

## Stock Fundamentals as of October 23, 2006

Sabrient Rating	<b>Sell</b>
Ticker	<b>SNDK</b>
Market Cap Designation	<b>Large-cap</b>
Market Capitalization (Billions)	<b>\$9.3</b>
Price	<b>\$47.45</b>
52-Week High/Low	<b>\$79.80/37.34</b>
EPS (TTM)	<b>\$1.83</b>
P/E Ratio (TTM)	<b>25.9</b>
Dividend Yield	<b>N/A</b>
S&P 500 P/E Ratio	<b>21.3</b>
Price/Book Ratio	<b>2.8</b>
Price/Sales Ratio	<b>3.3</b>
30-Day Average Volume (Millions)	<b>14.4</b>
Beta	<b>3.01</b>
Current Ratio	<b>6.2</b>
Short Interest Ratio	<b>1.5</b>
Shares Outstanding (Millions)	<b>196.5</b>
Institutional Holdings	<b>0.6%</b>

### Sabrient Ratings

Sabrient's Buy/Hold/Sell ratings are based on a combination of dynamic filters that determine which attributes of a stock are most predictive in the prevailing market and which stocks best reflect those attributes but are not yet rewarded.

Sabrient starts with an "extraction" process that uses the best performing filters to identify stocks having certain compelling attributes currently sought by the market. Then, a composite scoring process uses a weighted average of several key scores to quantify the relative likelihood of upside or downside price action. As a result, the Buy/Hold/Sell rating may, in certain cases, seem inconsistent with a simple average of the scores cited in this analysis.

A BUY rating means the stock is expected to increase by 15% or more over the following six months. A SELL rating means the stock is expected to decline by 10% or more over the following six months. A HOLD rating indicates that Sabrient has no opinion on the stock because it lacks certain compelling qualities sought by Sabrient's best performing filters.

If a stock is rated HOLD, the investor should review the stock's history of Sabrient ratings to see if it has recently changed to HOLD from BUY or SELL. If so, this indicates one of the following: (1) there has been a significant change in the stock's fundamentals, (2) the stock is already appropriately rewarded or punished by the market, or (3) there simply has been some recent price consolidation that warrants attention. A reading of Sabrient's analysis should identify which it is.

*More about Sabrient on Page 4.*

### Sabrient's Market Cap Designations

Large Cap	> \$5.0 Billion
Mid Cap	\$1.0 - \$5.0 Billion
Small Cap	\$150 Million - \$1.0 Billion
Micro Cap	< \$150.0 Million

## SANDISK CORP



## Company Profile

SANDISK CORP (Sandisk) designs, makes and sells solid-state data, digital imaging and audio storage products using proprietary high-density flash memory and controller technologies. Products are used in a variety of consumer electronics and industrial/communications applications.

**Earnings and Revenue Update:** For the quarter ended September 30, 2006, Sandisk reported earnings of \$103.3 million or \$0.51 per share compared with \$95.6 million or \$0.47 per share for the prior quarter and \$107.5 million or \$0.55 per share for the same quarter one year ago. Revenues were \$751.4 million for the quarter ended September 30, 2006 compared with \$719.2 million for the prior quarter and \$589.6 million for the same quarter one year ago. Last twelve months' earnings were \$1.83 per share compared with \$1.74 per share a year ago. Last twelve months' revenues were \$2.8 billion compared with \$2.1 billion a year ago.

## Sabrient Analysis

Based on Sabrient's backtested filter analysis, SNDK is rated a Sell because some of the stock's attributes have characteristics associated with poor performance in the current market environment.

