity shall not be responsible to the Receiving Entity for the quality, nature or sufficiency of the services performed by its Secondees during such period; provided, however, that the Receiving Entity shall neither relocate any Secondee nor materially change any Secondees' duties, working hours or any other term or condition of his or her service without obtaining the Seconding Entity's written approval with respect to any relocation or material change, which approval shall not be unreasonably withheld.

2.3 Working Terms and Conditions.

(a) Secondment Costs and Expenses. During the Secondment Period, the Receiving Entity shall pay to the Seconding Entity all cost and expenses related to the performance of services by the Secondees on the same terms and conditions of such secondments as were in effect immediately prior to the secondment contemplated hereby. The Seconding Entity shall pay compensation directly to the Secondees unless otherwise agreed by the Parties.

(b) Receiving Entity Non-Disclosure Rules. Each Secondee shall be bound by any and all confidentiality rules, policies, agreements or arrangements (the "Confidentiality Rules") of the Receiving Entity. With respect to each Secondee, the Seconding Entity hereby waives its rights under any and all Confidentiality Rules of the Seconding Entity to the extent such Confidentiality Rules of the Seconding Entity are inconsistent with the Confidentiality Rules of the Receiving Entity.

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1 The bracketed language shall only apply to the secondment of Non-R&D/R&D Related Secondees described in Section 6.12(e)(ii) of the Stock Purchase Agreement.

(c) Employee Intellectual Property Rules.

(i) Without limiting the generality of Section 2.2, the Seconding Entity acknowledges that ownership of any and all intellectual property rights in any inventions, trade secrets, or work product generated by such Secondee in the course of and in connection with such Secondee's duties during the Secondment Period (the "Employee IPR") shall be treated in accordance with the rules, policies, agreements or arrangements for ownership of Employee IPR (the "IPR Rules") of the Receiving Entity.

(ii) The Seconding Entity waives and shall not exercise any rights, (A) to require any Secondee to assign or transfer any Employee IPR to any person or entity, or (B) to apply for the registration thereof, in each case, under the Seconding Entity's IPR Rules, in manner that would be inconsistent with the Receiving Entity's IPR Rules. Notwithstanding the preceding sentence, if the Seconding Entity acquires any ownership interest in any Employee IPR, then, pursuant to the Receiving Party's IPR Rules that such Employee IPR should be owned by the Receiving Party, the Seconding Entity shall promptly assign such Seconding Entity's interest in the Employee IPR to the Receiving Entity.

(iii) [Any compensation with respect to the assignment or transfer of any interest in patents included in or arising out of any Employee IPR shall be made *mutatis mutandis* with the terms and conditions set forth in that certain Inventor Award Integration Agreement, dated as of December 10, 2010, by and between Hitachi Global Storage Technologies Netherlands B.V. and Hitachi, Ltd.][2]

(d) Changes to the Seconding Entity's Working Terms and Conditions. Notwithstanding anything in this Agreement to the contrary, the Seconding Entity and its Affiliates shall, in their sole discretion, have the right to terminate or modify any of its rules, regulations and policies, from time to time, including, without limitation, those relating to or otherwise governing the Secondees and the right to adopt compensation or bonus plans or policies from time to time, including, any Benefit Arrangements with its sponsors. For the avoidance of doubt and notwithstanding anything herein to the contrary, the ability of any Secondee to participate in any Benefit Arrangements shall be contingent upon such Secondee satisfying all of the eligibility requirements for such Benefit Arrangements that may be in effect from time to time, consistently applied to similarly situated employees who participate in such plans and arrangements.

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2 For secondment of the R&D Secondees. Subject to review by relevant IP departments, as applicable.

2.4 [Reimbursement. All costs and expenses and other amounts incurred by the Seconding Entity with respect to any Secondee shall accrue on a calendar month basis (except as provided in Section 4.2) and shall be reimbursed by the Receiving Entity. The Receiving Entity shall make such reimbursement to the Seconding Entity by wire transfer of immediately available funds by the end of each calendar month in which it receives an invoice from the Seconding Entity on or before the tenth (10th) day of such calendar month. In the event that the Receiving Entity receives an invoice from the Seconding Entity after the tenth (10th) day of any calendar month, the Receiving Entity shall make such reimbursement to the Seconding Entity by the end of the following calendar month. All invoices shall be denominated in Japanese yen and shall be accompanied by reasonable documentation evidencing the basis for such invoiced amounts in reasonable detail. If the Secondment Period with respect to any Secondee starts or ends on a day other than on the first or last day (respectively) of a calendar month, the amount of any costs and expenses to be reimbursed by the Receiving Entity shall be prorated based on the actual number of calendar days worked in such month. For the avoidance of doubt, reimbursable amounts hereunder shall include, without limitation, actual payroll and other administrative costs and expenses incurred by the Seconding Entity in connection with making available or administering Benefit Arrangements to Secondees. The Receiving Entity shall pay the gross amount of any present or future sales, use, excise, value-added, ad valorem or any other tax applicable to the furnishing by the Seconding Entity of benefits to the Secondees (other than income taxes), or the Seconding Entity shall be provided with a tax exemption certificate acceptable to applicable governmental authorities.][3]

2.5 Relocation Expenses. If the Receiving Entity determines that a Secondee is required to relocate in order to perform his or her duties for the Receiving Entity, the Receiving Entity shall pay all costs and expenses associated with the relocation in accordance with the Receiving Entity's rules, regulations and policies.

2.6 Permanent Transfer. During the Secondment Period, [_____] and [_____] may discuss and negotiate the permanent transfer of employment of any Secondee to the Receiving Entity or any of its affiliates.

2.7 Unions; Employees. The secondment of Secondees to the Receiving Entity shall be made in accordance with any agreement between the Seconding Entity and its labor union. The Parties shall use commercially reasonable efforts to obtain the consent or approval, to the extent necessary or requred, from any union with respect to the secondment of any Secondees to the Receiving Party.

3. CERTAIN NOTICES

During the Secondment Period, the Seconding Entity shall notify the Receiving Entity promptly on becoming aware of (a) any threatened labor strike, walkout, slowdown, stoppage, picketing, or other material dispute with respect to Secondees, (b) any threatened proceeding arising out of or under any agreement between the Seconding Entity, on the one hand, and a labor union that represents any Secondee, on the other hand, (c) any notice from a Secondee to the Seconding Entity of an election to terminate employment, or (d) any allegation by a Secondee of any unfair labor practices, discrimination, or breach of contract by the Seconding Entity.

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3 Subject to final review by relevant accounting and payroll departments, as applicable.

4. Benefit Arrangements

(a) Continued Participation. Each Secondee shall continue as a participating member of the Benefit Arrangements of Seconding Entity except for occupational injury insurance (*rosai hoken*) which shall be provided by the Receiving Entity, and the Secondees shall accrue benefits in accordance with the terms of the applicable rules, regulations and policies of the Seconding Entity.

(b) Allocation/Limitation of Pension Contribution Obligations. During the Secondment Period, the Receiving Entity shall be fully responsible for reimbursing the Seconding Entity for the pension premiums or other payments for any benefits accrued by each Secondee. Such premiums shall be calculated by the Seconding Entity on a basis consistent with the calculation of the premiums payable to other similarly situated employees of commensurate, rank, title and duties participating in the Seconding Entity's Benefit Arrangements during the Secondment Period.

4.2 Retirement Benefits. In the event that a Secondee retires (whether voluntarily or involuntarily) from the Seconding Entity during his or her Secondment Period, such Secondee's retirement benefits under applicable Benefit Arrangements shall be calculated based on such Secondee's service years with the Seconding Entity and the Receiving Entity through the effective date of retirement, determined in accordance with the rules, regulations and policies of the Seconding Entity. All retirement benefit costs and expenses incurred by the Seconding Entity, with respect to any Secondee during his or her Secondment Period, shall be reimbursed to the Seconding Entity by the Receiving Entity [once every six months][4]. Any lump-sum retirement benefit payments to be made to such Secondee shall be borne on a pro rata basis by the Seconding Entity and the Receiving Entity, based on such Secondee's periods of service with the Seconding Entity and the Receiving Entity (with his or her Secondment Period counted as time with the Receiving Entity); provided, however, any retirement benefit costs and expenses already reimbursed to the Seconding Entity by the Receiving Entity, if any, shall be deducted from any lump-sum retirement benefit payment borne by the Receiving Entity.

4.3 Pre-Secondment Period Accrued Benefits. Any and all liabilities relating to any benefits calculated with respect to any time period ending prior to the commencement of the Secondment Period under any Benefit Arrangements maintained or contributed to, or required to be maintained or contributed to, by the Seconding Entity for the benefit of any Secondee, shall be for the account of and borne by the Seconding Entity regardless of whether any such liability is to be paid to any Secondee at any time after the commencement of the Secondment Period. Without prejudice to the generality of the foregoing, any benefits to be paid during the Secondment Period which vary based on length of employment or services shall be calculated giving effect to, and credit for, time served by the Secondee with the Seconding Entity.

5. Claims And Liabilities

5.1 Consequential Damages Waiver. EXCEPT WITH RESPECT TO THE PARTIES' RESPECTIVE INDEMNITY OBLIGATIONS UNDER SECTION 7, TO THE EXTENT PERMITTED BY APPLICABLE LAW, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY OR ANY THIRD PARTY UNDER ANY LEGAL THEORY FOR ANY INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, OR ANY DAMAGES FOR LOSS OF PROFITS, REVENUE OR BUSINESS, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. FOR PURPOSES OF THIS SECTION 5.1, "PARTIES" AND "PARTY" SHALL INCLUDE ANY AFFILIATES.

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4 Subject to final review by relevant accounting and payroll departments, as applicable.

5.2 Disclaimer. EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN THIS AGREEMENT, NEITHER PARTY MAKES (AND EACH PARTY HEREBY EXPRESSLY DISCLAIMS) ANY REPRESENTATIONS OR WARRANTIES, WHETHER EXPRESS, IMPLIED OR STATUTORY, INCLUDING, WITHOUT LIMITATION, IMPLIED WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE, AND ANY WARRANTIES THAT MAY ARISE FROM COURSE OF PERFORMANCE, COURSE OF DEALING OR USAGE OF TRADE. FOR PURPOSES OF THIS SECTION 5.2, "PARTIES" AND "PARTY" SHALL INCLUDE ANY AFFILIATES.

6. Confidential Information

6.1 "Confidential Information" means all information disclosed by a Party (the "Discloser") in writing, orally or in any other form concerning the businesses, affairs, properties, employees, finances, products, technologies and operations of the Discloser to the other Party (the "Recipient") and any notes, analyses, compilations, studies, forecasts, interpretations or other documents that are derived from, contain, reflect or are based upon any such information. Confidential Information does not include information or material that (a) is now, or hereafter becomes, through no act or failure to act on the part of the Recipient, generally known or available; (b) is or was known by the Recipient at or before the time such information or material was received from the Discloser; (c) is furnished to the Recipient by a third party that is not under an obligation of confidentiality to the Discloser with respect to such information or material; or (d) is independently developed by the Recipient.

6.2 The Recipient shall hold all Confidential Information in confidence and shall not disclose to third parties or use such information for any purpose whatsoever other than as necessary in order to fulfill its obligations or exercise its rights under this Agreement. The Recipient shall take all reasonable measures to protect the confidentiality of the Discloser's Confidential Information in a manner that is at least protective as the measures it uses to maintain the confidentiality of its own Confidential Information of similar importance. Notwithstanding the foregoing, the Recipient may disclose the Discloser's Confidential Information (a) to employees and consultants that have a need to know such information, provided that each such employee and consultant is under a duty of nondisclosure that is substantially comparable with the confidentiality and nondisclosure provisions herein, and (b) to the extent the Recipient is legally compelled to disclose such Confidential Information, provided that if permitted by applicable law and regulations the Recipient shall give advance notice of such compelled disclosure to the Discloser, and shall cooperate with the Discloser in connection with any efforts to prevent or limit the scope of such disclosure and use of the Confidential Information.

7. INDEMNIFICATION

7.1 Indemnification.

(a) Indemnification by the Receiving Entity. The Receiving Entity shall indemnify, defend and hold harmless the Seconding Entity and its officers, directors and employees from and against any and all claims related to (a) the actions or omissions of any Secondee in the course and scope of his or her services to the Receiving Entity during his or her Secondment Period, and (b) any breach by the Receiving Entity of this Agreement.

(b) Indemnification by the Seconding Entity. The Seconding Entity shall indemnify, defend and hold harmless the Receiving Entity and its officers, directors and employees from and against any and all claims related to (a) the actions or omissions of the Seconding Entity with respect to any Secondee, and (b) any breach by the Seconding Entity of this Agreement.

7.2 Indemnification Procedures. If an indemnified party (an "Indemnified Party") becomes aware of a claim for which indemnification may be sought hereunder, then such Indemnified Party shall give notice thereof (a "Claim Notice") to the indemnifying party (an "Indemnifying Party") as promptly as practicable. The failure of an Indemnified Party to give a timely Claim Notice hereunder shall not affect its rights to indemnification hereunder. If the Indemnifying Party acknowledges in writing to the Indemnified Party that the Indemnifying Party is obligated under the terms of its indemnity hereunder in connection with the claim set forth in a Claim Notice, then the Indemnifying Party shall be entitled, at its own cost, risk and expense, to compromise or settle such claim, which compromise or settlement shall be made only with the prior written consent of the Indemnified Party (such consent not to be unreasonably withheld), unless such compromise or settlement relates solely to the payment of cash by the Indemnifying Party. The Parties shall cooperate with each other in any notifications to insurers. If the Indemnifying Party fails to assume the defense of such claim after receipt of the Claim Notice, then the Indemnified Party shall (upon delivering notice to such effect to the Indemnifying Party) have the right, but not the obligation, to undertake, at the Indemnifying Party's cost and expense, the defense, compromise or settlement of such claim on behalf of, and for the account and risk of, the Indemnifying Party. In the event the Indemnified Party assumes the defense of the claim, the Indemnified Party will keep the Indemnifying Party timely informed of the progress of any such defense, compromise or settlement. The Indemnifying Party shall be liable for any settlement of any claim in accordance with this Section 7.2, and the Indemnifying Party agrees to indemnify and hold harmless the Indemnified Party from and against any claims by reason of such settlement.

8. TERM AND TERMINATION

8.1 Term. This Agreement shall be effective as of the date hereof, and shall continue in full force and effect until the expiration of the Secondment Period for all of the Secondees (the "Term").

8.2 Effect of Termination.

(a) Continuing Liability. Termination of this Agreement for any reason shall not (a) release either Party from any liability, obligation or agreement which has already accrued at the time of termination, or (b) constitute a waiver or release of, or otherwise be deemed to prejudice or adversely affect, any rights, remedies or claims, whether for damages or otherwise, which a Party may have under this Agreement, at law or otherwise, or which may arise out of or in connection with such termination.

(b) Survival. The provisions of Sections 2.3(a), 2.4, and 4.3 with respect to any payment obligations which accrued prior to, and remain outstanding as of, the expiration of the Term, and Sections 1.1, 2.3(c), 5, 6, 7 and 9 and this Section (b) shall survive any termination of this Agreement.

9. NOTICES

9.1 Addresses. Any notice, claim or demand in connection with this Agreement or with any litigation under this Agreement (each a "Notice") shall be sufficiently given if delivered or sent to the recipient at its fax number or address set out in Schedule 9.1 or any other fax number or address notified to the sender by the recipient for the purposes of this Agreement.

9.2 Form. Any Notice shall be deemed to have been received on the next working day in the place to which it is sent, if sent by fax, or three Business Days from the date deposited with a courier, if sent by international courier, or five Business Days from the date of posting, if sent by post.

9.3 Contact Person. The person named by each Party in Schedule 9.1 shall be the primary point of contact at that Party for all matters relating to this Agreement. Each Party agrees that it will exercise its rights and send and receive all notices under this Agreement through such person or to any alternative person specified by a Party by giving not less than five Business Days' written notice to the other Party.

10. GENERAL

10.1 Whole Agreement. This Agreement contains the whole agreement between the Parties relating to the subject matter of this Agreement at the Effective Date to the exclusion of any terms implied by applicable law which may be excluded by contract and supersedes any previous written or oral agreement between the Parties in relation to the matters dealt with in this Agreement except as otherwise set forth in the Stock Purchase Agreement.

10.2 No Partnership. Nothing in this Agreement shall be deemed to constitute a partnership between the Parties and no Party shall be deemed to be the agent of the other Party for any purpose.

