



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): February 22, 2002

WESTERN DIGITAL CORPORATION  
(Exact Name of Registrant as Specified in Charter)

Delaware  
(State or Other Jurisdiction  
of Incorporation)

1-08703  
(Commission  
File Number)

33-0956711  
(IRS Employer  
Identification No.)

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

92630  
(Zip Code)

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

Not Applicable  
(Former Name or Former Address, if Changed Since Last Report)

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## **TABLE OF CONTENTS**

[Item 5. Other Events.](#)

[Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.](#)

[SIGNATURE](#)

[EXHIBIT INDEX](#)

[EXHIBIT 99.1](#)

[EXHIBIT 99.2](#)

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INFORMATION TO BE INCLUDED IN THE REPORT

**Item 5. Other Events.**

On February 25, 2002, Matthew Massengill, Chairman of the Board and Chief Executive Officer of Western Digital presented certain information on Western Digital at an investor conference. A copy of the February 22, 2002, press release announcing the presentation and a future presentation and the text of the slides used by Mr. Massengill during the February 25, 2002 presentation are attached hereto as Exhibits 99.1 and 99.2, respectively, and are incorporated by reference herein.

**Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.**

Exhibit	Description
99.1	Press release dated February 22, 2002.
99.2	Text of slides presented by the Chairman of the Board and Chief Executive of Western Digital at an investor conference on February 25, 2002.

**SIGNATURE**

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

Date: February 25, 2002

**WESTERN DIGITAL CORPORATION**

By: /s/ MICHAEL A. CORNELIUS

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Michael A. Cornelius  
Vice President, Law and  
Administration and Secretary

EXHIBIT INDEX

Exhibit No.	Document
99.1	Press release dated February 22, 2002.
99.2	Text of slides presented by the Chairman of the Board and Chief Executive of Western Digital at an investor conference on February 25, 2002.

**Western Digital to Present at Two Investor Conferences**

LAKE FOREST, Calif.— Feb. 22, 2002— Western Digital Corp. (NYSE: WDC) today announced that Matt Massengill, chairman and chief executive officer, will present at the following two investor conferences:

- Robertson Stephens Technology Conference: Monday, Feb. 25, 2002 @ 4:30 pm Pacific
- Morgan Stanley Semiconductor & Systems Conference: Monday, Mar. 4, 2002 @ 3:45 pm Pacific

Live audio webcasts and archives will be available on Western Digital’s Web site in the Investor section under Presentations at <http://www.westerndigital.com/company/investor/invest-pres.asp>

**About Western Digital**

Western Digital, 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’s core business produces reliable, high-performance hard drives that keep users’ data close-at-hand and secure from loss. Applying its data storage core competencies to emerging markets, Western Digital’s new ventures Cameo Technologies, Keen Personal Media and SageTree meet the increasing demand for innovative information management solutions arising from the proliferation of Internet and broadband services.

Western Digital was founded in 1970. The Company’s storage products are marketed to leading systems manufacturers and selected resellers under the Western Digital brand name. Visit the Investor section of the Company’s Web site ([www.westerndigital.com](http://www.westerndigital.com)) to access a variety of financial and investor information.

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Western Digital is a registered trademark of Western Digital Technologies, Inc. Keen Personal Media and TV4me are trademarks of Keen Personal Media, Inc. SageTree is a registered trademark of SageTree, Inc. Cameo is a registered trademark of Cameo Technologies, Inc. All other brand and product names mentioned herein are the property of their respective companies.