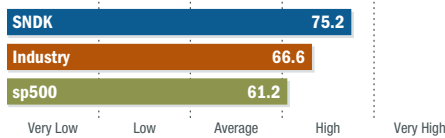
- **Momentum:** SNDK exhibits below average momentum with a Sabrient Momentum Score of 35.6. The score is a reflection of price, earnings, and group momentum.
- **Value:** A Sabrient Value Score of 47.9 indicates that SNDK is fully valued or possibly overvalued.
- **Growth:** SNDK posts a Sabrient Growth Score of 75.2, indicating good growth potential for the stock. This score is based on historical and projected earnings growth and other growth metrics.
- **Timeliness:** SNDK has a Sabrient Timeliness Score of 21.5. This measures technical strength based on short-term and long-term price performance and long-term group strength.

*Sabrient Analysis continued on Page 3*

## Current Sabrient Scores Compared with Industry and Relevant Benchmark

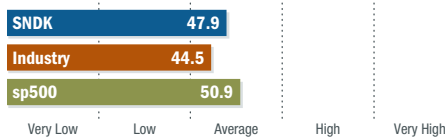
These Sabrient scores compare various aspects of SANDISK CORP with its industry and relevant benchmarks. The scores are percentile rankings from 0 to 99.9. Higher scores are better. We use a weighted average of several key scores to quantify the relative likelihood of upside or downside price action. Therefore, the Sabrient rating may seem inconsistent with a simple average of the scores cited in this analysis.

### Growth Score: 75.2



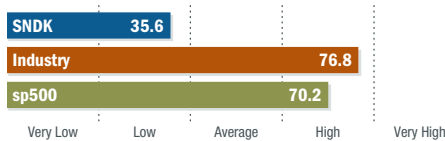
The Sabrient Growth Score reflects a company's historical and projected earnings growth, revenue and sales growth, projected cash flow, analyst activity, and changes in earnings estimates, each over various time periods. The higher the score, the better the combined performance of these key measures. With a Sabrient Growth Score of 75.2, Sandisk is marginally higher than the average of its industry group, which has a Sabrient Growth Score of 66.6.

### Value Score: 47.9



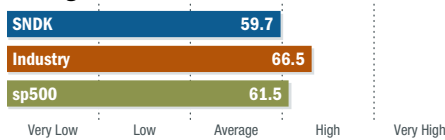
The Sabrient Value Score measures the relationship between a company's stock price and its intrinsic value, as indicated by earnings and balance sheet attributes, with an emphasis on earnings. Also considered are cash flow measures and fundamental valuation ratios. With a Sabrient Value Score of 47.9, Sandisk is marginally higher than the average of its industry group, which has a Sabrient Value Score of 44.5.

### Momentum Score: 35.6



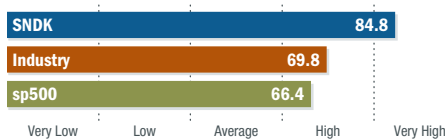
The Sabrient Momentum Score measures a company's earnings and price momentum, evenly weighted, and augmented by group strength, money flow, and relative volume. Core technical factors include current price relative to periodic highs and moving averages. With a Sabrient Momentum Score of 35.6, Sandisk is significantly lower than the average of its industry group, which carries a Sabrient Momentum Score of 76.8.

### Earnings Score: 59.7



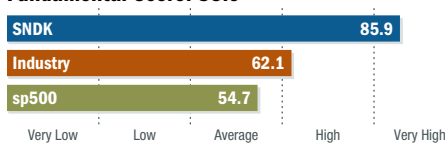
The Sabrient Earnings Score assesses a company's overall earnings performance and projected outlook. Time periods include an average look-back of three years with an emphasis on the past four quarters and a forward look of one to five years. With a Sabrient Earnings Score of 59.7, Sandisk is marginally lower than the average of its industry group, which has a Sabrient Earnings Score of 66.5.

### Balance Sheet Score: 84.8



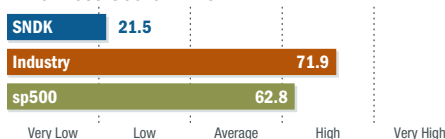
The Sabrient Balance Sheet Score measures a company's liquidity and debt issues, as well as receivables and inventory quality. This score is used to assess relative risk associated with a stock: the lower the score, most likely the higher the inherent risk. With a Sabrient Balance Sheet Score of 84.8, Sandisk is moderately higher than the average of its industry group, which carries a Sabrient Balance Sheet Score of 69.8.

