

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

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **October 31, 2006**

Western Digital Corporation

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

001-08703
(Commission File Number)

33-0956711
(I.R.S. Employer Identification No.)

20511 Lake Forest Drive
Lake Forest, California
(Address of Principal Executive Offices)

92630
(Zip Code)

(949) 672-7000
(Registrant's Telephone Number, Including Area Code)

Not applicable
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 240.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry into a Material Definitive Agreement.

On October 31, 2006, Western Digital Corporation (“Western Digital”) entered into (1) an employment agreement with John Coyne (the “Coyne Employment Agreement”) pursuant to which Mr. Coyne will become the Chief Executive Officer of Western Digital, effective January 2, 2007, and (ii) an amendment (the “Amendment”) to the employment agreement with Arif Shakeel (the “Shakeel Employment Agreement”) pursuant to which Mr. Shakeel will relinquish the role of Chief Executive Officer of Western Digital effective January 2, 2007 but will continue to be employed by Western Digital as Special Advisor to the Chief Executive Officer through June 29, 2007. A press release making this announcement is attached as Exhibit 99.1 to this Form 8-K and is incorporated herein by reference.

John Coyne Employment Agreement

Pursuant to the Coyne Employment Agreement, a copy of which is attached hereto as Exhibit 10.1 and incorporated herein by reference, Mr. Coyne will continue to serve as President and Chief Operating Officer until January 1, 2007. Effective January 2, 2007, Mr. Coyne will become President and Chief Executive Officer of Western Digital. The Coyne Employment Agreement terminates on January 1, 2012, subject to earlier termination in certain circumstances.

The Coyne Employment Agreement provides for Mr. Coyne to receive base salary at the annual rate of \$650,000 until January 1, 2007, at which time the annual rate of Mr. Coyne’s base salary will increase to \$800,000. Mr. Coyne’s target annual bonus will be 100% of his base salary, and he will be entitled to participate in Western Digital’s other benefit plans on terms consistent with those generally applicable to Western Digital’s other senior executives.

Pursuant to the Coyne Employment Agreement, Mr. Coyne has been granted two performance cash awards, each that provide for a cash bonus opportunity with a target amount of \$1,000,000. One cash award corresponds to the performance period July 1, 2006 through June 29, 2007 and the other cash award corresponds to the performance period July 1, 2006 through June 27, 2008. The performance cash awards are each subject to the Notice of Grant of Long-Term Cash Award and Long-Term Cash Award Agreement — Executives in substantially the form previously filed with the Securities and Exchange Commission and the corresponding performance objectives for each award will be determined by the Compensation Committee of the Board of Directors in its good faith discretion. The Coyne Employment Agreement also provides that annually during Mr. Coyne’s employment as President and Chief Executive Officer commencing after the first day of fiscal year 2008, Mr. Coyne will be eligible for and will receive a performance cash award with a target amount of no less than \$2,000,000. Each such performance cash award shall be based upon a 24-month performance cycle. The corresponding performance objectives for each such award will be determined each year by mutual agreement of Mr. Coyne and the Compensation Committee of the Board of Directors following good faith discussions and consideration of Western Digital’s strategic and operational initiatives or, if no such agreement is made, by the Compensation Committee in its good faith discretion. In addition, each such performance cash award will be subject to the Notice of Grant of Long-Term Cash Award and Long-Term Cash Award Agreement — Executives in substantially the form previously filed with the Securities and Exchange Commission.

Pursuant to the Coyne Employment Agreement, effective as of January 31, 2007 and subject to Mr. Coyne’s employment as President and Chief Executive Officer as of such date, Mr. Coyne will be granted 1,100,000 restricted stock units under Western Digital’s amended and restated 2004 Performance Incentive Plan, evidenced by a Notice of Grant of Stock Units and Stock Unit Award Agreement in substantially the form attached hereto as Exhibit 10.2 and incorporated herein by reference. Subject to Mr. Coyne’s continued employment by Western Digital, the stock units will become vested as follows: (i) 110,000 stock units will vest on January 1, 2008, (ii) 110,000 stock units will vest on January 1, 2009, (iii) 330,000 stock units will vest on January 1, 2010, (iv) 110,000 stock units will vest on January 1, 2011 and (v) 440,000 stock units will vest on January 1, 2012. The Coyne Employment Agreement also provides that, on January 31, 2007, Western Digital will grant Mr. Coyne a nonqualified stock option to purchase 120,000 shares of Western Digital common stock (subject to proportionate and equitable adjustments for stock splits and similar changes in capitalization). The exercise price per share of the option will equal the fair market value of a share of Western Digital’s common stock on the date of grant of the option. The

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option will be granted under Western Digital's amended and restated 2004 Performance Incentive Plan and will be evidenced by a Notice of Grant of Stock Option and Option Agreement in substantially the form attached hereto as Exhibit 10.3 and incorporated herein by reference. Notwithstanding the prior approval of the restricted stock unit award or the stock option award, if Western Digital is in a trading blackout period (pursuant to Western Digital's policies on trading company securities applicable to executive officers generally) on January 31, 2007, the Compensation Committee of the Board of Directors may, in its discretion, delay the effective date of grant of either or both of the restricted stock unit award or the stock option until after the blackout period ends, in which case such delayed grant shall be made effective by approval of the Compensation Committee of the Board of Directors promptly following the end of the blackout period (and the date of grant of the option will be the date of such approval).

In addition, pursuant to the Coyne Employment Agreement, in each of the four fiscal years commencing with fiscal year 2008, Mr. Coyne will receive a stock option to purchase shares of Western Digital's common stock. The number of shares subject to such stock options will be determined in the good faith discretion of the Compensation Committee of the Board of Directors based on Mr. Coyne's individual performance, Western Digital's performance and market benchmark comparisons of compensation data for chief executive officers against both peer group and general industry survey data.

If Western Digital terminates Mr. Coyne's employment other than for cause (as defined in the Coyne Employment Agreement) (and not on account of Mr. Coyne's death or total disability) prior to January 1, 2012, Mr. Coyne will be entitled to (i) the Tier I benefits under Western Digital's then-existing Executive Severance Plan or, if applicable, the benefits under Western Digital's Amended and Restated Change of Control Severance Plan (provided that Mr. Coyne satisfies all of the terms and conditions of the applicable plan) and (ii) timely payment of all accrued obligations (as defined in the Coyne Agreement and which includes annual base salary and vacation accrued through the termination date to the extent not previously paid and any compensation previously deferred by Mr. Coyne in accordance with Western Digital's deferred compensation plan).

In the event that Mr. Coyne remains employed by Western Digital as its President and Chief Executive Officer through January 1, 2012, then upon the termination of Mr. Coyne's employment with Western Digital for any reason (other than a termination for cause), any stock options granted to Mr. Coyne during the term of the Coyne Employment Agreement will become fully vested and Mr. Coyne will have three years from the date of such termination to exercise the options (subject to earlier termination in accordance with the terms of the applicable equity incentive plan under which the options were granted and the agreement(s) evidencing such options). In addition, Mr. Coyne will be eligible to receive a pro-rata portion of any outstanding performance cash award based on the period of Mr. Coyne's employment by the Company during the applicable performance period.

Amendment to Arif Shakeel Employment Agreement

Pursuant to the Amendment, a copy of which is attached hereto as Exhibit 10.4 and incorporated herein by reference, Mr. Shakeel will continue to serve as Chief Executive Officer of Western Digital through January 1, 2007. Mr. Shakeel will relinquish the role of Chief Executive Officer effective January 2, 2007 but will continue to be employed by Western Digital as Special Advisor to the Chief Executive through June 29, 2007, subject to earlier termination in certain circumstances. Mr. Shakeel's duties as Special Advisor to the Chief Executive Officer will include offering advice and counsel to Mr. Coyne in his new position as Chief Executive Officer with respect to strategic, management and operational matters. Mr. Shakeel will continue to receive base salary at his current annual rate of \$800,000 during such term of employment.

The Amendment provides that, subject to Mr. Shakeel's continued employment through June 29, 2007, 158,333 shares of restricted stock that comprise a portion of the January 20, 2005 restricted stock award to Mr. Shakeel that are scheduled to vest on July 31, 2007 will instead become vested on June 29, 2007, and 659,200 shares of restricted stock that comprise a portion of the August 25, 2005 restricted stock award to Mr. Shakeel that are scheduled to vest on January 1, 2008 will instead become vested on June 29, 2007.

The Amendment also provides that the stock options previously granted to Mr. Shakeel and outstanding as of October 31, 2006 that are scheduled to vest after June 29, 2007 and before January 1, 2008 terminated effective October 31, 2006. In addition, 90,800 shares of restricted stock that comprise a portion of the August 25, 2005 restricted stock award to Mr. Shakeel that are scheduled to vest on January 1, 2008 also terminated on October 31, 2006.

Item 2.02 Results of Operations and Financial Condition.

On November 2, 2006, Western Digital announced financial results for the first fiscal quarter ended September 29, 2006. A copy of the press release making this announcement is attached hereto as Exhibit 99.2 and is incorporated herein by reference. A copy of the Company's Investor Information Summary for the fiscal quarter ended September 29, 2006 is attached hereto as Exhibit 99.3 and is incorporated herein by reference.

In accordance with General Instruction B.2 of Form 8-K, the information in this Current Report on Form 8-K, including Exhibit 99.2 and Exhibit 99.3, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 5.02 Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.

Appointment of John Coyne to President and Chief Executive Officer and Relinquishment by Arif Shakeel of Chief Executive Officer Position

Effective January 2, 2007, John Coyne, age 56, currently Western Digital's President and Chief Operating Officer, will become Western Digital's President and Chief Executive Officer. In connection with Mr. Coyne's appointment, Western Digital and Mr. Coyne entered into the Coyne Employment Agreement, dated as of October 31, 2006, as described under Item 1.01 of this Form 8-K. Such description is incorporated herein by reference.

