

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 19, 1999

WESTERN DIGITAL CORPORATION
(EXACT NAME OF REGISTRANT AS SPECIFIED IN CHARTER)

Delaware (STATE OR OTHER JURISDICTION OF INCORPORATION)	001-08703 (COMMISSION FILE NUMBER)	95-264-7125 (IRS EMPLOYER IDENTIFICATION NO)
---	--	--

8105 Irvine Center Drive Irvine, California (ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	92618 (ZIP CODE)
--	---------------------

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

Not Applicable
(FORMER NAME OR FORMER ADDRESS, IF CHANGED SINCE LAST REPORT)

INFORMATION TO BE INCLUDED IN THE REPORT

ITEM 5. OTHER EVENTS.

On January 19, 1999, the registrant issued a press release announcing the results of its second quarter ending December 26, 1998

A copy of this press release is attached as Exhibit 99.1.

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

Exhibit -----	Description -----
99.1	Press Release dated January 19, 1999, regarding Western Digital Corporation's announcement of its second quarter results.

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.

WESTERN DIGITAL CORPORATION

Date: January 19, 1999

By: /s/ MICHAEL A. CORNELIUS

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

Company Contact:
Robert J. Blair
Investor Relations
212.867.4490
bob.blair@wdc.com

Brenda J. Bennett
Press Relations
949.932.6006
brenda.j.bennett@wdc.com

WESTERN DIGITAL ANNOUNCES SECOND QUARTER RESULTS;
COMBINES ITS OPERATING ORGANIZATIONS

Streamlining moves improve efficiency, competitiveness;
one of three HDD manufacturing plants to be closed

IRVINE, Calif., -- January 19, 1999 -- Western Digital Corporation (NYSE:WDC) today reported revenue of \$738.6 million for its second quarter ended December 26, 1998. The Company reported a net loss of \$82.3 million or \$.93 per share. In the year-ago period, the Company posted revenue of \$969.6 million with a net loss of \$145.2 million or \$1.66 per share, including special charges of approximately \$148 million. Unit shipments in the quarter reached 5.4 million, compared with 4.6 million units in the September 1998 quarter.

The quarterly loss of \$.93 per share compares with Wall Street analysts' consensus estimate for the December quarter of a loss of \$.99 per share.

For the six months ended December 26, 1998, revenue was \$1.4 billion and the net loss and net loss per share were \$276.9 million and \$3.12, respectively, including special charges of approximately \$85 million recorded in the first quarter. This compares with year-earlier revenues, net loss and net loss per share of \$2.06 billion, \$82.5 million and \$.95, respectively, including special charges of approximately \$148 million.

As the Company continues its gradual recovery from the effects of an industry-wide downcycle, it also announced the combination of its Personal Storage Division and Enterprise Storage Group into a single hard disk drive operating unit. The new Drive Products Division (DPD) has consolidated design, manufactur-

ing, materials, business and product marketing resources to address both the desktop and enterprise markets. The move will result in efficiencies in every operating area from marketing, research and development to manufacturing and procurement, as well as a clear, consistent and complete product roadmap leveraging all technologies.

As a result of streamlining the two operations, the production of WD Enterprise drives will be transferred from the Tuas, Singapore site to the Company's nearby facility in Chai-Chee, Singapore. The Tuas facility will be closed. A reduction of as many as 750 employees worldwide is expected to result from the combination of organizations and the plant closure. Write-offs of fixed assets and employee severance and relocation costs relating to these changes will result in a charge of approximately \$45 million to Western Digital's results for the third fiscal quarter ending March 27, 1999. After these steps, WD's worldwide employment will stand at approximately 12,000, compared with a peak of approximately 16,000 in October, 1997.

The Drive Products Division will be led by Matt Massengill, executive vice president, who has been general manager of the Personal Storage Division and, prior to that assignment, led the Enterprise Storage Group. Reporting to Massengill will be all hard drive operations, including research and development, business and product marketing, quality, new product introduction, service and repair, and media manufacturing. The enterprise storage operation in Rochester, Minnesota, will continue as the research and design center for enterprise-class products.

Western Digital chairman, president and chief executive officer Chuck Haggerty commented, "The second quarter results reflect sustained gradual improvement in Western Digital's financial performance and improvement in hard drive industry demand, pricing and inventory levels. For the third consecutive quarter, Company revenue and unit shipments increased, operating losses decreased and gross margin improved. Inventory turns also increased, to 18, and our cash position significantly exceeded plan at \$354 million, reflecting the efficiencies of the Company's asset management program and improved linearity of the business.

