
— PARTICIPANTS**Corporate Participants**

Thurman K. Case – Chief Financial Officer, Treasurer & CAO
Jason P. Rhode – President, Chief Executive Officer & Director

Other Participants

Vernon P. Essi – Analyst, Needham & Co. LLC
Jeff A. Schreiner – Analyst, Capstone Investments
Chris J. Longiaru – Analyst, Sidoti & Co. LLC
Jeremy Allen – Investor Relations Director, Cirrus

— MANAGEMENT DISCUSSION SECTION

Operator: Ladies and gentlemen, thank you for standing by. Welcome to the Cirrus Logic Second Quarter Fiscal Year 2012 Financial Results Q&A Session. At this time, all participants are in a listen-only mode. After a brief statement, we will open the call for questions from analysts. Instructions for queuing up will be provided at that time. As a reminder, this conference is being recorded for replay purposes.

I would now like to turn the conference call over to Mr. Thurman Case, Chief Financial Officer. Mr. Case, you may begin.

Thurman K. Case, Chief Financial Officer, Treasurer & CAO

Thank you and good afternoon. Joining me on today's call is Jason Rhode, Cirrus Logic's President and Chief Executive Officer and Jeremy Allen, our Director of Investor Relations. Today, we announced our financial results for the second quarter at approximately 4 p.m. Eastern. The shareholder letter with the Q2 financial results and the webcast of this Q&A session are all available at the company's Investor Relations website at investor.cirrus.com. This call will feature questions from the analysts covering our company as well as questions submitted to us via e-mail at investor.relations@cirrus.com.

During this session, we may make projections and other forward-looking statements that are subject to risks and uncertainties that may cause actual results to differ materially from projections. By providing this information, the company undertakes no obligation to update or revise any projections or forward-looking statements, whether as a result of new developments or otherwise. Please refer to the press release issued today, which is available on the Cirrus Logic website, the latest Form 10-K and 10-Q, as well as other corporate filings made with the Securities and Exchange Commission for additional discussion of risk factors that could cause actual results to differ materially from current expectations.

Operator, we are now ready to take questions.

QUESTION AND ANSWER SECTION

Thank you sir. [Operator Instructions] Our first question comes from the line of Vernon Essi with Needham & Company. Please go ahead.

<Q – Vernon Essi – Needham & Co. LLC>: Thank you very much. I was wondering if you could just give us some color I guess on the business that's not being generated from obviously your largest customer and how you see the split there sort of migrating into the end of the year between energy and audio amongst those two buckets?

<A – Jason Rhode – Cirrus Logic, Inc.>: Sure yeah, we had a couple of quarters in a row where – a period where energy has been down sequentially or – and/or year-over-year. We see that flattening out a little bit going into Q3. Probably the section where we are seeing a bit of weakness is really in home audio. Primarily that's partially due to macroeconomics where – we're just seeing a little bit of softness here and there a couple of folks revising forecasts and what not but also it's worth keeping in mind that in the home audio space – anything in a larger box, anything that comes in a larger box typically is going to see a bigger Q2 quarter than a fiscal Q3 quarter. So we see the seasonality in home audio typically is going to be down in the December quarter from September. So, that's the color on that.

<Q – Vernon Essi – Needham & Co. LLC>: Okay and also just two follow on questions here in your prepared write up here, or shareholder letter rather. You have a discussion here talking about custom audio ICs and having six in development whereas in I guess in prior timeframes you have only been working on two, could you just elaborate on that and what exactly that implies, are these going to different customers, the same customer is there any further details on that?

<A – Jason Rhode – Cirrus Logic, Inc.>: Yeah, that's a good question. Yeah, actually historically it's been two a most -- as you know that's a really central part of our strategy is find customers that matter, partner up with them to the greatest extent possible, and then figure out what we can do to really to help them differentiate their products with our technology. So at this point we've got more new customers, semi-custom products in development than anytime I can remember as we said in the shareholder letter currently six. These are all either Rev A for silicon devices and/or other devices that are expected to hit high volume production in calendar '12.

