

SMART MODULAR TECHNOLOGIES (WWH), INC. AND SUBSIDIARIES

Certain non-GAAP financial measures are provided below, including non-GAAP net income and non-GAAP EBIT earnings ("EBIT"). Non-GAAP financial results do not include restructuring costs, impairment charges and other infrequent or unusual items. These non-GAAP financial measures are provided to enhance the user's overall understanding of our financial performance. By excluding these charges, as well as the related tax effects, our non-GAAP results provide information to management and investors that is useful in assessing SMART's core operating performance and in evaluating and comparing our results of operations on a consistent basis from period to period. These non-GAAP financial measures are also used by management to evaluate financial results and to plan and forecast future periods. The presentation of this additional information is not meant to be a substitute for the corresponding financial measures prepared in accordance with generally accepted accounting principles. Investors are encouraged to review the reconciliations of GAAP to non-GAAP financial measures, which are included below.

Non-GAAP Net Income Reconciliation

(in thousands)

	Q4 FY 2004	Q1 FY 2005	Q2 FY 2005	Q3 FY 2005	Q4 FY 2005	Q1 FY 2006	Q2 FY 2006	Q3 FY 2006	Q4 FY 2006	Q1 FY 2007	FY 2005	FY 2006
Net income	\$ 2,214	\$ 4,190	\$ 7,776	\$ 5,585	\$ 8,645	\$ 9,346	\$ 783	\$ 6,456	\$ 15,721	\$ 14,553	\$ 26,196	\$ 32,306
Add:												
Tax benefit due to release of valuation allowance, net of tax									(3,776)			(3,776)
Other income due to change in accounting for interest rate swaps, net of tax								(1,879)				(1,879)
Notes redemption charge, net of tax								5,864				5,864
One-time charge to terminate advisory service fees, net of tax							7,667					7,667
Restructuring and impairment costs, net of tax		676									676	
Non-GAAP net income	\$ 2,214	\$ 4,866	\$ 7,776	\$ 5,585	\$ 8,645	\$ 9,346	\$ 8,450	\$ 10,441	\$ 11,945	\$ 14,553	\$ 26,872	\$ 40,182
Shares used in computing diluted net income per ordinary share							56,304	63,444	63,308	63,488	53,531	59,189

Non-GAAP EBIT Reconciliation

(in thousands)

	Q4 FY 2004	Q1 FY 2005	Q2 FY 2005	Q3 FY 2005	Q4 FY 2005	Q1 FY 2006	Q2 FY 2006	Q3 FY 2006	Q4 FY 2006	Q1 FY 2007
Net income	\$ 2,214	\$ 4,190	\$ 7,776	\$ 5,585	\$ 8,645	\$ 9,346	\$ 783	\$ 6,456	\$ 15,721	\$ 14,553
Add:										
Interest expense, net	619	543	562	3,176	2,717	2,982	2,891	7,577	1,703	2,087
Other expense (income), net	(632)	251	(412)	(295)	(25)	(131)	(256)	(1,999)	(191)	71
Provision (benefit) for income taxes	898	1,473	2,565	2,983	1,781	1,284	(10)	2,347	(2,707)	2,907
One-time charge to terminate advisory service fees							9,000			
Restructuring and impairment costs		880								
Non-GAAP EBIT	\$ 3,099	\$ 7,337	\$ 10,491	\$ 11,449	\$ 13,118	\$ 13,481	\$ 12,408	\$ 14,381	\$ 14,526	\$ 19,618