Mr. Coyne joined Western Digital in 1983 and has served in various executive capacities. From November 2002 until June 2005, Mr. Coyne served as Senior Vice President, Worldwide Operations, from June 2005 until September 2005, he served as Executive Vice President, Worldwide Operations and from November 2005 until June 2006, he served as Executive Vice President and Chief Operations Officer. Effective June 2006, he was named President, Chief Operating Officer.

Effective January 2, 2007, Arif Shakeel, age 51, will relinquish the role of Chief Executive Officer of Western Digital but will continue to be employed by Western Digital as Special Advisor to the Chief Executive Officer. In connection with this transition, Western Digital and Mr. Shakeel entered into an amendment to the Shakeel Employment Agreement, dated as of October 31, 2006, as described under Item 1.01 of this Form 8-K. Such description is incorporated herein by reference.

Mr. Shakeel has been a director of Western Digital since September 2004. Mr. Shakeel joined Western Digital in 1985 and has served in various executive capacities. From February 2000 until April 2001, he served as Executive Vice President and General Manager of Hard Disk Drive Solutions, from April 2001 until January 2003, he served as Executive Vice President and Chief Operating Officer, and from January 2002 until June 2006, he served as President. Mr. Shakeel was named Chief Executive Officer in October 2005.

Election of John Coyne to Board of Directors

The Board of Directors has elected John Coyne, Western Digital's current President and Chief Operating Officer, to the Board of Directors effective October 31, 2006. At this time, Mr. Coyne is not expected to serve as a member of any committee of the Board of Directors. A press release making this announcement is attached as Exhibit 99.1 to this Form 8-K and is incorporated herein by reference.

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Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

- 10.1 Employment Agreement, dated as of October 31, 2006, between Western Digital Corporation and John Coyne.
- 10.2 Form of Notice of Grant of Stock Units and Stock Unit Award Agreement between Western Digital Corporation and John Coyne.
- 10.3 Form of Notice of Grant of Stock Option and Option Agreement between Western Digital Corporation and John Coyne.
- 10.4 Amendment to Employment Agreement, dated as of October 31, 2006, between Western Digital Corporation and Arif Shakeel.
- 99.1 Press Release issued by Western Digital Corporation on November 2, 2006 announcing the appointment of John Coyne to Chief Executive Officer.
- 99.2 Press Release issued by Western Digital Corporation on November 2, 2006 announcing financial results for the first fiscal quarter ended September 29, 2006.
- 99.3 First Quarter Fiscal Year 2007 Western Digital Corporation Investor Information Summary.

SIGNATURE

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

Western Digital Corporation
(Registrant)

By: /s/ Raymond M. Bukaty _____
Raymond M. Bukaty
Senior Vice President, Administration, General Counsel
and Secretary

Date: November 2, 2006

EXHIBIT INDEX

<u>Exhibit</u>	<u>Description</u>
10.1	Employment Agreement, dated as of October 31, 2006, between Western Digital Corporation and John Coyne.
10.2	Form of Notice of Grant of Stock Units and Stock Unit Award Agreement between Western Digital Corporation and John Coyne.
10.3	Form of Notice of Grant of Stock Option and Option Agreement between Western Digital Corporation and John Coyne.
10.4	Amendment to Employment Agreement, dated as of October 31, 2006, between Western Digital Corporation and Arif Shakeel.
99.1	Press Release issued by Western Digital Corporation on November 2, 2006 announcing the appointment of John Coyne to Chief Executive Officer.
99.2	Press Release issued by Western Digital Corporation on November 2, 2006 announcing financial results for the first fiscal quarter ended September 29, 2006.
99.3	First Quarter Fiscal Year 2007 Western Digital Corporation Investor Information Summary.

EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement") is entered into by and between Western Digital Corporation (the "Company") and John Coyne ("Executive"), as of the 31st day of October, 2006 ("Effective Date").

1. EMPLOYMENT.

The Company hereby employs Executive and Executive hereby accepts such 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 January 1, 2012 ("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 January 1, 2012.

2. DUTIES.

A. President and Chief Operating Officer. From the Effective Date until January 1, 2007, Executive shall continue to serve as President and Chief Operating Officer of the Company, and shall report to the Company's Chief Executive Officer.

B. President and Chief Executive Officer. From January 2, 2007, through January 1, 2012, Executive shall serve as President and Chief Executive Officer of the Company. In this capacity, Executive shall report to the Board of Directors of the Company, and shall have such duties and responsibilities consistent with his position as President and Chief Executive Officer as the Board of Directors of the Company shall determine from time to time.

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

3. COMPENSATION.

A. Base Salary. From the Effective Date through January 1, 2007, the Company will pay to Executive a base salary at the rate of \$650,000 per year. Effective January 2, 2007, the Company will pay to Executive a base salary at the rate of \$800,000 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.

B. Bonus. Executive's target annual bonus each fiscal year during the Employment Period for purposes of the Company's semi-annual Incentive Compensation Plan (ICP) bonus program for such fiscal period shall be 100% of his semi-annual base salary from the Company in effect on the last day of such fiscal period. In addition, concurrent with the execution of this Agreement, Executive shall receive a Performance Cash Award, in the form attached hereto as Exhibit "A" that provides an opportunity for

a bonus with a target amount of \$1,000,000 for the July 1, 2006, through June 29, 2007, performance period and shall receive a Performance Cash Award in the form attached hereto as Exhibit "B" that provides an opportunity for a bonus with a target amount of \$1,000,000 for the July 1, 2006 through June 27, 2008 performance period, the corresponding performance objectives to be determined by the Compensation Committee of the Board of Directors in its good faith discretion. In addition, while employed by the Company under this Agreement, Executive shall be eligible for and shall receive a Performance Cash Award annually under the Company's Long Term Incentive award program with a target amount of no less than \$2,000,000. Each such award will be based on a 24-month performance period. The first such Performance Cash Award will be awarded in August or September 2007, and will be based on the performance period commencing on the first day of fiscal year 2008 and ending on the last day of fiscal year 2009. The parties intend that the performance objectives for such annual awards will be determined each year by mutual agreement between Executive and the Compensation Committee of the Board of Directors following good faith discussions and consideration of the Company's strategic and operational initiatives. In the event that the parties cannot reach mutual agreement, the performance objectives for the applicable award will be determined by the Compensation Committee in its good faith discretion. The other terms and conditions of such awards will be in the Company's standard form attached hereto as Exhibit "A".

C. Retirement and Welfare Benefit Plans; Fringe Benefits.

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 of the Board of Directors.

D. Expenses. 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. From the Effective Date through

December 31, 2009, 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. For each of calendar year 2010 and 2011, Executive shall receive eight (8) weeks paid vacation. 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. RESTRICTED STOCK; OTHER EQUITY AWARDS.

A. Restricted Stock Units. On January 31, 2007, the Company shall grant to Executive an award of 1,100,000 restricted stock units ("RESTRICTED UNITS") in the form attached hereto as Exhibit "C" provided that Executive is then employed as the President and Chief Executive Officer of the Company. Such Restricted Units shall vest as follows: (i) Ten percent of such Restricted Units shall vest on January 1, 2008; (ii) Ten percent of such Restricted Units shall vest on January 1, 2009; (iii) Thirty percent of such Restricted Units shall vest on January 1, 2010; (iv) Ten percent of such Restricted Units shall vest on January 1, 2011; and (v) Forty percent of such Restricted Units shall vest on January 1, 2012; provided, in the case of each such vesting installment and except as expressly provided otherwise in Section 5 below, that Executive has remained continuously employed by the Company through such vesting date. In the event of Executive's death after January 31, 2007, while employed by the Company, an additional number of Restricted Units shall accelerate and become vested on the date of Executive's death, with such number of additional Restricted Units equal to: (1) the total number of Restricted Units multiplied by a fraction (not greater than one), the numerator of which is the total number of calendar days during the period commencing with January 31, 2007, through and including the date of Executive's death, (but not less than 182 days) and the denominator of which is the total number of calendar days during the period commencing with January 31, 2007, through and including January 1, 2012, less (2) the total number of Restricted Units that otherwise vested on or before the date of Executive's death. The Restricted Units will be evidenced by and subject to such other and further terms and conditions as are set forth in a written restricted stock unit award agreement in the form attached hereto as Exhibit "C".

B. Stock Options. On January 31, 2007, and in each of the four fiscal years commencing with fiscal year 2008, the Company shall grant to Executive a nonqualified stock option (the "Option(s)") to purchase a number of shares of Common Stock in the form attached hereto as Exhibit "D". The date of the Option grants subsequent to January 2007 shall be at the same time as the Company's annual grant of options to other members of senior management. If the Company is in a blackout period (pursuant to the Company's policies on trading Company securities applicable to the Company's executive officers generally) on the applicable date, the Compensation Committee of the Board of Directors may, in its discretion, delay the date of grant of the applicable Option until after such blackout period ends, in which case the Compensation Committee shall approve the grant promptly following the end of such blackout period (and the date of grant of the Option shall be the date of such approval). The number of shares of Common Stock subject to the January 31, 2007 Option will equal 120,000 (such number subject to proportionate and equitable adjustments for stock splits, stock dividends, reverse stock splits, and similar changes in capitalization). The number of shares of Common Stock subject to the subsequent Options will be determined in the good faith discretion of the Compensation Committee of the Board of Directors based on (among such other facts and circumstances the Compensation Committee may determine to be relevant in the circumstances) Executive's individual performance, the Company's performance, and market benchmark comparisons of compensation data for chief executive officers against both peer group and general industry survey data. The exercise

price per share of the Option(s) will be equal to the fair market value (determined consistently with the Company's Amended and Restated 2004 Performance Incentive Plan) of a share of Common Stock on the date of grant of the Option(s). The Option(s) will be evidenced by and subject to such other and further terms and conditions as set forth in a written stock option award agreement in the form attached hereto as Exhibit "D".