So that's a pretty exciting thing. Our track record when we develop a custom product for somebody the probability that it will actually hit meaningful amounts of revenue in a short-ish amount of time is our track record there is a lot better than we do general market products. I think that's probably true of anybody in the industry. So for us that's a really key item that says we are on the right track and the things look real good for the future. That is, if I didn't say that already, that's for a combination of new and existing customers so obviously I don't want to put too much detail into whose -- which chips are for who. But..

<Q – Vernon Essi – Needham & Co. LLC>: Okay that's understood. And then lastly just on the audio DSP front, you talk about a new camcorder win there and in the past you had discussed Vizio in the last quarter. How is that progressing relative to your expectations and just to give us a framework maybe I don't know if you want to get in the habit of talking about design wins or numbers or any other sort of information that would help us understand how that's progressing in the market?

<A – Jason Rhode – Cirrus Logic, Inc.>: Sure well, I mean we don't typically hand out a lot of design win numbers just because there seems to be a pretty loose understanding of exactly what that means out in the market, but the DSPs are being extremely well received. We've gotten a lot of design activity from different applications, tablets, headsets, all sorts of different things. This is a great platform to drive signal processing capabilities like noise cancellation, echo cancellation, noise suppression. So, the camcorders are kind of what we think the next one that hits volume production, and you mentioned the Vizio tablet. What we've said on the last calls, I mean we really did not how to gauge expectations for how that thing was going to do, because the incumbent in that market is obviously extremely strong. So as it happens I guess I would say briefly that I'm really glad we're shipping in the incumbent product, so.

<Q – Vernon Essi – Needham & Co. LLC>: Yeah I can appreciate that and I guess just as a follow – I mean to follow on your point here. You mentioned the camcorder, was that just to sort of give a random flavor in the past you mentioned headsets. I'm just trying to understand where you may be seeing the most volume in these different verticals for the audio DSP?

<A – Jason Rhode – Cirrus Logic, Inc.>: The surprising thing I think to us has been the breadth of applications where people are seeing the value. There has historically been so much focus on functions like these noise suppression, noise cancellation, echo cancellation, type of signal processing algorithms. Not to mention of course the whole library of other stuff that we've been shipping for years in our home audio line of DSPs, which is also of interest to some of these same sockets. But those are these signal processing things like noise the various different noise functions have been kind of holy grail items for a long time for many different applications or in the camcorder for example wind noise reduction. And some of them especially the noise cancellation items really are only starting to be practical today with the heavy amounts of signal processing you can bring to bear at very low power consumption figures.

So I think that's why we're getting the breadth of interest. You're right, the camcorder is a little bit of a random example but it just happened to be the next one that we think goes to production and probably the most interesting thing that will start shipping between now and Christmas as it relates to that particular audio DSP. So that's why we singled that one out. But still a fair amount of interest in from headset folks as well as other applications that continues to get interest in the tablet market as well. The question is again just whether any of those folks have a strategy that enables them to take a meaningful amount of market share.

<Q – Vernon Essi – Needham & Co. LLC>: Okay. Thanks a lot Jason. I appreciate it.

<A – Jason Rhode – Cirrus Logic, Inc.>: Sure.

Operator: Thank you. Our next question comes from the line of Jeff Schreiner with Capstone Investments. Please go ahead.

<Q – Jeff Schreiner – Capstone Investments>: Yes, thank you gentlemen for taking my question.

<A – Jason Rhode – Cirrus Logic, Inc.>: Sure.

<Q – Jeff Schreiner – Capstone Investments>: My first question Jason maybe for you is just you talked a little bit about the slowdown here in the kind of non-audio energy markets and we've gotten down to a level of almost maybe 15% or so of revenues from where they were in the mid-20s around a year ago. Just wondering maybe how core is this non-audio kind of energy segment market for Cirrus as you kind of look out 12 to 24 months from now?

<A – Jason Rhode – Cirrus Logic, Inc.>: Well, there is – it's kind of a compound answer I guess that I will give you to that. One is if you look in the shareholder letter at the what we call the vintage chart where it's broken out by the age of the products, what you'll see is this quarter last year we had literally an all-time record shipment of our seismic products. We had a bunch of other products communication devices that are old businesses for us. They are all in these, in the category that we call vintage meaning the devices are more than seven years old. So there is a little bit just for whatever reason last summer I don't know whether it was restocking from, following up from the recession, or whatnot I don't know. But we saw a couple of very strong quarters for those products obviously that's not new design wins, people don't typically design in 7 or 10 or in some cases 15 year old products. And so that's created a pretty significant headwind in terms of the year-over-year comparisons for those devices this year.

