
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): January 18, 2011

Western Digital Corporation

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation)

001-08703

(Commission File Number)

33-0956711

(IRS Employer Identification No.)

**3355 Michelson Drive, Suite 100
Irvine, California**

(Address of principal executive offices)

92612

(Zip Code)

Registrant's telephone number, including area code: **(949) 672-7000**

Not applicable

(Former name or former address, if changed since last report.)

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

Item 2.02 Results of Operations and Financial Condition.

On January 18, 2011, Western Digital Corporation (“Western Digital”) announced financial results for the second fiscal quarter ended December 31, 2010. A copy of the press release making this announcement is attached hereto as Exhibit 99.1 and is incorporated herein by reference. A copy of Western Digital’s Investor Information Summary for the second quarter ended December 31, 2010 is attached hereto as Exhibit 99.2 and is incorporated herein by reference.

In accordance with General Instruction B.2 of Form 8-K, the information in this Item 2.02, including Exhibit 99.1 and Exhibit 99.2, shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended (the “Securities Act”), or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

- | | |
|------|---|
| 99.1 | Press Release issued by Western Digital Corporation on January 18, 2011 announcing financial results for the second fiscal quarter ended December 31, 2010. |
| 99.2 | Second Quarter Fiscal Year 2011 Western Digital Corporation Investor Information Summary. |

SIGNATURE

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

Western Digital Corporation
(Registrant)

By: /s/ Michael C. Ray
Michael C. Ray
Vice President, General Counsel and Secretary

Date: January 18, 2011

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FOR IMMEDIATE RELEASE:

**WD® ANNOUNCES Q2 REVENUE OF \$2.475 BILLION AND
NET INCOME OF \$225 MILLION, OR \$0.96 PER SHARE**

IRVINE, Calif. — Jan. 18, 2011 — Western Digital Corp. (NYSE: WDC) today reported revenue of \$2.475 billion, hard-drive unit shipments of 52.2 million and net income of \$225 million, or \$0.96 per share for its second fiscal quarter ended Dec. 31, 2010. In the year-ago quarter, the company reported revenue of \$2.619 billion, shipped 49.5 million hard drives, and reported net income and earnings per share of \$429 million and \$1.85, respectively.

The company generated \$505 million in cash from operations during the December quarter, ending with total cash and cash equivalents of \$3.1 billion.

“We are pleased to deliver better-than-expected revenues, profitability and gross margin in the December quarter, reflecting solid execution and an improvement in hard drive industry conditions compared with the prior two quarters,” said John Coyne, president and chief executive officer. “The opportunity for profitable growth in our industry remains tremendous and we are committed to improving our financial performance over the longer term. We plan to do so with a continued emphasis on our industry-leading low-cost structure, high quality, highly reliable and highly available products, and a sharp focus on matching production with true customer demand.”

The investment community conference call to discuss these results will be broadcast live over the Internet today at 3 p.m. PST/6 p.m. EST. The call will be accessible live and on an archived basis via the link below. The company is publishing an expanded investor summary sheet today on the investor relations section of its Web site. After the conclusion of today's webcast conference call, the summary sheet will be updated to reflect the company's guidance.

Audio webcast: www.westerndigital.com/investor
Click on "Conference Calls"

Telephone replay: 888-568-0891 (toll free)
+1-402-998-1567 (international)

About WD

WD, one of the storage industry's pioneers and long-time leaders, provides products and services for people and organizations that collect, manage and use digital information. The company designs and produces reliable, high-performance hard drives and solid state drives that keep users' data accessible and secure from loss. Its advanced technologies are configured into applications for client and enterprise computing, embedded systems and consumer electronics, as well as its own consumer storage and media products.

