

STAKTEK HOLDINGS, INC.
RECONCILIATION OF ADDITIONAL GAAP TO NON-GAAP FINANCIAL MEASURES
(in thousands; unaudited)

	Quarter Ended		
	Mar. 31, 2006	Dec. 31, 2005	Mar. 31, 2005
Gross profit	\$ 4,320	\$ 3,966	\$ 5,031
Non-GAAP adjustments:			
Amortization of acquisition intangibles	1,656	3,235	3,234
Stock-based compensation expense and the amortization of deferred stock-based compensation	139	83	139
Non-GAAP gross profit	<u>\$ 6,115</u>	<u>\$ 7,284</u>	<u>\$ 8,404</u>
Operating expenses	\$ 6,079	\$ 5,832	\$ 4,606
Non-GAAP adjustments:			
Amortization of acquisition intangibles	204	253	253
Stock-based compensation expense and the amortization of deferred stock-based compensation	1,307	1,159	1,038
Non-GAAP operating expenses	<u>\$ 4,568</u>	<u>\$ 4,420</u>	<u>\$ 3,315</u>
Total revenue	\$ 12,480	\$ 12,945	\$ 15,511
Non-GAAP gross margin	49%	56%	54%
Selling, general and administrative expense	\$ 3,540	\$ 3,554	\$ 3,421
Non-GAAP adjustments:			
Stock-based compensation expense	1,021	807	1,022
Non-GAAP selling, general and administrative expense	<u>\$ 2,519</u>	<u>\$ 2,747</u>	<u>\$ 2,399</u>
Non-GAAP SG&A as a percentage of total revenue	20%	21%	15%
Research and development expense	\$ 2,335	\$ 2,058	\$ 932
Non-GAAP adjustments:			
Stock-based compensation expense	286	352	16
Non-GAAP research and development expense	<u>\$ 2,049</u>	<u>\$ 1,706</u>	<u>\$ 916</u>
Non-GAAP R&D as a percentage of total revenue	16%	13%	6%