



SanDisk Corporation Backgrounder

SanDisk® Corporation, the world's largest supplier of flash memory data storage card products, was founded in 1988 by Dr. Eli Harari, an international authority on non-volatile memory technology. In November 1995, SanDisk became a publicly traded company (NASDAQ:SNDK). With revenue of \$3.3 billion in 2008, SanDisk has more than 1,300 employees worldwide and is headquartered at 601 McCarthy Blvd., Milpitas, CA, 95035, (408) 801-1000. SanDisk sells products through both retail and OEM (original equipment manufacturers) channels. SanDisk products are sold through more than 240,000 retail storefronts worldwide. More than half of the company's sales are outside the U.S.

SanDisk designs, develops, manufactures and markets flash storage card products used in a variety of electronic systems. Flash storage cards allow data to be stored in a compact, removable format. SanDisk's flash card products help drive the mass market for sales of digital cameras, multimedia mobile phones, USB flash drives and other digital consumer devices. SanDisk holds more than 350 U.S. and foreign patents and licenses its technology to several companies.

SanDisk is the only company that has rights to manufacture and sell every major flash card format, including: CompactFlash® (CF), SD™, miniSD™, microSD™, MultiMediaCard™ (MMC), Memory Stick PRO™ and other Memory Stick™ products, xD-Picture Card™, and USB flash drives. The company receives a majority of its flash storage card product revenues from sales to retailers, with the balance coming from sales to OEMs.

SanDisk is focused primarily on five digital consumer markets: digital cameras, mobile phones, USB flash drives, MP3 players and gaming. Each of these markets is currently experiencing significant growth: Digital Cameras - Digital cameras sales have surpassed sales of film cameras and require higher capacity storage cards to support many features that include high-resolution (5-megapixel and greater), video capture and more. SanDisk offers some of the fastest cards for digital cameras through its Ultra II, Extreme III and Extreme IV lines which are designed for advanced and professional photographers.

Mobile Phones - The mobile phone market is experiencing rapid growth as consumers demand new built-in features such as a digital camera, MP3 players, video capture and playback, Internet access and other multimedia features. As a result, many more phones have a card slot for removable storage cards. SanDisk is a leading supplier of miniSD, microSD, Memory Stick PRO Duo, and RS-MMC for removable storage, and these products are used in many of the multimedia mobile phones.

USB Flash Drives - USB flash drive solutions allow consumers to store computer files on key chain-sized devices and then quickly and easily transfer these files between laptops, desktops and other devices. USB flash drives are increasingly being used in the place of floppy disks, compact discs with read/write capability, and other storage devices in personal computers and laptops. In both units and dollar volume, SanDisk is the largest seller of USB flash drives in the United States. The company carries a full line of U3-enabled USB flash drives.

Videogame Cards and Flash Drives - High-capacity memory cards are needed to play music, view photos, save game data and watch videos on the Sony Playstation Portable and other game consoles that will ship later this year. In addition, SanDisk will offer a new line of USB flash drives that can be used with the Microsoft Xbox 360, which includes several USB ports.

Digital Audio/MP3 Players - SanDisk offers a wide range of flash-based digital music players under its Sansa line that support music subscription services and include features such as an FM tuner, voice recording and capacities up to 6GB.

SanDisk is the world, revenue, market share leader in flash card sales, according to Semico Research Corp., which credited SanDisk with a 25 percent market share in 2005. Semico also reported that the



worldwide flash storage card market recorded \$7.5 billion in revenues in 2005. SanDisk's strategy is to identify mass consumer markets for flash storage and manufacture high volumes of all major flash storage card formats for our target markets, thus enabling SanDisk to be a one-stop shop for its retail and OEM customers. SanDisk revenue for fiscal 2005 was \$2.3 billion, up from \$1.8 billion in 2004. SanDisk was the highest performing stock on the NASDAQ-100 in 2005.

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