C. Future Award Eligibility. Executive shall also be eligible to receive additional grants of stock options, restricted stock awards, and/or other long-term incentives, each in the good faith discretion of the Compensation Committee of the Board of Directors based on (among such other facts and circumstances the Compensation Committee may determine to be relevant in the circumstances) Executive's individual performance, the Company's performance, and market benchmark comparisons of compensation data for chief executive officers against both peer group and general industry survey data.

D. Special Incentive Vesting and Exercisability. In the event Executive remains employed by the Company as its President and Chief Executive Officer 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 during the Employment Period 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 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 Operating Officer and President prior to January 2, 2007, or President and Chief Executive Officer on or after January 2, 2007, as the case may be, or (iv) a conviction of or a plea of nolo contendere 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) Cause or Disability. If Executive's employment is terminated by the Company for Cause or on account of Disability, Executive's employment shall terminate without further obligations to Executive other than for the 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"). If it is subsequently determined that the Company did not have Cause for termination under Section 5.C or Executive was not Disabled as defined in Section 5.B, then the Company's decision to terminate shall be deemed to have been made under Section 5.D, and the amounts payable under Section 5.E(iii) shall be the only amounts Executive may receive for his termination.

(ii) Death. If Executive's employment is terminated on account of Executive's Death, Executive's employment shall terminate without further obligations to Executive's heirs other than for the timely payment of Accrued Obligations and the adjusted vesting of Restricted Units set forth in Section 4.A above.

(iii) Other than Cause, Death, or Disability. If the Company terminates Executive's employment for other than Cause (and other than due to Executive's death or Disability) effective prior to January 1, 2012, Executive's employment shall terminate without further obligations to Executive other than:

(a) The Company's timely payment to Executive of Accrued Obligations; and

(b) The Company's provision to Executive of the Tier I benefits under the Company's then-existing Executive Severance Plan or, if applicable, the benefits under the Company's Amended and Restated Change of Control Severance Plan, provided that Executive satisfies all of the terms and conditions of the applicable

plan (including in the case of the Executive Severance Plan, but not limited to the condition that Executive execute a general release in a form acceptable to the Company).

(iv) Expiration. Upon the expiration of this Agreement, Executive's employment shall terminate without further obligations to Executive other than (i) the timely payment of Accrued Obligations, (ii) any benefits or amounts due under Section 4(D) above, and (iii) eligibility to receive an ICP bonus with respect to the first half of fiscal year 2012 in such amount and at such time as ICP bonuses, if any, are determined on a Company-wide basis.

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. Notwithstanding the foregoing, this Agreement shall not supersede and replace the Letter Agreement dated May 25, 2005 between Executive and Western Digital Technologies, Inc. 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, 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, 20511 Lake Forest Drive, Lake Forest, California 92630, or addressed to the Company at: Western Digital Corporation, Attn. Corporate Secretary, 20511 Lake Forest Drive, Lake Forest, California 92630. Either party may change the address at which notice shall be given by written notice given in the above manner.

18. 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. Notwithstanding any earlier execution of this Agreement by the Company and/or John Coyne, this Agreement will be effective as of the date that the Company and Arif Shakeel, the Company's current Chief Executive Officer, enter into an amendment of Mr. Shakeel's Employment Agreement providing for the appointment of Mr. Shakeel to the position of Special Advisor to the Chief Executive Officer, effective as of January 2, 2007.

[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/ Arif Shakeel

Name: Arif Shakeel

Title: Chief Executive Officer

EXECUTIVE:

/s/ John Coyne

John Coyne

WESTERN (R)
DIGITAL

WESTERN DIGITAL CORPORATION
ID: 95-2657125
P.O. Box 19665
Lake Forest, CA 92630-7741
(949) 672-7000 x 27985/27986

NOTICE OF GRANT OF STOCK UNITS
AND STOCK UNIT AWARD AGREEMENT

JOHN COYNE
<>
<>
<>, <> <>

AWARD NUMBER: <>
PLAN: <>
ID: <>

Congratulations! Effective January 31, 2007, you have been granted stock units of Western Digital Corporation. These stock units were granted under the 2004 Performance Incentive Plan (the "Plan").¹

VESTING2:

Units	Vest
110,000	January 1, 2008
110,000	January 1, 2009
330,000	January 1, 2010
110,000	January 1, 2011
440,000	January 1, 2012

Your stock unit award is subject to the terms and conditions of this Notice, the attached Terms and Conditions for Stock Unit Awards (the "Terms") and the Plan. By accepting the award, you are agreeing to the terms of the award as set forth in those documents. You should read the Plan, the Prospectus for the Plan, and the Terms. The Terms and the Plan are each incorporated into (made a part of) this Notice by this reference. You do not have to accept your award. If you do not agree to the terms of your award, you should promptly return this Notice to the Western Digital Corporation Stock Plans Administrator.

A copy of the Plan, the Prospectus for the Plan, and the Terms have been provided to you. If you need another copy of these documents, or if you would like to confirm that you have the most recent version, please contact the Company's Stock Plans Administrator.

¹ The number of stock units subject to the award is subject to adjustment under

Section 7.1 of the Plan (for example, and without limitation, in connection with stock splits).

2 The stock units covered by the award are subject to forfeiture under Section 7 of the attached Terms and Conditions for Stock Unit Awards.

[WESTERN DIGITAL LOGO]

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

TERMS AND CONDITIONS FOR
STOCK UNIT AWARDS
Amended and Restated 2004 Performance Incentive Plan

1. STOCK UNITS SUBJECT TO 2004 PERFORMANCE INCENTIVE PLAN

The Stock Unit Award (the "Award") referred to in the attached Notice of Grant of Stock Units and Stock Unit Award Agreement (the "Notice") was awarded under Western Digital Corporation's (the "Corporation's") Amended and Restated 2004 Performance Incentive Plan (the "Plan"). Each stock unit covered by the Award ("Stock Unit") is a non-voting unit of measurement that is deemed for bookkeeping purposes to be equivalent to one outstanding share of Common Stock (subject to adjustment as provided in Section 7.1 of the Plan). The holder of the Stock Units is referred to herein as the "Participant." Stock Units shall be used solely as a device for the determination of the number of shares of Common Stock to eventually be delivered to the Participant if Stock Units held by such Participant vest pursuant to Section 4, Section 7 or Section 8 and shall not be treated as property or as a trust fund of any kind. Stock Units granted to the Participant shall be credited to an unfunded bookkeeping account maintained by the Corporation on behalf of the Participant (a "Stock Unit Account").

The Stock Units are subject to the terms and provisions of the Notice, these Terms and Conditions for Stock Unit Awards (these "Terms"), and the Plan. To the extent any information in the Notice, the prospectus for the Plan, or other information provided by the Corporation conflicts with the Plan and/or these Terms, the Plan or these Terms, as applicable, shall control. To the extent any terms and provisions in these Terms conflict with the terms and provisions of the Plan, the Plan shall control. Capitalized terms not defined herein have the meanings set forth in the Plan.

2. AWARD AGREEMENT

The Notice and these Terms, together, constitute the Award Agreement with respect to the Award pursuant to Section 5.3 of the Plan.

3. DEFERRAL OF STOCK UNITS

Notwithstanding anything to the contrary contained herein, the Participant may elect, on a form and in a manner provided by the Corporation, to defer the Stock Units subject to the Award under the Corporation's Deferred Compensation Plan (the "Deferred Compensation Plan"). If the Participant makes such a deferral election, the Stock Units will be paid (to the extent vested) in accordance with the payment provisions of the Deferred Compensation Plan (including without limitation the provisions requiring a six-month payment delay in the event that the Participant is a "specified employee" for purposes of Section 409A of the Code), which are incorporated herein by this reference, and any applicable deferral election made by the Participant under and in accordance with the rules of the Deferred Compensation Plan. Whether or not the Participant elects to defer the Stock Units, any shares of Common Stock issued or delivered with respect to the Stock Units shall be charged against the applicable share limits of the Plan.

4. VESTING

Except as otherwise provided in this Award Agreement, the Award shall vest and become nonforfeitable in percentage installments of the aggregate number of Stock Units as set forth in the Notice.

An Award may vest and become payable in connection with the occurrence of certain events involving the Corporation as provided for in Section 7 of the Plan. Without limiting the foregoing but subject to Sections 7.5, 7.6 and 7.7 of the Plan, to the extent that the Award is outstanding and otherwise unvested immediately prior to the occurrence of a Change in Control Event, the Award shall vest and become payable as to the outstanding and otherwise unvested Stock Units upon the occurrence of the Change in Control Event. Notwithstanding the foregoing or anything in this Award Agreement or the Plan, if the event giving rise to any accelerated vesting pursuant to Section 7 of the Plan is not also a "change in control event" of the Corporation for purposes of Section 409A of the Code, then payment with respect to the Award shall not be made until such Stock Units would have become vested and payable without regard to this Section 4 or Section 7 of the Plan.

The vesting schedule requires continued employment or service through each applicable vesting date as a condition to the vesting of the applicable installment of the Award and the rights and benefits under this Award Agreement. Employment or service for only a portion of the vesting period, even if a substantial portion, will not entitle the Participant to any proportionate vesting or avoid or mitigate a termination of rights and benefits upon or following a termination of employment or services as provided in Section 7 below or under the Plan.

5. DIVIDEND EQUIVALENT RIGHTS DISTRIBUTIONS

As of any date that the Corporation pays an ordinary cash dividend on its Common Stock, the Corporation shall credit the Participant's Stock Unit Account with an additional number of Stock Units equal to (i) the per share cash dividend paid by the Corporation on its Common Stock on such date, multiplied by (ii) the number of Stock Units remaining subject to the Award as of the related dividend payment record date, divided by (iii) the Fair Market Value of a share of Common Stock on the date of payment of such dividend. If the Participant has not made a deferral election with respect to the Stock Units, then the Stock Units credited pursuant to the foregoing provisions of this Section 5 shall be subject to the same vesting, payment and other terms, conditions and restrictions as the original Stock Units to which they relate. If the Participant has made a deferral election with respect to the Stock Units, then the Stock Units credited pursuant to the foregoing provisions of this Section 5 shall be credited under, and paid in an equivalent number of shares of Common Stock in accordance with the payment provisions of, the Deferred Compensation Plan and any applicable deferral election made by the Participant under and in accordance with the rules of the Deferred Compensation Plan.

