

2009

Annual Report

A Message to Our Shareholders,

Cirrus Logic components can be found in the most exciting products available on the market today. If you are at a concert, in a high-end car, or simply enjoying your home theater system, chances are pretty good that you're listening to our products. If you have kids, they're probably begging you for a new portable media player that uses one of our low power audio converters. Your local power company is likely to install a new digital meter using one of our chips on your house in the next year or so. Our chips were probably even used to find the oil to produce the gas for your car. And, going forward, our newest power factor correction chips, and the related product line extensions that are in the works, are likely to lower your utility bills, contribute to the greenness of the energy you buy, and reduce your overall carbon footprint. We've made great progress toward achieving our vision to be the preferred supplier of analog and digital signal processing components for audio and energy applications. Here is how we intend to fully make that vision a reality.

Our progress is critically linked to the quality, energy, and enthusiasm of our people. Our customers are some of the most highly respected companies in the world, and to win their business our people need to be the best in the world at what they do. We have high expectations for our employees, and we've driven continuous improvement by establishing a culture of rigorous performance management, coupled with the highest standards for hiring new people. With that in mind, it might surprise you to learn that in the past two years we have hired over 150 new people, and 90 more joined us through the Apex Microtechnology acquisition. In other words, fully half of our employees have been with us for two years or less. This is an incredible accomplishment, and with it comes the challenge of solidifying a culture of business success and engineering excellence. We do this in part through a strong emphasis of our corporate values, namely: Integrity, Innovation, Continuous Improvement, Communication, and Job Satisfaction. I think Cirrus is a fantastic place to work, and I'm proud to note that our employees do too — based on surveys of their opinions, we were named one of the Best Places to Work in Texas. The key indicator for me is when I take the opportunity to talk with someone who has just finished a day of interviewing for a job here. It is always clear that candidates are impressed with our direction, culture, and employees.

The audio market has to be one of the most exciting opportunities in the world! Every day, we all experience some form of audio playback. Our audio signal processing expertise adds value to many of the recording and playback products on the market today, and that's where we focus. Portable audio devices are a great example of what we can accomplish when our technology finds the right opportunity. We recognized several years ago that we had the ability to add new value to the audio experience for portable media players, so we developed a strategy, our engineers executed brilliantly, and our marketing and sales staff closed deals with some of the best customers in the audio market. As a result, we have achieved number one market share in portable media players, and our market share in smart phones and portable gaming is beginning to grow. Similar strategies are now in place to expand our market share in consumer, professional, and automotive audio applications where our expertise can add more value for our customers. The opportunities are endless, and I am confident that our team will live up to the standard set by the success of our portable audio product line.

As exciting as audio is, we believe our opportunities in energy could even be bigger. When considering the strategies for our industrial-based product lines, we identified a need to focus on growing markets in which our analog and digital signal processing talent could provide a clear advantage. Obviously green power is getting a lot of media attention these days — from Smart Grid to ENERGY STAR, it's everywhere and for good reason. Fortunately, our technology is highly applicable to these markets. In addition to our energy meter products for the general market, we've also developed several custom products for the largest electronic meter manufacturer in North America. These smart meters are expected to play a key role in providing intelligence and automation to our nation's power grid. We're also making a significant investment in our new Power Factor Correction (PFC) products. PFC is the first stage of an AC power supply. It minimizes the loading of the utility system, and provides universal input capability. Our new digital PFC technology provides for the highest efficiency available to the market today, across the widest range of loads, utilizing the fewest number of external components, and enables ultra-low standby currents. Now that's a winning combination! We're still in the early stages of development, but we've demonstrated our first part to a who's who list of key potential customers, and the response has been overwhelmingly positive. Last year there were over 1.2 billion products sold that consumed over 75 watts. Between ENERGY STAR and the legal restrictions in Europe, California, and elsewhere, PFC is fast becoming a requirement for products in this power range. PFC will be required in a broad and expanding range of applications, and every one of those applications represents a potential vertical

market for Cirrus Logic to pursue. I think you can see why I am so excited about the opportunities for our Energy related products.

Obviously the global economic situation has dealt us, along with the rest of the industry, a setback in terms of revenue growth. But at the same time we believe this represents an excellent opportunity for Cirrus Logic to grow our market share. We continue to have a pristine balance sheet with no debt and plenty of cash, which allows us to maintain focus on improving our long term revenue growth and operating profit. We're investing heavily in the future of the company, and we're committed to maximizing our return on that investment. The percentage of revenue derived from new products is one good indicator of how well we're doing, and we expect this to continue to increase in FY10. Our vision is to be the preferred supplier of analog and digital signal processing components to the audio and energy markets. Our plan to achieve this goal is in place, and we believe our progress in portable audio is a good indicator of our ability to execute according to the plan. Cirrus Logic has great technology, outstanding customers, and some of the best employees in the world. I hope you share in our enthusiasm for achieving our vision.

Regards,

A handwritten signature in black ink, appearing to read 'Jason P. Rhode', with a stylized, flowing script.

Jason P. Rhode
President and Chief Executive Officer

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-K

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

For The Fiscal Year Ended March 28, 2009

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Transition Period from _____ to _____

Commission File Number 0-17795

CIRRUS LOGIC, INC.

DELAWARE
(State of incorporation)

**2901 Via Fortuna, Austin, TX 78746
(512) 851-4000**

**77-0024818
(I.R.S. ID)**

**Securities registered pursuant to Section 12(b) of the Act:
None**

**Securities registered pursuant to Section 12(g) of the Act:
Common Stock, \$0.001 Par Value**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES NO

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES NO

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. YES NO

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405) is not contained herein and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). YES NO

The aggregate market value of the registrant's voting and non-voting common equity held by non-affiliates was approximately \$288 million based upon the closing price reported on the NASDAQ Global Select Market as of September 26, 2008. Stock held by directors, officers and stockholders owning 5% or more of the outstanding common stock were excluded as they may be deemed affiliates. This determination of affiliate status is not a conclusive determination for any other purpose.

As of May 27, 2009, the number of outstanding shares of the registrant's Common Stock, \$0.001 par value, was 65,263,588.

DOCUMENTS INCORPORATED BY REFERENCE

Certain information contained in the registrant's proxy statement for its annual meeting of stockholders to be held July 24, 2009 is incorporated by reference in Part III of this Annual Report on Form 10-K.

CIRRUS LOGIC, INC.

FORM 10-K

For The Fiscal Year Ended March 28, 2009

INDEX

PART I

| | | |
|----------|---|----|
| Item 1. | Business | 3 |
| Item 1A. | Risk Factors | 8 |
| Item 1B. | Unresolved Staff Comments | 17 |
| Item 2. | Properties | 17 |
| Item 3. | Legal Proceedings | 18 |
| Item 4. | Submission of Matters to a Vote of Securities Holders | 19 |

PART II

| | | |
|----------|--|----|
| Item 5. | Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities | 20 |
| Item 6. | Selected Consolidated Financial Data | 23 |
| Item 7. | Management's Discussion and Analysis of Financial Condition and Results of Operations | 23 |
| Item 7A. | Quantitative and Qualitative Disclosures About Market Risk | 34 |
| Item 8. | Financial Statements and Supplementary Data | 36 |
| Item 9. | Changes in and Disagreements with Accountants on Accounting and Financial Disclosure | 68 |
| Item 9A. | Controls and Procedures | 68 |

PART III

| | | |
|----------|--|----|
| Item 10. | Directors and Executive Officers of the Registrant | 69 |
| Item 11. | Executive Compensation | 69 |
| Item 12. | Security Ownership of Certain Beneficial Owners and Management and Related Stockholder matters | 69 |
| Item 13. | Certain Relationships and Related Transactions | 69 |
| Item 14. | Principal Accountant Fees and Services | 69 |

PART IV

| | | |
|----------|--|----|
| Item 15. | Exhibits and Financial Statement Schedules | 70 |
| | Signatures | 72 |
| | Exhibit Index | |
| | Financial Certifications | |

PART I

ITEM 1. *Business*

Cirrus Logic, Inc. (“Cirrus Logic,” “Cirrus,” “We,” “Us,” “Our,” or the “Company”) develops high-precision, analog and mixed-signal integrated circuits (“ICs”) for a broad range of audio and energy markets. Building on our diverse analog mixed-signal patent portfolio, Cirrus Logic delivers highly optimized products for consumer and commercial audio, automotive entertainment and targeted industrial and energy-related applications. We develop ICs, board-level modules and hybrids for high-power amplifier applications branded as the Apex Precision Power™ line of products and provide complete system reference designs based on our technology that enable our customers to bring products to market in a timely and cost-effective manner.

We were founded in 1984 and were reincorporated in the State of Delaware in February 1999. Our primary facility, housing engineering, sales and marketing, and administrative functions is located in Austin, Texas. In addition, we have an administrative and assembly facility in Tucson, Arizona, as well as sales locations throughout the United States. We also serve customers from international sales offices in Europe and Asia, including the People’s Republic of China, Hong Kong, South Korea, Japan, Singapore, Taiwan and the United Kingdom. Our common stock, which has been publicly traded since 1989, is listed on the NASDAQ Global Select Market under the symbol CRUS.

We maintain a Web site with the address www.cirrus.com. We are not including the information contained on our Web site as a part of, or incorporating it by reference into, this Annual Report on Form 10-K. We make available free of charge through our Web site our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, and amendments to these reports, as soon as reasonably practicable after we electronically file such material with, or furnish such material to, the Securities and Exchange Commission (the “SEC”). To receive a free copy of this Form 10-K, please forward your written request to Cirrus Logic, Inc., Attn: Investor Relations, 2901 Via Fortuna, Austin, Texas 78746, or via email at InvestorRelations@cirrus.com. In addition, the SEC maintains a website at <http://www.sec.gov> that contains reports, proxy and information statements filed electronically with the SEC by Cirrus Logic.

Background of the Semiconductor Industry

In general, the semiconductor industry produces three types of products: analog, digital and mixed-signal. Analog semiconductors process a continuous range of signals that can represent functions such as temperature, speed, pressure and sound. Digital semiconductors process information represented by discrete values, for example, 0s and 1s. Mixed-signal semiconductors combine analog and digital circuits in a single product.

The convergence and sophistication of our customers’ products, such as portable audio applications, as well as home and automotive entertainment devices, is made possible in part by advances in semiconductor technology. Manufacturers are attempting to differentiate their products based on offering new features and functionality to consumers, while at the same time shrinking product sizes, reducing power consumption, and lowering overall system costs.

Due to the extremely high costs involved in developing and operating a wafer fabrication facility, many semiconductor companies rely on third party foundries to manufacture their IC’s. The design of the analog component of a mixed-signal IC is particularly complex and difficult, and requires experienced engineers to optimize speed, power and resolution within standard manufacturing processes.

Markets and Products

We are focused on becoming a leader in analog and digital signal processing components for a broad range of audio and energy markets. We sell audio converters, audio interface devices, audio processors and audio amplification products. We also develop hybrids and modules for high-power applications. Our primary product lines include:

Audio Products: High-precision analog and mixed-signal components, as well as audio digital signal processor (“DSP”) products for consumer, professional and automotive entertainment markets.

Energy Products: High-precision analog and mixed-signal components for energy-related applications, such as energy measurement, energy exploration and energy control systems. Energy products also include ICs, board-level modules and hybrids for high-power pulse width modulation (“PWM”) and power amplifier applications.

AUDIO PRODUCTS

We are a recognized leader in analog and mixed-signal audio converter and audio DSP products that enable today’s new consumer, professional and automotive entertainment applications. Our products include analog-to-digital converters (“ADCs”), digital-to-analog converters (“DACs”), chips that integrate ADCs and DACs into a single IC, otherwise known as coder-decoders (“CODECs”), digital interface ICs, volume controls and digital amplifiers, as well as audio DSPs for consumer electronics applications such as A/V receivers, digital TVs, and CobraNet ICs and modules for networked audio applications. Our broad portfolio of approximately 250 active proprietary products includes the following products, which have been added in the past fiscal year:

- The CS47048, an advanced 32-bit audio DSP with integrated audio converters. This product is an audio system-on-a-chip that targets automotive audio amplifier applications. By combining an advanced 32-bit audio DSP, high performance multichannel audio codec and a digital audio receiver/transmitter into a single IC, the CS47048 dramatically reduces overall board space requirements and system cost.
- The CS42L55, Cirrus Logic’s flagship audio codec for portable media devices that features patent-pending Class H technology, reduces power consumption by nearly 50 percent compared to current Class A/B amplification solutions and offers a strong overall combination of performance, feature integration and small size.
- The CS8422, a 24-bit, 192 kHz digital audio receiver with a low-jitter (noise reducing) PLL and integrated asynchronous sample rate converter. The CS8422 gives designers of consumer and professional audio applications a top-value solution for receiving a variety of incoming digital audio sources — such as from set top boxes, Blu-ray® Disc players and game consoles — and ensures audio quality is maintained throughout the entire signal processing chain from digital audio input to analog output.
- The CS4353, a 24-bit DAC for consumer electronics applications. The CS4353 marks significant progress in simplifying the design of analog output sections circuitry by reducing the need for multiple system components and lowering implementation costs.
- The CS49DV8, an eight-channel, dual-core 32-bit audio DSP featuring Dolby® Volume technology, allows consumers to set their TV and home theater volume to their preferred listening level and have it stay that way, regardless of the audio source. The CS49DV8 targets multichannel surround sound applications such as audio/video receivers, home theater-in-a-box applications, and speaker bars. Cirrus Logic also introduced other products that feature similar audio volume leveling technologies from companies such as SRS Labs and Audyssey.

Our products are used in a wide array of consumer applications, including audio/video receivers (“AVRs”), DVD players and recorders, complete home theater systems, set-top boxes, MP3 players, gaming devices, sound cards and digital televisions. Applications for products within professional markets include digital mixing consoles, multitrack digital recorders and effects processors. Applications for products within automotive markets include amplifiers, satellite radio systems, telematics and multi-speaker car-audio systems. In networked digital audio applications, our proprietary CobraNet controller ICs and modules enable delivery of uncompressed digital audio over Ethernet networks, co-existing with standard Ethernet network data traffic.

ENERGY PRODUCTS

We provide high-precision analog and mixed-signal ICs for targeted energy control, energy measurement and energy exploration applications, as well as ICs, board-level modules, and hybrids from the Apex Precision Power brand of products for high-power PWM and power amplifier applications. We have more than 450 active proprietary products which include ADCs, DACs, linear amplifiers, PWM amplifiers and successive approximation register (“SAR”) converters and amplifier ICs. Our products are used in a wide array of high-precision, energy measurement applications including motor control, consumer utility, power measurement, energy exploration and high-power systems. New additions to our proprietary product portfolio in the past fiscal year include:

- The SA306 and SA57, the industry’s highest-current PWM ICs targeted at the fractional horsepower DC motor drive market. For the first time, designers can choose a single-packaged solution for driving three-phase brushless DC motors, or brush DC motors, in the <9 V to 60 V supply range. The ICs target motor control circuits used in industrial applications, such as factory and office automation, robotic controls, product handlers, as well as aircraft seating and positioning controls in the aerospace and military markets.

Longer term, we’re introducing our first power factor correction (“PFC”) chip. We have begun to demonstrate our PFC to key potential customers, and the feedback has been even more positive than we anticipated. This is a market that has been traditionally dominated by analog solutions. We believe that we bring unique digital signal processing technology to this market that will enable more efficient, smaller power supply products that eliminate the need for numerous passive components. Additionally, our PFC maintains high efficiency across the full range of load, which is a key differentiating factor going forward in this market.

Customers and Sales

We offer approximately 700 products to more than 2,500 end-customers worldwide through both direct and indirect sales channels. Our major customers are among the world’s leading electronics manufacturers. We target both large existing and emerging growth consumer electronic and energy markets that derive value from our expertise in advanced analog and mixed-signal design processing, systems-level integrated circuit engineering and embedded software development. We derive our sales both domestically and from a variety of locations across the world, including the People’s Republic of China, the European Union, Hong Kong, Japan, South Korea, Taiwan, and the United Kingdom.

Because the components we produce are largely proprietary and not available from second sources, we consider our end customer to be the entity specifying the use of our component in their design. These end customers may then purchase our products directly from us, from a distributor, or through a third party manufacturer contracted to produce their end product. During fiscal year 2009, our ten largest end customers represented approximately 36% of our sales. We had one end customer that purchased through multiple contract manufacturers and represented more than 15% of the Company’s total sales for fiscal year 2009. None of those contract manufacturers represented 10 percent or more of the Company’s sales for fiscal year 2009.

Manufacturing

As a fabless semiconductor company, we contract with third parties for wafer fabrication and nearly all of our assembly and test operations. The company owns a 54,000 square foot facility in Tucson, Arizona, which continues to serve as the assembly and test facility for its Apex Precision Power (“Apex”) product line. With the exception of these Apex products, our outsourced manufacturing strategy allows us to concentrate on our design strengths, minimize fixed costs and capital expenditures, while giving us access to advanced manufacturing facilities and provides the flexibility to source multiple leading-edge technologies through strategic relationships. After wafer fabrication by the foundry, third-party assembly vendors package the wafer die. The finished products are then sent for testing before shipment to our customers. We use multiple wafer foundries, assembly sources and test houses in the production of our inventory. Our supply chain management organization is responsible for the management of all aspects of the manufacturing, assembly, and testing of

our products, including process and package development, test program development, and production testing of products in accordance with our ISO-certified quality management system.

Patents, Licenses and Trademarks

We rely on trade secret, patent, copyright and trademark laws to protect our intellectual property products and technology. We intend to continue this practice in the future to protect our products and technologies. As of March 28, 2009, we held 1,094 U.S. patents, 136 U.S. pending patent applications and various corresponding international patents and applications. Our U.S. patents expire in calendar years 2009 through 2027.

We have maintained U.S. federal trademark registrations for CIRRUS LOGIC with accompanied design, CIRRUS, CRYSTAL and APEX MICROTECHNOLOGY, as well as for our Cirrus Logic logo design. These U.S. registrations may be renewed as long as the marks continue to be used in interstate commerce. We have also filed or obtained foreign registration for these marks in other countries or jurisdictions where we conduct, or anticipate conducting, international business.

To complement our own research and development efforts, we have also licensed and expect to continue to license, a variety of intellectual property and technologies important to our business from third parties.

Research and Development

We concentrate our research and development efforts on the design and development of new products for each of our principal markets. We also fund certain advanced-process technology development, as well as other emerging product opportunities. Expenditures for research and development in fiscal years 2009, 2008, and 2007, were \$44.3 million, \$48.5 million, and \$44.0 million, respectively. These amounts include amortization of acquired intangibles of \$1.5 million, \$1.4 million, and \$0.3 million, in fiscal years 2009, 2008, and 2007, respectively. Our future success is highly dependent upon our ability to develop complex new products, to transfer new products to volume production in a timely fashion, to introduce them to the marketplace ahead of the competition and to have them selected for design into products of systems manufacturers. Our future success may also depend on assisting our customers with integration of our components into their new products, including providing support from the concept stage through design, launch and production ramp.

Competition

Markets for our products are highly competitive and we expect that competition will continue to increase. We compete with other semiconductor suppliers that offer standard semiconductors, application-specific standard product and fully customized ICs, including embedded software, chip and board-level products. Our strategy involves providing lower-cost versions of existing products and new, more advanced products for customers' new designs.

While no single company competes with us in all of our product lines, we face significant competition in each of our major product lines. We expect to face additional competition from new entrants in our markets, which may include both large domestic and international IC manufacturers and smaller, emerging companies.

The principal competitive factors in our markets include time to market; quality of hardware/software design and end-market systems expertise; price; product benefits that are characterized by performance, features, quality and compatibility with standards; access to advanced process and packaging technologies at competitive prices; and sales and technical support, which includes assisting our customers with integration of our components into their new products and providing support from the concept stage through design, launch and production ramp.

Product life cycles vary greatly by product category. For example, many consumer electronic devices have shorter design-in cycles; therefore, our competitors have increasingly frequent opportunities to achieve design wins in next-generation systems. Conversely, this also provides us more frequent opportunities to displace competitors in products that have previously not utilized our design. The industrial and automotive markets typically have longer life cycles, which provide continued revenue streams over long periods of time.

Sales, Marketing and Technical Support

Export sales, which include sales to customers with manufacturing plants outside the United States, were 68 percent of net sales in fiscal year 2009, and 62 percent in fiscal years 2008 and 2007. We maintain a worldwide sales force, which is intended to provide geographically specific support to our customers and specialized selling of product lines with unique customer bases.

Our domestic sales force includes a network of regional direct sales offices located in California, Florida, Massachusetts, Maryland, New Hampshire, Ohio, Nevada, and Texas. International sales offices and staff are located in France, Germany, Hong Kong, Shanghai in the People's Republic of China, Singapore, South Korea, Taiwan, Japan and the United Kingdom. We supplement our direct sales force with external sales representatives and distributors. Our technical support staff is located in Texas and Arizona.

Backlog

Sales are made primarily pursuant to standard short-term purchase orders for delivery of standard products. The quantity actually ordered by the customer, as well as the shipment schedules, are frequently revised, without significant penalty, to reflect changes in the customer's needs. We utilize backlog as an indicator to assist us in production planning. However, backlog is influenced by several factors including market demand, pricing and customer order patterns in reaction to product lead times. Quantities actually purchased by customers, as well as prices, are subject to variations between booking and delivery to reflect changes in customer needs or industry conditions. As a result, we believe that our backlog at any given time is an incomplete indicator of future sales.

Employees

As of March 28, 2009, we had 479 full-time employees, of whom 46 percent were engaged in research and product development activities, 36 percent in sales, marketing, general and administrative activities and 18 percent in manufacturing-related activities. Our future success depends, in part, on our ability to continue to attract, retain and motivate highly qualified technical, marketing, engineering and administrative personnel.

We have never had a work stoppage and none of our employees are represented by collective bargaining agreements. We consider our employee relations to be good.

Forward Looking Statements

This Annual Report on Form 10-K and certain information incorporated herein by reference contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities the Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements included or incorporated by reference in this Annual Report on Form 10-K, other than statements that are purely historical, are forward-looking statements. In some cases, forward-looking statements are identified by words such as "expect," "anticipate," "target," "project," "believe," "goals," "estimates," and "intend." Variations of these types of words and similar expressions are intended to identify these forward-looking statements. Any statements that refer to our plans, expectations, strategies or other characterizations of future events or circumstances are forward-looking statements. Readers are cautioned that these forward-looking statements are predictions and are subject to risks, uncertainties and assumptions that are difficult to predict. Therefore, actual results may differ materially and adversely from those expressed in any forward-looking statements. Among the important factors that could cause actual results to differ materially from those indicated by our forward-looking statements are those discussed in *Item 1A — Risk Factors* and elsewhere in this report, as well as in the documents filed by us with the SEC, specifically the most recent reports on Form 10-Q and 8-K, each as it may be amended from time to time. These risks include, but are not limited to, the following:

- The impact of the current global financial crisis on our business, financial condition and results of operation;
- Market demand for semiconductors, particularly in the consumer entertainment market;

- Shifts in industry-wide capacity that differ from our sales forecasts;
- Losses or significant reductions in orders from key customers;
- Our ability to timely introduce new products that gain market acceptance in a timely and cost-effective manner;
- Product liability claims based on a defect in a product containing a Cirrus part;
- Economic, social and political conditions in the countries in which Cirrus or its subcontractors operate, including possible disruptions in the fabrication, assembly, packaging, or testing of our products;
- Our ability to manage our current and future distribution channel relationships;
- Our ability to maintain or improve profit margins in an intensely competitive and cyclical industry;
- Our ability to obtain patents and licenses and to preserve our other intellectual property rights; and
- Our ability to attract, hire and retain qualified personnel.

Should one or more of the risks or uncertainties described above or elsewhere in this Form 10-K occur, or should underlying assumptions prove incorrect, our actual results and plans could differ materially from those expressed in any forward-looking statements.

We caution you not to place undue reliance on these forward-looking statements, which speak only as of the date of this report, and we undertake no obligation to update this information to reflect events or circumstances after the filing of this report with the SEC, except as required by law. All forward-looking statements, expressed or implied, included in this Form 10-K and attributable to Cirrus are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that we may make or persons acting on our behalf may issue. We undertake no obligation to revise or update publicly any forward-looking statement for any reason.

Item 1A. Risk Factors

Our business faces significant risks. The risk factors set forth below may not be the only risks that we face. Additional risks that we are not aware of yet or that currently are not significant may adversely affect our business operations. You should read the following cautionary statements in conjunction with the factors discussed elsewhere in this and other Cirrus Logic's filings with the SEC. These cautionary statements are intended to highlight certain factors that may affect the financial condition and results of operations of Cirrus Logic and are not meant to be an exhaustive discussion of risks that apply to companies such as ours.

We may be adversely impacted by the recent global financial crisis. As a result, our financial results and the market price of our common shares may decline.

Recent global credit and financial markets have been experiencing extreme volatility and disruptions, including severely diminished liquidity and credit availability, declines in consumer confidence, declines in economic growth, volatile energy costs, increases in unemployment rates, and uncertainty about economic stability. As a result, in the third quarter of fiscal year 2009, we experienced a significant slowdown in orders and we anticipate that these lower sales levels could continue for the foreseeable future. These conditions make it difficult for our customers, our suppliers and us to accurately forecast and plan future business activities, and could cause global businesses to defer or reduce spending on our products. During challenging economic times our customers and distributors may face issues gaining timely access to sufficient credit, which could impact their ability to make timely payments to us. If that were to occur, we may be required to increase our allowance for doubtful accounts and our days sales outstanding would increase.

We cannot predict the timing, strength or duration of any economic slowdown or subsequent economic recovery. If the economy or markets in which we operate continue to deteriorate, our business, financial condition and results of operations will likely be materially and/or adversely affected.

We have historically experienced fluctuations in our operating results and expect these fluctuations to continue in future periods, which may result in volatility in our stock price.

Our quarterly and annual operating results are affected by a wide variety of factors that could materially and adversely affect our net sales, gross margins and operating results. If our operating results fall below expectations of market analysts or investors, the market price of our common stock could decrease substantially. We are subject to business cycles and it is difficult to predict the timing, length or volatility of these cycles. These business cycles may create pressure on our sales, gross margins and/or operating results.

Factors that could cause fluctuations and materially and adversely affect our net sales, gross margins and operating results include, but are not limited to:

- the volume and timing of orders received;
- changes in the mix of our products sold;
- market acceptance of our products and the products of our customers;
- competitive pricing pressures;
- our ability to introduce new products on a timely basis;
- the timing and extent of our research and development expenses;
- the failure to anticipate changing customer product requirements;
- disruption in the supply of wafers, assembly or test services;
- certain production and other risks associated with using independent manufacturers, assembly houses and testers; and
- product obsolescence, price erosion, competitive developments, and other competitive factors.

Our results may be affected by the fluctuation in sales in the consumer entertainment market.

Because we sell products in the consumer entertainment market, we are likely to be affected by seasonality in the sales of our products. Further, a decline in consumer confidence and consumer spending relating to economic conditions, terrorist attacks, armed conflicts, oil prices, global health conditions and/or the political stability of countries that we operate or sell into could have a material adverse effect on our business.

Because we do not have long-term agreements with our customers and generally do not have a significant backlog of unfilled orders, our sales and operating results in any quarter are difficult to forecast and are substantially dependent upon customer orders received and fulfilled in that quarter.

We do not have long-term purchase agreements with customers. Our customers generally place purchase orders for deliveries no more than three months in advance. These purchase orders generally have limited cancellation or rescheduling penalty provisions. Therefore, cancellations, reductions or delays of orders from any significant customer could have a material adverse effect on our business, financial condition and results of operations.

A significant portion of our sales and earnings in any quarter depends upon customer orders for our products that we receive and fulfill in that quarter. Because our expense levels are based in part on our expectations as to future revenue and to a large extent are fixed in the short term, we likely will be unable to adjust spending on a timely basis to compensate for any unexpected shortfall in sales. Accordingly, any significant shortfall of sales in relation to our expectations could hurt our operating results.

Shifts in industry-wide capacity and our practice of purchasing our products based on sales forecasts may result in significant fluctuations in our quarterly and annual operating results.

We rely on independent foundries and assembly and test houses to manufacture, or provide components for, our products. Our reliance on these third parties involves certain risks and uncertainties. For example, shifts in industry-wide capacity from shortages to oversupply, or from oversupply to shortages, may result in significant fluctuations in our quarterly and annual operating results. We may order wafers and build inventory in advance of receiving purchase orders. Because our industry is highly cyclical and is subject to significant downturns resulting from excess capacity, overproduction, reduced demand, order cancellations, or technological obsolescence, there is a risk that we will forecast inaccurately and produce excess inventories of particular products.

In addition, we generally order our products through non-cancelable purchase orders from third-party foundries based on our sales forecasts, and our customers can generally cancel or reschedule orders they place with us without significant penalties. If we do not receive orders as anticipated by our forecasts, or our customers cancel orders that are placed, we may experience increased inventory levels.

Due to the product manufacturing cycle characteristic of IC manufacturing and the inherent imprecision in the accuracy of our customers' forecasts, product inventories may not always correspond to product demand, leading to shortages or surpluses of certain products. As a result of such inventory imbalances, future inventory write-downs and charges to gross margin may occur due to lower of cost or market accounting, excess inventory, and inventory obsolescence.

We depend on a limited number of customers for a substantial portion of our sales, and the loss of, or a significant reduction in orders from, any key customer could significantly reduce our sales.

While we generate sales from a broad base of customers worldwide, the loss of any of our key customers, or a significant reduction in sales to any one of them, would significantly reduce our sales and adversely affect our business. For the twelve month period ending March 28, 2009, our ten largest customers represented approximately 36% of our revenues. For the twelve month period ending March 28, 2009, we had one end customer whose sales revenues represented more than 15% of the Company's total revenues for the period.

We may not be able to maintain or increase sales to certain of our key customers for a variety of reasons, including the following:

- most of our customers can stop incorporating our products into their own products with limited notice to us and suffer little or no penalty;
- our agreements with our customers typically do not require them to purchase a minimum quantity of our products;
- many of our customers have pre-existing or concurrent relationships with our current or potential competitors that may affect the customers' decisions to purchase our products;
- our customers face intense competition from other manufacturers that do not use our products; and
- our customers regularly evaluate alternative sources of supply in order to diversify their supplier base, which increases their negotiating leverage with us and their ability to obtain components from alternative sources.

These relationships often require us to develop new products that may involve significant technological challenges. Our customers frequently place considerable pressure on us to meet their tight development schedules. Accordingly, we may have to devote a substantial amount of resources to strategic relationships, which could detract from or delay our completion of other important development projects or the development of next generation products and technologies. Delays in development could impair our relationships with strategic customers and negatively impact sales of the products under development.

Our products may be subject to average selling prices that decline over short time periods. If we are unable to increase our volumes, introduce new or enhanced products with higher selling prices or reduce our costs, our business and operating results could be harmed.

