

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON JANUARY 13, 1994

REGISTRATION NO. 33-51695

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 1

TO

FORM S-3

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

WESTERN DIGITAL CORPORATION
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE
(STATE OR OTHER JURISDICTION
OF INCORPORATION OR ORGANIZATION)

8105 IRVINE CENTER DRIVE
IRVINE, CALIFORNIA 92718
(714) 932-5000

95-2647125
(I.R.S. EMPLOYER
IDENTIFICATION NO.)

(ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER,
INCLUDING AREA CODE, OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)

ROBERT L. ERICKSON, VICE PRESIDENT,
LAW AND SECRETARY
WESTERN DIGITAL CORPORATION
8105 IRVINE CENTER DRIVE
IRVINE, CALIFORNIA 92718
(714) 932-5000

(NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE,
OF AGENT FOR SERVICE)

COPIES TO:

E. MICHAEL GREANEY
GIBSON, DUNN & CRUTCHER
4 PARK PLAZA
IRVINE, CALIFORNIA 92714
(714) 451-3800

PATRICK T. SEAVER
LATHAM & WATKINS
650 TOWN CENTER DRIVE, 20TH FLOOR
COSTA MESA, CALIFORNIA 92626
(714) 540-1235

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC:
AS SOON AS PRACTICABLE FOLLOWING THE EFFECTIVE DATE OF THIS REGISTRATION
STATEMENT.

If the only securities being registered on this form are being offered
pursuant to dividend or interest reinvestment plans, please check the following
box. / /

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. / /

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SECTION 8(a), MAY DETERMINE.

2

INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH STATE.

SUBJECT TO COMPLETION; DATED JANUARY 13, 1994

6,124,966 SHARES

[LOGO]

COMMON STOCK

Of the 6,124,966 shares of Common Stock being offered, 5,000,000 shares are being sold by Western Digital Corporation (the "Company") and 1,124,966 shares are being sold for the account of certain holders (the "Selling Securityholders") of warrants to purchase Common Stock (the "Warrants"). The Company will not receive any of the proceeds from the sale of the shares being sold for the account of the Selling Securityholders other than exercise price payments aggregating approximately \$1.2 million. See "Selling Securityholders." The Common Stock is traded on the New York Stock Exchange under the symbol "WDC." On January 12, 1994, the reported last sale price of the Common Stock on the New York Stock Exchange was \$12 1/8 per share.

SEE "RISK FACTORS" FOR A DISCUSSION OF CERTAIN FACTORS THAT SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE COMMON STOCK OFFERED HEREBY.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

PROCEEDS TO

	PRICE TO PUBLIC	UNDERWRITING DISCOUNT (1)	PROCEEDS TO COMPANY (2)	SELLING SECURITYHOLDERS (2)
Per share				
Total(3)				

(1) The Company has agreed to indemnify the Underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended. See "Underwriting."

(2) Before deduction of expenses payable by the Company estimated at \$ and not including the payment to the Company of the aggregate Warrant exercise price of approximately \$1.2 million.

(3) The Company has granted the Underwriters a 30-day option to purchase up to 918,745 additional shares of Common Stock solely to cover over-allotments, if any. If such option is exercised in full, the total price to the public will be \$, the total underwriting discount will be \$, and the total proceeds to the Company will be \$. See "Underwriting."

The shares of Common Stock are being offered by the several Underwriters named herein, subject to receipt and acceptance by them and to their right to reject any order in whole or in part. It is expected that delivery of the shares will be made on or about , 1994.

KIDDER, PEABODY & CO.
INCORPORATED

SALOMON BROTHERS INC

The date of this Prospectus is January , 1994.

3

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE COMMON STOCK OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY BE EFFECTED ON THE NEW YORK STOCK EXCHANGE OR OTHERWISE. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information filed by the Company with the Commission can be inspected and copied at the public reference facilities maintained by the Commission at Judiciary Plaza, 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549 and at the Commission's regional offices at Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661 and at 7 World Trade Center, New York, New York 10048. Copies of such material can be obtained at prescribed rates upon request from the Public Reference Room of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such reports, proxy statements and other information concerning the Company can also be inspected at the offices of the New York Stock Exchange at 20 Broad Street, New York, New York 10005.

The Company has filed with the Commission a Registration Statement on Form S-3 (including all amendments and exhibits thereto, the "Registration Statement") under the Securities Act of 1933, as amended (the "Securities Act"), with respect to the securities offered hereby. This Prospectus does not contain all of the information set forth in the Registration Statement and the exhibits

and schedules thereto, certain portions of which are omitted as permitted by the rules and regulations of the Commission. Such additional information may be obtained from the Commission's principal office in Washington, D.C. Statements contained in this Prospectus as to the contents of any contract or other document referred to herein or therein are not necessarily complete, and in each instance reference is made to the copy of such contract or other document filed as an exhibit to the Registration Statement or such other document. A copy of the Registration Statement and the exhibits and schedules thereto may be examined without charge at the Commission's principal offices at 450 Fifth Street N.W., Room 1024, Washington, D.C. 20549, and copies of such materials can be obtained from the Public Reference Room of the Commission at prescribed rates.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents heretofore filed by the Company under the Exchange Act with the Commission are hereby incorporated herein by reference: (i) Annual Report on Form 10-K for the fiscal year ended June 30, 1993; (ii) Quarterly Report on Form 10-Q for the fiscal quarter ended September 25, 1993; and (iii) Current Report on Form 8-K filed on January 5, 1994.

All documents filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this Prospectus and prior to the termination of the offering shall be deemed to be incorporated in this Prospectus by reference and to be a part hereof from the date of filing of such documents. Any statement contained herein or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

The Company will provide without charge to each person to whom a copy of this Prospectus has been delivered, on the written or oral request of such person, a copy of any or all of the documents referred to above which have been or may be incorporated in this Prospectus by reference other than exhibits to such documents, unless such exhibits are also specifically incorporated by reference herein. Requests for such copies should be directed to Western Digital Corporation, 8105 Irvine Center Drive, Irvine, California 92718. Attention: Corporate Secretary, telephone number (714) 932-5000.

2

4

PROSPECTUS SUMMARY

The following is a summary of certain information contained elsewhere in this Prospectus. Reference is made to, and this summary is qualified in its entirety by, the more detailed information and financial statements appearing elsewhere herein and incorporated by reference herein. Except where otherwise indicated, all share and per share amounts included in this Prospectus assume no exercise of the Underwriters' over-allotment option. Unless otherwise indicated, references herein to specific years and quarters are to the Company's fiscal years ending June 30 and fiscal quarters.

THE COMPANY

Western Digital Corporation (the "Company" or "Western Digital") designs, manufactures and sells small form factor Winchester disk drives for the mid-to high-end personal computer ("PC") market. The Company is one of the five largest independent manufacturers of these disk drives. Sales of the Company's Caviar(TM) family of disk drives represented approximately 85% of revenues for the fiscal year ended June 30, 1993 and approximately 88% of revenues for the six months ended December 25, 1993. The Company's principal disk drive products are 3.5-inch form factor disk drives with storage capacities from 170 megabytes to 540 megabytes, including the Caviar AC2540, a 540 megabyte drive, introduced in October 1993. The Company believes that since the introduction in September 1992 of its Caviar AC2340, a two-platter, 340 megabyte drive, it has increased

its market share of the 3.5-inch form factor disk drive market. In addition, the Company offers 2.5-inch form factor disk drive products.

The disk drive market is highly cyclical and is characterized by significant price erosion over the life of a product, periodic rapid price declines due to industry over-capacity or other competitive factors, technological changes, changing market requirements, and requirements for significant expenditures for product development. The Company's disk drive strategy in response to these conditions is to achieve time to market leadership with new product introductions while minimizing its fixed cost structure and maximizing the utilization of its assets. The Company implements this strategy, in part, by capitalizing on its expertise in control and communication electronics to deliver greater storage capacity per disk from components widely available in the commercial market, such as disks and heads, and to provide a high degree of commonality of component parts among its disk drive products.

The Company also designs, manufactures and sells an array of microcomputer products ("MCP") consisting of integrated circuits ("ICs") and board products which perform or enhance graphics, storage and logic functions in PCs and other computer systems. The Company's MCP strategy is to bring to market superior graphical user interface and storage control products through its applications knowledge and integrated circuit design capability.

The Company sells its products through its worldwide direct sales force primarily to PC manufacturers, and, to a lesser extent, resellers. The Company's direct sales organization is structured so that each customer is served by a single sales team which markets the Company's entire product line. The Company's OEM (original equipment manufacturer) customers include AST Research, Dell Computer, Gateway 2000, IBM, NCR, NEC, Siemens-Nixdorf, Toshiba and Zenith Data Systems.

The Company's principal executive offices are located at 8105 Irvine Center Drive, Irvine, California 92718, and its telephone number is (714) 932-5000. As used herein, the terms "Company" and "Western Digital" refer to Western Digital Corporation and its wholly-owned subsidiaries unless the context otherwise requires.

THE OFFERING

Common Stock offered by:
 The Company..... 5,000,000 shares
 The Selling Securityholders..... 1,124,966 shares
 Common Stock to be outstanding after
 this offering..... 41,972,466 shares
 Use of proceeds..... Working capital and other general corporate purposes
 New York Stock Exchange symbol..... WDC

SUMMARY FINANCIAL INFORMATION (IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	YEAR ENDED JUNE 30,					SIX MONTHS ENDED	
	1989	1990	1991	1992	1993	DEC. 26, 1992	DEC. 25, 1993
	-----	-----	-----	-----	-----	-----	-----
STATEMENT OF OPERATIONS DATA:							
Revenues, net.....	\$993,845	\$1,073,907	\$ 986,201	\$ 938,332	\$1,225,231	\$614,616	\$656,570
Costs and expenses:							
Cost of revenues.....	713,507	811,747	812,967	827,707	1,043,184	505,656	537,330
Research and development.....	86,371	82,111	93,107	89,566	101,593	46,870	56,425
Selling, general and administrative.....	135,273	140,058	116,361	88,012	90,470	41,762	48,518

Restructuring charges.....	--	--	81,540	--	--	--	--
Total costs and expenses.....	935,151	1,033,916	1,103,975	1,005,285	1,235,247	594,288	642,273
Operating income (loss).....	58,694	39,991	(117,774)	(66,953)	(10,016)	20,328	14,297
Net interest expense.....	13,243	9,067	14,737	20,203	15,092	8,017	5,604
Gain on sale of LAN business.....	--	--	--	15,784	--	--	--
Net gain from retirement of debt.....	--	1,273	--	--	--	--	--
Income (loss) before income taxes.....	45,451	32,197	(132,511)	(71,372)	(25,108)	12,311	8,693
Provision for income taxes.....	11,127	8,032	1,660	1,488	--	1,231	1,304
Net income (loss).....	\$ 34,324	\$ 24,165	\$ (134,171)	\$ (72,860)	\$ (25,108)	\$ 11,080	\$ 7,389
Earnings (loss) per common and common equivalent share(1).....	\$ 1.18	\$.82	\$ (4.59)	\$ (2.49)	\$ (.79)	\$.36	\$.20
Common and common equivalent shares used in computing per share amounts.....	29,035	29,297	29,208	29,209	31,813	31,211	37,020

THREE MONTHS ENDED

	SEPT. 26, 1992	DEC. 26, 1992	MARCH 27, 1993	JUNE 30, 1993	SEPT. 25, 1993	DEC. 25, 1993
QUARTERLY OPERATING DATA:						
Revenues, net.....	\$271,141	\$343,475	\$325,407	\$285,208	\$285,498	\$371,072
Gross profit.....	50,374	58,586	52,300	20,787	46,419	72,821
Operating income (loss).....	8,539	11,789	5,262	(35,606)	(2,045)	16,342
Net income (loss).....	4,168	6,912	1,633	(37,821)	(5,098)	12,487
Earnings (loss) per share(1).....	\$.14	\$.22	\$.05	\$ (1.07)	\$ (.14)	\$.32

(1) For the six months ended December 26, 1992 and December 25, 1993, fully diluted earnings per share were \$.34 and \$.19, respectively. For the three months ended December 26, 1992, fully diluted earnings per share were \$.21. For all other periods presented, fully diluted earnings per share approximated primary earnings per share.

DECEMBER 25, 1993

	SEPT. 25, 1993	ACTUAL	AS ADJUSTED (1)
BALANCE SHEET DATA:			
Cash and cash equivalents.....	\$ 35,471	\$ 84,846	\$103,524
Working capital.....	108,532	113,863	144,541
Total assets.....	508,950	483,124	501,802
Short-term debt:			
Current portion of long-term debt.....	22,397	12,707(2)	707
Long-term debt:			
Long-term debt, less current portion.....	118,392	26,332(2)	22
Convertible subordinated debentures.....	59,000	59,000	59,000
Total long-term debt, less current portion.....	177,392	85,332	59,022
Shareholders' equity.....	126,082	140,432	197,420

(1) Adjusted to give effect to the sale by the Company of 5,000,000 shares of Common Stock offered hereby, the application of the estimated net proceeds therefrom (assuming a public offering price of \$12 1/8 per share, the reported last sale price on January 12, 1994), the exercise of the Warrants and the repayment of \$38.3 million of bank debt on December 31, 1993.

(2) The decreases in short-term and long-term debt during the quarter ended December 25, 1993 are attributable primarily to the application of \$95.0

million of the proceeds of the sale of the Company's Irvine, California silicon wafer fabrication facility. See "Recent Developments -- Sale of Wafer Fabrication Facility."

