SanDisk Corporation

Reconciliation of Preliminary Non-GAAP to GAAP Condensed Consolidated Statement of Operations Three months ended March 31, 2013

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

Revenues	Q1'13 Non-GAAP \$ 1,340,729	% of Rev	Share-based Compensation	Purchase Accounting Adjustment	Convertible Debt Adjustment	Other	Q1'13 GAAP \$ 1,340,729	% of Rev
Revenues	\$ 1,540,72 3	100.0 /8	Ψ -	φ -	4	Ψ -	φ 1,340,729	100.076
Cost of revenues	797,666	59.5%	1,717	(a) -	-	-	799,383	59.6%
Amortization of acquisition-related intangible assets		_		9,830	(b)	<u> </u>	9,830	0.7%
Total cost of revenues	797,666	59.5%	1,717	9,830	-	-	809,213	60.4%
Gross profit	543,063	40.5%	(1,717)	(9,830)	-	-	531,516	39.6%
Research and development	159,485	11.9%	11,640	(a) -	-	-	171,125	12.8%
Sales and marketing	55,256	4.1%	3,871	(a) -	-	-	59,127	4.4%
General and administrative	40,598	3.0%	4,506	(a) -	-	-	45,104	3.4%
Amortization of acquisition-related intangible assets	-			2,369	(b)		2,369	0.2%
Total operating expenses	255,339	19.0%	20,017	2,369	-	-	277,725	20.7%
Operating income	287,724	21.5%	(21,734)	(12,199)	-	-	253,791	18.9%
Other income (expense), net	3,680	0.3%			(23,577) (c)	(19,897)	(1.5%)
Income before income taxes	291,404	21.7%	(21,734)	(12,199)	(23,577)	-	233,894	17.4%
Provision for income taxes	84,507	6.3%	(6,916)	(331)	(8,488)	(1,107) (d)	67,665	5.0%
Net income	\$ 206,897	15.4%	\$ (14,818)	\$ (11,868)	\$ (15,089)	\$ 1,107	\$ 166,229	12.4%
Net income per share, diluted	\$ 0.84						\$ 0.68	
Diluted shares used in computing net income per share	245,596						245,577	
Effective tax rate	29.0%		31.8%	2.7%	36.0%		28.9%	

⁽a) Share-based compensation expense.

⁽b) Amortization of acquisition-related intangible assets, primarily core technology, developed technology, customer relationships and trademarks related to the acquisitions of Pliant Technology, Inc. (May 2011), FlashSoft Corporation (February 2012) and Schooner Information Technology, Inc. (June 2012).

⁽c) Incremental interest expense relating 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.