

**SanDisk Corporation**  
**Preliminary Condensed Consolidated Statements of Operations**  
(in thousands, except per share amounts, unaudited)

|   | Three months ended |                   | Twelve months ended |                   |
|---|--------------------|-------------------|---------------------|-------------------|
|   | January 3, 2016    | December 28, 2014 | January 3, 2016     | December 28, 2014 |
| Revenue   | \$ 1,543,150       | \$ 1,735,254      | \$ 5,564,872        | \$ 6,627,701      |
| Cost of revenue                                       | 889,472            | 962,445           | 3,196,583           | 3,458,954         |
| Amortization of acquisition-related intangible assets | 28,820             | 33,039            | 111,220             | 100,899           |
| Total cost of revenue                                 | 918,292            | 995,484           | 3,307,803           | 3,559,853         |
| Gross profit  | 624,858            | 739,770           | 2,257,069           | 3,067,848         |
| Operating expenses:                                   |                    |                   |                     |                   |
| Research and development                              | 230,463            | 226,142           | 883,242             | 852,310           |
| Sales and marketing                                   | 92,851             | 111,526           | 387,394             | 383,288           |
| General and administrative                            | 40,549             | 52,104            | 174,142             | 214,902           |
| Amortization of acquisition-related intangible assets | 12,731             | 13,681            | 53,349              | 26,423            |
| Impairment of acquisition-related intangible assets   | —                  | —                 | 61,000              | —                 |
| Restructuring and other                               | 2,090              | 8,007             | 53,252              | 32,991            |
| Western Digital acquisition-related expenses          | 28,065             | —                 | 28,065              | —                 |
| Total operating expenses                              | 406,749            | 411,460           | 1,640,444           | 1,509,914         |
| Operating income                                      | 218,109            | 328,310           | 616,625             | 1,557,934         |
| Other income (expense), net                           | (27,462)           | (24,815)          | (87,001)            | (68,904)          |
| Income before income taxes                            | 190,647            | 303,495           | 529,624             | 1,489,030         |
| Provision for income taxes                            | 55,178             | 101,604           | 141,146             | 481,584           |
| Net income  | \$ 135,469         | \$ 201,891        | \$ 388,478          | \$ 1,007,446      |
| Net income per share:                                 |                    |                   |                     |                   |
| Basic   | \$ 0.67            | \$ 0.93           | \$ 1.89             | \$ 4.52           |
| Diluted   | \$ 0.65            | \$ 0.86           | \$ 1.82             | \$ 4.23           |
| Shares used in computing net income per share:        |                    |                   |                     |                   |
| Basic   | 200,845            | 217,264           | 205,443             | 222,714           |
| Diluted   | 209,101            | 234,794           | 212,900             | 238,209           |

**SanDisk Corporation**  
**Reconciliation of Preliminary GAAP to Non-GAAP Operating Results <sup>(1)</sup>**  
**(in thousands, except per share data, unaudited)**