4

6

RECENT DEVELOPMENTS

SALE OF WAFER FABRICATION FACILITY

On December 23, 1993, the Company sold its Irvine, California silicon wafer fabrication facility to the Semiconductor Products Sector of Motorola, Inc. ("Motorola") for approximately \$110.6 million (\$103.9 million in cash and a \$6.7 million note payable over the 60-day period after closing) plus certain other considerations, including the assumption by Motorola of equipment leases associated with the facility. The gain on the sale of the facility is not material to the financial position of the Company. Approximately \$95.0 million of the proceeds of this sale were used to reduce bank indebtedness. Concurrent with the sale, the Company entered into a supply contract with Motorola under which Motorola will supply silicon wafers to Western Digital for at least two years. The Company also anticipates that it will enter into silicon wafer supply arrangements with other companies in the future. The sale of the wafer fabrication facility represents a reduction of the Company's fixed manufacturing cost structure and allows the Company to focus its MCP engineering resources on product design rather than manufacturing process development.

SECOND QUARTER FISCAL 1994 OPERATING RESULTS

For the fiscal quarter ended December 25, 1993, net income was \$12.5 million on revenues of \$371.1 million, compared with net income of \$6.9 million on revenues of \$343.5 million in the corresponding quarter in the prior fiscal year and a net loss of \$5.1 million on revenues of \$285.5 million in the fiscal quarter ended September 25, 1993. The improved performance in the second quarter of the current fiscal year is attributable primarily to higher revenues and favorable product mix in the Company's disk drive business.

NEW ACCOUNTS RECEIVABLE FACILITY

In January 1994, the Company entered into a \$75.0 million accounts receivable facility with certain financial institutions. The facility consists of a \$50.0 million three-year arrangement at Eurodollar or reference rates of the participating banks and a \$25.0 million one-year committed arrangement at a rate approximating commercial paper rates. This new facility is intended to serve as a source of working capital as may be needed from time to time and replaces a credit facility secured by substantially all of the Company's assets, the remaining borrowings under which were repaid on December 31, 1993.

EUROPEAN MANUFACTURING AGREEMENT

In August 1993, the Company entered into an agreement with IBM Corporation ("IBM") pursuant to which IBM will assemble, test and package Western Digital Caviar disk drives at IBM's Havant, England facility. The Caviar drives made at Havant will be supplied to Western Digital customers throughout Europe. The Company believes this relationship with IBM increases its disk drive assembly capacity without a significant investment in fixed assets and enhances its ability to sell disk drives to customers in Europe.

5

7

RISK FACTORS

In addition to the other information included or incorporated by reference in this Prospectus, the following factors should be considered carefully before purchasing the Common Stock offered hereby.

OPERATING LOSSES

For the years ended June 30, 1991, 1992 and 1993, the Company experienced losses from operations of approximately \$117.8 million, \$67.0 million and \$10.0 million, respectively. The loss for fiscal 1991 included an \$81.5 million restructuring charge. After six consecutive quarterly losses, the Company's net income was \$4.1 million in the fourth quarter of fiscal 1992 and \$12.7 million in the first three quarters of fiscal 1993. Due to renewed pricing and competitive pressures, the Company experienced losses in the fourth quarter of fiscal 1993 and the first quarter of fiscal 1994. The Company reported net income of \$12.5 million for the second quarter of fiscal 1994. No assurance can be given that the Company will not continue to experience wide fluctuations in operating results in the future.

FLUCTUATIONS IN CUSTOMER DEMAND

The demand for the Company's disk drive and MCP products depends principally upon the demand for PCs. A slowdown in the demand for such computers, which is affected by computer system product cycles and by prevailing economic conditions, would have an adverse effect on the Company's results of operations. There can be no assurance that current demand levels will continue or that prices will not decline precipitously as disk drive manufacturers increase production in response to current demand. Further, the Company's customers typically have the right to cancel or reschedule orders, which could adversely affect the Company's production schedules, inventory management and results of operations.

The Company's shipments tend to be disproportionately higher in the last month of each quarter. The Company's failure to complete shipments in the latter part of a quarter would have a material adverse effect on the Company's operating results for that quarter. In addition, the disk drive industry has been subject to seasonal fluctuations in demand. There can be no assurance that such fluctuations will not affect the Company in the future.

COMPETITION

The PC industry is intensely competitive and is characterized by significant price erosion over the life of a product, periodic rapid price declines due to industry over-capacity or other competitive factors, technological changes, changing market requirements, occasional shortages of materials, dependence upon a limited number of vendors for certain components, dependence upon highly skilled engineering and other personnel, and significant expenditures for product development. The disk drive market in particular has been subject to recurring periods of severe price competition. Many of the Company's competitors have greater financial and other resources and broader product lines than the Company with which to compete in this environment.

The Company also competes with companies offering products based on alternative data storage and retrieval technologies. Technological advances in magnetic, optical, flash or other storage technologies could result in the introduction of competitive products with performance superior to and prices lower than the Company's products, which could adversely affect the Company's results of operations.

NEW PRODUCT INTRODUCTIONS

The market for the Company's products is subject to rapid technological change and short product life cycles. To remain competitive, the Company must anticipate the needs of the market and successfully develop and introduce new products in a timely fashion. Before volume shipments of the Caviar AC2200 in March 1992, the Company was less successful than its competitors in developing new products and bringing them to market in a timely manner. If not carefully planned and executed, the introduction of new products may adversely affect sales of existing products and increase risk of inventory obsolescence. In addition, new products typically have lower initial manufacturing yields and higher initial component costs than more

mature products. No assurance can be given that the Company will be able to successfully complete the design and introduction of new products, manufacture the products at acceptable manufacturing yields and costs, effectively manage product transitions or obtain significant orders for these products.

MANUFACTURING

The Company experiences fluctuations in manufacturing yields which can materially affect the Company's operations, particularly in the start-up phase of new products or new manufacturing processes. With the continued pressures to shorten the time required to introduce new products, the Company must accelerate production learning curves to shorten the time to achieve acceptable manufacturing yields and costs. No assurance can be given that the Company's operations will not be adversely affected by these fluctuations or that it can shorten its new product development cycles or manufacturing learning curves sufficiently to achieve these objectives in the future.

The Company's disk drives are assembled at the Company's manufacturing facility in Singapore and at IBM's Havant, England facility. Other manufacturing is performed at the Company's facilities in Malaysia and Korea. As a result, the Company is subject to certain foreign manufacturing risks such as changes in government policies, high employee turnover, political risk, transportation delays, tariffs, fluctuations in foreign exchange rates and import, export, exchange and tax controls.

DEPENDENCE ON COMPONENT SUPPLIERS

A number of the components used by the Company are available from a single or limited number of outside suppliers. Some of these materials may periodically be in short supply and the Company has, on occasion, experienced temporary delays or increased costs in obtaining these materials. An extended shortage of required materials and supplies could have an adverse effect upon the revenue and earnings of the Company. In addition, the Company must allow for significant lead times when procuring certain materials and supplies. The Company has more than one available source of supply for most of its required materials. Where there is only one source of supply, the Company believes that a second source could be obtained within a reasonable period of time. However, no assurance can be given that the Company's results of operations will not be adversely affected until a new source can be located.

The Company purchases substantially all of its thin film head requirements for disk drives from Read-Rite Corporation. The Company also uses MIG heads for certain products which are supplied by several vendors. Any significant disruption in the supply of these components would have an adverse effect on the Company's results of operations.

On December 23, 1993, the Company sold its Irvine, California silicon wafer fabrication facility. See "Recent Developments -- Sale of Wafer Fabrication Facility." From 1990 until the sale, the Company manufactured silicon wafers in the Irvine facility. The Company also buys wafers fabricated by other companies. The Company believes that, through its supply contract with the purchaser of its Irvine facility and through other outside sources, its semiconductor wafer requirements can be met; however, a disruption in the supply of wafers for any reason would have a material adverse impact on the Company's results of operations.

INTELLECTUAL PROPERTY

The PC industry has been characterized by significant litigation relating to patent and other intellectual property rights. The Company is currently involved in litigation with Conner Peripherals, Inc. in which the two companies have asserted patent infringement claims against one another relating to disk drives manufactured by them. The Company has also received a claim of alleged patent infringement from Rodime PLC. Based upon similar claims, Rodime has negotiated license agreements with at least two disk drive manufacturers pursuant to which it has received royalties or other compensation, and Rodime is currently pursuing litigation against others. Adverse resolution of either of these matters or any other intellectual property claim could subject the Company to substantial liabilities and require it to seek licenses from other companies or to refrain from manufacturing certain products. Although patent holders

commonly offer licenses to their patents or other intellectual property rights, no assurance can be given that licenses will be offered, or that the terms of

7

9

any offered license will be acceptable to the Company or that failure to obtain a license would not adversely affect the Company's results of operations.

In addition, the Company currently has a cross-license with IBM which became effective January 1, 1990. Pursuant to this agreement, the Company has licensed IBM under certain Western Digital patents for the life of such patents, and has obtained from IBM a patent license which expires December 31, 1994 covering certain Western Digital products. Although the license granted to Western Digital extends to certain components within Western Digital disk drives, disk drives as such are not expressly covered. In calendar 1993, IBM initiated further discussions with the Company for the purpose of determining whether the Company's disk drives are covered by specified IBM patents. The Company is currently reviewing these patents. Based on its prior dealings with IBM, the Company expects to work toward a supplemental agreement with IBM which will address the disk drive issues and extend the term of the license, with the goal of reaching agreement prior to the expiration of the term of the current license agreement. This supplemental agreement, if finalized, may involve payment of higher royalties to IBM than are presently paid. No assurance can be given that such an agreement can be reached upon terms acceptable to the Company. Failure to reach an acceptable agreement could have a material adverse impact on the Company's business.

STOCK PRICE VOLATILITY

The market price of the Company's Common Stock has been, and may continue to be, extremely volatile. Factors such as new product announcements by the Company or its competitors, quarterly fluctuations in the Company's operating results, pricing pressures and general conditions in the computer market may have a significant impact on the market price of the Company's Common Stock. In addition, the stock market has recently experienced substantial price and volume fluctuations, which have particularly affected the market prices of the stock of many high technology companies.

8

10

USE OF PROCEEDS

The net proceeds to the Company from the sale of Common Stock offered hereby are estimated to be \$55.8 million (\$66.0 million if the Underwriters' over-allotment option is exercised in full) assuming a public offering price of \$12 1/8 per share, the reported last sale price of the Common Stock on the New York Stock Exchange on January 12, 1994, and after deducting the estimated underwriting discount and estimated expenses of this offering. The Company intends to use the net proceeds of this offering for working capital and other general corporate purposes. The Company will not receive any of the proceeds from the sale of the Common Stock to be issued upon exercise of the Warrants other than exercise price payments aggregating approximately \$1.2 million.

CAPITALIZATION

The table below sets forth the consolidated capitalization and short-term debt of Western Digital at September 25, 1993, at December 25, 1993, and at December 25, 1993 as adjusted to give effect to the sale by the Company of 5,000,000 shares of Common Stock offered hereby, the application of the estimated net proceeds therefrom (assuming a public offering price of \$12 1/8 per share, the reported last sale price on January 12, 1994), the exercise of the Warrants and the repayment of \$38.3 million of bank debt on December 31, 1993.

	DECEMBER 25, 1993		
	SEPT. 25, 1993	ACTUAL	AS ADJUSTED
(IN THOUSANDS)			
Short-term debt:			
Current portion of long-term debt	\$ 22,397	\$ 12,707	\$ 707
Long-term debt:			
Long-term debt, less current portion.....	\$118,392	\$ 26,332	\$ 22
Convertible subordinated debentures.....	59,000	59,000	59,000
Total long-term debt, less current portion.....	177,392	85,332	59,022
Shareholders' equity:			
Preferred stock, \$.10 par value; 5,000,000 shares authorized; no shares outstanding.....			
Common stock, \$.10 par value; 95,000,000 shares authorized; 35,395,632 shares outstanding at September 25, 1993; 35,847,500 shares outstanding at December 25, 1993; and 41,972,466 shares outstanding at December 25, 1993 as adjusted(1).....	3,540	3,585	4,197
Additional paid-in capital.....	200,502	202,320	258,696
Accumulated deficit.....	(77,960)	(65,473)	(65,473)
Total shareholders' equity.....	126,082	140,432	197,420
Total capitalization.....	\$303,474	\$225,764	\$ 256,442

(1) Excludes (i) 7,436,968 shares as of December 25, 1993 reserved for issuance upon exercise of stock options granted or available for grant under the Company's stock option plans, (ii) 60,000 shares as of December 25, 1993 reserved for issuance upon exercise of warrants to purchase Common Stock issued in 1991 in consideration for consulting services, and (iii) (except as to the as adjusted number) the Common Stock issuable upon exercise of the Warrants. Also excludes 4,083,044 shares as of December 25, 1993 reserved for issuance upon conversion of the Convertible Subordinated Debentures.

SELLING SECURITYHOLDERS

The table below sets forth certain information regarding the beneficial ownership by the Selling Securityholders of Common Stock (which arises solely from their ownership of the Warrants). The Warrants were issued to the Selling Securityholders as lenders in connection with the Company's 1991 debt restructuring and certain subsequent amendments to its credit facilities. In connection with this offering, the Warrants will be sold to the Underwriters who will then exercise the Warrants and offer the shares of Common Stock issued upon exercise pursuant to this Prospectus. As a result, following completion of this offering, to the knowledge of the Company, none of the Selling Securityholders will beneficially own any of the Company's equity securities.

