

SanDisk Corporation
Reconciliation of Non-GAAP to GAAP Statement of Operations
Three months ended June 29, 2008
(in thousands, except percentages and per share amounts, unaudited)

	SanDisk Consolidated Non-GAAP	% of Revenue	Share-based Compensation	Purchase Accounting Adjustments	SanDisk Consolidated GAAP	% of Revenue
Product revenue	\$ 687,508	84.3%	\$ -	\$ -	\$ 687,508	84.3%
License and royalty revenue	128,503	15.7%	-	-	128,503	15.7%
Total revenues	816,011	100.0%	-	-	816,011	100.0%
Cost of product revenues	648,549	79.5%	2,009	-	650,558	79.7%
Amortization of acquisition-related intangible assets	-	-	-	14,582 (a)	14,582	1.8%
Total cost of product revenues	648,549	79.5%	2,009	14,582	665,140	81.5%
Product gross profit	38,959	5.7%	(2,009)	(14,582)	22,368	3.3%
Gross profit	167,462	20.5%	(2,009)	(14,582)	150,871	18.5%
Research and development	102,819	12.6%	9,324	-	112,143	13.7%
Sales and marketing	71,215	8.7%	6,423	-	77,638	9.5%
General and administrative	46,332	5.7%	7,352	-	53,684	6.6%
Restructuring	4,085	0.5%	-	-	4,085	0.5%
Amortization of acquisition-related intangible assets	-	-	-	4,553 (a)	4,553	0.6%
Total operating expenses	224,451	27.5%	23,099	4,553	252,103	30.9%
Operating loss	(56,989)	-7.0%	(25,108)	(19,135)	(101,232)	-12.4%
Total other income	20,542	2.5%	-	-	20,542	2.5%
Loss before taxes	(36,447)	-4.5%	(25,108)	(19,135)	(80,690)	-9.9%
Benefit from income taxes	(14,106)	-1.8%	652	641 (b)	(12,813)	-1.6%
Net loss	\$ (22,341)	-2.7%	\$ (25,760)	\$ (19,776)	\$ (67,877)	-8.3%
Net loss per share, diluted	\$ (0.10)				\$ (0.30)	
Diluted shares used in computing net loss per share	224,888				224,888	
Effective tax rate	38.7%				15.9%	

(a) Amortization of acquisition-related intangibles assets, primarily core and developed technology related to acquisitions of Matrix Semiconductor, Inc. (1/06), msystems Ltd. (11/06), and MusicGremlin (6/08).

(b) Income taxes associated with certain non-GAAP adjustments.

SanDisk Corporation
Reconciliation of Non-GAAP to GAAP Statement of Operations
Six months ended June 29, 2008
(in thousands, except percentages and per share amounts, unaudited)

	SanDisk Consolidated Non-GAAP	% of Revenue	Share-based Compensation	Purchase Accounting Adjustments	SanDisk Consolidated GAAP	% of Revenue
Product revenue	\$ 1,411,559	84.7%	\$ -	\$ -	\$ 1,411,559	84.7%
License and royalty revenue	254,419	15.3%	-	-	254,419	15.3%
Total revenues	1,665,978	100.0%	-	-	1,665,978	100.0%
Cost of product revenues	1,221,524	73.3%	5,638	-	1,227,162	73.7%
Amortization of acquisition-related intangible assets	-	-	-	29,164 (a)	29,164	1.7%
Total cost of product revenues	1,221,524	73.3%	5,638	29,164	1,256,326	75.4%
Product gross profit	190,035	13.5%	(5,638)	(29,164)	155,233	11.0%
Gross profit	444,454	26.7%	(5,638)	(29,164)	409,652	24.6%
Research and development	205,427	12.3%	18,150	-	223,577	13.4%
Sales and marketing	147,860	8.9%	9,934	-	157,794	9.5%
General and administrative	96,876	5.8%	14,612	-	111,488	6.7%
Restructuring	4,085	0.3%	-	-	4,085	0.3%
Amortization of acquisition-related intangible assets	-	-	-	9,028 (a)	9,028	0.5%
Total operating expenses	454,248	27.3%	42,696	9,028	505,972	30.4%
Operating loss	(9,794)	-0.6%	(48,334)	(38,192)	(96,320)	-5.8%
Total other income	46,424	2.8%	-	-	46,424	2.8%
Income (loss) before taxes	36,630	2.2%	(48,334)	(38,192)	(49,896)	-3.0%
Provision for income taxes	11,185	0.7%	(7,386)	(3,698) (b)	101	0.0%
Net income (loss)	\$ 25,445	1.5%	\$ (40,948)	\$ (34,494)	\$ (49,997)	-3.0%
Net income (loss) per share, diluted	\$ 0.11				\$ (0.22)	
Diluted shares used in computing net income (loss) per share	227,703				224,703	
Effective tax rate	30.5%				-0.2%	

(a) Amortization of acquisition-related intangibles assets, primarily core and developed technology related to acquisitions of Matrix Semiconductor, Inc. (1/06), msystems Ltd. (11/06), and MusicGremlin (6/08).

(b) Income taxes associated with certain non-GAAP adjustments.