

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. 28, 2002	Sept. 28, 2002	Dec. 29, 2001
Net sales	\$ 60,516	\$ 73,314	\$ 73,254
Costs and expenses:			
Cost of sales (Note 1)	30,204	38,390	42,565
Research and development (Note 2)	21,507	24,655	26,556
Selling, general and administrative (Note 3)	17,020	18,792	21,614
Restructuring costs (Note 4)	-	-	-
Total costs and expenses	<u>68,731</u>	<u>81,837</u>	<u>90,735</u>
Income (loss) from operations	(8,215)	(8,523)	(17,481)
Realized gain (loss) on marketable equity securities (Note 5)	-	-	-
Interest income and (expense), net	542	541	926
Other income (expense), net (Note 6)	214	(354)	(300)
Income (loss) before income taxes and loss from discontinued operations	<u>(7,459)</u>	<u>(8,336)</u>	<u>(16,855)</u>
Provision (benefit) for income taxes (Note 7)	<u>(488)</u>	<u>(558)</u>	<u>(1,926)</u>
Income (loss) from continuing operations	(6,971)	(7,778)	(14,929)
Loss from discontinued operations (Note 8)	-	-	-
Net income (loss)	<u>\$ (6,971)</u>	<u>\$ (7,778)</u>	<u>\$ (14,929)</u>
Basic earnings (loss) per share	\$ (0.08)	\$ (0.09)	\$ (0.19)
Diluted earnings (loss) per share	\$ (0.08)	\$ (0.09)	\$ (0.19)
Weighted average common shares outstanding:			
Basic	83,487	83,413	79,207
Diluted	83,487	83,413	79,207

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) **Q3 FY'03** - Pro Forma cost of sales excludes the benefit of \$0.8 million in reserves released on product sold during the quarter. **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 our exit from the magnetic storage product line. **Q3 FY'02** - Pro Forma cost of sales excludes \$25.3 million in inventory charges associated with our restructuring and exit from the magnetic storage product line.

(Note 2) **Q3 FY'03** - Pro Forma research and development expense excludes \$4.4 million related to the amortization of acquired intangible assets and \$0.4 million related to acquisition bonus and deferred compensation expense. **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. **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, LuxSonor and Stream Machine. Pro Forma research and development also excludes \$4.0 million related to the amortization of acquired intangible assets, \$0.5 million related to write-off of redundant or unused equipment and software and \$0.4 million related to acquisition bonus and deferred compensation expense.

(Note 3) **Q3 FY'03** - Pro Forma selling, general and administrative expense excludes \$0.4 million related to legal costs associated with our exit from the magnetic storage product line, \$0.3 million related to facility exit costs and \$0.2 million related to acquisition bonus and deferred compensation expense. **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 our exit from the magnetic storage product line. **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.

(Note 4) **Q3 FY'03** - Pro Forma restructuring costs exclude \$2.2 million related to additional charges for facilities consolidation and costs associated with our workforce reduction. **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. **Q3 FY'02** - Pro Forma restructuring costs exclude \$5.5 million related to costs associated with our workforce reduction and facilities consolidation.

(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.

(Note 6) **Q3 FY'03** - Pro Forma other income (expense), net excludes \$2.1 million related to the settlement of patent infringement claims. **Q3 FY'02** - Pro Forma other income (expense), net excludes \$1.0 million related to write-offs and write-downs of investments in private companies.

(Note 7) **Q3 FY'03** - Pro Forma benefit for income taxes excludes a \$4.5 million benefit resulting from the reversal of \$4.0 million of prior year state tax liabilities and a \$0.5 million Federal income tax refund generated by our ability, under current tax law, to carryback losses five years. Pro Forma benefit for income taxes includes a \$0.5 million benefit resulting from reclaiming a portion of the FY'01 Pro Forma income tax expense. **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. **Q3 FY'02** - Pro Forma benefit for income taxes includes a \$1.9 million benefit resulting from reclaiming a portion of the FY'01 Pro Forma income tax expense.

(Note 8) **Q3 FY'02** - The Pro Forma financial statements exclude the \$0.1 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.

