

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 23, 2008

Western Digital Corporation

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

001-08703
(Commission File Number)

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

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

92630
(Zip Code)

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

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 240.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operations and Financial Condition.

On January 23, 2008, Western Digital Corporation (“Western Digital”) announced financial results for the second fiscal quarter ended December 28, 2007. 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 fiscal quarter ended December 28, 2007 is attached hereto as Exhibit 99.2 and is incorporated herein by reference.

In Western Digital’s press release attached as Exhibit 99.1 hereto and in its conference call scheduled for 2:30 p.m. PDT/5:30 p.m. EDT today, Western Digital plans to report certain financial information, including net income and earnings per share, on both a GAAP and a non-GAAP basis. Western Digital believes that the non-GAAP measures presented in the press release and during the conference call are useful to investors as they provide an alternative method for comparing Western Digital’s operating performance against the prior period, excluding non-recurring charges of \$49 million and \$60 million for in-process research and development and taxes, respectively, which occurred during the first quarter of fiscal 2008.

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 23, 2008 announcing financial results for the second fiscal quarter ended December 28, 2007.
- 99.2 Second Quarter Fiscal Year 2008 Western Digital Corporation Investor Information Summary.

SIGNATURE

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

Western Digital Corporation
(Registrant)

By: /s/ Raymond M. Bukaty

Raymond M. Bukaty
Senior Vice President, Administration, General Counsel
and Secretary

Date: January 23, 2008

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release issued by Western Digital Corporation on January 23, 2008 announcing financial results for the second fiscal quarter ended December 28, 2007.
99.2	Second Quarter Fiscal Year 2008 Western Digital Corporation Investor Information Summary.

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FOR IMMEDIATE RELEASE:

**WD[®] ANNOUNCES Q2 REVENUE OF \$2.2 BILLION AND
YEAR-OVER-YEAR EPS INCREASE OF 137 PERCENT AT \$1.35**

Hard Drive Revenue Grows 46 Percent, Drive Shipments Up 40 Percent

LAKE FOREST, Calif. — Jan. 23, 2008 — Western Digital Corp. (NYSE: WDC) today reported revenue of \$2.2 billion, comprised of \$2.084 billion of hard drive revenue and \$120 million of revenue from media and substrate sales for the second fiscal quarter ending Dec. 28, 2007. Hard drive revenue grew by 46 percent over the prior-year comparative period on shipments of approximately 34.2 million units, a year-over-year increase of 40 percent in unit volume. Net income was \$305 million, or \$1.35 per share. EPS grew 137 percent over the prior year. In the year-ago quarter, the company reported revenue of \$1.4 billion, unit shipments of 24.5 million and net income of \$128 million, or \$.57 per share.

Fifty-four percent of Q2 hard drive revenue was derived from non-desktop PC sources, including hard drives for notebook PCs, consumer electronics, and enterprise applications, and WD branded product retail sales. This compares with a mix in the year-ago quarter of 42 percent.

The company shipped 8.7 million 2.5-inch mobile drives and 4.1 million 3.5-inch units for the PVR/DVR market, compared with 2.7 million units in each of these markets a year ago.

Branded products accounted for 18 percent of hard drive revenue, continuing to demonstrate the value of WD's global brand.

From a balance sheet perspective, the company generated \$519 million in cash from operations during the December quarter, ending with total cash, cash equivalents and short-term investments of \$967 million. During the quarter, the company used \$240 million of cash generated from operations to pay down debt acquired in the Komag acquisition.

"We are very pleased with our December quarter results and continue to be excited about our prospects in addressing the surging global demand for high-capacity storage in multiple consumer and business markets," said John Coyne, WD president and chief executive officer. "Our performance continues to reflect crisp and timely execution by the WD team, strong demand for hard drives and a more rational competitive pricing environment. Our operational flexibility and our technology leadership in 2.5-inch mobile hard drives enabled us to quickly react to a number of attractive market and product mix opportunities throughout the December quarter."