10.3 Waiver. No failure of a Party to exercise, and no delay by it in exercising, any right, power or remedy in connection with this Agreement (each, a "Right") shall operate as a waiver of that Right, nor shall any single or partial exercise of any Right preclude any other or further exercise of such Right or the exercise of any other Right. Any express waiver of any breach of this Agreement shall not be deemed to be a waiver of any subsequent breach.

10.4 Variation. No variation of this Agreement shall be effective unless in writing and signed by or on behalf of each of the Parties.

10.5 Assignment. This Agreement shall be binding on and inure to the benefit of the Parties and their successors and permitted assigns. Except as otherwise provided in this Agreement, the Parties may not assign or transfer all or any part of their rights or obligations under this Agreement or any benefit arising under or out of this Agreement.

10.6 Further Assurances. At any time after the date hereof, each Party shall, at its own cost, execute such documents and do such acts and things for the purpose of giving to the other Party the full benefit of the provisions of this Agreement.

10.7 Invalidity. If any provision in this Agreement shall be held to be illegal, invalid or unenforceable, in whole or in part, under any enactment or rule of law, such provision or part shall to that extent be deemed not to form part of this Agreement but the legality, validity and enforceability of the remainder of this Agreement shall not be affected.

10.8 Counterparts. This Agreement may be entered into in any number of counterparts, each of which shall be deemed an original, and all of which taken together shall constitute one and the same instrument.

10.9 Costs. Each Party shall bear all costs incurred by it in connection with the preparation, negotiation and entry into this Agreement and the documents to be entered into pursuant to it.

10.10 Language. This Agreement shall be in the English language, and any translation of this Agreement into any other language other than Japanese by either Party shall be for convenience purposes only. In the event of any conflict between this Agreement and a convenience translation, this Japanese version shall prevail.[5]

10.11 Governing Law. This Agreement and the legal relations among the Parties shall be governed by and construed in accordance with the laws of Japan without giving effect to any law or rule that would cause the laws of any jurisdiction other than Japan to be applied.

11. Negotiation Procedures; Consent to Jurisdiction, Service of Process and Venue

11.1 Negotiation Procedure.

(a) Good Faith Discussions. The Parties intend that all disputes, controversies or differences between the Parties arising out of or in relation to or in connection with this Agreement shall be settled by the Parties amicably through good faith discussions upon the written request of either Party.

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5 The original of this agreement will be in the Japanese language.

(b) Negotiation Procedures. Prior to filing suit, instituting a judicial or administrative proceeding, or seeking other judicial or governmental resolution (each, a "Proceeding") in connection with any dispute between the Parties or any of their subsidiaries arising out of or in relation to or in connection with this Agreement, the Parties will attempt to resolve such dispute by good faith negotiations. Such negotiations shall proceed as follows:

(i) Any Party may send a written notice to another Party requesting such negotiations. Promptly following receipt of such notice by the receiving Party, each Party shall cause the individual designated by it as having general responsibility for this Agreement to meet in person with the individual so designated by the other Party to discuss the dispute.

(ii) If the dispute is not resolved within thirty (30) days after the first meeting between such individuals (or, if earlier, within forty five (45) days of the notice referred to in clause (a) above), then, upon the written request of any Party, each Party shall cause the individual designated by it as having general responsibility for the overall relationship defined by this Agreement to meet in person with the individual so designated by the other Party to discuss the dispute.

(iii) If the dispute is not resolved within fifteen (15) days after the first meeting between such individuals (or, if earlier, within thirty (30) days of the notice referred to in clause (b) above), then, upon the written request of either Party, each Party shall nominate one corporate officer, which corporate officers shall meet in person and attempt in good faith to negotiate a resolution to the dispute.

Except and only to the limited extent provided in Section (c), neither Party shall file suit, institute a Proceeding or seek other judicial or governmental resolution of the dispute until at least thirty (30) days after the first meeting between the corporate officers described in clause (iii) above (or if earlier forty five (45) days after the notice referred to in such clause (iii)) but after the expiration of such periods, either Party may file suit, institute a Proceeding or seek other judicial or governmental resolution. For purposes of this Agreement, the procedures set forth in this Section (b) shall be referred to as the "Negotiation Procedures".[6]

(c) Institution of Proceedings. Notwithstanding the provisions of Section (b), any Party may institute a Proceeding at any time seeking a preliminary injunction, temporary restraining order, or other equitable relief, if necessary in the sole judgment of that Party to avoid material harm to its property, rights or other interests, before commencing, or at any time during the course of, the dispute procedure described in Section (b). In addition, any Party may file an action prior to the commencement of or at any time during or after the dispute resolution procedures in Section (b) if in the sole judgment of that Party it is necessary to prevent the expiration of a statute of limitations or filing period or the loss of any other substantive or procedural right.

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6 Negotiation Process proposal under further review.

11.2 Consent to Jurisdiction, Service of Process and Venue. Each of the Parties irrevocably and unconditionally submits to the exclusive jurisdiction of the Tokyo District Courts for the purposes of any action, suit, proceeding, hearing, order, charge or complaint (each, an "Action") or other proceeding arising out of or in relation to or in connection with this Agreement (and agrees that no such Action or proceeding arising out of or in relation to or in connection with this Agreement shall be brought by it or any of the subsidiaries except in such courts).

[*Remainder of page intentionally blank.***]**

IN WITNESS WHEREOF, each Party has caused its duly authorized representative to execute this Secondment Agreement as of the date first written above.

By: _____
Name: _____
Title: _____

By: _____
Name: _____

Title: _____

[Signature Page to Secondment Agreement]

ANNEX A

DEFINITIONS

"Action" has the meaning specified in Section 11.2.

"Agreement" has the meaning set forth in the preamble.

"Affiliate" means any person or entity now or hereafter controlling, controlled by or under common control with another person or entity.

"Benefit Arrangements" means any plan, program, policy, practice or arrangement relating to insurance, bonuses, vacation, profit-sharing, stock options, disability, pension, retirement, allowances, welfare, healthcare, unemployment or any other benefits to employees or former employees, their beneficiaries or dependents.

"Business Day" means a day, other than Saturday, Sunday or public holidays in Japan.

"Claim Notice" has the meaning specified in Section 7.2.

"Confidential Information" has the meaning specified in Section 6.

"Confidentiality Rules" has the meaning specified in Section 2.3(b).

"Discloser" has the meaning specified in Section 6.1.

"Employee IPR" has the meaning specified in Section 2.3(c)(ii).

"Secondment Period" has the meaning specified in Section 2.1(b).

"Indemnified Party" has the meaning specified in Section 7.2.

"Indemnifying Party" has the meaning specified in Section 7.2.

"IPR Rules" has the meaning specified in Section 2.3(c)(ii).

"Negotiation Procedures" has the meaning specified in Section 11.1(b).

"Notice" has the meaning specified in Section 9.1.

"Parties" or "Party" has the meaning set forth in the preamble.

"Proceeding" has the meaning specified in Section 11.1(b).

"Receiving Entity" has the meaning set forth in the preamble.

"Recipient" has the meaning specified in Section 6.1.

"Right" has the meaning specified in Section 10.3.

"Secondee" has the meaning specified in Section 2.1(a).

"Seconding Entity" has the meaning set forth in the preamble.

"Secondment Period" has the meaning specified in Section 2.1(b)(ii).

"Stock Purchase Agreement" has the meaning specified in the Recitals.

"Term" has the meaning specified in Section 8.1.

SCHEDULE 2.1

SECONDEES

SCHEDULE 9.1

ADDRESS FOR NOTICES

SCHEDULE 6.6

ANTITRUST GOVERNMENTAL ENTITIES

After review of applicable Antitrust Laws, the Parties have determined that the list of jurisdictions set forth on Schedule 6.6 should be the following:

1. China

2. Mexico

3. Turkey

4. Brazil

SCHEDULE 7.2

ANTITRUST JURISDICTIONS

After review of applicable Antitrust Laws, the Parties have determined that the list of jurisdictions set forth on Schedule 7.2 should be the following:

1. European Union (EU Merger Regulation)

2. China

3. Japan

4. Mexico

5. South Korea

6. Taiwan

7. Turkey

8. United States of America

9. Brazil

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 2010 Annual Meeting of Stockholders (the "Named Executive Officers") are as follows:

Named Executive Officer	**Title**	**Current Base Salary**
John F. Coyne	President and Chief Executive Officer	$ 1,000,000
Timothy M. Leyden	Chief Operating Officer	$ 600,000

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 second half of fiscal 2011, are further described in the Company's current report on form 8-K filed with the Securities and Exchange Commission on February 15, 2011, 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 2010 Annual Meeting of Stockholders.

DIRECTORS

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:

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	$ 10,000
• Compensation Committee	$ 5,000
• Governance Committee	$ 2,500
Additional Committee Chairman Retainers	
• Audit Committee	$ 15,000
• Compensation Committee	$ 10,000
• Governance Committee	$ 7,500

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.

Exhibit 10.2

EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement") is entered into by and between Western Digital Corporation (the "Company") and John F. Coyne ("Executive"), as of the 7th day of March, 2011. This Agreement is being entered into in connection with the Company's entry into a Stock Purchase Agreement by and among the Company, Western Digital Ireland, Ltd., Hitachi, Ltd. and Viviti Technologies Ltd. dated on or about the date hereof (the "Stock Purchase Agreement"), and shall become effective on the date hereof (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 Effective Date, provided that if the transactions contemplated by the Stock Purchase Agreement successfully close, the employment term shall automatically extend until the fifth anniversary of the date of the closing (the "Closing Date") of the transactions contemplated by the Stock Purchase Agreement ("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 at the end of the Employment Period.

2. DUTIES.

A. Chief Executive Officer. On the Effective Date, Executive shall serve as 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 Chief Executive Officer as the Board of Directors of the Company shall determine from time to time.

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. During the Employment Period, the Company will pay to Executive a base salary at the rate of $1,000,000 per year. Such 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 during the Employment Period for purposes of the Company's semi-annual Incentive Compensation Plan (ICP) bonus program 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 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. 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. 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. However, for the Company's 2012 fiscal year, if the transactions contemplated by the Stock Purchase Agreement successfully close prior to the Company's normal fiscal 2012 annual grant cycle that is expected to occur in September 2011, the Executive shall be eligible to receive long-term incentive awards at the first Compensation Committee meeting occurring after the Closing Date instead of at the time of the normal fiscal 2012 annual grant cycle. Any long-term incentive awards granted to the Executive will be subject to the Company's customary terms and conditions, provided that any restricted stock units granted to Executive during the Employment Period shall be scheduled to vest in three substantially equal annual installments.

B. Integration Performance Units. As part of the Company's integration bonus plan that will be established in connection with, and subject to, the closing of the transactions contemplated by the Stock Purchase Agreement, it will be recommended to the Compensation Committee that Executive receive a grant of performance restricted stock units equal to that number of units having a target value on the grant date equal to $4,000,000 (the "Integration Performance Units"). Subject to the closing of the transactions contemplated by the Stock Purchase Agreement, the Integration Performance Units are expected to be granted at the first Compensation Committee meeting occurring after the Effective Date. The actual number of Integration Performance Units that may become earned and payable will range from 0% to 200% of the target number of Integration Performance Units awarded on the grant date, with the actual number of Integration Performance Units becoming earned and payable to be based on the Company's achievement of the applicable performance milestones. The performance milestones applicable to the Integration Performance Units will be determined by the Compensation Committee in consultation with Executive following the Effective Date. Subject to Executive's continued employment through the first anniversary of the Effective Date, fifty percent (50%) of the target number of Integration Performance Units shall become earned and payable within seventy days following the first anniversary of the Effective Date based on performance during the first year following the Effective Date. Subject to Executive's continued employment through the second anniversary of the Effective Date, the remaining fifty percent (50%) of the target number of Integration Performance Units shall become earned and payable within seventy days following the second anniversary of the Effective Date based on performance during the second year following the Effective Date. The integration bonus plan will provide that in the event Executive's employment is terminated under circumstances that give rise to the payment of severance payments under either the Company's Executive Severance Plan or 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), then Executive shall be entitled to receive payment of the target number of his Integration Performance Units applicable to any in-progress or future portion of the applicable performance periods within seventy days following the date of such termination of employment (and for the avoidance of doubt, and not in any way in limitation of Executive's rights to earn the Integration Performance Units based on performance, if such a termination occurs after the first anniversary of the Effective Date, Executive shall not be entitled to receive by virtue of his termination of employment any Integration Performance Units attributable to the first year following the Effective Date).

C. Special Incentive Vesting and Exercisability From Prior Agreement. Subject to Executive's continued employment through January 1, 2012, following the termination of Executive's employment with the Company (regardless of the reason, other than a termination by the Company for Cause (as defined in Section 5)), Executive will (i) be fully vested in any stock options granted to him by the Company prior to January 1, 2012 and Executive will have three years from the date of such termination to exercise such stock options (subject to earlier termination on the expiration of the maximum applicable term of such stock options or, as provided in the applicable agreement evidencing such options and the equity incentive plan of the Company under which they are granted, the occurrence of a change in control of the Company and similar events) and (ii) be eligible to receive a pro-rata portion of any outstanding Performance Cash Award granted to him prior to January 1, 2012 equal to the amount that Executive would have been entitled to had he continued to be employed through the applicable payment date, multiplied by a fraction the numerator of which is the number of days in the performance period that Executive was employed by the Company and the denominator of which is the total number of days in the performance period. Any such payment(s) shall be made at the same time as amounts are paid generally with respect to the applicable performance period.

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 the duties of Chief Executive Officer 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"), dated March 3, 1997, 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 supersede and replace Executive's existing Employment Agreement with the Company entered into as of October 31, 2006 (the "Prior Employment Agreement"), and the Prior Employment Agreement shall automatically terminate and be of no force and effect on the Effective Date.

[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/ Michael C. Ray
Name: Michael C. Ray
Title: Vice President, General Counsel and Secretary

EXECUTIVE:

By: /s/ John F. Coyne
Name: John F. Coyne

Exhibit 10.3

EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement") is entered into by and between Western Digital Corporation (the "Company") and Timothy M. Leyden ("Executive"), as of the 7th day of March, 2011. This Agreement is being entered into in connection with the Company's entry into a Stock Purchase Agreement by and among the Company, Western Digital Ireland, Ltd., Hitachi, Ltd. and Viviti Technologies Ltd. dated on or about the date hereof (the "Stock Purchase Agreement"), and shall become effective on the date of the closing of the transactions contemplated by the Stock Purchase Agreement (the "Effective Date"). If the transactions contemplated by the Stock Purchase Agreement fail to close for any reason, or if the Stock Purchase Agreement terminates for any reason without the transactions contemplated thereby closing, this Agreement shall automatically terminate and be of no force and effect.

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 Effective Date ("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. Chief Operating Officer. On the Effective Date, Executive shall serve as Chief Operating Officer of the Company and shall report to the Company's President. The Company's Chief Executive Officer currently intends to establish an "Office of the Chief Executive Officer" to help guide the strategic direction and leadership tone of the Company following the closing of the transactions contemplated by the Stock Purchase Agreement, and to help guide integration activities. In the event the "Office of the Chief Executive Officer" is established, the Executive shall be included as a member of the Office of the Chief Executive Officer during the Employment Period.

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. During the Employment Period, the Company will pay to Executive a base salary at the rate of $700,000 per year. Such 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 during the Employment Period for purposes of the Company's semi-annual Incentive Compensation Plan (ICP) bonus program shall be 110% 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 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. 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. 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. However, for the Company's 2012 fiscal year, if the Effective Date occurs prior to the Company's normal fiscal 2012 annual grant cycle that is expected to occur in September 2011, the Executive shall be eligible to receive long-term incentive awards at the first Compensation Committee meeting occurring after the Effective Date instead of at the time of the normal fiscal 2012 annual grant cycle. Any long-term incentive awards granted to the Executive will be subject to the Company's customary terms and conditions.

