

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

	Quarter Ended		
	June 30, 2001	March 31, 2001	June 24, 2000
Net sales (Note 1)	\$ 179,673	\$ 199,725	\$ 170,778
Costs and expenses:			
Cost of sales (Note 2)	122,413	143,183	102,350
Research and development (Note 3)	27,833	27,424	30,130
Selling, general and administrative (Note 4)	25,448	26,417	26,268
Restructuring costs and other (gains) (Note 5)	-	-	-
Total costs and expenses	175,694	197,024	158,748
Income from operations	3,979	2,701	12,030
Realized gain on sale of marketable equity securities (Note 6)	-	-	-
Interest income and (expense), net (Note 7)	2,857	4,132	(1,425)
Other income (expense), net (Note 8)	426	(1,897)	514
Income before provision for income taxes	7,262	4,936	11,119
Provision for income taxes	-	580	1,124
Minority interest in loss of eMicro	272	252	119
Income before accounting change and extraordinary gain	7,534	4,608	10,114
Cumulative effect of change in accounting principle (Note 9)	-	-	-
Extraordinary gain, net of tax (Note 10)	-	-	-
Net income	<u>\$ 7,534</u>	<u>\$ 4,608</u>	<u>\$ 10,114</u>
Basic income per share:			
Before accounting change and extraordinary gain	\$ 0.10	\$ 0.06	\$ 0.15
Accounting change	-	-	-
Extraordinary gain	-	-	-
Basic	<u>\$ 0.10</u>	<u>\$ 0.06</u>	<u>\$ 0.15</u>
Diluted income per share:			
Before accounting change and extraordinary gain	\$ 0.10	\$ 0.06	\$ 0.15
Accounting change	-	-	-
Extraordinary gain	-	-	-
Diluted (Note 11)	<u>\$ 0.10</u>	<u>\$ 0.06</u>	<u>\$ 0.15</u>
Weighted average common shares outstanding:			
Basic	74,253	79,447	65,549
Diluted (Note 11)	76,862	83,034	69,382

See notes to Pro Forma Consolidated Condensed Statement of Operations

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

The following non-recurring or unusual items and their related tax effects have been excluded from the historical financial results for this pro forma presentation:

(Note 1) Revenue for Q1 FY '02 includes \$9.6 million related to non-recurring revenue. Pro Forma revenue for Q1 FY '01 was reduced by \$10.6 million related to accounting changes implemented in the quarter.

(Note 2) Pro Forma cost of sales for Q1 FY '02 excludes an inventory charge of \$36.6 million related to exiting the magnetic storage business segment. Pro Forma cost of sales for Q1 FY '01 was reduced by \$5.5 million related to accounting changes implemented in the quarter.

(Note 3) Pro Forma research and development expense for Q1 FY '02, Q4 FY '01, and Q1 FY '01 excludes \$1.1 million, \$0.7 million and \$0.9 million, respectively, related to the amortization of acquired intangible assets. Pro Forma research and development expense for Q1 FY '02 excludes \$1.9 million related to the write-off of in-process research and development associated with the acquisition of Peak Audio.

(Note 4) Pro Forma selling, general and administrative expense for Q4 FY '01 excludes \$0.5 million related to merger and acquisition activities.

(Note 5) Pro Forma restructuring costs and other (gains) for Q1 FY '02 excludes \$1.9 million related to workforce reductions. Pro Forma restructuring costs and other (gains) for Q1 FY '01 excludes restructuring gains of \$12.5 million related to the receipt of payment for two previously reserved notes from Basis Communications.

(Note 6) The Pro Forma realized gain on sale of marketable securities for Q1 FY '02 excludes a gain of \$9.8 million related to the sale of our interest in Basis Communications. The Pro Forma realized gain on sale of marketable securities for Q1 FY '02 and Q4 FY '01 excludes gains of \$1.1 million related to the sale of call options in Openwave Systems, Inc. common stock (formerly known as Phone.com). Also, the Pro Forma realized gain on sale of marketable securities for Q4 FY '01 excludes a net gain of \$1.2 million related to the sale of investments and marketable securities. The Pro Forma realized gain on sale of marketable securities for Q1 FY '01 excludes a gain of \$79.6 million related to the sale of marketable equity securities.

(Note 7) Pro Forma interest income and (expense), net for Q1 FY '01 excludes \$1.3 million of interest income related to interest received on two previously reserved notes from Basis Communications.

(Note 8) Pro Forma other income (expense), net for Q4 FY '01 excludes a charge of \$1.8 million related to the settlement of a litigation dispute.