|   | Three months ended |                   | Twelve months ended |                     |
|---|--------------------|-------------------|---------------------|---------------------|
|   | January 3, 2016    | December 28, 2014 | January 3, 2016     | December 28, 2014   |
| <b>SUMMARY RECONCILIATION OF NET INCOME:</b>              |                    |                   |                     |                     |
| <b>GAAP NET INCOME</b>                                    | \$ 135,469         | \$ 201,891        | \$ 388,478          | \$ 1,007,446        |
| Share-based compensation (a)                              | 45,208             | 40,639            | 172,396             | 155,313             |
| Amortization of acquisition-related intangible assets (b) | 41,551             | 46,720            | 164,569             | 127,322             |
| Inventory step-up expense (c)                             | —                  | 2,931             | —                   | 7,834               |
| Impairment of acquisition-related intangible assets (d)   | —                  | —                 | 61,000              | —                   |
| Western Digital acquisition-related expenses (e)          | 28,985             | —                 | 28,985              | —                   |
| Convertible debt interest (f)                             | 25,207             | 22,152            | 92,648              | 85,734              |
| Income tax adjustments (g)                                | (19,501)           | (20,388)          | (157,954)           | (95,474)            |
| <b>NON-GAAP NET INCOME</b>                                | <u>\$ 256,919</u>  | <u>\$ 293,945</u> | <u>\$ 750,122</u>   | <u>\$ 1,288,175</u> |
| <b>GAAP COST OF REVENUE</b>                               | \$ 918,292         | \$ 995,484        | \$ 3,307,803        | \$ 3,559,853        |
| Share-based compensation (a)                              | (4,743)            | (4,601)           | (19,306)            | (14,719)            |
| Amortization of acquisition-related intangible assets (b) | (28,820)           | (33,039)          | (111,220)           | (100,899)           |
| Inventory step-up expense (c)                             | —                  | (2,931)           | —                   | (7,834)             |
| <b>NON-GAAP COST OF REVENUE</b>                           | <u>\$ 884,729</u>  | <u>\$ 954,913</u> | <u>\$ 3,177,277</u> | <u>\$ 3,436,401</u> |
| <b>GAAP GROSS PROFIT</b>                                  | \$ 624,858         | \$ 739,770        | \$ 2,257,069        | \$ 3,067,848        |
| Share-based compensation (a)                              | 4,743              | 4,601             | 19,306              | 14,719              |
| Amortization of acquisition-related intangible assets (b) | 28,820             | 33,039            | 111,220             | 100,899             |
| Inventory step-up expense (c)                             | —                  | 2,931             | —                   | 7,834               |
| <b>NON-GAAP GROSS PROFIT</b>                              | <u>\$ 658,421</u>  | <u>\$ 780,341</u> | <u>\$ 2,387,595</u> | <u>\$ 3,191,300</u> |
| <b>GAAP RESEARCH AND DEVELOPMENT EXPENSES</b>             | \$ 230,463         | \$ 226,142        | \$ 883,242          | \$ 852,310          |
| Share-based compensation (a)                              | (23,674)           | (20,198)          | (87,626)            | (74,842)            |
| <b>NON-GAAP RESEARCH AND DEVELOPMENT EXPENSES</b>         | <u>\$ 206,789</u>  | <u>\$ 205,944</u> | <u>\$ 795,616</u>   | <u>\$ 777,468</u>   |
| <b>GAAP SALES AND MARKETING EXPENSES</b>                  | \$ 92,851          | \$ 111,526        | \$ 387,394          | \$ 383,288          |
| Share-based compensation (a)                              | (9,416)            | (8,953)           | (37,600)            | (36,214)            |
| <b>NON-GAAP SALES AND MARKETING EXPENSES</b>              | <u>\$ 83,435</u>   | <u>\$ 102,573</u> | <u>\$ 349,794</u>   | <u>\$ 347,074</u>   |