For the six-months ended Dec. 28, 2007, Western Digital reported revenues of \$4.0 billion and hard drive shipments of 63.6 million, for increases of 48 percent and 35 percent, respectively, over the comparable prior-year period revenue of \$2.7 billion and units shipments of 47.2 million. GAAP net income for the six-months was \$374 million, or \$1.66 per share. Excluding \$49 million of non-recurring charges for acquired in-process research and development and \$60 million of non-recurring tax charges in the first quarter, non-GAAP net income for the current six-month period was \$483 million, or \$2.15 per share. These current-period non-GAAP earnings reflect an approximately 110 percent increase over the prior-year six-month net income and earnings per share amounts of \$231 million and \$1.02,

respectively. There were no non-recurring items in the prior-year six-month period and therefore there is no non-GAAP measure for the prior year.

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

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

Telephone Replay: 800-835-4610 (toll-free)
+1-203-369-3352 (international)

About WD

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

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

This press release contains forward-looking statements concerning the demand for hard drives, WD's operational execution and the pricing environment. These 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: supply and demand conditions in the hard drive industry; actions by competitors; unexpected advances in competing technologies such as flash memory; uncertainties related to the development and introduction of products based on new technologies and successful expansion into new hard drive markets; business conditions and growth in the desktop, mobile PC, enterprise, consumer electronics and external hard drive markets; pricing trends and fluctuations in average selling prices; the risk that WD's business will suffer during the integration of its media operations; failure to effectively continue to integrate WD's media and head technology; changes in the availability and cost of commodity materials and specialized product components that WD does not make internally; negative impacts of the conditions in the global credit markets on our longer-term financing plans and on our current investment portfolio; and other risks and uncertainties listed in WD's recent Form 10-Q filed with the SEC on November 6, 2007, 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. in the U.S. and other countries.

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

	<u>Dec. 28, 2007</u>	<u>Jun. 29, 2007</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 917	\$ 700
Short-term investments	50	207
Accounts receivable, net	1,086	697
Inventories	459	259
Other	141	166
Total current assets	<u>2,653</u>	<u>2,029</u>
Property and equipment, net	1,560	741
Goodwill and other intangible assets, net	174	4
Other assets	213	127
Total assets	<u>\$ 4,600</u>	<u>\$ 2,901</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,216	\$ 882
Customer advances	51	—
Accrued expenses	234	163
Accrued warranty	80	73
Short-term debt	760	—
Current portion of long-term debt	11	12
Total current liabilities	<u>2,352</u>	<u>1,130</u>
Long-term debt	4	10
Other liabilities	117	45
Total liabilities	<u>2,473</u>	<u>1,185</u>
Shareholders' equity	2,127	1,716
Total liabilities and shareholders' equity	<u>\$ 4,600</u>	<u>\$ 2,901</u>

WESTERN DIGITAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(in millions, except per share amounts)
(unaudited)

	Three Months Ended			Six Months Ended	
	Dec. 28, 2007	Sept. 28, 2007	Dec. 29, 2006	Dec. 28, 2007	Dec. 29, 2006
Revenue, net	\$ 2,204	\$ 1,766	\$ 1,428	\$ 3,970	\$ 2,691
Cost of revenue	1,691	1,443	1,173	3,134	2,218
Gross margin	513	323	255	836	473
Operating expenses:					
Research and development	122	91	77	213	152
Selling, general and administrative	59	48	56	107	100
Acquired in-process research and development	—	49	—	49	—
Total operating expenses	181	188	133	369	252
Operating income	332	135	122	467	221
Net interest and other expense	(16)	3	6	(13)	13
Income before income taxes	316	138	128	454	234
Income tax provision	11	69	—	80	3
Net income	<u>\$ 305</u>	<u>\$ 69</u>	<u>\$ 128</u>	<u>\$ 374</u>	<u>\$ 231</u>
Net income per common share:					
Basic	<u>\$ 1.39</u>	<u>\$.31</u>	<u>\$.58</u>	<u>\$ 1.71</u>	<u>\$ 1.06</u>
Diluted	<u>\$ 1.35</u>	<u>\$.31</u>	<u>\$.57</u>	<u>\$ 1.66</u>	<u>\$ 1.02</u>
Common shares used in computing per share amounts:					
Basic	<u>220</u>	<u>219</u>	<u>220</u>	<u>219</u>	<u>219</u>
Diluted	<u>226</u>	<u>224</u>	<u>226</u>	<u>225</u>	<u>226</u>

