

MEMORANDUM

To: All Option Members, Member Organizations and ROTs

From: Market Watch

Date: September 5, 2007

**Subject: Komag, Inc. (KOMG/QKX) MERGER EFFECTIVE**

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The Tender Offer by State M Corporation, a wholly-owned subsidiary of Western Digital Corporation. (WDC), to purchase all of the outstanding Common Shares of Komag, Inc. (KOMG) for \$32.25 per share expired on September 5, 2007. After the expiration of the tender offer, there was a short-form merger. **The merger became effective prior to the opening of business on Wednesday, September 5, 2007.**

*\*\*The foregoing is an unofficial summary of the terms of the Merger, prepared by the PHLX for the convenience of its members. PHLX accepts no responsibility for the accuracy or completeness of the summary. Members should refer to the proxy statement for the authoritative description of the merger terms and conditions.*

Pursuant to Options Clearing Corporation (OCC) By-Laws, all outstanding QKX options will be adjusted as follows:

**EFFECTIVE DATE: Wednesday, September 5, 2007**  
**NEW DELIVERABLE: \$3,225.00 cash per contract (\$32.25 x 100)**

**Existing open interest in all QKX options will remain until options are exercised or expire. Since they are American style options, they are exercisable at the option of the holder.**

Questions regarding this release may be directed to Market Watch at 1-800-THE-PHLX, choice #2, or (215) 496-1508.