| <b>GAAP GENERAL AND ADMINISTRATIVE EXPENSES</b>           | \$ 40,549          | \$ 52,104         | \$ 174,142          | \$ 214,902          |
| Share-based compensation (a)                              | (7,375)            | (6,887)           | (27,864)            | (29,538)            |
| <b>NON-GAAP GENERAL AND ADMINISTRATIVE EXPENSES</b>       | <u>\$ 33,174</u>   | <u>\$ 45,217</u>  | <u>\$ 146,278</u>   | <u>\$ 185,364</u>   |
| <b>GAAP TOTAL OPERATING EXPENSES</b>                      | \$ 406,749         | \$ 411,460        | \$ 1,640,444        | \$ 1,509,914        |
| Share-based compensation (a)                              | (40,465)           | (36,038)          | (153,090)           | (140,594)           |
| Amortization of acquisition-related intangible assets (b) | (12,731)           | (13,681)          | (53,349)            | (26,423)            |
| Impairment of acquisition-related intangible assets (d)   | —                  | —                 | (61,000)            | —                   |
| Western Digital acquisition-related expenses (e)          | (28,065)           | —                 | (28,065)            | —                   |
| <b>NON-GAAP TOTAL OPERATING EXPENSES</b>                  | <u>\$ 325,488</u>  | <u>\$ 361,741</u> | <u>\$ 1,344,940</u> | <u>\$ 1,342,897</u> |
| <b>GAAP OPERATING INCOME</b>                              | \$ 218,109         | \$ 328,310        | \$ 616,625          | \$ 1,557,934        |
| Cost of revenue adjustments (a) (b) (c)                   | 33,563             | 40,571            | 130,526             | 123,452             |
| Operating expense adjustments (a) (b) (d) (e)             | 81,261             | 49,719            | 295,504             | 167,017             |
| <b>NON-GAAP OPERATING INCOME</b>                          | <u>\$ 332,933</u>  | <u>\$ 418,600</u> | <u>\$ 1,042,655</u> | <u>\$ 1,848,403</u> |
| <b>GAAP OTHER INCOME (EXPENSE), NET</b>                   | \$ (27,462)        | \$ (24,815)       | \$ (87,001)         | \$ (68,904)         |
| Western Digital acquisition-related expenses (e)          | 920                | —                 | 920                 | —                   |
| Convertible debt interest (f)                             | 25,207             | 22,152            | 92,648              | 85,734              |
| <b>NON-GAAP OTHER INCOME (EXPENSE), NET</b>               | <u>\$ (1,335)</u>  | <u>\$ (2,663)</u> | <u>\$ 6,567</u>     | <u>\$ 16,830</u>    |
| <b>GAAP NET INCOME</b>                                    | \$ 135,469         | \$ 201,891        | \$ 388,478          | \$ 1,007,446        |
| Cost of revenue adjustments (a) (b) (c)                   | 33,563             | 40,571            | 130,526             | 123,452             |
| Operating expense adjustments (a) (b) (d) (e)             | 81,261             | 49,719            | 295,504             | 167,017             |
| Other income (expense) adjustments (e) (f)                | 26,127             | 22,152            | 93,568              | 85,734              |
| Income tax adjustments (g)                                | (19,501)           | (20,388)          | (157,954)           | (95,474)            |
| <b>NON-GAAP NET INCOME</b>                                | <u>\$ 256,919</u>  | <u>\$ 293,945</u> | <u>\$ 750,122</u>   | <u>\$ 1,288,175</u> |
| Diluted net income per share:                             |                    |                   |                     |                     |
| GAAP  | \$ 0.65            | \$ 0.86           | \$ 1.82             | \$ 4.23             |
| Non-GAAP  | \$ 1.26            | \$ 1.30           | \$ 3.61             | \$ 5.60             |
| Shares used in computing diluted net income per share:    |                    |                   |                     |                     |
| GAAP  | 209,101            | 234,794           | 212,900             | 238,209             |
| Non-GAAP (h)  | 203,228            | 225,482           | 207,653             | 230,194             |

