

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): July 27, 1998

Western Digital Corporation
(Exact Name of Registrant as Specified in Charter)

Delaware

001-08703

95-264-7125

(State or Other Jurisdiction
of Incorporation)

(Commission
File Number)

(IRS Employer
Identification No.)

8105 Irvine Center Drive, Irvine, California

92618

(Address of Principal Executive Offices)

(Zip Code)

Registrant's telephone number, including area code: (949) 932-5000

N/A

(Former Name or Former Address, if Changed Since Last Report)

Total of sequentially numbered pages: 3.

ITEM 5. OTHER EVENTS.

On July 27, 1998, the registrant issued a press release announcing its fourth quarter and year-end results.

A copy of the press release is attached as Exhibit 99.4.

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS.

Exhibit -----	Description -----
99.4	Press Release Regarding Announcement of Fourth Quarter and Year-End Results.

SIGNATURE

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

Western Digital Corporation

Date: August 10, 1998

By: /s/ MICHAEL A. CORNELIUS

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

WESTERN DIGITAL ANNOUNCES FOURTH QUARTER, YEAR-END RESULTS

IRVINE, CA. -- July 27, 1998 -- Western Digital Corporation (NYSE:WDC) today reported revenue of \$650.5 million and a net loss of \$162.7 million, or \$1.84 per share, for its fourth fiscal quarter ended June 27, 1998. As disclosed on June 9, 1998, the fourth quarter results included certain costs of approximately \$22 million related principally to the new technology licensing and component supply agreement with IBM Corporation. In the year-earlier period, Western Digital reported revenue of \$1.08 billion and net income of \$87.9 million, or \$.95 diluted earnings per share. For fiscal 1998, the Company reported revenue of \$3.54 billion and a net loss of \$290.2 million, or \$3.32 per share, including special charges of \$148 million in the second fiscal quarter and the previously mentioned IBM-related costs in the fourth quarter. In fiscal 1997, Western Digital earned net income of \$267.6 million, or \$2.86 diluted earnings per share, on revenue of \$4.18 billion.

Chuck Haggerty, chairman, president and chief executive officer, stated: "Our disappointing results for the fiscal year and the fourth quarter reflect nearly a full year's sustained oversupply and price declines of nearly 50% in the desktop segment of the hard drive industry. So far in the seasonally weak September quarter, inventories of desktop drives in the distribution channel remain too high, preventing a return to a more normal market for some time. This industry must get back to rational pricing for the value of the technology being delivered."

Haggerty noted that the Company had taken several actions in the face of the industry downturn, including an approximate 20 percent reduction in employment since November, 1997, reduced work weeks and substantial production cutbacks in its Singapore and Malaysian plants, and a 30 percent reduction in its planned capital spending for fiscal year 1999. "In anticipation of the industry's eventual recovery, we have positioned Western Digital for a return to a leadership position in desktop drives and continue to invest heavily in our Enterprise storage business," said Haggerty. "Industry analysts estimate that we have earned an 8% share of the high-end market in approximately six quarters of volume shipments. A 50% increase in research and development spending on high-end drives in fiscal 1999 will help transform Western Digital into a full-line supplier in this segment in the next 18 months."

"The transition to MR head technology in the desktop segment has gone extremely well and is complete, and we are now in qualification with customers on our third-generation MR program. As a matter of fact, Western Digital now has the highest first pass yields on its disk drives in Company history. As a result of this transition, our volumes and share with leading PC OEM customers increased sequentially in the June quarter for the first time in a year. Our new relationship with IBM, the industry's technology leader and its best-capitalized company,

positions us to leap ahead of the competition in the desktop industry's forthcoming product transitions involving Giant MR heads."

