

**SANDISK CORPORATION  
CORPORATE GOVERNANCE PRINCIPLES  
OF THE BOARD OF DIRECTORS**

**I. INTRODUCTION**

The board of directors of SanDisk Corporation (“SanDisk”) has adopted these governance principles to assist it in following corporate practices that serve the best interests of SanDisk and its stockholders. The board intends that these principles serve as a flexible framework within which the board may conduct its business, not as a set of binding legal obligations. The principles should be interpreted in the context of all applicable laws, SanDisk’s charter documents and other governing legal documents.

**II. ROLES AND RESPONSIBILITIES**

A. Role of Senior Management. Senior management, led by the Chief Executive Officer, is responsible for the running SanDisk’s day-to-day operations and appropriately informing the board of the status of such operations.

B. Role of the Board of Directors. The board oversees management’s performance on behalf of SanDisk’s stockholders. Its primary duties are (1) to oversee the Chief Executive Officer who, with senior management, runs SanDisk on a daily basis, and (2) to monitor management’s performance in operating SanDisk in an effective, efficient and ethical manner.

C. Formal Evaluation of Executive Officers. The board is responsible for evaluating the performance of SanDisk’s officers, including the Chief Executive Officer. The board has delegated the formal evaluation to the Compensation Committee of the board, in consultation with the Chief Executive Officer. That committee is responsible for the annual evaluation of the salary and bonus of all executive officers (including the Chief Executive Officer).

**III. BOARD COMPOSITION**

A. Size of the Board. The board of directors will periodically review the appropriate size of the board. SanDisk’s bylaws currently provide that the authorized number of directors is 7. Each member of the board is subject to election annually by the stockholders.

B. Majority of Independent Directors. A majority of the directors serving on the board will meet the standard of director independence set forth in The Nasdaq Stock Market Inc. listing standards as the same may be amended from time to time (the “listing standards”), as well as other factors not inconsistent with the listing standards that the board considers appropriate for effective oversight and decision-making by the board.

C. Affirmative Determination of Independence. The board shall affirmatively determine annually and at other times required by the listing standards or applicable laws that the directors designated as independent have no material relationships to SanDisk (either directly or with an organization in which the director is a partner, stockholder or officer or is financially interested) that may interfere with the exercise of their independence from management and SanDisk.

D. Management Directors. The board anticipates that SanDisk’s Chief Executive Officer will be nominated annually to serve on the board. The board may also appoint or nominate other members of

SanDisk's management whose experience and role at SanDisk are expected to help the board fulfill its responsibilities.

E. Chair. The board will periodically appoint a Chair of the board. Both independent and management directors, including the Chief Executive Officer, are eligible for appointment as the Chair.

F. Designation of Presiding Independent Director. The board may, but need not, designate an independent director to preside at the meetings of independent directors. If so designated, SanDisk will appropriately disclose the name of this presiding director.

G. Selection of Board Nominees. The board is responsible for the selection of candidates for nomination or appointment to the board. The Nominating and Governance Committee will recommend director candidates to the board for nomination or appointment, in consultation with the Chief Executive Officer.

H. Board Membership Criteria. The board's policy is to encourage selection of directors who will contribute to SanDisk's overall corporate goals of responsibility to its stockholders, industry leadership, customer experience and integrity in financial reporting and business conduct. The board and the Nominating and Governance Committee will from time to time review the experience and characteristics appropriate for board members and director candidates in light of the board's composition at the time and skills and expertise needed for effective operation of the board and its committees. No board member may serve on more than five (5) public company boards (including SanDisk's board). For purposes hereof, a "public company" is a company whose stock is traded on the New York Stock Exchange, the American Stock Exchange or the Nasdaq National Market.

I. Length of Board Service. The board, based on recommendations by the Nominating and Governance Committee, will review the length of service of its members when a director is eligible to be re-nominated for board membership, including an assessment of individual director performance, number of other company boards on which the individual serves, composition of the board at that time, and other relevant factors. Directors who retire from or change their principal occupation or business shall offer to resign from the board and the remaining members of the board shall re-evaluate the continued advisability of such director remaining on the board.

J. Retirement Age. No director will be nominated for reelection or reappointment to the board after reaching age 70 and each director shall retire from the board at the annual meeting of SanDisk stockholders following the date such director reaches age 70; provided however, that:

1. The retirement policy for existing directors who have not reached age 70 as of August 11, 2005 shall be to require these directors, upon reaching age 70, to deliver to the Chairman, or if there is no acting Chairman, to deliver to each of the other directors (or, in the case of the Chairman reaching age 70, to deliver to each of the other directors), a letter of resignation effective as of the next annual meeting of SanDisk stockholders, which resignation, unless rejected or deferred for consideration to a later date by a majority of the non-affected directors, shall become effective as of the date of the next annual meeting of SanDisk stockholders; and

2. The retirement policy for directors who have already reached age 70 as of August 11, 2005 shall be to require these directors to deliver a letter of resignation to the Chairman on or before September 15, 2005 effective as of the next annual meeting of SanDisk stockholders, which resignation, unless rejected or deferred for consideration to a later date by a majority of the non-affected directors, shall become effective as of the date of the next annual meeting of SanDisk stockholders.