SELLING SECURITYHOLDERS	SHARES BENEFICIALLY OWNED PRIOR TO OFFERING		SHARES TO BE SOLD IN OFFERING
	NUMBER	PERCENT	
Bank of America NT & SA 555 California Street, 41st Floor San Francisco, CA 94104	328,997	*	328,997
Citibank, N.A. 599 Lexington Avenue Floor 21/Zone 10 New York, NY 10043	223,072	*	223,072
Berliner Handels-und Frankfurter Bank 55 East 59th Street New York, NY 10022	89,726	*	89,726
The HongKong and Shanghai Banking Corporation Limited 140 Broadway, 4th Floor New York, NY 10015	89,726	*	89,726
Credit Lyonnais 515 South Flower Street Los Angeles, CA 90071	59,817	*	59,817
Den Danske Bank 280 Park Avenue New York, NY 10017	59,817	*	59,817
Royal Bank of Canada 600 Wilshire Boulevard Suite 800 Los Angeles, CA 90017	59,817	*	59,817
Union Bank of Switzerland 299 Park Avenue New York, NY 10171-0026	49,507	*	49,507
J.P. Morgan Delaware 902 Market Street Wilmington, DE 19801-3015	44,863	*	44,863
Morgan Guaranty Trust Company of New York 60 Wall Street New York, NY 10260-0060	44,863	*	44,863
Banque Nationale de Paris 725 South Figueroa, Suite 2090 Los Angeles, CA 90017	29,909	*	29,909
Deutsche Bank AG 550 South Hope Street Los Angeles, CA 90071	29,909	*	29,909
Sanwa Bank 601 South Figueroa Street Los Angeles, CA 90071	14,943	*	14,943

* Less than 1%

UNDERWRITING

The Underwriters named below have severally agreed, subject to the terms and conditions of the Underwriting Agreement (a copy of which is filed as an exhibit to the Registration Statement of which this Prospectus is a part), to purchase from the Company and the Selling Securityholders the respective numbers of shares of Common Stock and Warrants set forth opposite their names below:

UNDERWRITER	FROM COMPANY (COMMON STOCK)	FROM SELLING SECURITYHOLDERS (WARRANTS)	TOTAL SHARES
Kidder, Peabody & Co. Incorporated.....			
Salomon Brothers Inc.....			
Total.....	5,000,000	1,124,966	6,124,966

The Underwriting Agreement provides that the Underwriters are obligated to purchase all of the shares of Common Stock and Warrants offered, if any are purchased.

The Company and the Selling Securityholders have been advised by the Underwriters that they propose to offer the Common Stock to the public at the offering price set forth on the cover page of this Prospectus and to certain dealers at such price less a concession not in excess of \$ per share, and that the Underwriters and such dealers may reallocate a discount of not in excess of \$ per share to other dealers. The public offering price and the concession and discount to dealers may be changed by the Underwriters.

The Company has granted the Underwriters an option, exercisable for 30 days after the date of this Prospectus, to purchase up to 918,745 additional shares of Common Stock at the price to the public less the underwriting discount, as set forth on the cover page of this Prospectus. Such option may be exercised only to cover over-allotments, if any, in the sale of the shares of Common Stock offered hereby.

The Company has agreed to indemnify the Underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended.

The Company has agreed that it will not, directly or indirectly, offer, sell or otherwise dispose of any shares of Common Stock or any securities convertible into or exchangeable for, or any rights to purchase or acquire, Common Stock for a period of 90 days after the date of this Prospectus, except pursuant to the Underwriting Agreement, without the prior written consent of the Underwriters and subject to certain limited exceptions.

LEGAL MATTERS

The validity of the shares of Common Stock offered hereby will be passed upon for the Company by Gibson, Dunn & Crutcher, Orange County, California. Certain legal matters will be passed upon for the Underwriters by Latham & Watkins, Costa Mesa, California.

EXPERTS

The financial statements and schedules of the Company as of June 30, 1993 and 1992, and for each of the years in the three-year period ended June 30, 1993, incorporated by reference herein and elsewhere in the Registration Statement have been incorporated by reference herein and in the Registration Statement in reliance upon the report of KPMG Peat Marwick, independent certified public accountants, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

NOT CONTAINED OR INCORPORATED BY REFERENCE IN THIS PROSPECTUS, AND ANY INFORMATION OR REPRESENTATION NOT CONTAINED OR INCORPORATED BY REFERENCE HEREIN MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY, THE SELLING SECURITYHOLDERS OR ANY UNDERWRITER. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER OF ANY SECURITIES OTHER THAN THE REGISTERED SECURITIES TO WHICH IT RELATES OR AN OFFER TO ANY PERSON IN ANY JURISDICTION WHERE SUCH AN OFFER WOULD BE UNLAWFUL. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALES MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE DATE HEREOF.

 TABLE OF CONTENTS

	PAGE
Available Information.....	2
Incorporation of Certain Documents By Reference.....	2
Prospectus Summary.....	3
Recent Developments.....	5
Risk Factors.....	6
Use of Proceeds.....	9
Capitalization.....	9
Selling Securityholders.....	10
Underwriting.....	11
Legal Matters.....	11
Experts.....	11

 6,124,966 SHARES

[LOGO]

COMMON STOCK

 PROSPECTUS

KIDDER, PEABODY & CO.
 INCORPORATED

SALOMON BROTHERS INC

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The estimated expenses in connection with this offering to be borne by the Company are:

Registration fees.....	\$ 23,845
NASD filing fee.....	7,044
Printing fees and expenses.....	100,000

Accounting fees and expenses.....	70,000
Legal fees and expenses.....	225,000
Blue Sky fees.....	10,000
Miscellaneous.....	214,111

Total.....	\$650,000

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Section 145(a) of the General Corporation Law of the State of Delaware provides that a Delaware corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than as an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation or enterprise, against expenses, judgments, fines and amounts paid in settlement actually and reasonably by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no cause to believe his conduct was unlawful.

Section 145(b) provides that a Delaware corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that such person acted in any of the capacities set forth above, against expenses actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted under similar standards, except that no indemnification may be made in respect to any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine that despite the adjudication of liability, such person is fairly and reasonably entitled to be indemnified for such expenses which the court shall deem proper.

Section 145 further provides that to the extent a director or officer of a corporation has been successful in the defense of any action, suit or proceeding referred to in subsection (a) and (b) or in the defense of any claim, issue or matter therein, he shall be indemnified against expenses actually and reasonably incurred by him in connection therewith; that indemnification provided by Section 145 shall not be deemed exclusive of any other rights to which the indemnified party may be entitled; and that the corporation may purchase and maintain insurance on behalf of a director or officer of the corporation against any liability asserted against him or incurred by him in any such capacity or arising out of his status as such whether or not the corporation would have the power to indemnify him against such liabilities under Section 145.

Section 102(b)(7) of the General Corporation Law provides that a corporation in its original Certificate of Incorporation or an amendment thereto validly approved by stockholders may eliminate or limit personal liability of members of its board of directors or governing body for violations of a director's duty of care.

II-1

However, no such provision may eliminate or limit the liability of a director for breaching his duty of loyalty, failing to act in good faith, engaging in intentional misconduct or knowingly violating a law, paying a dividend or approving a stock repurchase which was illegal, or obtaining an improper personal benefit. A provision of this type has no effect on the availability of equitable remedies, such as injunction or rescission, for breach of fiduciary duty. The Company's Certificate of Incorporation contains such a provision.

The Company's Bylaws require that directors and officers be indemnified to the maximum extent permitted by Delaware law.

The Company may, from time to time, enter into a form of indemnity agreement (the "Indemnity Agreement") with each director or officer designated by the Board of Directors, depending on the then current status of directors' and officers' insurance coverage. The Indemnity Agreement requires that the Company indemnify directors and officers who are parties thereto in all cases to the fullest extent permitted by applicable law. Under the General Corporation Law, except in the case of litigation in which a director or officer is successful on the merits, indemnification of a director or officer is discretionary rather than mandatory. Consistent with the Company's Bylaw provision on the subject, the Indemnity Agreement requires the Company to make prompt payment of litigation expenses at the request of the director or officer in advance of indemnification provided that he undertakes to repay the amounts if it is ultimately determined that he is not entitled to indemnification for such expenses and provided further that such advance shall not be made if it is determined that the director or officer acted in bad faith or deliberately breached his duty to the Company and its stockholders and, as a result it is more likely than not that he will not be entitled to indemnification under the terms of the Indemnity Agreement. The advance of litigation expenses is mandatory absent a special determination to the contrary; under the General Corporation Law such advance would be discretionary. Under the Indemnity Agreement, the director or officer is permitted to petition the court to seek recovery of amounts due under the Indemnity Agreement and to recover the expenses of seeking such recovery if he is successful. Without the Indemnity Agreement, the Company would not be required to pay or reimburse the director or officer for his expenses in seeking indemnification recovery against the Company. By the terms of the Indemnity Agreement, its benefits are not available if the director or officer has other indemnification or insurance coverage for the subject claim or, with respect to the matters giving rise to the claim, (i) received a personal benefit, (ii) violated Section 16(b) of the Securities Exchange Act of 1934 or analogous provisions of law or (iii) committed certain acts of dishonesty. Absent the Indemnity Agreement, indemnification that might be made available to directors and officers could be changed by amendments to the Company's Certificate of Incorporation or Bylaws.

The Company has a policy of directors' and officers' liability insurance which insures the directors and officers against the cost of defense, settlement or payment of a judgment under certain circumstances.

ITEM 16. EXHIBITS

- 1.1 Form of Underwriting Agreement.
- 1.2 Form of Custody Agreement.
- 5 Opinion of Gibson, Dunn & Crutcher.
- 23.1 Consent of Gibson, Dunn & Crutcher (included in Exhibit 5).
- 23.2 Consent of KPMG Peat Marwick.
- 24 Power of Attorney.*

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* Previously filed with this Registration Statement on December 23, 1993.

ITEM 17. UNDERTAKINGS.

(a) The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act that is incorporated by reference in the Registration Statement shall be deemed to be a new

Registration Statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(b) The undersigned registrant hereby undertakes to deliver or cause to be delivered with the prospectus, to each person to whom the prospectus is sent or given, the latest annual report, to security holders that is incorporated by reference in the prospectus and furnished pursuant to and meeting the requirements of Rule 14a-3 or Rule 14c-3 under the Securities Exchange Act of 1934; and, where interim financial information required to be presented by Article 3 of Regulation S-X is not set forth in the prospectus, to deliver, or cause to be delivered to each person to whom the prospectus is sent or given, the latest quarterly report that is specifically incorporated by reference in the prospectus to provide such interim financial information.

(c) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer, or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

(d) The undersigned Registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new Registration Statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

II-3

17

SIGNATURES

Pursuant to the requirements of the Securities Act, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Amendment No. 1 to Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Irvine, State of California, on January 12, 1994.

WESTERN DIGITAL CORPORATION

By: /s/ SCOTT MERCER

D. Scott Mercer

Executive Vice President, Chief
Financial

and Administrative Officer

Pursuant to the requirements of the Securities Act, this Registration

Statement has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
* Charles A. Haggerty	Chairman of the Board, President and Chief Executive Officer (Principal Executive Officer)	January 12, 1994
* D. Scott Mercer	Executive Vice President, Chief Financial and Administrative Officer (Principal Financial and Accounting Officer)	January 12, 1994
* I.M. Booth	Director	January 12, 1994
* George L. Bragg	Director	January 12, 1994
* Andre R. Horn(1)	Director	January 12, 1994
* Irwin Federman	Director	January 12, 1994
* Anne O. Krueger	Director	January 12, 1994
* Jack W. Peltason	Director	January 12, 1994

II-4

18

SIGNATURE	TITLE	DATE
* Stephen B. Schwartz	Director	January 12, 1994
* Thomas Pardun(1)	Director	January 12, 1994

*By: /s/ SCOTT MERCER
D. Scott Mercer
Attorney-in-fact

(1) A Power of Attorney, in the form previously filed with this Registration Statement on December 23, 1993, has been executed by Messrs. Horn and Pardun, but was not included in the original filing of this Registration Statement.

II-5

19

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION	SEQUENTIALLY NUMBERED PAGE

1.1	Form of Underwriting Agreement.....	
1.2	Form of Custody Agreement.....	
5	Opinion of Gibson, Dunn & Crutcher.....	
23.1	Consent of Gibson, Dunn & Crutcher (included in Exhibit 5).....	
23.2	Consent of KPMG Peat Marwick.....	
24	Power of Attorney.....	*

* Previously filed with this Registration Statement on December 23, 1993.

6,124,966 SHARES

WESTERN DIGITAL CORPORATION
COMMON STOCK
(\$.10 PAR VALUE)

UNDERWRITING AGREEMENT

JANUARY __, 1994

KIDDER, PEABODY & CO. INCORPORATED
SALOMON BROTHERS INC
c/o Kidder, Peabody & Co. Incorporated
10 Hanover Square,
New York, N.Y. 10005.

Ladies and Gentlemen:

Western Digital Corporation, a Delaware corporation ("Company"), and the several warrant holders of the Company listed in Schedule B hereto ("Selling Stockholders"), who may act through James R. Eckstaedt and D. Scott Mercer, or either of them, as attorneys-in-fact for the Selling Stockholders ("Attorneys-in-fact"), confirm their agreement with the Underwriters listed in Schedule A hereto ("Underwriters") as follows:

1. DESCRIPTION OF THE SECURITIES. The Company proposes to issue and sell 5,000,000 shares of its Common Stock, and the Selling Stockholders, acting severally and not jointly, propose to sell a total of 1,124,966 warrants (the "Warrants") to purchase an aggregate of 1,124,966 shares of Common Stock of the Company, to the Underwriters. The 5,000,000 shares of Common Stock to be sold by the Company are hereinafter called the "Company Shares," and the 1,124,966 shares of Common Stock issuable upon exercise of the Warrants are hereinafter called the "Warrant Shares." The respective amounts of Company Shares and Warrants to be purchased by the Underwriters are set forth opposite their names in Schedule A hereto and the respective amounts of the Warrants to be sold by the Selling Stockholders are set forth opposite their names in Schedule B hereto. The Company Shares and the Warrant Shares are sometimes referred to herein collectively as the "Firm Shares." The Company also proposes to issue and sell to the Underwriters, at the option of the Underwriters, an aggregate of not more than 918,745 additional shares ("Optional Shares") of its Common Stock as set forth below in Section 14. The Firm Shares and the Optional Shares are herein collectively called the "Securities."