**SanDisk Corporation**  
**Reconciliation of Preliminary GAAP to Non-GAAP Operating Results <sup>(1)</sup>**  
**(in thousands, unaudited)**

|  | Three months ended |                   | Twelve months ended |                   |
|--|--------------------|-------------------|---------------------|-------------------|
|  | January 3, 2016    | December 28, 2014 | January 3, 2016     | December 28, 2014 |
| <b>SUMMARY RECONCILIATION OF DILUTED SHARES:</b> |                    |                   |                     |                   |
| <b>GAAP</b>                                      | 209,101            | 234,794           | 212,900             | 238,209           |
| Adjustments for share-based compensation         | (10)               | 260               | 53                  | 246               |
| Offsetting shares from call options              | (5,863)            | (9,572)           | (5,300)             | (8,261)           |
| <b>Non-GAAP (h)</b>                              | <u>203,228</u>     | <u>225,482</u>    | <u>207,653</u>      | <u>230,194</u>    |

(1) To supplement our condensed consolidated financial statements presented in accordance with generally accepted accounting principles (GAAP), we use non-GAAP measures of operating results, net income and net income per share, which are adjusted from results based on GAAP to exclude certain expenses, gains and losses. These non-GAAP financial measures are provided to enhance the user's overall understanding of our current financial performance and our prospects for the future. Specifically, we believe the non-GAAP results provide useful information to both management and investors as these non-GAAP results exclude certain expenses, gains and losses that we believe are not indicative of our core operating results and because they are consistent with the financial models and estimates published by many analysts who follow us. For example, because the non-GAAP results exclude the expenses we recorded for share-based compensation, amortization of acquisition-related intangible assets related to acquisitions of Pliant Technology, Inc. in May 2011, FlashSoft Corporation in February 2012, Schooner Information Technology, Inc. in June 2012, SMART Storage Systems in August 2013 and Fusion-io, Inc. in July 2014, inventory step-up expense, impairment of acquisition-related in-process research and development intangible assets, Western Digital Corporation acquisition-related expenses, gains and losses related to the shortened duration or liquidation prior to their effective maturity of marketable securities due to the pending acquisition of SanDisk by Western Digital, non-cash economic interest expense associated with the convertible senior notes, non-cash change in fair value of the liability component of the convertible senior notes due to the conversion of a portion of the 1.5% Convertible Senior Notes due 2017 and related tax adjustments, we believe the inclusion of non-GAAP financial measures provides consistency in our financial reporting. In addition, our non-GAAP diluted shares are adjusted for the impact of expensing share-based compensation and include the impact of the call options which, when exercised, will offset the issuance of dilutive shares from the convertible senior notes, while our GAAP diluted shares exclude the anti-dilutive impact of these call options. These non-GAAP results are some of the primary indicators management uses for assessing our performance, allocating resources, and planning and forecasting future periods. Further, management uses non-GAAP information that excludes certain charges, such as share-based compensation, amortization of acquisition-related intangible assets, inventory step-up expense, impairment of acquisition-related in-process research and development intangible assets, Western Digital acquisition-related expenses, gains and losses related to the shortened duration or liquidation prior to their effective maturity of marketable securities due to the pending acquisition of SanDisk by Western Digital, non-cash economic interest expense associated with the convertible senior notes, non-cash change in fair value of the liability component of the convertible senior notes due to the conversion of a portion of the 1.5% Convertible Senior Notes due 2017 and related tax adjustments, as these non-GAAP charges do not reflect the cash operating results of the business or the ongoing results. These measures should be considered in addition to results prepared in accordance with GAAP, but should not be considered a substitute for, or superior to, GAAP results. These non-GAAP measures may be different than the non-GAAP measures used by other companies.

- (a) Share-based compensation expense.
- (b) Amortization of acquisition-related intangible assets, primarily developed technology, customer relationships, and trademarks and trade names related to the acquisitions of Pliant Technology, Inc., FlashSoft Corporation, Schooner Information Technology, Inc., SMART Storage Systems and Fusion-io, Inc.
- (c) Inventory step-up expense related to the acquisition of Fusion-io, Inc.
- (d) Impairment of acquisition-related in-process research and development intangible assets related to the acquisition of Fusion-io, Inc.
- (e) Incremental expense related to the pending acquisition of SanDisk by Western Digital, primarily for transaction, legal, employee-related and other costs, and gains and losses related to the shortened duration and expected liquidation prior to their effective maturity date of marketable securities.
- (f) Incremental interest expense related to the non-cash economic interest expense associated with the convertible senior notes and the non-cash change in fair value of the liability component of the convertible senior notes due to the conversion of a portion of the 1.5% Convertible Senior Notes due 2017.
- (g) Income taxes associated with certain non-GAAP to GAAP adjustments and the effects of one-time income tax adjustments recorded in a specific quarter for GAAP purposes are reflected on a forecast basis in the non-GAAP tax rate but not in the forecasted GAAP tax rate, and there are no differences for the effects of one-time income tax adjustments on an annual basis for both the non-GAAP and GAAP tax rate.
- (h) Non-GAAP diluted shares are adjusted for the impact of expensing share-based compensation and include the impact of offsetting shares from the call options related to the convertible senior notes.