Historically in the semiconductor industry, average selling prices of products have decreased over time. If the average selling price of any of our products decline and we are unable to increase our unit volumes, introduce new or enhanced products with higher margins and/or reduce manufacturing costs to offset anticipated decreases in the prices of our existing products, our operating results may be adversely affected. In addition, because of procurement lead times, we are limited in our ability to reduce total costs quickly in response to any sales shortfalls. Because of these factors, we may experience material adverse fluctuations in our future operating results on a quarterly or annual basis.

Our failure to develop and timely introduce new products that gain market acceptance could harm our operating results.

Our success depends upon our ability to develop new products for new and existing markets, to introduce these products in a timely and cost-effective manner, and to have these products gain market acceptance. New product introductions involve significant risks. For example, delays in new product introductions or less-than-anticipated market acceptance of our new products are possible and would have an adverse effect on our sales and earnings. The development of new products is highly complex and, from time-to-time, we have experienced delays in developing and introducing these new products. Successful product development and introduction depend on a number of factors including, but not limited to:

- proper new product definition;
- timely completion of design and testing of new products;
- assisting our customers with integration of our components into their new products, including providing support from the concept stage through design, launch and production ramp;
- successfully developing and implementing the software necessary to integrate our products into our customers' products;
- achievement of acceptable manufacturing yields;
- availability of wafer fabrication, assembly and test capacity;
- market acceptance of our products and the products of our customers; and
- obtaining and retaining industry certification requirements.

Both revenues and margins may be materially affected if new product introductions are delayed, or if our products are not designed into successive generations of our customers' products. We may not be able to meet these challenges, or adjust to changing market conditions as quickly and cost-effectively as necessary to compete successfully. Our failure to develop and introduce new products successfully could harm our business and operating results.

Successful product design and development is dependent on our ability to attract, retain and motivate qualified design engineers, of which there is a limited number. Due to the complexity and variety of analog and high-precision analog and mixed-signal circuits, the limited number of qualified integrated circuit designers and the limited effectiveness of computer-aided design systems in the design of analog and mixed-signal ICs, we cannot provide assurances that we will be able to successfully develop and introduce new products on a timely basis.

Our products are complex and could contain defects, which could result in material costs to us.

Product development in the markets we serve is becoming more focused on the integration of multiple functions on individual devices. There is a general trend towards increasingly complex products. The greater integration of functions and complexity of operations of our products increases the risk that our customers or

end users could discover latent defects or subtle faults after volumes of product have been shipped. This could result in, but are not limited to:

- damage to our reputation;
- a material recall and replacement costs for product warranty and support;
- payments to our customer related to the recall claims as a result of various industry or business practices, or in order to maintain good customer relationships;
- an adverse impact to our customer relationships by the occurrence of significant defects;
- a delay in recognition or loss of revenues, loss of market share, or failure to achieve market acceptance; and
- a diversion of the attention of our engineering personnel from our product development efforts.

In addition, any defects or other problems with our products could result in financial or other damages to our customers who could seek damages from us for their losses. A product liability claim brought against us, even if unsuccessful, would likely be time consuming and costly to defend. In particular, the sale of systems and components into certain applications for the automotive industry involves a high degree of risk that such claims may be made.

While we believe that we are reasonably insured against these risks and contractually limit our financial exposure, we cannot provide assurances that we will be able to obtain sufficient insurance, in terms of amounts or scope, to provide us with adequate coverage against all potential liability.

We have significant international sales, and risks associated with these sales could harm our operating results.

Export sales, principally to Asia, include sales to U.S.-based customers with manufacturing plants overseas and represented 68 percent, 62 percent, and 62 percent of our net sales in fiscal years 2009, 2008, and 2007, respectively. We expect export sales to continue to represent a significant portion of product sales. This reliance on international sales subjects us to the risks of conducting business internationally, including risks associated with political and economic instability, global health conditions, currency controls, exchange rate fluctuations and changes in import/export regulations, tariff and freight rates, as well as the risks of natural disaster, especially in Asia. For example, the financial instability in a given region may have an adverse impact on the financial position of end users in the region, which could affect future orders and harm our results of operations. Our international sales operations involve a number of other risks including, but not limited to:

- unexpected changes in government regulatory requirements;
- changes to countries' banking and credit requirements;
- changes in diplomatic and trade relationships;
- delays resulting from difficulty in obtaining export licenses for technology;
- tariffs and other barriers and restrictions;
- competition with non-U.S. companies or other domestic companies entering the non-U.S. markets in which we operate;
- longer sales and payment cycles;
- problems in collecting accounts receivable;
- political instability; and
- the burdens of complying with a variety of non-U.S. laws.

In addition, our competitive position may be affected by the exchange rate of the U.S. dollar against other currencies. Consequently, increases in the value of the dollar would increase the price in local currencies of

our products in non-U.S. markets and make our products relatively more expensive. Alternatively, decreases in the value of the dollar will increase the relative cost of our and our vendors' operations that are based overseas. We cannot provide assurances that regulatory, political and other factors will not adversely affect our operations in the future or require us to modify our current business practices.

We are subject to the export control regulations of the U.S. Department of State and the Department of Commerce. A violation of these export control regulations could have a material adverse effect on our business or our results of operations, cash flows, or financial position.

The nature of our international business, and in particular, the manufacture and sale of certain products from our Apex Precision Power Product line, subjects us to the export control regulations of the U.S. Department of State and the Department of Commerce. If these export control regulations are violated, it could result in monetary penalties and denial of export privileges. The government is very strict with respect to compliance and has served notice generally that failure to comply with these regulations may subject guilty parties to fines and/or imprisonment. Although we are not aware of any material violation of any export control regulations, a failure to comply with any of the above mentioned regulations could have a material adverse effect on our business.

Our failure to manage our distribution channel relationships could adversely affect our business.

The future of our business, as well as the future growth of our business, will depend in part on our ability to manage our relationships with current and future distributors and external sales representatives and to develop additional channels for the distribution and sale of our products. The inability to successfully manage these relationships could adversely affect our business.

Our international operations subject our business to additional political and economic risks that could have an adverse impact on our business.

In addition to export sales constituting a large portion of our net sales, we maintain international operations, sales and technical support personnel. We are also using contract manufacturers in Asia and Europe for foundry, assembly and test operations. International expansion has required, and will continue to require, significant management attention and resources. There are risks inherent in expanding our presence into non-U.S. regions, including, but not limited to:

- difficulties in staffing and managing non-U.S. operations;
- failure of non-U.S. laws to adequately protect our U.S. intellectual property, patent, trademarks, copyrights know-how and other proprietary rights;
- global health conditions and potential natural disasters;
- political and economic instability in international regions;
- international currency controls and exchange rate fluctuations;
- additional vulnerability from terrorist groups targeting American interests abroad; and
- legal uncertainty regarding liability and compliance with non-U.S. laws and regulatory requirements.

Because we depend on subcontractors internationally to perform key manufacturing functions for us, we are subject to political and economic risks that could disrupt the fabrication, assembly, packaging, or testing of our products.

We depend on third-party subcontractors, primarily in Asia, for the fabrication, assembly, packaging and testing of most of our products. International operations and sales may be subject to political and economic risks, including changes in current tax laws, political instability, global health conditions, currency controls, exchange rate fluctuations and changes in import/export regulations, tariff and freight rates, as well as the risks of natural disaster. Although we seek to reduce our dependence on any one subcontractor, this concentration of subcontractors and manufacturing operations subjects us to the risks of conducting business internationally,

including associated political and economic conditions. If we experience manufacturing problems at a particular location, or a supplier is unable to continue operating due to financial difficulties or other reasons, we would be required to transfer manufacturing to a backup supplier. Converting or transferring manufacturing from a primary supplier to a backup fabrication facility could be expensive and could take as long as six to 12 months. As a result, delays in our production or shipping by the parties to whom we outsource these functions could reduce our sales, damage our customer relationships and damage our reputation in the marketplace, any of which could harm our business, results of operations and financial condition.

Strong competition in the semiconductor market may harm our business.

The IC industry is intensely competitive and is frequently characterized by rapid technological change, price erosion, technological obsolescence, and a push towards IC component integration. Because of shortened product life cycles and even shorter design-in cycles in a number of the markets that we serve, our competitors have increasingly frequent opportunities to achieve design wins in next-generation systems. In the event that competitors succeed in supplanting our products, our market share may not be sustainable and our net sales, gross margins and operating results would be adversely affected. Additionally, further component integration could eliminate the need for our products.

We compete in a number of fragmented markets. Our principal competitors in these markets include AKM, Analog Devices, Austriamicrosystems, Freescale Semiconductor, Infineon Technologies, Linear Technologies, Maxim, NXP Semiconductor, ON Semiconductor, Realtek, ST Micro, Teridian Semiconductor, Texas Instruments/Burr Brown and Wolfson Microelectronics-many of whom have substantially greater financial, engineering, manufacturing, marketing, technical, distribution and other resources, broader product lines, broader intellectual property portfolios and longer relationships with customers. We also expect intensified competition from emerging companies and from customers who develop their own IC products. In addition, some of our current and future competitors maintain their own fabrication facilities, which could benefit them in connection with cost, capacity and technical issues.

Increased competition could adversely affect our business. We cannot provide assurances that we will be able to compete successfully in the future or that competitive pressures will not adversely affect our financial condition and results of operations. Competitive pressures could reduce market acceptance of our products and result in price reductions and increases in expenses that could adversely affect our business and our financial condition.

We may be unable to protect our intellectual property rights.

Our success depends on our ability to obtain patents and licenses and to preserve our other intellectual property rights covering our products. We seek patent protection for those inventions and technologies for which we believe such protection is suitable and is likely to provide a competitive advantage to us. We also rely substantially on trade secrets, proprietary technology, non-disclosure and other contractual terms, and technical measures to protect our technology and manufacturing knowledge. We work actively to foster continuing technological innovation to maintain and protect our competitive position. We cannot provide assurances that steps taken by us to protect our intellectual property will be adequate, that our competitors will not independently develop or patent substantially equivalent or superior technologies or will not be able to design around our patents, or that our intellectual property will not be misappropriated. In addition, the laws of some non-U.S. countries may not protect our intellectual property as well as the laws of the United States.

Any of these events could materially adversely affect our business, operating results and financial condition. Policing infringement of our technology is difficult, and litigation may be necessary in the future to enforce our intellectual property rights. Any such litigation could be expensive, take significant time and divert management's attention from other business concerns.

Potential intellectual property claims and litigation could subject us to significant liability for damages and could invalidate our proprietary rights.

The IC industry is characterized by frequent litigation regarding patent and other intellectual property rights. We may find it necessary to initiate a lawsuit to assert our patent or other intellectual property rights. These legal proceedings could be expensive, take significant time and divert management's attention from other business concerns. We cannot provide assurances that we will ultimately be successful in any lawsuit, nor can we provide assurances that any patent owned by us will not be invalidated, circumvented, or challenged. We cannot provide assurances that rights granted under our patents will provide competitive advantages to us, or that any of our pending or future patent applications will be issued with the scope of the claims sought by us, if at all.

As is typical in the IC industry, we and our customers have, from time to time, received and may in the future receive, communications from third parties asserting patents, mask work rights, or copyrights. In the event third parties were to make a valid intellectual property claim and a license was not available on commercially reasonable terms, our operating results could be harmed. Litigation, which could result in substantial cost to us and diversion of our management, technical and financial resources, may also be necessary to defend us against claimed infringement of the rights of others. An unfavorable outcome in any such suit could have an adverse effect on our future operations and/or liquidity.

If we fail to attract, hire and retain qualified personnel, we may not be able to develop, market, or sell our products or successfully manage our business.

Competition for highly qualified personnel in our industry is intense. The number of technology companies in the geographic areas in which we operate is greater than it has been historically and we expect competition for qualified personnel to intensify. There are only a limited number of people in the job market with the requisite skills. Our Human Resources organization focuses significant efforts on attracting and retaining individuals in key technology positions. For example, start-up companies generally offer larger equity grants to attract individuals from more established companies. The loss of the services of key personnel or our inability to hire new personnel with the requisite skills could restrict our ability to develop new products or enhance existing products in a timely manner, sell products to our customers, or manage our business effectively.

We may acquire other companies or technologies, which may create additional risks associated with our ability to successfully integrate them into our business.

We continue to consider future acquisitions of other companies, or their technologies or products, to improve our market position, broaden our technological capabilities and expand our product offerings. However, we may not be able to acquire, or successfully identify, the companies, products or technologies that would enhance our business.

In addition, if we are able to acquire companies, products or technologies, we could experience difficulties in integrating them. Integrating acquired businesses involves a number of risks, including, but not limited to:

- the potential disruption of our ongoing business;
- unexpected costs or incurring unknown liabilities;
- the diversion of management resources from other strategic and operational issues;
- the inability to retain the employees of the acquired businesses;
- difficulties relating to integrating the operations and personnel of the acquired businesses;
- adverse effects on the existing customer relationships of acquired companies;
- the potential incompatibility of business cultures;

- adverse effects associated with entering into markets and acquiring technologies in areas in which we have little experience; and
- acquired intangible assets becoming impaired as a result of technological advancements, or worse-than-expected performance of the acquired company.

If we are unable to successfully address any of these risks, our business could be harmed.

Future transactions may limit our ability to use our net operating loss carryforwards.

As of March 28, 2009, we had U.S. federal tax net operating loss (“NOL”) carryforwards of approximately \$473.9 million. These NOL carryforwards may be used to offset future taxable income and thereby reduce our U.S. federal income taxes otherwise payable. There is a risk we may not be able to generate taxable income in the future in the amount necessary to fully utilize all of these NOLs. Section 382 of the Internal Revenue Code of 1986, as amended (the “Code”), imposes an annual limit on the ability of a corporation that undergoes an “ownership change” to use its NOL carry forwards to reduce its tax liability. Due in part to potential changes in our stockholder base, we may at some point in the future experience an “ownership change” as defined in Section 382 of the Code. Accordingly, our use of the net operating loss carryforwards and credit carryforwards may be limited by the annual limitations described in Sections 382 and 383 of the Code.

Our stock price may be volatile.

The market price of our common stock fluctuates significantly. This fluctuation is the result of numerous factors, including, but not limited to:

- actual or anticipated fluctuations in our operating results;
- announcements concerning our business or those of our competitors, customers or suppliers;
- changes in financial estimates by securities analysts or our failure to perform as anticipated by the analysts;
- announcements regarding technological innovations or new products by us or our competitors;
- announcements by us of significant acquisitions, strategic partnerships, joint ventures, or capital commitment;
- announcements by us of significant divestitures or sale of certain assets or intellectual property;
- litigation arising out of a wide variety of matters, including, among others, employment matters and intellectual property matters;
- departure of key personnel;
- single significant stockholders selling for reasons unrelated to the business;
- general assumptions made by securities analysts;
- general conditions in the IC industry; and
- general market conditions and interest rates.

We have provisions in our charter, and are subject to certain provisions of Delaware law, which could prevent, delay or impede a change of control of our company. These provisions could affect the market price of our stock.

Certain provisions of our Certificate of Incorporation and By-Laws, and Delaware law could make it more difficult for a third party to acquire us, even if our stockholders support the acquisition. These provisions include, but are not limited to:

- the inability of stockholders to call a special meeting of stockholders;
- a prohibition on stockholder action by written consent; and

- a requirement that stockholders provide advance notice of any stockholder nominations of directors or any proposal of new business to be considered at any meeting of stockholders.

We are also subject to the anti-takeover laws of Delaware that may prevent, delay or impede a third party from acquiring or merging with us, which may adversely affect the market price of our common stock.

ITEM 1B. Unresolved Staff Comments

None.

ITEM 2. Properties

As of May 1, 2009, our principal leased facilities, located in Austin, Texas, consisted of approximately 214,000 square feet of office space. This leased space includes our headquarters and engineering facility, which has 197,000 square feet with lease terms that extend into calendar year 2012, excluding lease extension options, and 17,000 square feet of leased space at our failure analysis facility with lease terms that extend into calendar year 2013. We have subleased approximately 33,000 square feet of space at our Austin headquarters. The sublease extends into calendar year 2012.

As a result of our facilities consolidation activities, which began in fiscal year 1999 concurrent with the move of our headquarters from California to Texas, as of May 1, 2009, we do not have any leased space in California. We had one California facility, which consisted of approximately 90,000 square feet of leased office and engineering space, expire in April 2009. Further, during fiscal year 2009, we terminated another leased facility in Fremont, California that was approximately 80,000 square feet in size.

During fiscal year 2008, the Company acquired 100 percent of the voting equity interests in Apex. As a result of the acquisition, Cirrus owns a 54,000 square foot facility in Tucson, Arizona, which continues to serve as the assembly and test facility for the Apex product line.

We also continue to lease our former design facility in Boulder, Colorado following the move of the design activities to our headquarters in Austin, Texas. This design facility is approximately 12,000 square feet and has a lease that expires in calendar year 2010. We have subleased approximately 10,000 square feet of this office space and continue to actively pursue sublease tenants for the remaining space.

We currently do not anticipate difficulty in either retaining occupancy at any of our facilities through lease renewals prior to expiration or replacing them with equivalent facilities, and we believe that our existing facilities are suitable and adequate for our present purposes.

Below is a detailed schedule that identifies our occupied leased and owned property locations as of May 1, 2009 with various lease terms through calendar year 2013:

| <u>Design Centers</u> | <u>Sales Support Offices – USA</u> | <u>Sales Support Offices – International</u> |
|-----------------------|------------------------------------|--|
| Austin, Texas | Burlington, Massachusetts | Hong Kong, China |
| Tucson, Arizona | | Shanghai, China |
| | | Tokyo, Japan |
| | | Singapore |
| | | Seoul, South Korea |
| | | Taipei, Taiwan |
| | | Buckinghamshire, United Kingdom |

See Notes 7 and 10 of the Notes to Consolidated Financial Statements contained in Item 8 for further detail.

ITEM 3. Legal Proceedings

Derivative Lawsuits

On January 5, 2007, a purported stockholder filed a derivative lawsuit in the state district court in Travis County, Texas against current and former officers and directors of Cirrus Logic and against the Company, as a nominal defendant, alleging various breaches of fiduciary duties, conspiracy, improper financial reporting, insider trading, violations of the Texas Securities Act, unjust enrichment, accounting, gross mismanagement, abuse of control, rescission, and waste of corporate assets related to certain prior grants of stock options by the Company. Our response to the lawsuit was filed on April 20, 2007. On June 12, 2007, the state district court stayed the lawsuit until a final determination is reached in the District Court actions described below.

Two additional lawsuits arising out of the same claims have been filed in federal court in the United States District Court for the Western District of Texas — Austin Division. Between March 19, 2007, and March 30, 2007, two purported stockholders filed derivative lawsuits related to the Company's prior stock option grants against current and former officers and directors of Cirrus Logic and against the Company, as a nominal defendant. The individual defendants named in these lawsuits overlap, but not completely, with the state suit. The lawsuits allege many of the causes of action alleged in the Texas state court suit, but also include claims for alleged violations of Section 10(b) of the Exchange Act and Rule 10b-5, violations of Section 14(a) of the Exchange Act and violations of Section 20(a) of the Exchange Act.

On July 16, 2007, the plaintiffs in the two federal cases filed a motion to voluntarily dismiss their claims in the federal court and indicated their intent to coordinate their efforts in the state district court case. After a hearing on the plaintiffs' motion, the court denied the plaintiff's motion and required the two purported stockholders to file a consolidated complaint in federal court. A consolidated complaint, including substantially similar allegations to the two previous complaints, was filed on October 11, 2007.

In response to the consolidated complaint, Cirrus Logic filed a motion to dismiss on November 15, 2007 based on the plaintiffs' failure to make demand on the Board of Directors of Cirrus Logic (the "Board") prior to filing this action (the "demand futility" motion). The plaintiffs filed their opposition to the motion on December 14, 2007. Cirrus Logic filed a reply brief on August 13, 2008, approximately eight months after the Court extended briefing deadlines to accommodate mediation discussions. On August 28, 2008, the Court denied Cirrus Logic's demand futility motion.

On December 19, 2008, a Stipulation of Settlement (the "Original Stipulation") between the parties was filed with the federal court. The Original Stipulation provided for the proposed settlement of all pending stockholder derivative lawsuits relating to the Company's historical stock option granting practices. The terms of the settlement included: (1) the adoption by Cirrus Logic of a variety of corporate governance measures, including measures that relate to and address many of the underlying issues in the derivative lawsuits; (2) a release of claims against all defendants and the dismissal of the derivative lawsuits with prejudice; and (3) the payment by the Company's Directors' and Officers' insurer of \$2.85 million to the plaintiffs' lawyers in payment in full of plaintiffs' claims for attorney's fees and expenses. As part of the Original Stipulation, the defendants denied any wrongdoing or liability against them as it relates to the claims and contentions alleged by the plaintiffs in the lawsuits. On December 30, 2008, the federal court denied the parties' proposed stipulation.

On March 13, 2009, a Revised Stipulation of Settlement (the "Revised Stipulation") was filed with the federal court. The Revised Stipulation modified the terms of the Original Stipulation to address the concerns of the Court raised in the Court's denial of the Original Stipulation. Specifically, the terms of the Revised Stipulation include: (1) the extension of the term of the proposed corporate governance changes to seven years rather than four years, and the extension of governance changes specifically regarding stock options to remain in effect indefinitely, subject to stockholder approved changes after seven years; (2) a release of claims against all defendants and the dismissal of the derivative lawsuits with prejudice; (3) the payment by the Company's Directors' and Officers' insurer of \$2.85 million to the Company; and (4) the withdrawal by plaintiffs of any request for an award of their attorneys' fees and expenses.

On March 25, 2009, the Court preliminarily approved the settlement and scheduled a hearing for May 28, 2009, to consider whether to provide final approval of the settlement and enter judgment thereon.

At this stage of the litigation, we cannot predict the ultimate outcome and we do not think that any potential liability exists. Any potential proceeds, when received, will be recorded in accordance with Statement of Financial Accounting Standards (“SFAS”) No. 5, “*Accounting For Contingencies*.”

Silvaco Data Systems

On December 8, 2004, Silvaco Data Systems (“Silvaco”) filed suit against us, and others, in Santa Clara County Superior Court (the “Court”), alleging misappropriation of trade secrets, conversion, unfair business practices, and civil conspiracy. Silvaco’s complaint stems from a trade secret dispute between Silvaco and a software vendor, Circuit Semantics, Inc., who supplied us with certain software design tools. Silvaco alleges that our use of Circuit Semantic’s design tools infringes upon Silvaco’s trade secrets and that we are liable for compensatory damages in the sum of \$10 million. Silvaco has not indicated how it will substantiate this amount of damages and we are unable to reasonably estimate the amount of damages, if any.

On January 25, 2005, we answered Silvaco’s complaint by denying any wrong-doing. In addition, we filed a cross-complaint against Silvaco alleging breach of contract relating to Silvaco’s refusal to provide certain technology that would enable us to use certain unrelated software tools.

On July 5, 2007, the Court granted our motion for judgment on the pleadings, determining that all claims except for the misappropriation of trade secrets claims were pre-empted by trade secret law. On October 15, 2007, the Court granted our motion for summary judgment on the trade secret misappropriation claim because we presented undisputed evidence that Silvaco will be unable to prove that Cirrus misappropriated Silvaco’s trade secrets.

On February 12, 2008, we settled our cross-complaint against Silvaco, whereby Silvaco agreed to pay Cirrus \$30,000 as full and final restitution of all claims that could have been alleged in the cross-complaint.

Based on these orders and the settlement of the cross-complaint, the Court entered judgment in our favor on Silvaco’s complaint and our cross-complaint on March 4, 2008. As a result of the favorable judgment, on May 16, 2008, the court awarded approximately \$59,000 for our expenses in defending the suit.

On April 7, 2008, Silvaco filed a notice of appeal on these matters. We anticipate that the appeal will be heard by the Court of Appeal of the State of California, Sixth Appellate District in the last half of calendar year 2009.

At this stage of the litigation, we cannot predict the ultimate outcome and we are unable to estimate any potential liability we may incur.

Other Claims

From time to time, other various claims, charges and litigation are asserted or commenced against us arising from, or related to, contractual matters, intellectual property, employment disputes, as well as other issues. Frequent claims and litigation involving these types of issues are not uncommon in our industry. As to any of these claims or litigation, we cannot predict the ultimate outcome with certainty.

ITEM 4. *Submission of Matters to a Vote of Security Holders*

None.

PART II

ITEM 5. *Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities*

Our Common Stock is traded on the NASDAQ Global Select Market under the symbol CRUS. The following table shows, for the periods indicated, the high and low sales prices for our Common Stock.

| | <u>High</u> | <u>Low</u> |
|----------------------------------|-------------|------------|
| Fiscal year ended March 28, 2009 | | |
| First quarter | \$ 7.63 | \$ 5.50 |
| Second quarter | 6.55 | 4.46 |
| Third quarter | 5.95 | 2.28 |
| Fourth quarter | 4.35 | 2.16 |
| Fiscal year ended March 29, 2008 | | |
| First quarter | \$ 8.93 | \$ 7.04 |
| Second quarter | 8.85 | 6.19 |
| Third quarter | 7.45 | 4.47 |
| Fourth quarter | 6.81 | 4.00 |

As of May 26, 2009, there were approximately 915 holders of record of our Common Stock.

We have not paid cash dividends on our Common Stock and currently intend to continue a policy of retaining any earnings for reinvestment in our business.

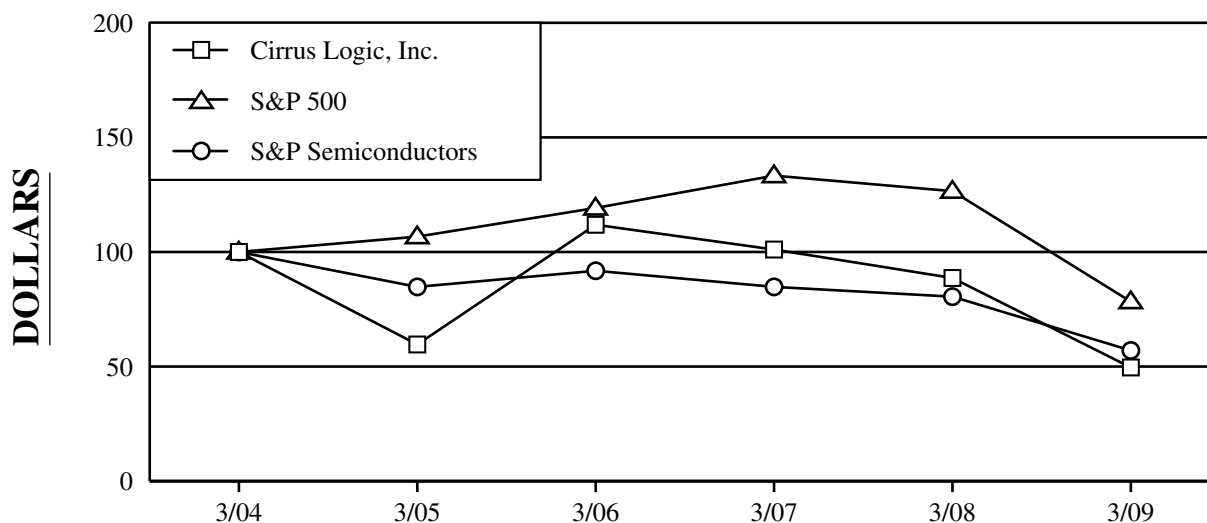
On January 29, 2009, we announced that our Board authorized a share repurchase program of up to \$20 million. The repurchases will be funded from existing cash and may be effected from time to time depending on general market and economic conditions and in accordance with applicable securities laws. No share repurchases under this program have occurred as of March 28, 2009. Our prior repurchase program, which was announced in January 2008 and authorized the repurchase of up to \$150 million of our common stock, was completed in April 2008 for a total of \$150 million with 24.5 million shares repurchased. All shares of our common stock that were repurchased under this program were cancelled as of June 28, 2008.

Stock Price Performance Graph

The following graph and table show a comparison of the five-year cumulative total stockholder return, calculated on a dividend reinvestment basis, for Cirrus Logic, the S&P 500 Composite Index (the “S&P 500”), and the Semiconductor Subgroup of the S&P Electronics Index (the “S&P Semiconductors Index”).

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*

Among Cirrus Logic, Inc., The S&P 500 Index
And The S&P Semiconductors Index



* \$100 invested on 3/31/04 in stock or index, including reinvestment of dividends.
Fiscal year ending March 31.

Copyright© 2009 S&P, a division of The McGraw-Hill Companies Inc. All rights reserved.

Copyright© 2009 Standard & Poor’s, a division of The McGraw-Hill Companies Inc. All rights reserved.
(www.researchdatagroup.com/S&P.htm)

| | 3/04 | 3/05 | 3/06 | 3/07 | 3/08 | 3/09 |
|---|---------------|---------------|---------------|---------------|---------------|--------------|
| Cirrus Logic, Inc. | 100.00 | 59.63 | 111.87 | 101.06 | 88.65 | 49.60 |
| S&P 500 | 100.00 | 106.69 | 119.20 | 133.31 | 126.54 | 78.34 |
| S&P Semiconductors | 100.00 | 84.76 | 91.80 | 84.76 | 80.50 | 57.01 |

Stockholder returns over the indicated periods should not be considered indicative of future stockholder returns.

The information in this Form 10-K appearing under the heading “Stock Price Performance Graph” is being “furnished” pursuant to Item 2.01(e) of Regulation S-K under the securities Act of 1933, as amended, and shall not be deemed to be “soliciting material” or “filed” with the Securities and Exchange Commission or subject to Regulation 14A or 14C, other than as provided in Item 201(e) of Regulation S-K, or to the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended.

