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Western Digital Corporation F3Q09 (Qtr End 03/31/09) Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions). Our first question comes from Sherri Scribner - Deutsche Bank

Sherri Scribner - Deutsche Bank

Clearly this quarter you guys lost a little bit of share in 3.5 and 2.5 inch. What would be your plans going forward for share gains? Do you see a new pattern emerging where you want to be more cautious about share gains in your focus on profitability or do you still plan on additional share gains as we move through the year?

John Coyne

Our objective remains sustained profitable growth. Over the past five years or so, we've been putting together a broad product portfolio addressing multiple segments of the market. We have been successful in growing our position in each of those segments to a substantial level. Having achieved that balanced business portfolio, that affords us the ability tactically in any given quarter to be able to address market conditions by segment and manage the portfolio to achieve solid overall results.

Where on an overall drive industry basis, we maintained share. We gained a little bit in desktop. We lost a bit in the 2.5 inch space. When I say we lost it, we know exactly where it is. We haven't actually misplaced it. As we look forward into the market, we continue with our profitable sustainable growth, we will continue to pursue growth in our existing market segments as that offers us appropriate rewards and continue to grow in new segments as we've indicated an intention to enter the enterprise, mission critical space and with the recent acquisition of the solid state business unit.

So you can expect that WD will continue to pursue sustained profitable growth.

Sherri Scribner - Deutsche Bank

In terms of gross margin, I'm a little surprised that the gross margin guidance is down a bit. Is there anything particular we should think about there? Is that related to the 14-week quarter and do you see that as sort of a bottom for the gross margin?

Tim Leyden

When we look at the fourth quarter, generally it's our most challenging quarter from a historical and seasonal viewpoint. In this quarter, we will incur 14 weeks of utilization and we won't necessarily be able to have the sort of proportional increase due to the 14th week that we would normally anticipate.

Operator

Next question comes from David Bailey - Goldman Sachs

David Bailey - Goldman Sachs

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