So the things that are going away in the energy segment kind of what you should expect and we've put a lot of color on this actually in the shareholder letter should kind of gracefully fade away down

and to the right kind of slowly. Now life's not a, it's not a linear world out there so it won't be perfect. But you should see those kind of slowly fade away. They are not core, they are not areas that we're investing in, they are not things that we expect to grow. The money is obviously nice and we appreciate people that buy the products and we want to support them well but they are not areas that we are investing in primarily going forward.

The areas of energy that we are investing in are really primarily centered on our energy control initiative which is the bulk of which is LED lighting but also motor control for example, and other areas where our signal processing technology can bring a lot of value in a power application. So and then the other area of energy of course is power meter which is a little bit more of a kind of a steady business and occasionally when one of our customer wins a significant new market then we can see meaningful share gains there. We have also done a good job as we pointed out also in the shareholder letter, with Itron of starting to expand into some of their international business, which is great they are one of the biggest power meter companies in the world and the bulk of our business with them historically has been in North America.

<Q – Jeff Schreiner – Capstone Investments>: Okay. Just as a follow up kind of that, just could you provide us any color maybe Thurman has got it in terms of what the seismic communication kind of revenue was a year ago and what it was this last quarter in Q2 just to maybe give us some color about the magnitude of impact?

<A – Jason Rhode – Cirrus Logic, Inc.>: We don't break it out at any finer detail than energy, but you can definitely get an idea of that from the vintage chart, which is kind of plots these older, older products by quarter. So, it gives you at least a sense of it.

<Q – Jeff Schreiner – Capstone Investments>: How seasonal are we going to be looking at March being now? Historically, there was at least a little seasonality there. What's the typical seasonality now for the company in maybe starting with March? How are you guys looking at things now?

<A – Jason Rhode – Cirrus Logic, Inc.>: I would say it's hard to call the seasonality for March at this point. We're – certainly there is some seasonality to a lot of our business, but there is also a pretty heavy product cycle involved. You know the past couple of years it's – the past couple of years it has been down maybe 5ish% something like that, but we'll – in this – in particular in this kind of an environment we don't, like not to get too far ahead of ourselves.

<Q – Jeff Schreiner – Capstone Investments>: Okay. And just going back to the earlier question about the six custom designs without commenting on any one, could you talk about maybe the percentage for new and the percentage for existing of the six?

<A – Jason Rhode – Cirrus Logic, Inc.>: I'd rather not get into it but I mean it's a few of each and we are excited about the opportunities there. The products that we are developing in audio, there really is an incredible opportunity for us to continue to add value and provide additional functionality in the sockets we're already in. So we feel like we've got some pretty extraordinary opportunities in front of us and we're just focused on getting those devices taped out and cleanly into the hands of the customers that are waiting on them.

<Q – Jeff Schreiner – Capstone Investments>: Well, last question quickly and I'll wrap up. Thank you for your time gentlemen. Thank you, Jason. I was just wondering, we heard Thurman I think comment either offline or online last quarter about the visibility within your lead customer had never been better or something to that effect. Please correct me if I'm putting the wrong words out there. But I was just kind of wondering if you could give us some type of statement where you think the visibility is right now with your lead customers it's gained so much share of your revenue on a quarterly basis.

<A – Jason Rhode – Cirrus Logic, Inc.>: Well, I mean it's a big blessing to do business with customers that are well run and manage their business well, we – as we've commented a couple of times it takes us a year to develop a new product. It typically takes a customer a year to design it into one of their products. And so when you are developing custom devices for people you get pretty good visibility about what your status is and what the situation looks like. And as I say, we're working on a lot of new devices for multiple customers that are in that custom and semi-custom category and we feel really, really good about the opportunities for those.

<Q – Jeff Schreiner – Capstone Investments>: Thank you very much gentlemen.

Operator: Thank you. Our next question comes from the line of Tore Svanberg with Stifel, Nicolaus. Please go ahead.