**SanDisk Corporation**  
**Preliminary Condensed Consolidated Balance Sheets**  
(in thousands, unaudited)

|  | January 3, 2016 | December 28, 2014 |
|--|-----------------|-------------------|
| <b>ASSETS</b>  |                 |                   |
| Current assets:  |                 |                   |
| Cash and cash equivalents  | \$ 1,478,948    | \$ 809,003        |
| Short-term marketable securities   | 2,527,245       | 1,455,509         |
| Accounts receivable, net   | 618,191         | 842,476           |
| Inventory  | 809,395         | 698,011           |
| Deferred taxes (1)   | —               | 180,134           |
| Other current assets (2)   | 226,007         | 210,065           |
| Total current assets   | 5,659,786       | 4,195,198         |
| Long-term marketable securities  | 117,142         | 2,758,475         |
| Property and equipment, net  | 817,130         | 724,357           |
| Notes receivable and investments in Flash Ventures                               | 1,009,989       | 962,817           |
| Deferred taxes (1)   | 325,033         | 161,827           |
| Goodwill   | 831,328         | 831,328           |
| Intangible assets, net   | 296,726         | 542,351           |
| Other non-current assets (2)   | 173,627         | 97,472            |
| Total assets   | \$ 9,230,761    | \$ 10,273,825     |
| <b>LIABILITIES, CONVERTIBLE SHORT-TERM DEBT CONVERSION OBLIGATION AND EQUITY</b> |                 |                   |
| Current liabilities:   |                 |                   |
| Accounts payable trade   | \$ 323,280      | \$ 404,237        |
| Accounts payable to related parties  | 177,510         | 136,051           |
| Convertible short-term debt (2)(3)   | 913,178         | 864,718           |
| Other current accrued liabilities (1)  | 353,940         | 506,293           |
| Deferred income on shipments to distributors and retailers and deferred revenue  | 235,572         | 274,657           |
| Total current liabilities  | 2,003,480       | 2,185,956         |
| Convertible long-term debt (2)   | 1,237,776       | 1,188,491         |
| Non-current liabilities (1)  | 170,093         | 245,554           |
| Total liabilities  | 3,411,349       | 3,620,001         |
| Convertible short-term debt conversion obligation (3)                            | 80,488          | 127,143           |
| Stockholders' equity:  |                 |                   |
| Common stock   | 5,203,926       | 5,236,982         |
| Retained earnings  | 733,937         | 1,499,149         |
| Accumulated other comprehensive loss   | (198,939)       | (208,072)         |
| Total stockholders' equity   | 5,738,924       | 6,528,059         |
| Non-controlling interests  | —               | (1,378)           |
| Total equity   | 5,738,924       | 6,526,681         |
| Total liabilities, convertible short-term debt conversion obligation and equity  | \$ 9,230,761    | \$ 10,273,825     |

(1) Reflects the prospective adoption of a new FASB accounting standard requiring the classification of all deferred tax assets and liabilities as non-current. Only the January 3, 2016 balances are required to be, and have been, adjusted.

(2) Reflects the retrospective adoption of a new FASB accounting standard requiring the presentation of debt issuance costs as a direct deduction from the carrying amount of the related debt liability. The January 3, 2016 and December 28, 2014 balances have been adjusted.

(3) The 1.5% Convertible Senior Notes due 2017 are convertible through March 31, 2016 as a result of the Company's common stock price exceeding the trigger price for the specified period of time during the prior calendar quarter, as set forth in the indenture. Accordingly, the carrying value of the notes is reported as short-term debt as of January 3, 2016 and will remain so while the notes are convertible. The Convertible short-term debt conversion obligation represents the difference between the carrying value of the convertible debt and the principal amount due in cash upon conversion.

