

SANDISK ANNOUNCES THIRD QUARTER RESULTS

Delivers Record Revenue with Strong Profits and Cash Flow

MILPITAS, Calif., Oct 16, 2013 - [SanDisk](#) Corporation (NASDAQ: [SNDK](#)), a global leader in flash storage solutions, today announced results for the third quarter ended September 29, 2013. Third quarter revenue of \$1.63 billion increased 28 percent on a year-over-year basis and increased 10 percent sequentially.

On a GAAP⁽¹⁾ basis, third quarter net income was \$277 million, or \$1.18 per diluted share, compared to net income of \$77 million, or \$0.31 per diluted share, in the third quarter of fiscal 2012 and \$262 million, or \$1.06 per diluted share, in the second quarter of fiscal 2013.

On a non-GAAP⁽²⁾⁽³⁾ basis, third quarter net income was \$371 million, or \$1.59 per diluted share, compared to net income of \$118 million, or \$0.48 per diluted share, in the third quarter of fiscal 2012 and net income of \$299 million, or \$1.22 per diluted share, in the second quarter of fiscal 2013.

Third quarter GAAP results include an \$83 million partial impairment of acquisition-related intangible assets stemming from the 2011 acquisition of Pliant Technologies, Inc. For reconciliation of non-GAAP to GAAP results, see accompanying financial tables and footnotes.

“We delivered outstanding third quarter results driven by our strategy to shift to higher value solutions across our portfolio,” said Sanjay Mehrotra, president and chief executive officer of SanDisk. “Our client and enterprise SSD products continue to gain momentum and our acquisition of SMART Storage Systems expands our presence in enterprise SSDs. With our solid execution, we also delivered strong year over year growth in retail and embedded products.”

THIRD QUARTER 2013 KEY FINANCIAL METRICS

Metric <i>in millions, except percentages and per share amounts</i>	GAAP			Non-GAAP		
	Q313	Q312	Q213	Q313	Q312	Q213
Revenue	\$1,625	\$1,273	\$1,476	\$1,625	\$1,273	\$1,476
Gross Profit <i>percent of revenue</i>	\$802 49.3%	\$383 30.1%	\$677 45.8%	\$815 50.1%	\$395 31.0%	\$689 46.7%
Operating Income <i>percent of revenue</i>	\$408 25.1%	\$132 10.4%	\$393 26.6%	\$533 32.8%	\$164 12.9%	\$429 29.0%
Diluted EPS ⁽³⁾	\$1.18	\$0.31	\$1.06	\$1.59	\$0.48	\$1.22

At the end of the third quarter of fiscal 2013, SanDisk's cash and short and long-term marketable investments totaled \$4.3 billion. Cash flow from operations in the third quarter of fiscal 2013 totaled \$382 million.

OTHER KEY DEVELOPMENTS

- SanDisk established its first ever dividend program on July 31, 2013 with the first quarterly payment made in the third fiscal quarter.
- SanDisk announced today its fourth-quarter dividend of \$0.225 per share of common stock, payable on November 25, 2013 to shareholders of record as of the close of business on November 4, 2013.
- SanDisk spent a total of \$1.07 billion on stock repurchases in the third fiscal quarter, including a previously announced \$1.0 billion accelerated stock repurchase program.
- SanDisk completed the acquisition of SMART Storage Systems.

CONFERENCE CALL

SanDisk's third quarter of fiscal 2013 conference call is scheduled for 2:00 P.M., Pacific Time, Wednesday, October 16, 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 785-830-7989 and the dial-in password is 9223060. 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), a Fortune 500 and S&P 500 company, is a global leader in flash storage solutions. For more than 25 years, SanDisk has expanded the possibilities of storage, providing trusted and innovative products that have transformed the electronics industry. Today, SanDisk's quality, state-of-the-art solutions are at the heart of many of the world's largest data centers, and embedded in advanced smart phones, tablets and PCs. SanDisk's consumer products are available at hundreds of thousands of retail stores worldwide. 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 strategy to shift to higher value solutions across our product portfolio, our anticipated momentum for client and enterprise SSD products, the expected benefits of our acquisition of SMART Storage Systems and our growth in the enterprise SSD space, 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 revenues;
- inability to continue to penetrate the client and enterprise SSD markets, the failure of existing markets for flash memory to grow, or failure to maintain or improve our position in any of these markets;
- 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;
- delays in the 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; 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 second fiscal quarter ended June 30, 2013.

- (1) GAAP represents U.S. Generally Accepted Accounting Principles.
- (2) Non-GAAP represents GAAP excluding the impact of share-based compensation expense, amortization of acquisition-related intangible assets, impairment of acquisition-related intangible assets, non-cash economic interest expense associated with our convertible debt and related tax adjustments.
- (3) Non-GAAP diluted shares include the impact of the outstanding call option which is expected to provide an offset to dilutive shares from the Company’s 1.5% Sr. Convertible Notes due 2017. Non-GAAP diluted EPS for Q2’13 has been revised from the previously reported \$1.21 to \$1.22 to include the expected impact of the outstanding call option, which reduces the non-GAAP diluted shares by 1.6 million shares.

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Investor Contacts:

Jay Iyer
408-801-2067
jay.iyer@sandisk.com

Brendan Lahiff
408-801-1732
brendan.lahiff@sandisk.com

Media Contact:

Lee Garvin Flanagin
408-801-2463
lee.flanagin@sandisk.com

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