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CONSOLIDATED CONDENSED STATEMENT OF OPERATIONS
(unaudited)
(in thousands, except per share data)

	Quarter Ended		
	Dec. 28, 2002	Sept. 28, 2002	Dec. 29, 2001
Net sales	\$ 60,516	\$ 73,314	\$ 73,254
Costs and expenses:			
Cost of sales (Note 1)	29,361	37,227	67,885
Research and development (Note 2)	26,342	30,616	60,912
Selling, general and administrative (Note 3)	17,909	19,939	23,834
Restructuring costs (Note 4)	2,208	3,102	5,460
Total costs and expenses	<u>75,820</u>	<u>90,884</u>	<u>158,091</u>
Income (loss) from operations	(15,304)	(17,570)	(84,837)
Realized gain (loss) on marketable equity securities (Note 5)	-	(947)	-
Interest income and (expense), net	542	541	926
Other income (expense), net (Note 6)	(1,886)	(354)	(1,323)
Income (loss) before income taxes and loss from discontinued operations	(16,648)	(18,330)	(85,234)
Provision (benefit) for income taxes (Note 7)	(4,435)	29	-
Income (loss) from continuing operations	(12,213)	(18,359)	(85,234)
Loss from discontinued operations (Note 8)	-	-	(133)
Net income (loss)	<u>\$ (12,213)</u>	<u>\$ (18,359)</u>	<u>\$ (85,367)</u>
Basic earnings (loss) per share:			
From continuing operations	\$ (0.15)	\$ (0.22)	\$ (1.08)
Discontinued operations	-	-	-
Basic earnings (loss) per share	<u>\$ (0.15)</u>	<u>\$ (0.22)</u>	<u>\$ (1.08)</u>
Diluted earnings (loss) per share:			
From continuing operations	\$ (0.15)	\$ (0.22)	\$ (1.08)
Discontinued operations	-	-	-
Diluted earnings (loss) per share	<u>\$ (0.15)</u>	<u>\$ (0.22)</u>	<u>\$ (1.08)</u>
Weighted average common shares outstanding:			
Basic	83,487	83,413	79,207
Diluted	83,487	83,413	79,207

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)

	Nine Months Ended	
	Dec. 28, 2002	Dec. 29, 2001
Net sales	\$ 209,854	\$ 328,207
Costs and expenses:		
Cost of sales (Note 1)	107,608	210,308
Research and development (Note 2)	73,376	78,408
Selling, general and administrative (Note 3)	54,599	67,725
Restructuring costs (Note 4)	-	-
	235,583	356,441
Income (loss) from operations	(25,729)	(28,234)
Realized gain (loss) on marketable equity securities (Note 5)	-	-
Interest income and (expense), net (Note 6)	1,698	5,141
Other income (expense), net (Note 7)	(66)	388
Income (loss) before income taxes and loss from discontinued operations	(24,097)	(22,705)
Provision (benefit) for income taxes (Note 8)	(1,605)	(1,926)
Income (loss) from continuing operations	(22,492)	(20,779)
Loss from discontinued operations (Note 9)	-	-
Net income (loss)	\$ (22,492)	\$ (20,779)
Basic earnings (loss) per share:		
From continuing operations	\$ (0.27)	\$ (0.27)
Discontinued operations	-	-
Basic earnings (loss) per share	\$ (0.27)	\$ (0.27)
Diluted earnings (loss) per share:		
From continuing operations	\$ (0.27)	\$ (0.27)
Discontinued operations	-	-
Diluted earnings (loss) per share	\$ (0.27)	\$ (0.27)
Weighted average common shares outstanding:		
Basic	83,306	75,820
Diluted	83,306	75,820

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 \$2.8 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 our exit from the magnetic storage product line. **FY'02** - Pro Forma cost of sales excludes a net inventory charge of \$61.5 million associated with our restructuring and our exit from the magnetic storage product line.

(Note 2) **FY'03** - Pro Forma research and development expense excludes \$13.8 million related to the amortization of acquired intangible assets and \$2.4 million related to acquisition bonus and deferred compensation expense. **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.

(Note 3) **FY'03** - Pro Forma selling, general and administrative expense excludes \$2.1 million related to acquisition bonus and deferred compensation expense, \$0.8 million related to facility exit costs, \$0.7 million related to legal costs associated with our exit from the magnetic storage product line and \$0.1 million related to merger and acquisition activities. **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 merger and acquisition activities, \$0.3 million related to acquisition bonus and deferred compensation expense and \$0.2 million related to legal costs associated with our exit from the magnetic storage product line.