6. TIMING AND MANNER OF PAYMENT OF STOCK UNITS

Except as provided in Section 3 or 4 above, on or within fifteen (15) business days following the vesting of any Stock Units granted (or credited pursuant to Section 5) to the Participant (whether pursuant to Section 4 or Section 7 hereof or Section 7 of the Plan), the Corporation shall deliver to the Participant a number of shares of Common Stock (either by delivering one or more certificates for such shares or by entering such shares in book entry form, as determined by the Corporation in its sole discretion) equal to the number of Stock Units that vest on the applicable vesting date (including any Stock Units credited as dividend equivalents pursuant to Section 5 with respect to the Stock Units that vest), subject to adjustment as provided in Section 7 of the Plan. The Corporation's obligation to deliver shares of Common Stock with respect to vested Stock Units is subject to the condition precedent that the Participant (or other person entitled under the Plan to receive any shares with respect to the vested Stock Units) delivers to the Corporation any representations or other documents or assurances required pursuant to Section 8.1 of the Plan. The Participant shall have no further rights with respect to any Stock Units that are paid pursuant to this Section 6 or that are terminated pursuant to Section 7 hereof or Section 7 of the Plan, and such Stock Units shall be removed from the Participant's Stock Unit Account upon the date of such payment or termination. The Corporation may, in its sole discretion, settle any Stock Units credited as dividend equivalents by a cash payment equal to the Fair Market Value of a share of Common Stock on the date of payment (as opposed to payment in the form of shares of Common Stock).

7. TERMINATION OF EMPLOYMENT

Except as otherwise expressly provided in this Section 7 and subject to earlier vesting as provided in Section 4 and Section 8 hereof, if the Participant ceases to be employed by or to provide services to the Corporation or its Subsidiaries (regardless of the reason for such termination, whether with or without cause, voluntarily or involuntarily, or due to disability), the Participant's Stock Units shall be forfeited to the Corporation to the extent

such Stock Units have not become vested upon the date the Participant's employment or services terminate. Notwithstanding anything to the contrary contained herein, in the event the Participant's employment by or services to the Corporation or any of its Subsidiaries is terminated (i) on account of the Participant's death or (ii) by the Corporation or any of its Subsidiaries without Cause (as such term is defined in that certain Employment Agreement, dated as of the date hereof, by and between the Participant and the Corporation (the "Employment Agreement") (and not on account of the Participant's death or Disability (as such term is defined in the Employment Agreement)), a portion of the outstanding and otherwise unvested Stock Units shall automatically become vested as of such date of death or termination, as the case may be, as set forth in the remaining provisions of this Section 7, and shall be paid to the Participant's legal representative as provided in Section 6 above. In the event the date of the Participant's death is at a time when the Participant is employed by or providing services to the Corporation or any of its Subsidiaries, the number of Stock Units that shall become vested on the date of the Participant's death equals: (a) the total number of Stock Units subject to the Award multiplied by a fraction (not greater than one), the numerator of which is the total number of calendar days during the period commencing on the date hereof through and including the date of the Participant's death (but not less than 182 days), and the denominator of which is the total number of calendar days during the period commencing with the date hereof through and including January 1, 2012, less (b) the total number of Stock Units subject to the Award that otherwise vested on or before the date of the Participant's death. In the event the Participant's employment is terminated by the Corporation or any of its Subsidiaries without Cause (and not on account of the Participant's death or Disability), the number of Stock Units that shall become vested on the date of such termination equals the number of Stock Units that are then scheduled to vest (assuming the Participant's employment did not terminate) during the six-month period following the date of such termination. The provisions of this Section 7 are not intended to supersede any rights or benefits to which the Participant may become entitled under the Corporation's Executive Severance Plan or Amended and Restated Change of Control Severance Plan (collectively, the "Severance Plans"); provided, however, that in no event shall the Participant become entitled to any duplication of benefits under the Award Agreement and under the Severance Plans.

8. ADJUSTMENTS

The Administrator may accelerate payment and vesting of the Stock Units in such circumstances as it, in its sole discretion, may determine. In addition, upon the occurrence of certain events relating to the Corporation's stock contemplated by Section 7.1 of the Plan, the Administrator will make adjustments if appropriate in the number of Stock Units then outstanding and the number and kind of securities that may be issued in respect of the Award. No such adjustment shall be made with respect to any ordinary cash dividend for which dividend equivalents are paid pursuant to Section 5.

9. WITHHOLDING TAXES

Upon or in connection with the vesting of the Stock Units, the payment of dividend equivalents and/or the distribution of shares of Common Stock in respect of the Stock Units, the Corporation (or the Subsidiary last employing the Participant) shall have the right at its option to (a) require the Participant to pay or provide for payment in cash of the amount of any taxes that the Corporation or the Subsidiary may be required to withhold with respect to such vesting, payment and/or distribution, or (b) deduct from any amount payable to the Participant the amount of any taxes which the Corporation or the Subsidiary may be required to withhold with respect to such vesting, payment and/or distribution. In any case where a tax is required to be withheld in connection with the delivery of shares of Common Stock under this Award Agreement, the Administrator may, in its sole discretion, direct the Corporation or the Subsidiary to reduce the number of shares to be delivered by (or otherwise reacquire) the appropriate number of whole shares, valued at their then fair market value (with the "fair market value" of such shares determined in accordance with the applicable provisions of the Plan), to satisfy such withholding obligation at the minimum applicable withholding rates.

10. NONTRANSFERABILITY

Neither the Award, nor any interest therein or amount or shares payable in respect thereof may be sold, assigned, transferred, pledged or otherwise disposed of, alienated, encumbered, either voluntarily or involuntarily. The transfer restrictions in the preceding sentence shall not apply to (a) transfers to the Corporation, or (b) transfers by will or the laws of descent and distribution.

11. NO RIGHT TO EMPLOYMENT

Nothing contained in this Award Agreement or the Plan constitutes an employment or service commitment by the Corporation or any of its Subsidiaries, affects the Participant's status, if he or she is an employee, as an employee at will who is subject to termination without cause, confers upon the Participant any right to remain employed by or in service to the Corporation or any Subsidiary, interferes in any way with the right of the Corporation or any Subsidiary at any time to terminate such employment or service, or affects the right of the Corporation or any Subsidiary to increase or decrease the Participant's other compensation.

12. RIGHTS AS A STOCKHOLDER

Subject to the provisions of the Plan, the Notice and these Terms, the Participant shall have no rights as a stockholder of the Corporation, no dividend rights (except as expressly provided in Section 5 with respect to dividend equivalent rights) and no voting rights with respect to Stock Units awarded to the Participant and any shares of Common Stock underlying or issuable in respect of such Stock Units until such shares of Common Stock are actually issued to and held of record by the Participant. No adjustments will be made for dividends or other rights of a holder for which the record date is prior to the date of issuance of the stock certificate.

13. NOTICES

Any notice to be given under the terms of this Award Agreement shall be in writing and addressed to the Corporation at its principal office to the attention of the Secretary, and to the Participant at the address last reflected on the Corporation's payroll records, or at such other address as either party may hereafter designate in writing to the other. Any such notice shall be delivered in person or shall be enclosed in a properly sealed envelope addressed as aforesaid, registered or certified, and deposited (postage and registry or certification fee prepaid) in a post office or branch post office regularly maintained by the United States Government. Any such notice shall be given only when received, but if the Participant is no longer employed by the Corporation or a Subsidiary, shall be deemed to have been duly given five business days after the date mailed in accordance with the foregoing provisions of this Section 13.

14. ARBITRATION

Any controversy arising out of or relating to this Award Agreement (including these Terms) and/or the Plan, their enforcement or interpretation, or because of an alleged breach, default, or misrepresentation in connection with any of their provisions, or any other controversy arising out of or related to the Award, including, but not limited to, any state or federal statutory claims, shall be submitted to arbitration in Orange County, California, before a sole arbitrator selected from Judicial Arbitration and Mediation Services, Inc., Orange, California, or its successor ("JAMS"), or if JAMS is no longer able to supply the arbitrator, such arbitrator shall be selected from the American Arbitration Association, and shall be conducted in accordance with the provisions of California Code of Civil Procedure Sections 1280 et seq. as the exclusive forum for the resolution of such dispute; provided, however, that provisional injunctive relief may, but need not, be sought by either party to this Award Agreement in a court of law while arbitration proceedings are pending, and any provisional injunctive relief granted by such court shall remain effective until the matter is finally determined by the arbitrator. Final resolution of any dispute through arbitration may include any remedy or relief which the arbitrator deems just and equitable, including any and all remedies provided by applicable state or federal statutes. At the conclusion of the arbitration, the arbitrator shall issue a written decision that sets forth the essential findings and conclusions upon which the arbitrator's award or decision is based. Any award or relief granted by the arbitrator hereunder shall be final and binding on the parties hereto and may be enforced by any court of competent jurisdiction. The parties acknowledge and agree that they are hereby waiving any rights to trial by jury in any action, proceeding or counterclaim brought by either of the parties against the other in connection with any matter whatsoever arising out of or in any way connected with any of the matters referenced in the first sentence above. The parties agree that Corporation shall be responsible for payment of the forum costs of any arbitration hereunder, including the arbitrator's fee. The parties further agree that in any proceeding with respect to such matters, each party shall bear its own attorney's fees and costs (other than forum costs associated with the arbitration) incurred by it or him or her in connection with the resolution of the dispute. By accepting the Award, the Participant consents to all of the terms and conditions of this Award Agreement (including, without limitation, this Section 14).