B. Integration Performance Units. As part of the Company's integration bonus plan that will be established in connection with the closing of the transactions contemplated by the Stock Purchase Agreement, it will be recommended to the Compensation Committee that Executive receive a grant 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 "Integration Performance Units"). The Integration Performance Units are expected to be granted at the first Compensation Committee meeting occurring after the Effective Date. The actual number of Integration Performance Units that may become earned and payable will range from 0% to 200% of the target number of Integration Performance Units awarded on the grant date, with the actual number of Integration Performance Units becoming earned and payable to be based on the Company's achievement of the applicable performance milestones. The performance milestones applicable to the Integration Performance Units will be determined by the Compensation Committee in consultation with the Chief Executive Officer of the Company following the Effective Date. Subject to Executive's continued employment through the first anniversary of the Effective Date, fifty percent (50%) of the target number of Integration Performance Units shall become earned and payable within seventy days following the first anniversary of the Effective Date based on performance during the first year following the Effective Date. Subject to Executive's continued employment through the second anniversary of the Effective Date, the remaining fifty percent (50%) of the target number of Integration Performance Units shall become earned and payable within seventy days following the second anniversary of the Effective Date based on performance during the second year following the Effective Date. The integration bonus plan will provide that in the event Executive's employment is terminated under circumstances that give rise to the payment of severance payments under either the Company's Executive Severance Plan or 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), then Executive shall be entitled to receive payment of the target number of his Integration Performance Units applicable to any in-progress or future portion of the applicable performance periods within seventy days following the date of such termination of employment (and for the avoidance of doubt, and not in any way in limitation of Executive's rights to earn the Integration Performance Units based on performance, if such a termination occurs after the first anniversary of the Effective Date, Executive shall not be entitled to receive by virtue of his termination of employment any Integration Performance Units attributable to the first year following the Effective Date).

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 the duties of Chief Operating Officer 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. If the transactions contemplated by the Stock Purchase Agreement fail to close for any reason, or if the Stock Purchase Agreement terminates for any reason without the transactions contemplated thereby closing, this Agreement shall automatically terminate and be of no force and effect.

[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/ Timothy M. Leyden
Name: Timothy M. Leyden

TRANSITION SERVICES AGREEMENT

THIS TRANSITION SERVICES AGREEMENT (this "Agreement") is entered into as of March 7, 2011 (the "Effective Date"), by and among Hitachi, Ltd., a company incorporated under the laws of Japan ("Seller"), Viviti Technologies Ltd., a company incorporated under the laws of the Republic of Singapore and, prior to the Closing, a wholly-owned subsidiary of Seller ("Company"), and, solely with respect to Section 1.4 and Section 1.13(c) hereof, Western Digital Corporation, a Delaware corporation (the "Buyer Parent"). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Purchase Agreement (as defined below).

RECITALS

WHEREAS, concurrently with the execution of this Agreement, 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 ("Buyer"), Seller and Company have entered into a Stock Purchase Agreement (the "Purchase Agreement") pursuant to, and subject to the terms thereof, Buyer is to acquire from Seller all of Seller's right, title and interest in and to the Stock; and

WHEREAS, as contemplated by the Purchase Agreement, Seller shall provide, and, as applicable, shall cause its Affiliates, Representatives and Authorized Third Parties (each as defined below) to provide, Company and the Subsidiaries certain services reasonably necessary for the operation of Company and the Subsidiaries for a limited period of time following the Closing, pursuant to and in accordance with the terms of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein and other good and valid consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

ARTICLE I

SERVICES

1.1 Services.

(a) As partial consideration for Buyer's payment of the Cash Portion of the Purchase Price and subject to the terms and conditions of this Agreement, Seller shall provide, and, as applicable, shall cause its Affiliates, Representatives and Authorized Third Parties to provide, to Company and the Subsidiaries the services described on Exhibit A attached hereto (the "Services") for the period from the Closing Date until the termination or expiration of this Agreement pursuant to Article III below (the "Transition Period") solely to the extent that (1) such Services are provided by Seller or its Affiliates to Company or any of the Subsidiaries as of the Closing Date, and (2) such Services are reasonably necessary to support during the Transition Period the operation of Company and the Subsidiaries in all material respects as they were operated as of the Closing Date. Seller shall provide the Services to Company and the Subsidiaries in substantially the same manner as Seller provided such services to Company and the Subsidiaries as of the Closing Date. For purposes of this Agreement, "Representatives" means, with respect to Seller, its directors, officers, employees, financial advisors, attorneys, accountants, consultants, agents and other authorized representatives, acting in such capacity.

(b) Seller shall, and as applicable, shall cause its Affiliates, Representatives and Authorized Third Parties to, (i) materially comply with all applicable Laws relating to the performance of the Services; and (ii) materially comply with any reasonable confidentiality, security, privacy or other policies of Company and the Subsidiaries relating to the performance of the Services which have been provided to Seller reasonably in advance.

(c) To the extent permitted by applicable Law, Seller agrees to pass through to Company and the Subsidiaries any rights Seller may have with respect to Authorized Third Parties in connection with any failure by such Authorized Third Parties to materially comply with all applicable Laws relating to the performance of the Services or to materially comply with any reasonable confidentiality, security, privacy or other policies of Seller or Company or the Subsidiaries relating to the performance of the Services.

(d) Company shall use, and shall cause the Subsidiaries to use, the Services only for substantially the same purpose and in substantially the same manner and amount as the Services were used by Company and the Subsidiaries as of the Closing Date; provided, however, that the scope and amount of the Services may be reduced by Company as specified herein.

(e) Notwithstanding anything herein to the contrary, the Services shall not include (i) the provision of any funding or financial accommodation and (ii) any service that is directly provided by any third party to Company or any of the Subsidiaries under an agreement between such third party and Company or any such Subsidiary.

1.2 Additional Services. Company may request that Seller and/or its Affiliates and Authorized Third Parties provide additional transition services required by Company or the Subsidiaries which have not been addressed herein and which are reasonably necessary to support the operation of Company or any Subsidiary during the Transition Period as Company or such Subsidiary was operated in all material respects as of the Closing Date. Company shall request such additional services from Seller in writing within thirty (30) calendar days of the Closing Date. Within five (5) Business Days of Seller's receipt of Company's written request for such additional services, the Service Coordinators (as defined below) shall commence negotiations, in good faith, with respect to the scope, duration and price (which may be a market price) of such additional services to be provided during the Transition Period. Within five (5) Business Days of agreement on such items, the parties shall work in good faith to set forth the additional agreed-upon services in a new services description, in a format similar to that set forth in Exhibit A. Upon the mutual written agreement to such new services description, the additional agreed-upon services shall be deemed "Services" under this Agreement, and such new schedule shall be deemed incorporated into Exhibit A and shall in all other respects be subject to the terms and conditions of this Agreement. Notwithstanding the foregoing, Seller has no obligation to agree to provide any service pursuant to this Section 1.2 to the extent such service (a) (i) had not been provided by Seller, its Affiliates or any Authorized Third Party to Company or any of the Subsidiaries as of the Closing Date ("Existing Services") and (ii) is not related to the transition from the Existing Services; or (b) does not require any historical or institutional knowledge or unique capabilities on the part of Seller or its Affiliates.

1.3 Service Schedules. The parties acknowledge and agree that the descriptions of Services in Exhibit A are general only and do not purport to contain an exhaustive description of the Services to be provided. The parties further acknowledge and agree that it may not be practicable to describe each and every aspect of a particular Service in detail; therefore, each Service that is generally agreed upon by the parties and included in Exhibit A will be provided in accordance with the applicable terms of this Agreement, consistent with the past practices of the parties even where all aspects regarding the provision of a particular Service is not described in detail.

1.4 Service Coordinators. Each of Seller and Company shall nominate a representative to act as the primary contact person with respect to the provision of the Services (each such person, a "Service Coordinator"); provided that Buyer Parent shall have the right to consent to the identity of the representative nominated by Company, such consent not be unreasonably withheld or delayed . The Service Coordinators shall be managerial-level employees of Company and Seller, as applicable. The initial Service Coordinators shall be Toyoki Furuta for Seller and a designee to be provided promptly after the Effective Date for Company, and each of their respective phone numbers, facsimile numbers and email addresses shall be set forth on an update made promptly after the Effective Date to Schedule 1 attached hereto. Each of Seller and Company may, in its sole discretion, change its Service Coordinator from time to time by providing written notice to the other party of such change and the relevant contact information for the new Service Coordinator at least three (3) Business Days prior to such change taking effect. Unless Seller and Company otherwise agree in writing, all communications relating to this Agreement or to the Services shall be directed to the Service Coordinators in accordance with Section 5.3 hereof. At Company's Service Coordinator request, Seller's Service Coordinator shall provide Company's Service Coordinator with an estimate of Service Fees and Expenses for the Services.

1.5 Insurance. During the Transition Period, Seller shall maintain adequate insurance for the conduct of the Services in form and coverage consistent with Seller's current coverage as of the Effective Date.

1.6 Subcontractors. Seller may subcontract any of its obligations under this Agreement to third-party service providers which have been approved by Company in writing ("Authorized Third Parties"), which approval shall not be unreasonably withheld or delayed. The Authorized Third Parties include those parties so identified in Exhibit A.

1.7 Consents. Seller shall use commercially reasonably efforts to obtain all material licenses, approvals and consents of any third party required by Seller to provide the Services (collectively "Required Consents"). If notwithstanding such commercial reasonable efforts, Seller is unable to provide any Service because of a failure to obtain such material licenses, approvals or consents, or Seller reasonably believes that performance of the Service would infringe or misappropriate a third party's intellectual property rights, the parties shall cooperate to determine the best alternative approach.

1.8 Intellectual Property.

(a) Developed IP. Subject to Company's compliance with the terms and conditions of this Agreement, including payment of all Service Fees and Expenses, Seller hereby assigns and agrees to assign all of its right, title and interest in and to the Developed IP to Company. Company shall have the sole right to apply for, file, register, or otherwise seek Intellectual Property Rights with respect to Developed IP, including the right to seek Patent protection for inventions that constitute Developed IP, if any. Seller will provide (and will use commercially reasonable efforts to cause any inventors of Developed IP in Seller's or its Subsidiaries' employ to provide) reasonable information and assistance, at Company's cost and expense, to effect the assignment of rights pursuant to this Section 1.8(a). With respect to any Developed Technology, Seller reserves and Company hereby grants and agrees to grant to Seller and its Subsidiaries, under the Developed Intellectual Property Rights, a worldwide, non-exclusive, perpetual and irrevocable license to use such Developed Technology in the ordinary course of its business. With respect to any Patents within the Developed Intellectual Property Rights, Seller reserves and Company hereby grants and agrees to grant to Seller and its Subsidiaries a worldwide, non-exclusive, perpetual and irrevocable license to make, have made, use, sell, offer for sale, and import any article of manufacture or composition of matter and practice any method or process.

(b) Background IP. To the extent, if any, that any Background Technology is embodied in any Deliverables provided to Company under this Agreement, subject to Company's compliance with the terms and conditions of this Agreement, including payment of all Service Fees and Expenses, Seller hereby grants and agrees to grant to Company, under Seller's Background Intellectual Property Rights, a worldwide, non-exclusive, perpetual, and irrevocable license to use such Background Technology, solely as embodied in such Deliverables, in the ordinary course of Company's business.

(c) No Other Rights. Except as expressly set forth in this Agreement, neither party grants any rights in or to its Technology or Intellectual Property Rights pursuant to this Agreement. As between the parties, each party shall be solely responsible to prepare, file, prosecute, maintain, and enforce its Intellectual Property Rights in its discretion and at its own cost. Except as expressly set forth in this Agreement, there shall be no right, license, authority, covenant not to sue, immunity from suit, or other defense, whether by implication, by reason of exhaustion, estoppel, or otherwise pursuant to or as a result of this Agreement or the activities of the parties under this Agreement.

(d) Seller will use commercially reasonable efforts to identify to Company any Patents owned by Seller and claiming Background Technology Seller expects to be embodied in Deliverables to be delivered to Company in connection with the provision of the Services under which Seller does not have the right to grant to company a license of the scope set forth in Section 1.8(b) without incurring an obligation to pay a royalty or other consideration to a third party.

(e) As used in this Section 1.8:

(i) "Background Intellectual Property Rights" means Intellectual Property Rights, if any, owned by Seller that are (a) embodied in Background Technology, and (b) not Developed Intellectual Property Rights; *provided*, *however*, that a Patent will be a Background Intellectual Property Right only if Seller has the right to grant to Company a license of the scope set forth in Section 1.8(b) under such Patent without incurring any obligation to pay any royalty or other consideration to any third party.

(ii) "Background Technology" means Technology, if any, owned by Seller or its Subsidiaries that is (a) embodied in any Deliverable, and (b) not Developed Technology.

(iii) "Deliverables" means the deliverables, if any, to be provided by Seller as part of the Services performed pursuant to this Agreement.

(iv) "Developed Intellectual Property Rights" means Intellectual Property Rights to the extent such Intellectual Property Rights (i) are first created by Seller in the course of its performance of the Services pursuant to this Agreement and within the scope and during the term of this Agreement, and (ii) are embodied in Developed Technology. For the avoidance of doubt, "Developed Intellectual Property Rights" includes the right to seek Patent protection for inventions that constitute Developed Intellectual Property, if any, but does not include any Patents or Patent applications of Seller or its Subsidiaries.

(v) "Developed IP" means, collectively, Developed Technology and Developed Intellectual Property Rights.

(vi) "Developed Technology" means Technology embodied in any Deliverable to the extent such Technology is first developed or created by Seller in the course of its performance of the Services pursuant to this Agreement and within the scope and during the term of this Agreement.

(vii) "Intellectual Property Rights" means Patents, copyrights, and rights with respect to trade secrets, whether arising under the laws of the United States, Japan or any other jurisdiction, including, in each case, any rights apply for, register, and enforce any of the foregoing. Notwithstanding the foregoing, "Intellectual Property Rights" does not include any trademark rights or similar rights with respect to indicia of source or origin.

(viii) "Patents" means all classes and types of patents, including utility patents, utility models, design patents, invention certificates, including divisionals, continuations, continuations-in-part, reexaminations, reissues, extensions and renewals, in all jurisdictions of the world.

(ix) "Software or Firmware" means a set of instructions, that either (i) directly provides instructions to the computer hardware, or, (ii) indirectly serves as an input to another piece of software.

(x) "Technology" means inventions, know-how, designs, specifications, Software or Firmware and other copyrightable material, technical information, devices, and other developments and technology.

1.9 Use of Services. Seller shall be required to provide, or cause its Affiliates to provide, Services only to Company and the Subsidiaries, and only in connection with the operation of Company and the Subsidiaries in existence as of the Closing Date. Company shall not, and shall not permit any of the Subsidiaries or any third parties under its control to, resell any Services to any Person whatsoever or permit the use of the Services by any Person other than in connection therewith.

1.10 Interruption of Transition Services. Subject to Section 5.14, Seller may cease or suspend providing, or have its Affiliates, Representatives or Authorized Third Parties cease or suspend providing, as applicable, the Services to Company and the Subsidiaries if and to the extent such cessation or suspension is (i) required by applicable Law, (ii) necessary due to regularly scheduled maintenance, alterations, repairs or replacements with respect to the applicable Services or the facilities used to provide such Services, (iii) necessary due to emergency maintenance, alterations, repairs or replacements with respect to the applicable Services or the facilities used to provide such Services, or (iv) necessary due to the temporary shutdown of the operation of the facilities providing any Service whenever Seller determines such action is necessary in the exercise of its reasonable judgment.

1.11 Cooperation. Company shall cooperate, and shall cause the Subsidiaries to cooperate, with Seller, its Affiliates, Representatives and Authorized Third Parties, and provide such Persons with such information and assistance as such Persons may reasonably require to enable them to provide the Services. Company shall allow, and shall cause the Subsidiaries to allow, such Persons and their respective employees, agents and sub-contractors reasonable access to its facilities as necessary for the performance of the Services.

1.12 Transitional Nature of Services. The parties acknowledge that the Services are transitional in nature and that Seller and its Affiliates may make changes from time to time in the manner in which the Services are performed if Seller (i) makes similar changes in the manner in which similar services are performed for its Affiliates and (ii) furnishes to Company substantially the same notice (in consent and timing) as Seller furnishes to its own Affiliates respecting such changes.

1.13 Consultation Period.

(a) The Service Coordinators shall collectively review, as promptly as reasonably practicable after the Effective Date, the Services listed on Exhibit A to determine if they properly reflect the Existing Services that are reasonably necessary, during the Transition Period, to support the operation of Company or the Subsidiaries as Company or such Subsidiary was operated in all material respects as of the Closing Date ("Needed Services"). In connection with such review, Company shall have the right to amend Exhibit A to add any Needed Services to Exhibit A at any time prior to the date that is forty-five (45) days after the Closing Date; provided that (a) the parties shall use reasonable efforts to complete such review and such amendment, if any, of Exhibit A, within the sixty (60) day period after the Effective Date (such period, the "Consultation Period"); and (b) Company shall not have a right to update Exhibit A with respect to adding any services relating to intellectual property matters. Notwithstanding the foregoing, no amendments to Exhibit A shall be made prior to Closing without Buyer Parent consent, such consent not to be unreasonably withheld or delayed.

(b) During the Consultation Period, the Service Coordinators shall discuss in good faith details with respect to the process of invoicing by Seller and its Affiliates for the Services pursuant to Section 4.2, including determining whether a monthly billing cycle is appropriate for the invoicing of specific Services.

