

CIRRUS LOGIC, INC.  
PRO FORMA CONSOLIDATED CONDENSED STATEMENT OF OPERATIONS  
(unaudited)  
(in thousands, except per share data)  
(not prepared in accordance with GAAP)

	Quarter Ended		
	Mar. 30, 2002	Dec. 29, 2001	Mar. 31, 2001
Net sales	\$ 83,610	\$ 76,970	\$ 199,725
Costs and expenses:			
Cost of sales (Note 1)	44,340	45,336	143,183
Research and development (Note 2)	27,912	27,184	27,424
Selling, general and administrative (Note 3)	22,796	21,900	26,417
Restructuring costs and other, net (Note 4)	-	-	-
Total costs and expenses	95,048	94,420	197,024
Income (loss) from operations	(11,438)	(17,450)	2,701
Realized gain on sale of marketable equity securities (Note 5)	-	-	-
Interest income and (expense), net (Note 6)	574	939	4,132
Other expense (Note 7)	(292)	(521)	(1,897)
Income (loss) before provision for income taxes	(11,156)	(17,032)	4,936
Provision (benefit) for income taxes (Note 8)	(924)	(1,926)	580
Minority interest in loss of eMicro	211	44	252
Net income (loss)	<u>\$ (10,021)</u>	<u>\$ (15,062)</u>	<u>\$ 4,608</u>
Basic income (loss) per share	<u>\$ (0.12)</u>	<u>\$ (0.19)</u>	<u>\$ 0.06</u>
Diluted income (loss) per share	<u>\$ (0.12)</u>	<u>\$ (0.19)</u>	<u>\$ 0.06</u>
Weighted average common shares outstanding:			
Basic	82,748	79,207	79,447
Diluted	82,748	79,207	83,034

**See notes to Pro Forma Consolidated Condensed Statement of Operations**

CIRRUS LOGIC, INC.  
NOTES TO PRO FORMA CONSOLIDATED CONDENSED STATEMENT OF OPERATIONS  
(unaudited - quarterly)

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

(Note 1) **Q4 FY02** - Pro Forma cost of sales excludes the benefit of \$1.3 million in reserves released on product sold during the quarter. **Q3 FY02** - Pro Forma cost of sales excludes \$25.3 million in inventory charges associated with our restructuring and the exit from our magnetic storage product line.

(Note 2) **Q4 FY02** - Pro Forma research and development expense excludes \$4.8 million related to the amortization of acquired intangible assets and \$0.9 million related to acquisition bonus and deferred compensation expense. **Q3 FY02** - Pro Forma research and development expense excludes \$29.4 million related to the write-off of in-process research and development associated with the acquisition of ShareWave (\$14.4 million), LuxSonor (\$8.6 million) and Stream Machine (\$6.4 million). Pro Forma research and development expense also excludes \$4.0 million related to the amortization of acquired intangible assets, \$0.5 million related to the write-off of redundant or unused equipment and software and \$0.4 million related to acquisition bonus and deferred compensation expense. **Q4 FY01** - Pro Forma research and development expense excludes \$0.7 million related to the amortization of acquired intangible assets.

(Note 3) **Q4 FY02** - Pro Forma selling, general and administrative expense excludes a \$73.3 million charge to reserve disputed magnetic storage receivables from Western Digital and Fujitsu, Ltd., \$1.1 million related to acquisition bonus and deferred compensation expense and \$0.2 million related to legal costs associated with magnetic storage products. **Q3 FY02** - Pro Forma selling, general and administrative expense excludes \$1.9 million related to the write-off of a module of our enterprise resource planning software that we no longer plan to use and \$0.3 million related to acquisition bonus and deferred compensation expense. **Q4 FY01** Pro Forma selling, general and administrative expense excludes \$0.5 million related to merger and acquisition activities.

(Note 4) **Q4 FY02** - Pro Forma restructuring costs and other, net excludes \$3.5 million related to costs associated with consolidation of our facilities. **Q3 FY02** - Pro Forma restructuring costs and other, net excludes \$5.5 million related to workforce reductions and costs associated with consolidation of our facilities.

(Note 5) **Q4 FY01** - Pro Forma realized gain on sale of marketable equity securities excludes a gain of \$1.1 million related to the sale of call options in Openwave Systems, Inc. common stock (formerly known as Phone.com) and a net gain of \$1.2 million related to the sale of investments.

(Note 6) **Q4 FY02** - Pro Forma interest income and (expense), net excludes \$2.4 million related to interest received on income tax refunds for prior years.