15. GOVERNING LAW

This Award Agreement, including these Terms, shall be interpreted and construed in accordance with the laws of the State of Delaware (without regard to conflict of law principles thereunder) and applicable federal law.

16. SEVERABILITY

If the arbitrator selected in accordance with Section 14 or a court of competent jurisdiction determines that any portion of this Award Agreement (including these Terms) or the Plan is in violation of any statute or public policy, then only the portions of this Award Agreement or the Plan, as applicable, which are found to violate such statute or public policy shall be stricken, and all portions of this Award Agreement and the Plan which are not found to violate any statute or public policy shall continue in full force and effect. Furthermore, it is the parties' intent that any order striking any portion of this Award Agreement and/or the Plan should modify the stricken terms as narrowly as possible to give as much effect as possible to the intentions of the parties hereunder.

17. ENTIRE AGREEMENT

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

18. SECTION HEADINGS

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

[WESTERN DIGITAL LOGO]

WESTERN DIGITAL CORPORATION
 20511 Lake Forest Drive
 Lake Forest, CA 92630-7741

NOTICE OF GRANT OF STOCK OPTION
 AND OPTION AGREEMENT

ID: 95-2647125

JOHN COYNE
 ADDRESS LINE 1
 CITY, STATE ZIP

OPTION NO.: #####
 PLAN: 2004 PERFORMANCE INCENTIVE PLAN
 ID: ####

Congratulations! Effective January 31, 2007, you have been granted a nonqualified stock option to buy 120,000 shares of Western Digital Corporation stock at <<\$ option price>> per share. The option was granted under the Amended and Restated 2004 Performance Incentive Plan (the "Plan").1

VESTING:

Shares1	Vest Type	Full Vesting	Expiration Date2
-----	-----	-----	-----
30,000	On Vest Date	01/31/2008	01/31/2017
90,000	Quarterly	01/31/2011	01/31/2017

Your option is subject to the terms and conditions of this Notice, the attached Terms and Conditions for Stock Options (the "Terms"), and the Plan. By accepting the option, you are agreeing to the terms of the option as set forth in those documents. You should read the Plan, the Prospectus for the Plan, and the Terms. The Terms and the Plan are each incorporated into (made a part of) this Notice by this reference. You do not have to accept your option. If you do not agree to the terms of your option, you should promptly return this Notice to the Western Digital Corporation Stock Plans Administrator.

A copy of the Plan, the Prospectus for the Plan, and the Terms have been provided to you. If you need another copy of any of these documents, or if you would like to confirm that you have the most recent version, you may obtain another copy in the Company Library on the E*TRADE web site. These documents are also available on the Western Digital Intranet site under Legal.

1. The number of shares subject to the option and the per-share exercise price of the option are subject to adjustment under Section 7.1 of the Plan (for example, and without limitation, in connection with stock splits).
2. The option is subject to early termination under Section 5 of the attached Terms and Conditions for Stock Options.

[WESTERN DIGITAL LOGO]

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

TERMS AND CONDITIONS FOR STOCK OPTIONS
Amended and Restated 2004 Performance Incentive Plan

1. OPTION SUBJECT TO AMENDED AND RESTATED 2004 PERFORMANCE INCENTIVE PLAN.

The option (the "Option") referred to in the attached Notice of Grant of Stock Option and Option Agreement (the "Notice") was issued under Western Digital Corporation's (the "Corporation's") Amended and Restated 2004 Performance Incentive Plan (the "Plan"). The Option is subject to the terms and provisions of the Notice, these Terms and Conditions for Stock Options (these "Terms"), and the Plan. To the extent any information in the Notice, the prospectus for the Plan, or other information provided by the Corporation conflicts with the Plan and/or these Terms, the Plan or these Terms, as applicable, shall control. To the extent any terms and provisions in these Terms conflict with the terms and provisions of the Plan, the Plan shall control. The holder of the Option is referred to herein as the "Participant." Capitalized terms not defined herein have the meanings set forth in the Plan.

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

2. OPTION AGREEMENT.

The Notice and these Terms, together, constitute the Option Agreement with respect to the Option pursuant to Section 5.3 of the Plan.

3. TYPE OF STOCK OPTION

The Notice indicates whether the Option is intended to qualify as an incentive stock option (an "ISO") under the Internal Revenue Code of 1986, as amended (the "Code"), or is a nonqualified stock option (an option that is not an ISO). ISOs are subject to additional requirements under the Code as generally described in Section 5.1 of the Plan. If the aggregate fair market value of the shares with respect to which ISOs (whether granted under the Option or otherwise) first become exercisable by the Participant in any calendar year exceeds \$100,000, as measured on the applicable option grant dates and as determined in accordance with Code Section 422 and the regulations promulgated thereunder, the limitations of Section 5.1.2 of the Plan shall apply and to such extent the Option will be rendered a nonqualified stock option.

4. VESTING

The Option shall vest and become exercisable in percentage installments of the aggregate number of shares subject to the Option as set forth in the Notice. The first vesting installment of the Option shall be a fixed installment covering the number of shares, and vesting on the fixed vesting date, set forth in the first line of the Notice under "Vesting." In each case, the Option is subject to earlier termination in accordance with Section 5.

Notwithstanding the foregoing but subject to Sections 7.5, 7.6 and 7.7 of the Plan, to the extent that the Option is outstanding and otherwise unvested immediately prior to the occurrence of a Change in Control Event, the Option shall vest and become exercisable upon the occurrence of the Change in Control Event. This acceleration provision shall not in any way limit the Corporation's ability to terminate the Option in connection with a Change in Control Event as provided in Section 7.4 of the Plan; provided that, in any such circumstances, the Optionee is given reasonable advance notice of the impending termination and a reasonable opportunity to exercise the outstanding portion of the Option in accordance with its terms (subject to Sections 7.5, 7.6 and 7.7 of the Plan, after giving effect to the acceleration of vesting) before the termination of the Option in such circumstances (except that in no case shall more than ten days' notice of accelerated vesting and the impending termination be required and any acceleration may be made contingent upon the actual occurrence of the event).

The Option may be exercised only to the extent it is vested and exercisable. To the extent that the Option is vested and exercisable, the Participant has the right to exercise the Option (to the extent not previously exercised), and such right shall continue, until the expiration or earlier termination of the Option as provided in Section 5. Fractional share interests shall be disregarded, but may be cumulated.

The vesting schedule requires continued employment or service through each applicable vesting date as a condition to the vesting of the applicable installment of the Option and the rights and benefits under this Option Agreement. Employment or service for only a portion of the vesting period, even if a substantial portion, will not entitle the Participant to any proportionate vesting or avoid or mitigate a termination of rights and benefits upon or following a termination of employment or services as provided in Section 6 below or under the Plan.

5. EXPIRATION OF OPTION

The Option shall expire and the Participant shall have no further rights with respect thereto upon the earliest to occur of (a) the termination of the Option as provided in Section 6 below, (b) the termination of the Option as provided in Section 7.4 of the Plan, or (c) the Expiration Date set forth in the Notice. The Option may not be exercised at any time after a termination or expiration of the Option.

6. TERMINATION OF EMPLOYMENT, TOTAL DISABILITY OR DEATH

The Option shall be exercisable by the Participant (or his or her permitted successor in interest) following the Participant's termination of employment only to the extent provided below in this Section 6. Except as provided in Section 6(f) below, the last day that the Participant is employed by the Corporation or a Subsidiary prior to a period of non-employment by any such entity is referred to as the Participant's "Severance Date." In each case described below, the Option shall be subject to earlier termination as contemplated by Section 5.

(a) Termination of Employment Generally. In the event the Participant ceases to be an employee of the Corporation or any of its Subsidiaries for any reason (other than a termination of employment by the Corporation or one of its Subsidiaries for Cause (as such term is defined in that certain Employment Agreement, dated as of October 31, 2006, by and between the Participant and the Corporation (the "Employment Agreement")), due to the Participant's death or Retirement (as defined below), or at a time when the Participant is Totally Disabled (as defined below)), the Option, to the extent then otherwise scheduled to vest (assuming the Participant's employment by the Corporation did not terminate) in the six-month period following the Participant's termination, shall become vested on the Participant's Severance Date. In addition, in the event of such a termination, the Option shall terminate on the Participant's Severance Date to the extent that it is not vested and exercisable on that date (after giving effect to the preceding sentence) and, to the extent that the Option is exercisable by the Participant on the Participant's Severance Date, it may be exercised by the Participant at any time within three months following the Participant's Severance Date. The Option, to the extent exercisable for the three-month period following the Participant's Severance Date and not exercised during such period, shall terminate at the close of business on the last day of the three-month period.

(b) Total Disability. In the event that the Participant ceases to be an employee of the Corporation or any of its Subsidiaries at a time when the Participant is Totally Disabled and is not eligible to Retire, the Option shall

terminate on the Participant's Severance Date to the extent that it is not vested and exercisable on that date. In such circumstances, or in the event that the Participant incurs such a Total Disability within not more than three months of the Participant's Severance Date if the termination of the Participant's employment was for any reason other than a termination of employment by the Corporation or one of its Subsidiaries for Cause, the Option may, to the extent the Option was exercisable by the Participant on the Participant's Severance Date, be exercised by the Participant (or, if the Participant is then incapacitated, by the Participant's personal representatives, heirs, or legatees) at any time during the one-year period following the Participant's Severance Date. The Option, to the extent exercisable for the one-year period following the Participant's Severance Date and not exercised during such period, shall terminate at the close of business on the last day of the one-year period. For purposes of the Option, "Total Disability" (which term shall include "Totally Disabled") means a "permanent and total disability" within the meaning of Section 22(e) (3) of the Code.

(c) Death. If the Participant dies while he or she is an employee of the Corporation or any of its Subsidiaries, the Option (to the extent outstanding and not previously vested and exercisable) shall vest and become exercisable on the Participant's Severance Date and shall continue to be exercisable by the Participant's personal representatives, heirs or legatees, as applicable, at any time during the three-year period following the Participant's Severance Date. The Option, to the extent exercisable for the three-year period following the Participant's Severance Date and not exercised during such period, shall terminate at the close of business on the last day of the three-year period.