Equity Compensation Plan Information

The following table provides information about the Company's common stock that may be issued upon the exercise of options, warrants and rights under all of the Company's existing equity compensation plans as of March 28, 2009, including the Company's 1987 Stock Option Plan, the 1989 Employee Stock Purchase Plan, the 1990 Directors' Stock Option Plan, the 1996 Stock Plan, the 2002 Stock Option Plan, the 2006 Stock Incentive Plan, the Audio Logic 1992 Plan, the Peak Audio, Inc. 2001 Stock Plan, the LuxSonor Semiconductors, Inc. 1995 Stock Option Plan, the ShareWave, Inc. 1996 Flexible Stock Incentive Plan, the Stream Machine Company 1996 Stock Plan, the Stream Machine 2001 Stock Plan, and the Stream Machine Company non-statutory stock option grants made outside of a plan (in thousands, except per share amounts):

| | (A) | (B) | (C) |
|---|--|--|---|
| | Number of Securities to be issued upon exercise of outstanding options, warrants, and rights | Weighted-average exercise price of outstanding options, warrants, and rights | Number of Securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (A)) |
| Equity compensation plans approved by security holders(1) | 6,519 | \$8.04 | 12,883 (2) |
| Equity compensation plans not approved by security holders(3) . . | <u>2,544</u> | \$5.96 | <u>—</u> |
| Total | <u>9,063</u> | \$7.45 | <u>12,883</u> |

1. The Company's stockholders have approved the Company's 1989 Employee Stock Purchase Plan, the 1990 Directors' Stock Option Plan, and the 2006 Stock Incentive Plan. The following plans were assumed by the Company at the time of acquisition, and Cirrus Logic stockholder approval was not required for these plans or their respective outstanding grants, as they were approved by the acquired companies stockholders: the LuxSonor Semiconductors, Inc. 1995 Stock Option Plan, the ShareWave, Inc. 1996 Flexible Stock Incentive Plan, the Stream Machine Company 1996 Stock Plan, and the Stream Machine Company non-statutory stock option grants made outside of a plan.
2. In addition to shares available for issuance under our 2006 Stock Incentive Plan, the number reported includes 58,338 shares available for grant under the 1990 Directors Stock Option Plan, which was suspended following the stockholder's approval of the 2006 Stock Incentive Plan, and 778,685 shares available for issuance under the Company's 1989 Employee Stock Purchase Plan. The 1989 Employee Stock Purchase Plan expired on May 26, 2009, and the 1990 Directors' Stock Option Plan is set to expire on January 16, 2010. In addition, our board discontinued all future grants under the option plans we assumed in connection with our past acquisitions, including the LuxSonor Semiconductors, Inc. 1995 Stock Option Plan, the ShareWave, Inc. 1996 Flexible Stock Incentive Plan, and the Stream Machine Company 1996 Stock Plan, so shares under these plans have not been included in the total. Approximately 44,000 shares have been deducted from the 2006 available for grant options due to the 1.5 full value award multiplier applied to restricted stock awards.
3. In August 2002, the Board approved the 2002 Stock Option Plan, which permits awards of fair market value stock options to non-executive employees. As of July 2006, when our stockholders approved the adoption of the 2006 Stock Incentive Plan, we cancelled all remaining options available for grant under the 2002 Stock Option plan.

As of March 28, 2009, the Company was granting equity awards only under the 2006 Stock Incentive Plan.

ITEM 6. Selected Consolidated Financial Data
(Amounts in thousands, except per share amounts)

The information contained below should be read along with *Item 7 — Management’s Discussion and Analysis of Financial Condition and Results of Operations* and *Item 8 — Financial Statements and Supplementary Data*.

| | Fiscal Years | | | | |
|---|--------------|------------|------------|------------|------------|
| | 2009 | 2008 | 2007 | 2006 | 2005 |
| | (1) | (1) | (1) | (3) | (4) |
| Net sales | \$ 174,642 | \$ 181,885 | \$ 182,304 | \$ 193,694 | \$ 194,900 |
| Net Income (loss) | 3,475 | (5,846) | 27,895 | 52,426 | (13,496) |
| Basic earnings (loss) per share | \$ 0.05 | \$ (0.07) | \$ 0.32 | \$ 0.61 | \$ (0.16) |
| Diluted earnings (loss) per share | \$ 0.05 | \$ (0.07) | \$ 0.31 | \$ 0.60 | \$ (0.16) |
| Financial position at year end: | | | | | |
| Cash, cash equivalents, restricted investments and marketable securities(2) | \$ 120,232 | \$ 187,498 | \$ 271,715 | \$ 243,468 | \$ 179,713 |
| Total assets. | 209,496 | 298,306 | 353,060 | 319,041 | 262,810 |
| Working capital | 126,908 | 194,665 | 286,417 | 232,189 | 183,283 |
| Long-term obligations. | 8,328 | 9,381 | 13,503 | 14,803 | 12,353 |
| Total stockholders’ equity(2) | \$ 172,928 | \$ 240,935 | \$ 304,937 | \$ 264,270 | \$ 203,206 |

- 1) Refer to the consolidated financial statements and the Notes thereto contained within this Form 10-K for fiscal years 2007, 2008, and 2009 for an expanded discussion of factors which materially affect the comparability of the information reflected in the selected consolidated financial data presented above.
- 2) The reduction in cash, cash equivalents, restricted investments, and marketable securities, as well as total stockholders equity, in fiscal years 2008 and 2009 is primarily attributable to the completion of a \$150 million stock repurchase program, which commenced in late fiscal year 2008 and was completed in April 2008 or fiscal year 2009.
- 3) Net income in fiscal year 2006 was favorably impacted by a \$24.8 million litigation settlement, a \$7.0 million gain from a license agreement amendment, and \$2.3 million in restructuring related activities.
- 4) Net income for fiscal year 2005 was impacted by a \$9.5 million restructuring charge associated with the sale of the digital video product line assets and a \$20.8 million release of various tax reserves.

ITEM 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion in conjunction with our audited historical consolidated financial statements, which are included elsewhere in this Form 10-K. Management’s Discussion and Analysis of Financial Condition and Results of Operations contains statements that are forward-looking. These statements are based on current expectations and assumptions that are subject to risk, uncertainties and other factors. Actual results could differ materially because of the factors discussed in Part I, Item 1A. “Risk Factors” of this Form 10-K.

Overview

We were incorporated in California in 1984, became a public company in 1989 and were reincorporated in the State of Delaware in February 1999. Through most of our corporate existence, we provided ICs for personal computer applications, including personal computer (“PC”) graphics and storage. In 2001, we refocused our business efforts away from these areas, which we believed had become commodity-like in terms of pricing and offered diminished opportunities for sustained product differentiation and profitability. We reinforced our commitment to operate efficiently and profitably by taking strategic actions beginning in 2005 to improve our top and bottom line growth, including: (1) improving efficiencies by focusing on our product lines including mixed-signal audio, audio DSP, and energy products, (2) divesting ourselves of our digital

video product line assets and non-core products to focus on our core strengths, and (3) enhancing our capital structure by completing a \$150 million stock repurchase program in fiscal year 2008 to increase long-term stockholder value. We continued this process in fiscal year 2009 with focusing on winning new designs, growing our market share in portable audio products in particular, and by laying the foundation for growth in our DSP and energy products.

The credit market crisis and other macro-economic challenges currently affecting the global economy impacted both the semiconductor industry and our own results of operations in fiscal year 2009. The recession reduced both business and consumer spending, which impacted sales of end-user products that incorporate our components. Consequently, for fiscal year 2009 net sales were down approximately 4 percent from the preceding year. However, our strength in revenue from new products and prudent expense management were key drivers in the Company maintaining bottom-line profitability for the year as a whole while establishing a solid base for future growth. Additionally, in the fourth quarter of fiscal year 2009, we announced a \$20 million stock repurchase program. No share repurchases under this program have occurred as of March 28, 2009.

During fiscal year 2008, we acquired 100 percent of the outstanding stock of Apex for a purchase price of approximately \$42.8 million, consisting primarily of cash and direct acquisition costs. Apex designs and produces integrated circuits, hybrids and modules used in a wide range of industrial and aerospace applications that require high-power precision analog products, such as PWM's and power amplifiers. These precision amplifiers are used for driving motors and piezoelectric devices, programmable power supplies and other devices requiring high power and precision control. In fiscal year 2008 we took additional steps to improve our competitive cost structure. First, we committed to a plan to close Caretta Integrated Circuits ("Caretta"), a subsidiary based in Shanghai, China. We also made a strategic decision to further streamline our organization structure which resulted in an additional headcount reduction of 61 employees. Finally, on January 30, 2008, we announced that our Board authorized a share repurchase program of up to \$150 million. The Company completed this share repurchase program on April 28, 2008 and purchased a total of 24.5 million shares, or approximately 28% of the total number of shares outstanding prior to the program. All shares of our common stock that were repurchased were cancelled as of June 28, 2008.

Results of Operations

The following table summarizes the results of our operations for each of the past three fiscal years as a percentage of net sales. All percentage amounts were calculated using the underlying data in thousands:

| | Fiscal Years Ended | | |
|---|--------------------|-------------------|-------------------|
| | March 28, 2009 | March 29, 2008 | March 31, 2007 |
| Net sales | 100% | 100% | 100% |
| Gross margin | 56% | 57% | 60% |
| Research and development | 26% | 27% | 24% |
| Selling, general and administrative | 26% | 29% | 29% |
| Restructuring costs and other, net | —% | 6% | 1% |
| Impairment of non-marketable securities | —% | 2% | 2% |
| Acquired in process research and development. | —% | 1% | 1% |
| Provision for litigation expenses | 1% | —% | —% |
| Impairment of intangible assets | 1% | —% | —% |
| Income (loss) from operations | 2% | (8%) | 3% |
| Realized gain on marketable securities | —% | —% | —% |
| Interest income | 2% | 7% | 7% |
| Other income (expense), net | —% | —% | —% |
| Income (loss) before income taxes | 4% | (1%) | 10% |
| Provision (benefit) for income taxes | 2% | 2% | (5%) |
| Net income (loss) | <u>2%</u> | <u>(3%)</u> | <u>15%</u> |

Net Sales

Commencing with fiscal year 2009, we report sales in two product categories: audio products and energy products. The energy product category had previously been referred to as “industrial,” but has been revised to reflect our focus on integrated circuits designed for a variety of energy exploration, measurement and control applications. Revenue in the new energy product line category includes certain product revenue such as ARM and Communication that is not an ongoing focus or typically considered an energy related product. Our sales by product line is as follows (in thousands):

| | <u>March 28, 2009</u> | <u>March 29, 2008</u> | <u>March 31, 2007</u> |
|---------------------------|---------------------------|---------------------------|---------------------------|
| Audio products | \$ 97,293 | \$ 100,097 | \$ 105,913 |
| Energy products | <u>77,349</u> | <u>81,788</u> | <u>76,391</u> |
| Total | <u>\$ 174,642</u> | <u>\$ 181,885</u> | <u>\$ 182,304</u> |

Net sales for fiscal year 2009 decreased 4 percent, to \$174.6 million from \$181.9 million in fiscal year 2008. The drop in net sales reflects a \$4.4 million decrease in energy product sales and a \$2.8 million decrease in audio product sales. Within the energy product group, sales decreases were primarily attributable to seismic, industrial A/D converters and amplifiers, communications, and ARM processor-based products. These decreases were partially offset by an increase in Apex Precision Power product sales, primarily attributable to a full years contributions in fiscal year 2009, as Apex was acquired by the Company on July 24, 2007. The audio products group experienced substantial growth from its’ portable products, which were partially offset by decreases in DAC and ADC product sales.

Net sales for fiscal year 2008 were \$181.9 million, virtually unchanged versus sales of \$182.3 million in fiscal year 2007. Fiscal year 2008 net sales were impacted by a contribution of \$12.6 million from Apex Precision Power products, which were acquired by the Company on July 24, 2007, and by a \$9.1 million increase in sales of portable products from our audio product line. These sales increases were offset by unfavorable sales variances from various products within the audio and energy product lines. In particular, DAC, interface, and ADC products within the audio products group experienced sales reductions in fiscal year 2008 versus fiscal year 2007, while seismic and communications products incurred unfavorable sales variances within the energy product group.

Export sales, principally to Asia, including sales to U.S.-based customers with manufacturing plants overseas, were approximately \$119.5 million in fiscal year 2009, \$112.5 million in fiscal year 2008, and \$112.8 million in fiscal year 2007. Export sales to customers located in Asia were 48 percent of net sales in fiscal year 2009, 40 percent of net sales in fiscal year 2008, and 44 percent of net sales in fiscal year 2007. All other export sales represented 20 percent, 22 percent, and 18 percent of net sales in fiscal years 2009, 2008, and 2007, respectively.

Our sales are denominated primarily in U.S. dollars. During fiscal years 2009, 2008, and 2007, we did not enter into any foreign currency hedging contracts.

Sales to Avnet, Inc., our largest distributor, represented 33 percent, 27 percent, and 29 percent of net sales in fiscal years 2009, 2008, and 2007, respectively. The increase in sales to Avnet from fiscal year 2008 to fiscal year 2009 is partially related to Avnet’s acquisition of Azzurri Technology Ltd., a former distributor for Cirrus Logic, early in fiscal year 2009. We had one end customer whose sales revenues represented more than 15% of the Company’s net sales for the fiscal year ending March 28, 2009, while sales to our ten largest customers represented approximately 36% of our revenues. No other customer or distributor represented more than 10 percent of net sales in fiscal years 2009, 2008, or 2007. The loss of a significant customer or a significant reduction in their orders could have an adverse affect on our sales.

Gross Margin

Gross margin was 56 percent in fiscal year 2009, down from 57 percent in fiscal year 2008. The decrease in margin from fiscal year 2008 was mainly due to changes in both customer and product mix. The audio product group experienced a reduction in margin from fiscal year 2008 to fiscal year 2009, which was partially

offset by an increase in energy product margin for this same period. The sale of product that had been written down in prior fiscal years contributed approximately \$1.6 million, or 0.9 percent, to gross margin compared to contribution of approximately \$1.1 million, or 0.6 percent, in fiscal year 2008. In total, excess and obsolete inventory charges decreased by \$1.4 million from fiscal year 2008, which increased gross margin by 0.8 percentage points.

Gross margin was 57 percent in fiscal year 2008, down from 60 percent in fiscal year 2007. The decrease in margins from fiscal year 2007 was mainly due to changes in both customer and product mix. Both the audio product group margin and energy product group margin experienced slight decreases in fiscal year 2008 versus fiscal year 2007. The sale of product that had been written down in prior fiscal years contributed approximately \$1.1 million, or 0.6 percent, to gross margin compared to contribution of approximately \$1.9 million, or 1.0 percent, in fiscal year 2007. In total, excess and obsolete inventory charges increased by \$0.4 million from fiscal year 2007, which decreased gross margin by 0.2 percentage points.

Research and Development Expenses

Fiscal year 2009 research and development expenses decreased \$4.2 million from fiscal year 2008. The decrease was primarily due to a decrease in product development expenses of \$1.9 million, as a result of lower mask expenses and engineering wafer costs. In addition, salary and benefit costs associated with research and development personnel decreased by \$1.5 million. Finally, non-recurring engineering worked performed and billed to third parties resulted in an additional \$0.7 million reduction in research and development expenses.

Fiscal year 2008 research and development expenses increased \$4.5 million from fiscal year 2007. Depreciation and amortization charges increased \$2.2 million, substantially due to the acquisition of Apex on July 24, 2007, and also due to the acquisition of certain assets from Tripath Technologies, Inc. for \$3.5 million in the first quarter of fiscal year 2008. Salary and benefits costs increased by \$1.3 million, largely attributable to the acquisition of Apex. Finally, product development expenses increased by \$0.9 million due to higher spending for outsourced firmware, engineering test time, and tape outs.

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased \$8.3 million in fiscal year 2009, or 15 percent, compared to fiscal year 2008. The decrease was primarily attributable to a \$3.7 million reduction in professional expenses caused by the absence of fees associated with the internal stock option investigation performed in fiscal year 2008 and the reduction in Silvaco lawsuit expenses. See also Part 1 — Item 3 “*Legal Proceedings*” for additional discussion regarding the Silvaco Data Systems lawsuit. Commission expense decreased \$1.2 million due primarily to lower sales and fluctuations in commissionable product mix in fiscal year 2009 versus fiscal year 2008. Salaries and benefits costs were \$1.5 million lower in fiscal year 2009 versus fiscal year 2008, primarily due to reduced headcount and other associated employee costs. Finally, occupancy costs in fiscal year 2009 were \$0.9 million lower than in fiscal year 2008, primarily due to the termination of a lease in Fremont, California.

Selling, general and administrative expenses increased \$1.8 million in fiscal year 2008 compared to fiscal year 2007, largely due to a \$2.9 million increase in professional expenses, primarily legal fees attributable to the SEC stock option investigation and the Silvaco lawsuit. These increases were partially offset by reductions in fees attributable to our internal stock option investigation expenses incurred in fiscal year 2007.

Restructuring Costs and Other, net

During fiscal year 2008, we recorded net restructuring charges of \$10.5 million as a separate line item on the statement of operations in operating expenses under the caption “*Restructuring costs and other, net.*” This net charge was comprised primarily of two separate steps taken to improve our competitive cost structure. First, we committed to a plan to close Caretta, a subsidiary based in Shanghai, China. This action eliminated approximately 30 positions in China during the Company’s fourth fiscal quarter, and resulted in the Company recording primarily a non-cash charge for the assets and goodwill related to Caretta of \$10.2 million, as well as \$0.9 million in cash payments for the affected employees. Also in the fourth quarter of fiscal year 2008, we

reduced headcount by 61 employees. The restructuring charge associated with this activity amounted to \$0.9 million, and were primarily related to employee severance costs. Also in fiscal year 2008, in connection with the expiration of a lease agreement in Fremont, California in December 2007, we recorded a \$1.5 million reduction to the fiscal year 2004 and 2006 restructuring liabilities to reduce the accrual to the estimated final settlement amounts. See also Note 10 - *Restructuring Costs and Other* of the Notes to Consolidated Financial Statements contained in Item 8 for additional discussion on these restructuring activities.

During fiscal year 2007, we recorded restructuring charges of \$1.0 million to operating expenses primarily related to the transition of design activities from our Boulder, Colorado office to our headquarters in Austin, Texas. The restructuring costs for the closure of the Boulder design center were composed of \$0.7 million in severance and relocation costs and \$0.3 million in facility related charges. Approximately 20 employees were affected by this action, five of whom relocated to our Austin headquarters.

As of March 28, 2009, we have a remaining restructuring accrual for all of our past restructurings of \$2.0 million, primarily related to future lease payments net of anticipated subleases that will be paid over the respective lease terms through fiscal year 2013. We have classified \$0.9 million of this restructuring accrual as long-term.

Impairment of Non-Marketable Securities

During the second quarter of fiscal year 2008, we determined an impairment indicator existed related to our remaining cost method investment in Magnum Semiconductor, Inc. ("Magnum"), as Magnum had received additional capital funding from other sources, and our portion of the investment was diluted. We performed a fair value analysis of our cost method investment in Magnum in accordance with Emerging Issues Task Force No. 03-1 ("EITF 03-1"), *"The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments."* Based on the results of the analysis on September 29, 2007, we recognized an impairment of \$3.7 million to reduce the carrying value of the Magnum cost method investment to zero. The impairment was recorded as a separate line item on the statement of operations in operating expenses under the caption *"Impairment of non-marketable securities."*

We previously determined, during the fourth quarter of fiscal year 2007, an impairment indicator existed related to our cost method investment in Magnum. We obtained an independent valuation of the fair value of our cost method investment in Magnum in accordance with EITF 03-1. Based on the results of the independent valuation, at March 31, 2007, we recognized an impairment of \$4.3 million to reduce the carrying value of the Magnum cost method investment to \$3.7 million. The impairment was recorded as a separate line item on the statement of operations in operating expenses under the caption *"Impairment of non-marketable securities."* For more details regarding our investment in Magnum, please see Note 4 — *Non-Marketable Securities* of the Notes to Consolidated Financial Statements contained in Item 8.

Acquired In-Process Research and Development

On July 24, 2007, we acquired 100 percent of the outstanding stock of Apex. The results of Apex's operations have been included in our consolidated financial statements since the acquisition date. We acquired Apex for a purchase price of approximately \$42.8 million, consisting primarily of cash and direct acquisition costs. Approximately \$1.8 million of the purchase price was allocated to in-process research and development and was included in total operating expenses on the consolidated statement of operations under the caption *"Acquired in process research and development."* Of the remaining purchase price, \$21.2 million was allocated to acquired intangible assets, \$16.9 million was allocated to identified assets including fixed assets, accounts receivable, and inventory, \$6.2 million was allocated to goodwill, and \$3.3 million was allocated to net liabilities assumed. In fiscal year 2009, a refund of \$0.2 million related to income taxes was received, which reduced goodwill to \$6.0 million.

During fiscal year 2007, we acquired 100 percent of the voting equity interests in Caretta, a company based in Shanghai, China that specialized in designing power management integrated circuits for the single-cell lithium ion battery market. In allocating the \$11.3 million purchase price, we immediately recognized an expense of \$1.9 million for research and development that was defined as "in-process" at the time of

acquisition. This charge is included in total operating expenses on the consolidated statement of operations under the caption *“Acquired in process research and development.”* Of the remaining purchase price, \$4.1 million was allocated to acquired technology, \$6.5 million was allocated to goodwill and \$1.2 million was allocated to net liabilities assumed. Due to the closure of this office, all technology and goodwill was written off in the fourth quarter of fiscal year 2008. See Note 10 — *Restructuring Costs and Other* of the Notes to Consolidated Financial Statements contained in Item 8 for further discussion.

Provision For Litigation Expenses

During the second quarter of fiscal year 2009, we recognized a \$1.8 million charge related to previously incurred and current legal fees and expenses associated with our ongoing derivative lawsuits. Approximately \$0.8 million of those costs were capitalized in *“Other current assets”* on the consolidated balance sheets as of March 29, 2008. Based on a proposed settlement of the derivative lawsuits in December 2008, the Company believed that it was more likely than not that previously incurred and current legal fees and expenses of \$1.8 million related to this matter would not ultimately be recovered under the Company’s Directors and Officers insurance policy and should be expensed. The charge was recorded as a separate line item on the consolidated statement of operations in operating expenses under the heading *“Provision for litigation expenses,”* with a corresponding reduction in *“Other current assets.”* Additional costs were incurred throughout fiscal year 2009 related to this matter resulting in a cumulative amount of \$2.2 million in provisions for litigation expenses as of March 28, 2009. On December 19, 2008, the initial Stipulation of Settlement (the *“Original Stipulation”*) between the parties with respect to the derivative lawsuit was filed with the federal court. On December 30, 2008, the federal court denied the parties’ proposed stipulation. On March 13, 2009, a Revised Stipulation of Settlement (the *“Revised Stipulation”*) was filed with the federal court. The Revised Stipulation modified the terms of the Original Stipulation to address the concerns of the Court raised in the Court’s denial of the Original Stipulation. On March 25, 2009, the Court preliminarily approved the settlement and scheduled a hearing for May 28, 2009, to consider whether to provide final approval of the settlement and enter judgment thereon. The ultimate disposition of the case may result in additional financial consequences, which we are unable to predict at this time, and any such adjustments will be recorded in accordance with FASB No. 5, *“Accounting for Contingencies.”* See Note 8, *Legal Matters*, to the Consolidated Financial Statements for additional information.

Impairment of Intangible Assets

In the fourth quarter of fiscal year 2009, we noted several impairment indicators surrounding our patents acquired from Tripath in June, 2007. We performed an impairment analysis under Statement of Financial Accounting Standard No. 144 (*“SFAS No. 144”*), *“Accounting for the Impairment or Disposal of Long-Lived Assets,”* and noted that the undiscounted cash flows estimated to be generated from these patents were less than the carrying amount of the assets. We then compared the estimated fair value of these assets to their carrying amount and recognized an impairment loss of \$2.1 million. These assets have a remaining carrying value of \$0.2 million at March 28, 2009. The impairment was recorded as a separate line item on the statement of operations in operating expenses under the caption *“Impairment of intangible assets.”*

Realized Gain on Marketable Securities

During the first quarter of fiscal year 2007, we sold all of our shares in Prudential Financial Inc. (*“Prudential”*) and realized a gain of \$0.2 million. We received these shares as we were a policy holder at the time of Prudential’s demutualization.

Interest Income

Interest income in fiscal years 2009, 2008, and 2007 was \$2.8 million, \$12.1 million, and \$13.1 million respectively. The decrease in interest income in fiscal year 2009 compared to fiscal years 2008 and 2007 was attributable to two factors: to lower average cash and cash equivalent balances on which interest was earned, principally attributable to the cash requirements associated with the Company’s common stock repurchases occurring in the fourth quarter of fiscal year 2008 and the first quarter of fiscal year 2009; and also to lower

yields on invested capital. On January 28, 2008 our Board of Directors authorized a share repurchase program of up to \$150 million. The Company completed the stock repurchase program on April 28, 2008, for a total of \$150 million with 24.5 million shares repurchased.

Income Taxes

We recorded an income tax provision of \$2.7 million in fiscal year 2009 on a pre-tax income of \$6.2 million, yielding an effective tax rate of 44 percent. Our effective tax rate was higher than the U.S. statutory rate of 35 percent primarily due to a \$2.7 million charge to tax expense in the fourth quarter of fiscal year 2009 to increase the valuation allowance on our U.S. deferred tax assets. This increase in the valuation allowance was based on an evaluation of the net U.S. deferred tax assets we expect to utilize in the upcoming year as a result of projected tax basis net income.

We recorded an income tax provision of \$3.0 million in fiscal year 2008 on a pre-tax loss of \$2.8 million, yielding an effective tax rate of 109 percent. Our effective tax rate was higher than the U.S. statutory rate of 35 percent primarily due to a \$4.6 million charge to tax expense to increase the valuation allowance on our U.S. deferred tax assets.

In fiscal year 2007, we released \$7.8 million of the valuation allowance that had been placed on our U.S. deferred tax assets. This release was based on our history of utilizing deferred tax assets and our expectation to do so again in fiscal year 2008. We recorded an income tax benefit of \$8.4 million in fiscal year 2007 on pre-tax income of \$19.5 million, yielding an effective tax benefit rate of 43.1 percent. Our effective tax rate was lower than the U.S. statutory rate of 35 percent primarily as a result of the realization of deferred tax assets that had been fully reserved and the release of a portion of the valuation allowance on certain deferred tax assets that have not yet been utilized. Our effective tax rate also reflected a nonrecurring tax benefit of \$0.7 million that was generated by the reversal of prior year non-U.S. tax liabilities due to the expiration of statutes of limitations for the years in which certain potential non-U.S. tax liabilities had existed.

We evaluate the realizability of the deferred tax assets on a quarterly basis. We have deferred tax assets generated in non-U.S. jurisdictions that we have recognized since it is more likely than not that these assets will be realized.

Outlook

The credit market crisis and other macro-economic challenges currently affecting the global economy impacted both the semiconductor industry and our own results of operations in fiscal year 2009. Global business and consumer spending decreased, resulting in lower end user demand for our products — particularly during the third and fourth quarters of fiscal year 2009. In turn, our customers reacted to the lower end user demand by reducing their orders for many of our products. Since we cannot predict the severity, duration or precise impact of the economic downturn on our future financial results, our reported results for the fourth quarter and fiscal year 2009 may not be indicative of our future results. Our outlook for fiscal year 2010 reinforces our commitment to drive to consistent operating profitability exclusive of any unusual, non-recurring events, such as acquisitions, divestures, impairments, or litigation events. Given current indicators, we expect to maintain operating profitability, exclusive of unforeseen events or a further deterioration in the macro economic environment, by achieving design wins and market share growth and continuing to focus on developing outstanding analog and digital signal processing components for the audio and energy markets. We remain committed to being a profitable company and utilizing our engineering and intellectual property resources to achieve growth.

We are focused on building a leadership position in our audio and energy product lines. We believe that we will continue to build on our success in portable audio applications, as we focus on expanding our market reach to include smart phone applications. In addition, we have new products that support home audio applications, such as sound bars, as well as new automotive audio applications. During fiscal year 2009, we also launched new energy products which provide new market opportunities related to motor control. We look to expand our reach into the smart energy markets, as we begin sampling new power factor correction products this year.

Overall, we believe that we are well positioned to face the challenges presented by the current economic environment, but future sales, costs, margins, profits and profitability are all influenced by numerous factors, all of which are inherently difficult to forecast. Please refer to *Item 1A — Risk Factors* for additional information on these factors.

Liquidity and Capital Resources

In fiscal year 2009, our operating activities generated \$23.1 million in cash. The positive cash flow from operating activities is predominantly due to the cash components of our net income as well as a \$9.3 million decrease in accounts receivable and a \$2.7 million decrease in inventory, which were partially offset by a \$6.3 million decrease in accounts payable and a \$4.3 million decrease in other accrued liabilities. In fiscal year 2008, our operating activities generated \$31.4 million in cash. The positive cash flow from operating activities was predominantly due to the cash components of our net loss as well as a \$4.9 million increase in accounts payable, a \$2.3 million increase in other accrued liabilities, and a \$2.3 million increase in deferred revenue. These increases were partially offset by a \$3.3 million increase in inventories and a \$1.7 million decrease in accrued salaries and benefits. In fiscal year 2007, our operating activities generated \$35.6 million in cash. The positive cash flow from operating activities was predominantly due to the cash components of our net income as well as a \$2.4 million and \$2.2 million decrease in inventories and accounts receivable, respectively. These increases were partially offset by a \$3.7 million decrease in accounts payable.

In fiscal year 2009, we generated approximately \$36.5 million in cash from investing activities, principally due to the net sale of \$41.8 million in marketable securities. In addition, during fiscal year 2009 we invested \$3.1 million in property, equipment, and capitalized software and \$2.1 million in technology. In fiscal year 2008, we generated approximately \$2.9 million in cash from investing activities, principally due to the net sale of \$53.4 million in marketable securities, substantially offset by our purchase of Apex for approximately \$42.8 million, net of cash acquired. In addition, during fiscal year 2008 we invested \$3.8 million and \$3.7 million in technology and property, equipment, and capitalized software, respectively. In fiscal year 2007, we used approximately \$71.5 million in cash for investing activities. This was principally due to the net purchase of \$56.7 million in marketable securities and our purchase of Caretta for approximately \$10.7 million, net of cash acquired. In addition, during fiscal year 2007 we invested \$3.3 million and \$2.0 million in technology and property, equipment, and capitalized software, respectively.

During fiscal years 2009, 2008, and 2007, we generated \$2.6 million, \$5.6 million and \$7.2 million, respectively, in cash from financing activities related to the receipt of cash from common stock issuances as a result of the exercises of employee stock options and our employee stock purchase plan. During the first quarter of fiscal year 2009, the Company utilized approximately \$87.2 million in cash to repurchase and retire portions of its outstanding common stock, as previously discussed in Part II — Item 5 — *Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities*. During the fourth quarter of fiscal year 2008, the Company utilized approximately \$71.1 million in cash to repurchase and retire portions of its outstanding common stock under this same stock repurchase program.

As of March 28, 2009, we had restricted investments of \$5.8 million, which primarily secures certain obligations under our lease agreement for our principal facility located in Austin, Texas. This facility is 197,000 square feet and houses our headquarters and engineering operations. The lease agreement for our headquarters and engineering facility includes a letter of credit in the amount of \$5.1 million until November 2011, at which point the requirement decreases to \$2.6 million with the letter of credit ceasing in May 2012.

Although we cannot provide assurances to our stockholders that we will be able to generate cash in the future, we anticipate that our existing capital resources and cash flow generated from future operations will enable us to maintain our current level of operations for at least the next 12 months.