**SanDisk Corporation**  
**Preliminary Condensed Consolidated Statements of Cash Flows**  
(in thousands, unaudited)

|   | Three months ended  |                   | Twelve months ended |                    |
|---|---------------------|-------------------|---------------------|--------------------|
|   | January 3, 2016     | December 28, 2014 | January 3, 2016     | December 28, 2014  |
| <b>Cash flows from operating activities:</b>                                      |                     |                   |                     |                    |
| Net income  | \$ 135,469          | \$ 201,891        | \$ 388,478          | \$ 1,007,446       |
| Adjustments to reconcile net income to net cash provided by operating activities: |                     |                   |                     |                    |
| Deferred taxes  | 26,209              | (14,699)          | (4,891)             | (7,915)            |
| Depreciation  | 68,979              | 66,620            | 280,170             | 254,271            |
| Amortization  | 86,392              | 93,244            | 340,925             | 324,231            |
| Provision for doubtful accounts   | (504)               | 180               | 709                 | 857                |
| Share-based compensation expense  | 45,208              | 40,639            | 172,396             | 155,313            |
| Excess tax benefit from share-based plans   | (1,063)             | (6,143)           | (12,232)            | (44,919)           |
| Impairment and other  | 3,480               | 6,270             | 67,599              | 6,790              |
| Other non-operating   | (462)               | 293               | (9,620)             | 636                |
| Changes in operating assets and liabilities:                                      |                     |                   |                     |                    |
| Accounts receivable, net  | 122,950             | 27,391            | 224,915             | (118,606)          |
| Inventory   | (23,489)            | 83,886            | (110,250)           | 136,442            |
| Other assets  | (60,618)            | 27,357            | (70,636)            | 37,738             |
| Accounts payable trade  | (26,808)            | (24,738)          | (47,690)            | 37,380             |
| Accounts payable to related parties   | 34,209              | 1,234             | 41,459              | (10,913)           |
| Other liabilities   | 24,027              | (15,612)          | (214,652)           | (80,303)           |
| Total adjustments   | 298,510             | 285,922           | 658,202             | 691,002            |
| Net cash provided by operating activities   | <u>433,979</u>      | <u>487,813</u>    | <u>1,046,680</u>    | <u>1,698,448</u>   |
| <b>Cash flows from investing activities:</b>                                      |                     |                   |                     |                    |
| Purchases of short and long-term marketable securities                            | (1,194,583)         | (730,244)         | (3,073,012)         | (4,106,494)        |
| Proceeds from sales of short and long-term marketable securities                  | 1,547,835           | 493,294           | 4,105,992           | 4,114,712          |
| Proceeds from maturities of short and long-term marketable securities             | 150,317             | 208,992           | 456,653             | 772,882            |
| Acquisition of property and equipment, net  | (131,385)           | (67,145)          | (413,828)           | (232,786)          |
| Investment in Flash Ventures  | —                   | —                 | —                   | (24,296)           |
| Notes receivable issuances to Flash Ventures                                      | (95,008)            | (49,789)          | (323,382)           | (181,481)          |
| Notes receivable proceeds from Flash Ventures                                     | 68,110              | 104,654           | 285,070             | 231,409            |
| Purchased technology and other assets   | (3,232)             | (20,248)          | (8,959)             | (24,837)           |
| Acquisitions, net of cash acquired  | —                   | —                 | —                   | (1,063,798)        |
| Other   | —                   | —                 | (866)               | —                  |
| Net cash provided by (used in) investing activities                               | <u>342,054</u>      | <u>(60,486)</u>   | <u>1,027,668</u>    | <u>(514,689)</u>   |
| <b>Cash flows from financing activities:</b>                                      |                     |                   |                     |                    |
| Repayment of debt financing   | —                   | (3,212)           | (73)                | (3,212)            |
| Proceeds from employee stock programs   | 7,355               | 22,442            | 68,514              | 181,486            |
| Excess tax benefit from share-based plans   | 1,063               | 6,143             | 12,232              | 44,919             |
| Dividends paid  | (212)               | (65,122)          | (188,911)           | (234,565)          |
| Repurchase of common stock  | —                   | (500,551)         | (1,250,263)         | (1,300,212)        |
| Taxes paid related to net share settlement of equity awards                       | (2,520)             | (2,855)           | (44,695)            | (41,264)           |
| Net cash provided by (used in) financing activities                               | <u>5,686</u>        | <u>(543,155)</u>  | <u>(1,403,196)</u>  | <u>(1,352,848)</u> |
| Effect of changes in foreign currency exchange rates on cash                      | <u>(844)</u>        | <u>(6,004)</u>    | <u>(1,207)</u>      | <u>(8,154)</u>     |
| Net increase (decrease) in cash and cash equivalents                              | 780,875             | (121,832)         | 669,945             | (177,243)          |
| Cash and cash equivalents at beginning of period                                  | 698,073             | 930,835           | 809,003             | 986,246            |
| Cash and cash equivalents at end of period  | <u>\$ 1,478,948</u> | <u>\$ 809,003</u> | <u>\$ 1,478,948</u> | <u>\$ 809,003</u>  |

