

H E A R

Cirrus Logic, Inc.

S E E

2001 Annual Report

C O N N E C T





ENJOY

THERE'S A NEW DIGITAL DYNAMIC IN THE WORLD OF CONSUMER ENTERTAINMENT ELECTRONICS. AND IT'S RAPIDLY TRANSFORMING THE WAYS WE HEAR, SEE, CONNECT — AND ULTIMATELY ENJOY — THE RICH SPECTRUM OF DIGITAL CONTENT AVAILABLE ON DVD AND OVER THE INTERNET. IT'S CREATING PROFITABLE GROWTH OPPORTUNITIES FOR CIRRUS LOGIC AS CONSUMERS UPGRADE AND PURCHASE NEW PRODUCTS FOR THEIR HOMES, AUTOMOBILES AND PORTABLE PERSONAL USE. FROM INCREASINGLY PERVASIVE MP3 AUDIO TO OPTICALLY STORED PHOTOS TO INTEGRATED DVD HOME ENTERTAINMENT SYSTEMS THAT PLAY MOVIES, MUSIC AND GAMES, CIRRUS LOGIC'S ADVANCED ANALOG AND DIGITAL SIGNAL PROCESSING (DSP) TECHNOLOGIES ARE MAKING IT POSSIBLE FOR CONSUMERS TO ENJOY NEW DIMENSIONS IN ENTERTAINMENT ELECTRONICS.

07/00 Audio design center opens in Japan 08/00 CD-RW chip enables Sony Mavica camera 08/00 Maverick wins RCA eBook design



SONY HARMAN/KARDON NIKE AIWA SONICBLUE MARANTZ CREATIVE TECHNOLOGY INTEL ONKYO GOOD TECHNOLOGY BOSE PANASONIC DENON VOYETRA CEIVA KENWOOD PIONEER LEXICON BOSTON ACOUSTICS POLK AUDIO AND MORE

ENJOY

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FY01 Milestones: 04/00 Embedded Ethernet controller wins 3COM VoIP design 04/00 Audio DAC surpasses 50 million-unit shipping milestone 04/00 Lowest power 8-channel telecom chip announced 05/00 Maverick chosen for Win-Jam audio player 06/00 Maverick enables Internet Jukebox

07/00 Audio design center opens in Japan 08/00 CD-RW chip enables Sony Mavica camera 08/00 Maverick wins RCA eBook design

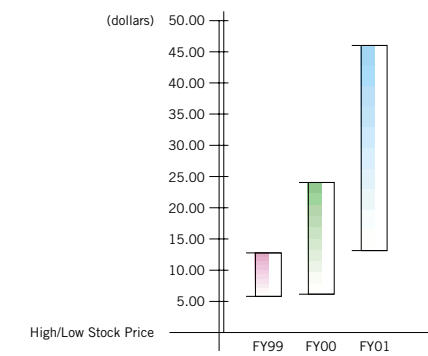
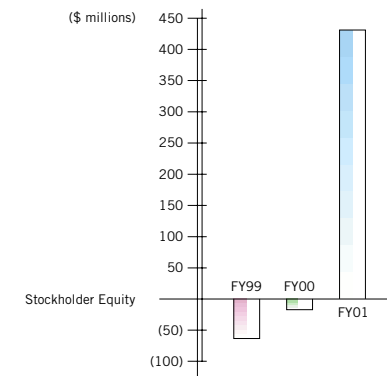
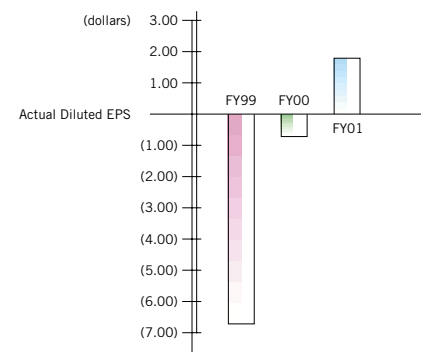
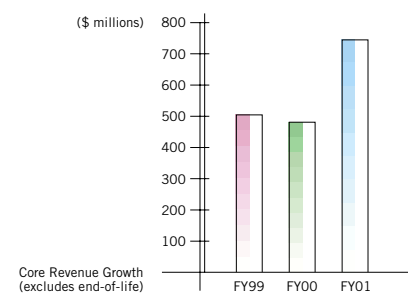