(c) The parties hereby acknowledge and agree that the agreements set forth on Exhibit B hereto, as may be amended prior to the Closing Date as contemplated by this Section 1.13(c), shall survive the Closing and remain in effect in accordance with their terms. As soon as practicable after the Effective Date, the Service Coordinators shall collectively review and discuss whether any agreements (other than those listed on Exhibit B as of the Effective Date) between Seller or any of its Affiliates (not including Company and the Subsidiaries) on the one hand, and Company or any of the Subsidiaries on the other hand (any such agreement, an "Affiliate Agreement"), should survive the Closing. The Service Coordinators shall endeavor to make a recommendation to Seller and Buyer Parent with respect to the treatment of such Affiliate Agreements as soon as reasonably practicable but in any event no later than the expiration of the Consultation Period; provided that if there are Affiliate Agreements the treatment of which is not agreed to by the Service Coordinators, such Service Coordinators may make separate recommendations to be considered by Seller and Buyer Parent. Seller and Buyer Parent agree to promptly discuss such treatment in good faith based on the recommendations of the Service Coordinators with the intention of resolving any disagreements between them as soon as reasonably practicable. Without limiting the generality of the foregoing, the Service Coordinators shall make specific recommendations to Seller and Buyer Parent about (a) the survival of any provisions of the Affiliate Agreements addressing inventor compensation with respect to consideration received in connection with licenses granted under Patents which list as inventors any individuals who were employees or agents of Seller or any of its Affiliates (other than Company and the Subsidiaries) when the invention claimed in such Patent was conceived or reduced to practice and which Patents at any time are assigned to Buyer Parent or any of its Subsidiaries (including, without limitation, Company and the Subsidiaries) and/or (b) alternative provisions with respect to such inventor compensation to be adopted in lieu of causing such provisions of such Affiliate Agreements to survive. Seller and Buyer Parent shall not unreasonably withhold or delay agreement to the commercially reasonable recommendations of the Service Coordinators with respect to such inventor compensation issues. Any Affiliate Agreement that Seller and Buyer Parent mutually agree shall survive shall be included on Exhibit B and the parties agree to amend Exhibit B prior to the Closing Date to reflect any such agreement. Seller shall cause all Affiliate Agreements other than those included on Exhibit B (as may be amended prior to the Closing Date as contemplated by this Section 1.13(c)) to be terminated effective as of the Closing Date with no further obligations of the parties thereunder; provided that confidentiality and other matters that by the terms of such Affiliate Agreements survive termination shall so survive in accordance with such terms. Notwithstanding the foregoing, if Seller is not able to obtain the necessary consents to terminate any such Affiliate Agreement by the Closing Date, Seller shall not be in breach of this Agreement for failing to terminate such Affiliate Agreement to the extent it agrees to indemnify Company and the Subsidiaries for any Losses arising from and after the Closing Date under such Affiliate Agreement.

1.14 Excluded Services. Notwithstanding anything herein to the contrary, the following shall not be included as Services pursuant to this Agreement:

(a) Any services provided pursuant to any Affiliate Agreement listed on Exhibit B as of the Closing Date.

(b) Any services relating to intellectual property matters other than those listed on Exhibit A as of the Effective Date.

ARTICLE II

QUALITY OF SERVICES; LIMITATION OF LIABILITY; IMPROVEMENTS

2.1 Quality of Services.

(a) Seller shall perform the Services, or to cause the Services to be performed, in a workmanlike manner at the same general level of service, with the same degree of care (which in no event may be less than reasonable care), and in a manner similar in all material respects to the manner in which such Services have been provided by Seller and its Affiliates to Company and the Subsidiaries as of the Closing Date.

(b) In addition to the above and to the extent permitted by applicable Law, Seller agrees to pass through to Company and the Subsidiaries any warranties provided by Authorized Third Parties providing the Services.

(c) In the event of an alleged breach, default or nonperformance of any obligation under this Agreement by Seller or Company, the other party shall provide prompt written notice to the breaching party setting forth in reasonable detail the nature and extent of the alleged breach, default or nonperformance. The breaching party will then have a period of ten (10) Business Days in which to initiate actions reasonably designed to cure such alleged breach, default or nonperformance, and all such deficiencies shall, in any case, be cured within thirty (30) days following receipt by the breaching party of notice thereof.

2.2 Specific Performance. Seller acknowledges that the rights of Company to enforce the covenants and agreements made in this Agreement are special, unique, and of extraordinary character, and that, in the event Seller violates or fails or refuses to perform any covenant or agreement made by it herein, Company would be irreparably damaged and be without adequate remedy at law. Seller agrees, therefore, that, in the event it fails or refuses to perform, or otherwise violates, any covenant or agreement made by it herein, Company shall, in addition to any remedies available at law, be entitled to seek specific performance of such covenant(s) or agreement(s) and any other equitable remedy. For the avoidance of doubt, the foregoing shall not apply to the extent Company, its Affiliates, Representatives or Authorized Third Parties are expressly permitted to cease or suspend the provision of Services pursuant to Section 1,10 or otherwise not comply with other obligations hereunder pursuant to Section 5.14.

2.3 Limitation of Liability. IN NO EVENT SHALL SELLER, ITS AFFILIATES NOR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES OR AGENTS (INCLUDING SELLER'S REPRESENTATIVES) BE LIABLE TO COMPANY OR ANY SUBSIDIARY FOR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE OR CONSEQUENTIAL DAMAGES OR FOR ANY LOSS OF PROFITS, LOSS OF REVENUE, LOSS RESULTING FROM INTERRUPTION OF BUSINESS OR LOSS OF DATA ARISING UNDER OR RELATING TO THIS AGREEMENT, WHETHER BASED ON BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), OR OTHERWISE, AND WHETHER OR NOT SELLER HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGE. EXCEPT IN THE CASE OF SELLER'S GROSS NEGLIGENCE, FRAUD OR WILLFUL MISCONDUCT, IN NO EVENT SHALL THE TOTAL LIABILITY OF SELLER, ITS AFFILIATES AND ANY OF ITS OR THEIR DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS (INCLUDING SELLER'S REPRESENTATIVES) ARISING OUT OF OR RELATING IN ANY WAY TO THIS AGREEMENT EXCEED THE FEES PAID BY COMPANY TO SELLER HEREUNDER.

2.4 No Other Warranties. EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES EXPRESSLY STATED HEREIN, SELLER DISCLAIMS ALL EXPRESS AND IMPLIED REPRESENTATIONS AND WARRANTIES IN CONNECTION WITH THE SERVICES, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR NON-INFRINGEMENT.

2.5 Indemnification. In addition to Seller's obligations set forth in Article IX of the Purchase Agreement, Seller shall indemnify, hold harmless and reimburse Company and the Subsidiaries for all Losses based upon, attributable to, arising out of or resulting from Seller's gross negligence, fraud or willful misconduct in connection with the Services. Notwithstanding anything herein to the contrary, neither Seller, any of its Affiliates, nor any Representative shall be liable or held accountable, in damages or otherwise, for any error in judgment or any mistake of fact or Law or for anything which Seller does or refrains from doing, other than for Seller's gross negligence, fraud or willful misconduct.

2.6 Mitigation. Company has a duty to mitigate (and cause the Subsidiaries to mitigate) the Losses that would otherwise be recoverable from Seller pursuant to this Agreement by taking appropriate and reasonable actions to reduce or limit the amount of any such Losses.

ARTICLE III

TERM AND TERMINATION OF THE SERVICES

3.1 Term. Unless earlier terminated pursuant to Section 3.2, with respect to each of the Services (or any portion thereof), the term of this Agreement as it relates thereto will be for a period beginning on Closing Date and continuing until the earlier of (a) the first anniversary of the Closing Date; or (b) termination by Company of all the Services to be provided by Seller under this Agreement pursuant to Section 3.2(a).

3.2 Termination.

(a) Any of the Services, or any portion thereof, may be terminated by Company, in its sole discretion, at any time by furnishing forty (45) days' prior written notice to Seller of Company's intention to terminate the applicable Service, which written notice shall specify (i) the Service (or portion thereof) being terminated and (ii) the date on which the Service (or portion thereof) shall be terminated; provided, however, that Company shall be responsible for the payment of any and all Service Fees and Expenses (each as defined below) accrued or incurred for such Service under this Agreement prior to the later of (A) the effective date of the termination and, (B) in the event that Seller is contractually or legally required to incur Expenses related to such Service beyond the effective date of the termination, the date that Seller is no longer contractually or legally required to incur such Expenses.

(b) Either Seller or Company, with respect to (i) and (ii) below, and Seller, with respect to (iii) below, may immediately terminate this Agreement by written notice to the other party upon the occurrence of any of the following events:

(i) the other party (A) enters into proceedings in bankruptcy or insolvency, (B) makes an assignment for the benefit of creditors, (C) files or has filed against it any petition under a bankruptcy law or any other law for relief as a debtor (or similar law in purpose or effect) or (D) enters into liquidation or dissolution proceedings;

(ii) the other party materially breaches any of its obligations hereunder and the breach remains uncured for the applicable period specified in Section 2.1(c); or

(iii) any amount due under this Agreement remains unpaid by Company for a period of more than fifteen (15) days following Company's receipt of a notice of delinquency.

3.3 Survival of Certain Obligations. Without prejudice to the survival of other agreements of the parties, the right of Seller to receive the applicable payments for expenses for the Services rendered prior to the effective date(s) of termination of such Services under this Agreement shall survive the termination or expiration, in whole or in part, of this Agreement. In addition, Section 2.3, Section 2.4, Section 2.5, Section 2.6, Section 3.3, Section 4.1, Section 4.2, and Article V shall survive the termination or expiration of this Agreement.

ARTICLE IV

CONSIDERATION

4.1 Consideration.

(a) The fees charged by Seller for Services hereunder ("Service Fees") shall be equal to Seller's and, as applicable, its Affiliates' fully allocated cost for such Services, including (a) all compensation, benefit and other costs and expenses incurred by or with respect to employees directly engaged in providing such Services, including (i) in respect of compensation, all applicable bonus compensation, (ii) in respect of benefits, all benefits under Plans, and (iii) in respect of costs and expenses, all costs of materials and for such items as travel incurred in respect of the Services, as well as a reasonable allocation for space, maintenance, and facilities costs allocable to employees engaged in providing the Services, as well as the actual cost of any third party services used in providing the Services, and (b) similar costs with respect to those directly engaged in the supervision of such Services.

(b) In addition to the Service Fees, Company will reimburse Seller for all reasonable, documented, out-of-pocket expenses incurred by Seller or the relevant Affiliate, Representative and/or Authorized Third Party in connection with the provision of the Services ("Expenses").

4.2 Invoicing.

(a) Seller and/or the relevant Affiliate will invoice Company for such expenses monthly in arrears for the Services provided under this Agreement. Each such invoice shall include (i) a brief description of the Service provided by Seller, its Affiliates, Representatives and Authorized Third Parties during that month, and the Service Fees for such Services Fees and (ii) the amounts of Expenses incurred by Seller, its Affiliates, Representatives and Authorized Third Parties during that month and reasonable documentation of such expenses. Company shall pay all amounts due under each invoice (in the currency denominated by Seller in such invoice) within forty-five (45) days following receipt of such invoice (the "Due Date") without offset, withholding or deduction of any kind. Company shall be responsible for the payment of all Taxes payable with respect to the performance, receipt or consumption of the Services or the execution and delivery of this Agreement, other than any Tax based upon the net income of Seller or any other Person providing any of the Services.

(b) Interest shall accrue on any unpaid balance at a rate of 1% per month for the period commencing on the Due Date and ending on the date payment is received in full by Seller, and Company shall bear all reasonable costs and expenses (including attorney's fees and court costs) incurred by Seller or its Affiliates in collecting outstanding balances from Company not paid on the Due Date.

ARTICLE V

MISCELLANEOUS

5.1 Confidentiality.

(a) Each party (the "Receiving Party") agrees that, from the Effective Date until the fifth anniversary of the Effective Date, it shall, and shall cause its Affiliates and Representatives to:

(i) take proper and all reasonable measures to ensure the confidentiality of all Confidential Information (as defined below) of the other party (the "Disclosing Party"), including keeping it separate from information belonging to the Receiving Party;

(ii) use such Confidential Information only for the Proper Use (as defined below);

(iii) permit access to such Confidential Information only to such of its Representatives having a need to know such Confidential Information ("Permitted Disclosees"), provided, that Receiving Party shall cause or have caused its Permitted Disclosees to be bound by and comply with the confidentiality no less restrictive than hereunder by written agreements, and inform each of those Permitted Disclosees of the confidential nature of such Confidential Information and of the obligations on Receiving Party in respect thereof, and Receiving Party shall be responsible for any breach of this Section 5.1 by any of its Permitted Disclosees;

(iv) make copies of the Confidential Information of the Disclosing Party only to the extent that the same are strictly required for the Proper Use;

(v) treat all Confidential Information of the Disclosing Party with the degree of care to avoid disclosure to any third party as is used with respect to Receiving Party's own information of like importance which is to be kept confidential; and

(vi) promptly return all Confidential Information of the Disclosing Party to the Disclosing Party upon its written request or (at the Disclosing Party's option) destroy all such Confidential Information and provide to the Disclosing Party a certificate of such destruction signed by a duly authorized officer of the Receiving Party.

(b) Where any Confidential Information of the Disclosing Party is the subject of any security regulations of any Governmental Entity, Receiving Party shall, and hereby undertakes to, take such measures as may be required by such regulations to protect such Confidential Information. Without prejudice to any obligations imposed on and assumed by the Receiving Party under any security regulations of any Governmental Entity, the obligations of confidentiality herein shall not apply to any Information which the Receiving Party by its written records can show:

(i) was in the possession of the Receiving Party before such Information was imparted or disclosed by the Disclosing Party;

(ii) is independently developed by any servant, agent or employee of the Receiving Party without access to or use or knowledge of the Information;

(iii) is in or subsequently comes into the public domain other than by breach by the Receiving Party of its obligations hereunder;

(iv) is received by the Receiving Party without restriction on disclosure or use from a third party which the Receiving Party reasonably and honestly believes is entitled to make such disclosure; or

(v) is approved for release by the written agreement of the Disclosing Party.

The Receiving Party may disclose Confidential Information of the Disclosing Party if required to be disclosed by applicable Law; provided that, if the Receiving Party is to make such disclosure, it shall give the Disclosing Party as much prior notice thereof as is reasonably practicable so that the Disclosing Party may seek such protective orders or other confidentiality protection as the Disclosing Party, in its sole discretion, may elect, and the Receiving Party shall reasonably co-operate with the Disclosing Party in protecting the confidential or proprietary nature of such Confidential Information which is to be so disclosed.

(c) As used in this Section 5.1:

(i) "Confidential Information" shall mean: (A) in respect of Information provided in documentary form or by way of a model or in other tangible or intangible form, Information which at the time of disclosure to the Receiving Party is marked, or otherwise designated, to show expressly or by implication that it is imparted or disclosed in confidence; (B) Information the nature of which, or the circumstances in which it was supplied, implies that it should be treated as confidential notwithstanding the absence of any mark or designation of confidentiality; (C) in respect of Information that is imparted or disclosed orally or by demonstration or presentation, any Information that the Receiving Party has been expressly informed by the Disclosing Party at the time of disclosure to have been imparted or disclosed in confidence; (D) in respect of Information imparted or disclosed orally or by demonstration or presentation, any note or record of the disclosure; and (E) any copy of any of the foregoing.

(ii) "Information" shall mean (A) with respect to that disclosed by Seller, information relating to the Services provided pursuant to this Agreement, by or on behalf of Seller, to Company or any Subsidiary, in oral or documentary form or by way of models or other tangible or intangible form or by demonstrations or presentations; and (B) with respect to that disclosed by Company or any Subsidiary, information relating to Company's or any Subsidiary's utilization or receipt of Services provided pursuant to this Agreement, by or on behalf of Company or any Subsidiary, to Seller, in oral or documentary form or by way of models or other tangible or intangible form or by demonstrations or presentations, including all Company and Subsidiary information accessed in connection with the provision of the Services, whether in electronic or other form.

(iii) "Proper Use" shall mean (A) with respect to Company and the Subsidiaries, the use of Seller's Confidential Information (1) wholly necessarily and exclusively for the purpose of conducting the business of Company and the Subsidiaries in connection with the Services; (2) in connection with the enforcement of Company's rights hereunder; and (3) in connection with the defense by Company of any claim asserted against Company hereunder; and (B) with respect to Seller, the use of Company's and the Subsidiaries' Confidential Information (1) wholly necessarily and exclusively for the purpose of providing or the causing the provision of, the Services; (2) in connection with the enforcement of Seller's rights hereunder; and (3) in connection with the defense by Seller of any claim asserted against Seller hereunder.