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

This press release contains forward-looking statements concerning opportunities for growth in the industry and WD's financial performance. The foregoing forward-looking statements are based on WD's current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements, including: the impact of continued uncertainty and volatility in global economic conditions; supply and demand conditions in the hard drive industry; actions by competitors; unexpected advances in competing technologies; uncertainties related to the development and introduction of products based on new technologies and expansion into new data storage markets; business conditions and growth in the various hard drive markets; pricing trends and fluctuations in average selling prices; changes in the availability and cost of commodity materials and specialized product components that WD does not make internally; and other risks and uncertainties listed in WD's recent Form 10-Q filed with the SEC Oct. 29, 2010, to which your attention is directed. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof, and WD undertakes no obligation to update these forward-looking statements to reflect subsequent events or circumstances.

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Western Digital, WD, and the WD logo are registered trademarks of Western Digital Technologies, Inc. All other trademarks mentioned herein belong to their respective owners.

WESTERN DIGITAL CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions; unaudited)

	<u>Dec. 31,</u> <u>2010</u>	<u>Jul. 2,</u> <u>2010</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,110	\$ 2,734
Accounts receivable, net	1,250	1,256
Inventories	568	560
Other	192	170
Total current assets	<u>5,120</u>	<u>4,720</u>
Property and equipment, net	2,277	2,159
Goodwill	151	146
Other intangible assets, net	79	88
Other assets	216	215
Total assets	<u>\$ 7,843</u>	<u>\$ 7,328</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,628	\$ 1,507
Accrued expenses	262	281
Accrued warranty	135	129
Current portion of long-term debt	119	106
Total current liabilities	<u>2,144</u>	<u>2,023</u>
Long-term debt	231	294
Other liabilities	309	302
Total liabilities	<u>2,684</u>	<u>2,619</u>
Shareholders' equity	5,159	4,709
Total liabilities and shareholders' equity	<u>\$ 7,843</u>	<u>\$ 7,328</u>

WESTERN DIGITAL CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

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

	Three Months Ended		Six Months Ended	
	Dec. 31, 2010	Jan. 1, 2010	Dec. 31, 2010	Jan. 1, 2010
Revenue, net	\$ 2,475	\$ 2,619	\$ 4,871	\$ 4,827
Cost of revenue	2,000	1,932	3,959	3,626
Gross margin	475	687	912	1,201
Operating expenses:				
Research and development	169	154	336	296
Selling, general and administrative	66	60	125	113
Total operating expenses	235	214	461	409
Operating income	240	473	451	792
Net interest and other	(1)	(2)	(1)	(4)
Income before income taxes	239	471	450	788
Income tax provision	14	42	28	71
Net income	\$ 225	\$ 429	\$ 422	\$ 717
Income per common share:				
Basic	\$ 0.98	\$ 1.89	\$ 1.83	\$ 3.17
Diluted	\$ 0.96	\$ 1.85	\$ 1.80	\$ 3.10
Weighted average shares outstanding:				
Basic	230	227	230	226
Diluted	235	232	235	231

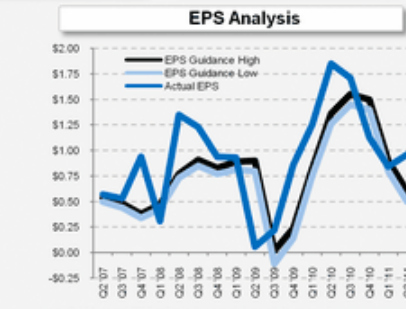
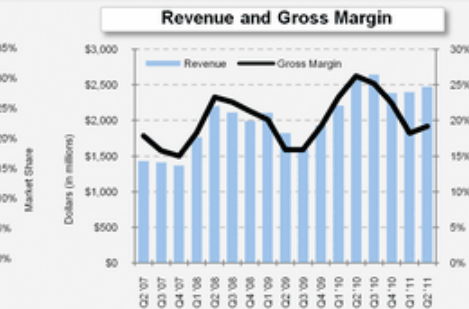
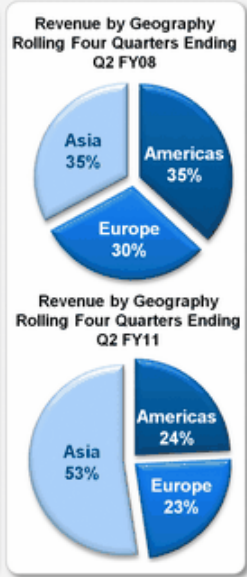
WESTERN DIGITAL CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions; unaudited)

