

CIRRUS LOGIC, INC.
RECONCILIATION BETWEEN GAAP AND NON-GAAP FINANCIAL INFORMATION
(unaudited)
(in thousands, except per share data)
(not prepared in accordance with GAAP)

	Quarter Ended		
	Jun. 25, 2005	Mar. 26, 2005	Jun. 26, 2004
Net sales (Note 1)	\$ 9,129	\$ -	\$ -
Cost of sales (Note 2)	6,433	-	-
Gross Margin	<u>2,696</u>	<u>-</u>	<u>-</u>
Operating expenses:			
Research and development (Note 3)	2,984	3,419	3,738
Selling, general and administrative (Note 4)	3,519	(2,965)	28
Restructuring and other costs (Note 5)	-	485	1,723
Litigation settlement, net (Note 6)	(24,758)	242	199
Total operating expenses	<u>(18,255)</u>	<u>1,181</u>	<u>5,688</u>
Income (loss) from operations	20,951	(1,181)	(5,688)
Realized gain on marketable equity securities (Note 7)	388	137	669
Interest income, net	-	-	-
Other income (expense), net	-	-	-
Income (loss) before income taxes and loss from discontinued operations	<u>21,339</u>	<u>(1,044)</u>	<u>(5,019)</u>
Benefit for income taxes (Note 8)	(302)	(6,003)	-
Net income (loss)	<u>\$ 21,641</u>	<u>\$ 4,959</u>	<u>\$ (5,019)</u>
Basic and diluted income (loss) per share:	\$ 0.25	\$ 0.06	\$ (0.06)
Basic and diluted weighted average common shares outstanding	85,230	85,124	84,419
Diluted weighted average common shares outstanding	86,183	85,124	86,456

On July 20, 2005 the Company held a conference call with the public to discuss its first quarter fiscal year 2006 financial results. During that call, the Company made reference to non-GAAP financial measures. The above schedule is provided to comply with SEC Regulation G. This table provides the reconciliation between the Consolidated Condensed Statement of Operations on a GAAP and non-GAAP reporting basis. We use these non-GAAP financial numbers to assist us in the management of the Company because we believe that this information provides a more consistent and complete understanding of the underlying results and trends in our business.

See notes to Non-GAAP Consolidated Condensed Statement of Operations

Notes to Non-GAAP Consolidated Condensed Statement of Operations

This non-GAAP presentation reflects the historical financial results adjusted for the following non-recurring or unusual items:

(Note 1) **Q1 FY'06** - Non-GAAP net sales exclude \$9.1 million in revenue related to the video product line, a product line that was sold on June 30, 2005.

(Note 2) **Q1 FY'06** - Non-GAAP cost of sales exclude \$6.4 million in product cost related to the video product line, a product line that was sold on June 30, 2005.

(Note 3) **Q1 FY'06** - Non-GAAP research and development excludes \$2.3 million in video related expenses and \$0.7 million related to the amortization of acquired intangibles from our 2002 and 2000 acquisitions. **Q4 FY'05** - Non-GAAP research and development excludes \$3.4 million related to the amortization of acquired intangibles from our 2002 and 2000 acquisitions. **Q1 FY'05** - Non-GAAP research and development excludes \$3.8 million related to the amortization of acquisition related intangibles and compensation from our 2002 and 2000 acquisitions.

(Note 4) **Q1 FY'06** - Non-GAAP selling, general and administrative expense excludes a \$2.5 million in video related expenses and \$1.1 million in facility related accruals due to losses on new subleases. **Q4 FY'05** - Non-GAAP selling, general and administrative expense excludes a \$3.0 million benefit from the expiration of a use tax contingency.

(Note 5) **Q4 FY'05** - Non-GAAP restructuring and other costs excludes a \$0.5 million expense related to our announced workforce reduction. **Q1 FY'05** - Non-GAAP restructuring and other costs excludes a \$1.7 million expense related to facilities consolidation charges.

(Note 6) **Q1 FY'06** - Non-GAAP litigation settlement, net excludes a \$25.0 million benefit from a litigation settlement finalized during the quarter related to Fujitsu, LTD partially offset by \$0.2 million in litigation fees related to this settlement. **Q4 FY'05** - Non-GAAP litigation settlement, net excludes \$0.2 million in legal costs associated with a lawsuit related to a previously exited product line. **Q1 FY'05** - Non-GAAP litigation settlement, net excludes \$0.2 million in legal costs associated with a lawsuit related to a previously exited product line.

(Note 7) **Q1 FY'06** - Non-GAAP realized gain on marketable equity securities excludes a \$0.4 million benefit from the proceeds related to the sale of an investment in another publicly traded company. **Q4 FY'05** - Non-GAAP realized gain on marketable equity securities excludes a \$0.1 million benefit from the proceeds related to the sale of an investment in another publicly traded company. **Q1 FY'05** - Non-GAAP realized gain on marketable equity securities excludes a \$0.7 million benefit from the net proceeds related to the sale of an investment in another publicly traded company.

(Note 8) **Q1 FY'06** - Non-GAAP benefit for income taxes excludes a \$0.3 million income tax benefit resulting from the expiration of foreign statute of limitations for the years in which we had previously recorded potential tax liabilities. **Q4 FY'05** - Non-GAAP benefit for income taxes excludes a \$6.0 million income tax benefit resulting from the expiration of foreign statute of limitations for the years in which we had previously recorded potential tax liabilities.