

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		
	Sep. 24, 2005	Jun. 25, 2005	Sep. 25, 2004
Net sales (Note 1)	\$ 2,152	\$ 9,129	\$ 4,316
Cost of sales (Note 2)	2,031	6,433	4,772
Gross Margin	<u>121</u>	<u>2,696</u>	<u>(456)</u>
Operating expenses:			
Research and development (Note 3)	335	2,984	7,556
Selling, general and administrative (Note 4)	4,617	3,519	1,687
Restructuring and other costs (Note 5)	2,311	-	4,148
Litigation settlement, net (Note 6)	-	(24,758)	344
Total operating expenses	<u>7,263</u>	<u>(18,255)</u>	<u>13,735</u>
Income (loss) from operations	(7,142)	20,951	(14,191)
Realized gain on marketable equity securities (Note 7)	-	388	-
Income (loss) before income taxes and loss from discontinued operations	<u>(7,142)</u>	<u>21,339</u>	<u>(14,191)</u>
Benefit for income taxes (Note 8)	(207)	(302)	-
Net income (loss)	<u>\$ (6,935)</u>	<u>\$ 21,641</u>	<u>\$ (14,191)</u>
Basic and diluted income (loss) per share:	\$ (0.08)	\$ 0.25	\$ (0.17)

*On October 19, 2005 the Company held a conference call with the public to discuss its second 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.*

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

(Note 1) **Q2 FY'06** - Non-GAAP net sales exclude \$2.2 million in revenue related to the digital video product line, product line assets that were sold on June 30, 2005. **Q1 FY'06** - Non-GAAP net sales exclude \$9.1 million in revenue related to the digital video product line, product line assets that were sold on June 30, 2005. **Q2 FY'05** - Non-GAAP net sales exclude \$4.3 million in revenue related to the digital video product line, product line assets that were sold on June 30, 2005.

(Note 2) **Q2 FY'06** - Non-GAAP cost of sales excludes \$2.0 million in product costs related to the digital video product line, product line assets that were sold on June 30, 2005. **Q1 FY'06** - Non-GAAP cost of sales excludes \$6.4 million in product costs related to the digital video product line, product line assets that were sold on June 30, 2005. **Q2 FY'05** - Non-GAAP cost of sales excludes \$4.8 million in product costs related to the digital video product line, product line assets that were sold on June 30, 2005.

(Note 3) **Q2 FY'06** - Non-GAAP research and development excludes \$0.3 million of digital video related expenses. **Q1 FY'06** - Non-GAAP research and development excludes \$2.3 million in digital video related expenses and \$0.7 million related to the amortization of acquired intangibles from our 2002 and 2000 acquisitions. **Q2 FY'05** - Non-GAAP research and development excludes \$3.5 million related to the amortization of acquisition related intangibles and compensation from our 2002 and 2000 acquisitions and \$4.1 million in digital video related expenses.

(Note 4) **Q2 FY'06** - Non-GAAP selling, general and administrative expense excludes \$1.3 million in digital video related expenses and \$3.3 million in facility related accruals due to losses on new subleases. **Q1 FY'06** - Non-GAAP selling, general and administrative expense excludes \$2.5 million in digital video related expenses and \$1.1 million in facility related accruals due to losses on new subleases. **Q2 FY'05** - Non-GAAP selling, general and administrative expense excludes \$1.7 million in digital video related expenses.

(Note 5) **Q2 FY'06** - Non-GAAP restructuring and other costs excludes a \$3.1 million expense related to facilities consolidation and severance partially offset by a \$0.8 million gain on the sale of our digital video product line. **Q2 FY'05** - Non-GAAP restructuring and other costs excludes \$1.5 million related to costs associated with our announced workforce reduction and \$3.1 million related to the write-off of computer aided software tools that we will no longer use partially offset by a release of \$0.5 million related to a buyout of a long-term facilities lease obligation.

(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. **Q2 FY'05** - Non-GAAP litigation settlement, net excludes \$0.3 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.

(Note 8) **Q2 FY'06** - Non-GAAP benefit for income taxes excludes a \$0.2 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. **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.