

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): July 28, 2005

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)

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 July 28, 2005, Western Digital Corporation (the "Company") announced financial results for the fourth fiscal quarter and fiscal year ended July 1, 2005. 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 the Company's Investor Information Summary for the fiscal quarter ended July 1, 2005 is attached hereto as Exhibit 99.2 and is incorporated herein by reference.

The Company's press release reports net income and earnings per share on a GAAP and a non-GAAP basis for the fourth fiscal quarter and full fiscal year ended July 1, 2005 and for the full fiscal year ended July 2, 2004. The non-GAAP measures presented in the press release for the fourth fiscal quarter and full fiscal year ended July 1, 2005 exclude a \$19 million charge for the settlement of a lawsuit. Including this item, net income on a GAAP basis was \$41.2 million, or \$.19 per share, for the fourth fiscal quarter ended July 1, 2005 and \$198.4 million, or \$.91 per share, for the full fiscal year ended July 1, 2005. The non-GAAP measures presented for the full fiscal year ended July 2, 2004 exclude \$50.4 million of start-up expenses and other one-time charges related to the Company's acquisition of the assets of Read-Rite Corp. in July 2003, reduced by \$1.3 million, the amount of tax expense that would have been recorded had these charges not been incurred. Including these items, net income on a GAAP basis was \$151.3 million, or \$.70 per share, for the full fiscal year ended July 2, 2004. The Company believes that the non-GAAP measures presented in the press release are useful to investors in comparing the results of the quarter and the full fiscal year with prior periods because they provide investors with a basis to measure the core operating performance of the Company's business against prior periods without regard to the settlement charge, start-up expenses and other one-time charges described above. Non-GAAP financial

measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with GAAP. As used herein, “GAAP” refers to accounting principles generally accepted in the United States.

In accordance with General Instruction B.2 of Form 8-K, the information in this Current Report on Form 8-K, 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, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

SIGNATURES

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 hereunto duly authorized.

WESTERN DIGITAL CORPORATION

By: /s/ Raymond M. Bukaty

Raymond M. Bukaty

Senior Vice President, Administration, General

Counsel and Secretary

Dated: July 28, 2005

INDEX TO EXHIBITS

<u>Exhibit</u>	<u>Description</u>
99.1	Press Release issued by Western Digital Corporation on July 28, 2005 announcing financial results for the fourth fiscal quarter and fiscal year ended July 1, 2005.
99.2	Fourth Quarter Fiscal Year 2005 Western Digital Corporation Investor Information Summary.

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FOR IMMEDIATE RELEASE:

**WD ANNOUNCES FOURTH QUARTER REVENUE OF
\$940 MILLION AND NET INCOME OF \$.19 PER SHARE, INCLUDING \$19 MILLION
CHARGE, OR EPS OF \$.27 ON NON-GAAP BASIS**

Strong Demand in PC and Consumer Markets Spurs Solid Financial Performance

LAKE FOREST, Calif. — July 28, 2005 — Western Digital Corp. (NYSE: WDC) today reported revenue of \$940 million on shipments of approximately 15.8 million units, and net income of \$41.2 million, or \$.19 per share for its fourth fiscal quarter ended July 1, 2005, including a previously-announced \$19 million charge for settlement of a lawsuit. On a non-GAAP basis, net income was \$60.2 million, or \$.27 per share. Gross margin for the quarter was 17.0 percent.

These results represented strong year-over-year performance, including 26 percent unit growth, 26 percent growth in revenue versus \$749 million in the year ago period and 39 percent growth in net income over the \$29.6 million reported last year. The growth in net income on a non-GAAP basis was 103 percent. A year ago, the company reported earnings of \$.14 per share in the fiscal fourth quarter, shipped 12.5 million units, and posted gross margin of 13.5 percent.

WD Announces Fourth Quarter Revenue of \$940 Million and
Net Income of \$.19 Per Share, Including \$19 Million Charge,
or EPS of \$.27 on Non-GAAP Basis
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From a balance sheet perspective, the company's cash and short-term investments at the end of the quarter grew to \$598 million, an increase of \$24 million from the March quarter. The company generated \$113 million in cash from operations in the June quarter. It also repurchased 1.7 million shares for approximately \$21.7 million in the June quarter. Since the inception of the share repurchase program in May 2004, the company has repurchased 6.7 million shares for approximately \$61 million.