2. REPRESENTATIONS AND WARRANTIES OF THE COMPANY. The Company represents and warrants to, and agrees with, each Underwriter and each Selling Stockholder that:

(a) A registration statement (File No. 33-51695) with respect to the Securities, including a preliminary form of prospectus, has been carefully prepared by the Company in conformity with the requirements of the Securities Act of 1933 ("Act") and the rules and regulations ("Rules and Regulations") of the Securities and Exchange Commission ("Commission") thereunder and filed with the Commission and has become effective. Such registration statement may have been amended prior to the date of this Agreement; any such amendment was so prepared and filed, and any such amendment filed after the effective date of such registration statement has become effective. No stop order suspending the effectiveness of the registration statement has been issued, and no proceeding for that purpose has been instituted or threatened by the Commission. A final form of prospectus has been or will be so prepared and will be filed pursuant to Rule 424 (b) of the Rules and Regulations on or before the second business day after the date hereof (or such earlier time as may be required by the Rules and

Regulations); and the Rules and Regulations do not require the Company to, and, without your consent, the Company will not, file a post-effective amendment after the time of execution of this Agreement

and prior to the filing of such final form of prospectus. Copies of such registration statement, any such amendments, and each related preliminary prospectus ("Preliminary Prospectus") and all documents incorporated by reference therein that were filed with the Commission on or prior to the date of this Agreement (including one fully executed copy of the registration statement and of each amendment thereto for each of you and for counsel for the Underwriters) have been delivered to you. Such registration statement, as it may have heretofore been amended and including any information deemed by virtue of Rule 430A(b) of the Rules and Regulations to be part of such registration statement at the time it was declared effective, is referred to herein as the "Registration Statement," and such final form of prospectus, in the form in which it is first filed pursuant to Rule 424(b) of the Rules and Regulations, is referred to herein as the "Prospectus." Any reference herein to the Registration Statement, the Prospectus, any amendment or supplement thereto or any Preliminary Prospectus shall be deemed to refer to and include the documents incorporated by reference therein, and any reference herein to the terms "amend," "amendment" or "supplement" with respect to the Registration Statement or Prospectus shall be deemed to refer to and include the filing after the execution hereof of any document with the Commission deemed to be incorporated by reference therein.

(b) Each part of the Registration Statement, when such part became or becomes effective, each Preliminary Prospectus, on the date of filing thereof with the Commission, and the Prospectus and any amendment or supplement thereto, on the date of filing thereof with the Commission and at the Closing Date (as hereinafter defined), conformed or will conform in all material respects with the requirements of the Act and the Rules and Regulations; each part of the Registration Statement, when such part became or becomes effective, did not or will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; each Preliminary Prospectus, on the date of the filing thereof with the Commission, and the Prospectus and any amendment or supplement thereto, on the date of filing thereof with the Commission and at the Closing Date, did not or will not include an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; except that the foregoing shall not apply to statements in or omissions from any such document in reliance upon, and in conformity with, written information relating to and furnished by you, or by any Underwriter through you, to the Company specifically for use in the preparation thereof.

(c) The documents incorporated by reference in the Registration Statement, the Prospectus, any amendment or supplement thereto or any Preliminary Prospectus, when they became or become effective under the Act or were or are filed with the Commission under the Securities Exchange Act of 1934 ("Exchange Act"), as the case may be, conformed or will conform in all material respects with the requirements of the Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder.

(d) The financial statements of the Company and its subsidiaries set forth in the Registration Statement and Prospectus fairly present the financial condition of the Company and its subsidiaries as of the dates indicated and the results of operations and changes in financial position for the periods therein specified in conformity with generally accepted accounting principles consistently applied throughout the periods involved (except as otherwise stated therein).

(e) Each of the Company, Western Digital (Singapore) Pte Ltd. ("WDS"), Western Digital (Malaysia) SDN BHD ("WDM"), and Western Digital Ireland Ltd. ("WDI") is duly incorporated and is an existing corporation in good standing under the laws of its jurisdiction of incorporation, has full power and authority (corporate and other) to conduct its business as described in the Registration Statement and Prospectus and is duly qualified to do business in each jurisdiction in which it owns or leases substantial properties or in which the conduct of its business requires such qualification, except where the failure to be so qualified does not involve a material risk to the business, properties, financial

position or results of operations of the Company and its subsidiaries taken as a whole; and all of the outstanding shares of capital stock of each such subsidiary have been duly authorized and validly issued, are fully paid and non-assessable and (except as otherwise stated in the Registration Statement are owned beneficially by the Company subject to no security interest, other encumbrance or adverse claim.

(f) The Warrants have been duly authorized, executed and delivered by, and are valid and binding obligations of, the Company and, when delivered in accordance with the terms of this Agreement and the Custody Agreement (as hereinafter defined), will entitle the Underwriters to purchase their respective portions of the Warrant Shares upon payment to the Company of the respective exercise price. No further approval of any stockholder, the Board of Directors or others is required for the issuance of the Warrant Shares upon payment of the exercise price except such as may be required under the Act or under state or other securities or Blue Sky laws.

(g) The outstanding shares of Common Stock of the Company (including the Warrant Shares when issued in accordance with the Warrants) and the Securities to be issued and sold by the Company hereunder have been duly authorized and are, or when issued as contemplated hereby will be, validly issued, fully paid and non-assessable. The stockholders of the Company have no preemptive rights with respect to any of the Securities.

(h) Except as set forth in the Prospectus, subsequent to the respective dates as of which information is given in the Registration Statement and the Prospectus, neither the Company nor any of its subsidiaries has incurred any liabilities or obligations, direct or contingent, or entered into any transactions, not in the ordinary course of business, that are material to the Company and its subsidiaries, and there has not been any material adverse change, on a consolidated basis, in the capital stock, short-term debt or long-term debt of the Company and its subsidiaries, or any material adverse change, or any development involving a prospective material adverse change, in the condition (financial or other), business, net worth or results of operations of the Company and its subsidiaries taken as a whole.

(i) Except as set forth in the Prospectus, there is not pending or, to the knowledge of the Company, threatened any action, suit or proceeding to which the Company or any of its subsidiaries is a party, before or by any court or governmental agency or body, that might result in any material adverse change in the condition (financial or other), business, net worth or results of operations of the Company and its subsidiaries taken as a whole, or might materially and adversely affect the properties or assets thereof.

(j) There are no contracts or documents of the Company or any of its subsidiaries that are required to be described in the Registration Statement or Prospectus or filed as exhibits to the Registration Statement or to any of the documents incorporated by reference therein by the Act or the Exchange Act or by the rules and regulations of the Commission thereunder that have not been so described or filed.

(k) The Company has complied with all provisions of Section 517.075, Florida Statutes, relating to doing business with the Government of Cuba or with any person or any affiliate located in Cuba.

(l) The execution, delivery and performance of this Agreement and the consummation of the transactions herein contemplated will not result in a breach or violation of any of the terms and provisions of, or constitute a default under, any statute, any material agreement or instrument to which the Company is a party or by which it is bound or to which any of the property of the Company is subject, the Company's Certificate of Incorporation or by-laws, or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its properties; no consent, approval, authorization or order of, or filing with, any court or

governmental agency or body is required for the consummation of the transactions contemplated by this Agreement in connection with the issuance or sale of the Securities to be sold by the Company, except such as may be required under the Act or state

4

securities laws; and the Company has full power and authority to authorize, issue and sell the Securities to be sold by it as contemplated by this Agreement.

3. REPRESENTATIONS AND WARRANTIES OF THE SELLING STOCKHOLDERS. Each of the Selling Stockholders severally and not jointly represents and warrants to, and agrees with, the Company and each Underwriter that:

(a) Such Selling Stockholder has and on the Closing Date will have valid and unencumbered title to the number of Warrants set forth opposite such Selling Stockholder's name on Schedule B hereto and full right, power and authority to enter into this Agreement and to sell, assign, transfer and deliver such Warrants hereunder; and upon delivery of and payment for such Warrants hereunder, the several Underwriters will acquire valid and unencumbered title thereto.

(b) Such Selling Stockholder has not taken and will not take, directly or indirectly, any action designed to or that might reasonably be expected to cause or result in stabilization or manipulation of the price of any security of the Company.

(c) If such Selling Stockholder is a corporation, such Selling Stockholder has been duly incorporated and is an existing corporation in good standing under the laws of its jurisdiction of incorporation.

(d) Except as set forth in the Prospectus, no consent, approval, authorization or order of, or filing with, any governmental agency or body or any court is required to be obtained or made by such Selling Stockholder for the consummation of the transactions contemplated by this Agreement in connection with the sale of the Warrants to be sold by such Selling Stockholder, except such as have been obtained and made under the Act and such as may be required under state securities laws.

(e) The execution, delivery and performance of this Agreement and the consummation of the transactions herein contemplated will not result in a breach or violation of any of the terms or provisions of, or constitute a default under, any statute, rule, regulation or order of any governmental agency or body or any court having jurisdiction over such Selling Stockholder or any of its properties, any material agreement or instrument to which such Selling Stockholder is a party or by which such Selling Stockholder is bound or to which any of the properties of such Selling Stockholder is subject, or if such Selling Stockholder is a corporation, the articles of incorporation or bylaws of such Selling Stockholder.

(f) Such Selling Stockholder has executed and delivered a power of attorney naming James R. Eckstaedt and/or D. Scott Mercer, or either of them, as such Selling Stockholder's Attorneys-in-fact (and by the execution by any one of them of this Agreement, such Attorney-in-fact represents and warrants to the best of his knowledge that he and the other Attorneys-in-fact have been duly appointed as Attorneys-in-fact by the Selling Stockholders) for the purpose of entering into and carrying out this Agreement, and in connection therewith such Selling Stockholder further represents, warrants and agrees that such Selling Stockholder has deposited in custody, under a custody agreement ("Custody Agreement") with James R. Eckstaedt and/or D. Scott Mercer, as custodian ("Custodian"), certificates in negotiable form for the Warrants to be sold by such Selling Stockholder. Such Selling Stockholder agrees that the Warrants represented by the certificates on deposit with the Custodian are subject to the interests of the Underwriters, that the arrangements made for such custody are to that extent irrevocable, and that the obligations of such Selling Stockholder hereunder shall not be terminated except as provided in this Agreement or in the power of

attorney appointing the Attorneys-in-fact or in the Custody Agreement, by any act of such Selling Stockholder, by operation of law, whether, in the case of an individual Selling Stockholder, by the death or incapacity of such Selling Stockholder, in the case of a trust or estate, by the death or incapacity of the trustee or trustees or the executor or executors or the termination of such trust or estate or, in the case of a corporate or partnership Selling Stockholder, by its liquidation or dissolution, or by the occurrence of any other event. If any individual Selling Stockholder, trustee or executor should die or become incapacitated, any such trust or estate should be

4

5

terminated or any such corporation or partnership should be liquidated or dissolved, or if any other event should occur before the delivery of the Warrants hereunder, certificates for the Warrants deposited with the Custodian shall be delivered by the Custodian in accordance with the terms and conditions of this Agreement as if such death, incapacity, termination, liquidation, dissolution or other event had not occurred, whether or not the Custodian or the Attorneys-in-fact shall have received notice thereof.

(g) To the extent that any statements or omissions made in the Registration Statement or the Prospectus, or any amendment or supplement thereto, are made in reliance upon, and in conformity with, written information furnished to the Company by such Selling Stockholder specifically for use in the preparation thereof, each such part of the Registration Statement, when such part became or becomes effective, did not or will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and each such part of the Prospectus and any amendment or supplement thereto, on the date of filing thereof with the Commission and on the Closing Date, did not or will not include an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein not misleading. The Company, the Selling Stockholders and each Underwriter hereby acknowledge and agree that, for all purposes of this Agreement and the transactions herein contemplated, the only information furnished to the Company by the Selling Stockholders specifically for use in the Registration Statement, the Prospectus or any amendment or supplement thereto, is, with respect to each Selling Stockholder, severally and not jointly, the name, address and share information concerning such Selling Stockholder appearing in the Prospectus under the caption "Selling Stockholders."

4. PURCHASE, SALE AND DELIVERY OF SECURITIES AND WARRANTS. On the basis of the representations, warranties and agreements herein contained, but subject to the terms and conditions herein set forth, the Company agrees to sell to each Underwriter, and each Underwriter agrees, severally and not jointly, to purchase from the Company, at a purchase price of \$_____ per share, the respective number of Company Shares set forth opposite the names of the Underwriters in Schedule A hereto.

On the basis of the representations, warranties and agreements herein contained, but subject to the terms and conditions herein set forth, the Selling Stockholders agree, severally and not jointly, to sell to the Underwriters the respective number of Warrants set forth opposite the names of the Selling Stockholders in Schedule B hereto at a purchase price equal to the product of (i) the aggregate number of shares of Common Stock issuable on exercise of such Warrants and (ii) the difference between the purchase price per share for the Company Shares as set forth in the immediately preceding paragraph and the respective exercise prices per share applicable to such Warrants (set forth on Schedule B hereto) in accordance with the Custody Agreements executed by such Selling Stockholders. Each Underwriter agrees, severally and not jointly, to purchase from the Selling Stockholders the respective number of Warrants set forth opposite the names of the Underwriters in Schedule A hereto at the purchase price set forth in the preceding sentence. Each Underwriter further agrees, severally and not jointly, to exercise the respective number of Warrants for Warrant Shares as is set forth opposite the names of the Underwriters in Schedule A hereto. The obligation of each

Underwriter to each Selling Stockholder shall be to purchase from such Selling Stockholders that number of Warrants which (as nearly as practicable, as determined by you) is in the same proportion to the number of Warrants set forth opposite the names of such Selling Stockholders in Schedule B hereto as the number of Warrants set forth opposite the name of such Underwriter in Schedule A hereto (subject to the adjustment as provided in Section 9) is to the total number of Warrants to be purchased by the Underwriters under this Agreement.