# The Robertson Stephens Technology Conference

February 25, 2002



 Western  
Digital

**Matt Massengill**

*Chairman of the Board  
& CEO*

**This presentation, and the answers to your questions, will contain forward-looking statements, including statements relating to: The Company's Q3 guidance and outlook; CY2002 catalysts for growth, goals and watch list; the Company's business model; and growth forecasts and opportunities in current and emerging markets. The forward-looking statements are based on current management expectations, and actual results may differ materially as a result of several factors, including: pricing trends and other competitive factors; the pace of growth of non-PC products incorporating hard drives; overall supply and customer demand in the hard drive industry; success in the Company's product development programs; changes in product and customer mix; competitive responses to the Company's new business initiatives; availability of product components; and other factors listed in the Company's recent SEC filings. The Company undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date hereof.**





## FQ2 Results

- Fifth consecutive quarter of HD profitability @ \$15.3M
- Revenue of \$575M, up 30% sequentially
- Unit volume of 7.7M, up 43% sequentially
- Full quarter of shipments for Xbox
- Gross margins @ 12.3%
- New venture losses declined to \$4.9M
- Consolidated profit of \$9.2M, EPS of \$.05
- Highly leveraged expense structure

## **FQ3 Guidance – As of January 24, 2002**

- Revenue of \$550M to \$575M
- Unit volume of 7.5M to 7.7M
- Gross margins ~12%
- HD profits of \$10M to \$13M
- New venture losses ~\$4.6M
- Consolidated profit of \$5M-\$9M, EPS of \$.03-\$.04

**As of Today – Guidance Re-affirmed**

## Current Environment

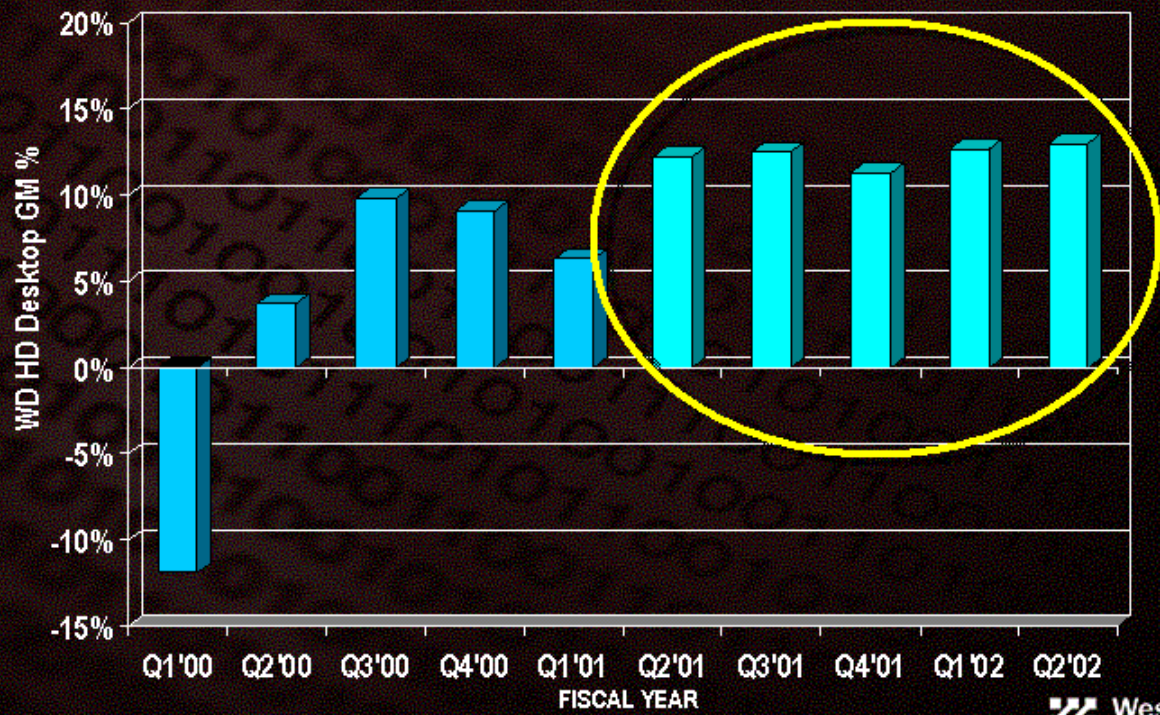
- As contemplated in our Q3 Plan, business strong in January, February; March will determine the quarter
- Industry channel inventories in balance; WD inventories at planned levels
- Pricing reasonable, as anticipated
- Solid execution, continued OPEX focus @ WD

