
**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, 2012

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 92612
(Address of principal executive offices, including 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 (see General Instruction A.2. below):

- 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))
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Item 2.02 Results of Operations and Financial Condition.

On January 23, 2012, Western Digital Corporation (“Western Digital”) announced financial results for the second fiscal quarter ended December 30, 2011. 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 30, 2011 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, Western Digital reports certain financial information, including net income and earnings per share on both a GAAP and a non-GAAP basis for the second fiscal quarter ended December 30, 2011. These non-GAAP measures exclude charges and expenses related to the Thailand flooding and Western Digital’s planned acquisition of Hitachi Global Storage Technologies. Because management believes these charges and expenses may not be indicative of ongoing operations, management believes that the non-GAAP measures presented in the press release are useful to investors as an alternative method for measuring Western Digital’s operating performance and comparing it against prior periods’ performance.

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, 2012 announcing financial results for the second fiscal quarter ended December 30, 2011.
- 99.2 Second Quarter Fiscal Year 2012 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
Senior Vice President, General Counsel
and Secretary

Date: January 23, 2012

Company contacts:
Bob Blair
Investor Relations
949.672.7834
robert.blair@wdc.com

Steve Shattuck
Public Relations
949.672.7817
steve.shattuck@wdc.com

FOR IMMEDIATE RELEASE:

WD® ANNOUNCES Q2 RESULTS AND OPERATIONS UPDATE, REFLECTING CONTINUED PROGRESS IN FLOOD RECOVERY

IRVINE, Calif.—Jan. 23, 2012—Western Digital Corp. (NYSE: WDC) today reported revenue of \$2.0 billion, hard-drive unit shipments of 28.5 million and net income of \$145 million, or \$0.61 per share, for its second fiscal quarter ended Dec. 30, 2011. Excluding charges and expenses related to the Thailand flooding and the planned acquisition of Hitachi Global Storage Technologies (HGST), non-GAAP net income was \$358 million or \$1.51 per share.¹ During the quarter, the company incurred charges and expenses of \$199 million related to the flooding and expenses of \$14 million associated with the planned acquisition of HGST.

In the year-ago quarter, the company reported revenue of \$2.5 billion, net income of \$225 million, or \$0.96 per share, and shipped 52.2 million hard drives.

The company generated \$378 million in cash from operations during the December quarter, ending with total cash and cash equivalents of \$3.9 billion.

Operations Update

The company also announced it has made significant additional progress to restore its manufacturing capacity following the recent flooding in Thailand. It has continued to ramp HDD production in Thailand and yesterday resumed slider production which had been suspended since October 10. The company now believes its manufacturing capacity will be back to pre-flood capabilities in the quarter ending September 2012.

“We have made substantial progress in restoring WD’s manufacturing capabilities in the aftermath of the historic flooding in Thailand, and this is reflected in our second quarter financial results and in the resumption of our operations there,” said John Coyne, president and chief executive officer. “While much work remains to be done over the next several quarters to reach our pre-flood manufacturing capabilities, the progress thus far is significantly ahead of our original expectations and is a tribute to the dedicated and effective actions of our employees, contractors and Thai government agencies, the efforts of our supply partners and the support of our customers. We are grateful to all involved in this extraordinary effort.”

HGST Acquisition

The company’s plan to complete the acquisition of HGST is on track to close by March 2012. The company continues to work on obtaining the regulatory approval of the transaction from the remaining government agencies.

Conference Call

The investment community conference call to discuss these results will be broadcast live over the Internet today at 2 p.m. Pacific/5 p.m. Eastern. The live and archived conference call webcast can be accessed online at www.westerndigital.com/investor, click on “Conference Calls.” The telephone replay number is 1-866-403-7115 in the U.S. or +1-203-369-0585 for international callers.

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 home entertainment 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 website (www.westerndigital.com) to access a variety of financial and investor information.

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include statements concerning the company's belief that its manufacturing capacity will be back to pre-flood capabilities in the quarter ending September 2012 and the expected timing of its planned acquisition of HGST. These forward-looking statements are based on management's current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied 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; uncertainties about the timeframe for the full restoration of the company's operations in Thailand and the expansion of production capacity in Malaysia, as well as associated costs for such restoration and expansion; uncertainties concerning the availability and cost of commodity materials and specialized product components and the adverse impacts of the Thailand flooding on such availability and

associated costs; delays in or failure to obtain any required regulatory approvals with respect to the company's planned acquisition of HGST, or failure to consummate or delay in consummating the transaction for other reasons; 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; and other risks and uncertainties listed in the company's filings with the Securities and Exchange Commission (the "SEC"), including the company's recent Form 10-Q filed with the SEC on Oct. 28, 2011, 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 the company 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.