Off-Balance Sheet Arrangements

In our business activities, we incur certain commitments to make future payments under contracts such as purchase orders, operating leases and other long-term contracts. Maturities under these contracts are set forth in the following table as of March 28, 2009:

| | Payment due by period (in thousands) | | | | Total |
|---|--------------------------------------|-----------------|-----------------|-------------|------------------|
| | < 1 year | 1 – 3 years | 3 – 5 years | > 5 years | |
| Facilities leases, net | \$ 4,794 | \$ 8,477 | \$ 1,748 | \$ — | \$ 15,019 |
| Equipment leases | 16 | 8 | — | — | 24 |
| Wafer purchase commitments . . | 6,458 | — | — | — | 6,458 |
| Assembly purchase commitments | 712 | — | — | — | 712 |
| Outside test purchase commitments | 1,254 | — | — | — | 1,254 |
| Manufacturing raw materials . . | 534 | — | — | — | 534 |
| Other purchase commitments . . | <u>133</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>133</u> |
| Total | <u>\$ 13,901</u> | <u>\$ 8,485</u> | <u>\$ 1,748</u> | <u>\$ —</u> | <u>\$ 24,134</u> |

Recently Issued Accounting Pronouncements

In May 2008, the FASB issued SFAS No. 162, “*The Hierarchy of Generally Accepted Accounting Principles*” (“SFAS No. 162”). SFAS No. 162 identifies the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements. SFAS No. 162 is effective 60 days following the SEC’s approval of the Public Company Accounting Oversight Board amendments to AU Section 411, “*The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles*.” The implementation of this standard is not expected to have a material impact on our consolidated financial position, results of operations or cash flows.

In April 2008, the FASB issued FASB Staff Position (“FSP”) No. 142-3, “*Determination of the Useful Life of Intangible Assets*,” (FSP 142-3) that amends the factors considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS 142. FSP 142-3 requires a consistent approach between the useful life of a recognized intangible asset under SFAS 142 and the period of expected cash flows used to measure the fair value of an asset under SFAS No. 141(revised) “*Business Combinations*” (“SFAS No. 141R”). The FSP also requires enhanced disclosures when an intangible asset’s expected future cash flows are affected by an entity’s intent and/or ability to renew or extend the arrangement. FSP 142-3 is effective for financial statements issued for fiscal years beginning after December 15, 2008 and is applied prospectively. Early adoption is prohibited. We do not expect the adoption of FSP 142-3 to have a material impact on our consolidated results of operations or financial condition.

In December 2007, the Financial Accounting Standards Board (FASB) issued SFAS No. 141R, “*Business Combinations*.” SFAS No. 141R provides for several changes in the manner in which an entity accounts for business combinations. It establishes principles and requirements for how an acquirer recognizes fair values of acquired assets, including goodwill, and assumed liabilities. SFAS No. 141R requires the acquirer to recognize 100% of the fair values of acquired assets and liabilities, including goodwill, even if the acquirer has acquired less than 100% of the target. As a result, the current step-acquisition model will be eliminated. SFAS No. 141R requires that transaction costs be expensed as incurred and are not considered part of the fair value of an acquirer’s interest. Under SFAS No. 141R, acquired research and development value will no longer be expensed at acquisition, but instead will be capitalized as an indefinite-lived intangible asset, subject to impairment accounting throughout its development stage and then subject to amortization and impairment after development is complete. SFAS No. 141R is effective for fiscal years beginning after December 15, 2008. Adoption is prospective and early adoption is not permitted. The impact of adopting SFAS No. 141R will be dependent on the future business combinations that the Company may pursue.

In December 2007, the FASB issued SFAS No. 160, “*Noncontrolling Interests in Consolidated Financial Statements — an Amendment of ARB 51*” (“SFAS No. 160”). This statement amends Accounting Research Bulletin (ARB) 51, “*Consolidated Financial Statements*,” to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. The statement clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. This statement is effective for fiscal years and interim periods within those fiscal years, beginning on or after December 15, 2008, which was March 29, 2009 for Cirrus. As of the date of the adoption, SFAS No. 160 did not have a material impact on our financial position or results of operations.

In September 2006, the FASB issued SFAS No. 157, “*Fair Value Measurements*” (“SFAS No. 157”), which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. In February 2008, the FASB released Staff Position No. FAS 157-2, “*Effective Date of FASB Statement No. 157*,” which provides for delayed application of SFAS No. 157 for non-financial assets and non-financial liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually), until fiscal years beginning after November 15, 2008, and interim periods within those years. The Company adopted certain provisions of SFAS No. 157 effective March 30, 2008 (see Note 9, *Fair Value Measurements*, to the Condensed Consolidated Financial Statements for additional information). We adopted the provisions of SFAS 157 with respect to our non-financial assets and non-financial liabilities effective March 29, 2009 pursuant to the requirements of FSP 157-2. The implementation of this standard is not expected to have a material impact on our consolidated financial position, results of operations or cash flows.

Critical Accounting Policies

Our discussion and analysis of the Company’s financial condition and results of operations are based upon the consolidated financial statements included in this report, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts. We evaluate the estimates on an on-going basis. We base these estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions. We also have policies that we consider to be key accounting policies, such as our policies for revenue recognition, including the deferral of revenues and cost of sales on sales to our distributors, and our stock option granting practices; however, these policies do not meet the definition of critical accounting estimates because they do not generally require us to make estimates or judgments that are difficult or subjective.

We believe the following critical accounting policies involve significant judgments and estimates that are used in the preparation of the consolidated financial statements:

- For purposes of determining the variables used in the calculation of stock compensation expense under the provisions of the Financial Accounting Standard Board’s Statement of Financial Accounting Standards No. 123 (R) “*Share-Based Payment*” (“SFAS No. 123(R)”), we perform an analysis of current market data and historical company data to calculate an estimate of implied volatility, the expected term of the option and the expected forfeiture rate. With the exception of the expected forfeiture rate, which is not an input, we use these estimates as variables in the Black-Scholes option pricing model. Depending upon the number of stock options granted, any fluctuations in these calculations could have a material effect on the results presented in our Consolidated Statement of Operations. In addition, any differences between estimated forfeitures and actual forfeitures could also have a material impact on our financial statements. See Note 12 — *Stockholders’ Equity* of the Notes to Consolidated Financials Statements contained in Item 8.
- We maintain allowances for doubtful accounts for estimated losses resulting from the inability or failure of our customers to make required payments. We regularly evaluate our allowance for doubtful

accounts based upon the age of the receivable, our ongoing customer relations, as well as any disputes with the customer. If the financial condition of our customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required, which could have a material effect on our operating results and financial position. Additionally, we may maintain an allowance for doubtful accounts for estimated losses on receivables from customers with whom we are involved in litigation. See Note 3 — *Accounts Receivable, net* of the Notes to Consolidated Financial Statements contained in Item 8.

- Inventories are recorded at the lower of cost or market, with cost being determined on a first-in, first-out basis. We write down inventories to net realizable value based on forecasted demand, management judgment and the age of inventory. Actual demand and market conditions may be different from those projected by management, which could have a material effect on our operating results and financial position. See Note 1 — *Description of Business and Summary of Significant Accounting Policies* of the Notes to Consolidated Financial Statements contained in Item 8.
- We evaluate the recoverability of property, plant and equipment and intangible assets in accordance with Statement of Financial Accounting Standard No. 144 (“SFAS No. 144”), *Accounting for the Impairment or Disposal of Long-Lived Assets*. We test for impairment losses on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets’ carrying amounts. An impairment loss is recognized in the event the carrying value of these assets exceeds the fair value of the applicable assets. Impairment evaluations involve management estimates of asset useful lives and future cash flows. Actual useful lives and cash flows could be different from those estimated by management, which could have a material effect on our operating results and financial position. See Note 6 — *Intangibles, net* of the Notes to Consolidated Financial Statements contained in Item 8.
- The Company accounts for goodwill and other intangible assets in accordance with SFAS No. 142, *Goodwill and Other Intangible Assets* (“SFAS No. 142”). Goodwill is recorded at the time of an acquisition and is calculated as the difference between the aggregate consideration paid for an acquisition and the fair value of the net tangible and intangible assets acquired. Accounting for acquisitions requires extensive use of accounting estimates and judgments to allocate the purchase price to the fair value of the net tangible and intangible assets acquired, including in-process research and development (IPR&D). Goodwill and intangible assets deemed to have indefinite lives are not amortized but are subject to annual impairment tests. If the assumptions and estimates used to allocate the purchase price are not correct, or if business conditions change, purchase price adjustments or future asset impairment charges could be required. The value of our intangible assets, including goodwill, could be impacted by future adverse changes such as: (i) any future declines in our operating results, (ii) a decline in the valuation of technology company stocks, including the valuation of our common stock, (iii) a significant slowdown in the worldwide economy and the semiconductor industry or (iv) any failure to meet the performance projections included in our forecasts of future operating results. In accordance with SFAS No. 142, the Company tests goodwill for impairment on an annual basis or more frequently if the Company believes indicators of impairment exist. Impairment evaluations involve management estimates of asset useful lives and future cash flows. Significant management judgment is required in the forecasts of future operating results that are used in the evaluations. It is possible, however, that the plans and estimates used may be incorrect. If our actual results, or the plans and estimates used in future impairment analysis, are lower than the original estimates used to assess the recoverability of these assets, we could incur additional impairment charges in a future period.
- Our available-for-sale investments, non-marketable securities and other investments are subject to a periodic impairment review pursuant to FSP 115-1 and FSP 124-1. Investments are considered to be impaired when a decline in fair value is judged to be other-than-temporary. This determination requires significant judgment and actual results may be materially different than our estimate. Marketable securities are evaluated for impairment if the decline in fair value below cost basis is significant and/or has lasted for an extended period of time. Non-marketable securities or other investments are

considered to be impaired when a decline in fair value is judged to be other-than-temporary. For investments accounted for using the cost method of accounting, we evaluate information (e.g., budgets, business plans, financial statements, etc.) in addition to quoted market price, if any, in determining whether an other-than-temporary decline in value exists. Factors indicative of an other-than-temporary decline include recurring operating losses, credit defaults, and subsequent rounds of financings at an amount below the cost basis of the investment. This list is not all inclusive and we weigh all quantitative and qualitative factors in determining if an other-than-temporary decline in value of an investment has occurred. When a decline in value is deemed to be other-than-temporary, we recognize an impairment loss in the current period's operating results to the extent of the decline. Actual values could be different from those estimated by management, which could have a material effect on our operating results and financial position. See Note 2 — *Marketable Securities* and Note 4 — *Non-Marketable Securities* of the Notes to Consolidated Financial Statements contained in Item 8.

- In accordance with Statement of Financial Accounting Standards No. 109 (“SFAS No. 109”), “*Accounting for Income Taxes*,” we provide for the recognition of deferred tax assets if realization of such assets is more likely than not. We have provided a valuation allowance against a substantial portion of our net U.S. deferred tax assets due to uncertainties regarding their realization. We evaluate the realizability of our deferred tax assets on a quarterly basis by determining whether or not the anticipated pre-tax income for the upcoming twelve months is expected to be sufficient to utilize the deferred tax assets that we have recognized. If our future income is not sufficient to utilize the deferred tax assets that we have recognized, we increase the valuation allowance to the point at which all of the remaining recognized deferred tax assets will be utilized by the anticipated future pre-tax income for the next twelve months. An increase in the valuation allowance results in a simultaneous increase to income tax expense or, in some cases, a decrease in contributed capital. If our anticipated future pre-tax income is sufficient to conclude that additional deferred tax assets should be recognized, we decrease the valuation allowance. This results in a simultaneous decrease to income tax expense or, possibly, an increase in contributed capital. See Note 14 — *Income Taxes* of the Notes to Consolidated Financial Statements contained in Item 8.
- Restructuring charges for workforce reductions and facilities consolidations reflected in the accompanying financial statements were accrued based upon specific plans established by management, in accordance with SFAS No. 146, “*Accounting for Costs Associated with Exit or Disposal Activities*.” We use an estimated borrowing rate as the discount rate for all of our restructuring accruals made under SFAS No. 146. Our facilities consolidation accruals are based upon our estimates as to the length of time a facility would be vacant, as well as the amount of sublease income we would receive once we sublet the facility, after considering current and projected market conditions. Changes in these estimates could result in an adjustment to our restructuring accruals in a future quarter, which could have a material effect on our operating results and financial position. See Note 10 — *Restructuring Costs and Other* of the Notes to Consolidated Financial Statements contained in Item 8.
- We are subject to the possibility of loss contingencies for various legal matters. See Note 8 — *Legal Matters* of the Notes to Consolidated Financial Statements contained in Item 8. We regularly evaluate current information available to us to determine whether any accruals should be made based on the status of the case, the results of the discovery process and other factors. If we ultimately determine that an accrual should be made for a legal matter, this accrual could have a material effect on our operating results and financial position and the ultimate outcome may be materially different than our estimate.

ITEM 7A. *Quantitative and Qualitative Disclosures about Market Risk*

We are exposed to market risks associated with interest rates on our debt securities, currency movements on non-U.S. dollar denominated assets and liabilities, and the affect of market factors on the value of our non-marketable equity securities. We assess these risks on a regular basis and have established policies to protect against the adverse effects of these and other potential exposures. All of the potential changes noted below are based on sensitivity analyses as of March 28, 2009. Actual results may differ materially.

Interest Rate Risk

At March 28, 2009, an immediate one percent, or 100 basis points, increase or decrease in interest rates could result in a \$1.5 million fluctuation in our annual interest income. At March 29, 2008, an immediate one percent, or 100 basis points, increase or decrease in interest rates could have resulted in a \$2.3 million fluctuation in our annual interest income. At March 31, 2007, an immediate one percent, or 100 basis points, increase or decrease in interest rates could have resulted in a \$2.6 million fluctuation in our annual interest income. For all of these fiscal years, the risks associated with fluctuating interest rates were limited to our annual interest income and not the underlying principal as we generally have the ability to hold debt related investments to maturity. The decreased interest rate risk is based solely on a decrease in total cash and marketable securities. The amounts disclosed in this paragraph are based on a 100 basis point fluctuation in interest rates applied to the average cash balance for that fiscal year.

Foreign Currency Exchange Risk

Our revenue and spending is transacted primarily in U.S. dollars; however, in fiscal years 2009, 2008, and 2007, we entered into minimal transactions in other currencies to fund the operating needs of our design, technical support and sales offices outside of the U.S. As of March 28, 2009 and March 29, 2008, a ten percent change in the value of the related currencies would not have a material impact on our results of operations and financial position.

In addition to the direct effects of changes in exchange rates on the value of open exchange contracts, we may, from time to time, have changes in exchange rates that can also affect the volume of sales or the foreign currency sales prices of our products and the relative costs of operations based overseas.

Non-Marketable Securities Risk

Our investments in non-marketable securities are affected by many of the same factors that could result in an adverse movement of market prices, although the impact cannot be directly quantified. Such a movement and the underlying economic conditions would negatively affect the prospects of the companies we invest in, their ability to raise additional capital and the likelihood of our being able to realize our investments through liquidity events such as initial public offerings, mergers or private sales. These types of investments involve a great deal of risk, and there can be no assurance that any specific company will grow or become successful; consequently, we could lose all or part of our investment. As of March 31, 2007, our investments in non-marketable securities had a carrying value of \$3.6 million. This carrying amount approximated fair value as of March 31, 2007. During the second quarter of fiscal year 2008, we determined an impairment indicator existed related to our remaining cost method investment in Magnum, as Magnum had participated in another round of capital funding from other sources, and our portion of the investment was diluted. We performed a fair value analysis of our cost method investment in Magnum in accordance with EITF 03-1. Based on the results of that analysis as of September 29, 2007, we recognized an impairment of \$3.7 million to reduce the carrying value of the Magnum cost method investment to zero. The impairment is recorded as a separate line item on the statement of operations in operating expenses under the caption "*Impairment of non-marketable securities.*" At March 28, 2009, we had no remaining investments in non-marketable securities that have not been fully impaired.

ITEM 8. *Financial Statements and Supplementary Data*

Index to Consolidated Financial Statements

| | |
|---|----|
| Reports of Independent Registered Public Accounting Firm | 37 |
| Consolidated Balance Sheets as of March 28, 2009 and March 29, 2008. | 39 |
| Consolidated Statements of Operations for the Fiscal Years Ended March 28, 2009, March 29, 2008 and March 31, 2007. | 40 |
| Consolidated Statements of Cash Flows for the Fiscal Years Ended March 28, 2009, March 29, 2008 and March 31, 2007. | 41 |
| Consolidated Statements of Stockholders' Equity for the Fiscal Years Ended March 28, 2009, March 29, 2008, and March 31, 2007. | 42 |
| Notes to Consolidated Financial Statements | 43 |

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of Cirrus Logic, Inc.

We have audited the accompanying consolidated balance sheets of Cirrus Logic, Inc. as of March 28, 2009 and March 29, 2008, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three fiscal years in the period ended March 28, 2009. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Cirrus Logic, Inc. at March 28, 2009 and March 29, 2008, and the consolidated results of its operations and its cash flows for each of the three years in the period ended March 28, 2009, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 1 to the consolidated financial statements, effective April 1, 2007, the Company adopted Financial Accounting Standards Board Financial Interpretation No. 48, *"Accounting for Uncertainty in Income Taxes"*.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Cirrus Logic, Inc.'s internal control over financial reporting as of March 28, 2009, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated May 29, 2009 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Austin, Texas
May 29, 2009

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of Cirrus Logic, Inc.

We have audited Cirrus Logic, Inc.'s internal control over financial reporting as of March 28, 2009, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Cirrus Logic, Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Cirrus Logic, Inc. maintained, in all material respects, effective internal control over financial reporting as of March 28, 2009, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Cirrus Logic, Inc. as of March 28, 2009 and March 29, 2008, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three fiscal years in the period ended March 28, 2009 of Cirrus Logic, Inc. and our report dated May 29, 2009 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Austin, Texas
May 29, 2009

CIRRUS LOGIC, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except per share amounts)

| | <u>March 28, 2009</u> | <u>March 29, 2008</u> |
|---|---------------------------|---------------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$31,504 | \$56,614 |
| Restricted investments | 5,755 | 5,755 |
| Marketable securities | 79,346 | 125,129 |
| Accounts receivable, net | 13,306 | 22,652 |
| Inventories | 19,878 | 22,464 |
| Prepaid assets | 2,527 | 2,744 |
| Other current assets | <u>2,832</u> | <u>7,297</u> |
| Total current assets | 155,148 | 242,655 |
| Long-term marketable securities | 3,627 | — |
| Property, plant and equipment, net | 19,367 | 20,961 |
| Intangibles, net | 23,309 | 26,044 |
| Goodwill | 6,027 | 6,194 |
| Other assets | <u>2,018</u> | <u>2,452</u> |
| | <u>\$209,496</u> | <u>\$298,306</u> |
| Liabilities and Stockholders' Equity | | |
| Current liabilities: | | |
| Accounts payable | \$9,886 | \$16,164 |
| Accrued salaries and benefits | 6,432 | 7,085 |
| Deferred income on shipments to distributors | 5,918 | 6,584 |
| Other accrued liabilities | <u>6,004</u> | <u>18,157</u> |
| Total current liabilities | 28,240 | 47,990 |
| Lease commitments and contingencies | 2,077 | 2,924 |
| Long-term restructuring accrual | 931 | 1,818 |
| Other long-term liabilities | 5,320 | 4,639 |
| Stockholders' Equity: | | |
| Preferred stock, 5.0 million shares authorized but unissued | — | — |
| Common stock, \$0.001 par value, 280,000 shares authorized, 65,241 shares and 75,899 shares issued and outstanding at March 28, 2009 and March 29, 2008, respectively | 65 | 76 |
| Additional paid-in capital | 945,390 | 937,640 |
| Accumulated deficit | (771,951) | (696,557) |
| Accumulated other comprehensive loss | <u>(576)</u> | <u>(224)</u> |
| Total stockholders' equity | <u>172,928</u> | <u>240,935</u> |
| | <u>\$209,496</u> | <u>\$298,306</u> |

The accompanying notes are an integral part of these financial statements.

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

| | Fiscal Years Ended | | |
|--|---------------------------|---------------------------|---------------------------|
| | March 28, 2009 | March 29, 2008 | March 31, 2007 |
| Net sales | \$174,642 | \$181,885 | \$182,304 |
| Cost of sales | <u>77,458</u> | <u>78,652</u> | <u>73,290</u> |
| Gross margin | <u>97,184</u> | <u>103,233</u> | <u>109,014</u> |
| Operating expenses: | | | |
| Research and development | 44,315 | 48,484 | 43,961 |
| Selling, general and administrative | 45,304 | 53,554 | 51,755 |
| Restructuring costs and other, net | — | 10,542 | 1,106 |
| Impairment of non-marketable securities | — | 3,657 | 4,290 |
| Acquired in-process research and development | — | 1,761 | 1,925 |
| Provision for litigation expenses | 2,205 | — | — |
| Impairment of intangible assets | <u>2,144</u> | <u>—</u> | <u>—</u> |
| Total operating expenses | <u>93,968</u> | <u>117,998</u> | <u>103,037</u> |
| Income (loss) from operations | 3,216 | (14,765) | 5,977 |
| Realized gain on marketable securities | — | — | 193 |
| Interest income | 2,777 | 12,068 | 13,146 |
| Other income (expense), net | <u>164</u> | <u>(104)</u> | <u>177</u> |
| Income (loss) before income taxes | 6,157 | (2,801) | 19,493 |
| Provision (benefit) for income taxes | <u>2,682</u> | <u>3,045</u> | <u>(8,402)</u> |
| Net income (loss) | <u>\$ 3,475</u> | <u>\$ (5,846)</u> | <u>\$ 27,895</u> |
| Basic earnings (loss) per share: | \$ 0.05 | \$ (0.07) | \$ 0.32 |
| Diluted earnings (loss) per share | \$ 0.05 | \$ (0.07) | \$ 0.31 |
| Weighted average common shares outstanding: | | | |
| Basic | 65,530 | 87,967 | 87,643 |
| Diluted | 65,711 | 87,967 | 88,805 |

The accompanying notes are an integral part of these financial statements.

CIRRUS LOGIC, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

| | Fiscal Years Ended | | |
|--|--------------------|-------------------|-------------------|
| | March 28, 2009 | March 29, 2008 | March 31, 2007 |
| Cash flows from operating activities: | | | |
| Net income (loss) | \$ 3,475 | \$ (5,846) | \$ 27,895 |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: | | | |
| Depreciation and amortization | 8,168 | 8,582 | 6,382 |
| Acquired in-process research and development | — | 1,761 | 1,925 |
| Loss on retirement or write-off of long-lived assets | 113 | 8 | 235 |
| Amortization of lease settlement | (995) | (249) | (746) |
| Deferred income taxes | 2,701 | 4,222 | (7,553) |
| Realized gain on marketable securities | — | — | (193) |
| Stock compensation expense | 5,166 | 5,274 | 5,481 |
| Impairment of intangible assets | 2,144 | 10,433 | — |
| Impairment of non-marketable securities | — | 3,657 | 4,290 |
| Changes in operating assets and liabilities: | | | |
| Accounts receivable, net | 9,346 | (666) | 2,150 |
| Inventories | 2,744 | (3,259) | 2,396 |
| Other assets | 2,201 | (332) | 1,623 |
| Accounts payable | (6,278) | 4,868 | (3,721) |
| Accrued salaries and benefits | (653) | (1,672) | 1,196 |
| Deferred revenues | (666) | 2,294 | (2,808) |
| Income taxes payable | — | (3) | (667) |
| Other accrued liabilities | (4,399) | 2,278 | (2,260) |
| Net cash provided by operating activities | <u>23,067</u> | <u>31,350</u> | <u>35,625</u> |
| Cash flows from investing activities: | | | |
| Proceeds from sale of marketable securities | 148,941 | 250,549 | 161,524 |
| Purchases of available for sale marketable securities | (107,137) | (197,119) | (218,186) |
| Purchases of property, plant and equipment | (3,060) | (3,699) | (1,981) |
| Investments in technology | (2,127) | (3,750) | (3,282) |
| Acquisition of businesses, net of cash acquired | (550) | (42,753) | (10,713) |
| Proceeds from sale of property, plant and equipment | — | — | 52 |
| Decrease (increase) in deposits and other assets | 414 | (360) | 1,062 |
| Net cash provided by (used in) investing activities | <u>36,481</u> | <u>2,868</u> | <u>(71,524)</u> |
| Cash flows from financing activities: | | | |
| Repurchase and retirement of common stock | (87,242) | (71,119) | — |
| Issuance of common stock, net of issuance costs | 2,584 | 5,555 | 7,184 |
| Net cash provided by (used in) financing activities | <u>(84,658)</u> | <u>(65,564)</u> | <u>7,184</u> |
| Net decrease in cash and cash equivalents | (25,110) | (31,346) | (28,715) |
| Cash and cash equivalents at beginning of year | 56,614 | 87,960 | 116,675 |
| Cash and cash equivalents at end of year | <u>\$ 31,504</u> | <u>\$ 56,614</u> | <u>\$ 87,960</u> |
| Supplemental disclosures of cash flow information | | | |
| Cash payments (refunds) during the year for: | | | |
| Interest expense | \$ — | \$ — | \$ — |
| Income taxes | 174 | 141 | (165) |

The accompanying notes are an integral part of these financial statements.

CIRRUS LOGIC, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands)

| | <u>Common Stock</u> | | <u>Additional Paid-in Capital</u> | <u>Accumulated Deficit</u> | <u>Accumulated Other Comprehensive Income (Loss)</u> | <u>Total</u> |
|--|---------------------|---------------|---|--------------------------------|--|------------------|
| | <u>Shares</u> | <u>Amount</u> | | | | |
| Balance, March 25, 2006 | 86,816 | \$ 87 | \$914,148 | \$(649,075) | \$(890) | \$264,270 |
| Components of comprehensive income (loss): | | | | | | |
| Net income | — | — | — | 27,895 | — | 27,895 |
| Change in unrealized loss on marketable securities | — | — | — | — | 300 | 300 |
| Realized gain on marketable securities | — | — | — | — | (193) | (193) |
| Total comprehensive income | — | — | — | — | — | 28,002 |
| Issuance of stock under stock plans | 1,347 | 1 | 7,183 | — | — | 7,184 |
| Amortization of deferred stock compensation | — | — | 5,481 | — | — | 5,481 |
| Balance, March 31, 2007 | 88,163 | 88 | 926,812 | (621,180) | (783) | 304,937 |
| Components of comprehensive income (loss): | | | | | | |
| Net loss | — | — | — | (5,846) | — | (5,846) |
| Change in unrealized gain on marketable securities | — | — | — | — | 559 | 559 |
| Total comprehensive income | — | — | — | — | — | (5,287) |
| Issuance of stock under stock plans | 1,043 | 1 | 5,554 | — | — | 5,555 |
| Cumulative effect of initial adoption of FIN 48 | — | — | — | 1,575 | — | 1,575 |
| Repurchase and retirement of common stock | (13,307) | (13) | — | (71,106) | — | (71,119) |
| Amortization of deferred stock compensation | — | — | 5,274 | — | — | 5,274 |
| Balance, March 29, 2008 | 75,899 | 76 | 937,640 | (696,557) | (224) | 240,935 |
| Components of comprehensive income (loss): | | | | | | |
| Net income | — | — | — | 3,475 | — | 3,475 |
| Change in unrealized gain on marketable securities | — | — | — | — | (352) | (352) |
| Total comprehensive income | — | — | — | — | — | 3,123 |
| Issuance of stock under stock plans | 579 | — | 2,584 | — | — | 2,584 |
| Repurchase and retirement of common stock | (11,237) | (11) | — | (78,869) | — | (78,880) |
| Amortization of deferred stock compensation | — | — | 5,166 | — | — | 5,166 |
| Balance, March 28, 2009 | <u>65,241</u> | <u>\$ 65</u> | <u>\$945,390</u> | <u>\$(771,951)</u> | <u>\$(576)</u> | <u>\$172,928</u> |

The accompanying notes are an integral part of these financial statements.

CIRRUS LOGIC, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Description of Business and Summary of Significant Accounting Policies

Description of Business

Cirrus Logic, Inc. (“Cirrus Logic,” “Cirrus,” “We,” “Us,” “Our,” or the “Company”) develops high-precision, analog and mixed-signal integrated circuits (“ICs”) for a broad range of consumer and industrial markets. Building on our diverse analog and mixed-signal patent portfolio, Cirrus Logic delivers highly optimized products for consumer and commercial audio, automotive entertainment and targeted industrial applications. We also develop ICs, board-level modules and hybrids for high-power amplifier applications branded as the Apex Precision Power™ (“Apex”) line of products. We also provide complete system reference designs based on our technology that enable our customers to bring products to market in a timely and cost-effective manner.

We were founded in 1984 and were reincorporated in the State of Delaware in February 1999. Our primary facilities, housing engineering, sales and marketing, administration, and test operations are located in Austin, Texas. In addition, we have an administrative and manufacturing facility in Tucson, Arizona and sales locations internationally and throughout the United States. We also serve customers from international sales offices in Europe and Asia, including the People’s Republic of China, Hong Kong, South Korea, Japan, Singapore, Taiwan, and the United Kingdom. Our common stock, which has been publicly traded since 1989, is listed on the NASDAQ Global Select Market under the symbol CRUS.

Basis of Presentation

We prepare financial statements on a 52- or 53-week year that ends on the last Saturday in March. Fiscal years 2009 and 2008 were 52-week years whereas fiscal year 2007 was a 53-week year.

Principles of Consolidation

The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles and include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany balances and transactions have been eliminated.

Use of Estimates

The preparation of financial statements in accordance with U.S. generally accepted accounting principles require the use of management estimates. These estimates are subjective in nature and involve judgments that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at fiscal year end and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of money market funds, commercial paper, U.S. Government Treasury and Agency instruments with original maturities of three months or less at the date of purchase.

Restricted Investments

As of March 28, 2009 and March 29, 2008, we had restricted investments of \$5.8 million in support of our letters of credit needs. The letters of credit primarily secure certain obligations under our operating lease agreement for our headquarters and engineering facility in Austin, Texas and are scheduled for periodic declines in amount.

Marketable Securities

We determine the appropriate classification of marketable securities at the time of purchase and reevaluate this designation as of each balance sheet date. We classify these securities as either held-to-maturity, trading, or available-for-sale in accordance with Statement of Financial Accounting Standards No. 115 (“SFAS No. 115”), “*Accounting for Certain Investments in Debt and Equity Securities.*” As of March 28, 2009 and March 29, 2008, all marketable securities and restricted investments were classified as available-for-sale securities. The Company classifies its investments as “available for sale” because it expects to possibly sell some securities prior to maturity. The Company’s investments are subject to market risk, primarily interest rate and credit risk. The Company’s investments are managed by an outside professional manager within investment guidelines set by the Company. Such guidelines include security type, credit quality and maturity and are intended to limit market risk by restricting the Company’s investments to high quality debt instruments with relatively short-term maturities. The fair value of investments is determined using observable or quoted market prices for those securities.

Available-for-sale securities are carried at fair value, with unrealized gains and losses included as a component of accumulated other comprehensive income (loss). The amortized cost of debt securities in this category is adjusted for amortization of premiums and accretion of discounts to maturity computed under the effective interest method and is included in interest income. Realized gains and losses, declines in value judged to be other than temporary and interest on available-for-sale securities are included in net income. The cost of securities sold is based on the specific identification method.

Inventories

We use the lower of cost or market method to value our inventories, with cost being determined on a first-in, first-out basis. One of the factors we consistently evaluate in the application of this method is the extent to which products are accepted into the marketplace. By policy, we evaluate market acceptance based on known business factors and conditions by comparing forecasted customer unit demand for our products over a specific future period, or demand horizon, to quantities on hand at the end of each accounting period.