"In the face of harsh industry conditions and our large operating losses over the last three quarters, we have remained focused on balance sheet management . We see continued opportunities to improve our working capital performance in the quarters ahead. At the end of the June quarter, the Company's cash position was \$460 million. I believe Western Digital is strong and will get stronger as we go forward."Western Digital Corporation is a leader in information storage products and services. The Company designs and manufactures hard drives for personal and enterprise-wide computing, and markets them to leading systems manufacturers and selected resellers under the Western Digital brand name. Western Digital is the first Fortune 500, multinational company to have been awarded company-wide ISO 9001 registration, linking all WD organizations with a consistent global standard for quality processes. The Company was founded in 1970 and has long been noted for its storage and end-market systems-level design knowledge. The company's World Wide Web home page can be found at <http://www.westerndigital.com>.

This release contains forward-looking statements based on current management expectations, including: statements relating to current and anticipated industry supply, inventory and pricing trends, the Company's return to market leadership, investment in the Enterprise storage business, utilization of IBM technology in future product transitions and future working capital. The forward looking statements are based on current management expectations, and actual results may differ materially as a result of several factors, including: overall supply and customer demand in the hard drive industry; pricing trends and other competitive factors; continued improvement in time to market and time to volume of the Company's new hard drives; changes in customer order patterns; continued successful qualification of the Company's drives with key OEM customers; business conditions and growth in the personal and enterprise computing industry; and other factors discussed in the Company's Form 10-K for the year ended June 28, 1997, its recent Form 10-Qs, its other SEC filings, and its press release dated June 9, 1998. Western Digital undertakes no obligation to update forward-looking statements to reflect events or circumstances occurring after the date of such statements.

WESTERN DIGITAL CORPORATION
 CONSOLIDATED STATEMENTS OF OPERATIONS
 (IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	June 27, 1998	Three Months Ended		Year Ended	
			June 28, 1997	Mar 28, 1998	June 27, 1998
Revenues, net	\$ 650,503	\$ 1,079,883	\$ 831,297	\$ 3,541,525	\$ 4,177,857
Costs and expenses:					
Cost of revenues	692,243	890,733	795,015	3,441,475	3,527,574
Research and development	70,010	40,224	46,949	203,733	150,157
Selling, general and administrative	50,719	48,996	47,551	192,142	198,530
Total costs and expenses	812,972	979,953	889,515	3,837,350	3,876,261
Operating income (loss)	(162,469)	99,930	(58,221)	(295,825)	301,596
Net interest income (expense)	(250)	3,474	(536)	3,817	13,223
Income (loss) before income taxes	(162,719)	103,404	(58,757)	(292,008)	314,819
Provision (benefit) for income taxes	--	15,510	(13,735)	(1,791)	47,223
Net income (loss)	\$ (162,719)	\$ 87,894	\$ (45,022)	\$ (290,217)	\$ 267,596
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Earnings (loss) per common share:					
Basic	\$(1.84)	\$ 1.02	\$ (.51)	\$ (3.32)	\$ 3.07
Diluted	\$(1.84)	\$.95	\$ (.51)	\$ (3.32)	\$ 2.86
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Common shares used in computing per share amounts:					
Basic	88,226	86,395	87,812	87,525	87,261
	=====	=====	=====	=====	=====
Diluted	88,226	92,688	87,812	87,525	93,522
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WESTERN DIGITAL CORPORATION
 CONSOLIDATED BALANCE SHEETS
 (IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	June 27, 1998	June 28, 1997
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 459,830	\$ 208,276
Accounts receivable, net	369,013	545,552
Inventories	186,516	224,474
Prepaid expenses	36,763	39,593
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Total current assets	\$1,052,122	\$1,017,895
Property and equipment, net	346,987	247,895
Intangible and other assets, net	43,579	41,332
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Total assets	\$1,442,688	\$1,307,122
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LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities:		
Accounts payable	\$ 330,130	\$ 417,984
Accrued expenses	258,449	235,721
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Total current liabilities	588,579	653,705
Long-term debt	519,188	-
Deferred income taxes	17,163	33,430
Shareholders' equity:		
Common stock, \$.01 par value	883	859
Additional paid-in capital	119,026	131,062
Retained earnings	197,849	488,066
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Total shareholders' equity	317,758	619,987
Total liabilities and shareholders' equity	\$1,442,688	\$1,307,122
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