¹ Non-GAAP net income for the second quarter fiscal 2012 consists of GAAP net income of \$145 million plus \$199 million for charges and expenses related to the flooding and \$14 million of acquisition-related expenses. Non-GAAP earnings per share of \$1.51 for the second quarter is calculated by using the same 237 million diluted shares as is used for GAAP earnings per share.

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

	<u>Dec. 30,</u> <u>2011</u>	<u>Jul. 1,</u> <u>2011</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,924	\$ 3,490
Accounts receivable, net	747	1,206
Inventories	466	577
Other	261	214
Total current assets	5,398	5,487
Property, plant and equipment, net	2,091	2,224
Goodwill	151	151
Other intangible assets, net	63	71
Other assets	104	185
Total assets	\$ 7,807	\$ 8,118
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 883	\$ 1,545
Accrued expenses	364	349
Accrued warranty	124	132
Current portion of long-term debt	181	144
Total current liabilities	1,552	2,170
Long-term debt	50	150
Other liabilities	282	310
Total liabilities	1,884	2,630
Total shareholders' equity	5,923	5,488
Total liabilities and shareholders' equity	\$ 7,807	\$ 8,118

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

	Three Months Ended		Six Months Ended	
	Dec. 30, 2011	Dec. 31, 2010	Dec. 30, 2011	Dec. 31, 2010
Revenue, net	\$ 1,995	\$ 2,475	\$ 4,689	\$ 4,871
Cost of revenue	1,347	2,000	3,500	3,959
Gross margin	648	475	1,189	912
Operating expenses:				
Research and development	191	169	384	336
Selling, general and administrative	96	66	185	125
Charges related to flooding	199	—	199	—
Total operating expenses	486	235	768	461
Operating income	162	240	421	451
Net interest and other	(2)	(1)	(3)	(1)
Income before income taxes	160	239	418	450
Income tax provision	15	14	34	28
Net income	145	\$ 225	\$ 384	\$ 422
Income per common share:				
Basic	\$ 0.62	\$ 0.98	\$ 1.64	\$ 1.83
Diluted	\$ 0.61	\$ 0.96	\$ 1.62	\$ 1.80
Weighted average shares outstanding:				
Basic	234	230	234	230
Diluted	237	235	237	235

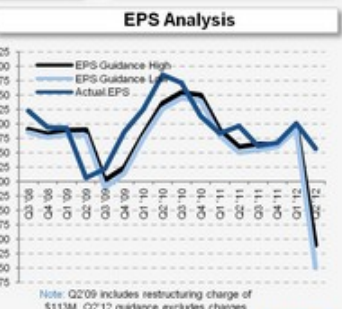
WESTERN DIGITAL CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions; unaudited)

	Three Months Ended		Six Months Ended	
	Dec. 30, 2011	Dec. 31, 2010	Dec. 30, 2011	Dec. 31, 2010
Cash flows from operating activities				
Net income	\$ 145	\$ 225	\$ 384	\$ 422
Adjustments to reconcile net income to net cash provided by operations:				
Depreciation and amortization	140	151	298	301
Stock-based compensation	24	18	41	37
Deferred income taxes	9	1	18	1
Non-cash portion of charges related to flooding	109	—	109	—
Changes in operating assets and liabilities	(49)	110	(120)	134
Net cash provided by operating activities	<u>378</u>	<u>505</u>	<u>730</u>	<u>895</u>
Cash flows from investing activities				
Purchases of property, plant and equipment	(120)	(250)	(253)	(450)
Cash used in investing activities	<u>(120)</u>	<u>(250)</u>	<u>(253)</u>	<u>(450)</u>
Cash flows from financing activities				
Employee stock plans, net	22	22	20	31
Repurchases of common stock	—	—	—	(50)
Repayment of long-term debt	(31)	(25)	(63)	(50)
Net cash used in financing activities	<u>(9)</u>	<u>(3)</u>	<u>(43)</u>	<u>(69)</u>
Net increase in cash and cash equivalents	249	252	434	376
Cash and cash equivalents, beginning of period	3,675	2,858	3,490	2,734
Cash and cash equivalents, end of period	<u>\$ 3,924</u>	<u>\$ 3,110</u>	<u>\$ 3,924</u>	<u>\$ 3,110</u>

