

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		
	Sept. 28, 2002	Jun. 29, 2002	Sept. 29, 2001
Net sales	\$ 73,314	\$ 76,024	\$ 75,870
Costs and expenses:			
Cost of sales (Note 1)	38,390	39,014	45,915
Research and development (Note 2)	24,655	27,214	24,477
Selling, general and administrative (Note 3)	18,792	18,787	21,173
Restructuring costs (Note 4)	-	-	-
Total costs and expenses	<u>81,837</u>	<u>85,015</u>	<u>91,565</u>
Income (loss) from operations	(8,523)	(8,991)	(15,695)
Realized gain (loss) on marketable equity securities (Note 5)	-	-	-
Interest income and (expense), net (Note 6)	541	615	1,394
Other income (expense), net	(354)	74	114
Income (loss) before income taxes and loss from discontinued operations	<u>(8,336)</u>	<u>(8,302)</u>	<u>(14,187)</u>
Provision (benefit) for income taxes (Note 7)	<u>(558)</u>	<u>(559)</u>	<u>-</u>
Income (loss) from continuing operations	(7,778)	(7,743)	(14,187)
Loss from discontinued operations (Note 8)	-	-	-
Net income (loss)	<u>\$ (7,778)</u>	<u>\$ (7,743)</u>	<u>\$ (14,187)</u>
Basic earnings (loss) per share	\$ (0.09)	\$ (0.09)	\$ (0.19)
Diluted earnings (loss) per share	\$ (0.09)	\$ (0.09)	\$ (0.19)
Weighted average common shares outstanding:			
Basic	83,413	83,018	74,000
Diluted	83,413	83,018	74,000

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) **Q2 FY'03** - Pro Forma cost of sales excludes the benefit of \$0.8 million in reserves released on product sold during the quarter and \$0.4 million related to the reversal of a portion of a prior year charge recorded in conjunction with exiting the magnetic storage product line. **Q1 FY'03** - Pro Forma cost of sales excludes the benefit of \$1.2 million in reserves released on product sold during the quarter and \$0.4 million related to the reversal of a portion of a prior year charge recorded in conjunction with exiting the magnetic storage product line. **Q2 FY'02** - Pro Forma cost of sales excludes a credit of \$0.4 million recorded in conjunction with exiting the magnetic storage product line.

(Note 2) **Q2 FY'03** - Pro Forma research and development expense excludes \$4.7 million related to the amortization of acquired intangible assets and \$1.3 million related to acquisition bonus and deferred compensation expense. **Q1 FY'03** - Pro Forma research and development expense excludes \$4.7 million related to the amortization of acquired intangible assets and \$0.7 million related to acquisition bonus and deferred compensation expense. **Q2 FY'02** - Pro Forma research and development expense excludes \$1.2 million related to the amortization of acquired intangible assets and a \$0.7 million charge to write off a license related to the magnetic storage product line.

(Note 3) **Q2 FY'03** - Pro Forma selling, general and administrative expense excludes \$1.0 million related to acquisition bonus and deferred compensation expense and \$0.1 million related to legal costs associated with magnetic storage products. **Q1 FY'03** - Pro Forma selling, general and administrative expense excludes \$0.9 million related to acquisition bonus and deferred compensation expense, \$0.5 million related to facility exit costs, \$0.2 million related to legal costs associated with magnetic storage products and \$0.1 million related to merger and acquisition activities. **Q2 FY'02** - Pro Forma selling, general and administrative expense excludes \$0.7 million related to merger and acquisition activities and \$0.1 million related to legal costs associated with magnetic storage products.

(Note 4) **Q2 FY'03** - Pro Forma restructuring costs exclude \$3.1 million related to costs associated with our workforce reduction and charges to fully expense certain intangibles and fixed assets that will no longer be used as a result of our workforce reduction. **Q1 FY'03** - Pro Forma restructuring costs exclude \$2.1 million related to costs associated with our workforce reduction and consolidation of our facilities.

(Note 5) **Q2 FY'03** - Pro Forma realized gain (loss) on marketable equity securities excludes \$0.9 million in realized losses due to other than temporary declines in the value of our investment in certain public companies. **Q1 FY'03** - Pro Forma realized gain (loss) on marketable equity securities excludes a gain of \$1.4 million related to the holdback from the sale of our interest in Basis Communications.

(Note 6) **Q1 FY'03** - Pro Forma interest income and (expense), net excludes \$0.1 million in interest income associated with the sale of our interest in Basis Communications.

(Note 7) **Q2 FY'03** - Pro Forma benefit for income taxes includes a \$0.6 million benefit resulting from reclaiming a portion of the FY'01 Pro Forma income tax expense. **Q1 FY'03** - Pro Forma benefit for income taxes includes a \$0.6 million benefit resulting from reclaiming a portion of the FY'01 Pro Forma income tax expense.