## **In PC Market's Toughest Year, WD Excelled**

### **CY2001 Snapshot**

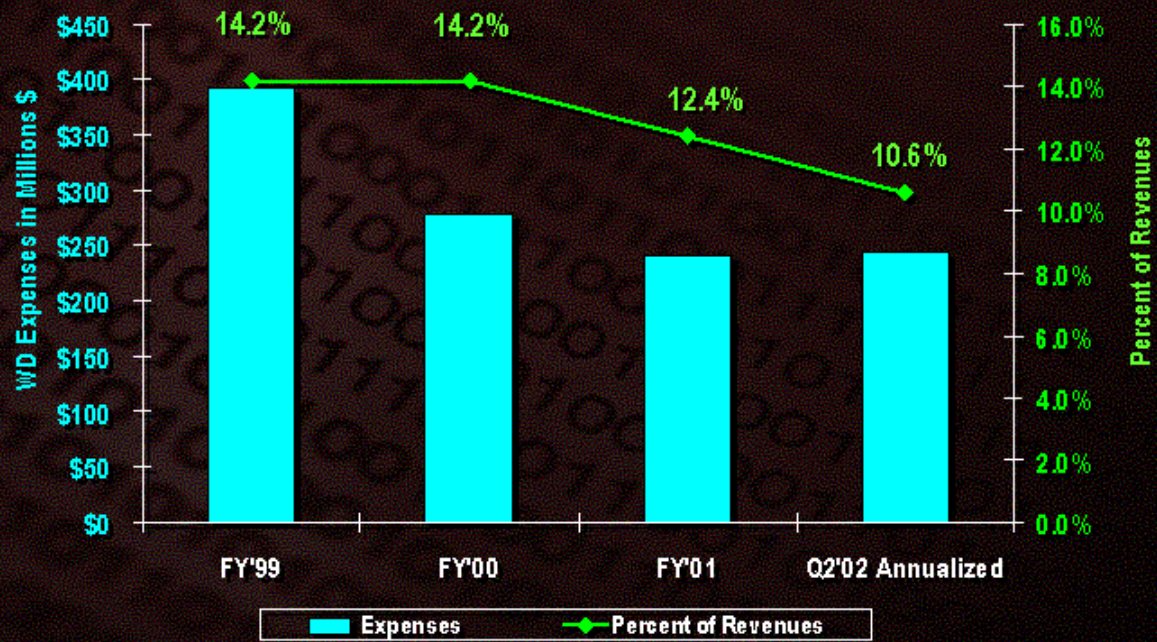
- ✓ Reestablished as premier desktop drive supplier
- ✓ Developed strong relationships in emerging markets
- ✓ Achieved industry-leading expense structure
- ✓ Sustained HD profitability
- ✓ Improved cash position
- ✓ Reduced debt to ~\$100M
- ✓ Minimized new venture losses

## Stable Gross Margins in Difficult Industry Cycle



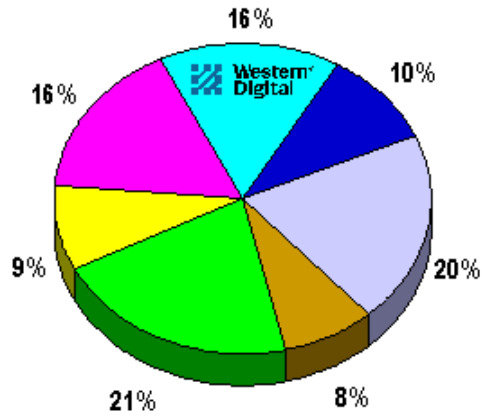
*Note: Excludes Enterprise business and nonrecurring charges.*