### Fundamental Score: 85.9



The Sabrient Fundamental Score is the broad measure of a company's financial health, including its balance sheet, cash flow, revenue, and earnings quality. With a Sabrient Fundamental Score of 85.9, Sandisk is considerably higher than the average of its industry group, which carries a Sabrient Fundamental Score of 62.1.

### Timeliness Score: 21.5

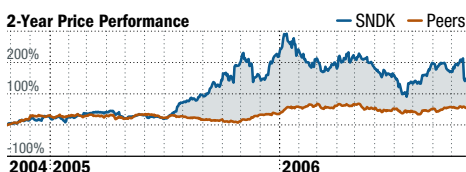


The Sabrient Timeliness Score is an assessment of a stock's short and long-term price strength as determined by various chart-based indicators and measures of group momentum and relative price performance. With a Sabrient Timeliness Score of 21.5, Sandisk is dramatically lower than the average of its industry group, which carries a Sabrient Timeliness Score of 71.9.

## Peer Analysis

This table compares SNDK with other similar-sized companies in the same industry group, focusing on Sabrient's growth, momentum and value scores, which represent the three main investing styles. The Peer Analysis chart compares SNDK's price performance with these companies.

### 2-Year Price Performance

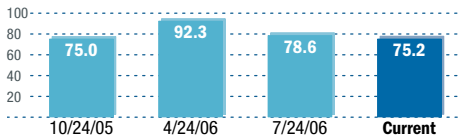


Symbol	Company	Growth Score	Momentum Score	Value Score	Market Cap.(B)
NTAP	Network Appliance	65.5	41.8	32.6	\$13.9
STX	Seagate	16.0	43.1	54.8	\$12.4
<b>SNDK</b>	<b>SANDISK CORP</b>	<b>75.2</b>	<b>35.6</b>	<b>47.9</b>	<b>\$9.3</b>
LXK	Lexmark	20.5	90.0	48.6	\$6.3
LOGI	Logitech	85.4	91.7	29.0	\$4.8
WDC	Western Digital	89.0	79.2	85.1	\$3.8
QLGC	QLogic	26.9	50.4	31.0	\$3.1

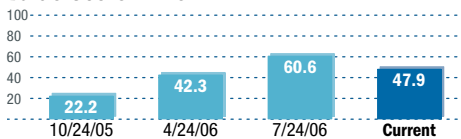
## Historical Sabrient Scores

The recent history of key Sabrient scores provide insight into the stock's trend—whether it is increasing or decreasing in strength in a particular area, or simply holding steady. The Sabrient scores are percentile rankings from 0 to 99.9, with higher scores better. Keep in mind that Sabrient ratings may seem inconsistent with a simple average of these key scores because a weighted average of several key scores is used to quantify the relative likelihood of upside or downside price action.