	Three Months Ended		Six Months Ended	
	Dec. 31, 2010	Jan. 1, 2010	Dec. 31, 2010	Jan. 1, 2010
Cash flows from operating activities				
Net income	\$ 225	\$ 429	\$ 422	\$ 717
Adjustments to reconcile net income to net cash provided by operations:				
Depreciation and amortization	151	126	301	247
Stock-based compensation	18	13	37	27
Deferred income taxes	1	(5)	1	(5)
Changes in operating assets and liabilities	110	(6)	134	5
Net cash provided by operating activities	<u>505</u>	<u>557</u>	<u>895</u>	<u>991</u>
Cash flows from investing activities				
Purchases of property and equipment	(250)	(199)	(450)	(375)
Sales and maturities of investments	—	3	—	3
Net cash used in investing activities	<u>(250)</u>	<u>(196)</u>	<u>(450)</u>	<u>(372)</u>
Cash flows from financing activities				
Employee stock plans, net	22	37	31	60
Repurchases of common stock	—	—	(50)	—
Repayment of long-term debt	(25)	(19)	(50)	(38)
Net cash provided by (used in) financing activities	<u>(3)</u>	<u>18</u>	<u>(69)</u>	<u>22</u>
Net increase in cash and cash equivalents	252	379	376	641
Cash and cash equivalents, beginning of period	2,858	2,056	2,734	1,794
Cash and cash equivalents, end of period	<u>\$ 3,110</u>	<u>\$ 2,435</u>	<u>\$ 3,110</u>	<u>\$ 2,435</u>