## Disciplined Operating Expense Management

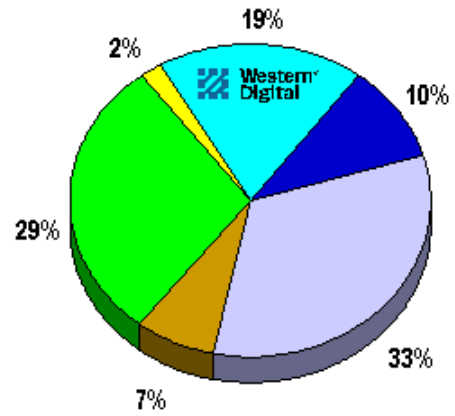


# Execution, Industry Consolidation & New Markets Create Opportunity for Western Digital

## Q4 2000



## Q4 2001



- WD
- IBM
- Maxtor
- Samsung
- Seagate
- Fujitsu
- Quantum

3.5" EIDE Market  
Source: IDC

## WD101– A Simple & Effective Business Model

- Simple Organizational Structure
- Minimal vertical integration
- Two assembly locations: Malaysia and Thailand
- Centralized key decision making: Design, marketing, factory planning
- All HD related entities are 100% owned and consolidated
- All > 50% owned new ventures are consolidated

### Finance

- Conservative treasury practices
- Hedge only known foreign currency exposures – no speculation
- > 90% of all business done in U.S. dollars
- Fixed rate convertible debt



## WD101 – A Simple & Effective Business Model

- Revenue: 99% from one line of business – hard drives
- Costs: Purchased components, labor and overhead
- Manufacturing process: Assembly and test
- Customers: Large, well-funded manufacturers and resellers
  - 73% of Q2 revenue with 20 customers

### Good Execution Reduces Balance Sheet Risks

Build to consumption  
+ High factory yields  
+ High quality & reliability  
= Inventory turns of over 20 and low return rates

Solid customer base  
+ Good customer relationships  
= Days sales outstanding of 35

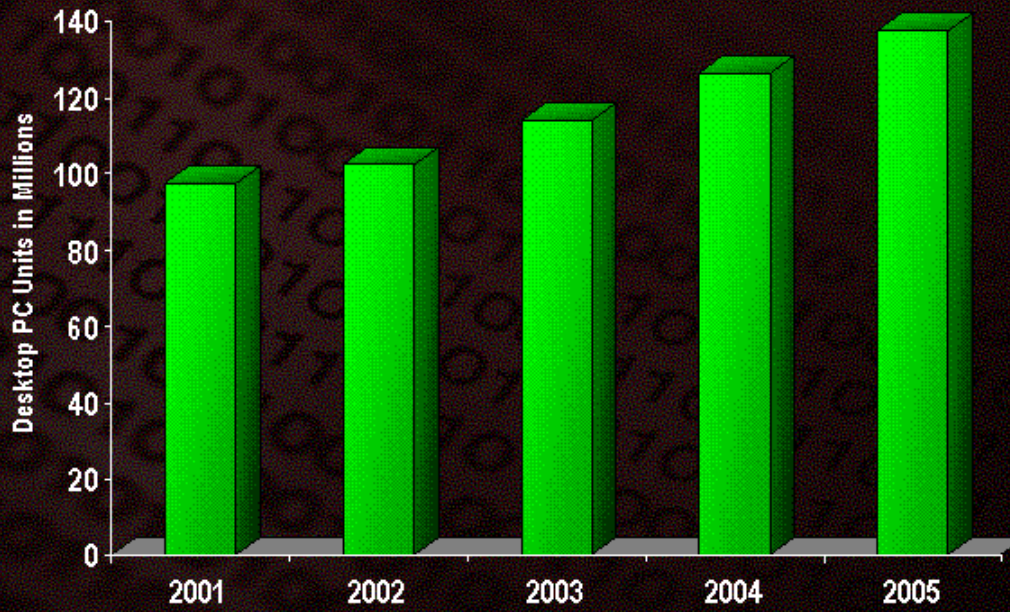
Strong supply base  
+ Non-vertical integration  
+ Very strong relationships  
= Days Payables Outstanding (DPOs) ~ 58