<Q>: Hi, guys, thanks. This is [ph] Eric (15:31) calling in for Tore. Let me just start-off with a few questions, first is guidance seems a little light. Is that entirely related to the weaker macro given expectations in your prepared or letter to shareholders that you had, see some solid portable audio contribution in the upcoming quarter or is this some other dynamic here at work?

<A – Jason Rhode – Cirrus Logic, Inc.>: Well, we do see continued growth in our portable audio business we feel very good about that. Certainly the thing that is down sequentially primarily is in the home audio category, energy is flat, maybe down a little bit, but not a significant drop by any stretch is what we've seen in the past couple of quarters. So, home audio is a pretty good piece of that. And then the thing that the, that you're probably trying to be nice and not ask, I'll at least give you a little bit of color on is I think when you try to correlate our guidance to maybe one of our customers, you really have to factor in the time of between when we ship something for revenue and when one of our customers might ship it for revenue. These devices spend at least a few weeks and maybe six weeks if they're going to be on a boat coming across an ocean and then if a customer typically holds a month or two months worth of inventory in their retail channel. There is a pretty significant delay between our revenue and one of our customers. So, that kind of tends to decorrelate the story a little bit and it kind of makes it a little more complicated to connect the dots I'd say.

<Q>: Okay, I understand. With that then are there any capacity constraints or supply shortages that you're seeing that might make it difficult to meet that demand?

<A – Jason Rhode – Cirrus Logic, Inc.>: No, not in the short-term. We're working hard to make certain that we've got enough capacity for some of the things that we see on horizon. We worked real hard to build up some great opportunities for ourselves and it is something we're paying a lot of attention to going forward, but it's not a short-term issue.

<Q>: Gotcha. Thanks. In the LED lighting controller it seems like that's now shipping in pre-production. What are the revenue assumptions from that new product and then you had also mentioned that you taped out a second gen part. Maybe if you can just talk about some of the features for that new product?

<A – Jason Rhode – Cirrus Logic, Inc.>: Yeah, that's a great question I appreciate it, the – we don't expect a terribly significant contribution on revenue. Maybe until kind of next summer timeframe – and again it's as these things go, a brand new product and a new product of its kind is unlikely to suddenly dominate company's earnings or anything like that but – certainly by next summer we should expect to see numbers that – put some smiles on our faces and make us feel like we're really doing – heading in the right direction. So that's kind of the it for the device that we are shipping in pre-production today which by the way is in and of itself is a huge highlight for us to get that device back – really pretty cleanly from the engineering team and into pre-production with the customer is just incredibly exciting, it's one of the bigger initiatives that we have going and it's going quite well.

So now we have also as you mentioned we have taped out the second device LED lighting controller that is and actually and now that we have taped that out within Q2, that's actually back from fab now and working extremely well also – the differing – there is a few features in the two devices that are a little bit different. The newer device supports some additional functionality such as for example two LED strings enable us to do a more efficient job of producing a light bulb for example that would be a color that you or I might actually want to ever have in our homes. A lot of these LED light bulbs, I don't know how many of you've tried buying but most of them don't put out a light color that is terribly pleasing and one of the more efficient ways to solve that problem is by having a dual string. So one bright white string and one that is say amber in color and then blending gracefully between those two.

That opens up a lot of opportunities to put out both more light and a light color that is more pleasant. Obviously, you have to be able to that while being driven from the same dimmer and we've got some IP that relates to how to do that very well within our – within our digital EXL core. Anyway, so we feel like this is a really good direction for the company the progress is excellent, customer reception is excellent. We are dealing with some big players and some influential people in that market, so we feel real good about that.

<Q>: Great, thank you. One final, if I can. The competitive landscape, are you seeing anybody else right now that's kind of moving in on some of these new opportunities that you're talking about and then also if you could just address integration, I think that certainly starts to come up in conversations that we see? Thanks.

<A – Jason Rhode – Cirrus Logic, Inc.>: New opportunities meaning for the LED stuff or across the board or what was the – what you're trying to get at?

<Q>: Yeah, just in general. I mean it doesn't necessarily need to be tied to anything in particular but just you know are you seeing anybody popping up especially maybe on the portable audio side or even on the energy side with the LED lighting controller. Vizio you mentioned some solid product innovation there, but are you seeing anybody that you're really going up against? Thanks.