On a quarterly and annual basis, we analyze inventories on a part-by-part basis. Inventory quantities on hand in excess of forecasted demand are considered to have reduced market value and, therefore, the cost basis is adjusted to the lower of cost or market. Typically, market values for excess or obsolete inventories are considered to be zero. The short product life cycles and the competitive nature of the industry are factors considered in the estimation of customer unit demand at the end of each quarterly accounting period.

Inventories were comprised of the following (in thousands):

| | <u>March 28, 2009</u> | <u>March 29, 2008</u> |
|---------------------------|---------------------------|---------------------------|
| Work in process | \$11,516 | \$12,329 |
| Finished goods | <u>8,362</u> | <u>10,135</u> |
| Inventories | <u>\$19,878</u> | <u>\$22,464</u> |

Property, Plant and Equipment, net

Property, plant and equipment is recorded at cost, net of depreciation and amortization. Depreciation and amortization is calculated on a straight-line basis over estimated economic lives, ranging from three to 30 years. Leasehold improvements are depreciated over the shorter of the term of the lease or the estimated useful life. Furniture, fixtures, machinery, and equipment are all depreciated over a useful life of five years, while buildings are depreciated over a period of 30 years. In general, our capitalized software is amortized over a useful life of three years, with capitalized enterprise resource planning software being amortized over a useful life of 10 years. Gains or losses related to retirements or dispositions of fixed assets are recognized in the period incurred.

Property, plant and equipment was comprised of the following (in thousands):

| | <u>March 28, 2009</u> | <u>March 29, 2008</u> |
|---|---------------------------|---------------------------|
| Land and buildings | \$ 8,120 | \$ 8,120 |
| Furniture and fixtures | 4,324 | 4,415 |
| Leasehold improvements | 6,503 | 7,390 |
| Machinery and equipment | 25,586 | 25,914 |
| Capitalized software | <u>19,936</u> | <u>18,853</u> |
| Total property, plant and equipment | 64,469 | 64,692 |
| Less: Accumulated depreciation and amortization | <u>(45,102)</u> | <u>(43,731)</u> |
| Property, plant and equipment, net. | <u>\$ 19,367</u> | <u>\$ 20,961</u> |

Depreciation and amortization expense on property, plant and equipment for fiscal years 2009, 2008, and 2007 was \$4.7 million, \$4.7 million, and \$4.6 million, respectively.

Non-Marketable Securities and Other Investments

Investments in companies in which Cirrus does not have significant influence are accounted for at cost if the investment is not publicly traded. These non-marketable securities and other investments have been classified as other current assets, other assets, or specifically identified in accordance with Accounting Principles Board Opinion No. 18, *“The Equity Method of Accounting for Investments in Common Stock.”* Dividends and other distributions of earnings from investments accounted for at cost are included in income when declared. Any gain will be recorded at the time of liquidation of the non-marketable security or other investment.

Other-Than-Temporary Impairment

All of the Company’s available-for-sale investments, non-marketable securities and other investments are subject to a periodic impairment review pursuant to FASB Staff Position (“FSP”) No. 115-1 and 124-1 *“The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments.”* Investments are considered to be impaired when a decline in fair value is judged to be other-than-temporary. Marketable securities are evaluated for impairment if the decline in fair value below cost basis is significant and/or has lasted for an extended period of time. Non-marketable securities or other investments are considered to be impaired when a decline in fair value is judged to be other-than-temporary. For investments accounted for using the cost method of accounting, management evaluates information (e.g., budgets, business plans, financial statements, etc.) in addition to quoted market price, if any, in determining whether an other-than-temporary decline in value exists. Factors indicative of an other-than-temporary decline include recurring operating losses, credit defaults and subsequent rounds of financings at an amount below the cost basis of the investment. When a decline in value is deemed to be other-than-temporary, Cirrus recognizes an impairment loss in the current period’s operating results to the extent of the decline.

Goodwill and Intangibles, net

The Company accounts for goodwill and other intangible assets in accordance with SFAS No. 142 *“Goodwill and Other Intangible Assets.”* Intangible assets include purchased technology licenses and patents that are recorded at cost and are amortized on a straight-line basis over their useful lives, generally ranging from three to ten years. Acquired intangibles recorded in connection with our acquisitions include existing technology, core technology/patents, license agreements, trademarks, covenants not-to-compete and customer agreements. These assets are amortized on a straight-line basis over lives ranging from one to fifteen years. Goodwill is recorded at the time of an acquisition and is calculated as the difference between the aggregate consideration paid for an acquisition and the fair value of the net tangible and intangible assets acquired. Accounting for acquisitions requires extensive use of accounting estimates and judgments to allocate the purchase price to the fair value of the net tangible and intangible assets acquired, including IPR&D. Goodwill

and intangible assets deemed to have indefinite lives are not amortized but are subject to annual impairment tests. If the assumptions and estimates used to allocate the purchase price are not correct, or if business conditions change, purchase price adjustments or future asset impairment charges could be required. The value of our intangible assets, including goodwill, could be impacted by future adverse changes such as: (i) any future declines in our operating results, (ii) a decline in the valuation of technology company stocks, including the valuation of our common stock, (iii) a significant slowdown in the worldwide economy and the semiconductor industry or (iv) any failure to meet the performance projections included in our forecasts of future operating results. In accordance with SFAS No. 142, the Company tests goodwill and indefinite lived intangibles for impairment on an annual basis or more frequently if the Company believes indicators of impairment exist. Impairment evaluations involve management estimates of asset useful lives and future cash flows. Significant management judgment is required in the forecasts of future operating results that are used in the evaluations. It is possible, however, that the plans and estimates used may be incorrect. If our actual results, or the plans and estimates used in future impairment analysis, are lower than the original estimates used to assess the recoverability of these assets, we could incur additional impairment charges in a future period.

Long-Lived Assets

In accordance with SFAS No. 144 “*Accounting for the Impairment or Disposal of Long-Lived Assets*”, we test for impairment losses on long-lived assets and definite-lived intangibles used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets’ carrying amounts. We measure any impairment loss by comparing the fair value of the asset to its carrying amount. We estimate fair value based on discounted future cash flows, quoted market prices, or independent appraisals.

Foreign Currency Translation

All of our international subsidiaries have the U.S. dollar as the functional currency. The local currency financial statements are remeasured into U.S. dollars using current rates of exchange for assets and liabilities. Gains and losses from remeasurement are included in other income (expense), net. Revenue and expenses from our international subsidiaries are remeasured using the monthly average exchange rates in effect for the period in which the items occur. For all periods presented, our foreign currency remeasurement expense was not significant.

Concentration of Credit Risk

Financial instruments that potentially subject us to material concentrations of credit risk consist primarily of cash equivalents, restricted investments, marketable securities, long-term marketable securities and trade accounts receivable. We are exposed to credit risk to the extent of the amounts recorded on the balance sheet. By policy, our cash equivalents, restricted investments, marketable securities and long-term marketable securities are subject to certain nationally recognized credit standards, issuer concentrations, sovereign risk and marketability or liquidity considerations.

In evaluating our trade receivables, we perform credit evaluations of our major customers’ financial condition and monitor closely all of our receivables to limit our financial exposure by limiting the length of time and amount of credit extended. We sell a significant amount of products in the Asian countries. In certain situations, we may require payment in advance or utilize letters of credit to reduce credit risk. By policy, we establish a reserve for trade accounts receivable based on the type of business in which a customer is engaged, the length of time a trade account receivable is outstanding and other knowledge that we may possess relating to the probability that a trade receivable is at risk for non-payment.

The following table summarizes the receivable balance of distributors and customers that represented more than 10 percent of consolidated gross accounts receivable:

| | <u>March 28, 2009</u> | <u>March 29, 2008</u> |
|--|---------------------------|---------------------------|
| Avnet, Inc. | 21% | 26% |
| Hon Hai Precision Industry Co., LTD. | 11% | — |

No other distributors or customers had receivable balances that represented more than 10 percent of consolidated gross accounts receivable as of the end of fiscal years 2009 and 2008.

Sales to one distributor, Avnet, Inc., represented 33 percent, 27 percent and 29 percent of total sales in fiscal years 2009, 2008 and 2007, respectively. We had one end customer that accounted for more than 15% of the Company’s total revenues for fiscal year 2009. No other customers or distributors accounted for more than 10 percent of net sales in fiscal years 2009, 2008 and 2007. The loss of a significant customer, distributor, or end customer or a significant reduction in a customer’s or distributor’s orders could have an adverse effect on our sales.

Revenue Recognition

We recognize revenue in accordance with the SEC’s Staff Accounting Bulletin No. 104 (“SAB 104”), “*Revenue Recognition*.” Revenue from products sold directly to international customers and to certain international distributors is recognized upon title passage of inventory. For sales made directly to international customers and to international distributors, title generally passes at the port of destination, which coincides with delivery to the international distributors. For sales made directly to domestic customers, title generally passes upon shipment. Sales made to domestic distributors and certain international distributors are recorded as deferred revenue until the final sale to the end customer has occurred. Generally, distributor agreements allow certain rights of return and price protection. License and royalty revenue is recognized as it is earned per unit shipped or when a milestone is reached.

Warranty Expense

We warrant that our products, when delivered, will be free from defects in material workmanship under normal use and service. Our obligations are generally limited to replacing, repairing or giving credit for, at our option, any products that are returned within one year after the date of shipment and if notice is given to us in writing within 30 days of the customer learning of such problem. Warranty expense was not significant for any period presented.

Shipping Costs

Our shipping and handling costs are included in cost of sales for all periods presented.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs were \$1.5 million, \$1.2 million, and \$1.2 million in fiscal years 2009, 2008, and 2007, respectively.

Stock-Based Compensation

In December 2004, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 123(R) “*Share-Based Payment*,” which supersedes Accounting Principles Board Opinion No. 25 (“APB No. 25”), “*Accounting for Stock Issued to Employees*,” SFAS No. 123, “*Accounting for Stock-Based Compensation*” and related implementation guidance. We adopted this pronouncement as of March 26, 2006, the first day of our 2007 fiscal year. In periods prior to adoption, we applied the intrinsic value method in accounting for our stock option and stock purchase plans in accordance with APB No. 25.

Income Taxes

We account for income taxes in accordance with SFAS No. 109, *“Accounting for Income Taxes,”* which provides for the recognition of deferred tax assets if realization of such assets is more likely than not. We have provided a valuation allowance against a substantial portion of our net U.S. deferred tax assets due to uncertainties regarding their realization. We evaluate the realizability of our deferred tax assets on a quarterly basis.

We adopted FASB Financial Interpretation No. (FIN) 48, *“Accounting for Uncertainty in Income Taxes,”* at the beginning of fiscal year 2008. As a result of the adoption of FIN 48, we recognize liabilities for uncertain tax positions based on the two-step process prescribed by the interpretation. The first step requires us to determine if the weight of available evidence indicates that the tax position has met the threshold for recognition; therefore, we must evaluate whether it is more likely than not that the position will be sustained on audit, including resolution of any related appeals or litigation processes. The second step requires us to measure the tax benefit of the tax position taken, or expected to be taken, in an income tax return as the largest amount that is more than 50% likely of being realized upon ultimate settlement. We reevaluate the uncertain tax positions each quarter based on factors including, but not limited to, changes in facts or circumstances, changes in tax law, effectively settled issues under audit, and new audit activity. Depending on the jurisdiction, such a change in recognition or measurement may result in the recognition of a tax benefit or an additional charge to the tax provision in the period.

Net Income (Loss) Per Share

Basic net income (loss) per share is based on the weighted effect of common shares issued and outstanding and is calculated by dividing net income (loss) by the basic weighted average shares outstanding during the period. Diluted net income (loss) per share is calculated by dividing net income (loss) by the weighted average number of common shares used in the basic net income (loss) per share calculation, plus the equivalent number of common shares that would be issued assuming exercise or conversion of all potentially dilutive common shares outstanding.

Incremental weighted average common shares attributable to the assumed exercise of outstanding options of 181,000 shares for the year ended March 29, 2008 were excluded from the computation of diluted net income (loss) per share because the effect would be anti-dilutive due to our loss position during the year. The weighted outstanding options excluded from our diluted calculation for the years ended March 28, 2009, March 29, 2008, and March 31, 2007 were 7,796,000, 5,623,000, and 5,975,000, respectively, as the exercise price exceeded the average market price during the period.

Accumulated Other Comprehensive Income (loss)

We report our accumulated other comprehensive income (loss) based upon Statement of Financial Accounting Standard No. 130, *“Reporting Comprehensive Income.”* Our accumulated other comprehensive loss is comprised of foreign currency translation adjustments from prior years when we had subsidiaries whose functional currency was not the U.S. Dollar as well as unrealized gains and losses on investments classified as available-for-sale.

Recently Issued Accounting Pronouncements

In May 2008, the FASB issued SFAS No. 162, *“The Hierarchy of Generally Accepted Accounting Principles”* (“SFAS No. 162”). SFAS No. 162 identifies the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements. SFAS No. 162 is effective 60 days following the SEC’s approval of the Public Company Accounting Oversight Board amendments to AU Section 411, *“The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles.”* The implementation of this standard is not expected to have a material impact on our consolidated financial position, results of operations or cash flows

In April 2008, the FASB issued FSP No. 142-3, *“Determination of the Useful Life of Intangible Assets,”* that amends the factors considered in developing renewal or extension assumptions used to determine the

useful life of a recognized intangible asset under SFAS 142. FSP 142-3 requires a consistent approach between the useful life of a recognized intangible asset under SFAS 142 and the period of expected cash flows used to measure the fair value of an asset under SFAS No. 141(revised) "*Business Combinations*" ("*SFAS No. 141R*"). The FSP also requires enhanced disclosures when an intangible asset's expected future cash flows are affected by an entity's intent and/or ability to renew or extend the arrangement. FSP 142-3 is effective for financial statements issued for fiscal years beginning after December 15, 2008 and is applied prospectively. Early adoption is prohibited. We do not expect the adoption of FSP 142-3 to have a material impact on our consolidated results of operations or financial condition.

In December 2007, the FASB issued SFAS No. 141R, "*Business Combinations.*" SFAS No. 141R provides for several changes in the manner in which an entity accounts for business combinations. It establishes principles and requirements for how an acquirer recognizes fair values of acquired assets, including goodwill, and assumed liabilities. SFAS No. 141R requires the acquirer to recognize 100% of the fair values of acquired assets and liabilities, including goodwill, even if the acquirer has acquired less than 100% of the target. As a result, the current step-acquisition model will be eliminated. SFAS No. 141R requires that transaction costs be expensed as incurred and are not considered part of the fair value of an acquirer's interest. Under SFAS No. 141R, acquired research and development value will no longer be expensed at acquisition, but instead will be capitalized as an indefinite-lived intangible asset, subject to impairment accounting throughout its development stage and then subject to amortization and impairment after development is complete. SFAS No. 141R is effective for fiscal years beginning after December 15, 2008. Adoption is prospective and early adoption is not permitted. The impact of adopting SFAS No. 141R will be dependent on the future business combinations that the Company may pursue.

In December 2007, the FASB issued SFAS No. 160, "*Noncontrolling Interests in Consolidated Financial Statements — an Amendment of ARB 51*" ("*SFAS No. 160*"). This statement amends Accounting Research Bulletin (ARB) 51, "*Consolidated Financial Statements,*" to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. The statement clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. This statement is effective for fiscal years and interim periods within those fiscal years, beginning on or after December 15, 2008 which was March 29, 2009 for Cirrus. As of the date of the adoption, SFAS No. 160 did not have a material impact on our financial position or results of operations.

In September 2006, the FASB issued SFAS No. 157, "*Fair Value Measurements*" ("*SFAS No. 157*"), which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. In February 2008, the FASB released Staff Position No. FAS 157-2, "*Effective Date of FASB Statement No. 157,*" which provides for delayed application of SFAS No. 157 for non-financial assets and non-financial liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually), until fiscal years beginning after November 15, 2008, and interim periods within those years. The Company adopted certain provisions of SFAS No. 157 effective March 30, 2008 (see Note 9, *Fair Value Measurements*, to the Condensed Consolidated Financial Statements for additional information). The adoption of this standard is not expected to have a material impact on our consolidated financial position, results of operations, or cash flows.

2. Marketable Securities

The Company's investments that have original maturities greater than 90 days have been classified as available-for-sale securities in accordance with SFAS No. 115, "*Accounting for Certain Investments in Debt and Equity Securities.*" Marketable securities are categorized on the Balance Sheet as Restricted investments and Marketable securities, as appropriate.

The following table is a summary of available-for-sale securities (in thousands):

| <i>As of March 28, 2009:</i> | <u>Amortized Cost</u> | <u>Gross Unrealized Gains</u> | <u>Gross Unrealized Losses</u> | <u>Estimated Fair Value (Net Carrying Amount)</u> |
|---|-----------------------|-------------------------------|--------------------------------|---|
| Corporate securities – U.S. . . . | \$29,585 | \$ 40 | \$(153) | \$29,472 |
| Corporate securities – government guaranteed | 4,600 | 7 | — | 4,607 |
| U.S. Government securities . . . | 32,886 | 157 | (2) | 33,041 |
| Agency discount notes | <u>21,463</u> | <u>147</u> | <u>(2)</u> | <u>21,608</u> |
| Total debt securities | 88,534 | 351 | (157) | 88,728 |
| Marketable equity securities . . | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> |
| | <u>\$88,534</u> | <u>\$351</u> | <u>\$(157)</u> | <u>\$88,728</u> |

| <i>As of March 29, 2008:</i> | <u>Amortized Cost</u> | <u>Gross Unrealized Gains</u> | <u>Gross Unrealized Losses</u> | <u>Estimated Fair Value (Net Carrying Amount)</u> |
|-----------------------------------|-----------------------|-------------------------------|--------------------------------|---|
| Corporate securities – U.S. . . . | \$ 30,241 | \$106 | \$(130) | \$ 30,217 |
| U.S. Government securities . . . | 56,453 | 164 | (10) | 56,607 |
| Agency discount notes | <u>43,644</u> | <u>416</u> | <u>—</u> | <u>44,060</u> |
| Total debt securities | 130,338 | 686 | (140) | 130,884 |
| Marketable equity securities . . | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> |
| | <u>\$130,338</u> | <u>\$686</u> | <u>\$(140)</u> | <u>\$130,884</u> |

The cost and estimated fair value of available-for-sale investments by contractual maturity were as follows:

| | <u>March 28, 2009</u> | | <u>March 29, 2008</u> | |
|---------------------------------|-----------------------|-----------------------------|-----------------------|-----------------------------|
| | <u>Amortized Cost</u> | <u>Estimated Fair Value</u> | <u>Amortized Cost</u> | <u>Estimated Fair Value</u> |
| Within 1 year | \$84,901 | \$85,101 | \$130,338 | \$130,884 |
| After 1 year | <u>3,633</u> | <u>3,627</u> | <u>—</u> | <u>—</u> |
| Total debt securities | 88,534 | 88,728 | 130,338 | 130,884 |
| Equity securities | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> |
| | <u>\$88,534</u> | <u>\$88,728</u> | <u>\$130,338</u> | <u>\$130,884</u> |

The decrease in available-for-sale investments during fiscal year 2009 is primarily attributable to the Company's repurchase and retirement of common stock.

3. Accounts Receivable, net

The following are the components of accounts receivable (in thousands):

| | <u>March 28, 2009</u> | <u>March 29, 2008</u> |
|---|-----------------------|-----------------------|
| Gross accounts receivable | \$13,757 | \$23,056 |
| Less: Allowance for doubtful accounts | <u>(451)</u> | <u>(404)</u> |
| Accounts receivable, net | <u>\$13,306</u> | <u>\$22,652</u> |

The following table summarizes the changes in the allowance for doubtful accounts (in thousands):

| | |
|--|-----------------------|
| Balance, March 31, 2007 | \$(105) |
| Write-off of uncollectible accounts, net of recoveries | <u>(299)</u> |
| Balance, March 29, 2008 | (404) |
| Write-off of uncollectible accounts, net of recoveries | <u>(47)</u> |
| Balance, March 28, 2009 | <u><u>\$(451)</u></u> |

During the fourth quarter of fiscal year 2008, we received a \$0.2 million payment associated with claims in a bankruptcy case for past-due receivables that had been written off in fiscal year 1998.

4. Non-Marketable Securities

During the fourth quarter of fiscal year 2007, we determined an impairment indicator existed related to our cost method investment in Magnum. We obtained an independent valuation of the fair value of our cost method investment in Magnum in accordance with Emerging Issues Task Force No. 03-1 (“EITF 03-1”), “*The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments*.”. Based on the results of the independent valuation, at March 31, 2007, we recognized an impairment of \$4.3 million to reduce the carrying value of the Magnum cost method investment to \$3.7 million as the combination of recurrent losses and reduced forecasts indicated that our full investment was not recoverable within a reasonable period of time. The impairment was recorded as a separate line item on the statement of operations in operating expenses under the caption “*Impairment of non-marketable securities*.”

During the second quarter of fiscal year 2008, we determined an impairment indicator existed related to our remaining cost method investment in Magnum, as Magnum had participated in another round of capital funding from other sources, and our portion of the investment was diluted. We performed a fair value analysis of our cost method investment in Magnum in accordance with EITF 03-1. Based on the results of that analysis as of September 29, 2007, we recognized an impairment of \$3.7 million to reduce the carrying value of the Magnum cost method investment to zero, as the decrease in the value of our investment was deemed to be other-than-temporary in nature due to our liquidation preferences. The impairment was recorded as a separate line item on the statement of operations in operating expenses under the caption “*Impairment of non-marketable securities*.”

5. Acquisitions

On December 8, 2008, we executed an asset purchase agreement with Thaler Corporation of Tucson, Arizona, an entity specializing in the manufacture of precision analog and mixed signal devices. The purchase price of the acquisition was \$1.1 million, which consisted primarily of intangible assets and inventory. The intangible assets, which were \$0.8 million of the purchase price, are being amortized over a period of 5 years. Fifty percent of the purchase price, or \$550 thousand, was paid in cash at closing, and the remaining balance was paid on April 8, 2009. This remaining balance of \$550 thousand is recorded as “*Other accrued liabilities*” on the consolidated balance sheet as of March 28, 2009.

On July 24, 2007, we acquired 100 percent of the outstanding stock of Apex. Apex designs and produces integrated circuits, hybrids and modules used in a wide range of industrial and aerospace applications that require high-power precision analog products, such as PWM’s and power amplifiers. These precision amplifiers are used for driving motors and piezoelectric devices, programmable power supplies and other devices requiring high power and precision control. The acquisition was undertaken to strengthen and diversify our existing product lines. The results of Apex’s operations have been included in our consolidated financial statements since the acquisition date. We acquired Apex for a purchase price of approximately \$42.8 million, consisting primarily of cash and direct acquisition costs. The purchase price was allocated to the estimated fair value of assets acquired and liabilities assumed based on independent appraisals and management estimates. We recorded acquired intangible assets of \$21.2 million, which are being amortized, excluding the acquired trade name, which is not being amortized, over a composite life of 15 years. The acquisition resulted in a purchase price that was in excess of the fair value of the net assets acquired and, as a result, the Company recorded goodwill of \$6.2 million. During fiscal year 2009, we received approximately \$0.2 million in

proceeds from a tax settlement that reduced the goodwill recognized on this purchase. The goodwill will not be deductible for tax purposes. Approximately \$1.8 million of the purchase price was allocated to in-process research and development and was expensed upon completion of the acquisition, which was recorded as a separate line item on the Statement of Operations under the caption “*Acquired in-process research and development*” in operating expenses.

6. Intangibles, net

The following information details the gross carrying amount and accumulated amortization of our intangible assets (in thousands):

| | March 28, 2009 | | March 29, 2008 | |
|----------------------------------|-----------------------|---------------------------------|-----------------------|---------------------------------|
| | Gross Amount | Accumulated Amortization | Gross Amount | Accumulated Amortization |
| Core technology | \$ 1,390 | \$ (1,223) | \$ 1,390 | \$ (1,068) |
| License agreements | 440 | (387) | 440 | (338) |
| Existing technology | 17,235 | (4,328) | 17,012 | (3,365) |
| Trademarks | 2,758 | (320) | 2,758 | (320) |
| Non-compete agreements | 398 | (20) | — | — |
| Customer relationships | 4,682 | (508) | 4,506 | (199) |
| Technology licenses | <u>14,950</u> | <u>(11,758)</u> | <u>16,019</u> | <u>(10,791)</u> |
| | <u>\$41,853</u> | <u>\$(18,544)</u> | <u>\$42,125</u> | <u>\$(16,081)</u> |

In the fourth quarter of fiscal year 2009, we noted several impairment indicators surrounding our patents acquired from Tripath in June, 2007. We performed an impairment analysis under SFAS No. 144 and noted that the undiscounted cash flows estimated to be generated from these patents were less than the carrying amount of the assets. We then compared the estimated fair value of these assets to their carrying amount and recognized an impairment loss of \$2.1 million. These assets have a remaining carrying value of \$0.2 million at March 28, 2009. The impairment was recorded as a separate line item on the statement of operations in operating expenses under the caption “*Impairment of intangible assets.*”

Amortization expense for all intangibles in fiscal years 2009, 2008, and 2007 was \$3.5 million, \$3.9 million, and \$1.8 million, respectively. The following table details the estimated aggregate amortization expense for all intangibles owned as of March 28, 2009 for each of the five succeeding fiscal years (in thousands):

| | |
|---|---------|
| For the year ended March 27, 2010 | \$3,229 |
| For the year ended March 26, 2011 | \$2,169 |
| For the year ended March 31, 2012 | \$1,986 |
| For the year ended March 30, 2013 | \$1,462 |
| For the year ended March 29, 2014 | \$1,421 |

7. Commitments and Contingencies

Facilities and Equipment Under Operating Lease Agreements

With the exception of the Apex facility in Tucson, Arizona, we lease our facilities and certain equipment under operating lease agreements, some of which have renewal options. Certain of these arrangements provide for lease payment increases based upon future fair market rates. As of May 1, 2009, our principal leased facilities, located in Austin, Texas, consisted of approximately 214,000 square feet of office space. This leased space includes our headquarters and engineering facility, which has 197,000 square feet with lease terms that extend into calendar year 2012, excluding lease extension options, and 17,000 square feet of leased space at our failure analysis facility with lease terms that extend into calendar year 2013. We have subleased approximately 33,000 square feet of space at our Austin headquarters. The sublease extends into calendar year 2012.

The aggregate minimum future rental commitments under all operating leases, net of sublease income, for the following fiscal years are (in thousands):

| | <u>Facilities</u> | <u>Subleases</u> | <u>Net Facilities Commitments</u> | <u>Equipment Commitments</u> | <u>Total Commitments</u> |
|---|-------------------|------------------|---------------------------------------|----------------------------------|------------------------------|
| 2010 | \$ 5,623 | \$ 829 | \$ 4,794 | \$17 | \$ 4,811 |
| 2011 | 5,257 | 799 | 4,458 | 6 | 4,464 |
| 2012 | 4,806 | 787 | 4,019 | 1 | 4,020 |
| 2013 | 2,042 | 332 | 1,710 | — | 1,710 |
| 2014 | 38 | — | 38 | — | 38 |
| Thereafter | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> |
| Total minimum lease payments | <u>\$17,766</u> | <u>\$2,747</u> | <u>\$15,019</u> | <u>\$24</u> | <u>\$15,043</u> |

Total rent expense was approximately \$5.9 million, \$7.3 million, and \$8.5 million, for fiscal years 2009, 2008, and 2007, respectively. Sublease rental income was \$2.1 million, \$3.0 million, and \$4.0 million, for fiscal years 2009, 2008, and 2007, respectively.

During fiscal year 2009, we recorded approximately \$0.1 million in charges to operating expense to adjust our loss contingency accrual for a change in sublease assumptions with regards to our facilities in Austin, Texas and Fremont, California.

During fiscal year 2008, we recorded approximately \$0.8 million in charges to operating expense to adjust our loss contingency accrual for a change in sublease assumptions with regards to a facility in Fremont, California.

During fiscal year 2007, we recorded approximately \$1.0 million and \$0.7 million in charges to operating expense to adjust our loss contingency accruals for a change in sublease assumptions with regards to our facilities in Austin, Texas and Fremont, California, respectively. We also transitioned our design activities at our Boulder, Colorado design facility to our headquarters in Austin, Texas. This design facility is approximately 12,000 square feet in size and has a lease which expires in fiscal year 2011 however, there is an early termination option provided to us in the lease. If we choose to exercise that option, we will be released from our obligations under the lease in fiscal year 2009. The cost of exercising this option is immaterial.

On January 29, 2008, Cirrus Investments, L.P. (“Cirrus Investments”), an entity unrelated to the Company, filed suit against the Company, and others, in the Superior Court of California, County of Santa Clara, alleging breach of commercial leases and holdover rent with respect to two properties we leased from Cirrus Investments in Fremont, California. Cirrus Investments’ complaint primarily related to alleged violations of certain restoration obligations that the Company had at the end of the lease term of these two properties. Cirrus Logic settled this matter on October 8, 2008 via execution of a Settlement Agreement for payment of approximately \$1.0 million to Cirrus Investments.

As of March 28, 2009, a total of \$2.9 million related to these vacated leases remained accrued. Where appropriate, these amounts are classified as either long-term or short-term. These amounts are included in the table above. The \$2.0 million in facilities restructuring accruals that existed for these leases as of March 28, 2009 are discussed in greater detail in Note 10 - *Restructuring Costs and Other*.

Wafer, Assembly and Test Purchase Commitments

We rely primarily on third-party foundries for our wafer manufacturing needs. As of March 28, 2009, we had agreements with multiple foundries for the manufacture of wafers. None of these foundry agreements have volume purchase commitments or “take or pay” clauses. The agreements provide for purchase commitments based on purchase orders. Cancellation fees or other charges may apply and are generally dependent upon whether wafers have been started or the stage of the manufacturing process at which the notice of cancellation is given. As of March 28, 2009, we had foundry commitments of \$6.5 million.

In addition to our wafer supply arrangements, we contract with third-party assembly vendors to package the wafer die into finished products. Assembly vendors provide fixed-cost-per-unit pricing, as is common in the semiconductor industry. We had non-cancelable assembly purchase orders with numerous vendors totaling \$0.7 million at March 28, 2009.

We have transitioned the majority of our test services to outside third party contractors. Test vendors provide fixed-cost-per-unit pricing, as is common in the semiconductor industry. Our total non-cancelable commitment for outside test services as of March 28, 2009 was \$1.3 million.

Other open purchase orders as of March 28, 2009 amount to \$0.7 million and primarily relate to raw materials costs incurred in our facility in Tucson, Arizona, which continues to serve as the assembly and test facility for our Apex Precision Power™ products.

8. Legal Matters

Derivative Lawsuits

On January 5, 2007, a purported stockholder filed a derivative lawsuit in the state district court in Travis County, Texas against current and former officers and directors of Cirrus Logic and against the Company, as a nominal defendant, alleging various breaches of fiduciary duties, conspiracy, improper financial reporting, insider trading, violations of the Texas Securities Act, unjust enrichment, accounting, gross mismanagement, abuse of control, rescission, and waste of corporate assets related to certain prior grants of stock options by the Company. Our response to the lawsuit was filed on April 20, 2007. On June 12, 2007, the state district court stayed the lawsuit until a final determination is reached in the District Court actions described below.