(Note 8) **Q1 FY'03** - The Pro Forma financial statements exclude the \$1.5 million loss from discontinued operations of eMicro Corporation ("eMicro"). During Q1, the shareholders of eMicro voted to dissolve eMicro, a joint venture in which we own a 75% interest. **Q2 FY'02** - The Pro Forma financial statements exclude the \$0.4 million loss from discontinued operations of eMicro.

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

	Quarter Ended		
	Sept. 28, 2002	Jun. 29, 2002	Sept. 29, 2001
Net sales	\$ 73,314	\$ 76,024	\$ 75,870
Costs and expenses:			
Cost of sales (Note 1)	37,227	37,391	45,515
Research and development (Note 2)	30,616	32,649	26,345
Selling, general and administrative (Note 3)	19,939	20,471	22,009
Restructuring costs (Note 4)	3,102	2,085	-
Total costs and expenses	<u>90,884</u>	<u>92,596</u>	<u>93,869</u>
Income (loss) from operations	(17,570)	(16,572)	(17,999)
Realized gain (loss) on marketable equity securities (Note 5)	(947)	1,400	-
Interest income and (expense), net (Note 6)	541	740	1,394
Other income (expense), net	(354)	74	114
Income (loss) before income taxes and loss from discontinued operations	<u>(18,330)</u>	<u>(14,358)</u>	<u>(16,491)</u>
Provision (benefit) for income taxes (Note 7)	29	29	-
Income (loss) from continuing operations	(18,359)	(14,387)	(16,491)
Loss from discontinued operations (Note 8)	<u>-</u>	<u>(1,452)</u>	<u>(429)</u>
Net income (loss)	<u>\$ (18,359)</u>	<u>\$ (15,839)</u>	<u>\$ (16,920)</u>
Basic earnings (loss) per share:			
From continuing operations	\$ (0.22)	\$ (0.17)	\$ (0.22)
Discontinued operations	-	(0.02)	(0.01)
Basic earnings (loss) per share	<u>\$ (0.22)</u>	<u>\$ (0.19)</u>	<u>\$ (0.23)</u>
Diluted earnings (loss) per share:			
From continuing operations	\$ (0.22)	\$ (0.17)	\$ (0.22)
Discontinued operations	-	(0.02)	(0.01)
Diluted earnings (loss) per share	<u>\$ (0.22)</u>	<u>\$ (0.19)</u>	<u>\$ (0.23)</u>
Weighted average common shares outstanding:			
Basic	83,413	83,018	74,000
Diluted	83,413	83,018	74,000

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)

	Six Months Ended	
	Sept. 28, 2002	Sept. 29, 2001
Net sales	\$ 149,338	\$ 254,953
Costs and expenses:		
Cost of sales (Note 1)	77,404	167,743
Research and development (Note 2)	51,869	51,852
Selling, general and administrative (Note 3)	37,579	46,111
Restructuring costs (Note 4)	-	-
	166,852	265,706
Income (loss) from operations	(17,514)	(10,753)
Realized gain (loss) on marketable equity securities (Note 5)	-	-
Interest income and (expense), net (Note 6)	1,156	4,215
Other income (expense), net	(280)	688
	(16,638)	(5,850)
Provision (benefit) for income taxes (Note 7)	(1,117)	-
	(15,521)	(5,850)
Income (loss) from continuing operations	(15,521)	(5,850)
Loss from discontinued operations (Note 8)	-	-
	-	-
Net income (loss)	\$ (15,521)	\$ (5,850)
Basic earnings (loss) per share:		
From continuing operations	\$ (0.19)	\$ (0.08)
Discontinued operations	-	-
Basic earnings (loss) per share	\$ (0.19)	\$ (0.08)
Diluted earnings (loss) per share:		
From continuing operations	\$ (0.19)	\$ (0.08)
Discontinued operations	-	-
Diluted earnings (loss) per share	\$ (0.19)	\$ (0.08)
Weighted average common shares outstanding:		
Basic	83,215	74,238
Diluted	83,215	74,238

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'03** - Pro Forma cost of sales excludes the benefit of \$2.0 million in reserves released on product sold year to date and \$0.8 million related to the reversal of a portion of a prior year charge recorded in conjunction with exiting the magnetic storage product line. **FY'02** - Pro Forma cost of sales excludes a net inventory charge of \$36.2 million related to exiting the magnetic storage product line.

(Note 2) **FY'03** - Pro Forma research and development expense excludes \$9.4 million related to the amortization of acquired intangible assets and \$2.0 million related to acquisition bonus and deferred compensation expense. **FY'02** - Pro Forma research and development expense excludes \$2.3 million related to the amortization of acquired intangible assets, \$1.9 million related to the Q1 write-off of in-process research and development associated with the acquisition of Peak Audio and a \$0.7 million Q2 charge to write off a license related to the magnetic storage product line.