<A – Jason Rhode – Cirrus Logic, Inc.>: No, I think in portable audio we have some great opportunities in front of us and our job is just to execute, we think we have – it's never over until it's over but we think that our job is just to execute well, get the devices out, support them cleanly in production and everything else will take care of itself. So, no real concern there on the competitive environment obviously we keep an eye on everything but we're not too worried about that.

On the energy side, in particular for LED lighting, LED lighting is one of the most interesting opportunities in the semis right now, pretty much everybody that can spell LED is trying to come up with an LED controller that will work well with dimmers, et cetera. We think we've got some IP that really differentiates our digital approach from the more traditional analog approach but that market is going to be a fist fight no question about it, so it will be an interesting thing to watch unfold. We have never participated in a market that grew from tens of millions of units to north of a billion units over four or five years, so that will be an exciting thing to be a part of.

Operator: [Operator Instructions]. Our next question [comes from the line of Christopher Longiaru with Sidoti & Co. Please go ahead.

<Q – Chris Longiaru – Sidoti & Co. LLC>: Hey, guys.

<A – Jason Rhode – Cirrus Logic, Inc.>: Hi, Chris.

<Q – Chris Longiaru – Sidoti & Co. LLC>: You hear me?

<A – Jason Rhode – Cirrus Logic, Inc.>: Yeah.

<Q – Chris Longiaru – Sidoti & Co. LLC>: I have a couple of questions; first one is really for Thurman. Thurman, could you give us an idea of how much of the operating expense guidance is due to tape out costs?

<A – Thurman Case – Cirrus Logic, Inc.>: Well, I won't give a percentage of that, but there is a significant amount of tape outs this quarter, which is driving a piece of the growth that you are seeing. It was probably I guess close to a third of the increase, but that's a guesstimate on what the total will be, but it's in that area.

<Q – Chris Longiaru – Sidoti & Co. LLC>: Great. The second is you guys are still planning on moving your location in middle of next year. Can you just give us an idea of what your expectation is for operating cost savings once that move is complete?

<A – Thurman Case – Cirrus Logic, Inc.>: From a P&L standpoint, we'll be looking at something in the range maybe a quarter million, but again we've got to finish. You are talking the rent versus amortization and depreciation, so when we finally get into the building we will let you know what it's going to be, but it should be in that general range on a quarterly basis.

<Q – Chris Longiaru – Sidoti & Co. LLC>: Got it. And the other thing was you said in the letter that there were some designs ramping that you thought would happen in September and December that were pushed out a little bit. What are your expectations for those and can you give us an idea of how your thoughts have changed there?

<A – Thurman Case – Cirrus Logic, Inc.>: Well, so it's a number of things; I mean one just due to either customers changing their plans or lowering their expectations. For whatever reasons some of them are a little more muted than they might have otherwise been, some of them frankly are Tablets and I'll just say I'm glad we're shipping in the incumbent.

<Q – Chris Longiaru – Sidoti & Co. LLC>: Ok, got it. All right, that's helpful. Thank you, guys. I appreciate.

<A – Jason Rhode – Cirrus Logic, Inc.>: I just wanted to circle back on one thing Thurman touched on an apples-to-apples basis relative to the new headquarters, probably going in we're thinking it will be a bigger cost savings than what it might end up being. I think Thurman's number that he tossed out was probably about right at this point, but the thing to note our head count has grown pretty substantially so we are having to scramble around and make sure that we are going to have enough places for everybody to sit.

<Q – Chris Longiaru – Sidoti & Co. LLC>: So what I'm hearing is that your design activity is better than it's pretty much ever been essentially you've got some tape out costs and some growing pains but as we look 12 months out we should see some of these starting to ramp, some of them are already starting to ramp. Your cost structure should probably stay at this level or come down slightly over the course of the next 12 months?

<A – Jason Rhode – Cirrus Logic, Inc.>: Our operational expense you mean?

<Q – Chris Longiaru – Sidoti & Co. LLC>: Operational cost structure, yes.