5.2 Entire Agreement; Amendments and Waivers.

(a) This Agreement and the Purchase Agreement contain the entire agreement of the parties with respect to the subject matter hereof and supersede all prior agreements, written or oral, with respect to their subject matter. The exhibits and schedules to this Agreement are hereby incorporated and made a part hereof and are an integral part of this Agreement.

(b) Any provision of this Agreement, including all exhibits hereto, may be amended or waived, but only if, such amendment or waiver is in writing and is signed, in the case of an amendment, by the parties to this Agreement or, in the case of a waiver, by the party against whom the waiver is to be effective.

(c) No failure or delay by either party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by applicable Law.

5.3 Notices. All notices, requests and other communications to either party hereunder shall be in writing (including facsimile transmission) and shall be given,

if to Company, to:

Viviti Technologies Ltd.
c/o Hitachi Global Storage Technologies, Inc.
3403 Yerba Buena Road
San Jose, CA 95135
Attention: Christopher Dewees
Facsimile: (408) 717-9063
E-mail: Christopher.Dewees@hitachigst.com

with a copy (which shall not constitute notice) to:

Skadden, Arps, Slate, Meagher & Flom LLP
525 University Avenue
Palo Alto, California 94301
Attention: Thomas J. Ivey, Esq.
Facsimile: (650) 470-4570
E-mail: Thomas.Ivey@skadden.com

if to the Buyer Parent, to:

Western Digital Corporation
3355 Michelson Drive, Suite 100
Irvine, California 92612
Attention: Michael Ray
Facsimile: (949) 672-9612
E-mail: Michael.Ray@wdc.com

with a copy (which shall not constitute notice) to:

O'Melveny & Myers LLP
610 Newport Center Drive, Suite 1700
Newport Beach, California 92660
Attention: J. Jay Herron, Esq. and Mark Easton, Esq.
Facsimile: (949) 823-6994
E-mail: jherron@omm.com; measton@omm.com

if to Seller, to:

Hitachi, Ltd., Business Development Office
6-6 Marunouchi 1-chome
Chiyoda-ku
Tokyo 100-8280, Japan
Attention: General Manager
Phone: +81-3-4564-5483
Fax: +81-3-4564-6260

with a copy (which shall not constitute notice) to:

Morrison & Foerster LLP
Shin-Marunouchi Building, 29th Floor
5-1, Marunouchi 1-chome
Chiyoda-ku, Tokyo 100-6529
Japan
Attention: Kenneth A. Siegel, Esq.
Facsimile: 011-81-3-3214-6512
E-mail: KSiegel@mofo.com

or to such other address or facsimile number as such party may hereafter specify for the purpose by notice to the other party hereto. All such notices, requests and other communications shall be deemed received on the date of receipt by the recipient thereof if received prior to 5:00 p.m. Pacific time on a Business Day in the place of receipt. Otherwise, any such notice, request or communication shall be deemed to have been received on the next succeeding Business Day in the place of receipt.

5.4 Disputes. In the event of any controversy or dispute arising out of or relating to this Agreement, the Service Coordinators shall in good faith attempt to resolve such dispute. If after 20 days the parties have not reached an agreement with respect to such dispute, either party may file a claim against the other party pursuant to Section 5.5 below.

5.5 Governing Law; Negotiation Procedure; Service of Process; Consent to Jurisdiction; Venue; Waiver of Jury Trial.

(a) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to its conflicts of law rules.

(b) Negotiation Procedure; Service of Process.

(i) The parties intend that all disputes between the parties arising out of this Agreement shall be settled by the parties amicably through good faith discussions upon the written request of either party.

(ii) Prior to filing suit, instituting a Proceeding or seeking other judicial or governmental resolution in connection with any dispute between the parties or any of their subsidiaries arising out of this Agreement or any of the transactions contemplated hereby, the parties will attempt to resolve such dispute by good faith negotiations. Such negotiations shall proceed as follows:

(A) Any party may send a written notice to another party requesting such negotiations. Promptly following receipt of such notice by the receiving party, each party shall cause the individual designated by it as having general responsibility for this Agreement to meet in person with the individual so designated by the other party to discuss the dispute.

(B) If the dispute is not resolved within thirty (30) days after the first meeting between such individuals (or if earlier within forty five (45) days of the notice referred to in clause (i) above), then, upon the written request of any party, each party shall cause the individual designated by it as having general responsibility for the overall relationship defined by this Agreement to meet in person with the individual so designated by the other party to discuss the dispute.

(C) If the dispute is not resolved within fifteen (15) days after the first meeting between such individuals (or if earlier within thirty (30) days of the notice referred to in clause (ii) above), then, upon the written request of either party, Company shall nominate one corporate officer of the rank of senior vice president or higher, and Seller shall nominate one corporate officer of the rank of Board Director or higher, which corporate officers shall meet in person and attempt in good faith to negotiate a resolution to the dispute.

(iii) Except and only to the limited extent provided in Section 5.5(b)(iv), neither party shall file suit, institute a Proceeding or seek other judicial or governmental resolution of the dispute until at thirty (30) days after the first meeting between the corporate officers described in clause (iii) above (or if earlier forty five (45) days after the notice referred to in such clause (iii)) but after the expiration of such periods, either party may file suit, institute a Proceeding or seek other judicial or governmental resolution. For purposes of this Agreement, the procedures set forth in Section 5.5(b)(ii) and this Section 5.5(b)(iii) shall be referred to as the "Negotiation Procedures".

(iv) Notwithstanding the provisions of Sections 5.5(b)(ii) and 5.5(b)(iii), any party may institute a Proceeding at any time seeking a preliminary injunction, temporary restraining order, or other equitable relief, if necessary in the sole judgment of that party to avoid material harm to its property, rights or other interests, before commencing, or at any time during the course of, the dispute procedure described in Sections 5.5(b)(ii) and 5.5(b)(iii). In addition, any party may file an action prior to the commencement of or at any time during or after the dispute resolution procedures in Sections 5.5(b)(ii) and 5.5(b)(iii) if in the sole judgment of that party it is necessary to prevent the expiration of a statute of limitations or filing period or the loss of any other substantive or procedural right.

(c) Consent to Jurisdiction; Venue. Each of the parties irrevocably and unconditionally submits to the exclusive jurisdiction of the Delaware Court of Chancery (and if jurisdiction in the Delaware Court of Chancery shall be unavailable, any Delaware State court and the Federal court of the United States of America sitting in the State of Delaware) for the purposes of any Action or other proceeding arising out of this Agreement or any transaction contemplated hereby (and agrees that no such Action or proceeding relating to this Agreement shall be brought by it or any of the Subsidiaries except in such courts). Each of the parties further agrees that, to the fullest extent permitted by applicable Law, service of any process, summons, notice or document by U.S. registered mail to such person's respective address set forth in Section 5.3 above shall be effective service of process for any Action or proceeding in the State of Delaware with respect to any matters to which it has submitted to jurisdiction as set forth above in the immediately preceding sentence. Each of the parties irrevocably and unconditionally waives (and agrees not to plead or claim), any objection to the laying of venue of any Action or proceeding arising out of this Agreement or the transactions contemplated hereby in the Delaware Court of Chancery (and if the Delaware Court of Chancery shall be unavailable, in any Delaware State court or the Federal court of the United States of America sitting in the State of Delaware) or that any such Action or proceeding brought in any such court has been brought in an inconvenient forum.

(d) Waiver of Jury Trial. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT.

5.6 Books and Records; Inspection. Company shall, and shall cause the Subsidiaries to, make available on a timely basis to Seller and its Affiliates, Representatives and Authorized Third Parties such information and materials reasonably requested by Seller to enable such Persons to provide the Services. Company shall, and shall cause the Subsidiaries to, provide to such Persons reasonable access to the premises of Company and the other Subsidiaries, to the extent necessary for the purpose of providing the Services. During the Transition Period and for a period of three (3) years following the Transition Period or, if applicable Law requires a longer period, such longer period, Seller shall maintain a complete and accurate set of files, books and records of all business activities and operations conducted by Seller related to the Services provided under the terms of this Agreement, as well as any correspondence related to compliance with any applicable national, state and local laws, rules and regulations. Seller will provide Company, subject to Section 5.1 hereof, such information as Company may reasonably request from Seller's books and records to the extent relating to the provision of any Service hereunder.

5.7 Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other Governmental Entity to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such a determination, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

5.8 Binding Effect; Benefit; Assignment.

(a) The provisions of this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. No provision of this Agreement is intended to confer any rights, benefits, remedies, obligations or liabilities hereunder upon any Person other than the parties hereto and their respective successors and assigns.

(b) No party may assign, delegate or otherwise transfer any of its rights or obligations under this Agreement without the consent of each other party hereto, except that Company may transfer or assign its rights and obligations under this Agreement, in whole or from time to time in part, to one or more of its Affiliates at any time; provided that such transfer or assignment shall not relieve Company of any of its obligations hereunder.

5.9 Definitional and Interpretive Provisions. Section 1.2 of the Purchase Agreement shall also apply to this Agreement; provided, however, that for the purposes of this Agreement, “Business Days” shall mean a day, other than Saturday, Sunday or a public holiday in the country in which the applicable Service is performed.

5.10 Counterparts. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement shall become effective when each party hereto shall have received a counterpart hereof signed by the other party hereto. Until and unless each party has received a counterpart hereof signed by the other party hereto, this Agreement shall have no effect and no party shall have any right or obligation hereunder (whether by virtue of any other oral or written agreement or other communication).

5.11 No Third Party Beneficiaries. This Agreement is intended and agreed to be solely for the benefit of the parties, and no third party, other than the Subsidiaries, shall accrue any benefit, claim or right of any kind whatsoever pursuant to, under, by or through this Agreement.

5.12 Relationship of the Parties. It is expressly understood and agreed that in rendering the Services hereunder, each of the parties is acting as an independent contractor and that this Agreement does not make the providing party an employee, agent or other representative of the other party for any purpose whatsoever. Neither party has the right or authority to enter into any contract, warranty, guarantee or other undertaking in the name or for the account of the other party, or to assume or create any obligation or liability of any kind, express or implied, on behalf of the other party, or to bind the other party in any manner whatsoever, or to hold itself out as having any right, power or authority to create any such obligation or liability on behalf of the other party or to bind the other party in any manner whatsoever (except as to any actions taken by a party at the express written request and direction of the other party). No employee, contractor or subcontractor of any party shall be deemed to be an employee, contractor or subcontractor of the other party, it being fully understood and agreed that no employee of any party is entitled to benefits or compensation from the other party. Each party is wholly responsible for withholding and payment of all applicable national, state and local and other payroll taxes with respect to its own employees, including any contributions from them as required by Law.

5.13 Conflict. In case of conflict between the terms and conditions of this Agreement and any exhibit or schedule hereto, the terms and conditions of such exhibit or schedule shall control and govern, insofar as such terms and conditions in the exhibit or schedule relate to the Service that is the subject of such conflict. In the event of any conflict between the terms of the Purchase Agreement, on the one hand, and this Agreement and each exhibit or schedule hereto, on the other hand, the terms of this Agreement shall control and govern.

5.14 Force Majeure. Each party shall be excused from its obligations under this Agreement, other than payment obligations, to the extent that any delay or failure in the performance of such obligations is a result of any cause beyond its reasonable control (and without the fault of such party), including, acts of God, acts of civil or military authority, embargoes, epidemics, war, terrorism, riots, insurrections, fires, explosions, earthquakes, floods, severe weather conditions or changes in Law.

5.15 Termination of Purchase Agreement. This Agreement shall immediately terminate and be of no further force and effect upon any termination of the Purchase Agreement in accordance with the terms thereof.

5.16 Services Contingent on Closing. For the avoidance of doubt, Seller shall have no obligation to perform any of the Services pursuant to this Agreement unless and until Closing has occurred.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

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

Viviti Technologies Ltd.

By: */s/ Stephen Dwight Milligan*
Name: Stephen Dwight Milligan
Title: President and Chief Executive Officer

Hitachi, Ltd.

By: */s/ Toyoki Furuta*
Name: Toyoki Furuta
Title: General Manager, Business Development Office

Solely with respect to Sections 1.4 and 1.13(c)

Western Digital Corporation

By: */s/ Wolfgang U. Nickl*
Name: Wolfgang U. Nickl
Title: Senior Vice President and Chief Financial Officer

EXHIBIT A

SERVICES

Services	Description of Services
IP Services	• Assistance with respect to the transfer of patent docket information, file-wrapper and the like; • Consultation on historical and background information relating to the services that Seller or its Affiliates provided to Company or the Subsidiaries prior to the Closing Date.
IT Services	• Information technology services.
Communication Services	• Videoconferencing services.
Technical Services	• Technical support services; • Hardware maintenance services; and • Design and creation of electronic circuit software and other software.
Facility Services	• Waste disposal services; • Maintenance services; • Security services; • Transportation services; and • Storage services.
Consulting Services	• Failure analysis and reporting; • Production engineering, productivity, and environmental consulting; • Materials procurement consulting; • Materials evaluation services; and • Foreign affairs and governmental relations consulting.
Education Support Services	• Education support services.

EXHIBIT B

AFFLIATE AGREEMENTS

1. The Transaction Documents, and any other contract delivered at Closing pursuant to the Purchase Agreement.

2. Invention Award Integration Agreement dated December 10, 2010 between Seller and Company.

Schedule 1

Service Coordinator Contact Information:

For Seller:

Toyoki Furuta
General Manager, Business Development Office
Hitachi, Ltd.
6-6 Marunouchi 1-chome
Chiyoda-ku
Tokyo 100-8280, Japan
E-Mail: toyoki.furuta.re@hitachi.com
Phone: +81-3-4564-5483
Fax: +81-3-4564-6260

For Company:

[To be provided by Company promptly after the Effective Date]
E-Mail:
Phone:
Fax: None

March 7, 2011

Western Digital Corporation
Western Digital Technologies, Inc.
Western Digital Ireland, Ltd.
3355 Michelson Drive
Irvine, California 92612

Attention: Mr. Wolfgang Nickl, Senior Vice President and Chief Financial Officer

Project Newport Commitment Letter
$2,500,000,000 Senior Credit Facilities

Ladies and Gentlemen:

Western Digital Corporation, a Delaware corporation ("***Holdings***"), Western Digital Technologies, Inc., a Delaware corporation ("***WDT***"), and Western Digital Ireland, Ltd., a limited liability company organized under the laws of the Cayman Islands (the "***Cayman Borrower***" and, together with WDT, the "***Borrowers***" and the Borrowers together with Holdings individually or collectively, as the context may indicate, referred to herein as "***you***"), have entered into that certain Stock Purchase Agreement, dated as of March 7, 2011 with 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 (the "***Target***") and a wholly owned subsidiary of the Seller, and have also advised Bank of America, N.A. ("***Bank of America***") and Merrill Lynch, Pierce, Fenner & Smith Incorporated ("***MLPFS***") that the Cayman Borrower intends to acquire all of the outstanding equity interests of the Target for an aggregate consideration of not more than approximately $4,500,000,000, subject to adjustment as provided in the Acquisition Agreement (as defined in the Conditions Annex (as defined below)) (the "***Acquisition***"), a portion of which will be paid in cash and a portion of which will be paid with common equity of Holdings.