(Note 4) **FY'03** - Pro Forma restructuring costs exclude \$7.4 million related to costs associated with our workforce reductions, facilities consolidation and charges to fully expense certain intangible and fixed assets that will no longer be used. **FY'02** - Pro Forma restructuring costs excludes \$7.4 million related to Q1 and Q3 workforce reductions and costs associated with facilities consolidation.

(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 other income (expense), net excludes \$2.1 million related to the settlement of patent infringement claims. **FY'02** - Pro Forma other income (expense), net excludes \$1.0 million related to Q3 write-offs and write-downs of investments in private companies.

(Note 8) **FY'03** - Pro Forma benefit for income taxes excludes a \$4.5 million benefit resulting from the reversal of \$4.0 million of prior year state tax liabilities and a \$0.5 million Federal income tax refund generated by our ability, under current tax law, to carryback losses five years. Pro Forma benefit for income taxes includes a \$1.7 million benefit resulting from reclaiming a portion of the FY'01 Pro Forma income tax expense. **FY'02** - Pro Forma benefit for income taxes includes a \$1.9 million benefit resulting from reclaiming a portion of the FY'01 Pro Forma income tax expense.

(Note 9) **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 \$1.4 million loss from discontinued operations of eMicro.

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

	Nine Months Ended	
	Dec. 28, 2002	Dec. 29, 2001
Net sales	\$ 209,854	\$ 328,207
Costs and expenses:		
Cost of sales (Note 1)	103,979	271,813
Research and development (Note 2)	89,607	117,626
Selling, general and administrative (Note 3)	58,319	70,781
Restructuring costs (Note 4)	7,395	7,379
Total costs and expenses	259,300	467,599
Income (loss) from operations	(49,446)	(139,392)
Realized gain (loss) on marketable equity securities (Note 5)	453	10,967
Interest income and (expense), net (Note 6)	1,823	5,141
Other income (expense), net (Note 7)	(2,166)	(635)
Income (loss) before income taxes and loss from discontinued operations	(49,336)	(123,919)
Provision (benefit) for income taxes (Note 8)	(4,377)	-
Income (loss) from continuing operations	(44,959)	(123,919)
Loss from discontinued operations (Note 9)	(1,452)	(1,365)
Net income (loss)	\$ (46,411)	\$ (125,284)
Basic earnings (loss) per share:		
From continuing operations	\$ (0.54)	\$ (1.63)
Discontinued operations	(0.02)	(0.02)
Basic earnings (loss) per share	\$ (0.56)	\$ (1.65)
Diluted earnings (loss) per share:		
From continuing operations	\$ (0.54)	\$ (1.63)
Discontinued operations	(0.02)	(0.02)
Diluted earnings (loss) per share	\$ (0.56)	\$ (1.65)
Weighted average common shares outstanding:		
Basic	83,302	75,820
Diluted	83,302	75,820

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

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

	<u>Dec. 28, 2002</u>	<u>Sept. 28, 2002</u>	<u>Dec. 29, 2001</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 111,959	\$ 114,332	\$ 136,880
Restricted cash	12,844	12,807	12,293
Marketable equity securities	904	526	3,297
Accounts receivable, net	27,886	35,011	112,346
Inventories, net	28,523	28,752	31,511
Other current assets	18,564	16,548	20,029
Total Current Assets	<u>200,680</u>	<u>207,976</u>	<u>316,356</u>
Property and equipment, net	38,393	36,685	39,286
Goodwill and intangibles, net	178,772	183,300	194,494
Other assets	6,412	4,630	5,855
Total Assets	<u>\$ 424,257</u>	<u>\$ 432,591</u>	<u>\$ 555,991</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	\$ 56,828	\$ 59,809	\$ 80,522
Current maturities of long-term debt and capital lease obligations	-	141	739
Income taxes payable	37,527	41,530	40,409
Total Current Liabilities	<u>94,355</u>	<u>101,480</u>	<u>121,670</u>
Long-term obligations	13,414	3,658	2,890
Minority interest in eMicro	599	599	1,303
Stockholders' equity:			
Capital stock	867,519	866,531	852,690
Accumulated deficit	(551,110)	(538,897)	(423,904)
Accumulated other comprehensive income (loss)	(520)	(780)	1,342
Total Stockholders' Equity	<u>315,889</u>	<u>326,854</u>	<u>430,128</u>
Total Liabilities and Stockholders' Equity	<u>\$ 424,257</u>	<u>\$ 432,591</u>	<u>\$ 555,991</u>