

ZiLOG, Inc.
NON-GAAP SELECTED QUARTERLY FINANCIAL DATA
(Amounts in millions except percentages, selected key metrics and per share amounts)
(Unaudited)

	Three Months Ended				
	Dec. 31, 2004	Sep. 30, 2004	Jun. 30 2004	Mar. 31, 2004	Dec. 31, 2003
<u>Non-GAAP Condensed Statement of Operations</u>					
(includes supplemental Non-GAAP information)					
Net sales	\$18.9	\$22.8	\$27.9	\$26.0	\$26.7
Cost of sales	11.1	12.4	13.6	12.6	13.2
Gross margin	7.8	10.4	14.3	13.4	13.5
Gross margin %	41%	46%	51%	52%	51%
Operating expenses:					
Research and development	5.4	5.2	5.3	5.1	4.9
Selling, general and administrative	7.1	6.8	7.1	6.5	6.8
Total operating expenses	12.5	12.0	12.4	11.6	11.7
Non-GAAP operating income (loss)	(\$4.7)	(\$1.6)	\$1.9	\$1.8	\$1.8
Other income (expense)	0.2	-	-	(0.1)	0.3
Provision (benefit) for income taxes	1.6	0.9	(0.9)	(0.2)	(1.6)
Non-GAAP net income (loss)	(\$6.1)	(\$2.5)	\$2.8	\$1.9	\$3.7
Non-GAAP weighted average diluted shares	16.2	16.5	17.1	15.3	14.9
Non-GAAP diluted earnings (loss) per share	(\$0.38)	(\$0.15)	\$0.16	\$0.12	\$0.25
<u>Reconciliation of Non-GAAP Information to GAAP Results</u>					
Non-GAAP operating income (loss)	(\$4.7)	(\$1.6)	\$1.9	\$1.8	\$1.8
Special charges and reorganization items	(0.4)	(1.9)	7.7	0.5	0.6
Cost of sales - relating to MOD II closure	1.9	-	0.6	-	-
Amortization of intangible assets	1.0	1.0	1.1	1.0	1.7
Non-cash stock-based compensation	0.5	0.4	0.6	0.4	0.4
Total non-GAAP adjustments	(3.0)	0.5	(10.0)	(1.9)	(2.7)
GAAP Operating loss	(\$7.7)	(\$1.1)	(\$8.1)	(\$0.1)	(\$0.9)
Non-GAAP net income (loss)	(\$6.1)	(\$2.5)	\$2.8	\$1.9	\$3.7
Non-GAAP adjustments:					
Special charges and reorganization items	(0.4)	(1.9)	7.7	0.5	0.6
Cost of sales - relating to MOD II closure	1.9	-	0.6	-	-
Amortization of intangible assets	1.0	1.0	1.1	1.0	1.7
Non-cash stock-based compensation	0.5	0.4	0.6	0.4	0.4
Total non-GAAP adjustments	3.0	(0.5)	10.0	1.9	2.7
GAAP Net income (loss)	(\$9.1)	(\$2.0)	(\$7.2)	\$0.0	\$1.0
GAAP basic or diluted weighted average shares outstanding	16.1	16.4	16.6	15.3	14.9
GAAP basic or diluted income (loss) per share	(\$0.56)	(\$0.12)	(\$0.44)	\$0.00	\$0.07
<u>Other selected financial data</u>					
Depreciation and amortization	\$0.6	\$0.6	\$0.6	\$1.2	\$1.2
Amortization of fresh-start intangibles	1.0	1.0	1.1	1.0	1.7
Cost of sales - relating to MOD II closure	1.9	-	0.6	-	-
Special charges and reorganization items	(0.4)	(1.9)	7.7	0.5	0.6
Stock-based compensation	-	0.4	0.6	0.4	0.4
Capital expenditures	\$0.0	\$3.1	\$0.4	\$0.7	\$0.3
<u>Net Sales</u>					
Micrologic products	\$14.2	\$15.7	\$18.9	\$19.5	\$19.1
Other products	4.5	6.7	6.3	6.3	6.0
Total - Base Business	18.7	22.4	25.2	25.8	25.1
Foundry services	0.2	0.4	2.7	0.2	1.6
Total net sales	\$18.9	\$22.8	\$27.9	\$26.0	\$26.7
<u>Selected Key Indices</u>					
Days sales outstanding	51	34	52	57	44
Net sales to inventory ratio (annualized)	6.4	7.4	8.1	8.9	11.1
Weeks of inventory at distributors	13	10	11	12	14
Current ratio	2.7	2.7	2.8	2.6	1.8