(d) Retirement. If the Participant Retires from the Corporation or one of its Subsidiaries, the Option (to the extent outstanding and not previously vested and exercisable) shall vest and become exercisable on the Participant's Severance Date and shall continue to be exercisable by the Participant (or if the Participant is then deceased, by the Participant's personal representatives, heirs or legatees, as applicable) at any time during the three-year period following the Participant's Severance Date. The Option, to the extent exercisable for the three-year period following the Participant's Severance Date and not exercised during such period, shall terminate at the close of business on the last day of the three-year period. Notwithstanding the foregoing, in the event a Retired Participant provides services to a competitor of the Corporation or any of its Subsidiaries as an employee, consultant, director, officer, representative, independent contractor or otherwise, or otherwise competes with the business of the Corporation or its Subsidiaries (in each case as determined by the Administrator its sole discretion), the Option, to the extent not previously exercised, shall immediately terminate. In addition, in such event the Corporation shall have the right to recover any profits realized by such Retired Participant as a result of any exercise of the Option during the six-month period prior to the date such Retired Participant commenced providing such services to a competitor. For this purpose, the Participant shall be deemed to have "Retired" (which term shall include "Retirement," "Retire" and "Retires") if the Participant retires from employment with the Corporation or one of its Subsidiaries for any reason other than Cause after satisfying all of the following at the time of such retirement: (i) the Participant is at least 65 years of age, (ii) the Participant's age plus total years of continuous service with the Corporation or any of its Subsidiaries (as determined by the Administrator in its sole discretion) totals at least 75, and (iii) the Participant has five (5) or more years of continuous service with the Corporation or any of its Subsidiaries (as determined by the Administrator in its sole discretion) ending on the date of such retirement. For purposes of calculating "age plus total years of continuous service" under clause (ii) above, fractional years shall be disregarded but may be cumulated (so that, by way of example only, a Participant who is age 65 and 6 months with 9 years and 6 months of continuous service would satisfy the requirements of clause (ii), while a Participant who is age 65 and 6 months with 9 years and 5 months of continuous service would not satisfy the requirements of clause (ii)). For purposes of calculating the Participant's "years of continuous service" under clause (ii) or clause (iii) above, in no event shall the Participant accrue more than one year of service with respect to any period of twelve consecutive months (that is, concurrent employment by both the Corporation and one or more of its Subsidiaries, or by multiple Subsidiaries, for a month shall not be counted as more than one month of service).

(e) Termination for Cause. Notwithstanding the foregoing provisions of this Section 6, if the Participant's employment with the Corporation or any of its Subsidiaries is terminated by the Corporation or one of its Subsidiaries for Cause, the Option (whether or not all or any portion of such Option is then vested and exercisable) shall immediately terminate on the Participant's Severance Date.

(f) Special Incentive Vesting and Exercisability. In the event the Participant

remains employed by the Corporation as its President and Chief Executive Officer through January 1, 2012, thereafter upon the termination of

the Participant's employment with the Corporation or any of its Subsidiaries (for any reason other than a termination by the Corporation or any of its Subsidiaries for Cause), the Option (and any other stock options granted to the Participant during the Employment Period (as defined in the Employment Agreement)) shall become fully vested as of the Participant's Severance Date, and it may be exercised by the Participant at any time within three years following the Participant's Severance Date. The Option, to the extent exercisable for the three-year period following the Participant's Severance Date and not exercised during such period, shall terminate at the close of business on the last day of the three-year period.

(g) Continuation of Services. If the Participant's employment with the Corporation or any of its Subsidiaries terminates (regardless of the reason) but, immediately thereafter, the Participant continues to render services to the Corporation or any of its Subsidiaries as an employee, director or consultant, such Participant's Severance Date for purposes of the Option shall not be the date such Participant's employment terminates, but instead shall be the last day that the Participant either is employed by or actually renders services to the Corporation or any of its Subsidiaries. As provided in Section 6.1 of the Plan, the Administrator shall be the sole judge for purposes of the Option of whether the Participant continues to render services the Corporation or its Subsidiaries and the date, if any, upon which such services shall be deemed to have terminated.

(h) Exercise Period for ISOs. Notwithstanding any post-termination exercise period provided for herein or in the Plan, the Option will qualify as an ISO only if it is exercised within the applicable exercise periods for ISOs under, and meets all of the other requirements of, the Code. If the Option is not exercised within the applicable exercise periods for ISOs or does not meet such other requirements, the Option will be rendered a nonqualified stock option.

(i) No Duplication of Benefits. The provisions of this Section 7 are not intended to supersede any rights or benefits to which the Participant may become entitled under the Corporation's Executive Severance Plan or Amended and Restated Change of Control Severance Plan (collectively, the "Severance Plans"); provided, however, that in no event shall the Participant become entitled to any duplication of benefits under the Option Agreement and under the Severance Plans.

7. EXERCISE OF OPTION

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

- a written notice stating the number of shares of Common Stock to be purchased pursuant to the Option or by the completion of such other administrative exercise procedures as the Administrator may require from time to time,
- payment in full for the purchase price (the per-share exercise price of the Option multiplied by the number of shares to be purchased) in cash, check or by electronic funds transfer to the Corporation, or (subject to compliance with all applicable laws, rules, regulations and listing requirements and further subject to such rules as the Administrator may adopt as to any non-cash payment) in shares of Common Stock already owned by the Participant, valued at their fair market value on the exercise date, provided, however, that any shares initially acquired upon exercise of a stock option or otherwise from the Corporation must have been owned by the Participant for at least six (6) months before the date of such exercise;
- any written statements or agreements required by the Administrator pursuant to Section 8.1 of the Plan; and
- satisfaction of the tax withholding provisions of Section 8.5 of the Plan.

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

The Option will qualify as an ISO only if it meets all of the applicable requirements of the Code.

8. NONTRANSFERABILITY

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

9. NO RIGHT TO EMPLOYMENT

Nothing contained in this Option Agreement or the Plan constitutes a continued employment or service commitment by the Corporation or any of its Subsidiaries, affects the Participant's status, if he or she is an employee, as an employee at will who is subject to termination without cause, confers upon the Participant any right to remain employed by or in service to the Corporation or any Subsidiary, interferes in any way with the right of the Corporation or any Subsidiary at any time to terminate such employment or service, or affects the right of the Corporation or any Subsidiary to increase or decrease the Participant's other compensation.

10. RIGHTS AS A STOCKHOLDER

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

11. NOTICES

Any notice to be given under the terms of this Option Agreement shall be in writing and addressed to the Corporation at its principal office to the attention of the Secretary, and to the Participant at the address last reflected on the Corporation's payroll records, or at such other address as either party may hereafter designate in writing to the other. Any such notice shall be delivered in person or shall be enclosed in a properly sealed envelope addressed as aforesaid, registered or certified, and deposited (postage and registry or certification fee prepaid) in a post office or branch post office regularly maintained by the United States Government. Any such notice shall be given only when received, but if the Participant is no longer employed by the Corporation or a Subsidiary, shall be deemed to have been duly given five business days after the date mailed in accordance with the foregoing provisions of this Section 11.

12. ARBITRATION

Any controversy arising out of or relating to this Option Agreement (including these Terms) and/or the Plan, their enforcement or interpretation, or because of an alleged breach, default, or misrepresentation in connection with any of their provisions, or any other controversy or claim arising out of or related to the Option or the Participant's employment, including, but not limited to, any state or federal statutory claims, shall be submitted to arbitration in Orange County, California, before a sole arbitrator selected from Judicial Arbitration and Mediation Services, Inc., Orange, California, or its successor ("JAMS"), or if JAMS is no longer able to supply the arbitrator, such arbitrator shall be selected from the American Arbitration Association, and shall be conducted in accordance with the provisions of California Code of Civil Procedure Sections 1280 et seq. as the exclusive forum for the resolution of such dispute; provided, however, that provisional injunctive relief may, but need not, be sought by either party to this Option Agreement in a court of law while arbitration proceedings are pending, and any provisional injunctive relief

granted by such court shall remain effective until the matter is finally determined by the arbitrator. Final resolution of any dispute through arbitration may include any remedy or relief which the arbitrator deems just and equitable, including any and all remedies provided by applicable state or federal statutes. At the conclusion of the arbitration, the arbitrator shall issue a written decision that sets forth the essential findings and conclusions upon which the arbitrator's award or decision is based. Any award or relief granted by the arbitrator hereunder shall be final and binding on the parties hereto and may be enforced by any court of competent jurisdiction. The parties acknowledge and agree that they are hereby waiving any rights to trial by jury in any action, proceeding or counterclaim brought by either of the parties against the other in connection with any matter whatsoever arising out of or in any way connected with any of the matters referenced in the first sentence above. The parties agree that Corporation shall be responsible for payment of the forum costs of any arbitration hereunder, including the arbitrator's fee. The parties further agree that in any proceeding with respect to such matters, each party shall bear its own attorney's fees and costs (other than forum costs associated with the arbitration) incurred by it or him or her in connection with the resolution of the dispute. By accepting the Option, the Participant consents to all of the terms and conditions of this Option Agreement (including, without limitation, this Section 12).

13. GOVERNING LAW

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

14. SEVERABILITY

If the arbitrator selected in accordance with Section 12 or a court of competent jurisdiction determines that any portion of this Option Agreement (including these Terms) or the Plan is in violation of any statute or public policy, then only the portions of this Option Agreement or the Plan, as applicable, which are found to violate such statute or public policy shall be stricken, and all portions of this Option Agreement and the Plan which are not found to violate any statute or public policy shall continue in full force and effect. Furthermore, it is the parties' intent that any order striking any portion of this Option Agreement and/or the Plan should modify the stricken terms as narrowly as possible to give as much effect as possible to the intentions of the parties hereunder.