The Company will deliver the certificates for the Company Shares and the Custodian will deliver the certificates for the Warrants on behalf of the Selling Stockholders to you for the accounts of the Underwriters, against payment of the purchase price therefor by certified or official bank check or checks in New York Clearing House (next day) funds payable to the order of the Company in the case of Company Shares and to the order of each of the Selling Stockholders in the case of the Warrants, delivered to the Company and the Custodian, respectively, at the office of Latham & Watkins, 650 Town Center Drive, Twentieth Floor, Costa Mesa, California 92626-1918, at 6:30 A.M., Los Angeles time, on January __, 1994 (or if the New York or American Stock Exchanges or commercial banks in The City of New York are

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6

not open on such day, the next day on which such exchanges and banks are open), or at such other time not later than seven full business days thereafter as you, the Company and the Selling Stockholders determine, such time being herein referred to as the "Closing Date." The Company agrees that, upon exercise of the Warrants by the Underwriters, and payment to the Company by the Underwriters of the full requisite exercise price called for by such Warrants (such exercise price being set forth on Schedule B hereto), the Company will immediately issue certificates evidencing the requisite number of Warrant Shares issuable upon such exercise. The Firm Shares, in definitive form and in such denominations and registered in such names as you may request upon at least two business days' prior notice to the Company and the Selling Stockholders, will be made available for checking and packaging at the office of Kidder, Peabody & Co. Incorporated, at least one business day prior to the Closing Date.

It is understood that you, acting individually and not in a representative capacity, may (but shall not be obligated to) make payment to the Company and the Custodian on behalf of any other Underwriter for the Securities to be purchased by such Underwriter. Any such payment by you shall not relieve any such Underwriter of any of its obligations hereunder.

5. COVENANTS. The Company covenants and agrees with each Underwriter and the Selling Stockholders that:

(a) The Company will cause the Prospectus to be filed as required by Section 2(a) hereof (but only if you have not reasonably objected thereto by notice to the Company after having been furnished a copy a reasonable time prior to filing) and will notify you promptly of such filing; it will notify you promptly of the time when any subsequent amendment to the Registration Statement has become effective or any supplement to the Prospectus has been filed and of any request by the Commission for any amendment or supplement to the Registration Statement or Prospectus or for additional information; it will prepare and file with the Commission, promptly upon your request, any amendments or supplements to the Registration Statement or Prospectus that, in your opinion, may be necessary or advisable in connection with the distribution of the Securities by the Underwriters; it will file no amendment or supplement to the Registration Statement or Prospectus (other than any document required to be filed under the Exchange Act that upon filing is deemed to be incorporated by reference therein) to which you shall reasonably object by notice to the Company after having been furnished a copy a reasonable time prior to the filing; and it will furnish to you at or prior to the filing thereof a copy of any document that upon filing is deemed to be incorporated by reference in the Registration Statement or Prospectus.

(b) The Company will advise you, promptly after it shall receive

notice or obtain knowledge thereof, of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement, of the suspension of the qualification of the Securities for offering or sale in any jurisdiction, or of the initiation or threatening of any proceeding for any such purpose; and it will use promptly its best efforts to prevent the issuance of any stop order or to obtain its withdrawal if such a stop order should be issued.

(c) Within the time during which a prospectus relating to the Securities is required to be delivered under the Act, the Company will comply as far as it is able with all requirements imposed upon it by the Act and by the Rules and Regulations, as from time to time in force, so far as necessary to permit the continuance of sales of or dealings in the Securities as contemplated by the provisions hereof and the Prospectus. If during such period any event occurs as a result of which the Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances then existing, not misleading, or if during such period it is necessary to amend or supplement the Registration Statement or Prospectus to comply with the Act, the Company will promptly notify you and will promptly amend or supplement the Registration Statement or Prospectus (at the expense of the Company) so as to correct such statement or omission or effect such compliance.

6

7

(d) The Company will use its best efforts to qualify the Securities for sale under the securities laws of such jurisdictions as you reasonably designate and to continue such qualifications in effect so long as required for the distribution.

(e) The Company will furnish to you copies of the Registration Statement, each Preliminary Prospectus, the Prospectus (including all documents incorporated by reference therein) and all amendments and supplements to such documents, in each case as soon as available and in such quantities as you may from time to time reasonably request.

(f) As soon as practicable, but not later than the Availability Date (as defined below), the Company will make generally available to its Stockholders an earnings statement covering a period of at least 12 months beginning after the date of this Agreement which will satisfy the provisions of Section 11(a) of the Act. For purposes of the preceding sentence "Availability Date" means the 45th day after the end of the fourth fiscal quarter following the fiscal quarter that includes the date of this Agreement, except that, if such fourth fiscal quarter is the last quarter of the Company's fiscal year, "Availability Date" means the 90th day after the end of such fourth fiscal quarter.

(g) The Company will apply the net proceeds from the sale of the Securities to be sold by it hereunder for the purposes set forth in the Prospectus.

(h) The Company will not, directly or indirectly, offer, sell or otherwise dispose of any Common Stock or securities convertible into or exchangeable for, or any rights to purchase or acquire, Common Stock of the Company prior to the expiration of 90 days from the date of this Agreement or establish a "put equivalent position" with respect to Common Stock of the Company within the meaning of Rule 16a-1(h) under the Exchange Act without your prior written consent; except (i) grants of stock options and issuances of Common Stock upon exercise of stock options previously granted under existing stock option plans, and (ii) issuances of Common Stock pursuant to the exercise of Common Stock purchase warrants outstanding on the date hereof.

(i) To the extent necessary, the Company hereby consents to the transfer of the Warrants to the Underwriters by the Selling Stockholders in connection with this Agreement and the Custody Agreement.

The Company and the Selling Stockholders covenant and agree with one

another and with each Underwriter that, whether or not the transactions contemplated hereunder are consummated or this Agreement is terminated (i) the Company will pay the costs and charges of any transfer agent or registrar, and the cost of preparing stock certificates; (ii) each Selling Stockholder will pay all necessary transfer taxes in connection with the sale and delivery to the Underwriters of the Warrants agreed to be sold by such Selling Stockholder hereunder; and (iii) the Company will pay all other expenses incident to the performance of its obligations and the obligations of the Selling Stockholders hereunder, the expenses of printing all documents relating to the offering, and will reimburse the Underwriters for any expenses (including fees and disbursements of counsel) incurred by them in connection with the matters referred to in Section 5(d) hereof and the preparation of memoranda relating thereto and for any filing fee of the National Association of Securities Dealers, Inc. relating to the Securities.

If the sale of the Securities provided for herein is not consummated by reason of any failure, refusal or inability on the part of the Company or the Selling Stockholders to perform any agreement on their respective parts to be performed, or because any other condition of the Underwriters' obligations hereunder required to be fulfilled by the Company or the Selling Stockholders is not fulfilled, the Company will reimburse the several Underwriters for all reasonable out-of-pocket disbursements (including fees and disbursements of counsel) incurred by the Underwriters in connection with their investigation, preparing to market and marketing the Securities or in contemplation of performing their obligations hereunder. The Company shall not in any event be liable to any of the Underwriters for loss of anticipated profits from the transactions covered by this Agreement.

7

8

6. CONDITIONS OF UNDERWRITERS' OBLIGATIONS. The obligations of the several Underwriters to purchase and pay for the Securities and the Warrants as provided herein shall be subject to the accuracy, as of the date hereof and the Closing Date (as if made at the Closing Date), of the representations and warranties of the Company and the Selling Stockholders herein, to the performance by the Company and the Selling Stockholders of their respective obligations hereunder and to the following additional conditions:

(a) The Prospectus shall have been filed as required by Section 2(a) hereof; and no stop order suspending the effectiveness of the Registration Statement shall have been issued and no proceeding for that purpose shall have been instituted or, to the knowledge of the Company or any Underwriter, threatened by the Commission, and any request of the Commission for additional information (to be included in the Registration Statement or the Prospectus or otherwise) shall have been complied with to your satisfaction.

(b) No Underwriter shall have advised the Company that the Registration Statement or Prospectus, or any amendment or supplement thereto, contains an untrue statement of fact that in your reasonable opinion is material, or omits to state a fact that in your reasonable opinion is material and is required to be stated therein or is necessary to make the statements therein not misleading.

(c) Except as contemplated in the Prospectus, subsequent to the respective dates as of which information is given in the Registration Statement and the Prospectus, there shall not have been any adverse change, on a consolidated basis, in the capital stock, short-term debt or long-term debt of the Company and its subsidiaries, or any adverse change, or any development involving a prospective adverse change, in the condition (financial or other), business, net worth or results of operations of the Company and its subsidiaries or any change in the rating assigned to any securities of the Company that, in your judgment, makes it impractical or inadvisable to offer or deliver the Securities on the terms and in the manner contemplated in the Prospectus.

(d) You shall have received the opinion of Gibson, Dunn & Crutcher, counsel for the Company, dated the Closing Date, to the effect that:

(i) The Company has been duly incorporated and is an existing corporation in good standing under the laws of Delaware, with full corporate power and authority to conduct its business as described in the Registration Statement and Prospectus;

(ii) The Securities to be delivered on the Closing Date and all of the outstanding shares of Common Stock of the Company have been duly authorized and validly issued, are fully paid and non-assessable and conform to the description thereof in the Prospectus; and the stockholders of the Company have no preemptive rights with respect to the Securities being issued and sold by the Company hereunder pursuant to the Company's Certificate of Incorporation or by-laws or, to such counsel's knowledge, any other instrument to which the Company is a party;

(iii) The Registration Statement has become effective under the Act; the Prospectus has been filed as required by Section 2(a) hereof; to the best knowledge of such counsel no stop order suspending the effectiveness of the Registration Statement has been issued and no proceeding for that purpose has been instituted or threatened by the Commission; and each amendment or supplement thereto, on the date of filing thereof with the Commission and at the Closing Date, complied as to form in all material respects with the requirements of the Act and the Rules and Regulations;

(iv) No facts have come to the attention of such counsel which would lead them to believe that either the Registration Statement or the Prospectus, or any such amendment or supplement, as of such respective dates, contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and the documents incorporated

8

9

by reference in the Registration Statement or Prospectus or any amendment or supplement thereto, when they became effective under the Act or were filed with the Commission under the Exchange Act, as the case may be, complied as to form in all material respects with the requirements of the Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder; it being understood that such counsel need express no opinion as to the financial statements or other financial data included in any of the documents mentioned in this clause;

(v) Except as set forth in the Prospectus, to the knowledge of such counsel there are no contracts or agreements between the Company and any person granting such person the right to require the Company to file a registration statement under the Act with respect to any securities of the Company owned or to be owned by such person or to require the Company to include such securities in the Securities registered pursuant to the Registration Statement or in any securities being registered pursuant to any other registration statement filed by the Company under the Act;

(vi) No consent, approval, authorization or order of, or filing with, any governmental agency or body or any court is required to be obtained by the Company in connection with the issuance or sale of the Securities by the Company in accordance with this Agreement, except such as have been obtained and made under the Act and such as may be required under state securities laws;

(vii) The execution and delivery of this Agreement, the issuance and sale of the Securities in accordance with this Agreement and in compliance with the terms of this Agreement will not result in a breach or violation of any of the terms and provisions of, or constitute a default under, any statute, any rule, regulation or any order known to such counsel of any

governmental agency or body or any court having jurisdiction over the Company or any subsidiary of the Company or any of their properties (except that no opinion need be expressed in this paragraph (vii) as to compliance with the Act, or the Exchange Act and the Rules and Regulations promulgated thereunder, or as to state securities or blue sky laws), or any agreement or instrument set forth on a schedule attached to such opinion which the Company or any such subsidiary is a party or by which the Company or any such subsidiary is bound or to which any of the properties of the Company or any such subsidiary is subject, or the Certificate of Incorporation or by-laws of the Company, and the Company has full power and authority to authorize, issue and sell the Securities as contemplated by this Agreement;

(viii) The Warrants have been duly authorized, executed and delivered by, and are valid and binding obligations of, the Company and, when delivered in accordance with the terms of this Agreement and the Custody Agreement, will entitle the Underwriters to purchase their respective portions of the Warrant Shares upon payment to the Company of applicable exercise price; the Warrant Shares to be purchased from the Company pursuant to the exercise of the Warrants by the Underwriters have been duly authorized, and, when issued and delivered by the Company against payment therefor in accordance with the terms of the Warrants, will be validly issued, fully paid and nonassessable;

(e) You shall have received the opinion of Pillsbury Madison & Sutro, counsel for the Selling Stockholders, dated the Closing Date, to the effect that:

(i) Each Selling Stockholder that is a corporation has been duly incorporated and is an existing corporation in good standing under the laws of its jurisdiction of incorporation;

(ii) Each Selling Stockholder has valid and unencumbered title to the number of Warrants set forth opposite such Selling Stockholder's name on Schedule B hereto and full right, power and authority to enter into this Agreement and to sell, assign, transfer and deliver such Warrants hereunder, and upon delivery of and payment for such Warrants hereunder, the Underwriters shall

9

10

have acquired valid and unencumbered title thereto, assuming the Underwriters purchase such Warrants without actual knowledge of any lien, encumbrance, equity, claim or other "Adverse Claims" (as such term is defined in Article 8-302 of the New York Uniform Commercial Code);

(iii) No consent, approval, authorization or order of, or filing with, any governmental agency or body or any court is required to be obtained or made by any Selling Stockholder for the consummation of the transactions contemplated by this Agreement in connection with the sale of the Warrants to be sold by such Selling Stockholder, except such as have been obtained and made under the Act and such as may be required under state securities laws;

(iv) This Agreement has been duly executed and delivered by one of the Attorneys-in-fact on behalf of each Selling Stockholder; such Attorneys-in-fact have been duly and validly authorized to carry out all transactions contemplated herein on behalf of each Selling Stockholder; and the execution, delivery and performance of this Agreement by the Selling Stockholders and the consummation by the Selling Stockholders of the transactions herein contemplated will not result in a breach or violation of any of the terms or provisions of, or constitute a default under, any statute, rule, regulation or order of any governmental agency or body or any court having jurisdiction over such Selling Stockholder or any of its properties, any material agreement or instrument to which such Selling Stockholder is a party or by which such Selling Stockholder

is bound or to which any of the properties of such Selling Stockholder is subject, or if such Selling Stockholder is a corporation, the articles of incorporation or bylaws of such Selling Stockholder; and

(v) The Custody Agreement executed and delivered by each Selling Stockholder is a valid and binding obligation of such Selling Stockholder and is enforceable against each such Selling Stockholder in accordance with its terms.

