

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		
	Dec 29, 2001	Sept 29, 2001	Dec 30, 2000
Net sales	\$ 76,971	\$ 77,276	\$ 207,998
Costs and expenses:			
Cost of sales (Note 1)	45,336	46,984	124,760
Research and development (Note 2)	27,184	25,125	32,999
Selling, general and administrative (Note 3)	21,900	21,567	27,155
Restructuring costs and other (gains) (Note 4)	-	-	-
Total costs and expenses	94,420	93,676	184,914
Income (loss) from operations	(17,449)	(16,400)	23,084
Realized gain on sale of marketable equity securities (Note 5)	-	-	-
Interest income and (expense), net	939	1,420	3,263
Other income (expense), net (Note 6)	(521)	280	(1,333)
Income (loss) before provision for income taxes	(17,031)	(14,700)	25,014
Provision (benefit) for income taxes (Note 7)	(1,926)	-	2,411
Minority interest in (income) loss of eMicro	44	84	(179)
Net income (loss)	<u>\$ (15,061)</u>	<u>\$ (14,616)</u>	<u>\$ 22,424</u>
Basic income (loss) per share	<u>\$ (0.19)</u>	<u>\$ (0.20)</u>	<u>\$ 0.30</u>
Diluted income (loss) per share	<u>\$ (0.19)</u>	<u>\$ (0.20)</u>	<u>\$ 0.28</u>
Weighted average common shares outstanding:			
Basic	79,207	74,000	75,127
Diluted	79,207	74,000	80,388

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 have been excluded from the historical financial results for this pro forma presentation:

(Note 1) **Q3 FY'02** - Pro Forma cost of sales excludes \$25.3 million in inventory charges associated with the restructuring and the exit from our 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) **Q3 FY'02** - 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. **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. **Q3 FY'01** - Pro Forma research and development expense excludes \$0.9 million related to the amortization of acquired intangible assets.

(Note 3) **Q3 FY'02** - 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. **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.

(Note 4) **Q3 FY'02** - Pro Forma restructuring costs and other (gains) excludes \$5.5 million related to workforce reductions and costs associated with consolidation of our facilities.

(Note 5) **Q3 FY'01** - Pro Forma realized gain on sale of marketable equity securities excludes a gain of \$3.0 million related to the sale of call options in Openwave Systems, Inc. common stock (formerly known as Phone.com).

(Note 6) **Q3 FY'02** - Pro Forma other income (expense) excludes \$1.0 million related to write-offs and write-downs of investments in private companies. **Q3 FY'01** - Pro Forma other income (expense) excludes a \$0.5 million write-off of an investment in a private company.

(Note 7) **Q3 FY'02** - Pro Forma provision for taxes is a \$1.9 million benefit resulting from reclaiming a portion of the FY'01 Pro Forma tax expense. **Q3 FY'01** - Pro Forma provision for taxes differs from the GAAP provision for taxes by the tax effect of the Pro Forma adjustments.

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

	Quarter Ended		
	Dec 29, 2001	Sept 29, 2001	Dec 30, 2000
Net sales	\$ 76,971	\$ 77,276	\$ 207,998
Costs and expenses:			
Cost of sales (Note 1)	70,656	46,584	124,760
Research and development (Note 2)	61,540	26,993	33,905
Selling, general and administrative (Note 3)	24,120	22,403	27,155
Restructuring costs and other (gains) (Note 4)	5,461	-	-
Total costs and expenses	161,777	95,980	185,820
Income (loss) from operations	(84,806)	(18,704)	22,178
Realized gain on sale of marketable equity securities (Note 5)	-	-	3,020
Interest income and (expense), net	939	1,420	3,263
Other income (expense), net (Note 6)	(1,544)	280	(1,833)
Income (loss) before provision for income taxes	(85,411)	(17,004)	26,628
Provision for income taxes (Note 7)	-	-	2,572
Minority interest in (income) loss of eMicro	44	84	(179)
Net income (loss)	\$ (85,367)	\$ (16,920)	\$ 23,877
Basic income (loss) per share	\$ (1.08)	\$ (0.23)	\$ 0.32
Diluted income (loss) per share	\$ (1.08)	\$ (0.23)	\$ 0.30
Weighted average common shares outstanding:			
Basic	79,207	74,000	75,127
Diluted	79,207	74,000	80,388

See notes to Pro Forma Consolidated Condensed Statement of Operations

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	
	Dec 29, 2001	Dec 30, 2000
Net sales (Note 1)	\$ 333,919	\$ 568,313
Costs and expenses:		
Cost of sales (Note 2)	214,733	337,623
Research and development (Note 3)	80,142	95,783
Selling, general and administrative (Note 4)	68,915	81,222
Restructuring costs and other (gains) (Note 5)	-	-
Total costs and expenses	363,790	514,628
Income (loss) from operations	(29,871)	53,685
Realized gain on sale of marketable equity securities (Note 6)	-	-
Interest income and (expense), net (Note 7)	5,217	1,027
Other income (expense), net (Note 8)	185	(651)
Income (loss) before provision for income taxes	(24,469)	54,061
Provision (benefit) for income taxes (Note 9)	(1,926)	5,423
Minority interest in loss of eMicro	400	45
Income (loss) before accounting change and extraordinary gain	(22,143)	48,683
Cumulative effect of change in accounting principle (Note 10)	-	-
Extraordinary gain, net of tax (Note 11)	-	-
Net income (loss)	\$ (22,143)	\$ 48,683
Basic income (loss) per share:		
Before accounting change and extraordinary gain	\$ (0.29)	\$ 0.70
Accounting change	-	-
Extraordinary gain	-	-
Basic	\$ (0.29)	\$ 0.70
Diluted income (loss) per share:		
Before accounting change and extraordinary gain	\$ (0.29)	\$ 0.66
Accounting change	-	-
Extraordinary gain	-	-
Diluted (Note 12)	\$ (0.29)	\$ 0.66
Weighted average common shares outstanding:		
Basic	75,820	69,142
Diluted (Note 12)	75,820	74,024

