
NEWS RELEASE

SanDisk

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SANDISK ANNOUNCES SECOND QUARTER RESULTS

Delivers Record Second Quarter Revenue

MILPITAS, Calif., July 17, 2013 - [SanDisk](#) Corporation (NASDAQ: [SNDK](#)), a global leader in flash memory storage solutions, today announced results for the second quarter ended June 30, 2013. Second quarter revenue of \$1.48 billion increased 43 percent on a year-over-year basis and increased 10 percent sequentially.

On a GAAP⁽¹⁾ basis, second quarter net income was \$262 million, or \$1.06 per diluted share, compared to net income of \$13 million, or \$0.05 per diluted share, in the second quarter of fiscal 2012 and \$166 million, or \$0.68 per diluted share, in the first quarter of fiscal 2013.

On a non-GAAP⁽²⁾ basis, second quarter net income was \$299 million, or \$1.21 per diluted share, compared to net income of \$51 million, or \$0.21 per diluted share, in the second quarter of fiscal 2012 and net income of \$207 million, or \$0.84 per diluted share, in the first quarter of fiscal 2013. For reconciliation of non-GAAP to GAAP results, see accompanying financial tables and footnotes.

“We delivered record second quarter results driven by increasing momentum across our business. We achieved solid revenue growth in our embedded solutions portfolio with many design wins ramping into production,” said Sanjay Mehrotra, president and chief executive officer of SanDisk. “We are excited about our pending acquisition of SMART Storage Systems, as it accelerates our growth in enterprise storage. The growth drivers of our business are vibrant and SanDisk is poised for further gains.”

SECOND QUARTER 2013 KEY FINANCIAL METRICS

Metric <i>in millions, except percentages and per share amounts</i>	GAAP			Non-GAAP		
	Q213	Q212	Q113	Q213	Q212	Q113
Revenue	\$1,476	\$1,032	\$1,341	\$1,476	\$1,032	\$1,341
Gross Profit <i>percent of revenue</i>	\$677 45.8%	\$281 27.2%	\$532 39.6%	\$689 46.7%	\$292 28.3%	\$543 40.5%
Operating Income <i>percent of revenue</i>	\$393 26.6%	\$36 3.5%	\$254 18.9%	\$429 29.0%	\$68 6.6%	\$288 21.5%
Diluted EPS	\$1.06	\$0.05	\$0.68	\$1.21	\$0.21	\$0.84

At the end of the second quarter of fiscal 2013, SanDisk's cash and short and long-term marketable investments totaled \$5.4 billion. Cash flow from operations in the second quarter of fiscal 2013 totaled \$391 million.

CONFERENCE CALL

SanDisk's second quarter of fiscal 2013 conference call is scheduled for 2:00 P.M., Pacific Time, Wednesday, July 17, 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 719-325-4838 and the dial-in password is 5031920. 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 commercial 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 www.sandisk.com.

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This press release contains certain forward-looking statements, including statements about our business prospects, our pending acquisition of SMART Storage Systems, our growth in the enterprise solutions space, and our anticipated momentum for continued gains in 2013 and across our business, that are based on our current expectations and subject to numerous risks and uncertainties that may cause these forward-looking statements to be inaccurate and 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 continue to penetrate the client and enterprise SSD markets, or the failure of existing markets for flash memory to grow;
- delays in the timing of the acquisition or successful integration of SMART Storage Systems and our inability to achieve the expected benefits from the acquisition in a timely manner, or at all;
- inability to enhance current products or develop new products on a timely basis or in advance of our competitors;
- excess inventory or lost sales resulting from unpredictable or changing demand for our products;
- excess, insufficient or mismatched captive memory output or capacity, which could result in lower average selling-prices, financial charges and impairments, lost sales and market growth opportunities, lower gross margins 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 first fiscal quarter ended March 31, 2013.

(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 our convertible debt and related tax adjustments.

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