K. Board Compensation. The board, through the Compensation Committee, will review or request management or outside consultants to review appropriate compensation policies or changes in compensation policies for the directors serving on the board and its committees. This review may consider board compensation practices of other comparable public companies, contributions to the board functions, time commitment expected for board and committee service and other appropriate factors.

L. Stock Ownership Guidelines.

Each board member should beneficially own, within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), 1,000 shares of SanDisk common stock upon his or her one-year anniversary of service. This minimum stock ownership guideline will increase by 1,000 shares upon each anniversary of service as a board member, up to a maximum of 5,000 shares after five years of service.

Each Executive Officer (as defined in Section 16 of the Exchange Act) should beneficially own (within the meaning of Rule 13d-3 under the Exchange Act) 1,000 shares of SanDisk common stock upon his or her one-year anniversary of service. This minimum stock ownership guideline will increase by 1,000 shares upon each anniversary of service as an Executive Officer, up to a maximum of 5,000 shares after five years of service.

These guidelines are effective March 19, 2008 and no director or officer in office at that time will be expected to satisfy the applicable ownership level until the first anniversary of that effective date.

#### **IV. BOARD MEETINGS**

A. Scheduling of Full Board Meetings. The Chair of the board will schedule in advance regular meetings of the board, ordinarily held five (5) times per year at SanDisk’s principal executive office.

B. Meetings of Independent Directors. The independent directors will hold during each fiscal year regular meetings of the independent members of the board without management present, at such times and for such purposes as the independent directors consider to be appropriate. For the convenience of the directors, these meetings may, but need not, be scheduled to coincide with the dates of regular board meetings. The independent directors may invite SanDisk’s independent auditors, legal counsel, finance staff and other employees and any other advisors or persons they deem appropriate to attend portions of these meetings.

C. Agenda. The Chair of the board and SanDisk’s Chief Executive Officer will have primary responsibility for preparing the agenda for each meeting and arranging for it to be sent in advance of the meeting to the directors along with appropriate written information and background materials. Each board committee, and each individual director, is encouraged to suggest items for inclusion on the agenda. The Chair and the full board separately have authority to require the board to meet in executive sessions to discuss sensitive matters with or without distribution of written materials.

D. Access to Information. SanDisk’s management will afford each board member access to SanDisk employees, legal counsel, investment bankers, the outside auditors and any other SanDisk advisors for any purpose reasonably related to the board’s responsibilities. Management is responsible for arranging presentations at board meetings by SanDisk executives and other employees and otherwise providing reports to the board that will communicate to the board at appropriate times meaningful information about (1) SanDisk’s financial and business plans, strategies and objectives; (2) the recent financial results and

condition of SanDisk and its business segments; (3) significant accounting, regulatory, competitive, litigation and other external issues affecting SanDisk; and (4) systems of disclosure controls and procedures and internal controls which promote accurate and timely reporting of financial information to stockholders and compliance with laws and corporate policies. Each director is entitled to inspect SanDisk's books and records and obtain such other data and information as the director may reasonably request; inspect facilities as reasonably appropriate for the performance of director duties; and to receive notice of all meetings in which a director is entitled to participate and copies of all board meeting minutes.

E. Independent Inquiries and Advisers. The board is authorized to conduct investigations, and to retain, at SanDisk's expense, independent legal, accounting, investment banking, or other professional advisors selected by the board, for any matters relating to the purpose or responsibilities of the board.

## V. BOARD COMMITTEES

A. Committees. The principal committees of the board are the Audit Committee, the Compensation Committee, and the Nominating and Governance Committee.

B. Committee Member Selection. After considering the recommendations of the Nominating and Governance Committee, if such recommendations are requested by the board, the board will designate the members and the Chair of each committee, endeavoring to match the committee's function and needs for expertise with individual skills and experience of the appointees to the committee. Each member of the Audit, Compensation and Nominating and Governance Committees shall be independent as defined in the listing standards and applicable laws, rules and regulations and shall comply with all listing standards, applicable laws, rules and regulations. In addition, the members of the Compensation Committee shall meet the independence standards set forth under applicable tax and securities laws.

C. Committee Functions. Each of the Audit, Compensation and Nominating and Governance Committees shall have a written charter approved by the board in compliance with applicable listing standards, laws and regulations. The number and content of committee meetings and means of carrying out committee responsibilities will be determined by each committee in light of the committee's charter, the authority delegated by the board to the committee, and legal, regulatory, accounting or governance principles applicable to that committee's function. SanDisk will afford access to SanDisk's employees, legal counsel, outside auditors and other professional advisors and resources, if needed, to enable committee members to carry out their responsibilities. The following is a brief description of each such committee:

3. Audit Committee. This committee is composed of at least three directors who are independent as defined in the listing standards. The audit committee has a charter which describes the responsibilities of this committee in accordance with the requirements of the listing standards and applicable provisions of the Securities Exchange Act of 1934, as amended, and SEC rules.