In rendering their opinion to you, Pillsbury Madison & Sutro may rely, to the extent recited therein, upon certificates, opinions and written statements of officers of the Selling Stockholders.

(f) You shall have received the opinion of Robert L. Erickson, counsel for the Company, dated the Closing Date, to the effect that:

(i) The Company is duly qualified to do business in each jurisdiction in which it owns or leases real property or in which the conduct of its business requires such qualification, except where the failure to be so qualified does not involve a material risk to the business, properties, financial position or results of operations of the Company and its subsidiaries taken as a whole;

(ii) WDS, WDM and WDI have been duly incorporated and are existing corporations in good standing under the laws of the jurisdiction of their incorporation, with corporate power and authority to own their properties and conduct their business as described in the Prospectus;

(iii) All of the outstanding shares of capital stock of WDS, WDM and WDI have been duly authorized and validly issued, are fully paid and non-assessable and (except as otherwise stated in the Registration Statement) are owned beneficially by the Company subject to no security interest, other encumbrance or adverse claim;

(iv) The execution and delivery of this Agreement and the issuance and sale of the Securities in accordance with this Agreement and in compliance with its terms will not result in a breach or violation of any of the terms and provisions of, or constitute a default under, the charter or by-laws of WDS, WDM or WDI; and

(v) Such counsel does not know of any legal or governmental proceedings required to be described in the Registration Statement or Prospectus which are not described as required or of

any contracts or documents of a character required to be described in the Registration Statement or Prospectus or to be filed as exhibits to the Registration Statement which are not described and filed as required.

(g) You shall have received from Latham & Watkins, counsel for the Underwriters, such opinion or opinions, dated the Closing Date, with respect to the incorporation of the Company, the validity of the Securities, the Registration Statement, the Prospectus and other related matters as you reasonably may request, and such counsel shall have received such papers and information as they request to enable them to pass upon such matters.

(h) At the time of execution of this Agreement and at the Closing Date, you shall have received a letter from KPMG Peat Marwick, dated the date of delivery thereof, to the effect set forth in Exhibit I hereto.

(i) You shall have received from the Company a certificate, signed by the President or a Vice President and by the principal financial or accounting officer of the Company, dated the Closing Date,

to the effect that, to the best of their knowledge based upon reasonable investigation:

(i) The representations and warranties of the Company in this Agreement are true and correct, as if made at and as of the Closing Date, and the Company has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Closing Date;

(ii) No stop order suspending the effectiveness of the Registration Statement has been issued, and no proceeding for that purpose has been instituted or is threatened by the Commission; and

(iii) Since the effective date of the Registration Statement, there has occurred no event required to be set forth in an amendment or supplement to the Registration Statement or Prospectus that has not been so set forth, and there has been no document required to be filed under the Exchange Act and the Rules and Regulations of the Commission thereunder that upon such filing would be deemed to be incorporated by reference in the Prospectus that has not been so filed.

(j) The representations and warranties of such Selling Stockholder in this Agreement are true and correct, as if made at and as of the Closing Date, and such Selling Stockholder has complied with all the agreements and satisfied all the conditions to be performed or satisfied by such Selling Stockholder at or prior to the Closing Date.

(k) Each Selling Stockholder shall have delivered to you on or prior to the Closing Date a properly completed and executed United States Treasury Department Form W-9 (or other applicable form or statement specified by Treasury Department regulations).

(l) All of the Securities shall be tendered for delivery in accordance with the terms and provisions of this Agreement.

All such opinions, certificates, letters, forms and other documents will be in compliance with the provisions hereof only if they are satisfactory in form and substance to you. The Company and the Selling Stockholders will furnish you with such conformed copies of such opinions, certificates, letters, forms and other documents as you shall reasonably request.

7. INDEMNIFICATION AND CONTRIBUTION. (a) The Company will indemnify and hold harmless each Underwriter against any losses, claims, damages or liabilities, joint or several, to which such Underwriter may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions

in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in any part of the registration statement when such part became effective, or in the Registration Statement, any Preliminary Prospectus, the Prospectus, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse each Underwriter for any legal or other expenses reasonably incurred by it in connection with investigating or defending against such loss, claim, damage, liability or action as such expenses are incurred; provided, however, that the Company shall not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made therein in reliance upon and in conformity with written information relating to and furnished by you, or by any Underwriter through you, to the Company specifically for use in the preparation thereof; and provided further that the Company shall not be liable to any Underwriter under the indemnity agreement in this subsection with respect to any Preliminary Prospectus to the extent that any such loss, claim, damage or liability of such Underwriter results solely from an untrue statement of a material fact contained in, or the omission of a

material fact from, such Preliminary Prospectus which untrue statement or omission was corrected in the Prospectus, if the Company shall sustain the burden of proving that such Underwriter sold Shares to the person alleging such loss, claim, damage or liability without sending or giving, at or prior to the written confirmation of such sale, a copy of the Prospectus (exclusive of the documents incorporated by reference therein) (or of the Prospectus as then amended or supplemented (exclusive of the documents incorporated by reference therein) if the Company had previously furnished copies thereof to such Underwriter).

(b) Each Selling Stockholder, severally in proportion to the number of Warrants to be sold by such Selling Stockholder hereunder, will indemnify and hold harmless each Underwriter against any losses, claims, damages or liabilities, joint or several, to which such Underwriter may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in any part of the registration statement when such part became effective, or in the Registration Statement, any Preliminary Prospectus, the Prospectus, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse each Underwriter for any legal or other expenses reasonably incurred by it in connection with investigating or defending against such loss, claim, damage, liability or action as such expenses are incurred; provided, however, that (i) no Selling Stockholder shall be liable in any such case except to the extent that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with the written information furnished to the Company by such Selling Stockholder specifically for use therein as specified in Section 3(g) hereof; (ii) no Selling Stockholder shall be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made therein in reliance upon and in conformity with written information relating to and furnished by you, or by any Underwriter through you, to the Company specifically for use in the preparation thereof; and (iii) no Selling Stockholder shall be liable to any Underwriter under the indemnity agreement in this subsection with respect to any Preliminary Prospectus to the extent that any such loss, claim, damage or liability of such Underwriter results solely from an untrue statement of a material fact contained in, or the omission of a material fact from, such Preliminary Prospectus which untrue statement or omission was corrected in the Prospectus, if such Selling Stockholder shall sustain the burden of proving that such Underwriter sold Shares to the person alleging such loss, claim, damage or liability without sending or giving, at or prior to the written confirmation of such sale, a copy of the Prospectus (exclusive of the documents incorporated by reference therein) (or of the Prospectus as then amended or supplemented (exclusive of the documents incorporated by reference therein) if the Company had previously furnished copies thereof to such Underwriter). In no event shall the liability of any Selling Stockholder under this Section 7 be greater in amount than the dollar amount of the proceeds received by such Selling Stockholder upon the sale of the Warrants giving rise to such indemnification obligation.

(c) Each Underwriter will indemnify and hold harmless the Company and each Selling Stockholder against any losses, claims, damages or liabilities, joint or several, to which the Company or such Selling Stockholder may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in any part of the registration statement when such part became effective, or in the Registration Statement, any Preliminary Prospectus, the Prospectus, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact

required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made therein in reliance upon and in conformity with written information relating to and furnished by you, or by such Underwriter through you, to the Company specifically for use in the preparation thereof; and will reimburse the Company and each Selling Stockholder for any legal or other expenses reasonably incurred by the Company or such Selling Stockholder in connection with investigating or defending against any such loss, claim, damage, liability or action as such expenses are incurred.

(d) Promptly after receipt by an indemnified party under subsection (a), (b) or (c) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve it from any liability that it may have to any indemnified party otherwise than under such subsection, except to the extent the indemnifying party is materially prejudiced by reason of such omission. In case any such action shall be brought against any indemnified party, and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate in, and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under such subsection for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation.

(e) If the indemnification provided for in this Section 7 is unavailable or insufficient to hold harmless an indemnified party under subsection (a), (b) or (c) above, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of the losses, claims, damages or liabilities referred to in subsection (a), (b) or (c) above, (i) in such proportion as is appropriate to reflect the relative benefits received by the Company and the Selling Stockholders on the one hand and the Underwriters on the other from the offering of the Securities or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company and the Selling Stockholders on the one hand and the Underwriters on the other in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Company and the Selling Stockholders on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Company and the Selling Stockholders bear to the total underwriting discounts and commissions received by the Underwriters, in each case as set forth in the table on the cover page of the Prospectus. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or the Selling Stockholders on the one hand or the Underwriters on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The Company, each of the Selling Stockholders and the Underwriters agree that it would not be just and equitable if contributions

allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to in the first sentence of this subsection (e). The amount paid by an indemnified party as a result of the losses, claims, damages or liabilities referred to in the first sentence of this subsection (e) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending against any action or claim that is the subject of this subsection (e). Notwithstanding the provisions of this subsection (e), (i) no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages that such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission and (ii) no Selling Stockholder shall be required to contribute any amount in excess of the amount by which the total proceeds from the sale of Warrants pursuant to this Agreement received by such Selling Stockholder exceeds the amount of any damages which such Selling Stockholder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligation in this subsection (e) to contribute are several in proportion to their respective underwriting obligations and not joint.

(f) The obligations of the Company and each of the Selling Stockholders under this Section 7 shall be in addition to any liability that the Company and each of the Selling Stockholders may otherwise have and shall extend, upon the same terms and conditions, to each person, if any, who controls any Underwriter within the meaning of the Act; and the obligations of the Underwriters under this Section 7 shall be in addition to any liability that the respective Underwriters may otherwise have and shall extend, upon the same terms and conditions, to each director of the Company (including any person who, with his consent, is named in the Registration Statement as about to become a director of the Company), to each officer of the Company who has signed the Registration Statement and to each person, if any, who controls the Company or any Selling Stockholder within the meaning of the Act. Nothing contained in this Section 7 shall affect the validity of existing agreements among the Company and the Selling Stockholders, including, without limitation, the indemnification provisions contained in (i) the Warrant Agreement dated as of October 31, 1991, as amended, among the Company, Bank of America National Trust and Savings Association, individually and as agent, and the other banks named therein, (ii) the Warrant Agreement dated as of November 6, 1991, as amended, among the Company, Citicorp North America, Inc., individually and as agent, and the banks named therein and (iii) the Warrant Agreement dated as of July 23, 1993, among the Company, Citibank, N.A., and Citicorp North America Inc.

8. REPRESENTATIONS AND AGREEMENTS TO SURVIVE DELIVERY. All representations, warranties and agreements of the Company or the Selling Stockholders herein or in certificates delivered pursuant hereto, and the agreements of the several Underwriters contained in Section 7 hereof, shall remain operative and in full force and effect regardless of any investigation made by or on behalf of any Underwriter or any controlling persons, or by or on behalf of any Selling Stockholder or any controlling persons, or the Company, or any of its officers, directors or any controlling persons, and shall survive delivery of and payment for the Securities hereunder.

9. SUBSTITUTION OF UNDERWRITERS. (a) If any Underwriter or Underwriters shall fail to take up and pay for the number of Securities agreed by such Underwriter or Underwriters to be purchased hereunder, upon tender of such Securities in accordance with the terms hereof, and the number of Securities not purchased does not aggregate more than 10% of the total number of Securities that the Underwriters are obligated to purchase hereunder at the Closing Date, the remaining Underwriters shall be obligated to take up and pay for (in proportion to their respective underwriting obligations hereunder as set forth in Schedule A hereto except as may otherwise be determined by you) the Securities that the withdrawing or defaulting Underwriter or Underwriters agreed but failed to purchase.

15

(b) If any Underwriter or Underwriters shall fail to take up and pay for the number of Securities agreed by such Underwriter or Underwriters to be purchased hereunder, upon tender of such Securities in accordance with the terms hereof, and the number of Securities not purchased aggregates more than 10% of the total number of Securities that the Underwriters are obligated to purchase hereunder at the Closing Date and arrangements satisfactory to you, the Company and the Selling Stockholders for the purchase of such Securities by other persons are not made within 36 hours thereafter, this Agreement shall terminate. In the event of any such termination neither the Company nor the Selling Stockholders shall be under any liability to any Underwriter with respect to Securities not purchased by reason of such termination (except to the extent provided in the penultimate paragraph of Section 5 hereof and in Section 7 hereof) nor shall any Underwriter (other than an Underwriter who shall have failed, otherwise than for some reason permitted under this Agreement, to purchase the number of Securities agreed by such Underwriter to be purchased hereunder) be under any liability to the Company or the Selling Stockholders with respect to such Securities (except to the extent provided in Section 7 hereof).