<A – Jason Rhode – Cirrus Logic, Inc.>: As a percentage yeah probably so, but -- I mean, keep in mind our model it's not a nice and linear world, right. So our revenue, we more than doubled our revenue in the past couple of years and you can't lay in new head count in a nice quarterly linear fashion relative to revenue growth. So that shot our operating profit frankly substantially above our model and it's just now that we have been able to catch back up to that and we have got some

extraordinary opportunities in front of us that we need to absolutely staff and we are going to do what we need to do to make sure that happens.

<Q – Chris Longiaru – Sidoti & Co. LLC>: And the last question I just have is just about the progression of the motor controller on the LED side. How long does it usually take from pre-production to production to see a normalized revenue ramp?

<A – Jason Rhode – Cirrus Logic, Inc.>: Well, we have never built an LED controller before so I'm not certain but the expectation we have got is that device the production from our customer, full production from our customer should happen kind of early spring timeframe. And the thing about LED that's really interesting is it is just such a wild and woolly frontier that you can get as many opinions as you're willing to ask people about what it's going to look like and what fraction of the market is going to need to be dimmable, what fraction of the market is going to care about color, temperature, and everything else. So, it's an interesting area.

<Q – Chris Longiaru – Sidoti & Co. LLC>: Are these in line with your typical gross margin profile a little bit higher, a little bit lower, can you give us a relative color on that?

<A – Jason Rhode – Cirrus Logic, Inc.>: Yeah, we don't target getting into anything new that isn't going to be in line at least with our overall margin targets. So, our model is pretty simple and I think it makes sense for a North American semiconductor company we're going to need to have reasonable margins or it just doesn't make sense for us to get into that space. So we think we've got real good opportunities to, in LED or motor controllable to do new devices that are supportive of the margin structure that we aspire to.

<Q – Chris Longiaru – Sidoti & Co. LLC>: Got you. All right, thank you very much guys. I really appreciate the time.

<A – Jason Rhode – Cirrus Logic, Inc.>: You bet, thanks.

Operator: Thank you. And there are no further questions in the queue. At this time, I would like to turn the call back to our presenter. Please continue.

<Q – Jeremy Allen – Cirrus>: Thank you operator. We're going to conclude the call today with questions that we've received via e-mail this afternoon. We've received several questions today, some of which I believe we've already covered in this session and so we're going to skip over those. That said, the first question we are going to address asks us about the change in format as far as our reporting of results this quarter, specifically, what brought about this change.

<A – Jason Rhode – Cirrus Logic, Inc.>: Sure, yeah, just as a reminder if you tuned in expecting to hear Thurman wax philosophic about the GAAP to non-GAAP reconciliation that we normally read you, we've posted things like that in a more efficient format in tables et cetera in the shareholder letter that you can find on our website. We really wanted to come up with a single document that where we can include charts and graphs and a lot of information that are helpful, a lot of information that's helpful to our shareholders. And normally we come up with prepared remarks, we read them into the phone, somebody off in the ether somewhere transcribes them into a transcript and enough people read that so we just decided to do, short circuit that whole process and put out the document directly.

Additionally to be honest we are really trying to drive some additional traffic to our investor web page we put a lot of energy into making sure that we have a lot of interesting information about where the company is going, what's our strategy, what's the direction, and what's our progress. You can find a lot of stuff out for yourself right on the website and we just kind of wanted to have a good vehicle to make sure that people take a look at that. So in a nutshell that's kind of the reason for the change.

<Q – Jeremy Allen – Cirrus>: Great thanks. Moving to the P&L, Jason or Thurman, can you discuss gross margin in particular we have seen some improvement since the March quarter when we had that production issue can you discuss kind of where we are and maybe where do we go from here and what do you see going forward?

<A – Jason Rhode – Cirrus Logic, Inc.>: Sure, I mean the big thing of course we had the margin issue on a particular product this spring as we said at the time – we expected incremental improvements in the June quarter and the September quarter which we have achieved and then essentially the December quarter we are back to business as usual on margins. Our target is in the mid-50s that's going to move around a point or two quarter-over-quarter due to mix and a variety of factors but we feel good about being able to keep ourselves in that range.

<Q – Jeremy Allen – Cirrus>: Perfect. Looking towards product development you stated earlier in the letter today that the company is well positioned to capitalize on some extraordinary growth opportunities. You answered some questions earlier about LED and motor control. If we look at some of these other opportunities are you able to provide any color on those and kind of put it in the context of how it might diversify revenue or what your expectations are there?

