

[21606002]



Other makers of video controller equipment also were caught in the EGA-VGA shift , he said , " but we were able to respond much more quickly . "

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Still , Mr. Johnson said , " our stock is grossly undervalued . "

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He said the company has cut operating expenses by about 10 % over the last few quarters , while maintaining research and development at about 8 % to 9 % of sales .

[21606019]

As part of its reorganization this week , Western Digital has divided its business into two segments - storage products , including controllers and disk drives ; and microcomputer products , which include graphics , communications and peripheral control chips .

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Graphics , communications and peripheral control chips were combined because , increasingly , multiple functions are being governed by a single chip .

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Storage , which includes computer controllers and 3.5-inch disk drives , represents nearly two-thirds of the company 's business .

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Disk drives , which allow a computer to access its memory , generated 38 % more revenue in the most recent period compared with the fiscal first quarter a year earlier .

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As smaller and more powerful computers continue to be the focus of the industry , he said , Western Digital is strengthening development of laptop parts .

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The plan will help the company in its existing joint manufacturing agreement with AT&T .

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About half of Western Digital 's business is overseas , and Mr. Johnson expects that proportion to continue .

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Capitalizing on that presence , Western Digital is launching a major effort to develop the embryonic reseller market in Europe .