(Note 3) **FY'03** - Pro Forma selling, general and administrative expense excludes \$1.9 million related to acquisition bonus and deferred compensation expense, \$0.5 million related to Q1 facility exit costs, \$0.3 million related to legal costs associated with magnetic storage products and \$0.1 million related to merger and acquisition activities. **FY'02** - Pro Forma selling, general and administrative expense excludes \$0.7 million related to merger and acquisition activities and \$0.1 million related to legal costs associated with magnetic storage products.

(Note 4) **FY'03** - Pro Forma restructuring costs exclude \$5.2 million related to costs associated with our workforce reduction, consolidation of our facilities and charges to fully expense certain intangible and fixed assets that will no longer be used. **FY'02** - Pro Forma restructuring costs exclude \$1.9 million related to Q1 workforce reductions.

(Note 5) **FY'03** - Pro Forma realized gain (loss) on marketable equity securities excludes a Q1 gain of \$1.4 million related to the holdback from the sale of our interest in Basis Communications and \$0.9 million in realized losses in Q2 due to other than temporary declines in the value of our investment in certain public companies. **FY'02** - Pro Forma realized gain (loss) on 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.

(Note 6) **FY'03** - Pro Forma interest income and (expense), net excludes \$0.1 million in interest income associated with the sale of our interest in Basis Communications.

(Note 7) **FY'03** - Pro Forma benefit for income taxes includes a \$1.2 million benefit resulting from reclaiming a portion of the FY'01 Pro Forma income tax expense.

(Note 8) **FY'03** - The Pro Forma financial statements exclude the \$1.5 million loss from discontinued operations of eMicro Corporation ("eMicro"). During Q1 FY'03, the shareholders of eMicro voted to dissolve eMicro, a joint venture in which we own a 75% interest. **FY'02** - The Pro Forma financial statements exclude the \$1.2 million loss from discontinued operations of eMicro.

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

	Six Months Ended	
	Sept. 28, 2002	Sept. 29, 2001
Net sales	\$ 149,338	\$ 254,953
Costs and expenses:		
Cost of sales (Note 1)	74,618	203,928
Research and development (Note 2)	63,265	56,714
Selling, general and administrative (Note 3)	40,410	46,947
Restructuring costs (Note 4)	5,187	1,919
Total costs and expenses	183,480	309,508
Income (loss) from operations	(34,142)	(54,555)
Realized gain (loss) on marketable equity securities (Note 5)	453	10,967
Interest income and (expense), net (Note 6)	1,281	4,215
Other income (expense), net	(280)	688
Income (loss) before income taxes and loss from discontinued operations	(32,688)	(38,685)
Provision (benefit) for income taxes (Note 7)	58	-
Income (loss) from continuing operations	(32,746)	(38,685)
Loss from discontinued operations (Note 8)	(1,452)	(1,232)
Net income (loss)	\$ (34,198)	\$ (39,917)
Basic earnings (loss) per share:		
From continuing operations	\$ (0.39)	\$ (0.52)
Discontinued operations	(0.02)	(0.02)
Basic earnings (loss) per share	\$ (0.41)	\$ (0.54)
Diluted earnings (loss) per share:		
From continuing operations	\$ (0.39)	\$ (0.52)
Discontinued operations	(0.02)	(0.02)
Diluted earnings (loss) per share	\$ (0.41)	\$ (0.54)
Weighted average common shares outstanding:		
Basic	83,215	74,238
Diluted	83,215	74,238

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>Sept. 28, 2002</u>	<u>Jun. 29, 2002</u>	<u>Sept. 29, 2001</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 114,332	\$ 131,897	\$ 166,757
Restricted cash	12,807	12,807	10,000
Marketable equity securities	526	2,174	4,097
Accounts receivable, net	35,011	28,889	107,522
Inventories, net	28,752	36,591	61,489
Other current assets	16,548	19,593	20,858
Total Current Assets	<u>207,976</u>	<u>231,951</u>	<u>370,723</u>
Property and equipment, net	36,685	33,816	44,231
Goodwill and intangibles, net	183,300	190,248	17,450
Other assets	4,630	3,445	7,603
Total Assets	<u>\$ 432,591</u>	<u>\$ 459,460</u>	<u>\$ 440,007</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	\$ 59,809	\$ 68,214	\$ 65,074
Current maturities of long-term debt and capital lease obligations	141	248	-
Income taxes payable	41,530	42,175	40,628
Total Current Liabilities	<u>101,480</u>	<u>110,637</u>	<u>105,702</u>
Long-term obligations	3,658	3,658	3,198
Minority interest in eMicro	599	599	1,347
Stockholders' equity:			
Capital stock	866,531	865,380	665,874
Accumulated deficit	(538,897)	(520,538)	(338,537)
Accumulated other comprehensive income (loss)	(780)	(276)	2,423
Total Stockholders' Equity	<u>326,854</u>	<u>344,566</u>	<u>329,760</u>
Total Liabilities and Stockholders' Equity	<u>\$ 432,591</u>	<u>\$ 459,460</u>	<u>\$ 440,007</u>