You have also advised Bank of America and MLPFS that you intend to finance the Acquisition, refinance certain existing indebtedness of Holdings and its subsidiaries (including indebtedness of WDT under that certain Credit Agreement dated as of February 11, 2008 (as amended, restated, supplemented or otherwise modified through the Closing Date (as defined in the Summary of Terms (as defined below)), the "***Existing Credit Agreement***") by and among WDT, as borrower, certain lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent) (collectively, all such indebtedness refinancing, the "***Refinancing***"), pay certain costs and expenses related to the Transactions (as defined below) and provide for certain ongoing working capital and other general corporate purposes of the Borrowers and their respective subsidiaries after consummation of the Acquisition from the following

sources (and that no material financing other than the financing described herein will be required in connection with the Transactions): (a) common equity of Holdings, which will be purchased from Holdings by the Cayman Borrower for cash in accordance with the Acquisition Agreement (the "***Stock Consideration***"), (b) cash on hand of the Cayman Borrower in accordance with the Acquisition Agreement (the "***Cash on Hand Consideration***") and (c) a portion of up to $2,500,000,000 in senior credit facilities (the "***Senior Credit Facilities***") of the Borrowers, composed of (i) term loan facilities aggregating up to $2,000,000,000, of which $1,725,000,000 shall be available to the Cayman Borrower and $275,000,000 shall be available to WDT (provided that the allocation of the $2,000,000,000 aggregate principal amount of the term loan facilities between WDT and the Cayman Borrower may be adjusted by Holdings and the Borrowers on the Closing Date, at their option) and (ii) a revolving credit facility of up to $500,000,000 which shall be available to either Borrower. 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 Senior Credit Facilities and all related transactions are hereinafter collectively referred to as the "***Transactions***." The anticipated sources and uses for the financing for the Transactions are as set forth on Schedule 1 hereto, subject to adjustment as contemplated by the Acquisition Agreement or otherwise agreed. Capitalized terms used but not defined herein shall have the meanings assigned to them in the Summary of Terms and Conditions attached as Exhibit A hereto and incorporated herein by this reference (the "***Summary of Terms***") and the Conditions Annex attached hereto as Exhibit B (the "***Conditions Annex***" and, collectively with this letter and the Summary of Terms, this "***Commitment Letter***")

In connection with the foregoing, Bank of America is pleased to advise you of its commitment to provide the full principal amount of the Senior Credit Facilities and to act as the sole administrative agent (in such capacity, the "***Administrative Agent***") for the Senior Credit Facilities, all upon and subject to the terms and conditions set forth in this Commitment Letter. MLPFS is pleased to advise you of its willingness, as the sole lead arranger and sole book manager (in such capacities, the "***Lead Arranger***") for the Senior Credit Facilities, to form a syndicate of financial institutions (including Bank of America) (collectively, the "***Lenders***") for the Senior Credit Facilities, all upon and subject to the terms and conditions set forth in this Commitment Letter.

Subject to the succeeding sentence, the commitment of Bank of America hereunder and the undertaking of MLPFS to provide the services described herein are subject solely to the satisfaction of each of the conditions set forth in the Conditions Annex. Notwithstanding anything in this Commitment Letter, the fee letter among you, Bank of America and MLPFS of even date herewith (the "***Fee Letter***"), the definitive loan documentation or any other letter agreement or other undertaking concerning the financing of the Transactions to the contrary, (i) the only representations relating to Holdings, the Target and/or either of their respective subsidiaries and businesses the accuracy of which shall be a condition to the availability of the Senior Credit Facilities on the Closing Date shall be (A) 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 defined in the Summary of Terms) as are material to the interests of the Lenders, but only to the extent that any of you or your affiliates have the right to terminate your or their respective obligations under the Acquisition Agreement as a result of a breach of such representations in the Acquisition Agreement, determined without regard to whether any notice is required to be delivered by you or any of your affiliates (such representations, the "***Specified Acquisition Agreement Representations***") and

(B) the Specified Representations (as defined below) and (ii) the terms of the definitive loan documentation shall be in a form such that they do not impair the availability of the Senior Credit Facilities on the Closing Date if the conditions set forth in this paragraph of the Commitment Letter and the Conditions Annex are satisfied. For purposes hereof, "***Specified Representations***" means the representations and warranties referred to in the Summary of Terms relating to legal existence of the Credit Parties (as defined in the Summary of Terms); organizational power and authority, due authorization, execution and delivery and enforceability, in each case relating to the entering into and performance of the definitive loan documentation by the Credit Parties party thereto; no conflict of the definitive loan documentation with the Credit Parties' organizational documents or material applicable law; solvency as of the Closing Date (after giving effect to the Transactions) of Holdings and its subsidiaries on a consolidated basis; use of proceeds; Federal Reserve margin regulations; the Investment Company Act; and the Act (as defined below). This paragraph, and the provisions herein, shall be referred to as the "***Certain Funds Provision***."

MLPFS intends to commence syndication of the Senior Credit Facility promptly upon your acceptance of this Commitment Letter and the Fee Letter, and notwithstanding anything to the contrary contained in this Commitment Letter or the Fee Letter, you agree to provide Bank of America and MLPFS a period of 30 consecutive days (excluding traditional blackout and holiday periods in the bank market) following the date of delivery of the Information Materials (as defined below), including the financial statements described in paragraph 2 of the Conditions Annex in a form customarily delivered in connection with senior credit facilities, to syndicate the Senior Credit Facilities; provided that, unless you consent in writing, Bank of America shall not be relieved or novated from its commitments and other obligations hereunder in connection with any such syndication or assignment until the Closing Date has occurred and Bank of America shall retain exclusive control over all rights and obligations with respect to its commitments, including all rights with respect to consents, modifications and amendments, until the Closing Date has occurred.

You agree to actively assist, and to use your commercially reasonable efforts to cause the Target and its relevant subsidiaries, and appropriate members of the management teams of any of them, to actively assist, MLPFS in achieving a Successful Syndication (as defined in the Fee Letter). Such assistance shall include your (a) providing, causing your advisors to provide and using your commercially reasonable efforts to cause the Target, and appropriate members of its management team, to provide Bank of America and MLPFS and the other Lenders upon request with all information reasonably deemed necessary by Bank of America and MLPFS to complete syndication, including, but not limited to, information and evaluations prepared by you and your advisors, or on your behalf, relating to the transactions contemplated hereby (including the Projections (as defined below), the "***Information***"), (b) assisting, and using your commercially reasonable efforts to cause the Target, and appropriate members of its management team, to assist in the preparation of Information Memoranda and other materials to be used in connection with the syndication of the Senior Credit Facilities (collectively with the Summary of Terms and any additional summary of terms prepared for distribution to Public Lenders (as defined below), the "***Information Materials***"), (c) using your commercially reasonable efforts to ensure that the syndication efforts of MLPFS benefit materially from your existing banking relationships, (d) your ensuring that there is no competing offering, placement or arrangement of any debt securities or bank financing by or on behalf of Holdings or any of its subsidiaries or

affiliates (after giving effect to the Acquisition) and (e) otherwise assisting Bank of America and MLPFS in their syndication efforts, including by making your officers, and accounting and legal advisors available and using your commercially reasonable efforts (and to the extent reasonable and practical) to make officers and accounting and legal advisors of the Target (or its subsidiaries) available, from time to time to attend and make presentations regarding the business and prospects of Holdings and its subsidiaries (including the Target and its subsidiaries), as appropriate, at one or more meetings of prospective Lenders. Notwithstanding any earlier termination of this Commitment Letter, the provisions of this paragraph and the next following paragraph shall remain in full force and effect until the earliest of (i) sixty (60) days following the Closing Date, (ii) completion of a Successful Syndication and (iii) the termination of this Commitment Letter pursuant to the last paragraph hereof other than as a result of the occurrence of the Closing Date (such earliest date, the "***Syndication Assistance Termination Date***").

It is understood and agreed that MLPFS will manage and control all aspects of the syndication in consultation with you and in a manner reasonably acceptable to you, including (a) decisions as to the selection of prospective Lenders and any titles offered to proposed Lenders, (b) when commitments will be accepted, (c) the final allocations of the commitments among the Lenders, and (d) subject to the limitations with respect thereto in the Fee Letter, the amount and distribution of the fees among the Lenders. It is understood that no Lender participating in the Senior Credit Facilities will receive compensation from you, the Target or any of your or their respective subsidiaries or affiliates in order to obtain its commitment, except on the terms contained herein and in the Summary of Terms or the Fee Letter. MLPFS agrees not to syndicate any of the commitments with respect to the Senior Credit Facilities to those financial institutions and other entities that have been specified by you in a separate letter dated the date hereof by and among the parties hereto and which references this Commitment Letter (such institutions, the "***Excluded Lenders***").

You represent, warrant and covenant that (with respect to information relating to the Target, the Seller and their subsidiaries, to your knowledge) (a) all financial projections concerning the Borrowers and their subsidiaries or Holdings and its subsidiaries (in each case, after giving effect to the Transactions) that have been or are hereafter made available to Bank of America, MLPFS or the Lenders by you, the Target, the Seller or any of your or their representatives (or on your or their behalf) (the "***Projections***") have been or will be prepared in good faith based upon assumptions believed by you or the Seller or the Target, as applicable, to be reasonable at the time made and at the time furnished to Bank of America, MLPFS or any Lender (it being understood that such Projections are subject to significant uncertainties and contingencies, many of which are beyond the control of you, the Target or the Seller and no assurances can be given that such Projections will actually be realized) and (b) all Information, other than Projections, which has been or is hereafter made available to Bank of America, MLPFS or the Lenders by you, the Target, the Seller or any of your or their respective representatives (or on your or their behalf) in connection with any aspect of the Transactions, as and when furnished, taken as a whole, is and will be complete and correct in all material respects and does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein not misleading in light of the circumstances under which such statements were made. You agree to furnish us (or, with respect to information relating to the Seller, the Target or any of their subsidiaries furnished prior to the Closing Date, use commercially reasonable efforts to furnish us) with further and supplemental

information from time to time until the Closing Date, and, if a Successful Syndication has not been achieved as of the Closing Date, for a reasonable period (not later than the Syndication Assistance Termination Date) thereafter as is necessary to achieve a Successful Syndication so that the representation, warranty and covenant in the immediately preceding sentence are correct in all material respects on the Closing Date and such later date as if the Information were being furnished, and such representation, warranty and covenant were being made, on each such date (except to the extent such representation, warranty and covenant relates to an earlier date, on and as of such earlier date). The provisions of the immediately preceding sentence shall remain in full force and effect until the occurrence of the Syndication Assistance Termination Date. In issuing this commitment and in arranging and syndicating the Senior Credit Facilities, Bank of America and MLPFS are and will be using and relying on the Information without independent verification thereof.

You acknowledge that (a) MLPFS and/or Bank of America on your behalf will make available Information Materials to the proposed syndicate of Lenders by posting the Information Materials on IntraLinks or another similar electronic system and (b) certain prospective Lenders (such Lenders, "***Public Lenders***"; all other Lenders, "***Private Lenders***") may have personnel that do not wish to receive material non-public information (within the meaning of the United States federal securities laws, "***MNPI***") with respect to the Credit Parties or their respective affiliates (including the Target and its affiliates) and/or the Seller, 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 entities' securities. If requested, you will assist us in preparing an additional version of the Information Materials not containing MNPI (the "***Public Information Materials***") to be distributed to prospective Public Lenders.

Before distribution of any Information Materials (a) to prospective Private Lenders, you shall provide us with a customary letter authorizing the dissemination of the Information Materials and (b) to prospective Public Lenders, you shall provide us with a customary letter authorizing the dissemination of the Public Information Materials and confirming the absence of MNPI therefrom. In addition, at our request, you shall identify Public Information Materials by clearly and conspicuously marking the same as "PUBLIC".

You agree that MLPFS and/or Bank of America on your behalf may distribute the following documents to all prospective Lenders, unless you advise MLPFS and Bank of America in writing (including by email) within a reasonable time prior to their intended distributions that such material should only be distributed to prospective Private Lenders: (a) administrative materials for prospective Lenders such as lender meeting invitations and funding and closing memoranda, (b) notifications of changes to Senior Credit Facilities' terms and (c) drafts and final versions of definitive documents with respect to the Senior Credit Facilities. If you advise us that any of the foregoing items should be distributed only to Private Lenders, then MLPFS and Bank of America will not distribute such materials to Public Lenders without further discussions with you. You agree (whether or not any Information Materials are marked "PUBLIC") that Information Materials made available to prospective Public Lenders in accordance with this Commitment Letter shall not contain MNPI.

By executing this Commitment Letter, you agree to reimburse Bank of America and MLPFS from time to time on demand for all reasonable out-of-pocket fees and expenses (including, but not limited to, (a) the reasonable fees, disbursements and other charges of one lead counsel, Winston & Strawn LLP, as counsel to the Lead Arranger and the Administrative Agent, and of appropriate local counsel, if any, limited to one such counsel in each jurisdiction, to the Lenders retained by the Lead Arranger or the Administrative Agent and (b) reasonable due diligence expenses) incurred in connection with the Senior Credit Facilities, the syndication thereof, the preparation of the definitive loan documentation and with any other aspect of the Transactions. You acknowledge that we may receive a benefit, including without limitation, a discount, credit or other accommodation, from any of such counsel based on the fees such counsel may receive on account of their relationship with us including, without limitation, fees paid pursuant hereto.

You agree to indemnify and hold harmless Bank of America, MLPFS, each Lender and each of their affiliates and their respective officers, directors, employees, agents, advisors and other representatives (each, an "***Indemnified Party***") from and against (and will reimburse each Indemnified Party as the same are incurred for) any and all claims, damages, losses, liabilities and reasonable and documented out-of-pocket expenses (including, without limitation, the reasonable fees, disbursements and other charges of counsel) that may be incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or by reason of (including, without limitation, in connection with any investigation, litigation or proceeding or preparation of a defense in connection therewith) (a) any aspect of the Transactions or any other matters contemplated by this Commitment Letter or any related transaction or (b) the Senior Credit Facilities and any other financings, or any use made or proposed to be made with the proceeds thereof, except to the extent such claim, damage, loss, liability or expense is found in a final, nonappealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence, bad faith (including a material breach of this Commitment Letter) or willful misconduct. In the case of an investigation, litigation or proceeding to which the indemnity in this paragraph applies, such indemnity shall be effective whether or not such investigation, litigation or proceeding is brought by you, your equityholders or creditors, the Target, any affiliate or creditor of the Target, the Seller or any affiliate or creditor of the Seller or an Indemnified Party, whether or not an Indemnified Party is otherwise a party thereto and whether or not the transactions contemplated hereby are consummated. You also agree that no Indemnified Party shall have any liability (whether direct or indirect, in contract or tort or otherwise) to you or your subsidiaries or affiliates or to your or their respective equity holders or creditors or to the Target, the Seller or any of their respective affiliates or creditors arising out of, related to or in connection with any aspect of the transactions contemplated hereby, except to the extent of direct, as opposed to special, indirect, consequential or punitive, damages determined in a final, nonappealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence, bad faith (including a material breach of this Commitment Letter) or willful misconduct. Without derogating or in any manner limiting the Indemnified Parties' rights to indemnity under this paragraph, Holdings and the Borrower, on the one hand, and the Indemnified Parties, on the other hand, shall not assert any claim for special, indirect, consequential or punitive damages against each other, any of their affiliates, or any of their respective directors, officers, partners, employees, attorneys and agents, on any theory of liability, arising out of or otherwise relating to this Commitment Letter, the Fee Letter, the Senior Credit Facilities, the Acquisition Agreement or the Transactions. Notwithstanding any other provision of this Commitment Letter, (i) no Indemnified Party shall be liable for any damages arising from the use by others of information or other materials obtained through electronic telecommunications or other information transmission systems, other than for direct or actual damages resulting from the gross negligence, bad faith or willful misconduct of such Indemnified Party as determined by a final and nonappealable judgment of a court of competent jurisdiction and (ii) the indemnity and reimbursement provisions of this Commitment Letter (including this paragraph and the paragraph immediately preceding this paragraph) shall not be applicable in the case of disputes solely between or among Indemnified Parties (provided that in the event of such a dispute involving a claim or proceeding brought against the Administrative Agent or the Lead Arranger (in each case, in its capacity as such) by other Indemnified Parties, the Administrative Agent or the Lead 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 and the preceding paragraph) to the benefit of such indemnities) not relating to or in connection with acts or omissions by Holdings, any Borrower or any of their respective affiliates.

This Commitment Letter and the Fee Letter and the contents hereof and thereof are confidential and, except for disclosure hereof or thereof (i) on a confidential basis to your officers, directors, employees or affiliates or your accountants, attorneys and other professional advisors retained by you in connection with the Senior Credit Facilities, (ii) in connection with the exercise of any remedies under this Commitment Letter, the Fee Letter, the Senior Secured Facilities or any related documents or the enforcement of rights hereunder or thereunder or (iii) as otherwise required in any legal, judicial or administrative proceeding or as otherwise required by law or regulation, in each case only to the extent such disclosure is determined on advice of your counsel so to be required (and in each such case you agree, to the extent permitted by law, to inform us promptly in advance thereof), may not be disclosed in whole or in part to any person or entity without our prior written consent; *provided, however*, it is understood and agreed that you may disclose this Commitment Letter (including the Summary of Terms) and only a redacted version of the Fee Letter (redacted in a manner reasonably satisfactory to the Lead Arranger) after your acceptance of this Commitment Letter and the Fee Letter, (a) on a confidential basis to the board of directors and advisors of the Seller and the Target in connection with their consideration of the Transactions, (b) in filings with the Securities and Exchange Commission and other applicable regulatory authorities and stock exchanges and (c) to any rating agency. Bank of America and MLPFS hereby notify you that pursuant to the requirements of the USA PATRIOT Act, Title III of Pub. L. 107-56 (signed into law October 26, 2001) (the "***Act***"), each of them is required to obtain, verify and record information that identifies you, which information includes your name and address and other information that will allow Bank of America or MLPFS, as applicable, to identify you in accordance with the Act.