"We made major progress in the second quarter. The 4.3GB/platter WD Caviar drive--the industry's only drive to ship with the advanced ATA/66 interface capability--has completed qualification at nine major OEM customers, and unit shipments of this platform will account for the vast majority of our third quarter mix. Our new desktop drives based on the special agreement with IBM--featuring Giant MR heads and 7200

RPM technology--have been transferred to Singapore for volume manufacturing and are in qualification at OEMs. As previously announced, we entered into a strategic relationship in December with Sony Corporation, to co-develop a new hard drive for consumer audio-video applications, part of our effort to leverage WD's rotating magnetic storage expertise into non-PC related markets.

"In the enterprise storage business, our new low-profile WD Enterprise 18GB drive--the industry's first low-profile drive at that capacity--is in qualification at major OEMs and has received very positive recognition for its performance. Each of these new products contains WD's leading-edge DataLifeguard technology, an important data reliability feature.

"WD's revenue from the world's leading desktop PC customers increased for the third consecutive quarter and is expected to rise again in the March quarter. Our challenges in returning the Company to profitability remain the continued solid execution on new desktop and enterprise drive programs in the quarters ahead and the conversion of that execution into additional or new business at major PC and enterprise-class OEM customers."

Commenting on the consolidation of the two business units, Haggerty stated, "The operating model in the global disk drive business has changed, and now more than ever efficiency is of paramount importance. Our desktop and enterprise hard drive operations have many customers, suppliers, technologies and manufacturing techniques in common, so the case to combine them is a compelling one. The single division will drive out redundant activities and create efficiencies across the board.

"We remain focused and committed to serving both the desktop and enterprise segments of the hard drive business, as well as exploring ways to leverage our expertise in rotating magnetic storage into other storage solutions for our customers. These steps will improve our market responsiveness, product planning, purchasing power and facilities utilization in our current markets, and, longer term, the Company's overall business model."

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 home page can be found at <http://www.westerndigital.com>.

This release contains forward-looking statements, including statements relating to expected unit shipments in the third quarter, the effects of combining the desktop and enterprise hard drive groups into one operating unit, the special charges relating to closure of the Singapore manufacturing facility, the Rochester research and design center, and development of products for non-PC related markets and other storage solutions. The forward looking statements are based on current management expectations, and actual results may differ materially as a result of several factors, including: implementation of the business consolidation and plant closure; the extent to which the actual special charge may vary from current estimates; development of non-traditional markets for hard drives; 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; 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, its most recent Form 10-Q, 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			SIX MONTHS ENDED	
	DEC. 26, 1998	DEC. 27, 1997	SEPT. 26, 1998	DEC. 26, 1998	DEC. 27, 1997
Revenues, net	\$ 738,590	\$ 969,564	\$ 650,858	\$ 1,389,448	\$ 2,059,728
Costs and expenses:					
Cost of revenues	719,423	1,025,112	733,610	1,453,033	1,954,217
Research and development	50,363	44,472	51,921	102,284	86,774
Selling, general and administrative	47,819	47,178	57,332	105,151	93,872
Total costs and expenses .	817,605	1,116,762	842,863	1,660,468	2,134,863
Operating loss	(79,015)	(147,198)	(192,005)	(271,020)	(75,135)
Net interest income (expense)	(3,238)	2,015	(2,653)	(5,891)	4,603
Loss before income taxes	(82,253)	(145,183)	(194,658)	(276,911)	(70,532)
Provision for income taxes	--	--	--	--	11,944
Net loss	\$ (82,253)	\$ (145,183)	\$ (194,658)	\$ (276,911)	\$ (82,476)
Loss per common share:					
Basic	\$ (.93)	\$ (1.66)	\$ (2.20)	\$ (3.12)	\$ (.95)
Diluted	\$ (.93)	\$ (1.66)	\$ (2.20)	\$ (3.12)	\$ (.95)
Common shares used in computing per share amounts:					
Basic	88,888	87,319	88,545	88,717	87,030
Diluted	88,888	87,319	88,545	88,717	87,030

WESTERN DIGITAL CORPORATION

CONSOLIDATED BALANCE SHEETS

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	DEC. 26, 1998	SEPT. 26, 1998
	-----	-----
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 353,660	\$ 404,153
Accounts receivable, net	371,960	378,295
Inventories	160,974	167,503
Prepaid expenses	24,975	35,572
	-----	-----
Total current assets	911,569	985,523
Property and equipment, net	342,779	350,888
Intangible and other assets, net	42,174	40,465
	-----	-----
Total assets	\$ 1,296,522	\$ 1,376,876
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 386,004	\$ 403,336
Accrued expenses	314,771	304,522
	-----	-----
Total current liabilities	700,775	707,858
Long-term debt	531,505	525,307
Deferred income taxes	16,711	16,949
Shareholders' equity:		
Common stock, \$.01 par value	891	887
Additional paid-in capital	125,702	122,684
Retained earnings (deficit)	(79,062)	3,191
	-----	-----
Total shareholders' equity	47,531	126,762
	-----	-----
Total liabilities and shareholders' equity.....	\$ 1,296,522	\$ 1,376,876
	=====	=====