**SanDisk Corporation**  
**Preliminary Quarterly Metrics**  
(unaudited)

**Revenue Mix by Category** <sup>(1)</sup>

% of revenue

Percentages may not add to 100% due to rounding

|                                     | <u>Q1'14</u> | <u>Q2'14</u> | <u>Q3'14</u> | <u>Q4'14</u> | <u>Q1'15</u> | <u>Q2'15</u> | <u>Q3'15</u> | <u>Q4'15</u> | <u>FY'14</u> | <u>FY'15</u> |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Removable <sup>(2)</sup>            | 40%          | 40%          | 38%          | 33%          | 38%          | 44%          | 37%          | 41%          | 38%          | 40%          |
| Embedded <sup>(3)</sup>             | 20%          | 19%          | 24%          | 26%          | 25%          | 20%          | 27%          | 22%          | 23%          | 24%          |
| Enterprise Solutions <sup>(4)</sup> | 6%           | 8%           | 10%          | 15%          | 14%          | 14%          | 11%          | 13%          | 10%          | 13%          |
| Client SSD Solutions <sup>(5)</sup> | 22%          | 21%          | 17%          | 16%          | 13%          | 10%          | 10%          | 12%          | 19%          | 11%          |
| Other <sup>(6)</sup>                | 11%          | 12%          | 11%          | 10%          | 10%          | 11%          | 15%          | 12%          | 11%          | 12%          |
| <b>Total Revenue</b>                | <b>100%</b>  | <b>100%</b>  | <b>100%</b>  | <b>100%</b>  | <b>100%</b>  | <b>100%</b>  | <b>100%</b>  | <b>100%</b>  | <b>100%</b>  | <b>100%</b>  |

<sup>(1)</sup> Revenue is estimated based on analysis of the information the company collects in its sales reporting processes.

<sup>(2)</sup> Removable includes products such as cards, USB flash drives and audio/video players.

<sup>(3)</sup> Embedded includes products that attach to a host system board.

<sup>(4)</sup> Enterprise Solutions includes SSDs, system solutions and software used in data center applications.

<sup>(5)</sup> Client SSD Solutions includes SSDs used in client devices and associated software.

<sup>(6)</sup> Other includes wafers, components, accessories, and license and royalties.