WESTERN DIGITAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions; unaudited)

	Three Months Ended		Six Months Ended	
	Dec. 28, 2007	Dec. 29, 2006	Dec. 28, 2007	Dec. 29, 2006
Cash flows from operating activities				
Net income	\$ 305	\$ 128	\$ 374	\$ 231
Adjustments to reconcile net income to net cash provided by operations:				
Depreciation and amortization	111	50	189	94
In-process research and development	—	—	49	—
Deferred income taxes	2	(1)	62	—
Stock-based compensation	9	11	17	21
Loss on short-term investments	8	—	8	—
Changes in operating assets and liabilities	84	(4)	39	(46)
Net cash provided by operating activities	<u>519</u>	<u>184</u>	<u>738</u>	<u>300</u>
Cash flows from investing activities				
Acquisitions, net of cash acquired	(4)	—	(915)	—
Capital expenditures	(169)	(110)	(332)	(169)
Short-term investments, net	142	(6)	207	(6)
Net cash used in investing activities	<u>(31)</u>	<u>(116)</u>	<u>(1,040)</u>	<u>(175)</u>
Cash flows from financing activities				
Acquisition-related debt, net	(240)	—	510	—
Issuance of common stock under employee plans	22	14	32	16
Repurchase of common stock	—	—	(16)	—
Repayment of long-term debt	(4)	(9)	(7)	(16)
Net cash provided by (used in) financing activities	<u>(222)</u>	<u>5</u>	<u>519</u>	<u>—</u>
Net increase in cash and cash equivalents	266	73	217	125
Cash and cash equivalents, beginning of period	651	603	700	551
Cash and cash equivalents, end of period	<u>\$ 917</u>	<u>\$ 676</u>	<u>\$ 917</u>	<u>\$ 676</u>

WESTERN DIGITAL CORPORATION
 INVESTOR INFORMATION SUMMARY
 Q2 FY2008 (All amounts in millions, except ASPs and headcount)

	Q2 FY07	Q3 FY07	Q4 FY07	Q1 FY08	Q2 FY08
HARD DRIVE UNITS:	24.5	24.5	24.9	29.4	34.2
REVENUE¹:	\$ 1,428	\$ 1,410	\$ 1,367	\$ 1,766	\$ 2,204
HARD DRIVE AVERAGE SELLING PRICE:	\$ 58	\$ 58	\$ 55	\$ 59	\$ 61
GROSS MARGIN %:	17.9%	15.8%	15.0%	18.3%	23.3%
REVENUE BY CHANNEL (HDD ONLY):					
OEM	46%	47%	47%	50%	48%
DISTRIBUTORS	37%	34%	36%	31%	34%
RETAIL	17%	19%	17%	19%	18%
REVENUE BY GEOGRAPHY (HDD ONLY):					
AMERICAS	38%	36%	40%	34%	32%
EUROPE	32%	29%	26%	33%	32%
ASIA	30%	35%	34%	33%	36%
REVENUE CONCENTRATION (HDD ONLY):					
10 LARGEST CUSTOMERS	49%	46%	48%	46%	47%
WORLDWIDE HEADCOUNT:	27,055	27,277	29,572	41,263	42,534
CASH RELATED INFORMATION:					
CASH FLOW FROM OPERATIONS	\$ 184	\$ 164	\$ 154	\$ 219	\$ 519
CAPITAL EXPENDITURES	\$ 110	\$ 70	\$ 85	\$ 163	\$ 169
DEPRECIATION AND AMORTIZATION	\$ 50	\$ 55	\$ 61	\$ 78	\$ 111
DAYS SALES OUTSTANDING	43	46	46	51	45
INVENTORY METRICS:					
RAW MATERIALS	\$ 17	\$ 12	\$ 12	\$ 165	\$ 171
WORK IN PROCESS	90	86	94	145	131
FINISHED GOODS	158	145	153	151	157
TOTAL INVENTORY, NET	\$ 265	\$ 243	\$ 259	\$ 461	\$ 459
INVENTORY TURNS	18	20	18	13	15

¹ Revenue includes external sales of media and substrates of \$40 million in Q1'08 and \$120 million in Q2'08.