Two additional lawsuits arising out of the same claims have been filed in federal court in the United States District Court for the Western District of Texas — Austin Division. Between March 19, 2007, and March 30, 2007, two purported stockholders filed derivative lawsuits related to the Company's prior stock option grants against current and former officers and directors of Cirrus Logic and against the Company, as a nominal defendant. The individual defendants named in these lawsuits overlap, but not completely, with the state suit. The lawsuits allege many of the causes of action alleged in the Texas state court suit, but also include claims for alleged violations of Section 10(b) of the Exchange Act and Rule 10b-5, violations of Section 14(a) of the Exchange Act and violations of Section 20(a) of the Exchange Act.

On July 16, 2007, the plaintiffs in the two federal cases filed a motion to voluntarily dismiss their claims in the federal court and indicated their intent to coordinate their efforts in the state district court case. After a hearing on the plaintiffs' motion, the court denied the plaintiff's motion and required the two purported stockholders to file a consolidated complaint in federal court. A consolidated complaint, including substantially similar allegations to the two previous complaints, was filed on October 11, 2007.

In response to the consolidated complaint, Cirrus Logic filed a motion to dismiss on November 15, 2007 based on the plaintiffs' failure to make demand on the Board of Directors of Cirrus Logic (the "Board") prior to filing this action (the "demand futility" motion). The plaintiffs filed their opposition to the motion on December 14, 2007. Cirrus Logic filed a reply brief on August 13, 2008, approximately eight months after the Court extended briefing deadlines to accommodate mediation discussions. On August 28, 2008, the Court denied Cirrus Logic's demand futility motion.

On December 19, 2008, a Stipulation of Settlement (the "Original Stipulation") between the parties was filed with the federal court. The Original Stipulation provided for the proposed settlement of all pending stockholder derivative lawsuits relating to the Company's historical stock option granting practices. The terms of the settlement included: (1) the adoption by Cirrus Logic of a variety of corporate governance measures, including measures that relate to and address many of the underlying issues in the derivative lawsuits; (2) a release of claims against all defendants and the dismissal of the derivative lawsuits with prejudice; and (3) the payment by the Company's Directors' and Officers' insurer of \$2.85 million to the plaintiffs' lawyers in payment in full of plaintiffs' claims for attorney's fees and expenses. As part of the Original Stipulation, the defendants denied any wrongdoing or liability against them as it relates to the claims and contentions alleged

by the plaintiffs in the lawsuits. On December 30, 2008, the federal court denied the parties' proposed stipulation.

On March 13, 2009, a Revised Stipulation of Settlement (the "Revised Stipulation") was filed with the federal court. The Revised Stipulation modified the terms of the Original Stipulation to address the concerns of the Court raised in the Court's denial of the Original Stipulation. Specifically, the terms of the Revised Stipulation include: (1) the extension of the term of the proposed corporate governance changes to seven years rather than four years, and the extension of governance changes specifically regarding stock options to remain in effect indefinitely, subject to stockholder approved changes after seven years; (2) a release of claims against all defendants and the dismissal of the derivative lawsuits with prejudice; (3) the payment by the Company's Directors' and Officers' insurer of \$2.85 million to the Company; and (4) the withdrawal by plaintiffs of any request for an award of their attorneys' fees and expenses.

On March 25, 2009, the Court preliminarily approved the settlement and scheduled a hearing for May 28, 2009, to consider whether to provide final approval of the settlement and enter judgment thereon.

At this stage of the litigation, we cannot predict the ultimate outcome and we do not think that any potential liability exists. Any potential proceeds will be recorded when received in accordance with SFAS No. 5, "*Accounting for Contingencies*."

Silvaco Data Systems

On December 8, 2004, Silvaco Data Systems ("Silvaco") filed suit against us, and others, in Santa Clara County Superior Court (the "Court"), alleging misappropriation of trade secrets, conversion, unfair business practices, and civil conspiracy. Silvaco's complaint stems from a trade secret dispute between Silvaco and a software vendor, Circuit Semantics, Inc., who supplied us with certain software design tools. Silvaco alleges that our use of Circuit Semantic's design tools infringes upon Silvaco's trade secrets and that we are liable for compensatory damages in the sum of \$10 million. Silvaco has not indicated how it will substantiate this amount of damages and we are unable to reasonably estimate the amount of damages, if any.

On January 25, 2005, we answered Silvaco's complaint by denying any wrong-doing. In addition, we filed a cross-complaint against Silvaco alleging breach of contract relating to Silvaco's refusal to provide certain technology that would enable us to use certain unrelated software tools.

On July 5, 2007, the Court granted our motion for judgment on the pleadings, determining that all claims except for the misappropriation of trade secrets claims were pre-empted by trade secret law. On October 15, 2007, the Court granted our motion for summary judgment on the trade secret misappropriation claim because we presented undisputed evidence that Silvaco will be unable to prove that Cirrus misappropriated Silvaco's trade secrets.

On February 12, 2008, we settled our cross-complaint against Silvaco, whereby Silvaco agreed to pay Cirrus \$30,000 as full and final restitution of all claims that could have been alleged in the cross-complaint.

Based on these orders and the settlement of the cross-complaint, the Court entered judgment in our favor on Silvaco's complaint and our cross-complaint on March 4, 2008. As a result of the favorable judgment, on May 16, 2008, the court awarded approximately \$59,000 for our expenses in defending the suit.

On April 7, 2008, Silvaco filed a notice of appeal on these matters. We anticipate that the appeal will be heard by the Court of Appeal of the State of California, Sixth Appellate District in the last half of calendar year 2009.

At this stage of the litigation, we cannot predict the ultimate outcome and we are unable to estimate any potential liability we may incur.

Other Claims

From time to time, other various claims, charges and litigation are asserted or commenced against us arising from, or related to, contractual matters, intellectual property, employment disputes, as well as other

issues. Frequent claims and litigation involving these types of issues are not uncommon in our industry. As to any of these claims or litigation, we cannot predict the ultimate outcome with certainty.

9. Fair Value Measurements

The Company adopted SFAS No. 157 as of March 30, 2008, the beginning of fiscal year 2009, to measure the fair value of certain of its financial assets required to be measured on a recurring basis. Under SFAS No. 157, based on the observability of the inputs used in the valuation techniques, the Company is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

- Level 1 — Quoted prices in active markets for identical assets or liabilities.
- Level 2 — Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

As of March 28, 2009, the Company's cash equivalents and restricted investments of \$37.3 million, and short and long-term investments of \$83.0 million, are all valued using quoted prices generated by market transactions involving identical assets, or Level 1 assets as defined under SFAS No. 157.

10. Restructuring Costs and Other

During fiscal year 2008, we recorded net restructuring charges of \$10.5 million as a separate line item on the statement of operations in operating expenses under the caption "*Restructuring costs and other, net.*" This net charge was comprised primarily of two separate steps taken to improve our competitive cost structure. First, we committed to a plan to close Caretta, a subsidiary based in Shanghai, China. This action eliminated approximately 30 positions in China during the Company's fourth fiscal quarter, and resulted in the Company recording a charge of approximately \$11.1 million, which consisted primarily of non-cash charges of \$6.5 million for goodwill and \$3.6 million related to intangibles, as well as approximately \$0.9 million in cash payments for the affected employees. These charges reduced the carrying value of the Caretta-related intangible assets to zero, an amount that reflects the Company's decision to no longer market Caretta's power management IC's for the single-cell lithium ion battery market. Also in the fourth quarter of fiscal year 2008, we made a strategic decision to streamline our organization structure, which resulted in a further worldwide headcount reduction of 61 employees. The restructuring charge associated with this activity amounted to \$0.9 million, and were primarily related to employee severance costs. Also in fiscal year 2008, in connection with the expiration of a lease agreement in Fremont, California in December 2007, we recorded a \$1.5 million reduction to the fiscal year 2004 and 2006 restructuring liabilities to reduce the accrual to the estimated final settlement amounts.

During fiscal year 2007, we recorded restructuring charges of \$1.1 million to operating expenses primarily related to the transition of design activities from our Boulder, Colorado office to our headquarters in Austin, Texas. The restructuring costs for the closure of the Boulder design center were composed of \$0.7 million in severance and relocation costs and \$0.3 million in facility related charges. Approximately 20 employees were affected by this action, five of whom were relocated to our Austin headquarters.

The following table sets forth the activity in our fiscal year 2008 restructuring accrual (in thousands):

| | <u>Severance</u> | <u>Facilities Abandonment</u> | <u>Total</u> |
|--------------------------------------|------------------|-----------------------------------|----------------|
| Balance, March 31, 2007 | \$ — | \$— | \$ — |
| Fiscal year 2008 provision | 2,167 | — | 2,167 |
| Cash payments, net | <u>(1,788)</u> | <u>—</u> | <u>(1,788)</u> |
| Balance, March 29, 2008 | <u>\$ 379</u> | <u>\$—</u> | <u>\$ 379</u> |
| Fiscal year 2009 provision | — | — | — |
| Cash payments, net | <u>(379)</u> | <u>—</u> | <u>(379)</u> |
| Balance, March 28, 2009 | <u>\$ —</u> | <u>\$—</u> | <u>\$ —</u> |

During fiscal year 2009, all accrued severance payments were completed, and the restructuring balance was reduced to zero as of March 28, 2009.

The following table sets forth the activity in our fiscal year 2007 restructuring accrual (in thousands):

| | <u>Severance</u> | <u>Facilities Abandonment</u> | <u>Total</u> |
|--------------------------------------|------------------|-----------------------------------|--------------|
| Balance, March 25, 2006 | \$ — | \$ — | \$ — |
| Fiscal year 2007 provision | 716 | 278 | 994 |
| Cash payments, net | <u>(521)</u> | <u>(74)</u> | <u>(595)</u> |
| Balance, March 31, 2007 | 195 | 204 | 399 |
| Fiscal year 2008 provision | (146) | 13 | (133) |
| Cash payments, net | <u>(49)</u> | <u>(212)</u> | <u>(261)</u> |
| Balance, March 29, 2008 | — | 5 | 5 |
| Fiscal year 2009 provision | — | — | — |
| Cash payments, net | <u>—</u> | <u>(5)</u> | <u>(5)</u> |
| Balance, March 28, 2009 | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> |

During fiscal year 2009, all accrued facilities abandonment payments were completed, and the restructuring balance was reduced to zero as of March 28, 2009. During fiscal year 2008, we adjusted the severance accrual by \$0.1 million to the remaining net realizable value, and all of these payments were completed during fiscal year 2008. During fiscal year 2007, we accrued an additional \$0.1 million for severance activities. With respect to our facilities abandonment accruals, we increased our restructuring accrual by \$0.3 million and \$0.1 million to account for additional property taxes and other facilities costs, respectively, on certain facilities in Fremont, California.

The following table sets forth the activity in our fiscal year 2004 restructuring accrual (in thousands):

| | <u>Severance</u> | <u>Facilities Abandonment</u> | <u>Total</u> |
|--------------------------------------|------------------|-----------------------------------|-----------------|
| Balance, March 29, 2003 | \$ — | \$ — | \$ — |
| Fiscal year 2004 provision | 1,688 | 6,205 | 7,893 |
| Cash payments, net | <u>(1,514)</u> | <u>(908)</u> | <u>(2,422)</u> |
| Balance, March 27, 2004 | 174 | 5,297 | 5,471 |
| Fiscal year 2005 provision | — | 178 | 178 |
| Cash payments, net | <u>(174)</u> | <u>(944)</u> | <u>(1,118)</u> |
| Balance, March 26, 2005 | — | 4,531 | 4,531 |
| Fiscal year 2006 provision | — | 627 | 627 |
| Cash payments, net | <u>—</u> | <u>(954)</u> | <u>(954)</u> |
| Balance, March 25, 2006 | — | 4,204 | 4,204 |
| Fiscal year 2007 provision | — | 214 | 214 |
| Cash payments, net | <u>—</u> | <u>(1,124)</u> | <u>(1,124)</u> |
| Balance, March 31, 2007 | — | 3,294 | 3,294 |
| Fiscal year 2008 provision | — | 14 | 14 |
| Cash payments, net | <u>—</u> | <u>(1,069)</u> | <u>(1,069)</u> |
| Balance, March 29, 2008 | — | 2,239 | 2,239 |
| Fiscal year 2009 provision | — | 147 | 147 |
| Cash payments, net | <u>—</u> | <u>(423)</u> | <u>(423)</u> |
| Balance, March 28, 2009 | <u>\$ —</u> | <u>\$ 1,963</u> | <u>\$ 1,963</u> |

Fiscal year 2009 activity reflected a net reduction in the 2004 restructuring accrual of \$0.3 million, which included an increase in the provision for normal accretion for the period. Fiscal year 2008 activity included a \$0.3 million reduction to the facilities abandonment accrual in recognition of the end of the lease term in December 2007. This reduction was offset by additions to the accrual for accretion during the period.

As of March 28, 2009, we have a remaining restructuring accrual for all of our past restructurings of \$2.0 million, primarily related to net lease expenses that will be paid over the respective lease terms through fiscal year 2013, along with other anticipated lease termination costs. We have classified the short-term portion of our restructuring activities, \$1.0 million, as “*Other accrued liabilities.*”

11. Employee Benefit Plans

We have a 401(k) Profit Sharing Plan (the “Plan”) covering substantially all of our qualifying domestic employees. Under the Plan, employees may elect to contribute any percentage of their annual compensation up to the annual IRS limitations. We match 50 percent of the first 6 percent of the employees’ annual contribution to the plan. We made matching employee contributions of \$0.9 million, \$0.8 million, and \$0.8 million during fiscal years 2009, 2008, and 2007, respectively.

12. Stockholders’ Equity

Share Repurchase Program

On January 29, 2009, we publicly announced that our Board authorized a share repurchase program of up to \$20 million. The repurchases will be funded from existing cash and may be effected from time to time depending on general market and economic conditions and in accordance with applicable securities laws. As of March 28, 2009, no share repurchases have occurred under this share repurchase program.

On January 30, 2008, we announced that our Board authorized a share repurchase program of up to \$150 million. The Company repurchased 13.3 million shares of its common stock for \$71.1 million during fiscal year 2008, which included \$8.3 million of accrued share repurchases that were cash-settled in fiscal year 2009. During the first quarter of fiscal year 2009, we continued our stock repurchase activity by repurchasing a total of 11.2 million shares of our common stock for \$78.9 million as part of this program. As of April 28, 2008, the share repurchase program was completed, with a cumulative 24.5 million shares acquired at a total cost of \$150 million. All of these shares were repurchased in the open market and were funded from existing cash. All shares of our common stock that were repurchased were cancelled as of June 28, 2008.

Employee Stock Purchase Plan

In March 1989, we adopted the 1989 Employee Stock Purchase Plan (“ESPP”). As of March 28, 2009, 0.8 million shares of common stock were reserved for future issuance under this plan. During fiscal years 2009, 2008, and 2007, we issued 63,000, 36,000, and 48,000 shares, respectively, under the ESPP. In fiscal year 2006, the Board approved amendments to the ESPP eliminating the six-month look back feature of the plan and reducing the purchase price discount from 15 percent to 5 percent. These modifications became effective for all ESPP options granted beginning with fiscal year 2007. Based on these modifications, the plan is no longer compensatory and the company does not recognize any compensation expense associated with the ESPP grants. In fiscal year 2009, the final purchase of shares under the plan occurred on December 26, 2008. The plan has a 20 year duration, and expired under its own terms effective May 26, 2009.

Preferred Stock

On May 24, 2005, the Board approved an amendment (the “Amendment”) to the Amended and Restated Rights Agreement, dated as of February 17, 1999, between the Company and BankBoston, N.A., as Rights Agent. The Amendment accelerated the termination of the Company’s preferred stock purchase rights (the “Rights”) from the close of business on May 4, 2008, to the close of business on May 26, 2005. On May 25, 2005, the Chief Financial Officer (“CFO”) signed a Certificate of Elimination that was subsequently filed with the Secretary of State of the State of Delaware which had the effect of eliminating from the Company’s Certificate of Incorporation all references to the Series A Participating Preferred Stock of the Company and returning these shares to the status of undesignated shares of authorized Preferred Stock of the Company. We have not issued any of the authorized 1.5 million shares of Series A Participating Preferred Stock.

Stock Compensation Expense

The following table summarizes the effects of stock-based compensation on cost of goods sold, research and development, sales, general and administrative, income from continuing operations before taxes, and net income after taxes for options granted under the Company's equity incentive plans (in thousands, except per share amounts; unaudited):

| | Fiscal Years Ended | | |
|---|---------------------------|---------------------------|---------------------------|
| | March 28, 2009 | March 29, 2008 | March 31, 2007 |
| Cost of sales | \$ 212 | \$ 190 | \$ 63 |
| Research and development | 1,923 | 1,897 | 2,050 |
| Sales, general and administrative | <u>3,031</u> | <u>3,187</u> | <u>3,368</u> |
| Effect on income from continuing operations (before taxes) | 5,166 | 5,274 | 5,481 |
| Income Tax Benefit | <u>—</u> | <u>—</u> | <u>—</u> |
| Total share based compensation expense (net of taxes) | <u><u>\$5,166</u></u> | <u><u>\$5,274</u></u> | <u><u>\$5,481</u></u> |
| Share based compensation effects on basic earnings (loss) per share | \$ 0.08 | \$ 0.06 | \$ 0.06 |
| Share based compensation effects on diluted earnings (loss) per share | \$ 0.08 | \$ 0.06 | \$ 0.06 |
| Share based compensation effects on operating activities cash flow . . | 5,166 | 5,274 | 5,481 |
| Share based compensation effects on financing activities cash flow . . | — | — | — |

The total share based compensation expense included in the table above and which is attributable to restricted stock awards was \$0.2 million for both fiscal years 2009 and 2008.

During fiscal year 2009, we received a net \$2.4 million from the exercise of options granted under the Company's Stock Plans, and an additional \$0.2 million from the issuance of stock under the Employee Stock Purchase Plan.

The total intrinsic value of options exercised during fiscal year 2009, 2008, and 2007 was \$0.9 million, \$2.1 million, and \$4.1 million, respectively. Intrinsic value represents the difference between the market value of Cirrus Logic common stock at the time of exercise and the strike price of the option.

As of March 28, 2009, there was \$9.8 million of compensation cost related to non-vested stock option awards granted under the Company's equity incentive plans not yet recognized in the Company's financial statements. The unrecognized compensation cost is expected to be recognized over a weighted average period of 2.43 years.

The Company currently is granting equity awards from the 2006 Stock Incentive Plan (the "Plan"), which was approved by stockholders in July 2006. The Plan provides for granting of stock options, restricted stock awards, performance awards, phantom stock awards, and bonus stock awards, or any combination of the foregoing. To date, the Company has granted incentive stock options and restricted stock awards under the Plan. Incentive stock options generally vest over a four-year period and are exercisable for a period of ten years from the date of grant. Restricted stock awards generally vest ratably over a period of four years.

As of March 28, 2009, approximately 21.2 million shares of common stock were reserved for issuance under the Option Plans. Additional information with respect to stock option activity is as follows (in thousands, except per share amounts):

| | <u>Options Available for Grant</u> | <u>Outstanding Options</u> | |
|--|--|----------------------------|--|
| | | <u>Number</u> | <u>Weighted Average Exercise Price</u> |
| Balance, March 25, 2006 | 17,055 | 11,960 | \$ 8.93 |
| Shares authorized for issuance | 20,473 | — | — |
| Option plans terminated | (22,463) | — | — |
| Options granted | (421) | 421 | 7.52 |
| Options exercised | — | (1,299) | 5.26 |
| Options forfeited | 2,062 | (812) | 6.54 |
| Options expired | — | <u>(1,250)</u> | 16.68 |
| Balance, March 31, 2007 | 16,706 | 9,020 | \$ 8.54 |
| Shares authorized for issuance | — | — | — |
| Option plans terminated | (2,311) | — | — |
| Options granted | (3,072) | 3,011 | 6.71 |
| Options exercised | — | (1,006) | 5.50 |
| Options forfeited | 2,489 | (525) | 7.00 |
| Options expired | — | <u>(1,964)</u> | 12.43 |
| Balance, March 29, 2008 | 13,812 | 8,536 | \$ 7.94 |
| Shares authorized for issuance | — | — | — |
| Option plans terminated | (652) | — | — |
| Options granted | (2,117) | 2,068 | 5.18 |
| Options exercised | — | (501) | 4.72 |
| Options forfeited | 1,061 | (436) | 6.71 |
| Options expired | — | <u>(604)</u> | 9.31 |
| Balance, March 28, 2009 | <u>12,104</u> | <u>9,063</u> | \$ 7.45 |

Additional information with regards to outstanding options that are vesting, expected to vest, or exercisable as of March 28, 2009 is as follows:

| | <u>Number of Options (thousands)</u> | <u>Weighted Average Exercise Price</u> | <u>Weighted Average Remaining Contractual Term (years)</u> | <u>Aggregate Intrinsic Value (thousands)</u> |
|---------------------------------------|--|--|--|--|
| Vested and expected to vest | 8,573 | \$7.19 | 6.72 | \$392 |
| Exercisable | 5,181 | \$8.01 | 5.32 | \$283 |

The following table summarizes information regarding outstanding and exercisable options as of March 28, 2009:

| Range of Exercise Prices | Options Outstanding | | | Options Exercisable | |
|--------------------------|--------------------------|---|---------------------------------------|---|---------------------------------------|
| | Number (in thousands) | Weighted Average Remaining Contractual Life | Weighted Average Exercise Price | Number Exercisable (in thousands) | Weighted Average Exercise Price |
| \$ 1.83 - \$ 4.58 | 945 | 5.57 | \$ 3.77 | 743 | \$ 3.83 |
| \$ 4.60 - \$ 5.20 | 857 | 5.56 | 5.14 | 805 | 5.14 |
| \$ 5.25 - \$ 5.25 | 1,630 | 9.51 | 5.25 | 0 | 0.00 |
| \$ 5.27 - \$ 6.20 | 680 | 7.98 | 5.74 | 304 | 5.82 |
| \$ 6.51 - \$ 6.51 | 1,405 | 8.40 | 6.51 | 512 | 6.51 |
| \$ 6.56 - \$ 7.26 | 1,641 | 6.04 | 7.08 | 1,286 | 7.10 |
| \$ 7.33 - \$ 8.06 | 1,058 | 6.77 | 7.80 | 726 | 7.79 |
| \$ 8.17 - \$23.50 | 702 | 2.84 | 14.35 | 660 | 14.72 |
| \$32.56 - \$32.56 | 130 | 1.51 | 32.56 | 130 | 32.56 |
| \$44.13 - \$44.13 | <u>15</u> | 1.50 | 44.13 | <u>15</u> | 44.13 |
| | <u>9,063</u> | 6.85 | \$ 7.45 | <u>5,181</u> | \$ 8.01 |

As of March 28, 2009, and March 29, 2008, the number of options exercisable was 5.2 million and 4.7 million, respectively.

In accordance with the provisions of SFAS No. 123(R), options outstanding that are expected to vest are presented net of estimated future option forfeitures, which are estimated as compensation costs are recognized. Options with a fair value of \$4.3 million, \$3.9 million and \$4.8 million became vested during fiscal years 2009, 2008 and 2007, respectively.

Restricted Stock Awards

In fiscal year 2009, the Company granted restricted stock awards to select employees. The grant date for these awards is equal to the measurement date. These awards are valued as of the measurement date and amortized over the requisite vesting period. A summary of the activity for restricted stock awards in fiscal years 2009 and 2008, which is a subset of the stock option information presented above, is presented below (in thousands, except for per share amounts):

| | Number of Shares | Weighted Average Grant Date Fair Value (per share) | Aggregate Intrinsic value(1) |
|----------------------|---------------------|--|------------------------------------|
| March 31, 2007 | — | — | |
| Granted | 61 | \$7.75 | |
| Vested | — | — | — |
| Forfeited | — | — | |
| March 29, 2008 | 61 | 7.75 | |
| Granted | 48 | 5.73 | |
| Vested | (15) | — | 86 |
| Forfeited | <u>(21)</u> | — | |
| March 28, 2009 | <u>73</u> | <u>\$6.86</u> | |

(1) Represents the value of Cirrus stock on the date that the restricted stock vested.

Stock-Based Compensation

We estimated the fair value of each option grant on the date of grant using the Black-Scholes option-pricing model using a dividend yield of zero and the following additional weighted-average assumptions:

| | <u>March 28, 2009</u> | <u>March 29, 2008</u> | <u>March 31, 2007</u> |
|---|-----------------------|-----------------------|-----------------------|
| Employee Option Plans: | | | |
| Expected stock price volatility | 47.23-59.22% | 39.13-50.08% | 36.73-47.80% |
| Risk-free interest rate | 1.48-2.99% | 2.26-4.95% | 4.65-4.99% |
| Expected lives (in years). | 4.08-4.23 | 2.51-3.19 | 1.45-3.09 |

Using the Black-Scholes option valuation model, the weighted average estimated fair values of employee stock options granted in fiscal years 2009, 2008, and 2007, were \$2.82, \$2.70, and \$2.97, respectively.

13. Accumulated Other Comprehensive Income (Loss)

Our accumulated other comprehensive income (loss) is comprised of foreign currency translation adjustments and unrealized gains and losses on investments classified as available-for-sale. The foreign currency translation adjustments are not currently adjusted for income taxes because they relate to indefinite investments in non-U.S. subsidiaries that have since changed from a foreign functional currency to a U.S. dollar functional currency.

The following table summarizes the changes in the components of accumulated other comprehensive income (loss) (in thousands):

| | <u>Foreign Currency</u> | <u>Unrealized Gains (Losses) on Securities</u> | <u>Total</u> |
|----------------------------------|-----------------------------|--|----------------|
| Balance, March 31, 2007. | \$(770) | \$ (13) | \$(783) |
| Current-period activity. | <u>—</u> | <u>559</u> | <u>559</u> |
| Balance, March 29, 2008. | (770) | 546 | (224) |
| Current-period activity. | <u>—</u> | <u>(352)</u> | <u>(352)</u> |
| Balance, March 28, 2009. | <u>\$(770)</u> | <u>\$ 194</u> | <u>\$(576)</u> |

14. Income Taxes

Income (loss) before income taxes consisted of (in thousands):

| | <u>March 28, 2009</u> | <u>March 29, 2008</u> | <u>March 31, 2007</u> |
|-------------------------|---------------------------|---------------------------|---------------------------|
| United States | \$3,739 | \$ 9,606 | \$21,226 |
| Non-U.S. | <u>2,418</u> | <u>(12,407)</u> | <u>(1,733)</u> |
| | <u>\$6,157</u> | <u>\$ (2,801)</u> | <u>\$19,493</u> |

The provision (benefit) for income taxes consists of (in thousands):

| | <u>March 28, 2009</u> | <u>March 29, 2008</u> | <u>March 31, 2007</u> |
|--|---------------------------|---------------------------|---------------------------|
| Current: | | | |
| Federal | \$ (142) | \$ — | \$ — |
| State | 6 | — | — |
| Non-U.S. | <u>167</u> | <u>258</u> | <u>(780)</u> |
| Total current tax provision (benefit) | <u>\$ 31</u> | <u>\$ 258</u> | <u>\$ (780)</u> |
| Deferred: | | | |
| U.S. | \$2,660 | \$ 4,568 | \$(7,797) |
| Non-U.S. | <u>(9)</u> | <u>(1,781)</u> | <u>175</u> |
| Total deferred tax provision (benefit) | <u>2,651</u> | <u>2,787</u> | <u>(7,622)</u> |
| Total tax provision (benefit) | <u>\$2,682</u> | <u>\$ 3,045</u> | <u>\$(8,402)</u> |

The provision (benefit) for income taxes differs from the amount computed by applying the statutory federal rate to pretax income (loss) as follows (in percentages):

| | <u>March 28, 2009</u> | <u>March 29, 2008</u> | <u>March 31, 2007</u> |
|--|---------------------------|---------------------------|---------------------------|
| Expected income tax provision (benefit) at the U.S. federal statutory rate | 35.0 | (35.0) | 35.0 |
| Foreign earnings repatriation | — | 82.5 | — |
| In-process research and development | — | 22.0 | 3.5 |
| Valuation allowance changes affecting the provision of income taxes | (12.4) | (98.0) | (79.2) |
| Foreign taxes at different rates | (11.6) | 108.4 | 0.3 |
| Foreign earnings taxed in the U.S. | 6.6 | 1.5 | — |
| Refundable R&D credit | (2.3) | — | — |
| Reversals of previously accrued taxes and tax refunds | — | — | (3.7) |
| Stock compensation | 17.3 | 26.4 | 0.9 |
| Nondeductible expenses | 11.3 | 2.0 | 0.3 |
| Other | <u>(0.3)</u> | <u>(1.1)</u> | <u>(0.2)</u> |
| Provision (benefit) for income taxes | <u>43.6</u> | <u>108.7</u> | <u>(43.1)</u> |

Significant components of our deferred tax assets and liabilities are (in thousands):

| | <u>March 28,</u> <u>2009</u> | <u>March 29,</u> <u>2008</u> |
|---|---------------------------------|---------------------------------|
| Deferred tax assets: | | |
| Inventory valuation | \$ 3,123 | \$ 3,619 |
| Accrued expenses and allowances | 2,949 | 3,328 |
| Net operating loss carryforwards | 174,418 | 173,551 |
| Research and development tax credit carryforwards | 36,278 | 35,749 |
| State tax credit carryforwards | 539 | 572 |
| Capitalized research and development | 27,980 | 32,463 |
| Depreciation and Amortization | 442 | — |
| Other | <u>13,859</u> | <u>12,290</u> |
| Total deferred tax assets | \$ 259,588 | \$ 261,572 |
| Valuation allowance for deferred tax assets | <u>(252,551)</u> | <u>(251,136)</u> |
| Net deferred tax assets | <u>\$ 7,037</u> | <u>\$ 10,436</u> |
| Deferred tax liabilities: | | |
| Depreciation and Amortization | \$ — | \$ 182 |
| Acquisition intangibles | <u>6,960</u> | <u>7,476</u> |
| Total deferred tax liabilities | \$ 6,960 | \$ 7,658 |
| Total net deferred tax assets | <u>\$ 77</u> | <u>\$ 2,778</u> |

The valuation allowance increased by \$1.4 million in fiscal year 2009 and decreased by \$14.3 million in fiscal year 2008. During fiscal year 2009, we increased the valuation allowance on our U.S. deferred tax assets by \$2.7 million. This increase was based on an evaluation of the deferred tax assets that we consider being more likely than not to be utilized. At March 28, 2009, we had federal net operating losses carryforwards of \$473.9 million. Of that amount, \$75.4 million relates to companies we acquired during fiscal year 2002 and are, therefore, subject to certain limitations under Section 382 of the Internal Revenue Code. In addition, approximately \$32.4 million of the federal net operating loss is attributable to employee stock option deductions, the benefit from which will be allocated to additional paid-in capital rather than current earnings if subsequently realized. We have net operating losses in various states that total \$115 million. The federal net operating loss carryforwards expire in fiscal years 2010 through 2029. The state net operating loss carryforwards expire in fiscal years 2010 through 2029. We also have non-U.S. net operating losses of \$6.2 million of which \$2.1 million does not expire. The remaining \$4.1 million expires in calendar years 2009 through 2013.