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 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 \$61.5 million in inventory charges associated with the restructuring and the exit from our 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 \$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, \$6.3 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, \$0.5 million related to the Q3 write-off of redundant or unused equipment and software and \$0.4 million related to acquisition bonus and deferred compensation expense. **FY'01** - Pro Forma research and development expense excludes \$2.7 million related to the amortization of acquired intangible assets and \$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 \$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, \$0.7 million related to Q2 merger and acquisition activities, \$0.2 million related to Q2 legal costs associated with non-core products and \$0.3 million related to acquisition bonus and deferred compensation expense. **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 \$7.4 million related to Q1 and Q3 workforce reductions and costs associated with consolidation of our facilities. **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 \$78.5 million related to the sale of marketable equity securities and a \$6.0 million gain 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'02** - Pro Forma other income (expense) excludes \$1.0 million related to Q3 write-offs and write-downs of investments in private companies. **FY'01** - Pro Forma other income (expense) excludes a Q3 \$0.5 million write-off of an investment in a private company.

(Note 9) **FY'02** - Pro Forma provision for taxes is a \$1.9 million benefit resulting from reclaiming a portion of the FY'01 Pro Forma tax expense. **FY'01** - Pro Forma provision for taxes differs from the GAAP provision for taxes by the tax effect of the Pro Forma adjustments.

(Note 10) **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 11) **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 12) **FY'01** - Diluted earnings per share for the first nine months of \$1.82 includes an adjustment to increase net income by \$11.0 million and diluted shares by 8.5 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 nine months of \$0.66 does not include these adjustments as they are anti-dilutive.

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

	Year to Date	
	Dec 29, 2001	Dec 30, 2000
Net sales (Note 1)	\$ 333,919	\$ 578,948
Costs and expenses:		
Cost of sales (Note 2)	276,238	343,172
Research and development (Note 3)	119,360	99,494
Selling, general and administrative (Note 4)	71,971	82,722
Restructuring costs and other (gains) (Note 5)	7,379	(14,362)
Total costs and expenses	474,948	511,026
Income (loss) from operations	(141,029)	67,922
Realized gain on sale of marketable equity securities (Note 6)	10,968	84,564
Interest income and (expense), net (Note 7)	5,217	2,277
Other income (expense), net (Note 8)	(840)	(1,152)
Income (loss) before provision for income taxes	(125,684)	153,611
Provision for income taxes (Note 9)	-	15,207
Minority interest in loss of eMicro	400	45
Income (loss) before accounting change and extraordinary gain	(125,284)	138,449
Cumulative effect of change in accounting principle (Note 10)	-	(1,707)
Extraordinary gain, net of tax (Note 11)	-	2,482
Net income (loss)	\$ (125,284)	\$ 139,224
Basic income (loss) per share:		
Before accounting change and extraordinary gain	\$ (1.65)	\$ 2.00
Accounting change	-	(0.02)
Extraordinary gain	-	0.04
Basic	\$ (1.65)	\$ 2.01
Diluted income (loss) per share:		
Before accounting change and extraordinary gain	\$ (1.65)	\$ 1.81
Accounting change	-	(0.02)
Extraordinary gain	-	0.03
Diluted (Note 12)	\$ (1.65)	\$ 1.82
Weighted average common shares outstanding:		
Basic	75,820	69,142
Diluted (Note 12)	75,820	82,516

See notes to Pro Forma Consolidated Condensed Statement of Operations

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

	Dec 29, 2001	Sept 29, 2001	Dec 30, 2000
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 136,880	\$ 166,757	\$ 254,070
Restricted cash	12,293	10,000	11,008
Marketable equity securities	3,297	4,097	15,506
Accounts receivable, net	112,346	107,522	122,225
Inventories, net	31,511	61,489	113,501
Other current assets	20,029	20,858	24,585
	<u>316,356</u>	<u>370,723</u>	<u>540,895</u>
Property and equipment, net	29,085	31,009	34,171
Deposits and other assets	210,550	38,275	34,349
	<u>\$ 555,991</u>	<u>\$ 440,007</u>	<u>\$ 609,415</u>
LIABILITIES AND SHAREHOLDER EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	\$ 80,522	\$ 65,074	\$ 121,775
Current maturities of long term debt and capital lease obligations	739	-	3,825
Income taxes payable	40,409	40,628	56,253
	<u>121,670</u>	<u>105,702</u>	<u>181,853</u>
Long term obligations	2,890	3,198	5,287
Minority interest in eMicro	1,303	1,347	1,955
Net shareholder equity:			
Capital stock	852,690	665,874	698,050
Accumulated other comprehensive income	1,342	2,423	14,047
Accumulated deficit	(423,904)	(338,537)	(291,777)
	<u>430,128</u>	<u>329,760</u>	<u>420,320</u>
	<u>\$ 555,991</u>	<u>\$ 440,007</u>	<u>\$ 609,415</u>