

**PHILIPS TO PURCHASE WESTERN DIGITAL'S  
MULTIMEDIA PRODUCTS UNIT**

**Agreement includes Western Digital's multimedia technology, hardware, software and present design**

Eindhoven - September 27, 1995: Western Digital Corporation (NYSE:WDC) and Philips Semiconductors announced today that Philips will purchase Western Digital's Multimedia Products Unit for an undisclosed sum. The transaction is expected to close in early November. Under the terms of agreement, Philips will acquire all of the assets of Western Digital's Multimedia Products Unit, which include the Paradise\* graphics accelerator cards and the RocketCHIP\* family of silicon devices. These products have earned several awards and firsts in the video graphics world.

"As Western Digital's core product lines of hard disk drives and input/output devices meld into the evolving business of information storage management, they are increasingly distanced from multimedia markets and technology," said Chuck Haggerty, chairman president and chief executive officer of Western Digital. "The Company is obtaining a fair value for its graphics business and sharpening its focus on the vast opportunities represented by information storage management, which we will address with our personal and high performance drives and our input/output products."

"We are pleased that our multimedia business is being acquired by Philips, a leader in this field, and we look forward to future technology and sourcing relationships with them," Haggerty concluded.

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“We see the acquisition of this technology, and the access it gives us to the people who developed it, as a key factor in Philips’ continued development as a multimedia corporation. Western Digital’s RocketCHIP and Paradise line of products will position us a major player at all levels of the PC market”, according to Cees Jan Koomen, executive vp of communications & multimedia. “We are already very active at the semiconductor level in bringing multimedia into the PC”.

Philips Semiconductors has pioneered numerous video and audio capture devices, and was instrumental in the development of the high-speed AD/DA chipsets required for the modern PC multimedia applications. The MPU acquisition follows the recent announcement of the SP3D joint venture with Spea in Munich for developing games-oriented 3-D graphics ICs. These acquisitions greatly enhance Philips’ ability to grow its position in the emerging videographics markets where traditionally consumer oriented “media” technologies such as audio and video merge with traditionally computer oriented graphics technologies. This market is expected to grow to in excess of \$2.8 billion by the year 2000.

Western Digital Corporation is a leader in information storage management. The company designs and manufactures hard disk drives and input/output devices for personal and enterprise-wide computing, and markets them to leading systems manufacturers and selected resellers under the Western Digital and Caviar brand names. Western Digital is the first U.S. -headquartered, multinational company to have been awarded company-wide ISO 9001 registration, linking all WD organizations with a consistent global standard for quality processes. The company was founded in 1970 and has long been noted for its storage and end-market systems-level design knowledge. The Company’s World Wide Web home page can be found at <http://www.wdc.com> or on

America Online by using the keywords Western Digital or WDC.

Philips Semiconductors, a division of Philips Electronics NV headquartered in Eindhoven, The Netherlands, is the eleventh largest semiconductor supplier in the world. Philips Semiconductors' innovations in digital audio, video, and mobile technology position the company as a leader in the consumer,

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multimedia, and wireless communications markets. Sales offices are located in all major markets around the world and are supported by regional customer application labs.

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