There are federal research and development credit carryforwards of \$21.6 million that expire in fiscal years 2010 through 2029. There are \$14.7 million of state research and development credits. Of that amount, \$3.0 million will expire in fiscal years 2021 through 2026. The remaining \$11.7 million of state research and development credits are not subject to expiration. The state investment credits of \$0.3 million will expire in fiscal year 2010.

We have approximately \$84 thousand of cumulative undistributed earnings in certain non-U.S. subsidiaries. We have not recognized a deferred tax liability on these undistributed earnings because the Company currently intends to reinvest these earnings in operations outside the U.S. The unrecognized deferred tax liability on these earnings is approximately \$31 thousand. With our current tax attributes, if the earnings were distributed, we would most likely not accrue any additional current income tax expense because this income would be offset by our net operating loss carryforwards and other future deductions.

We adopted the provisions of FIN 48 on April 1, 2007. As a result of the adoption of this new pronouncement, we recognized a \$1.6 million decrease in the liability for unrecognized tax benefits with a

corresponding increase to the balance of retained earnings as of April 1, 2007. A reconciliation of the beginning and ending amounts of unrecognized tax benefits is as follows (in thousands):

| | |
|--|--------------|
| Balance at March 30, 2008 | \$ 183 |
| Additions based on tax positions related to the current year | — |
| Reductions for tax positions of prior years | (98) |
| Settlements | — |
| Reductions related to expirations of statutes of limitation | — |
| Balance at March 28, 2009 | <u>\$ 85</u> |

The majority of the reduction in unrecognized tax benefits is related to stock basis in entities sold in a prior year. All of the unrecognized tax benefits are associated with tax carryforwards that, if recognized, would have no effect on the effective tax rate because of the valuation allowance that has been placed on substantially all of our U.S. deferred tax assets. The Company does not believe that its unrecognized tax benefits will significantly increase or decrease during the next 12 months.

We accrue interest and penalties related to unrecognized tax benefits as a component of the provision for income taxes. We did not record any interest or penalties upon adoption of FIN 48 or during the fiscal year 2009.

The Company and its subsidiaries are subject to U.S. federal income tax as well as income tax in multiple state and foreign jurisdictions. Fiscal years 2006 through 2009 remain open to examination by the major taxing jurisdictions to which we are subject. Our fiscal year 2006 U.S. Federal income tax return is currently under examination by the Internal Revenue Service. We have responded fully to all requests for information. The auditor has not proposed any adjustments to date.

15. Segment Information

We are focused on becoming a leader in high-precision analog and mixed-signal ICs for a broad range of audio and energy markets. We sell audio converters, audio interface devices, audio processors and audio amplification products. We also develop hybrids and modules for high-power applications. We also provide complete system reference designs based on our technology that enable our customers to bring products to market in a timely and cost-effective manner. We determine our operating segments in accordance with Statement of Financial Accounting Standard No. 131 (“SFAS No. 131”), “*Disclosures about Segments of an Enterprise and Related Information*.” Our CEO has been identified as the chief operating decision maker as defined by SFAS No. 131.

Our CEO receives and uses enterprise-wide financial information to assess financial performance and allocate resources, rather than detailed information at a product line level. Additionally, our product lines have similar characteristics and customers. They share operations support functions such as sales, public relations, supply chain management, various research and development and engineering support, in addition to the general and administrative functions of human resources, legal, finance and information technology. Therefore, there is no discrete financial information maintained for these product lines. Commencing with fiscal year 2009, we report revenue in two product categories: audio products and energy products. The energy product category had previously been referred to as “industrial,” but has been revised to reflect our focus on integrated circuits designed for a variety of energy exploration, measurement and control applications. Our revenue by product line is as follows (in thousands):

| | <u>March 28, 2009</u> | <u>March 29, 2008</u> | <u>March 31, 2007</u> |
|-----------------|---------------------------|---------------------------|---------------------------|
| Audio products | \$ 97,293 | \$ 100,097 | \$ 105,913 |
| Energy products | <u>77,349</u> | <u>81,788</u> | <u>76,391</u> |
| Total | <u>\$ 174,642</u> | <u>\$ 181,885</u> | <u>\$ 182,304</u> |

Geographic Area

The following illustrates revenues by geographic locations based on the sales office location (in thousands):

| | <u>March 28, 2009</u> | <u>March 29, 2008</u> | <u>March 31, 2007</u> |
|---------------------------------------|-----------------------|-----------------------|-----------------------|
| United States | \$ 53,309 | \$ 68,219 | \$ 69,515 |
| European Union | 25,580 | 13,727 | 17,415 |
| United Kingdom | 426 | 4,400 | 3,245 |
| China | 46,266 | 29,169 | 22,693 |
| Hong Kong | 5,937 | 9,518 | 7,064 |
| Japan | 10,062 | 14,972 | 14,822 |
| South Korea | 7,021 | 6,347 | 9,979 |
| Taiwan | 10,862 | 13,888 | 10,878 |
| Other Asia | 12,408 | 12,811 | 14,506 |
| Other non-U.S. countries | <u>2,771</u> | <u>8,834</u> | <u>12,187</u> |
| Total consolidated revenues | <u>\$174,642</u> | <u>\$181,885</u> | <u>\$182,304</u> |

The following illustrates property, plant and equipment, net, by geographic locations, based on physical location (in thousands):

| | <u>March 28, 2009</u> | <u>March 29, 2008</u> |
|--|-----------------------|-----------------------|
| United States | \$19,058 | \$20,576 |
| United Kingdom | 2 | 15 |
| China | 183 | 252 |
| Hong Kong | 30 | 11 |
| Japan | 19 | 22 |
| South Korea | 43 | 37 |
| Taiwan | 9 | 12 |
| Other Asia | <u>23</u> | <u>36</u> |
| Total consolidated property, plant and equipment, net. | <u>\$19,367</u> | <u>\$20,961</u> |

16. Quarterly Results (Unaudited)

The following quarterly results have been derived from our audited annual consolidated financial statements. In the opinion of management, this unaudited quarterly information has been prepared on the same basis as the annual consolidated financial statements and includes all adjustments, including normal recurring adjustments, necessary for a fair presentation of this quarterly information. This information should be read along with the financial statements and related notes. The operating results for any quarter are not necessarily indicative of results to be expected for any future period.

The unaudited quarterly statement of operations data for each quarter of fiscal years 2009 and 2008 were as follows (in thousands, except per share data):

| | Fiscal Year 2009 | | | |
|---|------------------|-----------------|-----------------|-----------------|
| | 4 th | 3 rd | 2 nd | 1 st |
| | <u>Quarter</u> | <u>Quarter</u> | <u>Quarter</u> | <u>Quarter</u> |
| | (2) | | (1) | |
| Net sales | \$33,520 | \$43,833 | \$53,278 | \$44,011 |
| Gross margin | 18,469 | 24,078 | 29,986 | 24,651 |
| Net income (loss) | (7,768) | 2,750 | 6,355 | 2,138 |
| Basic income (loss) per share | \$ (0.12) | \$ 0.04 | \$ 0.10 | \$ 0.03 |
| Diluted income (loss) per share | \$ (0.12) | \$ 0.04 | \$ 0.10 | \$ 0.03 |
| | | | | |
| | Fiscal Year 2008 | | | |
| | 4 th | 3 rd | 2 nd | 1 st |
| | <u>Quarter</u> | <u>Quarter</u> | <u>Quarter</u> | <u>Quarter</u> |
| | (4) | | (3) | |
| Net sales | \$ 44,822 | \$48,905 | \$47,034 | \$41,124 |
| Gross margin | 24,707 | 27,340 | 26,821 | 24,365 |
| Net income | (13,685) | 4,182 | (332) | 3,989 |
| Basic income per share | \$ (0.16) | \$ 0.05 | — | \$ 0.05 |
| Diluted income per share | \$ (0.16) | \$ 0.05 | — | \$ 0.04 |

- (1) Net income was impacted by a \$1.8 million provision for litigation expenses.
- (2) Net income was impacted by a \$2.7 million charge to tax expense to increase the valuation allowance on our U.S. deferred tax assets, a \$2.1 million charge for the impairment of intangible assets, and a \$0.4 million provision for litigation expenses.
- (3) Net income was impacted by a \$3.7 million impairment of non-marketable securities and a \$1.8 million charge for acquired in-process research and development.
- (4) Net income was impacted by a \$10.5 million charge for restructuring costs and a \$4.6 million charge to tax expense to increase the valuation allowance on our U.S. deferred tax assets.

ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

The Company’s management carried out an evaluation, under the supervision and with the participation of the CEO and CFO, of the effectiveness of the design and operation of Company’s disclosure controls and procedures (as defined in Securities Exchange Act of 1934 Rules 13a-15(e) and 15d-15(e)) as of March 28, 2009. Based on that evaluation, the Company’s CEO and CFO have concluded that such disclosure controls and procedures were effective in alerting them in a timely manner to material information relating to the Company required to be included in its periodic reports filed with the SEC.

Management’s Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined under Rule 13a-15(f). Under the supervision and with the participation of our management, including our CEO and CFO, we assessed the effectiveness of our internal control over financial reporting as of the end of the period covered by this report based on the framework in “Internal

Control-Integrated Framework” issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Because of its inherent limitation, internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions and that the degree of compliance with the policies or procedures may deteriorate.

Based on its assessment of internal control over financial reporting, management has concluded that our internal control over financial reporting was effective as of March 28, 2009 to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of our financial statements for external purposes in accordance with U.S. generally accepted accounting principles.

Our independent registered public accounting firm, Ernst & Young LLP, has issued an attestation report on management’s updated assessment of our internal control over financial reporting as of March 28, 2009, included in Item 8 of this report.

Changes in Internal Control Over Financial Reporting

There has been no change in the Company’s internal control over financial reporting during the quarter ended March 28, 2009, that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART III

ITEM 10. *Directors and Executive Officers of the Registrant*

The information set forth in the Proxy Statement to be delivered to stockholders in connection with our Annual Meeting of Stockholders to be held on July 25, 2008 under the headings *Corporate Governance — Board Meetings and Committees, Corporate Governance — Audit Committee, Proposals to be Voted on — Proposal No. 1 — Election of Directors, Executive Compensation — Executive Officers, and “Section 16(a) Beneficial Ownership Reporting Compliance”* is incorporated herein by reference.

ITEM 11. *Executive Compensation*

The information set forth in the Proxy Statement under the headings *Compensation Discussion and Analysis* and *Compensation Committee Report* is incorporated herein by reference.

ITEM 12. *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters*

The information set forth in the Proxy Statement under the headings *Equity Compensation Plan Information* and *Ownership of Securities* is incorporated herein by reference.

ITEM 13. *Certain Relationships and Related Transactions*

The information set forth in the Proxy Statement under the headings *Certain Relationships and Related Transactions* and *Corporate Governance* is incorporated herein by reference.

ITEM 14. *Principal Accountant Fees and Services*

The information set forth in the Proxy Statement under the heading *Audit and Non-Audit Fees and Services* is incorporated herein by reference.

PART IV

ITEM 15. *Exhibit and Financial Statement Schedules*

(a) The following documents are filed as part of this Report:

1. Consolidated Financial Statements

- Reports of Ernst & Young LLP, Independent Registered Public Accounting Firm.
- Consolidated Balance Sheets as of March 28, 2009 and March 29, 2008.
- Consolidated Statements of Operations for the fiscal years ended March 28, 2009, March 29, 2008, and March 31, 2007.
- Consolidated Statements of Cash Flows for the fiscal years ended March 28, 2009, March 29, 2008, and March 31, 2007.
- Consolidated Statements of Stockholders' Equity for the fiscal years ended March 28, 2009, March 29, 2008, and March 31, 2007.
- Notes to Consolidated Financial Statements.

2. Financial Statement Schedules

All schedules have been omitted since the required information is not present or not present in amounts sufficient to require submission of the schedule, or because the information required is included in the consolidated financial statements or notes thereto.

3. Exhibits

The following exhibits are filed as part of or incorporated by reference into this Report:

- 3.1 Certificate of Incorporation of Registrant, filed with the Delaware Secretary of State on August 26, 1998. (1)
- 3.2 Amended and Restated Bylaws of Registrant. (2)
- 10.1+ 1989 Employee Stock Purchase Plan, as amended September 21, 2005. (3)
- 10.2+ 1990 Directors' Stock Option Plan, as amended. (4)
- 10.3+ Cirrus Logic, Inc. 1996 Stock Plan, as amended and restated as of December 4, 2007. (5)
- 10.4+ 2002 Stock Option Plan, as amended. (6)
- 10.5+ Cirrus Logic, Inc. 2006 Stock Incentive Plan. (7)
- 10.6+ Form of Stock Option Agreement for options granted under the Cirrus Logic, Inc. 2006 Stock Incentive Plan. (7)
- 10.7+ Form of Notice of Grant of Stock Option for options granted under the Cirrus Logic, Inc. 2006 Stock Incentive Plan. (7)
- 10.8+ Form of Stock Option Agreement for Outside Directors under the Cirrus Logic, Inc. 2006 Stock Incentive Plan. (8)
- 10.9+ Form of Restricted Stock Award Agreement under the Cirrus Logic, Inc. 2006 Stock Incentive Plan. (9)
- 10.10+ 2007 Executive Severance and Change of Control Plan, effective as of October 1, 2007. (10)
- 10.11+ 2007 Management and Key Individual Contributor Incentive Plan, as amended on February 15, 2008 (17).
- 10.12 Lease Agreement by and between Desta Five Partnership, Ltd. and Registrant, dated November 10, 2000 for 197,000 square feet located at 2901 Via Fortuna, Austin, Texas. (1)
- 10.13 Amendment No. 1 to Lease Agreement by and between Desta Five Partnership, Ltd. and Registrant dated November 10, 2000. (11)
- 10.14 Amendment No. 2 to Lease Agreement by and between Desta Five Partnership, Ltd. and Registrant dated November 10, 2000. (6)
- 10.15 Amendment No. 3 to Lease Agreement by and between Desta Five Partnership, Ltd. and Registrant dated November 10, 2000. (12)
- 10.16 Agreement and Plan of Merger, dated July 11, 2007 (13)
- 10.17+ Resignation Agreement between David D. French and Cirrus Logic, Inc. dated March 5, 2007 (14)
- 10.18 Agreement on Termination of Employment Contract between Bin Wu and Registrant dated March 13, 2008. (16)
- 10.19 Letter Agreement by and between Bin Wu and Registrant dated April 9, 2008. (16)
- 10.20 The Revised Stipulation of Settlement dated March 10, 2009 (18)
- 14 Code of Conduct. (15)
- 23.1* Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm.
- 24.1* Power of Attorney (see signature page).

- 31.1* Certification of Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2* Certification of Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1* Certification of Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2* Certification of Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

+ Indicates a management contract or compensatory plan or arrangement.

* Filed with this Form 10-K.

- (1) Incorporated by reference from Registrant's Report on Form 10-K for the fiscal year ended March 31, 2001, filed with the SEC on June 22, 2001 (Registration No. 000-17795).
- (2) Incorporated by reference from Registrant's Report on Form 8-K filed with the SEC on September 21, 2005.
- (3) Incorporated by reference from Registrant's Report on Form 10-Q filed with the SEC on October 25, 2005.
- (4) Incorporated by reference from Registrant's Registration Statement on Form S-8 filed with the SEC on August 8, 2001 (Registration No. 333-67322).
- (5) Incorporated by reference from Registrant's Report on Form 10-Q filed with the SEC on January 30, 2008.
- (6) Incorporated by reference from Registrant's Report on Form 10-K for the fiscal year ended March 29, 2003, filed with the SEC on June 13, 2003 (Registration No. 000-17795).
- (7) Incorporated by reference from Registrant's Statement on Form S-8 filed with the SEC on August 1, 2006.
- (8) Incorporated by reference from Registrant's Report on Form 10-Q filed with the SEC on August 1, 2007.
- (9) Incorporated by reference from Registrant's Report on Form 10-Q filed with the SEC on November 5, 2007.
- (10) Incorporated by reference from Registrant's Report on Form 8-K filed with the SEC on October 3, 2007.
- (11) Incorporated by reference from Registrant's Report on Form 10-K for the fiscal year ended March 30, 2002, filed with the SEC on June 19, 2002 (Registration No. 000-17795).
- (12) Incorporated by reference from Registrant's Report on Form 10-K for the fiscal year ended March 25, 2006 filed with the SEC on May 25, 2006.
- (13) Incorporated by reference from Registrant's Report on Form 8-K filed with the SEC on July 12, 2007.
- (14) Incorporated by reference from Registrant's Report on Form 8-K filed with the SEC on March 7, 2007.
- (15) Incorporated by reference from Registrant's Report on Form 10-K for the fiscal year ended March 27, 2004, filed with the SEC on June 9, 2004 (Registration No. 000-17795).
- (16) Incorporated by reference from Registrant's Report on Form 10-K for the fiscal year ended March 29, 2008, filed with the SEC on May 29, 2008 (Registration No. 000-17795).
- (17) Incorporated by reference from Registrant's Report on Form 10-K for the fiscal year ended March 29, 2008, filed with the SEC on May 29, 2008 (Registration No. 000-17795).
- (18) Incorporated by reference from Registrant's Report on Form 10-Q filed with the SEC on April 1, 2009.

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned; thereunto duly authorized.

CIRRUS LOGIC, INC.

By: /s/ THURMAN K. CASE

Thurman K. Case
Vice President, Chief Financial Officer and
Chief Accounting Officer
May 29, 2009

KNOW BY THESE PRESENT, that each person whose signature appears below constitutes and appoints Thurman K. Case, his attorney-in-fact, with the power of substitution, for him in any and all capacities, to sign any amendments to this report on Form 10-K and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of the attorney-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, the following persons on behalf of the Registrant, in the capacities and on the dates indicated have signed this report below:

| <u>Signature</u> | <u>Title</u> | <u>Date</u> |
|---|---|--------------|
| <u>/s/ MICHAEL L. HACKWORTH</u> Michael L. Hackworth | Chairman of the Board and Director | May 29, 2009 |
| <u>/s/ JASON P. RHODE</u> Jason P. Rhode | President and Chief Executive Officer | May 29, 2009 |
| <u>/s/ THURMAN K. CASE</u> Thurman K. Case | Vice President, Chief Financial Officer and Chief Accounting Officer | May 29, 2009 |
| <u>/s/ D. JAMES GUZY</u> D. James Guzy | Director | May 29, 2009 |
| <u>/s/ SUHAS S. PATIL</u> Suhas S. Patil | Chairman Emeritus and Director | May 29, 2009 |
| <u>/s/ WALDEN C. RHINES</u> Walden C. Rhines | Director | May 29, 2009 |
| <u>/s/ WILLIAM D. SHERMAN</u> William D. Sherman | Director | May 29, 2009 |
| <u>/s/ ROBERT H. SMITH</u> Robert H. Smith | Director | May 29, 2009 |

Exhibit Index

(a) The following exhibits are filed as part of this Report:

| <u>Number</u> | <u>Description</u> |
|----------------------|--|
| 23.1 | Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm. |
| 24.1 | Power of Attorney (see signature page). |
| 31.1 | Certification of Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31.2 | Certification of Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32.1 | Certification of Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 32.2 | Certification of Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |



JASON P. RHODE
President and Chief Executive Officer

May 29, 2009

To our Stockholders:

I am pleased to invite you to attend the annual meeting of stockholders of Cirrus Logic, Inc. to be held on Friday, July 24, 2009, at 1:00 p.m. at Cirrus Logic, Inc., 2901 Via Fortuna, Austin, Texas 78746.

Details regarding admission to the meeting and the business to be conducted are more fully described in the accompanying Notice of Annual Meeting of Stockholders and Proxy Statement.

We are complying with the U.S. Securities and Exchange Commission rule that allows companies to furnish proxy materials to shareholders using the Internet. As a result, we are mailing to our stockholders a notice with instructions for accessing the proxy materials and voting via the Internet instead of sending a paper copy of this Proxy Statement and our 2009 Annual Report on Form 10-K. The notice also provides information on how shareholders may obtain paper copies of our proxy materials if they so choose. We believe this new rule will result in a reduction of the printing and postage costs associated with distributing paper copies of our proxy.

Your vote is important. Whether or not you plan to attend the annual meeting, I hope you will vote as soon as possible. Although you may vote in person at the annual meeting, you may also vote over the Internet, as well as by telephone, or by mailing a proxy card. Voting over the Internet, by telephone or by written proxy will ensure your representation at the annual meeting if you do not attend in person. Please review the instructions on the Notice of Internet Availability or the proxy card regarding each of these voting options.

Cirrus Logic values the participation of its stockholders. Your vote is an important part of our system of corporate governance and I strongly encourage you to participate.

Sincerely,

A handwritten signature in black ink, appearing to read "Jason P. Rhode".

Jason P. Rhode
President and Chief Executive Officer

TABLE OF CONTENTS

| | <u>Page</u> |
|---|-------------|
| Notice | 1 |
| Questions and Answers about the Proxy Materials, the Annual Meeting, and Voting Procedures | 2 |
| Corporate Governance | 6 |
| Director Compensation Arrangements | 11 |
| <u>Proposals to be Voted on:</u> | |
| <u>Proposal No. 1:</u> Election of Directors | 13 |
| <u>Proposal No. 2:</u> Ratification of Appointment of Independent Registered Public Accounting Firm | 15 |
| Other Matters | 15 |
| Ownership of Securities | 16 |
| Executive Officers | 19 |
| Compensation Discussion and Analysis | 21 |
| Compensation Committee Report | 28 |
| Summary of Executive Compensation | 29 |
| Equity Compensation Plan Information | 38 |
| Report of the Audit Committee of the Board of Directors | 39 |
| Audit and Non-Audit Fees and Services | 40 |
| Certain Relationships and Related Transactions | 41 |
| Section 16(a) Beneficial Ownership Reporting Compliance | 41 |
| Householding | 41 |
| Communicating with Us | 42 |
| Exhibit A - Corporate Governance Guidelines | A-1 |

A copy of the Annual Report on Form 10-K, which includes financial statements, is included with this Proxy Statement.

*You may receive copies of these documents at no charge upon request directed to:
Cirrus Logic Investor Relations
2901 Via Fortuna, Austin, Texas 78746
telephone: (512) 851-4125; email: InvestorRelations@cirrus.com
These documents may also be accessed on our Web site at www.cirrus.com.*



Annual Stockholders' Meeting

July 24, 2009

YOUR VOTE IS IMPORTANT

Notice

Cirrus Logic, Inc. (the "Company") will hold its 2009 Annual Meeting of Stockholders as follows:

Friday, July 24, 2009

1:00 P.M. (Central Daylight Time)

Cirrus Logic, Inc.

2901 Via Fortuna

Austin, Texas 78746

At the meeting, stockholders will vote on the following matters:

- (i) the election of seven Company directors for one-year terms;
- (ii) the ratification of the appointment of Ernst & Young LLP ("Ernst & Young") as our independent registered public accounting firm; and
- (iii) such other business as may properly come before the meeting.

You can vote four different ways. You can vote by attending the meeting, by telephone, by the Internet, or by proxy card. For specific voting information, please see "Questions and Answers about the Proxy Materials, the Annual Meeting, and Voting Procedures" on page 2.

Stockholders of record at the close of business on May 27, 2009 (the "Record Date"), are entitled to vote. On that day, approximately 65 million shares of the Company common stock were outstanding. Each share entitles the holder to one vote.

The Board of Directors of the Company ("the Board") asks you to vote in favor of each of the proposals. This proxy statement provides you with detailed information about each proposal. We are also using this proxy statement to discuss our corporate governance and compensation practices and philosophies.

We encourage you to read this proxy statement carefully. In addition, you may obtain information about the Company from the Annual Report to Stockholders and from documents that we have filed with the Securities and Exchange Commission (the "SEC").

PROXY STATEMENT

2009 ANNUAL MEETING OF STOCKHOLDERS To Be Held Friday, July 24, 2009

Cirrus Logic, Inc.
2901 Via Fortuna
Austin, Texas 78746
www.cirrus.com

These proxy materials are furnished to you in connection with the solicitation of proxies by the Board of Directors (“Board”) of Cirrus Logic, Inc. for use at our 2009 Annual Meeting of Stockholders and any adjournments or postponements of the meeting (the “Annual Meeting”). The Annual Meeting will be held on July 24, 2009, at 1:00 p.m., central time, at our principal executive offices, 2901 Via Fortuna, Austin, Texas 78746.

Beginning on or about June 3, 2009, Cirrus has made available to you on the Internet or delivered paper copies of these proxy materials to you by mail in connection with the solicitation of proxies by the Board of Cirrus in connection with the Annual Meeting.

QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS, THE ANNUAL MEETING, AND VOTING PROCEDURES

Q: Why am I receiving these materials?

A: Our Board is soliciting your proxy for the annual meeting of stockholders to take place on July 24, 2009. As a stockholder, you are invited to attend the meeting and are entitled to and requested to vote on the proposals described in this proxy statement.

Q: What information is contained in these materials?

A: The information included in this proxy statement relates to the proposals to be voted on at the meeting, the voting process, the compensation of directors and our most highly paid executive officers, and certain other required information. Our 2009 Annual Report to Stockholders on Form 10-K for the fiscal year ended March 28, 2009, is also included.

If you requested and received a paper copy of these materials by mail or e-mail, then the proxy materials also include a proxy card or a voting instruction card for the Annual Meeting.

Q: Why did I receive a notice in the mail regarding the Internet availability of the proxy materials instead of a paper copy of the proxy materials?

A: We are complying with the U.S. Securities and Exchange Commission (the “SEC”) rule that allows companies to furnish their proxy materials over the Internet. As a result, we are mailing to our stockholders a notice about the Internet availability of the proxy materials instead of a paper copy of the proxy materials. All stockholders receiving the notice will have the ability to access the proxy materials over the Internet and request to receive a copy of the proxy materials by mail or e-mail.

Q. How can I access the proxy materials over the Internet?

A: Your notice about the Internet availability of the proxy materials contains instructions regarding how to:

- View our proxy materials for the Annual Meeting on the Internet;
- Request a paper copy of our proxy materials for the Annual Meeting; and
- Instruct us to send our future proxy materials to you electronically by e-mail.

Q: How may I obtain a paper copy of the proxy materials?

A: Stockholders receiving a notice about the Internet availability of the proxy materials will find instructions regarding how to obtain a paper copy of the proxy materials in their notice.

Q: What should I do if I receive more than one notice about the Internet availability of the proxy materials or more than one paper copy of the proxy materials?

A: It means your shares are registered differently or are in more than one account. To vote all your shares by proxy, you must vote for all notices you receive, or for all proxy cards and voting instruction cards you received upon request.

Q: What proposals will be voted on at the meeting?

A: There are two proposals scheduled to be voted on at the meeting:

- the election of seven directors; and
- the ratification of the appointment of Ernst & Young, as our independent registered public accounting firm.

Q: What is Cirrus Logic's voting recommendation?

A: Our Board recommends that you vote your shares "FOR" each of the director nominees, and "FOR" the ratification of the appointment of Ernst & Young, as our independent registered public accounting firm.

Q: Who is entitled to vote at the Annual Meeting?

A: Stockholders of record at the close of business on May 27, 2009 (the "Record Date") are entitled to vote.

Q: What shares owned by me can be voted?

A: All shares owned by you as of the close of business on the Record Date may be voted by you. These shares include (1) shares held directly in your name as the *stockholder of record*, including shares purchased through the Company's Employee Stock Purchase Plan, and (2) shares held for you as the *beneficial owner* through a stockbroker or bank.

Q: What is the difference between holding shares as a stockholder of record and as a beneficial owner?

A: Most stockholders of the Company hold their shares through a stockbroker, bank or other nominee rather than directly in their own name. As summarized below, there are some distinctions between shares held of record and those owned beneficially.

Stockholder of Record

If your shares are registered directly in your name with the Company's transfer agent, Computershare Investor Services, you are considered, with respect to those shares, the *stockholder of record*, and you have the right to vote by proxy by following the instructions in the Notice of Internet Availability of the proxy materials or to vote in person at the meeting.

Beneficial Owner

If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the *beneficial owner* of shares held *in street name*, and your broker or nominee is considered, with respect to those shares, the *stockholder of record*. As the beneficial owner, you have the right to direct your broker or nominee how to vote and are also invited to attend the meeting. However, since you are not the *stockholder of record*, you may not vote these shares at the meeting unless you obtain a signed proxy from your broker or nominee giving you the right to vote the shares.

Q: How can I vote my shares in person at the meeting?

A: Shares held directly in your name as the *stockholder of record* may be voted in person at the annual meeting. If you choose to do so, please bring the enclosed proxy card or proof of identification.

Even if you currently plan to attend the annual meeting, we recommend that you also submit your proxy so that your vote will be counted if you later decide not to attend the meeting. Shares

held in street name may be voted in person by you only if you obtain a signed proxy from your broker or nominee giving you the right to vote the shares.

Q: How can I vote my shares without attending the meeting?

A: Whether you hold shares directly as the *stockholder of record* or beneficially in street name, you may direct your vote without attending the meeting. You may vote by granting a proxy or, for shares held in street name, by submitting voting instructions to your broker or other nominee. In most instances, you will be able to do this over the Internet, by telephone or by mail. If you are the stockholder of record, please refer to the summary instructions below and those included on your Notice of Internet Availability of the proxy materials. If you hold shares in street name, you should refer to the voting instruction card included by your broker or nominee. Stockholders who have requested and received a paper copy of a proxy card or voting instruction card by mail may also vote over the Internet by following the instructions on the proxy card or voting instruction card.

BY INTERNET— If you have Internet access, you may vote by following the instructions on the Notice of Internet Availability of the proxy materials. If you have requested and received a paper copy of a proxy card or voting instruction card, you may also vote over the Internet by following the instructions on the proxy card or voting instruction card.

BY TELEPHONE— If you have requested and received a paper copy of a proxy card or voting instruction card, you may vote by telephone by following the instructions on the proxy card. You will need to have the control number that appears on your Notice of Internet Availability of the proxy materials available when voting by telephone.

BY MAIL— If you have requested and received a paper copy of a proxy card or voting instruction card by mail, you may submit a proxy by signing your proxy card and mailing it in the enclosed, postage prepaid and addressed envelope. If you sign but do not provide instructions, your shares will be voted as described below in “How Are Votes Counted?”

Q: Can I revoke my proxy?

A: You may revoke your proxy instructions at any time prior to the vote at the annual meeting. For shares held directly in your name, you may revoke your proxy instructions by granting a new proxy bearing a later date (that automatically revokes the earlier proxy) or by attending the annual meeting and voting in person. Attendance at the meeting will not cause your previously granted proxy to be revoked unless you specifically request it to be revoked. For shares held beneficially by you, you may revoke your proxy instructions by submitting new voting instructions to your broker or nominee.