(Note 7) **Q3 FY02** - Pro Forma other expense excludes \$1.0 million related to write-offs and write-downs of investments in private companies. **Q4 FY01** - Pro Forma other expense excludes a \$1.9 million charge related to a litigation settlement.

(Note 8) **Q4 FY02** - Pro Forma benefit for income taxes excludes \$10.6 million related to income tax refunds for prior years. Pro Forma benefit for income taxes includes a \$0.9 million benefit resulting from reclaiming a portion of the FY01 Pro Forma income tax expense. **Q3 FY02** - Pro Forma benefit for income taxes is a \$1.9 million benefit resulting from reclaiming a portion of the FY01 Pro Forma income tax expense. **Q4 FY01** - Pro Forma provision for income taxes differs from the GAAP provision for income taxes by the tax effect of the Pro Forma adjustments detailed above.

CIRRUS LOGIC, INC.  
CONSOLIDATED CONDENSED STATEMENT OF OPERATIONS  
(unaudited)  
(in thousands, except per share data)

	Quarter Ended		
	Mar. 30, 2002	Dec. 29, 2001	Mar. 31, 2001
Net sales	\$ 83,610	\$ 76,970	\$ 199,725
Costs and expenses:			
Cost of sales (Note 1)	43,042	70,656	143,183
Research and development (Note 2)	33,598	61,540	28,105
Selling, general and administrative (Note 3)	97,468	24,120	26,907
Restructuring costs and other, net (Note 4)	3,544	5,460	-
Total costs and expenses	177,652	161,776	198,195
Income (loss) from operations	(94,042)	(84,806)	1,530
Realized gain on sale of marketable equity securities (Note 5)	-	-	2,322
Interest income and (expense), net (Note 6)	2,958	939	4,132
Other expense (Note 7)	(292)	(1,544)	(3,776)
Income (loss) before provision for income taxes	(91,376)	(85,411)	4,208
Provision (benefit) for income taxes (Note 8)	(10,370)	-	508
Minority interest in loss of eMicro	211	44	252
Net income (loss)	<u>\$ (80,795)</u>	<u>\$ (85,367)</u>	<u>\$ 3,952</u>
Basic income (loss) per share	<u>\$ (0.98)</u>	<u>\$ (1.08)</u>	<u>\$ 0.05</u>
Diluted income (loss) per share	<u>\$ (0.98)</u>	<u>\$ (1.08)</u>	<u>\$ 0.05</u>
Weighted average common shares outstanding:			
Basic	82,748	79,207	79,447
Diluted	82,748	79,207	83,034

**See notes to Pro Forma Consolidated Condensed Statement of Operations**  
Prepared in accordance with Generally Accepted Accounting Principles

CIRRUS LOGIC, INC.  
PRO FORMA CONSOLIDATED CONDENSED STATEMENT OF OPERATIONS  
(unaudited)  
(in thousands, except per share data)  
(not prepared in accordance with GAAP)

	Year to Date	
	Mar. 30, 2002	Mar. 31, 2001
Net sales (Note 1)	\$ 417,529	\$ 768,039
Costs and expenses:		
Cost of sales (Note 2)	259,073	480,803
Research and development (Note 3)	108,054	123,210
Selling, general and administrative (Note 4)	91,711	107,641
Restructuring costs and other, net (Note 5)	-	-
Total costs and expenses	458,838	711,654
Income (loss) from operations	(41,309)	56,385
Realized gain on sale of marketable equity securities (Note 6)	-	-
Interest income and (expense), net (Note 7)	5,790	5,160
Other expense (Note 8)	(107)	(2,550)
Income (loss) before provision for income taxes	(35,626)	58,995
Provision (benefit) for income taxes (Note 9)	(2,850)	6,003
Minority interest in loss of eMicro	611	297
Income (loss) before accounting change and extraordinary gain	(32,165)	53,289
Cumulative effect of change in accounting principle (Note 10)	-	-
Extraordinary gain, net of tax (Note 11)	-	-
Net income (loss)	\$ (32,165)	\$ 53,289
Basic income (loss) per share:		
Before accounting change and extraordinary gain	\$ (0.41)	\$ 0.74
Accounting change	-	-
Extraordinary gain	-	-
Basic	\$ (0.41)	\$ 0.74
Diluted income (loss) per share:		
Before accounting change and extraordinary gain	\$ (0.41)	\$ 0.70
Accounting change	-	-
Extraordinary gain	-	-
Diluted (Note 12)	\$ (0.41)	\$ 0.70
Weighted average common shares outstanding:		
Basic	77,552	71,698
Diluted (Note 12)	77,552	76,264