Amounts in millions, except per share amounts, ASP percentages	Q2 FY07	Q3 FY07	Q4 FY07	Q1 FY08	Q2 FY08	Q3 FY08	Q4 FY08	Q1 FY09	Q2 FY09	Q3 FY09	Q4 FY09	Q1 FY10	Q2 FY10	Q3 FY10	Q4 FY10	Q1 FY11	Q2 FY11
TAM	118.8	113.0	111.8	133.6	143.7	131.6	131.9	145.8	123.8	115.4	135.4	152.4	160.4	163.3	156.2	164.0	167.5
Share	20.7%	21.7%	22.3%	22.0%	23.9%	26.3%	26.7%	27.0%	28.6%	28.3%	29.5%	28.9%	30.9%	31.3%	31.8%	30.9%	31.2%
Units (HDD)	24.5	24.5	24.9	29.4	34.2	34.5	35.2	39.4	35.5	31.6	40.0	44.1	49.5	51.1	49.7	50.7	52.2
ASP	\$58	\$58	\$55	\$59	\$61	\$59	\$56	\$53	\$51	\$50	\$48	\$49	\$52	\$51	\$47	\$46	\$47
Revenue	\$1,428	\$1,410	\$1,367	\$1,766	\$2,204	\$2,111	\$1,993	\$2,109	\$1,823	\$1,592	\$1,928	\$2,208	\$2,619	\$2,641	\$2,382	\$2,396	\$2,475
Gross Margin	\$255	\$222	\$205	\$323	\$513	\$477	\$425	\$424	\$290	\$253	\$370	\$514	\$687	\$665	\$535	\$437	\$475
Gross Margin %	17.9%	15.7%	15.0%	18.3%	23.3%	22.6%	21.3%	20.1%	15.9%	15.9%	19.2%	23.3%	26.2%	25.2%	22.5%	18.2%	19.2%
R&D	\$77	\$75	\$79	\$91	\$122	\$123	\$128	\$133	\$119	\$125	\$132	\$142	\$154	\$160	\$154	\$167	\$169
SG&A	\$56	\$32	\$47	\$48	\$59	\$56	\$56	\$57	\$42	\$49	\$52	\$53	\$60	\$64	\$68	\$59	\$66
Other	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$133	\$18	\$(22)	\$-	\$-	\$-	\$-	\$-	\$-
Total Operating Expenses	\$133	\$107	\$126	\$188	\$181	\$179	\$184	\$190	\$274	\$192	\$161	\$195	\$214	\$224	\$242	\$226	\$235
Operating Income	\$122	\$115	\$79	\$135	\$332	\$298	\$241	\$234	\$16	\$61	\$209	\$319	\$473	\$441	\$293	\$211	\$240
Net Income	\$128	\$121	\$212	\$69	\$305	\$280	\$213	\$211	\$14	\$50	\$196	\$288	\$429	\$400	\$265	\$197	\$225
EPS	\$0.57	\$0.53	\$0.94	\$0.31	\$1.35	\$1.23	\$0.94	\$0.93	\$0.06	\$0.22	\$0.86	\$1.25	\$1.85	\$1.71	\$1.13	\$0.84	\$0.96
Diluted Shares Outstanding	226	226	225	224	226	227	227	226	224	226	227	230	232	234	235	234	235
Top 10 Customers Revenue	49%	46%	48%	46%	47%	48%	53%	51%	49%	47%	52%	56%	55%	51%	52%	50%	48%
Revenue by Channel																	
OEM	46%	47%	47%	50%	48%	50%	57%	56%	57%	48%	54%	52%	48%	49%	54%	50%	45%
Distributors	37%	34%	36%	31%	34%	34%	24%	26%	21%	30%	29%	31%	30%	33%	29%	32%	33%
Retail	17%	19%	17%	19%	18%	16%	19%	18%	22%	22%	17%	17%	22%	18%	17%	18%	22%
Revenue by Geography																	
Americas	38%	36%	40%	34%	32%	28%	29%	23%	23%	26%	24%	22%	25%	24%	25%	23%	22%
Europe	32%	29%	26%	33%	32%	31%	29%	29%	29%	28%	22%	22%	25%	24%	21%	23%	25%
Asia	30%	35%	34%	33%	36%	41%	46%	48%	48%	46%	54%	56%	50%	52%	54%	54%	53%
Compute Units																	
Notebook	2,032	2,960	2,986	4,785	7,134	8,819	9,878	12,411	11,187	7,932	14,670	16,528	17,735	17,072	16,802	16,582	17,385
Desktop	16,519	15,399	15,731	16,674	18,331	17,834	15,663	17,484	14,225	14,659	16,349	18,282	19,290	21,461	20,282	20,918	20,411
Non-Compute Units																	
Consumer Electronics	2,714	2,579	2,692	3,707	4,077	3,109	4,097	3,913	4,128	3,487	3,666	3,064	4,083	4,643	5,306	5,239	4,709
Branded	2,254	2,596	2,317	2,910	3,390	3,456	4,081	4,396	4,918	4,512	3,994	4,539	6,219	5,565	5,005	5,678	7,427
Enterprise Units	0,943	0,978	1,127	1,281	1,280	1,324	1,266	1,203	1,005	0,973	1,308	1,669	2,170	2,356	2,346	2,319	2,284
Total HDD Units	24,462	24,512	24,853	29,357	34,212	34,542	35,185	39,407	35,463	31,563	39,987	44,082	49,497	51,097	49,741	50,736	52,216



Note: Q1'08 actual EPS reflects the acquisition of Komag, Inc. and a one-time net tax charge of \$60M. Q2'09 includes restructuring charge of \$113MM

