

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		
	Sept 29, 2001	June 30, 2001	Sept 23, 2000
Net sales (Note 1)	\$ 77,276	\$ 179,673	\$ 189,537
Costs and expenses:			
Cost of sales (Note 2)	46,984	122,413	110,513
Research and development (Note 3)	25,125	27,833	32,654
Selling, general and administrative (Note 4)	21,567	25,448	27,799
Restructuring costs and other (gains) (Note 5)	-	-	-
Total costs and expenses	93,676	175,694	170,966
Income (loss) from operations	(16,400)	3,979	18,571
Realized gain on sale of marketable equity securities (Note 6)	-	-	-
Interest income and (expense), net	1,420	2,857	(811)
Other income (expense), net	280	426	168
Income (loss) before provision for income taxes	(14,700)	7,262	17,928
Provision for income taxes	-	-	1,888
Minority interest in loss of eMicro	84	272	105
Income (loss) before accounting change and extraordinary gain	(14,616)	7,534	16,145
Cumulative effect of change in accounting principle	-	-	-
Extraordinary gain, net of tax	-	-	-
Net income (loss)	<u>\$ (14,616)</u>	<u>\$ 7,534</u>	<u>\$ 16,145</u>
Basic income (loss) per share:			
Before accounting change and extraordinary gain	\$ (0.20)	\$ 0.10	\$ 0.24
Accounting change	-	-	-
Extraordinary gain	-	-	-
Basic	<u>\$ (0.20)</u>	<u>\$ 0.10</u>	<u>\$ 0.24</u>
Diluted income (loss) per share:			
Before accounting change and extraordinary gain	\$ (0.20)	\$ 0.10	\$ 0.23
Accounting change	-	-	-
Extraordinary gain	-	-	-
Diluted	<u>\$ (0.20)</u>	<u>\$ 0.10</u>	<u>\$ 0.23</u>
Weighted average common shares outstanding:			
Basic	74,000	74,253	66,041
Diluted	74,000	76,862	70,918

See notes to Pro Forma Consolidated Condensed Statement of Operations

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

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) **Q1 FY'02** - Revenue includes \$9.6 million related to non-recurring revenue.

(Note 2) **Q2 FY'02** - Pro Forma cost of sales excludes an adjustment of the Q1 inventory charge of \$0.4 million. **Q1 FY'02** - Pro Forma cost of sales excludes an inventory charge of \$36.6 million related to exiting the magnetic storage product line.

(Note 3) **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. **Q1 FY'02** - Pro Forma research and development expense excludes \$1.1 million related to the amortization of acquired intangible assets and \$1.9 million related to the write-off of in-process research and development associated with the acquisition of Peak Audio. **Q2 FY'01** - Pro Forma research and development expense excludes \$0.9 million related to the amortization of acquired intangible assets and \$1.0 million in compensation paid in connection with the acquisition of AudioLogic, Inc.

(Note 4) **Q2 FY'02** - Pro Forma selling, general and administrative expense excludes \$0.7 million related to merger and acquisition activities as well as \$0.2 million related to legal costs associated with non-core products. **Q2 FY'01** - Pro Forma selling, general and administrative expense excludes \$1.5 million in compensation paid in connection with the acquisition of AudioLogic, Inc.

(Note 5) **Q1 FY'02** - Pro Forma restructuring costs and other (gains) excludes \$1.9 million related to workforce reductions. **Q2 FY'01** - Pro Forma restructuring and other (gains) excludes \$1.8 million due to the final resolution of the MiCRUS restructuring agreement.

(Note 6) **Q1 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 a gain of \$1.2 million related to the sale of call options in Openwave Systems, Inc. common stock (formerly known as Phone.com). **Q2 FY'01** - The Pro Forma realized gain on sale of marketable equity securities excludes a gain of \$1.9 million related to the sale of call options in Openwave Systems, Inc. common stock.