**See notes to Pro Forma Consolidated Condensed Statement of Operations**

CIRRUS LOGIC, INC.  
NOTES TO PRO FORMA CONSOLIDATED CONDENSED STATEMENT OF OPERATIONS  
(unaudited - year-to-date)

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

(Note 1) **FY'02** - Pro Forma and GAAP revenue includes \$9.6 million related to non-recurring revenue in Q1. **FY'01** - Pro Forma revenue excludes \$10.6 million in revenue recognized due to accounting changes implemented in Q1. During Q1, Cirrus Logic adopted the Securities and Exchange Commission's Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements" and changed the timing of revenue recognition on international shipments. Additionally, during Q1, we changed our estimate of the amount of revenue that is deferred on certain distributor transactions under agreements with only limited rights of return.

(Note 2) **FY'02** - Pro Forma cost of sales excludes \$60.2 million in inventory charges associated with our restructuring and the exit from our magnetic storage product line. **FY'01** - Pro Forma cost of sales excludes \$5.5 million in cost of sales recognized due to accounting changes implemented in Q1. See Note 1 for a discussion of those accounting changes.

(Note 3) **FY'02** - Pro Forma research and development expense excludes \$31.3 million related to the write-off of in-process research and development related to the acquisition of Peak Audio, ShareWave, LuxSonor, and Stream Machine, \$11.2 million related to the amortization of acquired intangible assets, \$1.2 million related to acquisition bonus and deferred compensation expense, a \$0.7 million Q2 charge to write-off a license related to the magnetic storage product line and \$0.5 million related to the Q3 write-off of redundant or unused equipment and software. **FY'01** - Pro Forma research and development expense excludes \$3.4 million related to the amortization of acquired intangible assets and \$1.0 million in additional compensation paid in Q2 in connection with the acquisition of AudioLogic, Inc.

(Note 4) **FY'02** - Pro Forma selling, general and administrative expense excludes a \$73.3 million charge to reserve disputed magnetic storage receivables from Western Digital and Fujitsu, Ltd., \$1.9 million related to the Q3 write-off of a module of our enterprise resource planning software that we no longer plan to use, \$1.4 million related to acquisition bonus and deferred compensation expense, \$0.7 million related to merger and acquisition activities and \$0.4 million related to legal costs associated with the non-core products. **FY'01** - Pro Forma selling, general and administrative expense excludes \$1.5 million in additional compensation paid in Q2 in connection with the acquisition of AudioLogic, Inc. and \$0.5 million related to merger and acquisition activities.

(Note 5) **FY'02** - Pro Forma restructuring costs and other, net excludes \$10.9 million related to Q1 and Q3 workforce reductions and Q3 and Q4 costs associated with consolidation of our facilities. **FY'01** - Pro Forma restructuring costs and other, net excludes \$1.8 million in income due to the final resolution of the MiCRUS restructuring agreement in Q2 and restructuring gains of \$12.5 million in Q1 related to the receipt of payment for two previously reserved notes from Basis Communications.

(Note 6) **FY'02** - The Pro Forma realized gain on sale of marketable equity securities excludes a gain of \$9.8 million related to the sale of our interest in Basis Communications and \$1.2 million related to the sale of call options in Openwave Systems, Inc. common stock, both Q1 gains. **FY'01** - The Pro Forma realized gain on sale of marketable equity securities excludes a Q1 gain of \$78.5 million related to the sale of marketable equity securities, a \$7.1 million gain related to the sale of call options in Openwave Systems, Inc. common stock and \$1.2 million related to the sale of investments.

(Note 7) **FY'02** - Pro Forma interest income and (expense), net excludes \$2.4 million related to interest received in Q4 on income tax refunds for prior years. **FY'01** - Pro Forma interest income and (expense), net excludes \$1.3 million of Q1 interest income related to interest received on two previously reserved notes from Basis Communications.

(Note 8) **FY'02** - Pro Forma other expense excludes \$1.0 million related to Q3 write-offs and write-downs of investments in private companies. **FY'01** - Pro Forma other expense excludes a \$1.9 million charge related to a Q4 litigation settlement and a Q3 \$0.5 million write-off of an investment in a private company.

(Note 9) **FY'02** - Pro Forma benefit for income taxes excludes \$10.6 million related to income tax refunds for prior years. Pro Forma benefit for income taxes includes a \$2.8 million benefit resulting from reclaiming a portion of the FY'01 Pro Forma income tax expense. **FY'01** - Pro Forma provision for income taxes differs from the GAAP provision for income taxes by the tax effect of the Pro Forma adjustments detailed above.