"We continue to increase our presence in markets for hard drives such as notebook PCs, enterprise applications and personal and digital video recorders while maintaining our leadership in the high-volume desktop PC business," said Matt Massengill, chairman and chief executive officer of Western Digital. "We saw healthy demand in all of our markets in what is typically the slowest quarter of the year for our industry."

WD indicated that 23 percent of its Q4 revenue was derived from sources including consumer electronics, enterprise applications, notebook PCs and retail sales. Seventy-seven percent of the company's fourth quarter revenue came from hard drives configured into desktop PCs. This compares with a mix in the year-ago quarter of 15 percent non-desktop PC revenue, 85 percent desktop PC revenue. In fiscal 2005, WD funded, developed or launched several new products aimed at the consumer electronics segments for personal and digital video recorders (PVR/DVR) and handheld devices and at the markets for notebook PCs, enterprise and retail consumer storage.

For the year ended July 1, 2005, WD reported revenue of \$3.6 billion, net income of \$198.4 million and diluted earnings per share of \$.91, compared to \$3.0 billion, \$151.3 million and \$.70, respectively, for the prior year ended July 2, 2004. The fiscal 2005 results included the \$19 million charge for the lawsuit settlement. Excluding this item, net income on a non-GAAP basis would have been \$217.4 million, or \$1.00 per share. In the year-ago period, net income included \$50.4 million of start-up expenses and other one-time charges related to the Read-Rite asset acquisition. Excluding these items and the related tax effects, net income on a non-GAAP basis would have been \$200.4 million, or \$.92 per share.¹

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. PDT/5 p.m. EDT and archived at <http://www.westerndigital.com/invest> -- click on Conference Calls. A telephone replay will also be available at 800.774.9245 (toll-free) or 402.220.0379 (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 close-at-hand and secure from loss.

WD was founded in 1970. The company's storage products are marketed to leading systems manufacturers and selected resellers 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.

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Western Digital is a registered trademark and WD and the Western Digital logo are trademarks of Western Digital Technologies, Inc. All other trademarks herein are property of their respective owner.

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1. The net income amount of \$217.4 million, or \$1.00 per share, for fiscal 2005 is a non-GAAP measure that excludes a \$19 million charge for settlement of a lawsuit. The net income amount of \$200.4 million, or \$.92 per share, for fiscal 2004 is a non-GAAP measure that excludes \$50.4 million of start-up expenses and other one-time charges related to the Read-Rite asset acquisition, reduced by \$1.3 million, the amount of tax expense that would have been recorded had these charges not been incurred.
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WESTERN DIGITAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(in millions, except per share amounts)
(unaudited)

	Three Months Ended			Year Ended	
	Jul. 1, 2005	Apr. 1, 2005	Jul. 2, 2004	Jul. 1, 2005	Jul. 2, 2004
Revenue, net	\$940.4	\$919.9	\$748.8	\$3,638.8	\$3,046.7
Cost of revenue	780.9	752.9	647.9	3,049.0	2,585.1
Gross margin	<u>159.5</u>	<u>167.0</u>	<u>100.9</u>	<u>589.8</u>	<u>461.6</u>
Operating expenses:					
Research and development	64.1	60.7	46.8	238.5	201.0
Selling, general and administrative	57.0	35.6	24.3	154.4	105.7
Total operating expenses	<u>121.1</u>	<u>96.3</u>	<u>71.1</u>	<u>392.9</u>	<u>306.7</u>
Operating income	38.4	70.7	29.8	196.9	154.9
Net interest and other income (expense)	2.7	1.9	(0.1)	5.4	0.3
Income before income taxes	41.1	72.6	29.7	202.3	155.2
Income tax benefit (expense)	0.1	(1.8)	(0.1)	(3.9)	(3.9)
Net income	<u>\$ 41.2</u>	<u>\$ 70.8</u>	<u>\$ 29.6</u>	<u>\$ 198.4</u>	<u>\$ 151.3</u>
Net income per common share:					
Basic	<u>\$.19</u>	<u>\$.34</u>	<u>\$.14</u>	<u>\$.96</u>	<u>\$.74</u>
Diluted	<u>\$.19</u>	<u>\$.32</u>	<u>\$.14</u>	<u>\$.91</u>	<u>\$.70</u>
Common shares used in computing per share amounts:					
Basic	<u>211.4</u>	<u>208.8</u>	<u>206.5</u>	<u>207.6</u>	<u>205.7</u>
Diluted	<u>222.6</u>	<u>218.7</u>	<u>215.5</u>	<u>216.9</u>	<u>216.7</u>