**Revenue Mix by Channel** <sup>(1)</sup>

% of revenue

|                           | <u>Q1'14</u> | <u>Q2'14</u> | <u>Q3'14</u> | <u>Q4'14</u> | <u>Q1'15</u> | <u>Q2'15</u> | <u>Q3'15</u> | <u>Q4'15</u> | <u>FY'14</u> | <u>FY'15</u> |
|---------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Commercial <sup>(2)</sup> | 65%          | 67%          | 68%          | 69%          | 65%          | 61%          | 67%          | 61%          | 67%          | 64%          |
| Retail                    | 35%          | 33%          | 32%          | 31%          | 35%          | 39%          | 33%          | 39%          | 33%          | 36%          |
| <b>Total Revenue</b>      | <b>100%</b>  | <b>100%</b>  | <b>100%</b>  | <b>100%</b>  | <b>100%</b>  | <b>100%</b>  | <b>100%</b>  | <b>100%</b>  | <b>100%</b>  | <b>100%</b>  |

<sup>(1)</sup> Revenue is estimated based on analysis of the information the company collects in its sales reporting processes.

<sup>(2)</sup> Commercial includes revenue from OEMs, system integrators, value-added resellers, direct sales, and license and royalties.

**SanDisk Corporation**  
**Preliminary Quarterly and Annual Metrics**  
(unaudited)

|  | <u>Q1'14</u> | <u>Q2'14</u> | <u>Q3'14</u> | <u>Q4'14</u> | <u>Q1'15</u> | <u>Q2'15</u> | <u>Q3'15</u> | <u>Q4'15</u> | <u>FY'14</u> | <u>FY'15</u> |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Q/Q Change in Gigabytes Sold               | -10%         | +31%         | +9%          | +4%          | -15%         | -1%          | +49%         | +23%         |              |              |
| Y/Y Change in Gigabytes Sold               | +20%         | +51%         | +43%         | +32%         | +24%         | -6%          | +30%         | +53%         | +36%         | +26%         |
| Q/Q Change in ASP/Gigabyte                 | -3%          | -16%         | -3%          | -4%          | -10%         | -6%          | -22%         | -10%         |              |              |
| Y/Y Change in ASP/Gigabyte                 | -7%          | -26%         | -26%         | -24%         | -29%         | -21%         | -37%         | -41%         | -22%         | -34%         |
| Q/Q Change in Cost/Gigabyte <sup>(1)</sup> | -3%          | -12%         | -3%          | +3%          | -6%          | -4%          | -24%         | -12%         |              |              |
| Y/Y Change in Cost/Gigabyte <sup>(1)</sup> | -23%         | -28%         | -23%         | -15%         | -17%         | -10%         | -29%         | -40%         | -22%         | -27%         |
| Average Gigabyte/Unit Capacity             | 13.9         | 14.1         | 16.5         | 22.3         | 20.8         | 19.2         | 23.5         | 23.9         | 16.4         | 22.2         |
| As of end of period:                       |              |              |              |              |              |              |              |              |              |              |
| Factory Headcount <sup>(2)(3)</sup>        | 1,366        | 2,874        | 3,276        | 3,284        | 3,149        | 3,149        | 3,322        | 3,456        | 3,284        | 3,456        |
| Non-Factory Headcount <sup>(4)</sup>       | <u>4,490</u> | <u>4,664</u> | <u>5,461</u> | <u>5,412</u> | <u>5,490</u> | <u>5,371</u> | <u>5,292</u> | <u>5,334</u> | <u>5,412</u> | <u>5,334</u> |
| Total Headcount                            | 5,856        | 7,538        | 8,737        | 8,696        | 8,639        | 8,520        | 8,614        | 8,790        | 8,696        | 8,790        |

(1) Cost per gigabyte and cost reduction are non-GAAP and are computed from non-GAAP cost of revenue.

(2) Reflects SanDisk China and Malaysia factory employees, excluding temporary and contract workers.

(3) During 2014, 1,505 employees were converted from contractor to employee status in SanDisk's assembly and test facility in China.

(4) Reflects SanDisk non-factory employees, excluding temporary and contract workers.