Amounts in millions, except per share amounts, ASP percentages	Q3 FY08	Q4 FY08	Q1 FY09	Q2 FY09	Q3 FY09	Q4 FY09	Q1 FY10	Q2 FY10	Q3 FY10	Q4 FY10	Q1 FY11	Q2 FY11	Q3 FY11	Q4 FY11	Q1 FY12	Q2 FY12
TAM	131.5	131.0	145.5	123.8	111.4	135.4	152.4	103.4	163.3	156.2	164.0	167.5	159.5	169.8	176.3	118.9
Share	26.3%	26.7%	27.0%	28.6%	28.3%	29.9%	28.9%	30.9%	31.8%	30.9%	31.2%	31.2%	32.9%	32.9%	32.8%	23.9%
Units (HDD)	34.5	35.2	39.4	35.5	31.6	40.0	44.1	49.5	51.1	49.7	50.7	52.2	49.8	53.8	57.8	38.5
ASP	\$59	\$56	\$53	\$51	\$50	\$48	\$49	\$52	\$51	\$47	\$46	\$47	\$45	\$44	\$46	\$69
Revenue	\$2,111	\$1,993	\$2,109	\$1,823	\$1,592	\$1,928	\$2,208	\$2,619	\$2,641	\$2,382	\$2,396	\$2,475	\$2,252	\$2,403	\$2,694	\$1,995
Gross Margin %	22.6%	21.3%	20.1%	15.9%	15.9%	19.2%	23.3%	26.2%	25.2%	22.5%	18.2%	19.2%	18.2%	19.5%	20.1%	32.5%
SG&A	\$56	\$56	\$57	\$42	\$49	\$52	\$53	\$60	\$64	\$61	\$59	\$66	\$63	\$77	\$71	\$85
Other	\$ -	\$ -	\$ -	\$113	\$18	(\$23)	\$ -	\$ -	\$ -	\$ -	\$ -	\$10	\$32	\$38	\$58	\$210
Total Operating Expenses	\$179	\$184	\$190	\$274	\$192	\$161	\$195	\$214	\$224	\$242	\$226	\$235	\$252	\$297	\$282	\$486
Operating Income	\$298	\$241	\$234	\$116	\$61	\$209	\$319	\$473	\$441	\$292	\$211	\$240	\$158	\$172	\$259	\$162
Net Income	\$280	\$213	\$211	\$14	\$50	\$196	\$288	\$429	\$400	\$265	\$197	\$225	\$146	\$158	\$239	\$145
EPS	\$1.23	\$0.94	\$0.93	\$0.06	\$0.22	\$0.86	\$1.25	\$1.85	\$1.71	\$1.13	\$0.84	\$0.96	\$0.62	\$0.67	\$1.01	\$0.61
Diluted Shares Outstanding	227	227	226	224	226	227	230	232	234	235	234	235	236	237	237	237