## How WD Removes or Limits Costs

- Recognize you are in a commodity business
- Relentlessly focus on operating and manufacturing costs to achieve and maintain industry's leading expense structure
- Continuously design efficiencies into your products and manufacturing processes
- Work with suppliers to minimize their cost of goods, i.e. head stacking internally

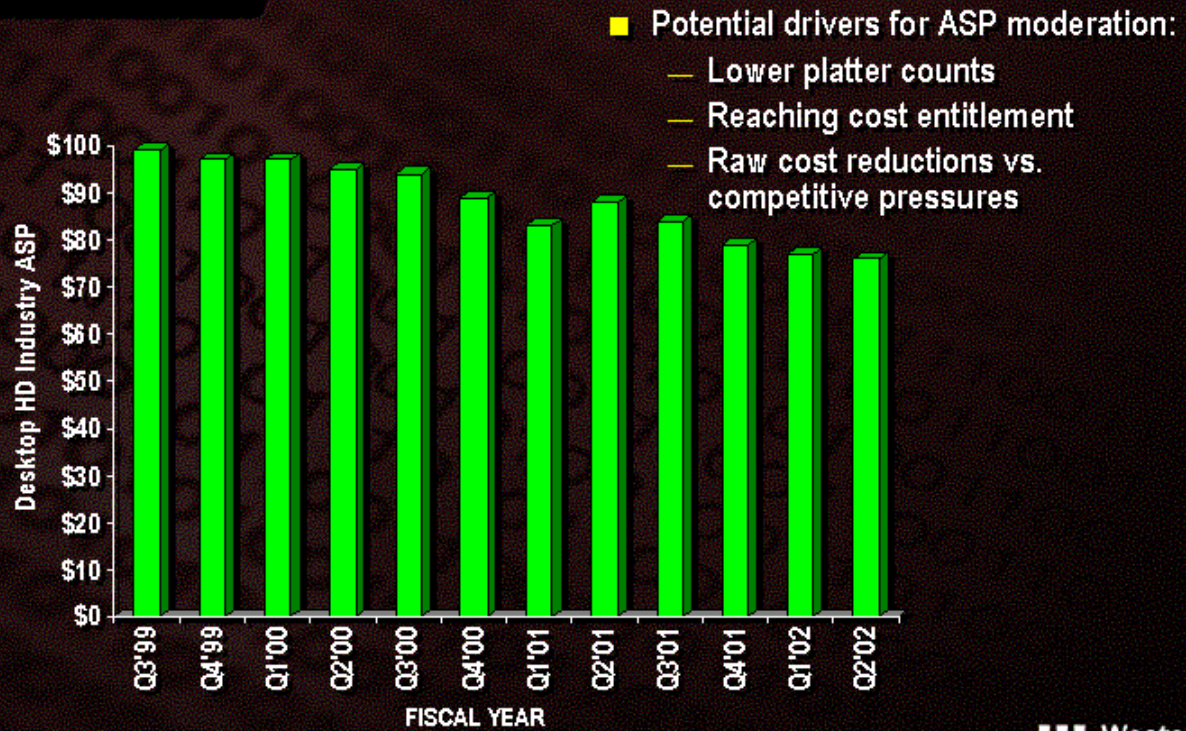
# Our Primary Market is Still High Volume... With Upgrade Cycle Looming