10. TERMINATION. You shall have the right by giving notice as hereinafter specified at any time at or prior to the Closing Date, to terminate this Agreement if (i) the Company or the Selling Stockholders shall have failed, refused or been unable, at or prior to the Closing Date, to perform any agreement on their respective parts to be performed hereunder, (ii) any other condition of the Underwriters' obligations hereunder is not fulfilled at the appropriate time, (iii) trading on the New York Stock Exchange or the American Stock Exchange shall have been wholly suspended, (iv) minimum or maximum prices for trading shall have been fixed, or maximum ranges for prices for securities shall have been required, on the New York Stock Exchange or the American Stock Exchange, by such Exchange or by order of the Commission or any other governmental authority having jurisdiction, (v) a banking moratorium shall have been declared by Federal or New York authorities, or (vi) an outbreak or material escalation of major hostilities in which the United States is involved, a declaration of war by Congress, any other substantial national or international calamity or any other event or occurrence of a similar character shall have occurred since the execution of this Agreement that, in your judgment, makes it impractical or inadvisable to proceed with the completion of the sale of and payment for the Securities. Any such termination shall be without liability of any party to any other party with respect to Securities not purchased by reason of such termination except that the provisions of Section 7 and of the last two paragraphs of Section 5 hereof shall at all times be effective. If you elect to terminate this Agreement as provided in this Section, the Company and the Selling Stockholders shall be notified promptly by you by telephone, telex or telecopy, confirmed by letter.

11. NOTICES. All notices or communications hereunder, except as herein otherwise specifically provided, shall be in writing and if sent to you shall be mailed, delivered, telexed or telecopied and confirmed to you c/o Kidder, Peabody & Co. Incorporated, at 10 Hanover Square, New York, New York 10005, or if sent to the Company, shall be mailed, delivered, telexed or telecopied and confirmed to the Company at 8105 Irvine Center Drive, Irvine, California 92718 or if sent to any of the Selling Stockholders, shall be mailed, delivered, telexed or telecopied and delivered to such Selling Stockholders c/o Pillsbury Madison & Sutro, 235 Montgomery Street, San Francisco, California 94104, Attention: Michael J. Sullivan. Notice to any Underwriter pursuant to Section 7 shall be mailed, delivered, telexed or telecopied and confirmed to such Underwriter's address as it appears in such Underwriter's questionnaire or other notice furnished to the Company in writing for the purpose of communications hereunder. Any party to this Agreement may change such address for notices by sending to the parties to this Agreement written notice of a new address for such purpose.

12. PARTIES. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and the controlling persons, officers and directors referred to in Section 7, and no other person will have any right or obligation hereunder.

In all dealings with the Company and the Selling Stockholders under this Agreement, you shall act on behalf of each of the several Underwriters, and any

action under this Agreement taken by you jointly or by Kidder, Peabody & Co. Incorporated will be binding upon all the Underwriters.

15

16

13. APPLICABLE LAW. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

14. OVERALLOTMENT OPTION. (a) In addition to the Company Shares and the Warrants being sold by the Company and the Selling Stockholders, respectively, and described in Section 1 hereof (which are referred to herein as the "Firm Shares"), the Underwriters, at their option, shall have the right to purchase from the Company up to an aggregate of 918,745 Optional Shares. The first three paragraphs of Section 4 hereof shall be deemed to apply only to the purchase, sale and delivery of the Firm Shares. References in those two paragraphs hereto to the "Securities" shall be deemed to be references to the "Firm Shares"; except as otherwise provided in this Section 14, other references in this Agreement to the "Securities" shall be deemed to include the Firm Shares and the Optional Shares.

(b) Upon written notice from you given to the Company not more than 30 days subsequent to the date of the initial public offering of the Securities, the Underwriters may purchase all or less than all of the Optional Shares at the purchase price per share to be paid for the Company Shares. The Company agrees to sell to the Underwriters the number of Optional Shares specified in such notice and the Underwriters agree, severally and not jointly, to purchase such Optional Shares. Such Optional Shares shall be purchased from the Company for the account of each Underwriter in the same proportion as the number of Firm Shares in Schedule A hereto set forth opposite such Underwriter's name bears to the total number of Firm Shares (subject to adjustment by you to eliminate fractions) and may be purchased by the Underwriters only for the purpose of covering overallocments made in connection with the sale of the Firm Shares. No Optional Shares shall be sold or delivered unless the Firm Shares previously have been, or simultaneously are, sold and delivered. The right to purchase the Optional Shares or any portion thereof may be surrendered and terminated at any time upon notice by you to the Company. "The Closing Date," as defined in Section 4 hereof, shall be deemed to be the "First Closing Date," and the time for the delivery of and payment for the Optional Shares is herein referred to as the "Second Closing Date" (which may be the First Closing Date). The Second Closing Date shall be determined by you but shall be not later than 10 days after you give to the Company written notice of election to purchase Optional Shares. The preparation, registration, checking and delivery of, and payment for, the Optional Shares shall occur or be made in the same manner as provided in Section 4 hereof for the Firm Shares, except as you and the Company may otherwise agree.

(c) The conditions to the Underwriters' obligations set forth in Section 6 shall be deemed to be conditions to the Underwriters' obligations to purchase and pay for the Securities to be purchased on each of the First Closing Date and the Second Closing Date, as the case may be; references in that Section and in Sections 2, 3, 9 and 10 hereof to the "Closing Date" shall be deemed to be references to the First Closing Date or the Second Closing Date, as the case may be, and references to the "Securities" in Section 6 hereof shall be deemed to be references to the Securities to be purchased at such Closing Date. A termination of this Agreement as to the Optional Shares after the First Closing Date will not terminate this Agreement as to the Firm Shares.

16

17

If the foregoing correctly sets forth the understanding among the

Company, the Selling Stockholders and the several Underwriters, please so indicate in the space provided below for that purpose, whereupon this letter shall constitute a binding agreement among the Company, each Selling Stockholder and the several Underwriters.

Very truly yours,

WESTERN DIGITAL CORPORATION

By: _____

Its: _____

SELLING STOCKHOLDERS LISTED ON SCHEDULE B
HERE TO

By: _____

Its: Attorney-in-Fact

ACCEPTED as of the date first above written

KIDDER, PEABODY & CO. INCORPORATED

By: _____

Its: _____

SALOMON BROTHERS INC

By: _____

Its: _____

18

SCHEDULE A

Underwriter -----	Number of Company Shares -----	Number of Warrants (exercisable into the number of Warrant Shares indicated) -----	Total Number of Firm Shares -----
Kidder, Peabody & Co. Incorporated			
Salomon Brothers Inc			
Total	5,000,000 =====	1,124,966 =====	6,124,966 =====

A-1

19

SCHEDULE B

	(exercisable into the number of Warrant Shares indicated)	Number of Warrants Exercisable at \$2.3537	Number of Warrants Exercisable at \$0.10	Total Exercise Price for Warrants
Selling Stockholders:				
Bank of America NT & SA	328,997	164,498	164,499	\$ 403,628.74
Citibank, N.A.	223,072	37,386	185,686	106,564.03
Berliner Handels-und Frankfurter Bank	89,726	44,863	44,863	110,080.34
The HongKong and Shanghai Banking Corporation Limited	89,726	44,863	44,863	110,080.34
Credit Lyonnais	59,817	29,908	29,909	73,385.36
Den Danske Bank	59,817	29,908	29,909	73,385.36
Royal Bank of Canada	59,817	29,908	29,909	73,385.36
Union Bank of Switzerland	49,507	24,753	24,754	60,736.54
J.P. Morgan Delaware	44,863	22,431	22,432	55,039.05
Morgan Guaranty Trust Company of New York	44,863	22,431	22,432	55,039.05
Banque Nationale de Paris	29,909	14,954	14,955	36,692.73
Deutsche Bank AG	29,909	14,954	14,955	36,692.73
Sanwa Bank	14,943	7,471	7,472	18,331.69
Total	1,124,966	488,328	636,638	\$1,213,041.32

B-1

20

EXHIBIT I

(1) They are independent certified public accountants with respect to the Company and its subsidiaries within the meaning of the Act and the Rules and Regulations and the answer to Item 10 of the Registration Statement form is correct insofar as it relates to them.

(2) In their opinion, the financial statements and schedules examined by them and included or incorporated by reference in the Registration Statement and Prospectus comply as to form in all material respects with the applicable accounting requirements of the Act or the Exchange Act, as applicable, and the published rules and regulations of the Commission thereunder.

(3) On the basis of procedures referred to in such letter, including a reading of the latest available interim financial statements of the Company and inquiries of officials of the Company responsible for financial and accounting matters, nothing caused them to believe that:

(A) the unaudited information with respect to the results of operations and financial position for and at the end of each of the fiscal years in the period ended June 30, 1993 included or incorporated by reference in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1993 does not comply as to form in all material respects with the applicable accounting requirements of the Exchange Act and the published rules and regulations of the Commission thereunder, is not fairly stated in all material respects in relation to the audited financial statements from which it has been derived, or does not agree with the corresponding amounts in the audited financial statements for each of the years then ended;

(B) the unaudited information with respect to the results of operations and financial position for and at the end of each of the five years in the period ended June 30, 1993 included in the Prospectus under the caption "Summary Financial Information" does not comply as to form in all material respects with the applicable accounting requirements of the Act and the Rules and Regulations, is not fairly stated in all material respects in relation to the audited financial statements from which it has been derived, or does not agree with the corresponding amounts in the audited financial statements for each of the years then ended;

(C) the unaudited financial statements included in the Company's

Quarterly Report on Form 10-Q for the fiscal quarters ended September 25, 1993 and December 26, 1993 do not comply as to form in all material respects with the applicable accounting requirements of the Exchange Act and the published rules and regulations of the Commission thereunder or are not in conformity with generally accepted accounting principles applied on a basis substantially consistent with that of the audited financial statements included in the Company's Annual Report on Form 10-K for the year ended June 30, 1993;

(D) the unaudited information with respect to the results of operations and financial position for and at the end of the six months ended December 26, 1992, and December 26, 1993 included in the Prospectus under the caption "Summary Financial Information" does not comply as to form in all material respects with the applicable accounting requirements of the Act and the Rules and Regulations or does not agree with the corresponding amounts in the unaudited financial statements referred to in clause (C) above;

(E) the unaudited information with respect to the quarterly operating data at the end of each of the six fiscal quarters ended December 26, 1993 included in the Prospectus under the caption "Quarterly Financial Data" does not agree with the corresponding amounts in the unaudited financial statements referred to in clause (c) above.

21

(F) at the date of the latest available internal balance sheet of the Company and at a subsequent specified date not more than five days prior to the date of such letter, there was any change in the capital stock, short-term debt or long-term debt of the Company and its subsidiaries consolidated or any decrease in consolidated net current assets or net assets as compared with amounts shown in the December 26, 1993 balance sheet included in the Prospectus, except in all cases for changes or decreases that the Prospectus discloses have occurred or may occur or as may be set forth in such letter; or

(G) for the period from December 26, 1993 to the date of the latest available internal balance sheet of the Company and to a subsequent specified date not more than five days prior to the date of such letter, there was any decrease, as compared with the corresponding period of the previous year, in consolidated -- net sales -- operating revenues -- or in the total or per share amounts of income before extraordinary items or of net income, except in all cases for changes or decreases that the Prospectus discloses have occurred or may occur or as may be set forth in such letter.

(4) In addition to their examination referred to in their report incorporated by reference in the Registration Statement and Prospectus and the procedures referred to in (4) above, they have carried out certain other specified procedures, not constituting an audit, with respect to the dollar amounts, percentages and other financial information (in each case to the extent that such dollar amounts, percentages and other financial information are derived, directly or by analysis or computation, from the general accounting records of the Company and its subsidiaries) that are included or incorporated by reference in the Prospectus and appear in the Prospectus, and have found such dollar amounts, percentages and financial information to be in agreement with the general accounting records of the Company and its subsidiaries.

CUSTODY AGREEMENT

Western Digital Corporation
 8105 Irvine Center Drive
 Irvine, California 92718
 Attention: James R. Eckstaedt

The undersigned ("Holder") is a holder of certain warrants to purchase shares of Common Stock, \$.10 par value ("Common Stock") of Western Digital Corporation, a Delaware corporation (the "Company"). (As used herein, the term "Warrant Shares" shall mean that number of shares of Common Stock which may be purchased upon the exercise of warrants held by Holder as set forth on the signature page hereof; and the term "Warrants" shall mean the warrants corresponding to the Warrant Shares.)

The Company has filed a Registration Statement on Form S-3 (Registration No. 33-51695) (the "Registration Statement") covering a proposed public offering of 6,124,966 shares of Common Stock to be underwritten by Kidder, Peabody & Co. Incorporated and Salomon Brothers Inc (and such other underwriters, if any, who may join in a syndicate of underwriters to be managed by such named underwriters) (the "Underwriters"), plus up to an additional 918,745 shares covered by an over-allotment option to be granted to the Underwriters. Holder has certain registration rights with respect to the Warrant Shares.