TO OUR STOCKHOLDERS: When I joined Cirrus Logic three years ago, I saw a great opportunity to build stockholder value by enabling a new generation of entertainment electronics with chip solutions based on our Company's high-performance analog and embedded DSP technologies. Thanks to the efforts of all Cirrus Logic employees since then, and especially during the past year, we made great strides toward this goal. • During fiscal 2001, we achieved substantial growth in revenues, operating profits, net income, and earnings per share, as we confirmed our marketing and audio technology leadership in the new world of networked entertainment. Our expanding line of advanced chip solutions is at the heart of the major upgrade in entertainment electronics now underway, addressing new and exciting combinations of audio, video and communications applications. The strength of our position in this drive is reflected by our notable fiscal 2001 achievements, which include: **Audio IC Market Leadership:** For the second consecutive year, the market research firm, Forward Concepts, named Cirrus Logic the global market leader in audio integrated circuits (ICs). This leadership was underscored by our analog and DSP design wins at 9 of the top 11 Japanese manufacturers of Audio/Video Receivers. **Maverick™ MP3 Pervasiveness:** Our Maverick Market Specific Processors™ established strong market leadership in nearly all of the early MP3 growth segments, including portable players, automotive entertainment systems, cell phones, eBooks, and home audio server “jukebox” applications. **Intellectual Property Momentum:** By fiscal year end, our IP portfolio grew to more than 1,000 patents, issued and filed. These inventions enable new product offerings while protecting our R&D investments. **Strengthened Balance Sheet:** Stockholder equity went from a deficit last year of \$16 million to a surplus of more than \$432 million.

Approximately \$271 million of long-term debt was converted to stock last year, making Cirrus Logic virtually debt free. • Our financial results during our second half were stronger than many of our peers, even while the dynamics associated with the industry-wide downturn during this period brought us to a strategic crossroads in our Magnetic Storage business. As we entered fiscal 2002, we announced our decision to transition our resources away from this low-margin business to focus on our high-margin, higher-growth Analog and Internet Solutions businesses. • We believe this decision will enable Cirrus Logic to improve profitability to the next level of excellence, as we pursue opportunities available only to premier analog and DSP companies. Accordingly, we have established a new, long-term business model that targets by the end of fiscal 2003, as a percentage of sales, gross margins of 50 percent and an operating profit of 20 percent. • Looking forward, we believe our advanced analog and DSP technologies, combined with our strong customer relationships and talented employees, position us to increasingly penetrate the consumer market. As the semiconductor industry's largest pure-play in entertainment electronics, we envision new opportunities to enhance stockholder value as we enable people to hear, see, connect, and enjoy the expanding universe of exciting digital entertainment throughout the networked home.

David D. French, President and Chief Executive Officer



HEAR
THERE EVERYWHERE

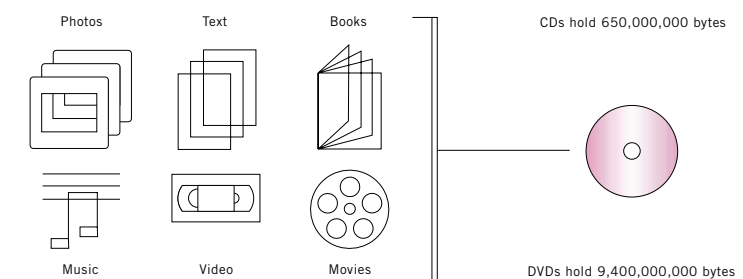
Listen...and you will hear the many magical ways that CrystalClear™ audio adds enjoyment to your life...brightening your favorite music...heightening the special effects in that blockbuster movie. Wherever you hear high quality audio, chances are that one or more of Cirrus Logic's chip solutions are shaping, filtering, decompressing and amplifying audio signals so you can enjoy the moment.





Enabling an expanding range of entertainment products, Cirrus Logic continues to reign as the worldwide leader in the audio IC market, according to Forward Concepts. They also named us the leader in MP3 processors and in consumer audio ICs, a market which they forecast to grow 35 percent annually to \$3.8 billion by 2005. • Our leadership was evident on many fronts during fiscal 2001. In A/V receivers, our analog and DSP audio chips were designed into 9 of the top 11 Japanese brands. Our DSP solutions were designed into Japanese high-definition television (HDTV) set-top boxes to enable surround-sound functionality. We introduced the first audio decoder with Dolby ProLogic II for use in high-end audio systems. We also added two low-power mixed-signal entries: an audio DAC (digital-to-analog converter) that integrates four chips into one, and an ADC (analog-to-digital converter) for portable electronics. • In portable MP3 players, our Maverick processor shipped close to 2 million units and emerged as the market leader. We are well positioned to supply the growing demand for this new audio technology as it moves beyond portable players to automobiles, handheld devices, cell phones and home jukebox servers. • From MP3-based systems to home theaters to professional recording studios, our advanced chip solutions are performing their magic across the entire audio signal chain. Listen...and you will hear opportunity knocking as we fully leverage our audio leadership to further expand our presence in the broader entertainment electronics market.