You acknowledge that Bank of America and MLPFS or their affiliates (collectively, the "***Commitment Parties***") may be providing financing or other services to parties whose interests may conflict with yours. The Commitment parties will not furnish confidential information obtained from you, the Seller, the Target or any of their affiliates to any of their other customers and that they will treat confidential information relating to you, the Seller, the Target and your and their respective affiliates with the same degree of care as they treat their own confidential information; provided, however, that in connection with any aspect of the Transactions and the other services and transactions contemplated hereby, you agree that Bank of America and MLPFS are permitted to access, use and share, on a confidential basis, with any of their bank or non-bank affiliates, agents, advisors (legal or otherwise) or representatives any information concerning you, the Target, the Seller or any of your or their respective affiliates that is or may come into the possession of Bank of America, MLPFS or any of such affiliates. Bank of America and MLPFS further advise you that they will not make available to you confidential information that they have obtained or may obtain from any other customer. In connection with all aspects of the Transactions and each other transaction contemplated by this Commitment Letter, you acknowledge and agree, and acknowledge your affiliates' understanding, that: (a) (i) the arranging and other services described herein regarding the Senior Credit Facilities are arm's-length commercial transactions between you and your affiliates, on the one hand, and Bank of America and MLPFS, on the other hand, (ii) you have consulted your own legal, accounting, regulatory and tax advisors to the extent you have deemed appropriate, and (iii) you are capable of evaluating, and understand and accept, the terms, risks and conditions of the Transactions and the other transactions contemplated hereby; (b) (i) each of Bank of America and MLPFS, has been, is, and will be

acting solely as a principal and, except as otherwise 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 you, any of your affiliates or any other person or entity and (ii) neither Bank of America nor MLPFS has any obligation to you or your affiliates with respect to the Transactions and the other transactions contemplated hereby except those obligations expressly set forth herein; and (c) Bank of America and MLPFS and their respective affiliates may be engaged in a broad range of transactions that involve interests that differ from yours and those of your affiliates, and Bank of America and MLPFS have no obligation to disclose any of such interests to you or your affiliates. To the fullest extent permitted by law, you hereby waive and release any claims that you may have against Bank of America and MLPFS with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated by this Commitment Letter.

This paragraph, the provisions of the immediately preceding five paragraphs, the provisions regarding governing law and waiver of jury trial herein and the other provisions that are expressly stated herein to survive termination of this Commitment Letter shall remain in full force and effect regardless of whether any definitive documentation for the Senior Credit Facilities shall be executed and delivered, and notwithstanding the termination of this Commitment Letter or any commitment or undertaking of Bank of America or MLPFS hereunder; provided that you shall be deemed released of your reimbursement and indemnification obligations hereunder upon the execution of all definitive documentation for the Senior Credit Facilities and the initial extension of credit thereunder.

This Commitment Letter and the Fee Letter may be executed in counterparts which, taken together, shall constitute an original. Delivery of an executed counterpart of this Commitment Letter or the Fee Letter by telecopier, facsimile or other electronic transmission (i.e., a “pdf” or “tif”) shall be effective as delivery of a manually executed counterpart thereof.

This Commitment Letter (including the Summary of Terms) and the Fee Letter shall be governed by, and construed in accordance with, the laws of the State of New York. Each of you, Bank of America and MLPFS hereby irrevocably waives any and all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this Commitment Letter (including the Summary of Terms), the Fee Letter, the Transactions and the other transactions contemplated hereby and thereby or the actions of Bank of America and MLPFS in the negotiation, performance or enforcement hereof. This Commitment Letter (including the Summary of Terms) and the Fee Letter embody the entire agreement and understanding among Bank of America, MLPFS, you and your affiliates with respect to the Senior Credit Facilities and supersedes all prior agreements and understandings relating to the specific matters hereof. Those matters that are not covered or made clear herein or in the Summary of Terms or the Fee Letter are subject to mutual agreement of the parties. No party has been authorized by Bank of America or MLPFS to make any oral or written statements that are inconsistent with this Commitment Letter. This Commitment Letter is not assignable by Holdings, WDT or the Cayman Borrower without our prior written consent and is intended to be solely for the benefit of the parties hereto and the Indemnified Parties.

This Commitment Letter and all commitments and undertakings of Bank of America and MLPFS hereunder will expire at 8:00 a.m. (Eastern time) on March 7, 2011 unless you execute this Commitment Letter and the Fee Letter and return them to us prior to that time (which may be by facsimile transmission), whereupon this Commitment Letter (including the Summary of Terms) and the Fee Letter (each of which may be signed in one or more counterparts) shall become binding agreements. Thereafter, all commitments and undertakings of Bank of America and MLPFS hereunder will expire on the earliest of (a) the date that is 12 months after the date hereof unless definitive documentation for the Senior Credit Facilities is executed and delivered prior to such date, (b) the closing of the Acquisition or the completion of the Refinancing without the use of the Senior Credit Facilities, or (c) the termination or abandonment of the Acquisition Agreement without consummation of the Acquisition.

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We are pleased to have the opportunity to work with you in connection with this important financing.

Very truly yours,

BANK OF AMERICA, N.A.

By: */s/ Sugeet Manchanda Madan*
Name: Sugeet Manchanda Madan
Title: Director

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

By: */s/ Andrew M. Hensley*
Name: Andrew M. Hensley
Title: Director

ACCEPTED AND AGREED TO
AS OF THE DATE FIRST ABOVE WRITTEN:

WESTERN DIGITAL CORPORATION

By: */s/ Wolfgang U. Nickl*
Name: Wolfgang U. Nickl
Title: Senior Vice President and Chief Financial Officer

WESTERN DIGITAL TECHNOLOGIES, INC.

By: */s/ Wolfgang U. Nickl*
Name: Wolfgang U. Nickl
Title: Senior Vice President and Chief Financial Officer

WESTERN DIGITAL IRELAND, LTD.

By: */s/ Michael C. Ray*
Name: Michael C. Ray
Title: Vice President

SCHEDULE 1

SOURCES AND USES (in millions)

Term Loan proceeds	$	2,000
Revolving Loan Proceeds		100
Cash on hand of Cayman Borrower		1,551
Common Stock of Holdings		750
Unvested equity awards		269
Total Sources	**$**	**4,670**

Acquisition	$	4,250
Refinancing of existing debt		350
Estimated fees and expenses		70
Total Uses	**$**	**4,670**

EXHIBIT A

SUMMARY OF TERMS AND CONDITIONS
WESTERN DIGITAL TECHNOLOGIES, INC.
$ 2,500,000,000 SENIOR CREDIT FACILITIES

Capitalized terms used but not otherwise defined herein shall have the meaning given thereto in the Commitment Letter dated as of March 7, 2011 by and among Holdings, the Borrowers, Bank of America and the Lead Arranger (the "***Commitment Letter***") to which this Exhibit A is attached.

HOLDINGS:	Western Digital Corporation, a Delaware corporation ("***Holdings***").
BORROWERS:	Western Digital Technologies, Inc., a Delaware corporation ("***WDT***") and Western Digital Ireland, Ltd., a limited liability company formed under the laws of the Cayman Islands (the "***Cayman Borrower***" and, together with WDT, the "***Borrowers***").
GUARANTORS:	The obligations of (a) the Borrowers under the Senior Credit Facilities and (b) any Credit Party under any treasury management, interest protection or other hedging arrangements entered into with a Lender (or any affiliate thereof) will be guaranteed by Holdings and each existing and future direct and indirect material domestic subsidiaries of Holdings (collectively, in such capacity, the "***Guarantors***"). All guarantees will be guarantees of payment and not of collection.
ADMINISTRATIVE AGENT:	Bank of America, N.A. ("***Bank of America***") will act as sole administrative agent (in such capacity, the "***Administrative Agent***").
SOLE LEAD ARRANGER AND SOLE BOOK MANAGER:	Merrill Lynch, Pierce, Fenner & Smith Incorporated will act as sole lead arranger and sole book manager (in such capacity, the "***Lead Arranger***").
LENDERS:	A syndicate of financial institutions (including Bank of America) arranged by the Lead Arranger, which institutions shall be acceptable to the Borrowers and the Administrative Agent (collectively, the **"*Lenders***").

SENIOR CREDIT FACILITIES:

An aggregate principal amount of up to $2,500,000,000 will be available through the following facilities:

Revolving Credit Facility: A $500,000,000 five-year revolving credit facility available to be drawn by either of the Borrowers (the "***Revolving Credit Facility***"). The Revolving Credit Facility will include a $50 million sublimit for the issuance of standby letters of credit denominated in U.S. dollars only (each a "***Letter of Credit***") and a $20 million sublimit for swingline loans (each a "***Swingline Loan***"). Letters of Credit will be issued by Bank of America (in such capacity, the "***Fronting Bank***") and Swingline Loans will be made available by Bank of America, in each case as provided below, and each Revolving Lender will purchase an irrevocable and unconditional participation in each Letter of Credit and each Swingline Loan. The definitive documentation shall contain customary protections for the Fronting Bank and the provider of Swingline Loans with respect to Defaulting Lenders (to be defined in the definitive documentation). Letters of Credit may be issued on the Closing Date to backstop or replace letters of credit outstanding of Holdings and any of its subsidiaries on the Closing Date or for other general corporate purposes.

Term A-1 Facility: A $1,750,000,000 term loan facility, all of which will be drawn by the Cayman Borrower on the Closing Date.

Term A-2 Facility: A $250,000,000 term loan facility, all of which will be drawn by WDT on the Closing Date (together with Term A-1 Facility, the "***Term Loan Facilities***");

provided that the allocation of the $2,000,000,000 aggregate principal amount of the Term Loan Facilities between the Term A-1 Facility and the Term A-2 Facility may be adjusted by Holdings and the Borrowers on the Closing Date, at their option.

The Revolving Credit Facility and the Term Loan Facilities are collectively referred to herein as the "***Senior Credit Facilities***".

Increase Option:	Senior Credit Facilities will include provisions for increasing the principal amount of the Revolving Credit Facility and the Term Loan Facilities in amounts and pursuant to other terms that are customary and are mutually agreed by the Administrative Agent and the Borrowers.
Swingline Option:	Swingline Loans will be made available at Bank of America's sole discretion on a same day basis in an aggregate amount not exceeding $20,000,000 and in minimum amounts of $500,000 and integral multiples of $100,000 in excess thereof. The Borrowers must repay each Swingline Loan in full no later than ten (10) business days after such loan is made.
Purpose:	The proceeds of the Senior Credit Facilities shall be used (i) to finance a portion of the purchase price of the Acquisition, (ii) to finance the Refinancing, (iii) to pay fees, costs and expenses in connection with the Transactions and (iv) for working capital, capital expenditures, and other lawful corporate purposes (including permitted acquisitions).
Closing Date:	The execution of definitive loan documentation, expected to occur on or about July 5, 2011, but in no event to occur after the date that is 12 months after the date of the Commitment Letter (the "***Closing Date***").
Interest Rates:	As set forth in Addendum I to this Exhibit A.
Maturity:	The Revolving Credit Facility shall terminate and all amounts outstanding thereunder shall be due and payable in full five years after the Closing Date. Each of the Term Loan Facilities shall be subject to repayment according to the Scheduled Amortization (as defined below), with the final payment of all amounts outstanding, *plus* accrued interest, being due five years after the Closing Date.
Availability/Scheduled Amortization:	*Revolving Credit Facility*: Loans under the Revolving Credit Facility may be made on a revolving basis up to the full amount of the Revolving Credit Facility (less any outstanding Letters of Credit and related unreimbursed reimbursement obligations), and Letters of Credit may be issued up to the sublimit for Letters of Credit. *Term Loan Facilities*: Each of the Term Loan Facilities will be subject to quarterly amortization of principal of 2.5% of initial aggregate principal amount thereof on the Closing Date (subject to adjustment for optional prepayments), with the remainder paid on the maturity date of the applicable Term Loan Facility (the "***Scheduled Amortization***").

Mandatory Prepayments and Commitment Reductions:	None.
Optional Prepayments and Commitment Reductions:	The Borrowers may prepay any outstanding amounts of the Revolving Credit Facility or either of the Term Loan Facilities, at its option, in whole or in part at any time without premium or penalty, subject to reimbursement of the Lenders' breakage and redeployment costs in the case of prepayment of LIBOR borrowings. Each such prepayment of a Term Loan Facility shall be applied as the Borrowers may direct. The unutilized portion of the commitments under the Revolving Credit Facility may be irrevocably reduced or terminated by the Borrowers at any time without penalty.
Security:	None.
Conditions Precedent to Closing:	As set forth in the Conditions Annex attached as Exhibit B to the Commitment Letter.
Conditions Precedent to All Extensions of Credit:	Each extension of credit under the Senior Credit Facilities, other than the initial extensions of credit on the Closing Date, will be subject to satisfaction of the following conditions: (i) all of the representations and **warranties** in the loan documentation 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 the date of such extension of credit (except to the extent such representations and warranties relate to an earlier date, as of such earlier date) and (ii) no event of default under the Senior Credit Facilities or incipient default shall have occurred and be continuing, or would result from such extension of credit.

Representations and Warranties:	Only the following, which shall apply to Holdings and each of its material subsidiaries, subject to customary and other exceptions and qualifications to be agreed upon: (i) legal existence, qualification and power; (ii) due authorization and no contravention of law, contracts or organizational documents; (iii) governmental and third party approvals and consents; (iv) enforceability; (v) accuracy and completeness of specified financial statements and other information; (vi) no material litigation; (vii) use of proceeds and not engaging in business of purchasing/carrying margin stock; (viii) status under Investment Company Act; (ix) accuracy of disclosure; (x) compliance with laws; and (xi) solvency.
Affirmative and Negative Covenants:	Only the following, which shall apply to Holdings and each of its material subsidiaries, subject to customary and other exceptions and qualifications to be agreed upon: (a) Affirmative Covenants — (i) delivery of financial statements, compliance certificates and other information; (ii) delivery of notices (of any default; material litigation, government proceedings or investigations; or material change in accounting or financial reporting practices); (iii) payment of taxes; (iv) preservation of existence; (v) maintenance of books and records, properties and insurance; (vi) compliance with laws (including environmental laws and ERISA); (vii) inspection rights; (ix) use of proceeds; and (x) covenant to guarantee obligations. (b) Negative Covenants - Restrictions on (i) liens; (ii) indebtedness, (including guarantees and other contingent obligations); (iii) mergers and other fundamental changes (including sales and other dispositions of all or substantially all of Holdings' property or assets); (iv) share repurchases, payments of dividends and other distributions (A) on an unlimited basis so long as the Consolidated Leverage Ratio (pro forma for such event) is less than 2.00 to 1.00 and (B) at any other time not to exceed $100,000,000 during the term of the Senior Credit Facilities (and with certain other exceptions to be agreed); (v) changes in the nature of business; (vi) transactions with affiliates; (vii) use of proceeds; (viii) amendments of organizational documents; and (ix) changes in accounting policies or reporting practices.

Financial Covenants:	Only the following: • Consolidated Interest Coverage Ratio (with financial definitions to be agreed upon) not to be less than 3.0 to 1.0 as of the last day of any fiscal quarter of Holdings. • Consolidated Leverage Ratio (with financial definitions to be agreed upon) not to be greater than 2.5 to 1.0 as of the last day of any fiscal quarter of Holdings. Each of the ratios referred to above will be calculated on a consolidated basis for Holdings and its Subsidiaries for each consecutive four fiscal quarter period, and shall be computed on a *pro forma* basis for the Transactions and for any other acquisitions and dispositions made during any four-quarter period.
Events of Default:	Only the following, which shall apply to the Borrowers, and where applicable, Holdings and each of their respective material subsidiaries, subject to customary and other exceptions and qualifications to be agreed upon: (i) nonpayment of principal, interest, fees or other amounts; (ii) failure to perform or observe covenants set forth in the loan documentation within a specified period of time, where customary and appropriate, after such failure; (iii) any representation or warranty proving to have been incorrect when made or confirmed in any material respect (or, with respect to representations and warranties qualified by materiality standards, in any respect); (iv) cross-default to other indebtedness in an amount to be agreed; (v) bankruptcy and insolvency defaults (with grace period for involuntary proceedings); (vi) inability to pay debts; (vii) monetary judgment defaults in an amount to be agreed and material nonmonetary judgment defaults; (viii) customary ERISA defaults; (ix) actual or asserted invalidity or impairment of any loan documentation; and (x) change of control.