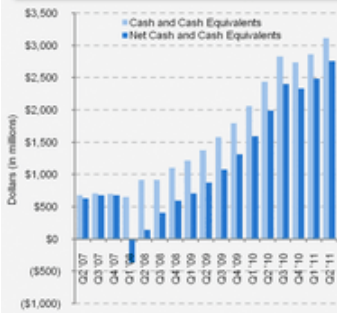


Balance sheet, cash flow, earnings and share repurchase amounts in millions	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
	FY07	FY07	FY07	FY08	FY08	FY08	FY08	FY09	FY09	FY09	FY09	FY10	FY10	FY10	FY10	FY11	FY11
Cash and Cash Equivalents	\$676	\$704	\$700	\$651	\$917	\$917	\$1,104	\$1,213	\$1,376	\$1,570	\$1,794	\$2,056	\$2,435	\$2,820	\$2,734	\$2,858	\$3,110
Debt	\$48	\$21	\$22	\$1,018	\$725	\$514	\$509	\$507	\$504	\$502	\$482	\$463	\$444	\$425	\$400	\$375	\$350
Net Cash and Cash Equivalents	\$627	\$682	\$678	(\$367)	\$142	\$403	\$595	\$706	\$872	\$1,077	\$1,312	\$1,593	\$1,991	\$2,401	\$2,334	\$2,483	\$2,760
Cash Flow From Operations	\$184	\$164	\$154	\$219	\$519	\$431	\$229	\$301	\$300	\$355	\$349	\$434	\$557	\$588	\$363	\$390	\$505
Free Cash Flow	\$74	\$94	\$69	\$56	\$350	\$294	\$83	\$139	\$160	\$249	\$238	\$258	\$358	\$411	\$178	\$190	\$255
Capital Expenditures	\$110	\$70	\$85	\$163	\$169	\$137	\$146	\$162	\$140	\$106	\$111	\$176	\$199	\$177	\$185	\$200	\$250
Depreciation and Amortization	\$50	\$55	\$61	\$78	\$111	\$111	\$113	\$117	\$122	\$119	\$122	\$121	\$126	\$128	\$134	\$150	\$151
EBITDA	\$172	\$170	\$140	\$213	\$443	\$409	\$354	\$351	\$338	\$180	\$331	\$440	\$599	\$569	\$427	\$361	\$391
Accounts Receivable, Net	\$668	\$715	\$697	\$985	\$1,066	\$1,014	\$1,010	\$1,082	\$926	\$824	\$926	\$1,131	\$1,365	\$1,257	\$1,256	\$1,325	\$1,250
Inventory	\$17	\$12	\$12	\$165	\$171	\$153	\$144	\$129	\$124	\$104	\$97	\$96	\$102	\$115	\$159	\$155	\$141
Raw Materials	\$90	\$86	\$94	\$145	\$131	\$131	\$145	\$168	\$159	\$152	\$154	\$173	\$212	\$254	\$255	\$266	\$274
Work in Process	\$158	\$145	\$153	\$101	\$157	\$171	\$167	\$180	\$163	\$129	\$125	\$128	\$139	\$138	\$146	\$140	\$153
Finished Goods	\$265	\$243	\$299	\$461	\$459	\$455	\$456	\$477	\$446	\$385	\$376	\$395	\$453	\$507	\$560	\$561	\$568
Inventory, Net	\$637	\$672	\$741	\$1,516	\$1,560	\$1,529	\$1,663	\$1,674	\$1,620	\$1,570	\$1,584	\$1,625	\$1,696	\$1,756	\$2,159	\$2,245	\$2,277
Property, Plant and Equipment, Net	\$816	\$851	\$882	\$1,106	\$1,216	\$1,144	\$1,181	\$1,215	\$1,075	\$1,001	\$1,101	\$1,342	\$1,507	\$1,508	\$1,507	\$1,703	\$1,628
Accounts Payable	43	46	46	51	45	44	46	47	46	47	47	47	47	43	48	50	46
Days Sales Outstanding	20	19	20	29	25	25	27	26	27	26	24	21	21	23	28	26	26
Days Inventory Outstanding	63	65	69	70	66	64	69	66	64	68	69	72	71	69	74	79	74
Days Payables Outstanding	-	-	(3)	10	4	5	4	7	9	5	2	(4)	(3)	(3)	2	(3)	(2)
Cash Conversion Cycle	18	20	18	13	15	14	14	14	14	14	15	17	17	16	13	14	14
Inventory Turns	-	1.5	2.5	0.8	-	1.5	-	1.2	-	-	-	-	-	-	-	1.8	-
Shares Repurchased	\$ -	\$29	\$45	\$16	\$ -	\$44	\$ -	\$36	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$50	\$ -
Shares Repurchased \$	\$136	\$107	\$62	\$46	\$46	\$502	\$502	\$466	\$466	\$466	\$466	\$466	\$466	\$466	\$466	\$416	\$416
Remaining Amount Authorized	R4Q ROIC	34.0%	32.3%	28.7%	27.3%	31.4%	33.8%	34.0%	33.5%	22.9%	14.9%	13.9%	15.3%	24.9%	31.2%	30.2%	26.4%
R4Q ROA	19.4%	18.7%	16.8%	16.4%	19.0%	20.7%	21.2%	21.1%	14.7%	9.8%	9.2%	10.4%	17.0%	21.2%	20.7%	18.1%	14.6%
Worldwide Headcount	27,055	27,277	29,572	41,283	42,534	41,876	50,072	51,409	50,838	43,886	45,991	52,208	55,128	61,803	62,500	62,817	62,991