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CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
(unaudited)
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	Quarter Ended		
	Sept. 29, 2001	June 30, 2001	Sept. 23, 2000
Net sales (Note 1)	\$ 77,276	\$ 179,673	\$ 189,537
Costs and expenses:			
Cost of sales (Note 2)	46,584	158,998	110,513
Research and development (Note 3)	26,993	30,827	34,549
Selling, general and administrative (Note 4)	22,403	25,448	29,299
Restructuring costs and other (gains) (Note 5)	-	1,919	(1,848)
Total costs and expenses	95,980	217,192	172,513
Income (loss) from operations	(18,704)	(37,519)	17,024
Realized gain on sale of marketable equity securities (Note 6)	-	10,967	1,905
Interest income and (expense), net	1,420	2,857	(811)
Other income (expense), net	280	426	168
Income (loss) before provision for income taxes	(17,004)	(23,269)	18,286
Provision for income taxes	-	-	1,924
Minority interest in loss of eMicro	84	272	105
Income (loss) before accounting change and extraordinary gain	(16,920)	(22,997)	16,467
Cumulative effect of change in accounting principle	-	-	-
Extraordinary gain, net of tax	-	-	-
Net income (loss)	<u>\$ (16,920)</u>	<u>\$ (22,997)</u>	<u>\$ 16,467</u>
Basic income (loss) per share:			
Before accounting change and extraordinary gain	\$ (0.23)	\$ (0.31)	\$ 0.25
Accounting change	-	-	-
Extraordinary gain	-	-	-
Basic	<u>\$ (0.23)</u>	<u>\$ (0.31)</u>	<u>\$ 0.25</u>
Diluted income (loss) per share:			
Before accounting change and extraordinary gain	\$ (0.23)	\$ (0.31)	\$ 0.23
Accounting change	-	-	-
Extraordinary gain	-	-	-
Diluted	<u>\$ (0.23)</u>	<u>\$ (0.31)</u>	<u>\$ 0.23</u>
Weighted average common shares outstanding:			
Basic	74,000	74,253	66,041
Diluted	74,000	74,253	70,918

See notes to Pro Forma Consolidated Condensed Statement of Operations

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

	Year to Date	
	Sept. 29, 2001	Sept. 23, 2000
Net sales (Note 1)	\$ 256,949	\$ 360,315
Costs and expenses:		
Cost of sales (Note 2)	169,397	212,863
Research and development (Note 3)	52,958	62,784
Selling, general and administrative (Note 4)	47,015	54,067
Restructuring costs and other (gains) (Note 5)	-	-
Total costs and expenses	269,370	329,714
Income (loss) from operations	(12,421)	30,601
Realized gain on sale of marketable equity securities (Note 6)	-	-
Interest income and (expense), net (Note 7)	4,277	(2,236)
Other income (expense), net	706	682
Income (loss) before provision for income taxes	(7,438)	29,047
Provision for income taxes	-	3,012
Minority interest in loss of eMicro	356	224
Income (loss) before accounting change and extraordinary gain	(7,082)	26,259
Cumulative effect of change in accounting principle (Note 8)	-	-
Extraordinary gain, net of tax (Note 9)	-	-
Net income (loss)	\$ (7,082)	\$ 26,259
Basic income (loss) per share:		
Before accounting change and extraordinary gain	\$ (0.10)	\$ 0.40
Accounting change	-	-
Extraordinary gain	-	-
Basic	\$ (0.10)	\$ 0.40
Diluted income (loss) per share:		
Before accounting change and extraordinary gain	\$ (0.10)	\$ 0.37
Accounting change	-	-
Extraordinary gain	-	-
Diluted (Note 10)	\$ (0.10)	\$ 0.37
Weighted average common shares outstanding:		
Basic	74,238	66,064
Diluted (Note 10)	74,238	70,489

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)

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

(Note 2) **FY'02** - Pro Forma cost of sales excludes a net inventory charge of \$36.2 million related to exiting the magnetic storage product line. **FY'01** - Pro Forma cost of sales was reduced by \$5.5 million related to accounting changes implemented in Q1.

(Note 3) **FY'02** - Pro Forma research and development expense excludes \$2.3 million related to the amortization of acquired intangible assets, a \$0.7 million Q2 charge to write-off a license related to the magnetic storage product line and a \$1.9 million Q1 charge related to the write-off of in-process research and development associated with the acquisition of Peak Audio. **FY'01** - Pro Forma research and development expense excludes \$1.8 million related to the amortization of acquired intangible assets and excludes \$1.0 million in compensation paid in Q2 in connection with the acquisition of AudioLogic, Inc.

(Note 4) **FY'02** - Pro Forma selling, general and administrative expense excludes \$0.7 million related to merger and acquisition activities as well as \$0.2 million related to legal costs associated with the non-core products, both Q2 expenses. **FY'01** - Pro Forma selling, general and administrative expense excludes \$1.5 million in compensation paid in Q2 in connection with the acquisition of AudioLogic, Inc.