09/00 Teams with International Rectifier to innovate PWM amplifiers 10/00 Expands PWM portfolio with patents from B&W Loudspeakers



SEE
FORESEE SECURE

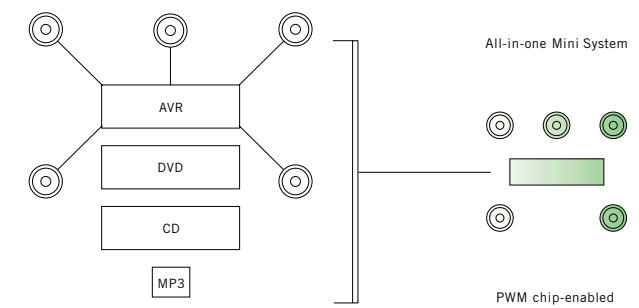
Look into Cirrus Logic's patent and product portfolio and you'll see the future of entertainment electronics. You'll discover more than 1,000 patents, issued and filed, plus a broad range of chip solutions that integrate high-performance analog and complex digital functions on a single chip. Our mixed-signal solutions routinely push the performance envelope, enabling us to stimulate growth in emerging markets.





Picture your dream audio system – all the functions you desire plus many you didn't know you needed – packaged in a slim, affordable console that is no bigger than any one of the single components it replaced – and the old nest of wiring is gone as well. Such size reduction is now possible with our complete suite of entertainment solutions, which includes our TrueDigital™ Class D amplifier chips based on Pulse Width Modulation (PWM) technology. PWM is revolutionizing amplifier design, and represents a \$2 billion annual market opportunity for Cirrus Logic. • We put the “fun” in functionality for innovative entertainment. We added digital video to our high-quality audio with the launch of our MPEG-2 processor for DVD players. Moreover, our audio DAC is at work in Sony's PlayStation 2, while our optical decoder will debut this Fall as the DVD front-end controller in another groundbreaking game system. We also expanded our embedded Ethernet leadership with new designs in set-top boxes and in VoIP (Voice over Internet Protocol) products. • Our MaverickLock™ technology pioneered on-chip security to protect the rights of digital content owners as well as the privacy of consumers during online transactions. This innovation helped propel our Maverick line to early MP3 leadership, as it set the stage to attract new applications. Cirrus Logic's Maverick chip solutions are now powering the Internet Jukebox – a new class of consumer electronics that connects to the Internet without a PC, thereby enabling downloaded MP3 music to be replayed throughout the home.

10/00 #1 in audio DSP for A/V receivers 10/00 Crystal processor targets VoIP application 11/00 3 new chips launched for energy management



CONNECT
SHARE ENVISION

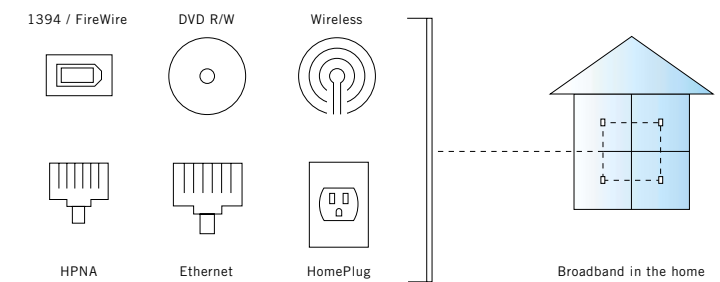
Connect with Cirrus Logic's innovation momentum, and you will discover the vital role that mixed-signal technology plays in the creation and sharing of data-rich DVDs filled with your favorite books, songs, photographs, and videos. You'll also begin to see how our chip solutions are enabling the "connected home" – where you and your family are always in touch with each other and the ever-expanding range of Internet digital content.





