

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): October 19, 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 October 19, 1998, the registrant issued a press release announcing the results of its first quarter ending September 26, 1998.

A copy of this press release is attached as Exhibit 99.2.

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

Exhibit	Description
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99.2	Press Release dated October 19, 1998, regarding Western Digital Corporation's announcement of its first quarter 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: October 22, 1998

By: /s/ MICHAEL A. CORNELIUS

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

PRESS RELEASE

WESTERN DIGITAL ANNOUNCES FIRST QUARTER RESULTS

IRVINE, CA--October 19, 1998--Western Digital Corporation (NYSE:WDC) today reported revenue of \$651 million for its first quarter ending September 26, 1998. The Company reported a net loss of \$110.2 million or \$1.24 per share, excluding special charges of approximately \$85 million. Including the special charges, the Company had a net loss and net loss per share of \$194.7 million and \$2.20, respectively. In the year ago period, Western Digital reported revenue of \$1.09 billion, net income of \$62.7 million, and diluted earnings per share of \$.67.

Included in the first-quarter special charges was a \$77 million increase in warranty reserves associated with the Company's last generations of thin film (TF) desktop products. Western Digital completed the transition in its desktop business to the newer magneto resistive (MR) head technology in the June 1998 quarter. The increase in the warranty reserves is based on recent experience with thin film returns which indicates a slightly higher total return rate, higher cost of repair and a longer duration of returns within the warranty period. The current charge represents the Company's best estimate of the increase in the warranty obligation for these thin film products.

Western Digital is now sampling its fourth-generation MR product and has seen the best factory yields with these drives in the history of the Company. MR drives now comprise 100% of its desktop shipments.

The special charges also include a \$7.5 million provision for losses on terminated hedging contracts in the Malaysian ringgit currency due to the Malaysian government's imposition of currency controls.

Addressing the first quarter's performance, Chuck Haggerty, chairman, president and chief executive officer of Western Digital, stated: "The September quarter operating performance reflects tough -- albeit improving -- conditions in the desktop HDD industry, as well as some solid progress in the operations at Western Digital. Pricing remains competitive in the desktop space as the industry works off what is hopefully the last of its excess inventories. We continue to see improving demand from the PC OEMs.

"The key to our return to profitability is restoring our desktop business to market leadership," said Haggerty, citing several examples of progress on this front:

- * for the second consecutive quarter, desktop revenue from the world's leading PC makers increased.
- * for the second consecutive quarter, the percentage of overall revenue from OEM customers increased, to 69% versus 65% in the June 1998 quarter.
- * the WD Caviar 3.4GB/platter products reached volume production in the quarter as planned, with six major OEM customers completing qualification of the program.

- * 11 major OEM customers worldwide have committed to qualify WD's soon-to-be announced next generation MR desktop drive.
- * factory yields and quality levels on the Company's MR products continued to exceed Company historical highs.
- * development of the first WD drive featuring IBM technology under the new IBM agreement moved closer to ramp and qualification in the first half of calendar 1999.

"We have also maintained an intense focus on asset management," said Haggerty. "The cash balance at quarter's end was \$404 million, reflecting improved working capital management in a very challenging environment. Our total inventory turns improved to 16. This included a reduction of in-house finished goods as well as our inventory in the distribution channel.

"The focus in the quarters ahead will be on execution of new product programs in both the desktop and enterprise segments of our business, converting qualifications into primary supplier positions at top PC OEMs, and continued focus on improved asset management."

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, including statements relating to the special charges, industry demand, the Company's return to market leadership, development of new products, converting qualifications into primary supplier positions, and improved asset management. The forward looking statements are based on current management expectations, and actual results may differ materially as a result of several factors, including: the extent to which actual warranty expense may vary from the estimates included in the special charges, overall supply and customer demand in the hard drive industry; 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 27, 1998, and its other SEC filings. 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)

	THREE MONTHS ENDED		
	SEPT. 26, 1998	SEPT. 27, 1997	JUNE 27, 1998
Revenues, net.....	\$ 650,858	\$1,090,164	\$ 650,503
Costs and expenses:			
Cost of revenues	733,610	929,105	692,243
Research and development.....	51,921	42,302	70,010
Selling, general and administrative.....	57,332	46,694	50,719
Total costs and expenses.....	842,863	1,018,101	812,972
Operating income (loss)	(192,005)	72,063	(162,469)
Net interest income (expense).....	(2,653)	2,588	(250)
Income (loss) before income taxes.....	(194,658)	74,651	(162,719)
Provision for income taxes.....	--	11,944	--
Net income (loss).....	\$ (194,658)	\$ 62,707	\$ (162,719)
	=====	=====	=====
Earnings (loss) per common share:			
Basic.....	\$ (2.20)	\$.72	\$ (1.84)
Diluted.....	\$ (2.20)	\$.67	\$ (1.84)
	=====	=====	=====
Common shares used in computing per share amounts:			
Basic.....	88,545	86,742	88,226
Diluted.....	88,545	93,613	88,226
	=====	=====	=====

WESTERN DIGITAL CORPORATION
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	SEPT. 26, 1998	JUNE 27, 1998
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ASSETS		
Current assets:		
Cash and cash equivalents.....	\$ 404,153	\$ 459,830
Accounts receivable, net.....	378,295	369,013
Inventories.....	167,503	186,516
Prepaid expenses.....	35,572	36,763
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Total current assets.....	985,523	1,052,122
Property and equipment, net.....	350,888	346,987
Intangible and other assets, net.....	40,465	43,579
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Total assets.....	\$1,376,876	\$1,442,688
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable.....	\$ 403,336	\$ 330,130
Accrued expenses.....	304,522	258,449
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Total current liabilities.....	707,858	588,579
Long-term debt.....	525,307	519,188
Deferred income taxes.....	16,949	17,163
Shareholders' equity:		
Common stock, \$.01 par value.....	887	883
Additional paid-in capital.....	122,684	119,026
Retained earnings.....	3,191	197,849
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Total shareholders' equity.....	126,762	317,758
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Total liabilities and shareholders' equity	\$1,376,876	\$1,442,688
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