(Note 5) **FY'02** - Pro Forma restructuring costs and other (gains) excludes \$1.9 million related to Q1 workforce reductions. **FY'01** - Pro Forma restructuring costs and other (gains) excludes \$1.8 million 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 \$79.6 million related to the sale of marketable equity securities and a Q2 gain of \$1.9 million related to the sale of call options in Openwave Systems, Inc. common stock.

(Note 7) **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'01** - During Q1, 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 from the Pro Forma financial statement presentation.

(Note 9) **FY'01** - During Q1, 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.

(Note 10) **FY'01** - Diluted earnings per share for the first six months of \$1.50 includes an adjustment to increase net income by \$7.3 million and diluted shares by 11.2 million, which is the quarterly after-tax interest savings and shares which would have been issued in connection with the convertible debt. Pro Forma diluted earnings per share for the first six months of \$0.37 does not include these adjustments as they are anti-dilutive.

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

	Year to Date	
	Sept. 29, 2001	Sept. 23, 2000
Net sales (Note 1)	\$ 256,949	\$ 370,949
Costs and expenses:		
Cost of sales (Note 2)	205,582	218,412
Research and development (Note 3)	57,820	65,588
Selling, general and administrative (Note 4)	47,851	55,567
Restructuring costs and other (gains) (Note 5)	1,919	(14,362)
Total costs and expenses	313,172	325,205
Income (loss) from operations	(56,223)	45,744
Realized gain on sale of marketable equity securities (Note 6)	10,967	81,544
Interest income and (expense), net (Note 7)	4,277	(987)
Other income (expense), net	706	682
Income (loss) before provision for income taxes	(40,273)	126,983
Provision for income taxes	-	12,635
Minority interest in loss of eMicro	356	224
Income (loss) before accounting change and extraordinary gain	(39,917)	114,572
Cumulative effect of change in accounting principle (Note 8)	-	(1,707)
Extraordinary gain, net of tax (Note 9)	-	2,482
Net income (loss)	\$ (39,917)	\$ 115,347
Basic income (loss) per share:		
Before accounting change and extraordinary gain	\$ (0.54)	\$ 1.73
Accounting change	-	(0.03)
Extraordinary gain	-	0.04
Basic	\$ (0.54)	\$ 1.75
Diluted income (loss) per share:		
Before accounting change and extraordinary gain	\$ (0.54)	\$ 1.49
Accounting change	-	(0.02)
Extraordinary gain	-	0.03
Diluted (Note 10)	\$ (0.54)	\$ 1.50
Weighted average common shares outstanding:		
Basic	74,238	66,064
Diluted (Note 10)	74,238	81,674

See notes to Pro Forma Consolidated Condensed Statement of Operations

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

	September 29, 2001	June 30, 2001	September 23, 2000
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 166,757	\$ 151,512	\$ 254,711
Restricted cash	10,000	10,000	1,421
Marketable equity securities	4,097	11,356	33,875
Accounts receivable, net	107,522	139,795	129,654
Inventories, net	61,489	81,901	86,479
Other current assets	<u>20,858</u>	<u>18,463</u>	<u>26,979</u>
	370,723	413,027	533,119
Property and equipment, net	31,009	33,108	36,902
Deposits and other assets	<u>38,275</u>	<u>42,208</u>	<u>45,289</u>
	<u>\$ 440,007</u>	<u>\$ 488,343</u>	<u>\$ 615,310</u>
LIABILITIES AND SHAREHOLDER EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	\$ 65,074	\$ 89,212	\$ 141,303
Current maturities of long term debt and capital lease obligations	-	2,040	7,948
Income taxes payable	<u>40,628</u>	<u>40,672</u>	<u>53,706</u>
	105,702	131,924	202,957
Long term obligations and convertible subordinated notes	3,198	3,766	277,304
Stock issued under the restructuring agreement with IBM	-	-	-
Minority interest in eMicro	1,347	1,431	1,776
Net shareholder equity:			
Capital stock	665,874	663,162	416,395
Accumulated other comprehensive income	2,423	9,477	32,531
Accumulated deficit	<u>(338,537)</u>	<u>(321,417)</u>	<u>(315,653)</u>
	<u>329,760</u>	<u>351,222</u>	<u>133,273</u>
	<u>\$ 440,007</u>	<u>\$ 488,343</u>	<u>\$ 615,310</u>

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