4. Compensation Committee. This committee is composed of at least two directors who are independent as defined in the listing standards and under applicable tax and securities laws. The compensation committee has a charter which describes the responsibilities of this committee in accordance with the requirements of the listing standards.

5. Nominating and Governance Committee. This committee is composed of at least two directors who are independent as defined in the listing standards. The nominating committee has a charter which describes the responsibilities of this committee in accordance with the requirements of the listing standards.

## VI. BOARD MEMBER RESPONSIBILITIES

### A. Director Responsibilities.

1. Generally. A director is expected to discharge his or her director duties, including duties as a member of any committee on which he or she serves, in good faith and in a manner the director reasonably believes to be in the best interests of the corporation and its stockholders.

2. Disclose Relationships. Each independent director is expected to disclose promptly to the board any existing or proposed relationships with SanDisk (other than service as a board member or on board committees) which could affect the independence of the director under applicable listing standards or any additional standards as may be established by the board of directors from time to time, including direct relationships between SanDisk and the director, and indirect relationships between SanDisk and any business, nonprofit or other organization in which the director is a general partner or manager, officer, or significant stockholder, or is materially financially interested. All of these relationships should be disclosed whether or not considered material, as the board must make a determination as to whether a relationship is material.

3. Reporting and Compliance Systems. Based on information available to the director, each director should be satisfied that SanDisk management maintains an effective system for timely reporting to the board or appropriate board committees on the following: (1) SanDisk's financial and business plans, strategies and objectives; (2) the recent financial results and condition of SanDisk and its business segments; (3) significant accounting, regulatory, competitive, litigation and other external issues affecting SanDisk; and (4) systems of control which promote accurate and timely reporting of financial information and disclosure of all other required information to stockholders and compliance with laws and corporate policies. Each director is expected to have a basic understanding of the foregoing matters to the extent information is furnished by management or otherwise available to the board.

4. Attendance. Board members are expected to devote sufficient time and attention to prepare for, attend and participate in board meetings and meetings of committees on which they serve, including advance review of meeting materials that may be circulated prior to each meeting.

5. Reliance on Information. In discharging responsibilities as a director, a director is entitled to rely in good faith on reports or other information provided by SanDisk management, independent auditors, legal counsel and other persons as to matters the director reasonably believes to be within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of SanDisk.

B. Transactions Affecting Director Independence. Without the prior approval of the audit committee, SanDisk will not make significant charitable contributions to organizations in which a director, or a director's family (as defined under the listing standards), is affiliated, enter into consulting contracts with (or otherwise provide indirect forms of compensation to) a director, or enter into any relationships or transactions (other than service as a director and board committee member) between SanDisk and the director (or any business or nonprofit entity or organization in which the director is a general partner, controlling stockholder, officer, manager, or trustee, or materially financially interested) or any other related party transactions. Notwithstanding the foregoing, to the extent required to comply with SEC rules, no member of the audit committee shall be an affiliated person of SanDisk or receive any direct or indirect compensation from SanDisk other than for service as a director and on committees on which the individual serves.

C. Continuing Education. The board is expected periodically to review appropriate policies and procedures for providing orientation sessions for newly elected or appointed directors, and recommending continuing director education programs for board and committee members.

D. Annual Evaluation. The board is expected to annually evaluate its corporate governance guidelines and whether the board, its members and its committees are functioning effectively and whether each director is fulfilling his or her obligations.

## **VII. MANAGEMENT RESPONSIBILITY**

A. Management Succession Planning. The Chief Executive Officer will review with the board management succession and development plans for executive officers. The board may from time to time ask the Compensation Committee to undertake specific reviews concerning management succession planning.

B. Financial Reporting and Legal Compliance. The board's governance and oversight functions do not relieve the primary responsibilities of SanDisk's management for (1) preparing financial statements which accurately and fairly present SanDisk's financial results and condition, and (2) maintaining systems, procedures and corporate culture which promote compliance with legal and regulatory requirements and the ethical conduct of SanDisk's business.

C. Corporate Communications. Executive management has the primary responsibility to establish policies concerning SanDisk's communications with investors, the press, customers, suppliers and employees.

D. Communication of Corporate Governance Guidelines. As required by the listing standards, management will assure that SanDisk's website will include a copy of these guidelines, copies of the charters of the Audit, Compensation, and Nominating and Governance Committees and, if applicable, other key committees of the board, and a copy of SanDisk's code of business conduct and ethics. Management will also include in SanDisk's annual report to stockholders statements to the effect that this information is available on SanDisk's website and in print to any stockholder who requests it.