SanDisk Corporation

Reconciliation of Preliminary Non-GAAP to GAAP Statement of Operations

Three months ended January 1, 2012

(in thousands, except percentages and per share amounts, unaudited)

	Non-GAAP	% of Revenue	Share-based Compensation	Purchase Accounting Adjustments	Convertible Debt Interest	Other	GAAP	% of Revenue
Product revenues	$ 1,473,444	93.4%	$ -	$ -	$ -	$ -	$ 1,473,444	93.4%
License and royalty revenues	103,476	6.6%	-	-	-	-	103,476	6.6%
Total revenues	**1,576,920**	**100.0%**	-	-	-	-	**1,576,920**	**100.0%**
Cost of product revenues	900,635	61.1% (a)	1,358	-	-	-	901,993	61.2% (a)
Amortization of acquisition-related intangible assets	-	- (a)	-	13,186 (b)	-	-	13,186	0.9% (a)
Total cost of product revenues	900,635	61.1% (a)	1,358	13,186	-	-	915,179	62.1% (a)
Product gross profit	572,809	38.9% (a)	(1,358)	(13,186)	-	-	558,265	37.9% (a)
Total gross profit	676,285	42.9%	(1,358)	(13,186)	-	-	661,741	42.0%
Research and development	136,299	8.6%	10,929	-	-	-	147,228	9.3%
Sales and marketing	52,380	3.3%	2,847	-	-	-	55,227	3.5%
General and administrative	38,448	2.4%	3,298	-	-	-	41,746	2.6%
Amortization of acquisition-related intangible assets	-	-	-	1,877 (b)	-	-	1,877	0.1%
Total operating expenses	227,127	14.4%	17,074	1,877	-	-	246,078	15.6%
Operating income	449,158	28.5%	(18,432)	(15,063)	-	-	415,663	26.4%
Other income (expense)	24,187	1.5%	-	-	(21,316) (c)	-	2,871	0.2%
Income before income taxes	473,345	30.0%	(18,432)	(15,063)	(21,316)	-	418,534	26.5%
Provision for income taxes	156,204	9.9%	(7,878) (d)	(1,840) (d)	(7,655) (d)	(1,520) (d)	137,311	8.7%
Net income	**$ 317,141**	**20.1%**	**$ (10,554)**	**$ (13,223)**	**$ (13,661)**	**$ 1,520**	**$ 281,223**	**17.8%**
Net income per share, diluted	**$ 1.29**						**$ 1.14**	
Diluted shares used in computing net income per share	246,595						246,543	
Effective tax rate	33.0%						32.8%	

(a) Percent of revenue calculations for cost of product revenues and product gross profit are based on product revenues only (license and royalty revenues are excluded).
(b) Amortization of acquisition-related intangible assets, primarily core technology, developed technology, customer relationships and trademarks related to acquisition of Matrix Semiconductor, Inc. (1/06) and Pliant Technology, Inc (5/11).
(c) Incremental interest expense related to the non-cash economic interest expense associated with the Company's 1% Sr. Convertible Notes due 2013 and 1.5% Sr. Convertible Notes due 2017.
(d) Income taxes associated with certain non-GAAP to GAAP adjustments.

SanDisk Corporation

Reconciliation of Preliminary Non-GAAP to GAAP Statement of Operations

Twelve months ended January 1, 2012

(in thousands, except percentages and per share amounts, unaudited)

	Non-GAAP	% of Revenue	Share-based Compensation	Purchase Accounting Adjustments	Convertible Debt Interest	Other	GAAP	% of Revenue
Product revenues	$ 5,287,555	93.4%	$ -	$ -	$ -	$ -	$ 5,287,555	93.4%
License and royalty revenues	374,590	6.6%	-	-	-	-	374,590	6.6%
Total revenues	**5,662,145**	**100.0%**	-	-	-	-	**5,662,145**	**100.0%**
Cost of product revenues	3,178,583	60.1% (a)	4,674	-	-	-	3,183,257	60.2% (a)
Amortization of acquisition-related intangible assets	-	- (a)	-	39,742 (b)	-	-	39,742	0.8% (a)
Total cost of product revenues	3,178,583	60.1% (a)	4,674	39,742	-	-	3,222,999	61.0% (a)
Product gross profit	2,108,972	39.9% (a)	(4,674)	(39,742)	-	-	2,064,556	39.0% (a)
Total gross profit	2,483,562	43.9%	(4,674)	(39,742)	-	-	2,439,146	43.1%
Research and development	513,196	9.1%	34,177	-	-	-	547,373	9.7%
Sales and marketing	188,829	3.3%	10,593	-	-	-	199,422	3.5%
General and administrative	144,100	2.5%	13,666	-	-	-	157,766	2.8%
Amortization of acquisition-related intangible assets	-	-	-	4,485 (b)	-	-	4,485	0.1%
Total operating expenses	846,125	14.9%	58,436	4,485	-	-	909,046	16.1%
Operating income	1,637,437	28.9%	(63,110)	(44,227)	-	-	1,530,100	27.0%
Other income (expense)	58,008	1.0%	-	-	(111,354) (c)	-	(53,346)	(0.9%)
Income before income taxes	1,695,445	29.9%	(63,110)	(44,227)	(111,354)	-	1,476,754	26.1%
Provision for income taxes	557,437	9.8%	(19,587) (d)	(5,698) (d)	(40,564) (d)	(1,824) (d)	489,764	8.6%
Net income	**$ 1,138,008**	**20.1%**	**$ (43,523)**	**$ (38,529)**	**$ (70,790)**	**$ 1,824**	**$ 986,990**	**17.4%**
Net income per share, diluted	**$ 4.65**						**$ 4.04**	
Diluted shares used in computing net income per share	244,568						244,553	
Effective tax rate	32.9%						33.2%	

(a) Percent of revenue calculations for cost of product revenues and product gross profit are based on product revenues only (license and royalty revenues are excluded).
(b) Amortization of acquisition-related intangible assets, primarily core technology, developed technology, customer relationships and trademarks related to acquisition of Matrix Semiconductor, Inc. (1/06) and Pliant Technology, Inc (5/11).
(c) Incremental interest expense related to the non-cash economic interest expense associated with the Company's 1% Sr. Convertible Notes due 2013 and 1.5% Sr. Convertible Notes due 2017, and non-cash change in fair value of the liability component of the repurchased portion of the 1% Sr. Convertible Notes due 2013.
(d) Income taxes associated with certain non-GAAP to GAAP adjustments.