<A – Jason Rhode – Cirrus Logic, Inc.>: Well, the diversification of the revenue frankly speaking is likely going to primarily come from the energy product lines. We are – we actually have quite a good customer diversity on the audio side but it so happens that one of those customers is just really on an unbelievable run, and so I'm very, very thankful that they are our largest customer and we'll work real hard to make sure that that remains the case. But obviously we would like to have well diversified revenue base as much as anyone, so we are heavily focused on making sure that our energy investments are successful. We think LED lighting has got a great opportunity to drive that kind of diversification for us as that market grows to unit counts that are in the billions and we think our technology provides a real meaningful advantage to folks that use it.

<Q – Jeremy Allen – Cirrus>: All right. A follow-up question to one earlier from the analyst on the expenses, there is – we're obviously seeing a ramp in the R&D related expenses and you've gone to great lengths to kind of highlight that. Can you just elaborate? Are these focused on specific projects and kind of – and where do you see heavily investing, is it energy, is it a mix between audio and energy?

<A – Jason Rhode – Cirrus Logic, Inc.>: Well, we have – I mean obviously we are investing in the energy area and in particular energy control in a way that is disproportionate relative to revenue because we are trying to diversify that revenue base. The bulk of the additional investment over the past quarter or so really is audio and it is just trying to catch up with the extraordinary growth that we've had already as well as position ourselves to support the opportunities that we have got in front of us.

In all sincerity, my hat is absolutely off to the people in our audio area that have driven this success. They have worked some very, very long hours and made an incredibly difficult product line very successful in ramping all sorts of new products with – and have done a really remarkably good job of doing so. We need to make sure that not everybody is working until midnight every day of the week. And so that's kind of where, why we put so much focus on the hiring and making sure that we're able to get new engineers in to staff the efforts that we want to see go forward.

<Q – Jeremy Allen – Cirrus>: Changing gears a little bit, I got a quick question about the tax rate investors should be using when they're modeling our P&L statement, the non-GAAP, when they're trying to back out that non-GAAP tax expense.

<A – Thurman Case – Cirrus Logic, Inc.>: The non-GAAP tax expense is at our federal rate, which is about 35%.

<Q – Jeremy Allen – Cirrus>: The GAAP.

<A – Thurman Case – Cirrus Logic, Inc.>: The GAAP is 35%. The effective rate total is 37%. So, there is a 2% GAAP – non-GAAP number.

<Q – Jeremy Allen – Cirrus>: Okay. Thank you. Moving to the balance sheet. Cash, obviously down in the September quarter. Can you elaborate a little bit on where you're deploying the cash and maybe just discuss expectations going forward, buybacks, investments, that type of thing?

<A – Thurman Case – Cirrus Logic, Inc.>: Well cash flow from operations this quarter was about \$26 million. You saw that our tax was, our actual cash number was down about \$4 million or \$5 million. So \$20 million went towards the buyback that we have not totally completed but completed the majority of that and there was another \$10 million of that – \$9 million or \$10 million of that that was associated with our building expense on the new headquarters. Going forward, I think you'll see a similar pattern without – we have no buybacks that we have additional buybacks that are approved so taking that out of the equation you could see a similar pattern. In addition, we can see ourselves investing in some capital equipment and other capital expenditures in order to help us improve our capacity access if that is needed and we will do so as necessary.

<Q – Jeremy Allen – Cirrus>: Perfect. Great, I think that's all the questions we have today, Jason and Thurman.

Jason P. Rhode, President, Chief Executive Officer & Director

Okay great. I'd like to thank everyone for your questions today. If you have any questions that were not addressed, you can submit them to us via our investor website. As always I'd like to encourage you to keep track of things that are on our investor website. In particular you are welcome to use the "Ask the CEO" feature. We really do answer all of the questions that get posted on there. So we would encourage you to use that. Thank you for joining us on the call today.

Operator: Thank you. Ladies and gentlemen this concludes the Cirrus Logic Second Quarter Fiscal Year 2012 financial results Q&A session. We thank you for your participation. You may now disconnect.

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