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# SANDISK ANNOUNCES FOURTH QUARTER AND 2012 YEAR-END RESULTS

- Delivers fourth quarter revenue of \$1.54 billion with record SSD & Embedded sales
- Gross margin improvements drive substantial sequential earnings growth

MILPITAS, Calif., January 23, 2013 - SanDisk Corporation (NASDAQ: SNDK), a global leader in flash memory storage solutions, announced today results for the fourth quarter and fiscal year ended December 30, 2012. Total fourth quarter revenue of \$1.54 billion decreased 2% on a year-over-year basis and increased 21% on a sequential basis. Total revenue for fiscal 2012 of \$5.05 billion decreased 11% from \$5.66 billion in fiscal 2011.

On a GAAP<sup>(1)</sup> basis, fourth quarter net income was \$214 million, or \$0.87 per diluted share, compared to net income of \$281 million, or \$1.14 per diluted share, in the fourth quarter of fiscal 2011 and \$77 million, or \$0.31 per diluted share, in the third quarter of fiscal 2012. Net income for fiscal 2012 was \$417 million, or \$1.70 per diluted share compared to \$987 million, or \$4.04 per diluted share in fiscal 2011.

On a non-GAAP<sup>(2)</sup> basis, fourth quarter net income was \$257 million, or \$1.05 per diluted share, compared to net income of \$317 million, or \$1.29 per diluted share, in the fourth quarter of fiscal 2011 and net income of \$118 million, or \$0.48 per diluted share, in the third quarter of fiscal 2012. Net income for fiscal 2012 was \$582 million, or \$2.38 per diluted share compared to \$1.14 billion, or \$4.65 per diluted share in fiscal 2011. For reconciliation of non-GAAP to GAAP results, see accompanying financial tables and footnotes.

"SanDisk ended 2012 with strong momentum in our SSD business, which contributed 10% of our Q4 revenue. We are now supplying client SSDs to ten leading PC OEMs and our enterprise SSDs are qualified at a fourth storage OEM," said Sanjay Mehrotra, president and chief executive officer of SanDisk. "We drove solid sequential growth in our embedded mobile products and continued to execute well in our retail business. We believe that our broadening customer engagements and expanding product portfolio position us well for strong profitability in 2013."

# **FOURTH QUARTER 2012 KEY FINANCIAL METRICS**

Metric	GAAP			Non-GAAP		
in millions of US\$, except %	Q412	Q411	Q312	Q412	Q411	Q312
Revenue	\$1,542	\$1,577	\$1,273	\$1,542	\$1,577	\$1,273
Gross Profit	\$603	\$662	\$383	\$615	\$676	\$395
% of revenue	39.1%	42.0%	30.1%	39.9%	42.9%	31.0%
Operating Income	\$336	\$416	\$132	\$368	\$449	\$164
% of revenue	21.8%	26.4%	10.4%	23.9%	28.5%	12.9%

At the end of the fourth quarter, SanDisk's cash and short and long-term marketable investments totaled \$5.71 billion.

# **CONFERENCE CALL**

SanDisk's fourth quarter of fiscal 2012 conference call is scheduled for 2:00 P.M., Pacific Time, Wednesday, January 23, 2013. The conference call will be webcast and can be accessed live, and throughout the quarter, at SanDisk's website at www.sandisk.com/IR. To participate in the call via telephone, the dial-in number is 719-457-2679 and the dial-in password is 5242141. A copy of this press release will be furnished to the Securities and Exchange Commission on a current report on Form 8-K and will be posted to our website prior to the conference call.

#### **ABOUT SANDISK**

SanDisk Corporation (NASDAQ: SNDK) is a global leader in flash memory storage solutions, from research and development, product design and manufacturing to branding and distribution for OEM and retail channels. Since 1988, SanDisk's innovations in flash memory and storage system technologies have provided customers with new and transformational digital experiences. SanDisk's diverse product portfolio includes flash memory cards and embedded solutions used in smart phones, tablets, digital cameras, camcorders, digital media players and other consumer electronic devices, as well as USB flash drives and solid-state drives (SSD) for the computing market. SanDisk's products are used by consumers and enterprise customers around the world.

SanDisk is a Silicon Valley-based S&P 500 and Fortune 500 company, with more than half its sales outside the United States. For more information, visit <a href="https://www.sandisk.com">www.sandisk.com</a>.

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This press release contains certain forward-looking statements, including statements about our business prospects, including our expectations regarding strong profitability in 2013, continued growth of our SSD business as a result of increased customer engagements, our expanding product portfolio, our business and expected financial performance in fiscal 2013, that are based on our current expectations and are subject to numerous risks and uncertainties that may cause these forward-looking statements to be inaccurate and may significantly harm our business, financial condition and results of operations. We undertake no obligation to update the information contained in this press release. Risks that may cause these forward-looking statements to be inaccurate include among others:

- competitive pricing pressures, resulting in lower average selling prices and lower or negative product gross margins;
- inability to reduce our manufacturing costs to keep pace with reductions in average selling prices;

- potential delays in product development or lack of customer acceptance of our solutions, particularly OEM products such as our embedded flash storage solutions, and client and enterprise SSD solutions;
- inability to maintain or gain market share in client and enterprise SSD markets;
- unpredictable or changing demand for our products, including for different form factors, capacities and underlying memory technologies;
- excess or mismatched captive memory output or capacity, which could result in write-downs for excess inventory, lower of cost or market charges, lower average selling prices, fixed costs associated with under-utilized capacity or other consequences; and
- the other risks detailed from time-to-time under the caption "Risk Factors" and elsewhere in our Securities and Exchange Commission filings and reports, including, but not limited to, our Quarterly Report on Form 10-Q for the third fiscal quarter ended September 30, 2012.
- (1) GAAP represents U.S. Generally Accepted Accounting Principles.
- (2) Non-GAAP represents GAAP excluding the impact of share-based compensation expense, amortization and write-off of acquisition-related intangible assets, non-cash economic interest expense associated with the Company's convertible debt, the non-cash change in fair value of the liability component associated with the repurchased portion of SanDisk's convertible debt and related tax adjustments.

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