## Desktop PC Forecast



Source: IDC Dec. '01

## The Case for Moderating Desktop HD ASPs



Source: TrendFocus

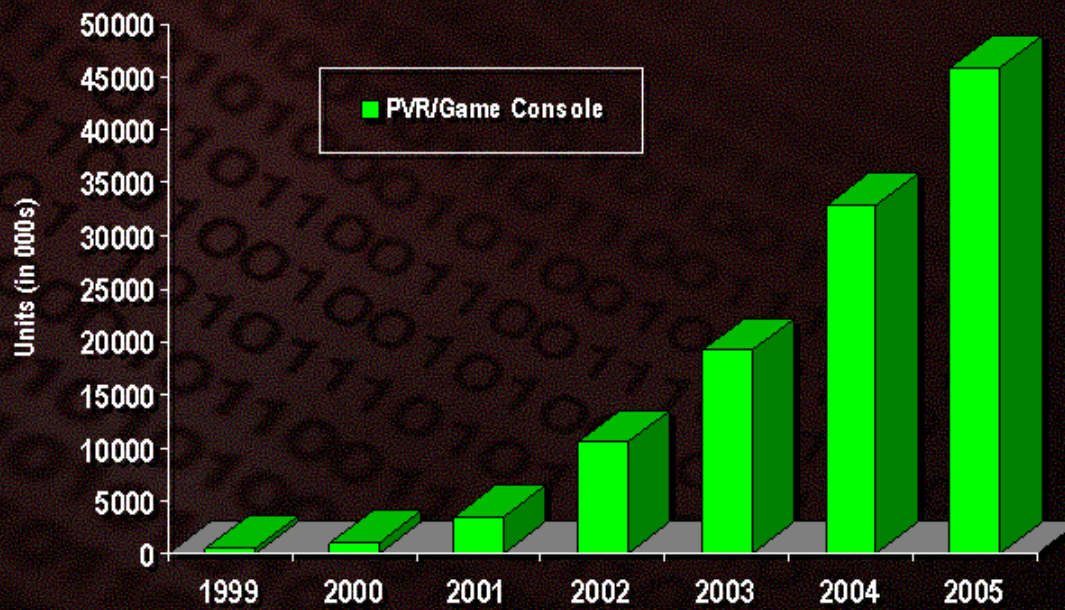
## Leveraging Existing HD Business to Maximize Contribution Margin

- Addressing new market areas that carry minimal fixed costs
- Related OPEX is covered by existing infrastructure
- Incremental costs are primarily variable – scaling up or down with related revenue
- Result: Higher contribution margin and net margin than typical new business

## HDs Have Entered or Are Poised to Enter Other High Volume Markets



## PVR, Gaming HD Forecast



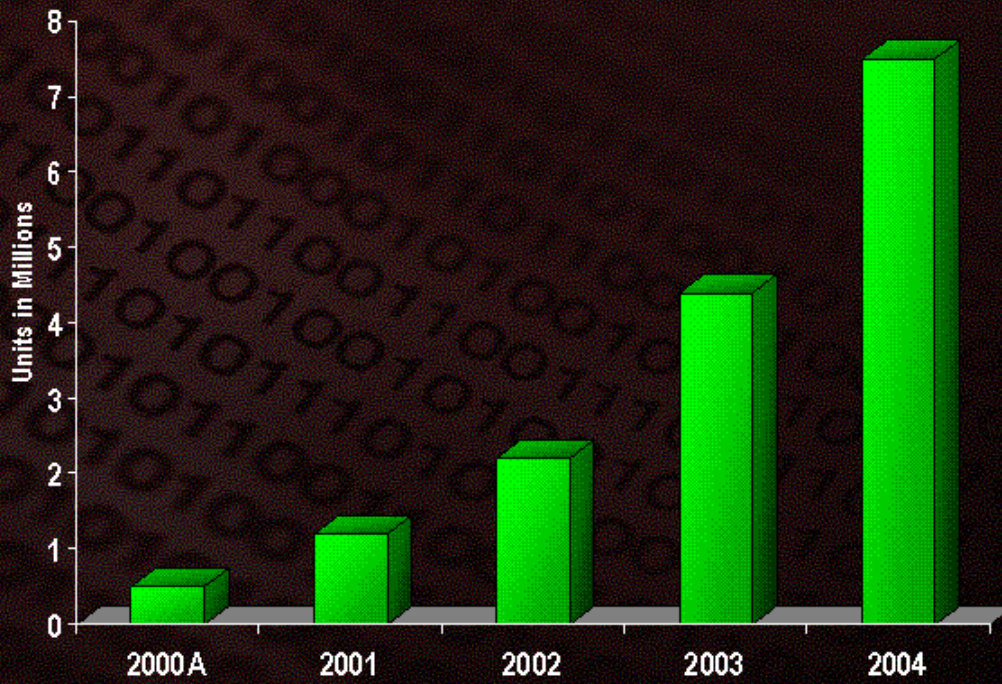
## Why the Hard Drive Matters to Consumer Electronics & Game Systems