(Note 9) During Q1 FY '01, Cirrus Logic adopted the Securities and Exchange Commission's Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements," resulting in a \$1.7 million cumulative effect of change in accounting principle, which is excluded in the Pro Forma financial statement presentation.

(Note 10) During Q1 FY '01, Cirrus Logic recognized an extraordinary gain of \$2.5 million related to the early retirement of \$28.1 million par value of our 6% convertible notes. The Pro Forma financial statement presentation excludes the extraordinary gain in Q1 FY '01.

(Note 11) Diluted earnings per share for Q1 FY '01 of \$1.27 includes an adjustment to increase net income by \$3.7 million and diluted shares by 11.3 million, which is the quarterly after-tax interest savings and shares which would have been issued in connection with the convertible debt. Diluted earnings per share for Q4 FY '01 of \$.05 and Pro Forma diluted earnings per share for Q4 FY '01 and Q1 FY '01 of \$.06 and \$.15, respectively, do not include these adjustments as they are anti-dilutive.

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

	Quarter Ended	
	June 30, 2001	March 31, 2001
Net sales (Note 1)	\$ 179,673	\$ 199,725
Costs and expenses:		
Cost of sales (Note 2)	158,998	143,183
Research and development (Note 3)	30,827	28,105
Selling, general and administrative (Note 4)	25,448	26,907
Restructuring costs and other (gains) (Note 5)	1,919	-
Total costs and expenses	217,192	198,195
Income (loss) from operations	(37,519)	1,530
Realized gain on sale of marketable equity securities (Note 6)	10,967	2,322
Interest income and (expense), net (Note 7)	2,857	4,132
Other income (expense), net (Note 8)	426	(3,776)
Income (loss) before provision for income taxes	(23,269)	4,208
Provision for income taxes	-	508
Minority interest in loss of eMicro	272	252
Income (loss) before accounting change and extraordinary gain	(22,997)	3,952
Cumulative effect of change in accounting principle (Note 9)	-	-
Extraordinary gain, net of tax (Note 10)	-	-
Net income (loss)	\$ (22,997)	\$ 3,952
Basic income (loss) per share:		
Before accounting change and extraordinary gain	\$ (0.31)	\$ 0.05
Accounting change	-	-
Extraordinary gain	-	-
Basic	\$ (0.31)	\$ 0.05
Diluted income (loss) per share:		
Before accounting change and extraordinary gain	\$ (0.31)	\$ 0.05
Accounting change	-	-
Extraordinary gain	-	-
Diluted (Note 11)	\$ (0.31)	\$ 0.05
Weighted average common shares outstanding:		
Basic	74,253	79,447
Diluted (Note 11)	74,253	83,034

For Description of Notes See Pro Forma Financial Statement Presentation and Notes Th

June 24,
2000

\$ 181,412

107,899

31,039

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(12,514)

152,692

28,720

79,639

(176)

514

108,697

10,711

119

98,105

(1,707)

2,482

\$ 98,880

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(0.02)

0.03

\$ 1.27

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80,684

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1QFY02.xls

PRELIMINARY

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

	June 30, 2001	March 31, 2001	June 24, 2000
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 151,512	\$ 253,136	\$ 188,717
Restricted cash	10,000	10,000	57,733
Marketable equity securities	11,356	6,581	23,461
Accounts receivable, net	139,795	136,102	102,806
Inventories, net	81,901	109,161	71,898
Other current assets	18,463	18,217	26,554
	<u>413,027</u>	<u>533,197</u>	<u>471,169</u>
Property and equipment, net	33,108	32,340	33,720
Deposits and other assets	42,208	32,468	49,046
	<u>\$ 488,343</u>	<u>\$ 598,005</u>	<u>\$ 553,935</u>
LIABILITIES AND SHAREHOLDER EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	\$ 89,212	\$ 115,254	\$ 117,112
Current maturities of long term debt and capital lease obligations	2,040	3,133	8,413
Income taxes payable	40,672	41,053	51,182
	<u>131,924</u>	<u>159,440</u>	<u>176,707</u>
Long term obligations and convertible subordinated notes	3,766	4,319	277,585
Stock issued under the restructuring agreement with IBM	-	-	12,637
Minority interest in eMicro	1,431	1,703	1,881
Net shareholder equity:			
Capital stock	663,162	715,790	394,044
Accumulated other comprehensive income	9,477	4,578	23,202
Accumulated deficit	(321,417)	(287,825)	(332,121)
	<u>351,222</u>	<u>432,543</u>	<u>85,125</u>
	<u>\$ 488,343</u>	<u>\$ 598,005</u>	<u>\$ 553,935</u>