Envision a home where audio streams effortlessly from room to room. Where it is now possible to route music from multiple sources – such as your entertainment center or PC – to speakers in your kitchen, bedroom or other locations in your home – using Ethernet or existing home wiring or wireless technologies. We are targeting this potentially large market by combining our analog and DSP techniques with recently acquired “audio over Ethernet” technology. According to research performed by In-Stat, the digital home network market is forecast to grow from five million in year 2000 to more than 27 million homes worldwide by 2004. • As broadband access becomes increasingly pervasive, we expect to enable new generations of networked entertainment products. Within Cirrus Logic’s mixed-signal repertoire are proven design techniques for managing super-fast data paths and error correction that were originally developed for hard disk drive electronics. We’re now re-deploying these same proven techniques and combining them with others in our rich patent portfolio to bring powerful home networking chips to market. • Our entertainment-centric chip solutions often trace their technology and mixed-signal design techniques back to the high-performance data acquisition ICs we first developed for demanding industrial applications, such as oil exploration / seismic data analysis and energy management. We expect this business with its strong mixed-signal expertise to continue to be a primary research and development driver as Cirrus Logic expands its market and technology leadership.

01/01 1st audio decoder to enable Dolby ProLogic II 02/01 Opens Fort Wayne, IN, Engineering Center 02/01 Audio chip solutions support Linux



BOARD OF DIRECTORS

Michael L. Hackworth ^(1, 3)

Chairman of the Board

David D. French

President and Chief Executive Officer

D. James Guzy ⁽²⁾

Chairman, SRC Computer Corporation

Chairman, PLX Technology, Inc.

President, The Arbor Company

Suhas S. Patil

Chairman Emeritus

Dr. Harold J. Raveché ^(1, 2)

President, Stevens Institute of Technology

Walden C. Rhines ^(1, 3)

Chairman and Chief Executive Officer,

Mentor Graphics, Inc.

Robert H. Smith ^(1, 2, 3)

Executive Vice President, Finance and

Administration,

Novellus Systems, Inc.

1 Member of the Governance Committee

2 Member of the Audit Committee

3 Member of the Compensation Committee

CORPORATE OFFICERS

David D. French

President and Chief Executive Officer

Jason Carlson

Vice President and General Manager,

Crystal Products Division

Craig H. Ensley

Vice President, Corporate Marketing

Robert W. Fay

Vice President and Chief Financial Officer

Robert A. Kromer

Vice President and General Manager,

Storage Products Division

Terry Leeder

Vice President, Sales

Stephanie Lucie

Vice President and Assistant Secretary

Steven D. Overly

Senior Vice President, Administration,

General Counsel and Secretary

Matthew R. Perry

Vice President and General Manager,

Crystal Products Division

Steven E. Thompson

Vice President and Corporate Treasurer

ANNUAL MEETING

The Annual Meeting of Stockholders

will be held on July 25, 2001

at 1:00 PM at the Omni Austin Hotel

at South Park, 4140 Governors Row,

Austin, TX 78744

INDEPENDENT AUDITORS

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CrystalClear, Market Specific Processors,

Maverick, MaverickLock, and TrueDigital

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CORPORATE PROFILE

Cirrus Logic® is the premier supplier of high-performance analog and DSP chip solutions for consumer entertainment electronics that allow people to hear, see, connect, and enjoy digital entertainment. Building on its global market share leadership in audio ICs and its rich mixed-signal patent portfolio, the Company targets mainstream audio, video and Internet applications in the consumer entertainment market. Cirrus Logic operates from headquarters in Austin, Texas and major sites located in Fremont, California and Broomfield, Colorado, as well as offices in Europe, Japan and Asia. The Company's Common Stock trades on the Nasdaq National Market under the symbol CRUS.

Design: Sibley Petzet Design, Austin Writer: Tom Rigoli Photographer: Michael Bisco Printer: ColorDynamics

For complete financial statements and management discussion and analysis of financial conditions and results of operations, please refer to the Cirrus Logic Form 10-K and Proxy Statement. Any forward looking statements and all other statements that may be made in this report that are not historical facts are subject to a number of risks and uncertainties, and actual results may differ materially. Please refer to Cirrus Logic's current Form 10-K and other filings with the Securities and Exchange Commission for more information on how the risk factors could cause actual results to differ.

Cirrus Logic's Form 10-K filed with the Securities and Exchange Commission may be accessed at www.cirrus.com. Stockholders may request a printed copy by contacting Cirrus Logic Investor Relations.



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