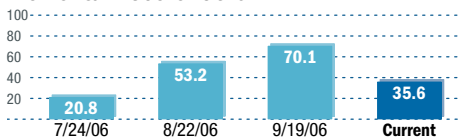
### Growth Score: 75.2



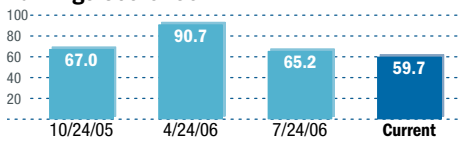
### Value Score: 47.9



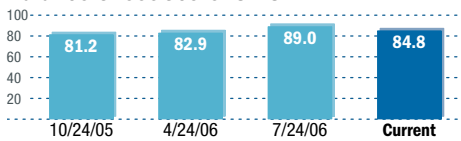
### Momentum Score: 35.6



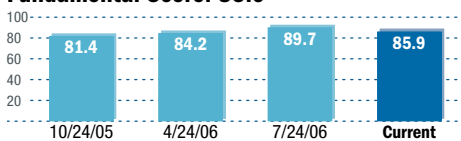
### Earnings Score: 59.7



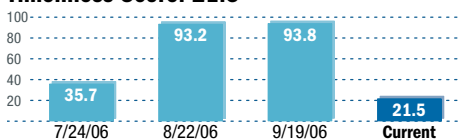
### Balance Sheet Score: 84.8



### Fundamental Score: 85.9



### Timeliness Score: 21.5



Sabrient Analysis continued from Page 1

• **Best Performing Filters:** To determine the likelihood of near-term performance, Sabrient builds and backtests "Smart Filters" to establish which caps, styles and attributes are drawing a premium in today's market. Currently, the three most predictive filters for the relevant segment are:

**Group Momentum Filter:** The Group Momentum Filter measures industry group performance in multiple periods with an emphasis on the last three months and serves as a proxy for broader market sentiment toward a group or niche. Backtesting shows that the filter has earned a significant premium to its large-cap benchmark over the past three months. SNDK scores 92.8 for this filter.

**Turnaround Filter:** The Turnaround Filter gives high scores to stocks that exhibit low relative valuations and relatively stagnant EPS growth over the last three years, but have favorable EPS projections that have not yet been rewarded by the market. The filter dramatically outperformed its large-cap benchmark during the last three months. SNDK scores 44.3 for this filter.

**Price Trend Filter:** The Price Trend Filter uses a sophisticated statistical analysis to evaluate a stock's current price with respect to its long-term trend and to compare the result to the stock's core growth characteristics. A high score means the stock is below its long-term trend, especially in light of its earnings performance. A low score means the stock is above its long-term trend and may likely fall back to or below the mean. As of last month, this filter showed a substantial premium to its large-cap benchmark. SNDK scores 73.5 for this filter.

In summary, Sabrient rates SNDK a Sell because the stock has qualities associated with poor performance. This analysis should be considered along with the recent behavior of the market, discussed below.

## What the Market Wants: October 2006

[Note: 'What the Market Wants' is based on the market behavior and Sabrient's filter backtesting results for the previous month.]

September, historically the weakest month of the year, was anything but, as the market extended August's solid gains. The large-cap indices, led by a 3.4% advance in the Nasdaq, paced the market in September. All other caps and all styles were up as well, ranging from 1% to over 2% for most indexes to as low as 3 basis points for the micro-cap growth index.

On the style front, the competition between growth and value ended in a draw. Growth outperformed in the upper end of the market cap spectrum, while value outpaced growth in the small-cap and micro-cap segments. Despite growth's recent strength after several months of underperformance, value still remains the leading style for the most recent quarter, trailing 6 months and 12 months, and year-to-date. Since it has been a value world, with the exception of the last 6 to 7 weeks, it's a little early to exchange our value stocks for growth.

After years of small-cap and mid-cap dominance, large-caps have assumed the leadership role during the recent two-month advance. (In fact, the mega-cap Dow Jones Industrial Average set a new high during the first week of October, eclipsing its previous high from January 2000.) During the last 3 and 6 months, a pattern has emerged that shows a direct relationship between market cap and performance: Performance increases as stocks move up the market cap spectrum. This reverses a long-term trend that has been in place for the past several years, but it remains to be seen whether this is a short-term blip or the beginning of a sea change.

What the Market Wants: October 2006 continued on Page 4

*What the Market Wants: October 2006 continued from Page 3*

A trend that continued from August was the market's rewarding stocks with low valuations and solid growth. Stocks with earnings momentum also fared favorably for the second consecutive month, and issues sporting strong group and price momentum outperformed.

For two months in a row now, the market outlook has been positive amid a seasonally weak period for stocks. If stocks can maintain their ground in October (the second-weakest month of the year), we could see higher prices into the New Year as November and December are typically favorable months for the stock market. Nevertheless, we're still operating in a climate of uncertainties about interest rates, global concerns, and political tensions, so cautious optimism is advised.