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

	Jul. 1, 2005	Jul. 2, 2004*
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 485.2	\$ 345.5
Short-term investments	113.2	32.3
Accounts receivable, net	402.9	313.1
Inventories	152.9	148.6
Other	27.0	17.8
Total current assets	1,181.2	857.3
Property and equipment, net	395.0	274.7
Other assets, net	12.4	27.2
Total assets	<u>\$1,588.6</u>	<u>\$1,159.2</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 569.1	\$ 434.9
Accrued expenses	154.1	90.4
Accrued warranty	75.2	46.4
Current portion of long-term debt	20.1	15.2
Total current liabilities	818.5	586.9
Long-term debt	32.6	52.7
Other liabilities	35.4	32.0
Shareholders' equity:		
Common stock	2.1	2.1
Additional paid-in capital	684.5	668.4
Retained earnings (accumulated deficit)	15.5	(182.9)
Total shareholders' equity	<u>702.1</u>	<u>487.6</u>
Total liabilities and shareholders' equity	<u>\$1,588.6</u>	<u>\$1,159.2</u>

* Certain reclassifications have been made to previously reported 2004 cash and cash equivalents to conform to the current period presentation.

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

	Year Ended	
	Jul. 1, 2005*	Jul. 2, 2004*
Cash flows from operating activities:		
Net income	\$ 198.4	\$ 151.3
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	134.8	101.7
In-process research and development expense	—	25.6
Changes in operating assets and liabilities	127.5	(88.6)
Net cash provided by operating activities	<u>460.7</u>	<u>190.0</u>
Cash flows from investing activities:		
Capital expenditures, net	(233.4)	(131.7)
Short-term investments	(80.9)	(32.3)
Asset acquisition, net of cash acquired	—	(94.8)
Net cash used for investing activities	<u>(314.3)</u>	<u>(258.8)</u>
Cash flows from financing activities:		
Proceeds from shares issued under employee plans	57.8	23.9
Repurchase of common stock	(45.0)	(16.0)
Repayment of long-term debt	(19.5)	(0.6)
Net proceeds from long-term debt	—	13.8
Net cash (used for) provided by financing activities	<u>(6.7)</u>	<u>21.1</u>
Net increase (decrease) in cash and cash equivalents	139.7	(47.7)
Cash and cash equivalents, beginning of period	345.5	393.2
Cash and cash equivalents, end of period	<u>\$ 485.2</u>	<u>\$ 345.5</u>

* Certain reclassifications have been made to previously reported 2004 cash and cash equivalents to conform to the current period presentation.

WESTERN DIGITAL CORPORATION
 INVESTOR INFORMATION SUMMARY
 Q4 FY2005 (All \$ amounts in millions)

	Q4 FY04	Q1 FY05	Q2 FY05	Q3 FY05	Q4 FY05
REVENUE:	\$ 749	\$ 824	\$ 955	\$ 920	\$ 940
REVENUE BY CHANNEL:					
OEM	53%	59%	58%	56%	57%
DISTRIBUTORS	41%	35%	35%	37%	38%
RETAIL	6%	6%	7%	7%	5%
REVENUE BY GEOGRAPHY:					
AMERICAS	44%	40%	38%	36%	38%
EUROPE	27%	30%	32%	30%	25%
ASIA	29%	30%	30%	34%	37%
REVENUE CONCENTRATION:					
10 LARGEST CUSTOMERS	54%	52%	49%	45%	48%
HARD DRIVE UNITS (in millions):	12.5	14.2	16.2	15.3	15.8
WORLDWIDE HEADCOUNT:	17,328	20,760	21,565	22,426	23,161
ASSET MANAGEMENT:					
DAYS SALES OUTSTANDING	38	44	37	39	39
INVENTORY DETAIL:					
RAW MATERIALS	\$ 26	\$ 11	\$ 12	\$ 15	\$ 14
WORK IN PROCESS	52	45	50	53	60
FINISHED GOODS	71	88	56	68	79
TOTAL INVENTORY, NET	\$ 149	\$ 144	\$ 118	\$ 136	\$ 153
INVENTORY TURNS	17	20	27	22	20