- Ability to store game patches and operating system upgrades
- Improved web browsing (cache page content, scripts, etc.)
- Locally store e-mails including those with attachments
- Download and store installable applications and game demos
- Download and store movie and game trailers
- Storage of decompressed data from optical disc for faster access
- Potential for "cross-over" marketing, i.e., advertising or recommending games based on a favorite DVD movie or vice versa as HD allows storage of usage patterns



## EIDE/Serial ATA Drives in Enterprise

*Forecasted Penetration of Workstations and Servers by EIDE Drives*



Source: IDC, August '01



## Why EIDE/Serial ATA in Enterprise?

- Price favors EIDE
- Client workloads and performance favor EIDE
- EIDE solutions for workstation/servers are emerging
- Serial ATA eliminates barriers to SCSI replacement




**DELL™ POWEREDGE™ 350 SERVER**

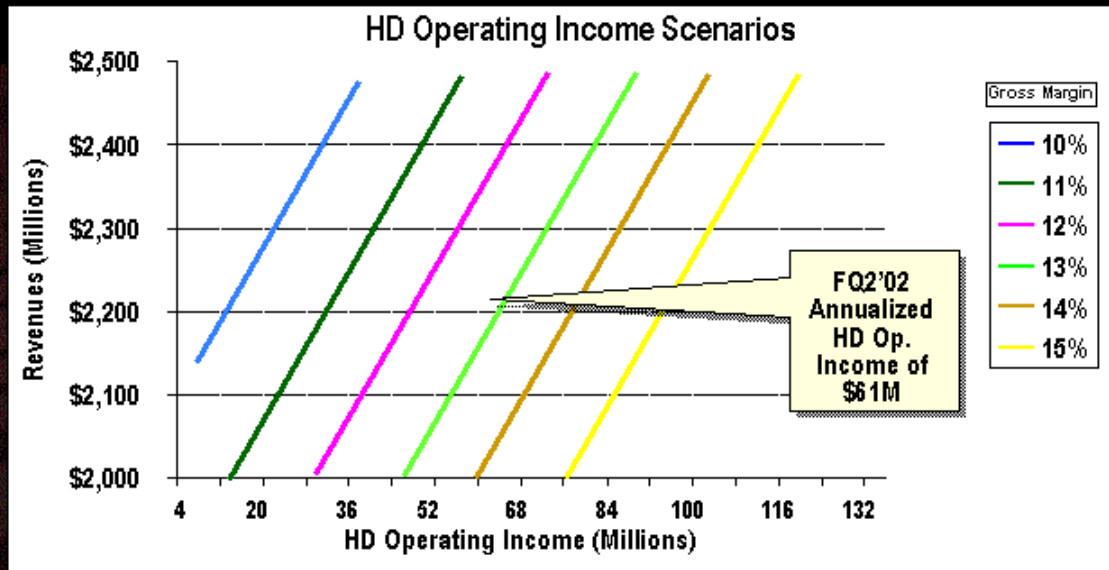
**VALUE AND PERFORMANCE**  
The Dell PowerEdge 350 is a rack-dense server aggressively priced to meet the cost and space demands of Internet and Application Service Providers (ISPs/ASPs), dot.com companies and data centers. With its small size and competitive cost, the PowerEdge 350 server is designed to help you reduce system costs and optimize the use of physical space.