In order to facilitate participation by Holder in the Registration Statement, Holder hereby agrees as follows:

1. Warrant Agreement; Warrant Shares and Exercise Price. Holder's Warrants were issued pursuant to the "Warrant Agreement," which is (i) the Warrant Agreement dated as of November 6, 1991 by and among the Company, Citibank, N.A. ("Citibank"), and Citicorp North America, Inc. ("Citicorp"), individually and as agent for itself and Citibank, or (ii) the Warrant Agreement dated as of July 23, 1993 by and among the Company, Citibank, N.A., and Citicorp, individually and as agent for itself and Citibank, or (iii) the Warrant Agreement dated as of October 31, 1991 by and among the Company, Bank of America National Trust and Savings Association, individually and as agent, and the banks named therein, each of such Warrant Agreements as amended by that certain Amendment to Warrant Agreement dated as of December 22, 1993 by and among the Company, Citibank, Citicorp, B of A, and certain financial institutions for which B of A acts as agent. The number of Warrant Shares represented by the Warrants originally issued to Holder under the Warrant Agreement has been reduced to the number of Warrant Shares currently underlying the Warrants

2 and intended to be sold pursuant to the Registration Statement and the Underwriting Agreement as a result of partial redemption of the Warrants by the Company on May 26, 1993 pursuant to Section 10 of the Warrant Agreement. In July, 1993, the exercise price of certain Warrants as originally set forth in the Warrant Agreement was reduced to \$2.3537, and the exercise price of certain other Warrants as originally set forth in the Warrant Agreement was reduced to \$.10.

2. Deposit of Warrant Certificate. Holder hereby delivers to James R. Eckstaedt and D. Scott Mercer (each of them individually being referred to herein as "Agent" and each of them individually appointed hereby to act in the capacity of Agent for purposes hereof) warrant certificate(s) which evidence the Warrants together with duly executed instruments of transfer thereof endorsed in blank. Agent is instructed and authorized to hold the certificate(s) for the account of Holder pending disposition thereof in accordance with the terms hereof.

3. Appointment of Agent. Holder hereby appoints Agent as its attorney-in-fact and agent with full power and authority in the name of, and for and on behalf of, Holder to do the following:

(a) execute and deliver an underwriting agreement substantially in the form attached as Exhibit A hereto (the

"Underwriting Agreement"), with such changes therein or additions or modifications thereto as may be agreed to by the Company and the Underwriters and which do not have any material adverse impact on Holder;

(b) do all things necessary to sell the Warrants to the Underwriters pursuant to the Underwriting Agreement at a purchase price per Warrant equal to the per share price of the Company's Common Stock to the public (as determined by agreement between the Company and the Underwriters for the public offering covered by the Registration Statement) less (i) the per share underwriting discount (as determined by agreement between the Company and the Underwriters) and (ii) the exercise price of the Warrants, and to remit to Holder the proceeds from the sale of the Warrants;

(c) execute such instruments and give such instructions as may be necessary or appropriate to cause the transfer of the Warrants to the Underwriters as contemplated by the Underwriting Agreement to be properly registered on the books of the Company (or its agent) kept for such purposes; and

2

3

(d) make, execute, acknowledge and deliver all such other contracts, orders, receipts, notices, requests, instructions, certificates, letters and other writings, and in general do or cause to be done all things and to take all action, which the Agent or the Company may consider necessary or proper in connection with or to carry out and comply with all terms and conditions of the Underwriting Agreement and the sale of Warrants to the Underwriters contemplated thereby.

If this Agreement is terminated pursuant to Section 8 below, Agent shall promptly return to Holder the certificate(s) delivered herewith at Holder's address set forth below.

4. Irrevocability. The Warrant certificate(s) deposited herewith, this Custody Agreement and all power and authority conferred hereby are granted and conferred subject to the interests of the Underwriters and the Company; in consideration of those interests, and for the purpose of completing the transactions contemplated by the Underwriting Agreement and this Custody Agreement, this Custody Agreement is coupled with an interest and, subject to Section 9 hereof, all power and authority conferred hereby shall be irrevocable and shall not be terminable by act or deed of Holder (or by any other person, firm or corporation including the Company, the Agent or the Underwriters) or by operation of law (including the dissolution of Holder), or the occurrence of any other event or events, except as expressly stated herein, and the obligations of Holder hereunder and under the Underwriting Agreement are to be similarly not subject to termination. If any such event should occur prior to the delivery to the Underwriters of the Warrants hereunder, certificates for the Warrants shall be delivered by the Agent in accordance with the terms and conditions of the Underwriting Agreement as if such event had not occurred. The Agent is authorized to receive and acknowledge receipt of the proceeds of sale of the Warrants held by it against delivery of such Warrants.

5. No Liability: Indemnification of Agent. It is understood that the Agent assumes no responsibility or liability to any person other than to deal with the certificates for the Warrants deposited with the Agent and the proceeds from the sale of securities represented thereby in accordance with the provisions hereof. The Agent shall not be liable for any error of judgment or for any act done or omitted or for any mistake of fact or law in the exercise of Agent's power hereunder except for the Agent's own gross negligence or bad faith. Holder agrees to indemnify and hold the Agent harmless from any and all loss, claim, damage, liability or expense (including, without limitation, all fees and expenses of counsel) with respect to anything done by the Agent in accordance with the provisions hereof,

4

absent gross negligence or bad faith on the part of the Agent.

6. Notices. All notices to Holder relating to this instrument shall be duly made if sent by fax to the number indicated on the signature page hereof.

7. Certain Representations and Warranties by Holder. Holder hereby represents and warrants that:

(a) Holder has and on the Closing Date (as defined in the Underwriting Agreement) will have valid and unencumbered title to the Warrants and full right, power and authority to enter into this Agreement and the Underwriting Agreement and to sell, assign, transfer and deliver the Warrants; and upon delivery of and payment for such Warrants under the Underwriting Agreement, the several Underwriters will acquire valid and unencumbered title thereto.

(b) Holder has not taken and will not take, directly or indirectly, any action designed to or that might reasonably be expected to cause or result in stabilization or manipulation of the price of any security of the Company.

(c) If Holder is a corporation, Holder has been duly incorporated and is an existing corporation in good standing under the laws of its jurisdiction of incorporation.

(d) Except as set forth in the Prospectus (as defined in the Underwriting Agreement), no consent, approval, authorization or order of, or filing with, any governmental agency or body or any court is required to be obtained or made by Holder for the consummation of the transactions contemplated hereby or by the Underwriting Agreement in connection with the sale of the Warrants to be sold by Holder, except such as have been obtained and made under the Securities Act of 1933, as amended, and such as may be required under state securities laws.

(e) The execution, delivery and performance of this Custody Agreement and the Underwriting Agreement and the consummation of the transactions herein and therein contemplated will not result in a breach or violation of any of the terms or provisions of, or constitute a default under, any statute, rule, regulation or order of any governmental agency or body or any court having jurisdiction over Holder or any of its properties, any material agreement or instrument to which Holder is a party or by which Holder is bound or to which any of the properties of

4

5

Holder is subject, or if Holder is a corporation, the articles of incorporation or bylaws of Holder.

(f) Holder will not, directly or indirectly, offer, sell or otherwise dispose of any Common Stock or securities convertible into or exchangeable for, or any rights to purchase or acquire, Common Stock of the Company prior to the expiration of 90 days from the date of this Agreement or establish a "put equivalent position" with respect to Common Stock of the Company within the meaning of Rule 16a-1(h) under the Securities Exchange Act of 1934, as amended, without the prior written consent of the managing underwriters party to the Underwriting Agreement.

(g) Holder further represents, warrants and agrees that the warrant certificates delivered herewith are in negotiable form for the Warrants to be sold by Holder under the

Underwriting Agreement for the purpose of further delivery pursuant to the Underwriting Agreement.

(h) The information set forth on the signature page hereof related to the Warrant Certificate number, number of Warrant Shares, exercise price per Warrant Share, and total exercise price accurately describes all Warrants owned by Holder.

(i) Holder does not own beneficially for its own account any of the Company's equity securities other than the Warrants; after the sale of the Warrants pursuant to the Underwriting Agreement, Holder will not own any of the Company's equity securities.

The undersigned acknowledges that Gibson, Dunn & Crutcher, acting in the capacity as counsel to the Company, is entitled to rely on the representations made herein by Holder, together with any other certificates, documents, agreements or letters delivered by Holder in connection with the transactions contemplated by the Underwriting Agreement, and Holder undertakes and agrees to notify Gibson, Dunn & Crutcher, 4 Park Plaza, Irvine, California 92714, Attention: E. Michael Greaney immediately by telephone at (714) 451-3862 if at any time prior to the closing of the sale of the Warrants under the Underwriting Agreement, the foregoing statements are for any reason no longer true and correct (such notification to be promptly confirmed in writing), and if Holder does not so advise, then Gibson, Dunn & Crutcher is entitled for the purposes of its opinion to the Underwriters to presume conclusively that the foregoing statements are true and correct at and as of the date of such closing, with the same force and effect as if made on such closing.

5

6

8. No Stabilization. Holder acknowledges that Holder is subject to the rules of the Securities and Exchange Commission which prohibit selling securityholders from bidding for or purchasing any shares of the Common Stock, or attempting to induce anyone else to purchase any such shares, or taking any other action which might tend to stabilize or raise the price of the shares of Common Stock, until the distribution of Common Stock pursuant to the Registration Statement has been completed, and Holder agrees not to act in a manner inconsistent with such rules.

9. Termination. In the event that (a) the Registration Statement has not been declared effective by February 28, 1994 or (b) the Underwriters shall not have purchased and paid for the Warrants pursuant to the Underwriting Agreement on or prior to March 15, 1994, then the Agent shall promptly return to Holder the certificate(s) delivered herewith, at Holder's address set forth below, and this Custody Agreement shall, upon such delivery, terminate, subject to any lawful action done or performed by the Agent pursuant to this Custody Agreement prior to such termination.

10. Effect on Warrant Agreement. The provisions of the Warrant Agreements which by their terms are intended to continue in effect following exercise or sale of the Warrants or Warrant Shares covered thereby shall remain in full force and effect notwithstanding the sale or exercise of the Warrants or the sale of the Warrant Shares.

11. Counterparts. This Custody Agreement may be executed in any number of counterparts, each of which so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same instrument.

12. Miscellaneous. The validity, enforceability, interpretation and construction of this Custody Agreement shall be determined in accordance with the laws of the State of California (other than its conflicts of laws rules) and this Custody Agreement shall be binding upon, and shall inure to the benefit of, Holder and Holder's successors and assigns.

IN WITNESS WHEREOF, the undersigned has executed this Custody Agreement on this ____ day of January, 1994.

NAME OF HOLDER: _____
 Authorized _____
 Signature:* _____*
 Name of Signatory _____
 Title of Signatory _____
 Address: _____

 Fax: _____

6

7

Attention: _____

Warrant Certificate	Number of Warrant Shares	Exercise Price per Share	Total Exercise Price
Total			

ACCEPTED
 by Agent as of
 the date set forth above:
 By: _____
 James R. Eckstaedt

By: _____
 D. Scott Mercer

*Signature guaranteed by an Eligible Guarantor Institution as defined in Rule 17Ad-15 under the Securities Exchange Act of 1934, as amended (i.e. a bank, stockbroker or securities dealer, credit union, national securities exchange, registered securities association, clearing agency, or savings association) with membership in an approved signature guarantee medallion program.

Signature guaranteed by:

 Name of Firm

By: _____
 Authorized signature

Name: _____

Title: _____

Date: _____

7

January 13, 1994

VIA EDGAR

(714) 451-3800

C 96182-00076

Western Digital Corporation
8105 Irvine Center Drive
Irvine, California 92718

Re: Registration Statement on Form S-3 for up to
7,043,711 Shares of Common Stock

Ladies and Gentlemen:

We have examined the Registration Statement on Form S-3 (the "Registration Statement") filed by Western Digital Corporation, a Delaware corporation (the "Company") with the Securities and Exchange Commission on December 23, 1993 (Registration No. 33-51695), as amended to the date hereof, in connection with the registration under the Securities Act of 1933, as amended, of up to an aggregate of 7,043,711 shares of the Company's Common Stock, \$0.10 par value per share (the "Common Stock"), to be issued by the Company in connection with the proposed public offering (the "Offering") of (i) 5,000,000 shares of Common Stock to be sold by the Company (the "Company Firm Shares"), (ii) 1,124,966 shares of Common Stock, which shares will be issued by the Company upon exercise by the underwriters of certain warrants being purchased by the underwriters from selling securityholders and sold by the underwriters in the offering (such shares, together with the Company Firm Shares, being referred to herein as the "Firm Shares"), and (iii) up to 918,745 additional shares of Common Stock (the "Option Shares") which may be sold by the Company upon exercise in whole or part of an over-allotment option granted to the underwriters as set forth in the Registration

2

Western Digital Corporation
January 14, 1994
Page 2

Statement. The Firm Shares and the Option Shares are hereinafter referred to together as the "Shares."

As your counsel, we have examined the Company's Certificate of Incorporation and Bylaws, each as amended to the date hereof, and the records of corporate proceedings and other actions taken by the Company in connection with the authorization and issuance of the Shares and the sale by the Company of the Company Firm Shares and the Option Shares. Based upon the foregoing and in reliance thereon, and subject to (i) compliance with applicable state securities laws and (ii) receipt from the Securities and Exchange Commission of an order declaring the Registration Statement effective, it is our opinion that the Shares, when issued and sold in the manner described in the Registration Statement, will be validly issued, fully paid and nonassessable.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement, and we further consent to the use of our name under the caption "Legal Matters" in the Prospectus forming a part of said Registration Statement.

Very truly yours,

GIBSON, DUNN & CRUTCHER

CONSENT OF INDEPENDENT AUDITORS

The Board of Directors
Western Digital Corporation:

We consent to the use of our report incorporated herein by reference and to the reference to our firm under the heading "Experts" in the prospectus.

KPMG PEAT MARWICK

Orange County, California

January 13, 1994