(Note 10) **FY'01** - The Pro Forma financial statements exclude a \$1.7 million cumulative effect of change in accounting principle recognized in Q1 due to Cirrus Logic's adoption of the Securities and Exchange Commission's Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements."

(Note 11) **FY'01** - The Pro Forma financial statements exclude the extraordinary gain of \$2.5 million recognized during Q1 related to the early retirement of \$28.1 million par value of our 6% convertible notes.

(Note 12) **FY'01** - Diluted earnings per share for FY'01 of \$1.86 includes an adjustment to increase net income by \$10.8 million and diluted shares by 6.4 million, which is the after-tax interest savings and shares which were issued in connection with the convertible debt. Pro Forma diluted earnings per share for FY'01 of \$0.70 does not include any adjustments to net income or diluted shares as they are anti-dilutive.

CIRRUS LOGIC, INC.  
CONSOLIDATED CONDENSED STATEMENT OF OPERATIONS  
(unaudited)  
(in thousands, except per share data)

	Year to Date	
	Mar. 30, 2002	Mar. 31, 2001
Net sales (Note 1)	\$ 417,529	\$ 778,673
Costs and expenses:		
Cost of sales (Note 2)	319,280	486,355
Research and development (Note 3)	152,958	127,599
Selling, general and administrative (Note 4)	169,439	109,629
Restructuring costs and other, net (Note 5)	10,923	(14,362)
Total costs and expenses	652,600	709,221
Income (loss) from operations	(235,071)	69,452
Realized gain on sale of marketable equity securities (Note 6)	10,967	86,886
Interest income and (expense), net (Note 7)	8,174	6,409
Other expense (Note 8)	(1,130)	(4,928)
Income (loss) before provision for income taxes	(217,060)	157,819
Provision (benefit) for income taxes (Note 9)	(10,370)	15,715
Minority interest in loss of eMicro	611	297
Income (loss) before accounting change and extraordinary gain	(206,079)	142,401
Cumulative effect of change in accounting principle (Note 10)	-	(1,707)
Extraordinary gain, net of tax (Note 11)	-	2,482
Net income (loss)	\$ (206,079)	\$ 143,176
Basic income (loss) per share:		
Before accounting change and extraordinary gain	\$ (2.66)	\$ 1.99
Accounting change	-	(0.02)
Extraordinary gain	-	0.03
Basic	\$ (2.66)	\$ 2.00
Diluted income (loss) per share:		
Before accounting change and extraordinary gain	\$ (2.66)	\$ 1.85
Accounting change	-	(0.02)
Extraordinary gain	-	0.03
Diluted (Note 12)	\$ (2.66)	\$ 1.86
Weighted average common shares outstanding:		
Basic	77,552	71,678
Diluted (Note 12)	77,552	82,654

**See notes to Pro Forma Consolidated Condensed Statement of Operations**  
Prepared in accordance with Generally Accepted Accounting Principles

CIRRUS LOGIC, INC.  
CONSOLIDATED CONDENSED BALANCE SHEETS  
(unaudited)  
(in thousands)

	<u>Mar. 30,</u> <u>2002</u>	<u>Dec. 29,</u> <u>2001</u>	<u>Mar. 31,</u> <u>2001</u>
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 140,529	\$ 136,880	\$ 253,136
Restricted cash	12,807	12,293	10,000
Marketable equity securities	2,258	3,297	6,581
Accounts receivable, net	42,158	112,346	136,102
Inventories, net	27,985	31,511	109,161
Other current assets	19,928	20,029	18,217
Total Current Assets	245,665	316,356	533,197
Property and equipment, net	26,172	29,085	32,340
Intangibles, net	194,660	194,493	12,062
Other assets	15,133	16,057	20,406
Total Assets	\$ 481,630	\$ 555,991	\$ 598,005
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Current liabilities			
Accounts payable and accrued liabilities	\$ 75,936	\$ 80,522	\$ 115,254
Current maturities of long-term debt and capital lease obligations	566	739	3,133
Income taxes payable	42,178	40,409	41,053
Total Current Liabilities	118,680	121,670	159,440
Long term obligations	3,709	2,890	4,319
Minority interest in eMicro	1,092	1,303	1,703
Stockholders' equity:			
Capital stock	862,729	852,690	715,790
Accumulated other comprehensive income	119	1,342	4,578
Accumulated deficit	(504,699)	(423,904)	(287,825)
Total Stockholders' Equity	358,149	430,128	432,543
Total Liabilities and Stockholders' Equity	\$ 481,630	\$ 555,991	\$ 598,005