This general purpose server is well-suited for many applications such as domain controllers (PDC/BDC gateway for wireless networks), directory services and domain name service (DNS) servers as well as a host of other custom Internet applications. Allowing up to 8GB of 100MHz ECC SDRAM, the PowerEdge 350 server does not compromise performance for the price. Further, by only requiring 25W power supply for system operation, the PowerEdge 350 offers low power consumption.

**FLEXIBILITY**  
The PowerEdge 350 offers you the flexibility to configure a system that can meet your specific needs. It supports Intel® Pentium® III or Celeron® processors providing you with a reasonably priced choice in speed and performance.



## The WD HD Business Model is Leveraged for Maximum Return



### ■ Revenue drivers

- Overall PC market growth rates
- WD share position
- New market growth PVR/game
- Enterprise & small form factor
- Moderating ASP declines

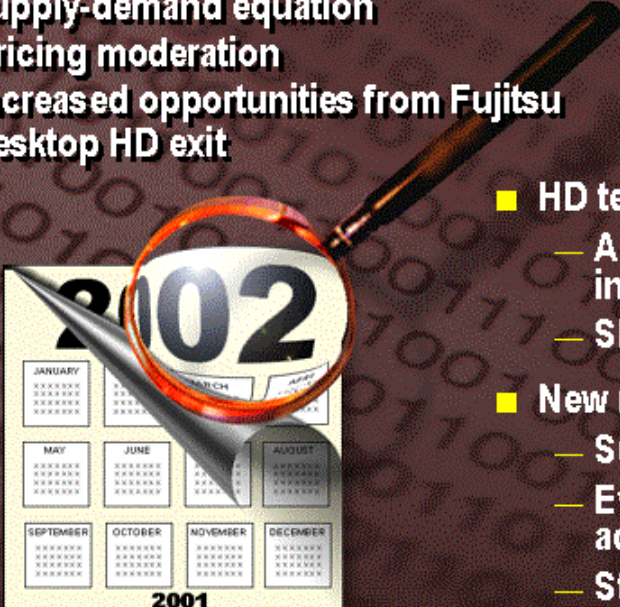
### ■ Margin drivers

- Market dynamics
- Enterprise
- PVR
- Cost controls
- Efficiency

## CY 2002 Goals and Milestones

- Grow profitably
- Maintain highly leveraged expense structure
- Penetrate new customers in PC and new markets
- Neutralize new ventures' impact on P&L
- Fund working capital needs from cash generation

## Watch List for 2002: Developments Shaping Hard Drive Industry

- **HD industry consolidation aftermath**
    - Effective industry management of supply-demand equation
    - Pricing moderation
    - Increased opportunities from Fujitsu desktop HD exit
  - **Potential for additional consolidation**
  - **IT upgrade... a question of when**
  - **HD technology disrupters**
    - Advance of Serial ATA interface
    - Slower areal density growth
  - **New market developments**
    - Success of Xbox
    - Evolution of online music access
    - Steady advance of PVRs
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# The Robertson Stephens Technology Conference

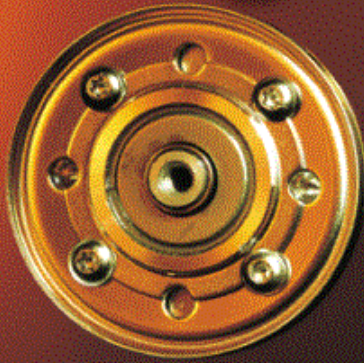
February 25, 2002



**Matt Massengill**  
*Chairman of the Board  
& CEO*



**Western  
Digital**



**Q&A**