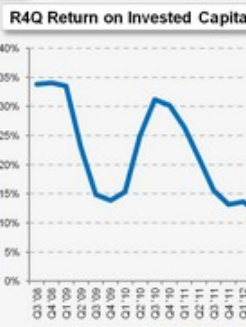
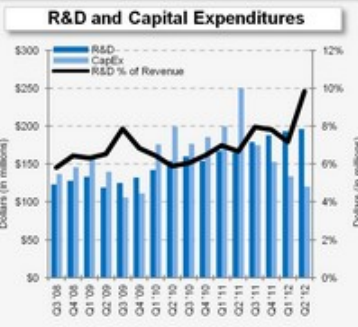
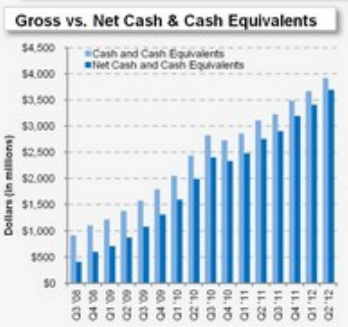
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Balance sheet, cash flow, earnings and share repurchase amounts in millions	Q3 FY08	Q4 FY08	Q1 FY09	Q2 FY09	Q3 FY09	Q4 FY09	Q1 FY10	Q2 FY10	Q3 FY10	Q4 FY10	Q1 FY11	Q2 FY11	Q3 FY11	Q4 FY11	Q1 FY12	Q2 FY12
Cash and Cash Equivalents	\$917	\$1,104	\$1,213	\$1,378	\$1,579	\$1,794	\$2,056	\$2,435	\$2,826	\$2,734	\$2,858	\$3,110	\$3,230	\$3,490	\$3,675	\$3,924
Debt	\$514	\$502	\$507	\$504	\$502	\$482	\$493	\$444	\$432	\$400	\$376	\$350	\$325	\$304	\$283	\$221
Net Cash and Cash Equivalents	\$403	\$602	\$706	\$872	\$1,077	\$1,312	\$1,563	\$1,991	\$2,401	\$2,334	\$2,483	\$2,760	\$2,905	\$3,186	\$3,412	\$3,693

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%
- Inventory Turns: 12-16 Turns
- Conversion Cycle: 4-8 Days



Page • 2 | Note: Unless otherwise noted, information is presented on a GAAP basis



Footnotes

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

Formulas

Share = Units / TAM

ASP = Revenue / Units

Free Cash Flow = Cash Flow from Operations – Capital Expenditures

EBITDA = Net income + Interest Expense + Income Tax Expense + Depreciation and Amortization

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

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



Non-GAAP Financial Measures

Free Cash Flow: Free cash flow is a non-GAAP financial measure defined as cash flows from operations less capital expenditures. We consider free cash flow to be useful as an indicator of our overall liquidity, as the amount of free cash flow generated in any period is representative of cash that is available for strategic opportunities including, among others, investing in the Company's business, making strategic acquisitions, strengthening the balance sheet, repaying debt and repurchasing stock. We also believe that free cash flow is one of several benchmarks used by investors for comparison of our liquidity with other companies in our industry, although our measure of free cash flow may not be directly comparable to similar measures reported by other companies. Free cash flow should not be construed as an alternative to cash flows from operations or other cash flow measurements determined in accordance with GAAP.

EBITDA: EBITDA is a non-GAAP financial measure defined as net income before interest, income tax expense, depreciation and amortization. We include information concerning EBITDA because we believe it is a useful measure to evaluate our operating performance. As a measure of our operating performance, we believe EBITDA provides a measure of operating results unaffected by differences in capital structures, capital investment cycles and ages of related assets among otherwise comparable companies. While EBITDA is a relevant and widely used measure of operating performance, it does not represent net income as defined by GAAP and it should not be considered as an alternative to that measure in evaluating operating performance.

	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
	FY08	FY08	FY08	FY08	FY08	FY08	FY10	FY10	FY10	FY10	FY11	FY11	FY11	FY11	FY12	FY12
Reconciliation of Cash Flows from Operations to Free Cash Flow																
Cash Flows from Operations	\$431	\$229	\$301	\$300	\$355	\$349	\$434	\$557	\$588	\$363	\$390	\$505	\$313	\$447	\$352	\$378
Capital Expenditures	(137)	(146)	(182)	(180)	(150)	(111)	(175)	(199)	(177)	(185)	(202)	(250)	(175)	(153)	(134)	(120)
Free Cash Flow	\$294	\$83	\$119	\$120	\$205	\$238	\$259	\$358	\$411	\$178	\$188	\$255	\$138	\$294	\$218	\$258
Reconciliation of Net Income to EBITDA																
Net Income	\$280	\$213	\$211	\$14	\$50	\$196	\$288	\$429	\$400	\$265	\$197	\$225	\$146	\$158	\$239	\$145
Interest Expense	8	4	4	9	3	2	2	2	1	1	-	1	(1)	2	1	2
Income Tax Expense	10	24	19	(7)	8	11	29	42	40	27	54	14	13	12	19	15
Depreciation and Amortization	111	113	117	122	119	122	121	128	128	134	150	151	151	150	158	140
EBITDA	\$409	\$354	\$351	\$138	\$180	\$331	\$440	\$599	\$599	\$427	\$351	\$391	\$309	\$322	\$417	\$302