15. ENTIRE AGREEMENT

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

16. SECTION HEADINGS

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

AMENDMENT TO EMPLOYMENT AGREEMENT

This Amendment to Employment Agreement ("Amendment") is entered into by and between Western Digital Corporation (the "Company") and Arif Shakeel ("Executive"), as of the 31st day of October, 2006.

Company and Executive hereby amend Executive's August 25, 2005 Employment Agreement (the "Employment Agreement") as follows:

1. Amendment of Section 1 (Employment). Section 1 of the Employment Agreement is hereby amended and restated in its entirety to provide as follows:

"1. EMPLOYMENT.

The Company hereby employs Executive and Executive hereby accepts such employment, upon the terms and conditions hereinafter set forth, from the Effective Date to and including June 29, 2007 ("Employment Period"). Executive and Company agree that this Agreement shall expire and Executive's employment with the Company shall terminate at the close of business on June 29, 2007, without further action by either Company or Executive."

2. Amendment of Section 2 (Duties). Section 2 of the Employment Agreement is hereby amended and restated in its entirety to provide as follows:

"2. DUTIES.

A. President. From the Effective Date until September 30, 2005, Executive shall continue to serve as President and Chief Operating Officer of the Company, and shall report to the Company's Chief Executive Officer.

B. President and Chief Executive Officer. From October 1, 2005 through May 31, 2006, Executive shall serve as President and Chief Executive Officer of Western Digital Corporation. From June 1, 2006 through January 1, 2007, Executive shall serve as Chief Executive Officer of Western Digital Corporation. In these capacities, Executive shall report to the Board of Directors, and shall have such duties and responsibilities consistent with his positions as President and/or Chief Executive Officer as the Board of Directors of the Company shall determine from time to time.

C. Special Advisor to the Chief Executive Officer. From January 2, 2007 through June 29, 2007, Executive shall serve as Special Advisor to the Chief Executive Officer. In this capacity, Executive shall report to the Board of Directors of the Company and shall provide advice and counsel to the Chief Executive Officer with respect to strategic, management, and operational matters.

D. 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. Amendment of Section 3 (Compensation). Section 3.A of the Employment Agreement is hereby amended and restated in its entirety to provide as follows:

"A. Base Salary. From the Effective Date through September 30, 2005, the Company will pay to Executive a base salary at the rate of \$700,000 per year. From October 1, 2005 through June 29, 2007, the Company will pay to Executive a base salary at the rate of \$800,000 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."

4. Equity Awards.

(a) Notwithstanding anything in the Employment Agreement to the contrary, and subject to Executive's continued employment with the Company through June 29, 2007, or except as otherwise expressly provided in Section 5.C(ii) of the Employment Agreement or in the applicable restricted stock award agreement: (i) 158,333 restricted shares of Common Stock of the Company that comprise a portion of the restricted stock award previously granted by the Company to the Executive on January 20, 2005 that are scheduled to vest on July 31, 2007 shall become fully vested on June 29, 2007; and (ii) 659,200 restricted shares of Common Stock of the Company that comprise a portion of the restricted stock award previously granted by the Company to the Executive on August 25, 2005 pursuant to Section 4.A of the Employment Agreement that are scheduled to vest on January 1, 2008 shall become fully vested on June 29, 2007.

(b) Notwithstanding anything in the Employment Agreement to the contrary, the following awards are hereby terminated and Executive shall have no further rights with respect thereto or in respect thereof: (i) the stock options previously granted by the Company to Executive that are currently outstanding but only to the extent that such options are scheduled (without giving effect to any accelerated vesting provision) to vest after June 29, 2007 and before January 1, 2008; and (ii) 90,800 restricted shares of Common Stock of the Company that comprise a portion of the restricted stock award previously granted by the Company to the Executive on August 25, 2005 pursuant to Section 4.A of the Employment Agreement that were scheduled to vest on January 1, 2008 (which shares are hereby transferred from the Executive to the Company). Executive shall promptly deliver to the Company any share certificates evidencing the shares of restricted stock covered by clause (ii) above and shall timely provide the Company with such additional documents of transfer that the Company may reasonably request to confirm the transfer of such shares to the Company.

5. Amendment of Section 5 (Termination).

9 (a) The definition of "Cause" in the second sentence of Section 5.A of the Employment Agreement is hereby amended and restated in its entirety to provide as follows:

"'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 Special Advisor to the Chief Executive Officer, as the case may be, or (iv) a conviction or plea of nolo contendere to a felony."

(b) The first sentence of Section 5.C(ii)(b) of the Employment Agreement is hereby amended and restated in its entirety to provide as follows:

"(b) accelerated vesting of any and all options and other equity-based awards granted by the Company that are then outstanding and not otherwise fully vested, but only to the extent such awards would have otherwise become vested had Executive remained employed by the Company through June 29, 2007."

(c) Section 5.C of the Employment Agreement is hereby amended to add the following provision as Section 5.C(iii) of the Employment Agreement:

"(iii) Expiration. Upon the expiration of this Agreement, this Agreement shall terminate without further obligations to Executive other than the timely payment of Accrued Obligations and the payment to Executive of an Incentive Compensation Plan ("ICP") bonus with respect to the second half of fiscal year 2007 at such time and in such amount as determined by the Compensation Committee of the Board of Directors on a Company-wide basis."

6. Effective Date of Amendment. Notwithstanding any earlier execution of this Amendment by the Company and/or Arif Shakeel, this Amendment will be effective as of the date that the Company and John Coyne, the Company's current President and Chief Operating Officer, enter into an agreement providing for the appointment of John Coyne to the position of President and Chief Executive Officer, effective as of January 2, 2007.

7. Miscellaneous. Any capitalized term used in this Amendment that is not defined in this Amendment shall have the definition of such term as set forth in the Employment Agreement. Except as modified by this Amendment, all other terms and conditions of the Employment Agreement remain valid and in full force and effect. If any provision of this Amendment is inconsistent with any provision of the Employment Agreement, the provisions of this Amendment shall govern.

[Remainder of Page Intentionally Left Blank.]

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

THE COMPANY:

By: /s/ Raymond M. Bukaty

Name: Raymond M. Bukaty

Title: Senior Vice President, Administration,
General Counsel and Secretary

EXECUTIVE:

/s/ Arif Shakeel

Arif Shakeel

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FOR IMMEDIATE RELEASE:

JOHN COYNE TO BECOME WESTERN DIGITAL CEO;
ARIF SHAKEEL TO REMAIN IN ADVISORY CAPACITY
AND ON BOARD OF DIRECTORS

LAKE FOREST, Calif. -- Nov. 2, 2006 -- Western Digital Corporation (NYSE: WDC) today announced that John Coyne will become chief executive officer of the company on January 2, 2007 and that current chief executive Arif Shakeel will remain with the company in an advisory capacity through June 2007. Coyne, 56, currently president and chief operating officer, will retain the title of president when he becomes chief executive officer. He has joined the board of directors and will stand for re-election at the company's next annual meeting, along with Shakeel.

In a separate news release today, the company announced its financial results for the first fiscal quarter ended September 29, 2006, including revenue of \$1.3 billion and net income of \$.46 per share on unit shipments of approximately 22.7 million hard drives.

The current senior management team began working together at WD more than 20 years ago and for the last seven years has been instrumental in developing the company into one of the most consistently profitable, efficient and low-cost producers in the global hard drive industry. WD

has relentlessly focused on quality and reliability in its products, efficiency in its manufacturing operations and asset management, and excellence in its customer and supply chain relationships. Today, the company is the world's second largest manufacturer of hard drives. Under this management team, WD has more than doubled its revenue from \$2.0 billion in fiscal 2000 to \$4.3 billion in fiscal 2006, grown its profitability from a loss of \$188 million to income of \$396 million, expanded its cash and short-term investments from \$184 million to \$699 million, and posted one of the industry's leading returns on invested capital.

Coyne is a veteran of the international electronics business and has dedicated the majority of his career to WD. In the last several years, his responsibilities gradually have expanded beyond worldwide manufacturing operations to include all business operations, materials, sales, and customer satisfaction. He was named president and chief operating officer earlier this year; he served as executive vice president and chief operations officer beginning in 2005, and as senior vice president, worldwide operations from 2000 to 2005. Beginning in 2003, Coyne led the integration of the acquired assets of Read-Rite Corp. into a highly efficient head operation at WD. He first joined WD in 1983, when he established a controller board manufacturing facility in his native Ireland. Coyne holds a bachelor's degree in mechanical engineering from University College Dublin, Ireland.

ABOUT WD

WD, one of the storage industry's pioneers and long-time leaders, provides products and services for people and organizations that collect, manage and use digital information. The company produces reliable, high-performance hard drives that keep users' data close-at-hand and

secure from loss. WD applies its storage expertise to consumer products for external, portable and shared storage products.

WD was founded in 1970. The company's storage products are marketed to leading systems manufacturers, selected resellers and retailers under the Western Digital and WD brand names. Visit the Investor section of the company's Web site (www.westerndigital.com) to access a variety of financial and investor information.

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Western Digital, WD, and the WD logo are registered trademarks of Western Digital Technologies, Inc. All other trademarks herein are property of their respective owner.

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FOR IMMEDIATE RELEASE:

**WD ANNOUNCES Q1 REVENUE OF \$1.3 BILLION AND
NET INCOME OF \$.46 PER SHARE**

Strong Year-Over-Year Growth Achieved in All Key Metrics

LAKE FOREST, Calif. — Nov. 2, 2006 — Western Digital Corp. (NYSE: WDC) today reported revenue of \$1.3 billion on shipments of approximately 22.7 million units, and net income of \$103 million, or \$.46 per share for its first fiscal quarter ended Sept. 29, 2006. Included in the unit shipments were approximately 2.2 million 2.5-inch mobile hard drives and approximately 2.5 million 3.5-inch hard drives for utilization in personal and digital video recorders —both fast-growing, newer markets for the company.

