

External Memo

To: All SanDisk Industrial Customers
From: SanDisk Product Marketing
Subject: Transition of SanDisk Industrial Product Line to Standard SanDisk Products
Date: Wednesday, January 26, 2005

Dear valued customer,

With this letter, SanDisk is formally announcing a change in its product offering to the Industrial marketplace. Effective February 1st, 2005, SanDisk will begin a 6-month phase-out of its Industrial Grade and Standard Grade product lines. No changes are being made to standard product lines.

The reason for this is tied primarily to changes in our memory technology as well as the business climate for SanDisk as a whole. Advancements in NAND flash memory technology have resulted in significant improvements in the quality and reliability of standard SanDisk products. And as non-industrial consumer applications have become more demanding in terms of reliability and performance, many of the differentiating features of the industrial products have been incorporated into the standard products from SanDisk. As a result of this, SanDisk will begin transitioning all industrial customers to standard MLC based products.

SanDisk is committed to continuing to serve our industrial customers and will make this transition as seamless as possible by making this a high priority and putting in place the resources and support necessary to help transition these important customers to standard SanDisk products. Additionally, as Industrial products have carried a significant price premium over our standard products, industrial customers choosing to make a quick transition will immediately benefit from the lower pricing available with standard products.

Effective February 1, 2005, SanDisk will begin a formal End of Life process for the Industrial Grade and Standard Grade families of Industrial products. This includes both the extended and commercial temperature versions of Industrial CompactFlash, PC Card, 2.5" Flash Drive, SD and TransFlash. These products will be replaced with standard SanDisk products. Available form factors include CompactFlash, SD and TransFlash. It should be noted that the 2.5" Flash Drive and PC Card will not be offered in the standard product line and will go through an End of Life process. PC Card customers in particular will be encouraged to substitute these products with a CompactFlash card and a PCMCIA adapter.

During this transition to standard products, customers will be offered a Last Time Buy (LTB) opportunity for 3 months, and a Last Time Ship (LTS) opportunity for an additional 3 months on the current product lines. Standard product qualification samples

will be made available immediately to facilitate a smooth transition to our standard products.

Over the last 15 years, SanDisk has gained a unique understanding of the industrial customer base. SanDisk remains committed to providing world class, quality products that exceed the requirements of the vast majority of industrial customers and their applications.

To assist you in this transition please refer to the product change notification (PCN), product line presentation and FAQ available from your sales representative.

Thank you for your understanding and we look forward to your continued business.

Sincerely,

Norm Frentz
Manager, Industrial Marketing