ASSIGNMENTS AND PARTICIPATIONS:

Revolving Credit Facility Assignments: Subject to the consents described below (which consents will not be unreasonably withheld or delayed), each Lender will be permitted to make assignments to other financial institutions in respect of the Revolving Credit Facility in a minimum amount equal to $5 million.

Term Loan Facility Assignments: Subject to the consents described below (which consents will not be unreasonably withheld or delayed), each Lender will be permitted to make assignments to other financial institutions in respect of either Term Loan Facility in a minimum amount equal to $1 million.

Consents: The consent of Borrowers will be required unless (i) an Event of Default has occurred and is continuing or (ii) the assignment is to a Lender, an affiliate of a Lender or an Approved Fund (as such term shall be defined in the loan documentation). The consent of the Administrative Agent will be required for any assignment (i) in respect of the Revolving Credit Facility or an unfunded commitment under either Term Loan Facility to an entity that is not a Lender with a commitment in respect of the applicable Facility, an affiliate of such Lender or an Approved Fund in respect of such Lender or (ii) of any outstanding term loan to an entity that is not a Lender, an affiliate of a Lender or an Approved Fund. The consent of the Fronting Bank and the lender of any Swingline Loan will be required for any assignment under the Revolving Credit Facility.

Assignments Generally: An assignment fee in the amount of $3,500 will be charged with respect to each assignment unless waived by the Administrative Agent in its sole discretion. Each Lender will also have the right, without consent of the Borrowers or the Administrative Agent, to assign as security all or part of its rights under the loan documentation to any Federal Reserve Bank.

Participations: Lenders will be permitted to sell participations with voting rights limited to significant matters such as changes in amount, rate, maturity date and releases of (a) the guaranty by Holdings, (b) if relevant to such participation, the guaranty of the obligations of the Cayman Borrower by WDT, and (c) all or substantially all of the value of the guaranties of the Borrowers' obligations made by the other Guarantors.

WAIVERS AND AMENDMENTS:

Amendments and waivers of the provisions of the loan agreement and other definitive credit documentation will require the approval of Lenders holding loans and commitments representing more than 50% of the aggregate amount of the loans and commitments under the Senior Credit Facilities (the "***Required Lenders***"), except that (a) the consent of each Lender shall be required with respect to (i) the waiver of certain conditions precedent to the initial credit extension under the Senior Credit Facility, (ii) the amendment of certain of the pro rata sharing provisions, (iii) the amendment of the voting percentages of the Lenders, and (iv) the release of (A) the guaranty by Holdings or (B) all or substantially all of the value of the guaranties of the Borrowers' obligations made by the other Guarantors; (b) the consent of each Lender directly and adversely affected thereby shall be required with respect to (i) increases or extensions in the commitment of such Lender, (ii) reductions of principal, interest (other than waivers of default interest) or fees, (iii) extensions of scheduled maturities or times for payment of such Lender and (iv) the release of WDT as guarantor of the obligations of the Cayman Borrower and (c) the consent of the Lenders holding more than 50% of the loans and commitments under the applicable Senior Credit Facility shall be required with respect to certain other matters (including, without limitation, requiring the consent of Lenders holding a majority of the commitments and outstanding loans under the Revolving Credit Facility in order for any amendment, consent or waiver to have the effect of permitting the conditions precedent to a draw under the Revolving Credit Facility to be satisfied that would not otherwise be satisfied in the absence of such amendment, consent or waiver).

Notwithstanding the foregoing, the definitive loan documentation shall include language to permit one or more "amend and extend" transactions as mutually agreed upon.

INDEMNIFICATION:	Holdings and the Borrowers will indemnify and hold harmless the Administrative Agent, the Lead Arranger, each Lender and their respective affiliates and their partners, directors, officers, employees, agents and advisors (the "***Indemnitees***") from and against all losses, claims, damages, liabilities and reasonable and documented out-of-pocket expenses arising out of or relating to the Senior Credit Facilities, the Transactions, the Borrowers' use of loan proceeds or the commitments, including, but not limited to, reasonable attorneys' fees (including the allocated cost of internal counsel) and settlement costs, except to the extent such loss, claim, damage, liability or expense is found in a final, nonappealable judgment by a court of competent jurisdiction to have resulted from such Indemnitee's gross negligence, bad faith (including, without limitation, a material breach of the Senior Credit Facilities) or willful misconduct. Such indemnities (i) for fees and expenses of legal counsel shall be limited to fees and expenses of one outside legal counsel for the Administrative Agent and one outside legal 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 (ii) shall not be applicable in the case of disputes solely between or among Indemnitees (provided that in the event of such a dispute involving a claim or proceeding brought against the Administrative Agent or the Lead Arranger (in each case, in its capacity as such) by other Indemnitees, the Administrative Agent or the Lead Arranger (in each case, in its capacity as such), as applicable, shall be entitled (subject to the other limitations and exceptions set forth above) to the benefit of such indemnities) not relating to or in connection with acts or omissions by Holdings, any Borrower or any of their respective affiliates. Without derogating or in any manner limiting the Indemnitees' rights to indemnity under this provision, Holdings and the Borrower, on the one hand, and the Indemnitees, on the other hand, shall not assert any claim for special, indirect, consequential or punitive damages against each other, any of their affiliates, or any of their respective directors, officers, partners, employees, attorneys and agents, on any theory of liability, arising out of or otherwise relating to the Senior Credit Facilities, the Acquisition Agreement or the Transactions. This indemnification shall survive and continue for the benefit of all such persons or entities.
GOVERNING LAW:	State of New York.
PRICING/FEES/ EXPENSES:	As set forth in Addendum I.

OTHER:	Each of the parties shall (i) waive its right to a trial by jury and (ii) submit to New York jurisdiction. The loan documentation will contain customary increased cost, withholding tax, capital adequacy and yield protection, replacement of lender and Defaulting Lender provisions, it being understood that (a) the commitments and loans of Defaulting Lenders shall be excluded for the purpose of making a determination of Required Lenders (as defined below), (b) Defaulting Lenders will have no vote under the loan documentation, except that the commitment of Defaulting Lenders may not be increased or extended without the consent of such Defaulting Lender and 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, (c) Defaulting Lenders may be replaced by the Borrower, and (d) no Lender, for so long as it is a Defaulting Lender, shall be entitled to receive (and the Borrower shall not be obligated to pay to such Defaulting Lender) either (i) a Letter of Credit fee on its pro rata share of any issued and outstanding Letter of Credit (except to the extent it has provided cash collateral therefor, and though such Letter of Credit fee may be payable to the Fronting Bank) or (ii) a commitment fee.

ADDENDUM I
PRICING, FEES AND EXPENSES

Interest Rates:	The interest rates per annum applicable to the Senior Credit Facilities (other than in respect of Swingline Loans) will be LIBOR *plus* the Applicable Margin (as defined below) or, at the option of the applicable Borrower, the Base Rate (to be defined as the highest of (x) the Bank of America prime rate, (y) the Federal Funds rate *plus* 0.50% and (z) the LIBOR Rate applicable for an interest period of one month *plus* 1.00%) *plus* the Applicable Margin. "***Applicable Margin***" means a percentage per annum to be determined in accordance with the Pricing Grid (as defined below). Each Swingline Loan shall bear interest at the Base Rate plus the Applicable Margin for Base Rate loans or such other rate as may be agreed by the lender of Swingline Loans. The applicable Borrower may select interest periods of one, two, three or six months for LIBOR loans, subject to availability. Interest shall be payable at the end of the selected interest period, but no less frequently than quarterly. During the continuance of any payment default under the loan documentation, the Applicable Margin on the unpaid principal amount of such over-due loans under the Senior Credit Facilities shall increase by 2% per annum.
Commitment Fee:	Commencing on the Closing Date, a commitment fee of a percentage per annum determined in accordance with the Pricing Grid shall be payable on the actual daily unused portions of the Senior Credit Facility. Such fee shall be payable quarterly in arrears, commencing on the first quarterly payment date to occur after the Closing Date. Swingline Loans will not be considered utilization of the Revolving Credit Facility for purposes of this calculation.
Letter of Credit Fees:	Letter of Credit fees shall be payable on the maximum amount available to be drawn under each Letter of Credit at a rate per annum equal to the Applicable Margin from time to time applicable to LIBOR loans under the Revolving Credit Facility. Such fees will be (a) payable quarterly in arrears, commencing on the first quarterly payment date to occur after the Closing Date, and (b) shared proportionately by the Lenders under the Revolving Credit Facility. In addition, a fronting fee shall be payable to the Fronting Bank for its own account, in the amount and at the times set forth in the Fee Letter.

TICKING FEES:

You will pay to the Administrative Agent, for the pro rata account of the Lenders (including Bank of America) based on their commitments and calculated during the relevant period of such commitments, a commitment fee of 0.35% per annum (calculated on the basis of actual number of days elapsed in a year of 360 days) on the aggregate principal amount of the Senior Credit Facilities as set forth in the Commitment Letter, such fee to accrue from and after the earlier of (a) the date on which a Successful Syndication is achieved and (b) April 20, 2011, and to be payable in full upon the earlier of (i) the Closing Date and (ii) the date of termination of the commitment under the Commitment Letter in accordance with its terms. Unless otherwise consented to by the Administrative Agent, if the Closing Date occurs then the commitment of each Lender shall be computed based on such Lender's share of the Senior Credit Facilities funded by it on the Closing Date.

PRICING GRID:

The Applicable Margin, the Commitment Fee and the Letter of Credit fee shall, at the times provided, be determined in accordance with the following pricing grid (the "***Pricing Grid***"), with the Consolidated Leverage Ratio at closing being calculated *pro forma* for the Transactions:

Consolidated Leverage Ratio	Applicable Margin for LIBOR Loans/Letter of Credit Fees	Applicable Margin for Base Rate Loans	Commitment Fee
Less than or equal to 0.50 to 1.00	1.50%	0.50%	0.25%
Greater than 0.50 to 1.00, but less than or equal to 1.25 to 1.00	2.00%	1.00%	0.35%
Greater than 1.25 to 1.00, but less than or equal to 2.00 to 1.00	2.25%	1.25%	0.40%
Greater than 2.00 to 1.00	2.50%	1.50%	0.50%

Calculation of Interest and Fees:	Other than calculations in respect of interest at the Bank of America prime rate or the federal funds rate (which shall be made on the basis of actual number of days elapsed in a 365/366 day year), all calculations of interest and fees shall be made on the basis of actual number of days elapsed in a 360 day year.
Cost and Yield Protection; Defaulting Lenders:	Customary for transactions and facilities of this type, including, without limitation, in respect of breakage or redeployment costs incurred in connection with prepayments, changes in capital adequacy and capital requirements or their interpretation, illegality, unavailability, reserves without proration or offset and payments free and clear of withholding or other taxes. The definitive loan documentation shall also contain provisions relating to cash collateralization for, and/or reallocation among other Lenders of participations in, Letters of Credit in the event any lender becomes a Defaulting Lender (limited to the Defaulting Lender's pro rata reimbursement obligations in respect of Letters of Credit), as well as certain other Defaulting Lender provisions.
Expenses:	The Borrowers will pay all reasonable costs and documented out-of-pocket expenses of the Administrative Agent and the Lead Arranger associated with the preparation, due diligence, administration, syndication and closing of all loan documentation, including, without limitation, the legal fees of one lead counsel to the Administrative Agent and the Lead Arranger and of appropriate local counsel, if any, limited to one such counsel is each jurisdiction, regardless of whether or not the Senior Credit Facilities are closed. The Borrowers will also pay the expenses of the Administrative Agent, the Lead Arranger and each Lender in connection with the enforcement of any of the loan documentation.

EXHIBIT B
(to Commitment Letter)

Conditions Annex

Capitalized terms used but not otherwise defined herein shall have the meaning given thereto in the Commitment Letter dated as of March 7, 2011 by and among Holdings, the Borrowers, Bank of America and the Lead Arranger (the "***Commitment Letter***") to which this Exhibit B is attached, or if not defined therein, in the Summary of Terms and Conditions attached to the Commitment Letter as Exhibit A (the "***Summary of Terms***").

Closing Conditions

The closing of the Senior Credit Facilities and the initial extension of credit under the Senior Credit Facilities will be subject to satisfaction of the following conditions precedent:

1. The negotiation, execution and delivery of definitive documentation with respect to the Senior Credit Facilities in customary form incorporating the terms and conditions outlined set forth in the Commitment Letter and the Summary of Terms and, to the extent not inconsistent therewith, otherwise reasonably satisfactory to Holdings, the Borrowers, the Lead Arranger, the Administrative Agent and the applicable Lenders.

2. The Administrative Agent and the Lead Arranger shall have received:

a. such customary corporate resolutions, certificates and other documents as the Administrative Agent shall customary and reasonably require and reasonably satisfactory opinions of (i) counsel to Holdings, the Borrowers and the Guarantors (which shall cover, among other things, authority, legality, validity, binding effect and enforceability of the documents for the Senior Credit Facilities), and (ii) appropriate local counsel (which, in each case, shall expressly permit in a customary manner reliance by successors and permitted assignees of the Administrative Agent and the Lenders);

b. 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 expiration of all applicable waiting periods without any adverse action being taken by any competent authority that prevents or imposes any material adverse conditions on Holdings, the Borrowers, the Target or their respective subsidiaries taken as a whole or the consummation of the Transactions;

c. a *pro forma* consolidated balance sheet as of the end of the most recently ended fiscal year and fiscal quarter 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 of the chief financial officer of Holdings to the effect that such statements accurately present in all material respects the pro forma financial position of the Holdings and its subsidiaries in accordance with GAAP (and in any event after giving effect to the Transactions);

d. certification as to the solvency of Holdings and its subsidiaries on a consolidated basis (after giving effect to the Transactions and the incurrence and repayment of indebtedness related thereto) from the chief financial officer of Holdings, in form and substance satisfactory to the Administrative Agent and demonstrating that after giving *pro forma* effect to the Transactions, the Consolidated Leverage Ratio is not greater than 1.50 to 1.00;

e. 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 not less than five business days prior to the Closing Date;

f. payment of all accrued reasonable fees and expenses of the Lead Arranger, the Administrative Agent (including the reasonable fees and expenses of counsel (including any reasonably necessary local counsel) for the Administrative Agent and the Lead 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

g. 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, 2007, 2008, 2009 and, if available, 2010, 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.

3. The Acquisition shall be consummated pursuant to the Acquisition Agreement, substantially concurrently with the initial funding of the Senior Credit Facilities, 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 Lead Arranger, such consent not to be unreasonably withheld or delayed. The Lead Arranger hereby acknowledges that it is satisfied with the Stock Purchase Agreement dated as of the date hereof by and among Holdings, the Cayman Borrower, the Seller and the Target (the "***Acquisition Agreement***"), and the disclosure schedules and exhibits thereto.

4. 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 (defined below) 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.

"***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 the applicable Party 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 such Party 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.

5. 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.

6. The Administrative Agent shall have been provided with the Information Materials (including the Lender's presentation) to be used in connection with the syndication of the Senior Credit Facilities and shall have been afforded a period of at least 30 consecutive days (excluding traditional blackout and holiday periods in the bank market), or such shorter time as may be agreed to by the Administrative Agent, after receipt of the Information Materials (including the Lender's presentation) to syndicate the Senior Credit Facilities, with such syndication and assignments resulting therefrom being expressly subject to the proviso in the fifth paragraph of the Commitment Letter.

7. Prior to the occurrence of the Syndication Assistance Termination Date, unless consented to by the Lead Arranger, there shall be no competing offering, placement or arrangement of any material debt securities or bank financing by or on behalf of the Borrowers or any of their subsidiaries or affiliates (after giving effect to the Acquisition).

8. Subject to the Certain Funds Provision, all of the Specified Representations in the definitive loan documentation and all of the Specified Acquisition Agreement Representations 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 the date of such extension of credit (except to the extent such representations and warranties relate to an earlier date, as of such earlier date).

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: April 29, 2011

/s/ JOHN F. COYNE
John F. Coyne
President and 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: April 29, 2011

/s/ WOLFGANG U. NICKL
Wolfgang U. Nickl
Senior 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 April 1, 2011 (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: April 29, 2011

/s/ JOHN F. COYNE
John F. Coyne
President and 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 April 1, 2011 (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: April 29, 2011

/s/ WOLFGANG U. NICKL
Wolfgang U. Nickl
Senior Vice President and Chief Financial Officer