We'll review the market behavior again the second week in November.

## Company Description

SanDisk Corp. (SanDisk) design, develop and market flash storage devices used for a wide variety of consumer electronics products such as digital cameras, mobile phones, Universal Serial Bus, or USB, drives, gaming devices, MP3 players and other digital consumer devices. Flash storage allows data to be stored in a compact format that retains the data for an extended period of time after the power has been turned off.

The company sells product globally to retail and OEM customers. It intends to continue expanding its retail customer base to additional new geographic regions as well as to new outlets such as supermarkets and drug stores. In North America, the company sells its products principally through retailers, such as Best Buy Company, Inc., Circuit City Stores, Inc., Wal-Mart Stores, Inc. and Costco Wholesale Corp. In North America and the rest of the world, the company manages a network of distributors who sell to other retailers and dealers. It also is expanding a separate network of distributors and retail locations specifically focused on the mobile phone market.

SanDisk's market-driving efforts include investment in the U3 platform, with which software developers can transform USB drives from a simple mass storage device to a platform for on-the-go computing. The company is also in the early stages of developing the market for preloaded content, such as music, and other digital content for end-users in specific fields such as education. It is working with device manufacturers, infrastructure and copyright owners and software developers in developing these emerging markets, which it believes will contribute to the future of flash storage products.

The company is investing with Toshiba Corp., or Toshiba, in joint ventures that are high volume, state-of-the-art flash manufacturing facilities in Japan. Its commitment takes the form of capital investments and loans to the ventures, credit enhancements of venture leases of semiconductor manufacturing equipment, commitments, on a take-or-pay basis, to purchase 50% of the output of the ventures at manufacturing cost plus a mark-up and sharing in the cost of SanDisk-Toshiba joint research and development activities related to flash memory. The company supplements its sourcing of flash memory from the Toshiba ventures with purchases of memory on favorable terms from Renesas Technology Corp., Samsung Electronics Corp. and Toshiba.

January 13, 2006, SanDisk completed acquisition of Matrix Semiconductor, Inc., or Matrix, and acquired all the outstanding stock of Matrix for \$302 million.

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## About Sabrient

Sabrient Systems is an independent research firm providing statistical analysis of a company's fundamental data to investment professionals. We use a computer-driven, quantitative methodology to identify stocks that appear poised to outperform or underperform the market.

The Sabrient methodology was developed by an experienced research team led by David Brown, a former NASA scientist and retired CEO of Telescan and designer of its premier stock search program, ProSearch. The research team employs a scientific approach to the creation and testing of multi-factor filters. Each filter targets a key area of traditional stock analysis, including value, growth, momentum, fundamentals, earnings, balance sheet, and group strength. Using an adaptive process, filters are continually tested and monitored to ensure that only the best performing filters are at work.

Sabrient's ratings begin with an extraction process in which each of the few best-performing filters scans the universe of equities to identify stocks having certain compelling attributes sought, but not sufficiently rewarded, by the current market. Then, a composite scoring system employs a broader set of "weighting" filters to rank the extracted stocks. To support individual investors, Sabrient uses the same sophisticated methodology to provide individual stock reports on a universe of approximately 5,600 stocks.

*About Sabrient continued on Page 5*

About Sabrient continued from Page 4

Sabrient regularly tests the performance of its stock selections, using its primary list of published rankings and statistical techniques it believes appropriate. These recommendations have consistently outperformed relevant benchmarks across a broad range of investing styles, market caps, time frames and market conditions, demonstrating the robustness of Sabrient's proprietary methodology. While past performance is no guarantee of future results, Sabrient believes it can maintain its strong performance through its rigorous, scientific approach to filter construction and ongoing backtesting within a dynamic and adaptive composite scoring system.

For more information on Sabrient and its performance, go to [www.sabrient.com](http://www.sabrient.com)

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