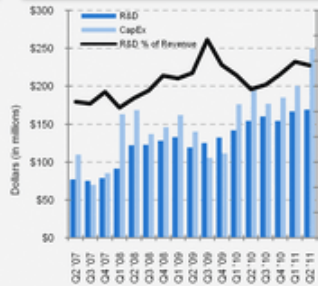
Business Model

- Gross Margin
18%-23%
- Operating Expense
9%-10%
- Operating Income
8%-14%
- Tax
6%-9% of Income Before Tax
- Capital Expenditures
7%-8%
(+up to \$200M in FY11 for conversion to 8" wafers)
- Inventory Turns
12-16 Turns
- Conversion Cycle
4-8 Days

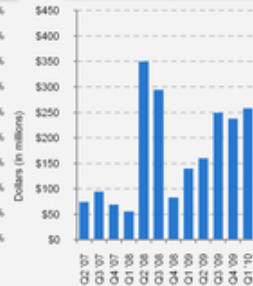
Gross vs. Net Cash & Cash Equivalents



R&D and Capital Expenditures



Free Cash Flow



Return on Assets



Footnotes

- 1.FY08 and Q1 FY11 ASP, Revenue by Channel and Revenue by Geography exclude external sales of media/substrates
- 2.Revenue by Channel, Revenue by Geography and Units excludes WD TV Media Players without hard drives, WD Livewire, SSD and media
- 3.Worldwide Headcount excludes temporary employees

Formulas

Share = Units / TAM

ASP = Revenue / Units

Free Cash Flow = Cash Flow from Operations – Capital Expenditures

Days Sales Outstanding (DSO) = Accounts Receivable / (Revenue / 91 days)

Days Inventory Outstanding (DIO) = Inventory / (Cost of Revenue / 91 days)

Days Payables Outstanding (DPO) = Accounts Payable / (Cost of Revenue / 91 days)

Cash Conversion Cycle = DSO + DIO – DPO

Inventory Turns = 364 days / DIO

R4Q ROIC = (Net Income from Continuing Operations + Interest Expense) / (Equity + Debt)

R4Q ROA = Net Income from Continuing Operations / Average Total Assets