In a separate news release today, the company announced that president and chief operating officer John Coyne will become chief executive officer on January 2, 2007 and that current chief executive officer Arif Shakeel will remain with the company through June 29, 2007 as a full-time advisor and will stand for re-election to the board of directors at the next annual meeting. Coyne has joined the board and will also stand for re-election.

The first quarter results represented strong year-over-year performance, including 33 percent unit growth, 25 percent growth in revenue versus \$1.0 billion in the year-ago period and 49 percent

growth in net income over the \$69 million reported last year. A year ago, the company reported earnings of \$.31 per share in the fiscal first quarter and shipped 17.1 million units.

WD indicated that 35 percent of its Q1 revenue was derived from non-desktop PC sources including notebook PCs, consumer electronics, enterprise applications, and retail sales. Sixty-five percent of the company's first quarter revenue came from hard drives configured into desktop PCs, a market that remains strong. This compares with a mix in the year-ago quarter of 25 percent non-desktop PC revenue, 75 percent desktop PC revenue.

From a balance sheet perspective, the company generated \$128 million in cash from operations during the September quarter, ending with total cash and short-term investments of \$751 million.

Arif Shakeel, chief executive officer of WD, said, "Several years ago we identified expansion into new markets as a major long-term goal of the company. We have achieved this off the base of a highly-successful desktop hard drive business and an efficient and leveraged business model. Our Q1 results reflect the ongoing success of this diversification effort and a continuation of our consistent financial performance. As we address multiple growth opportunities in the years ahead, we will continue our emphasis on excellence in operations, including a relentless focus on customer satisfaction and the reliability and quality of our products."

The company's operating results reflected in this release do not include any adjustment relating to the findings of the Special Committee, previously announced on Oct. 23, 2006, with respect to its review of the company's historical stock option grants. Based on the review, it has been preliminarily determined that the company should have recognized approximately \$21 million of additional stock-based compensation and tax-related expenses in its historical financial statements. However, the company does not anticipate a material adjustment to the operating results included in this release nor to the results for fiscal 2005 and 2006 included in its July 27, 2006 press release.

The investment community conference call to discuss these results and the company's outlook will be broadcast live over the Internet today at 2 p.m. PST/5 p.m. EST. The call will be accessible live and on an archived basis via the link below:

Audio Webcast: www.westerndigital.com/investor — click on "Conference Calls"

Telephone Replay: 866-385-0197 (toll-free) or +1-203-369-0394 (international)

About WD

WD, one of the storage industry's pioneers and long-time leaders, provides products and services for people and organizations that collect, manage and use digital information. The company produces reliable, high-performance hard drives that keep users' data close-at-hand and secure from loss. WD applies its storage expertise to consumer products for external, portable and shared storage products.

WD was founded in 1970. The company's storage products are marketed to leading systems manufacturers, selected resellers and retailers under the Western Digital and WD brand names. Visit the Investor section of the company's Web site (www.westerndigital.com) to access a variety of financial and investor information.

This press release contains forward-looking statements, including statements regarding the company's plan to address multiple growth opportunities in the years ahead and to continue its emphasis on excellence in operations, including a relentless focus on customer satisfaction and the reliability and quality of the company's products, and the company's current anticipation that the stock option review will not result in a material adjustment to the operating results included in this release nor to the results for fiscal 2005 and 2006 included in its July 27, 2006 press release. These forward-looking statements are based on the company's current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements, including risks and

uncertainties relating to developments in regulatory and legal guidance regarding stock option grants and accounting for such grants. For example, information may be learned and analysis may be undertaken concerning the company's historic stock option grants and accounting that may materially impact the company's financial statements or results. Other potential risks and uncertainties that could cause actual results to differ materially from those expressed in the forward looking statements include: pricing trends and fluctuations in average selling prices (ASPs); actions by competitors; changes in the availability and cost of specialized product components, including media; supply and demand conditions in the hard drive industry; changes in product and customer mix; uncertainties related to the development and introduction of products based on new technologies and successful expansion into new hard drive markets; difficulties in reducing yield losses from complex manufacturing processes; business conditions and growth in the notebook, consumer electronics, enterprise, branded products and desktop markets; and other risks and uncertainties listed in the company's recent Form 10-Q filed with the SEC on May 9, 2006, to which your attention is directed. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof, and the company undertakes no obligation to update these forward-looking statements to reflect subsequent events or circumstances.

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Western Digital, WD, and the WD logo are registered trademarks of Western Digital Technologies, Inc.

WESTERN DIGITAL CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

(in millions; unaudited)

	<u>Sept. 29, 2006</u>	<u>Jun. 30, 2006</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 603	\$ 551
Short-term investments	148	148
Accounts receivable, net	614	482
Inventories	216	205
Other	116	106
Total current assets	1,697	1,492
Property and equipment, net	598	549
Other assets, net	30	32
Total assets	<u>\$ 2,325</u>	<u>\$ 2,073</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:		
Accounts payable	\$ 750	\$ 632
Accrued expenses	126	128
Accrued warranty	74	72
Current portion of long-term debt	30	25
Total current liabilities	980	857
Long-term debt	29	19
Other liabilities	41	38
Total liabilities	1,050	914
Shareholders' equity	1,275	1,159
Total liabilities and shareholders' equity	<u>\$ 2,325</u>	<u>\$ 2,073</u>

WESTERN DIGITAL CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(in millions, except per share amounts)
(unaudited)

	Three Months Ended		
	Sept. 29, 2006	Jun. 30, 2006	Sept. 30, 2005
Revenue, net	\$ 1,264	\$ 1,085	\$ 1,010
Cost of revenue	1,046	881	832
Gross margin	218	204	178
Operating expenses:			
Research and development	75	71	70
Selling, general and administrative	44	39	40
Total operating expenses	119	110	110
Operating income	99	94	68
Net interest and other income	7	6	2
Income before income taxes	106	100	70
Income tax provision (benefit)	3	(20)	1
Net income	<u>\$ 103</u>	<u>\$ 120</u>	<u>\$ 69</u>
Net income per common share:			
Basic	<u>\$.47</u>	<u>\$.55</u>	<u>\$.32</u>
Diluted	<u>\$.46</u>	<u>\$.53</u>	<u>\$.31</u>
Common shares used in computing per share amounts:			
Basic	<u>219</u>	<u>218</u>	<u>213</u>
Diluted	<u>225</u>	<u>225</u>	<u>221</u>

WESTERN DIGITAL CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions; unaudited)

	Three Months Ended		
	Sept. 29, 2006	Jun. 30, 2006	Sept. 30, 2005
Cash flows from operating activities			
Net income	\$ 103	\$ 120	\$ 69
Adjustments to reconcile net income to net cash provided by operations:			
Depreciation and amortization	45	43	36
Stock-based compensation	9	12	7
Deferred income taxes	—	(22)	—
Changes in operating assets and liabilities	(29)	(27)	(72)
Net cash provided by operating activities	<u>128</u>	<u>126</u>	<u>40</u>
Cash flows from investing activities			
Capital expenditures, net	(72)	(96)	(50)
Short-term investments, net	—	(17)	38
Net cash used in investing activities	<u>(72)</u>	<u>(113)</u>	<u>(12)</u>
Cash flows from financing activities			
Issuance of common stock under employee plans	2	10	12
Repurchase of common stock	—	(10)	(14)
Repayment of long-term debt	(6)	(6)	(5)
Net cash used in financing activities	<u>(4)</u>	<u>(6)</u>	<u>(7)</u>
Net increase in cash and cash equivalents	52	7	21
Cash and cash equivalents, beginning of period	551	544	485
Cash and cash equivalents, end of period	<u>\$ 603</u>	<u>\$ 551</u>	<u>\$ 506</u>

WESTERN DIGITAL CORPORATION
 INVESTOR INFORMATION SUMMARY
 Q1 FY2007 (All amounts in millions, except ASPs and headcount)

	Q1 FY06	Q2 FY06	Q3 FY06	Q4 FY06	Q1 FY07
HARD DRIVE UNITS:	17.1	18.1	18.8	19.2	22.7
REVENUE:	\$ 1,010	\$ 1,117	\$ 1,129	\$ 1,086	\$ 1,264
AVERAGE SELLING PRICE:	\$ 59	\$ 62	\$ 60	\$ 56	\$ 56
GROSS MARGIN %:	17.7%	20.4%	19.3%	18.8%	17.3%
REVENUE BY CHANNEL:					
OEM	55%	56%	53%	54%	52%
DISTRIBUTORS	39%	39%	40%	37%	37%
RETAIL	6%	5%	7%	9%	11%
REVENUE BY GEOGRAPHY:					
AMERICAS	36%	32%	39%	38%	35%
EUROPE	29%	34%	27%	22%	28%
ASIA	35%	34%	34%	40%	37%
WORLDWIDE HEADCOUNT:	24,211	24,591	24,235	24,750	25,687
CASH RELATED INFORMATION:					
CASH FLOW FROM OPERATIONS	\$ 40	\$ 117	\$ 119	\$ 126	\$ 128
CAPITAL ADDITIONS, NET*	\$ 50	\$ 52	\$ 104	\$ 96	\$ 72
DEPRECIATION AND AMORTIZATION	\$ 36	\$ 39	\$ 42	\$ 44	\$ 45
DAYS SALES OUTSTANDING	42	35	39	40	44
INVENTORY METRICS:					
RAW MATERIALS	\$ 14	\$ 18	\$ 16	\$ 23	\$ 33
WORK IN PROCESS	54	58	63	62	81
FINISHED GOODS	<u>105</u>	<u>92</u>	<u>99</u>	<u>120</u>	<u>102</u>
TOTAL INVENTORY, NET	\$ 173	\$ 168	\$ 178	\$ 205	\$ 216
INVENTORY TURNS	19	21	21	17	19

* Capital additions exclude equipment acquired under capital leases.