
NEWS RELEASE

SanDisk®

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SANDISK ANNOUNCES SECOND QUARTER 2014 RESULTS

Delivers Record Second Quarter Revenue, Gross Margin and Net Income

MILPITAS, Calif., Jul. 16, 2014 - [SanDisk](#) Corporation (NASDAQ: [SNDK](#)), a global leader in flash storage solutions, today announced results for the second quarter ended June 29, 2014. Second quarter revenue of \$1.63 billion increased 11 percent on a year-over-year basis and increased 8 percent sequentially.

On a GAAP⁽¹⁾ basis, second quarter net income was \$274 million, or \$1.14 per share, compared to net income of \$262 million, or \$1.06 per share, in the second quarter of fiscal 2013 and \$269 million, or \$1.14 per share, in the first quarter of fiscal 2014.

On a non-GAAP⁽²⁾⁽³⁾ basis, second quarter net income was \$329 million, or \$1.41 per share, compared to net income of \$299 million, or \$1.22 per share, in the second quarter of fiscal 2013 and net income of \$330 million, or \$1.44 per share, in the first quarter of fiscal 2014. For reconciliation of non-GAAP to GAAP results, see accompanying financial tables and footnotes.

“We are pleased to deliver record second quarter revenue in both enterprise and client SSDs, as well as retail products,” said Sanjay Mehrotra, president and chief executive officer of SanDisk. “SSD solutions comprised 29 percent of our second quarter revenue, compared to 16 percent in the year ago quarter, demonstrating strong progress in driving our strategic priorities. Our results position us well to deliver another record year in 2014.”

KEY FINANCIAL METRICS

Metric <i>in millions, except percentages and per share amounts</i>	GAAP ⁽¹⁾			Non-GAAP ⁽²⁾		
	Q2'14	Q2'13	Q1'14	Q2'14	Q2'13	Q1'14
Revenue	\$1,634	\$1,476	\$1,512	\$1,634	\$1,476	\$1,512
Gross profit <i>percent of revenue</i>	\$760 46%	\$677 46%	\$751 50%	\$783 48%	\$689 47%	\$774 51%
Operating income <i>percent of revenue</i>	\$417 25%	\$393 27%	\$425 28%	\$472 29%	\$429 29%	\$476 32%
EPS ⁽³⁾	\$1.14	\$1.06	\$1.14	\$1.41	\$1.22	\$1.44

OTHER HIGHLIGHTS

- In June, SanDisk announced the planned acquisition of Fusion-io (NYSE: FIO), a leading developer of flash-based PCIe hardware and software solutions for approximately \$1.1 billion, net of cash assumed.
- During the second quarter, SanDisk introduced innovative products in three product categories:
 - Within enterprise SSDs, SanDisk introduced the following new products:
 - Optimus MAX™ SAS SSD, the industry's first 4-terabyte SAS SSD
 - Lightning Ultra™ Gen. II 12Gb/s SAS high-endurance SSD capable of up to 25 full drive writes per day (DWPD), along with Lightning Ascend™ Gen. II and Lightning Eco™ Gen. II, designed for mixed-use and read-intensive applications
 - In client SSDs, SanDisk Extreme PRO®, a high-performance client SSD with up to 1-terabyte of capacity and the industry's first 10-year warranty
 - In mobile, iNAND™ Standard™, an embedded flash drive solution for entry-level tablets and smartphones in China and other high-growth markets
- In April, SanDisk announced 15-nanometer 1Z technology, the most advanced NAND flash process node in the world on both two bits-per-cell (X2) and three bits-per-cell (X3) NAND flash memory architectures, with production planned to ramp in the second half of 2014.
- SanDisk announced today its third quarter 2014 dividend of \$0.30 per share of common stock, payable on August 25, 2014 to shareholders of record as of the close of business on August 4, 2014.

CONFERENCE CALL

SanDisk's second quarter of fiscal 2014 conference call is scheduled for 2:00 P.M., Pacific Daylight Time, Wednesday, July 16, 2014. 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 913-312-1514 and the dial-in password is 9530920. 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 smartphones, 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 news release contains certain forward-looking statements, including those regarding our business prospects, market growth, our intended financial and strategic plans, our continued focus on our strategic priorities and our ability to execute on those priorities, our anticipated momentum for a record year in 2014,

technology and product introductions and wafer production, that are based on our current expectations and involve numerous risks and uncertainties that may cause these forward-looking statements to be inaccurate.

Risks that may cause these forward-looking statements to be inaccurate include, among others:

- competitive pricing pressures or product mix changes, resulting in lower average selling prices, lower revenues and reduced gross margins;
- excess or mismatched captive memory output or capacity, resulting in lower average selling prices, financial charges and impairments, lower gross margin or other consequences, or insufficient or mismatched captive memory output or capacity, resulting in lost revenue and growth opportunities;
- weakness in demand in one or more of our product categories, such as embedded products or SSDs, or adverse changes in our product or customer mix;
- potential delays in product development or lack of customer acceptance and qualification of our solutions, including on new technology nodes, particularly OEM products such as our embedded flash storage and SSD solutions;
- inability to develop, or unexpected difficulties or delays in developing or ramping with acceptable yields, new technologies or the failure of new technologies to effectively compete with those of our competitors;
- our 1Z nanometer process technology, our X2 and X3 NAND memory architectures or our solutions utilizing these new technologies may not be available when we expect; 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 fiscal quarter ended March 30, 2014.

⁽¹⁾ GAAP represents U.S. Generally Accepted Accounting Principles.

⁽²⁾ Non-GAAP represents GAAP excluding the impact of share-based compensation, amortization of acquisition-related intangible assets, non-cash economic interest expense associated with our convertible debt and related tax adjustments.

⁽³⁾ Non-GAAP shares include the impact of offsetting shares from the call option related to the 1.5% Sr. Convertible Notes due 2017 and the impact of share-based compensation.

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