Q: What is the quorum requirement for the meeting?

A: The quorum requirement for holding the meeting and transacting business is the presence, either in person or represented by proxy, of the holders of a majority of the outstanding shares entitled to be voted at the Annual Meeting. Both abstentions and broker non-votes are counted as present for the purpose of determining the presence of a quorum.

Q: How are votes counted?

A: In the election of directors, you may vote “FOR” all of the nominees or your vote may be “WITHHELD” with respect to one or more of the nominees. For the proposal to ratify the selection of Ernst & Young, you may vote “FOR,” “AGAINST,” or “ABSTAIN.” If you “ABSTAIN,” it has the same effect as a vote “AGAINST.” If you sign your proxy card with no further instructions, your shares will be voted in accordance with the recommendations of the Board (“FOR” all of the Company’s nominees to the Board and “FOR” the ratification of Ernst & Young to serve as our independent registered public accounting firm).

Q: What is the voting requirement to approve each of the proposals?

A: In the election of directors, the seven persons receiving the highest number of “FOR” votes will be elected. All other proposals require the affirmative “FOR” vote of a majority of those shares

present and entitled to vote. If you are a beneficial owner and do not provide your broker or nominee with voting instructions, your shares may constitute broker non-votes, as described in “How are abstentions and broker non-votes counted?” below. In tabulating the voting results for any particular proposal, shares that constitute broker non-votes are not considered entitled to vote on that proposal.

Q: How are abstentions and broker non-votes counted?

A: Abstentions are counted as present for purposes of determining the shares present and entitled to vote. However, broker non-votes are not counted as shares present and entitled to be voted with respect to the matter on which the broker has expressly not voted. Thus, broker non-votes will not affect the outcome of any of the matters being voted upon at the meeting. Generally, broker non-votes occur when shares held by a broker for a beneficial owner are not voted with respect to a particular proposal because the broker has not received voting instructions from the beneficial owner and the broker lacks discretionary voting power to vote the shares.

Q: How can I obtain an admission ticket for the meeting?

A: Two cut-out admission tickets are included on the back of this proxy statement. A limited number of tickets are available for additional joint owners. To request additional tickets, please contact the Company’s Corporate Secretary at our headquarters. If you forget to bring an admission ticket, you will be admitted to the meeting only if you are listed as a *stockholder of record* as of the close of business on the Record Date, and you bring proof of identification. If you hold your shares through a broker or other nominee and fail to bring an admission ticket, you will need to provide proof of ownership by bringing either a copy of the Notice of Internet Availability of the proxy materials or a copy of a brokerage statement showing your share ownership as of the Record Date.

Q: Where can I find the voting results of the meeting?

A: We will announce preliminary voting results at the meeting and will publish final results no later than our quarterly report on Form 10-Q for the second fiscal quarter ending September 26, 2009.

Q: What happens if additional proposals are presented at the meeting?

A: Other than the proposals described in this proxy statement, we do not expect any matters to be presented for a vote at the annual meeting. If you grant a proxy, the persons named as proxy holders, Scott Thomas, our Corporate Secretary, and Thurman Case, our Chief Financial Officer, will have the discretion to vote your shares on any additional matters properly presented for a vote at the meeting. If for any unforeseen reason any of our nominees is not available as a candidate for director, the persons named as proxy holders will vote your shares for such other candidate or candidates as may be nominated by the Board.

Q: What classes of shares are entitled to be voted?

A: Each share of our common stock outstanding as of the Record Date is entitled to one vote on each item being voted upon at the annual meeting. On the Record Date, we had approximately 65 million shares of common stock outstanding.

Q: Is cumulative voting permitted for the election of directors?

A: No.

Q: Who will count the votes?

A: A representative of Broadridge Investor Communications Solutions will tabulate the votes. A representative of the Company will act as the inspector of the election.

Q: Is my vote confidential?

A: Proxy instructions, ballots and voting tabulations that identify individual stockholders are handled in a manner that protects your voting privacy. Your vote will not be disclosed either within the Company or to third parties except (1) as necessary to meet applicable legal requirements, (2) to allow for the tabulation of votes and certification of the vote, or (3) to facilitate a successful proxy solicitation by our Board.

Q: Who will bear the cost of soliciting votes for the meeting?

A: The Company will pay the entire cost of soliciting proxies to be voted, along with the costs of preparing, assembling, printing, mailing and distributing these proxy materials. If you choose to access the proxy materials and/or submit your proxy over the Internet or by telephone, however, you are responsible for Internet access or telephone charges you may incur. In addition to the mailing of these proxy materials, the solicitation of proxies or votes may be made in person, by telephone or by electronic communication by our directors, officers and employees, who will not receive any additional compensation for the solicitation activities. We will also reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy and solicitation materials to our stockholders.

Q: May I propose actions for consideration at next year's annual meeting of stockholders or nominate individuals to serve as directors?

A: You may submit proposals for consideration at future stockholder meetings.

Stockholder Proposals and Nominations: Any proposal that a stockholder wishes to include in the Company's proxy materials for the 2010 annual meeting of stockholders, in accordance with the regulations of the SEC, must be received by no later than February 4, 2010. The written proposal will need to comply with the regulations of the SEC under Rule 14a-8 regarding the inclusion of stockholder proposals in company-sponsored proxy materials. Any proposal or nomination for election of directors that a stockholder wishes to propose for consideration at the 2010 annual meeting of stockholders, whether or not the stockholder wishes to include such proposal or nomination in our proxy statement under the applicable SEC rules, must be submitted in accordance with our Bylaws, and must be received at our principal executive offices no later than February 4, 2010. Any such proposal or nomination must comply with the procedures and contain the information set forth in our Bylaws. Proposals and nominations should be addressed to: Corporate Secretary, Cirrus Logic, Inc., 2901 Via Fortuna, Austin, Texas 78746.

Copy of Bylaw Provisions: You may contact the Company's Corporate Secretary at our headquarters for a copy of the relevant Bylaw provisions regarding the requirements for making stockholder proposals and nominating director candidates.

CORPORATE GOVERNANCE

Board Meetings and Committees

During the fiscal year ended March 28, 2009, the Board held 8 meetings. All directors are expected to attend each meeting of the Board and the committees on which he serves. No director attended less than 75% of all of the meetings of the Board and the committees on which he served. Directors are also expected to attend the Company's annual meeting of stockholders absent a valid reason. All of the directors attended the Company's 2008 annual meeting of stockholders except for Mr. Hackworth and Mr. Guzy.

We have three Board committees: Audit, Compensation, and Governance and Nominating. Each member of the Audit, Compensation, and Governance and Nominating Committees is independent in accordance with the applicable Nasdaq listing standards. Each committee has a written charter that has been approved by the Board. The members of each committee are identified in the following table and the function of each committee is described below.

On occasion, the Board may appoint special committees or designate directors to undertake special assignments on behalf of the Board.

| Name of Director | Independent | Audit | Compensation | Governance and Nominating |
|---|--------------------|--------------|---------------------|----------------------------------|
| D. James Guzy | Yes | X | | X |
| Michael L. Hackworth | Yes | | | |
| Walden C. Rhines | Yes | X | X | Chair |
| Jason P. Rhode | No | | | |
| William D. Sherman | Yes | | Chair | X |
| Robert H. Smith | Yes | Chair | X | X |
| Suhas S. Patil | No | | | |
| Number of Meetings Held in Fiscal Year Ended March 28, 2009 | | 7 | 5 | 3 |

Audit Committee

The Audit Committee is currently composed of Messrs. Guzy, Rhines and Smith. The responsibilities of the Committee include:

- selecting, retaining, compensating, overseeing, evaluating and, where appropriate, terminating the Company's independent auditors;
- resolving any disagreements between management and the independent auditors regarding financial reporting;
- adopting and implementing pre-approval policies and procedures for audit and non-audit services to be rendered by the independent auditors;
- reviewing with management and the independent auditors the financial information and the Management's Discussion and Analysis proposed to be included in each of the Company's Quarterly Reports on Form 10-Q prior to their filing;
- reviewing before release the unaudited interim financial results in the Company's quarterly earnings release;
- reviewing with management and the independent auditors, at the completion of the annual audit, the audited financial statements and the Management's Discussion and Analysis proposed to be included in the Company's Annual Report on Form 10-K prior to its filing and provide or review judgments about the quality, not only the acceptability, of accounting principles, and such other matters required to be discussed with the independent auditors under generally accepted auditing standards.
- reviewing and approving, if appropriate, material changes to the Company's auditing and accounting principles and practices as suggested by the independent auditors or management;
- establishing procedures for (i) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters; and
- evaluating the professional competency of the financial staff and the internal auditors, as well as the quality of their performance in discharging their respective responsibilities.

The Board has determined that each of the members of the Audit Committee is able to read and understand fundamental financial statements and is independent under applicable Securities and Exchange Commission rules and applicable Nasdaq listing standards. The Board has determined that Robert H. Smith is an “audit committee financial expert” as defined under applicable Securities and Exchange Commission rules.

For additional information relating to the Audit Committee, see the Report of the Audit Committee of the Board on page 39 of this proxy statement and the Audit Committee Charter, which is available under the Corporate Governance section of our “Investors” page on our Web site at www.cirrus.com.

Compensation Committee

The Compensation Committee is composed of three directors, each of whom is independent under applicable Nasdaq listing standards. The Committee reviews and approves salaries and other matters relating to executive compensation, and administers the Company’s employee stock purchase plan and stock incentive plans, including reviewing and granting stock incentive awards to executive officers and other employees and reviewing and approving policies and procedures for awarding grants under these plans. The Compensation Committee also reviews and recommends to the Board for approval various other Company compensation plans, policies and matters, including any changes to the compensation and benefits of the Company’s non-employee directors. For additional information relating to the Compensation Committee, see the Compensation Committee Charter, which is available under the Corporate Governance section of our “Investors” page on our Web site at www.cirrus.com.

Governance and Nominating Committee

The Governance and Nominating Committee is composed of four directors, each of whom is independent under the applicable Nasdaq listing standards. This Committee provides counsel to the Board with respect to Board organization, membership and function, as well as committee structure and membership. The Committee is also responsible for defining the qualifications for candidates for director positions, evaluating qualified candidates, recommending candidates to the Board for election as directors, and proposing a slate of directors for election by stockholders at each annual meeting. For more information relating to the Governance and Nominating Committee, see the Governance and Nominating Committee Charter, which is available under the Corporate Governance section of our “Investors” page on our Web site at www.cirrus.com.

The Governance and Nominating Committee annually reviews the needs of the Board for various skills, experience, expected contributions and other characteristics in determining the director candidates to be nominated at the annual meeting. The Governance and Nominating Committee will evaluate candidates for directors proposed by directors, stockholders or management in light of the Committee’s views of the current needs of the Board for certain skills; the candidate’s background, skills, experience, or other characteristics; and the expected contributions and the qualification standards established from time to time by the Governance and Nominating Committee. If the Committee believes that the Board requires additional candidates for nomination, the Committee may engage a third party search firm to assist in identifying qualified candidates. All directors and nominees will submit a completed form of directors’ and officers’ questionnaire as part of the nominating process. The process may also include interviews and additional background and reference checks for non-incumbent nominees, at the discretion of the Governance and Nominating Committee. In making the determinations regarding nominations of directors, the Governance and Nominating Committee may take into account the benefits of diverse viewpoints as well as the benefits of a constructive working relationship among directors.

The Governance and Nominating Committee believes that members of the Board should possess certain basic personal and professional qualities in order to properly discharge their fiduciary duties to stockholders, provide effective oversight of the management of the Company and monitor the Company’s adherence to principles of sound corporate governance. Therefore, the Committee has

determined that nominees for election as director should have the following qualifications: (i) possess the highest personal and professional ethics, integrity and values; (ii) be committed to representing the long-term interests of the Company's stockholders; (iii) have an inquisitive and objective perspective and mature judgment; (iv) possess strong business and financial acumen and judgment acquired through education, training or experience; (v) possess experience at policy-making levels in business, government, education or technology, and in areas that are relevant to the Company's global business activities; (vi) have experience in matters of corporate governance; (vii) have experience in positions with a high degree of responsibility in the companies or institutions with which they are affiliated; and (viii) be prepared to devote appropriate time and attention to the Board and Committee duties required of a public company board member. Additionally, for non-employee director candidates, the nominees should have personal and business circumstances that permit them to serve on one or more of the various Committees of the Board.

These are not meant to be the exclusive criteria, however, and the Committee will also consider the contributions that a candidate can be expected to make to the collective functioning of the Board based upon the totality of the candidate's credentials, experience and expertise, the composition of the Board at the time, and other relevant circumstances.

With regard to Mr. Carter and Mr. Dehne, new director nominees recommended by the Governance and Nominating Committee for election at the 2009 Annual Meeting of Stockholders Mr. Carter was recommended by Mr. Hackworth, our Chairman of the Board, and Mr. Dehne was recommended by Dr. Rhode, our Chief Executive Officer.

Stockholders are able to recommend individuals to the Governance and Nominating Committee for consideration as potential director nominees by submitting their names, together with appropriate biographical information and background materials and a statement as to whether the stockholder or group of stockholders making the recommendation has beneficially owned more than 5% of the Company's common stock for at least one year as of the date such recommendation is made. An eligible stockholder wishing to recommend a candidate must submit the following not less than 120 calendar days prior to the anniversary of the date the proxy was released to the stockholders in connection with the previous year's annual meeting: (A) a recommendation that identifies the candidate and provides contact information; (B) the written consent of the candidate to serve as a director of the Company, if elected; and (C) documentation establishing that the stockholder making the recommendation is an eligible stockholder Recommendations should be submitted to:

Governance and Nominating Committee
c/o Corporate Secretary
Cirrus Logic, Inc.
2901 Via Fortuna
Austin, Texas 78746

The Committee will consider stockholder-recommended candidates pursuant to the Nominations Process outlined in the Company's Corporate Governance Guidelines.

Stockholders also have the right under the Company's Bylaws to nominate candidates for election as directors by following the procedures, providing the information and conforming to the submission deadlines specified in the Company's Bylaws. Please see "Questions and Answers about the Proxy Materials, the Annual Meeting and Voting Procedures – May I propose actions for consideration at next year's annual meeting of stockholders or nominate individuals to serve as directors?"

Determination of Independence

The Board, which currently consists of seven directors, has determined that five directors, as indicated in the table on page 7, are independent as defined by the applicable Nasdaq Stock Market, Inc. (the "Nasdaq") listing standards. Specifically, the Governance and Nominating Committee has reviewed the independence of each director and determined that Messrs. Guzy, Hackworth, Rhines, Sherman, and Smith qualify as independent directors under this standard. In determining that

Dr. Rhines qualified as an independent director, the Board considered payments made to Mentor Graphics Corporation by the Company pursuant to a license agreement, but determined that these payments did not change his status as an independent director.

In addition, the Governance and Nominating Committee has determined that new director nominees, Mr. Carter and Mr. Dehne, qualify as independent directors under the applicable Nasdaq listing standards.

Corporate Governance Guidelines

On an annual basis, the Company reviews its corporate governance practices in light of any changes to applicable law, the rules of the SEC and the Nasdaq listing standards. On May 1, 2009, the Company modified its Corporate Governance Guidelines to include a number of corporate governance changes that the Company agreed to as part of a proposed settlement of derivative lawsuits related to the Company's historic stock option practices. A copy of the amended Corporate Governance Guidelines is included as Exhibit A, and is available under the Corporate Governance section of our "Investors" page on our Web site at www.cirrus.com. Among other matters, the Guidelines include the following:

- Two-thirds of the members of the Board must be independent directors as defined in the Company's Corporate Governance Guidelines.
- The positions of Chairman of the Board and Chief Executive Officer ("CEO") shall be held by separate individuals, and the CEO shall be the only member of the Board who is an executive officer of the Company.
- If the Chairman of the Board is not an independent director as defined in Exhibit A to the Company's Corporate Governance Guidelines, the Board will designate a "lead independent director."
- Directors shall retire at the age of 75.
- The Board will have an Audit, Compensation, and Governance and Nominating Committee, each of which shall consist solely of independent directors.
- The independent directors shall meet in executive session either before or after each regularly scheduled Board meeting.
- In considering stockholder proposals and candidates recommended by stockholders for the Board, the Governance and Nominating Committee will follow the procedures outlined in the Corporate Governance Guidelines.

Code of Conduct

The Company has adopted a Code of Conduct, applicable to all employees, including the principal executive officer and senior financial officers. A copy of the Code of Conduct is incorporated as Exhibit 14 to the Company's Annual Report on Form 10-K and is accessible at www.cirrus.com. The Code of Conduct, as applied to the Company's senior financial officers, constitutes the Company's "code of ethics" within the meaning of Section 406 of the Sarbanes-Oxley Act of 2002 and constitutes the Company's "code of conduct" under the Nasdaq listing standards.

DIRECTOR COMPENSATION ARRANGEMENTS

Non-employee directors receive a combination of cash and equity-based compensation. Directors who are employed by the Company do not receive any compensation for their Board activities. Independent directors may not receive consulting, advisory or other compensatory fees from the Company in addition to their Board compensation. The following table sets forth the quarterly retainer payments paid to non-employee directors for Board service during the fiscal year ended March 28, 2009.

Director Compensation

| | |
|--|----------|
| Quarterly Director Retainer | \$12,500 |
| Board Chairman Quarterly Retainer | \$ 3,750 |
| Audit Chair Quarterly Retainer | \$ 5,000 |
| Audit Committee Member Quarterly Retainer | \$ 2,000 |
| Compensation Committee Chair Quarterly Retainer | \$ 2,000 |
| Compensation Committee Member Quarterly Retainer | \$ 1,000 |
| Nominating and Governance Committee Chair Quarterly Retainer | \$ 1,500 |
| Nominating and Governance Committee Quarterly Retainer | \$ 750 |

In addition, upon becoming a director, each non-employee director receives an option to purchase 25,000 shares of common stock of the Company at an exercise price equal to fair market value on the date of grant, with 25% vesting after one year and the remainder vesting ratably each month over the following 36 months. Upon re-election to the Board, each non-employee director receives a fully vested option grant to purchase 10,000 shares of common stock at an exercise price equal to fair market value on the date of grant. We also reimburse directors for all reasonable out of pocket expenses incurred for attending board and committee meetings.

On May 1, 2009, the independent directors of the Board approved modifications to the retainer fees and equity compensation for the non-employee directors based on the recommendation by the Company's Compensation Committee, which had analyzed the Company's director compensation compared to the Company's Proxy Group (as defined below in the section of this proxy statement entitled "*Compensation Discussion and Analysis – Benchmarking Information*"). In particular, the independent directors of the Board approved the following modifications:

- the Quarterly Director Retainer was reduced from \$12,500 to \$11,250; and
- upon reelection to the Board, the number of fully vested options to purchase shares of common stock at a strike price equal to the fair market value on the date of grant that each non-employee director will receive was increased from 10,000 shares to 25,000 shares.

In addition, on May 22, 2009, based on a similar analysis of the Company's initial director grant upon election to the Board compared to the Company's Proxy Group, the independent directors determined that the each non-employee director should receive an option to purchase 40,000 shares of common stock of the Company (increased from an option to purchase 25,000 shares of common stock) at an exercise price equal to fair market value on the date of grant upon becoming a director, with 25% vesting after one year and the remainder vesting ratably each month over the following 36 months.

The following table sets forth the information regarding the fees and compensation paid to our non-employee directors for services as members of the Board or any committee of the Board during fiscal year 2009.

DIRECTOR COMPENSATION TABLE FOR FISCAL YEAR 2009

| Name (a) | Fees Earned or Paid in Cash (1) (\$) (b) | Stock Awards (\$) (c) | Option Awards (2) (\$) (d) | All Other Compensation (\$) (g) | Total (\$) (h) |
|----------------------|--|------------------------------------|--|--|--------------------------|
| Michael L. Hackworth | \$65,000 | - | \$20,713 (3) | - | \$ 85,713 |
| D. James Guzy | \$61,000 | - | \$20,713 (4) | - | \$ 81,713 |
| Walden C. Rhines | \$71,000 | - | \$20,713 (5) | - | \$ 91,713 |
| William D. Sherman | \$65,000 | - | \$20,713 (6) | - | \$ 85,713 |
| Robert H. Smith | \$85,000 | - | \$20,713 (7) | - | \$105,713 |

- (1) Represents fees paid in cash for services as a director during the fiscal year ended March 28, 2009, including quarterly retainer fees and committee chairmanship and membership retainer fees.
- (2) On July 25, 2008, the date of the Company's 2008 annual meeting, a fully vested option grant to purchase 10,000 shares of common stock at an exercise price equal to fair market value on the date of grant was awarded to each non-employee director. The value disclosed is the grant date fair value of the options calculated in accordance with SFAS 123R.
- (3) At the end of fiscal year 2009, Mr. Hackworth had 80,000 options outstanding.
- (4) At the end of fiscal year 2009, Mr. Guzy had 90,000 options outstanding.
- (5) At the end of fiscal year 2009, Dr. Rhines had 90,000 options outstanding.
- (6) At the end of fiscal year 2009, Mr. Sherman had 95,000 options outstanding.
- (7) At the end of fiscal year 2009, Mr. Smith had 85,000 options outstanding.

PROPOSALS TO BE VOTED ON

Proposal No. 1

ELECTION OF DIRECTORS

The Board has approved seven nominees for election to the Board this year. Five of the nominees have served as a director since the last annual meeting, including Mr. Hackworth, Mr. Guzy, Dr. Rhode, Mr. Sherman and Mr. Smith. Mr. Carter and Mr. Dehne have been recommended by the Company's Governance and Nominating Committee and nominated by the Board for election as directors. Information regarding the business experience of each nominee is provided below. All directors are elected annually to serve until the next annual meeting and until their respective successors are elected or until their earlier resignation or removal. There are no family relationships among the Company's executive officers and directors.

Vote Required

In the election of directors, the seven persons receiving the highest number of "FOR" votes will be elected.

Information About Nominees

MICHAEL L. HACKWORTH

Director since 1985

Mr. Hackworth, age 68, is currently Chairman of the Board of the Company, a position he has held since July 1997. Between March 5, 2007 and May 16, 2007, Mr. Hackworth was the Company's Acting President and CEO. Mr. Hackworth continued to support Dr. Rhode as an employee of the Company until July 27, 2007, and acted as a consultant to the Company until September 30, 2007. He served as President and CEO of the Company from January 1985 to June 1998, and continued to serve as CEO until February 1999. Between 2002 and May 2007, Mr. Hackworth was the Chief Executive Officer of Tympany Corporation, a provider of audio transducers for loudspeakers. He also served as a director and Chairman of the Board of Tympany Corporation from 2002 until October 2008. In addition, Mr. Hackworth is a director of Virage Logic Corporation, a provider of semiconductor intellectual property platforms and development tools, and Epicor Software Corporation, a vendor of enterprise business software products.

JOHN C. CARTER

New Director Nominee

Mr. Carter, age 54, is currently a Principal at TCGen, which is a management consulting and advisory services firm that Mr. Carter founded in 2002 and is located in Menlo Park, California. Between November 2007 and January 2008, Mr. Carter was an Executive in Residence at Vantage Point Venture Partners in San Bruno, California, where he assisted in the management of several portfolio companies. Mr. Carter also served as Chief Technical Officer at Klipsch Group in Indianapolis, Indiana, between February 2005 and October 2007. Prior to working at Klipsch Group, he was Chief Operating Officer and Chief Technical Officer at Aurora Worldwide, Inc., a private equity investment and holding company focused on the consumer audio market between April 2004 and February 2005. Mr. Carter began his career as an engineer at Bose Corporation in 1978, later becoming its Chief Engineer.

TIMOTHY R. DEHNE

New Director Nominee

Mr. Dehne, age 43, recently retired from National Instruments Corporation, a supplier of measurement and automation products used by engineers and scientists in a wide range of industries. Mr. Dehne had been employed by National Instruments since 1987. From 2002 until his retirement, Mr. Dehne served as Senior Vice President, Research & Development. Prior to his role as Senior

Vice President, Research & Development, Mr. Dehne served in various executive positions in marketing and engineering.

D. JAMES GUZY

Director since 1984

Mr. Guzy, age 73, has been Chairman of Arbor Company, a limited partnership engaged in the electronics and computer industry, since 1969. Mr. Guzy is also Chairman of the Board of PLX Technology, Inc., a developer and supplier of data transfer semiconductor devices, and a director at Alliance Bernstein Core Mutual Fund. He is also Director Emeritus of Novellus Systems, Inc., a developer and manufacturer of systems used in the fabrication of integrated circuits. Mr. Guzy also served as a director of Intel Corporation, a semiconductor chip maker, until May 20, 2008.

JASON P. RHODE

Director since May 2007

Dr. Rhode, age 39, was appointed as President and CEO, and as a director of the Company in May 2007. Dr. Rhode joined the Company in 1995 and served in various engineering positions until he became Director of Marketing for analog and mixed-signal products in November 2002. He was appointed Vice President, General Manager, Mixed-Signal Audio Products, in December 2004, a role he served in until his appointment as President and CEO.

WILLIAM D. SHERMAN

Director since 2001

Mr. Sherman, age 66, is Senior Counsel in the law firm of Morrison & Foerster LLP, where he has worked since 1987.

ROBERT H. SMITH

Director since 1990

Mr. Smith, age 72, retired in August 2002 from the position of Executive Vice President of Administration of Novellus Systems, Inc., a developer and manufacturer of systems used in the fabrication of integrated circuits, where he also served on the Board of Directors. He also serves on the Board of Directors of Epicor Software Corporation, an enterprise and e-business software solutions company; PLX Technology, Inc., a developer and supplier of data transfer semiconductor devices; Virage Logic Corporation, a provider of semiconductor intellectual property platforms and development tools; and ON Semiconductor, a supplier of power components and systems to designers of computers, communications, consumer, and industrial systems.

The Board recommends a vote FOR the election to the Board of each of the foregoing nominees.

Proposal No. 2

RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of the Board has appointed Ernst & Young LLP (“Ernst & Young”) as the Company’s independent registered public accounting firm to audit the Company’s consolidated financial statements for the fiscal year ending March 27, 2010. During fiscal year ended March 28, 2009, Ernst & Young served as the Company’s independent registered public accounting firm and also provided certain tax services.

Representatives of Ernst & Young attended all meetings of the Audit Committee in fiscal year 2009. The Audit Committee pre-approves and reviews all audit and non-audit services provided by Ernst & Young. In considering the services to be provided by Ernst & Young, the Audit Committee considers whether the provision of non-audit services is compatible with maintaining the independence of Ernst & Young.

For additional information relating to the Audit Committee, see the Report of the Audit Committee of the Board on page 39 of this proxy statement, as well as the Audit Committee Charter, which is available under the Corporate Governance section of our “Investors” page on our Web site at www.cirrus.com.

A representative of Ernst & Young is expected to attend the meeting and be available to respond to questions and, if he or she desires, to make a statement.

The Board recommends a vote FOR the ratification of the appointment of Ernst & Young as the Company’s independent registered public accounting firm for the fiscal year ending March 27, 2010.

If the appointment is not ratified, the Audit Committee will consider this an indication to select other auditors for the following fiscal year. Ratification of the appointment of Ernst & Young as the Company’s independent registered public accounting firm for the fiscal year ending March 27, 2010, requires the affirmative vote of a majority of the shares of common stock present or represented by proxy and entitled to vote at the meeting.

OTHER MATTERS

The Company knows of no other matters that will be presented for consideration at the annual meeting. If any other matters properly come before the annual meeting, it is the intention of the persons named in the enclosed form of Proxy to vote the shares they represent as the Board may recommend. Discretionary authority with respect to such other matters is granted by the execution of the enclosed Proxy.

OWNERSHIP OF SECURITIES

The following table sets forth certain information known to the Company regarding the beneficial ownership of the Company's common stock as of April 25, 2009 by (i) each person known to the Company to be a beneficial owner of more than 5% of the Company's common stock; (ii) each director and nominee for director; (iii) each of the executive officers named in the Summary Compensation Table of the Executive Compensation section of this proxy statement; and (iv) all current directors and executive officers of the Company as a group. The Company's common stock is the only class of voting securities issued by the Company. Unless otherwise indicated in the footnotes, the beneficial owner has sole voting and investment power with respect to the securities beneficially owned, subject only to community property laws, if applicable.

| <u>Beneficial Owner</u> | <u>Shares Beneficially Owned</u> | |
|--|----------------------------------|------------------------------|
| | <u>Number</u> | <u>Percent⁽¹⁾</u> |
| <i>5% or Greater Stockholders:</i> | | |
| FMR LLC ⁽²⁾ 82 Devonshire Street Boston, MA 02109 | 9,786,170 | 15.0% |
| Mark Teo, Teren Handelman, Alpha Industries, Inc. ⁽³⁾ P.O. Box 808 Lyndhurst, New Jersey 07071 | 3,450,000 | 5.3% |
| Barclays Global Investors UK Holdings LTD ⁽⁴⁾ 1 Churchill Place Canary Wharf London X0 E14 5HP | 3,298,328 | 5.0% |
| <i>Directors and Named Executive Officers:</i> | | |
| Jason P. Rhode, President and Chief Executive Officer ⁽⁵⁾ | 418,362 | * |
| Robert H. Smith, Director ⁽⁶⁾ | 321,000 | * |
| Gregory Scott Thomas, Vice President, General Counsel, and Corporate Secretary ⁽⁷⁾ | 290,800 | * |
| D. James Guzy, Director ⁽⁸⁾ | 252,782 | * |
| Michael L. Hackworth, Director ⁽⁹⁾ | 203,825 | * |
| Thurman K. Case, Vice President and Chief Financial Officer ⁽¹⁰⁾ | 163,030 | * |
| Walden C. Rhines, Director ⁽¹¹⁾ | 116,000 | * |
| Scott A. Anderson, Senior Vice President and General Manager, Mixed-Signal Audio Products ⁽¹²⁾ | 109,166 | * |
| Suhas S. Patil, Chairman Emeritus and Director ⁽¹³⁾ | 96,678 | * |
| William D. Sherman, Director ⁽¹⁴⁾ | 95,405 | * |
| Timothy R. Turk, Vice President, Worldwide Sales ⁽¹⁵⁾ | 73,624 | * |
| John C. Carter, Director Nominee | 0 | * |
| Timothy R. Dehne, Director Nominee | 0 | * |
| <i>All current directors and executive officers as a group (15 persons)⁽¹⁶⁾</i> | 2,512,087 | 3.9% |

* Less than 1% of the outstanding common stock

- (1) Percentage ownership is based on 65,244,484 shares of common stock issued and outstanding on April 25, 2009. Shares of common stock, issuable under stock options that are currently exercisable or will become exercisable within 60 days after April 25, 2009, are deemed outstanding for computing the percentage of the person or group holding such options, but are not deemed outstanding for computing the percentage of any other person or group.
- (2) Based on information contained in a Form 13F filed by the stockholder with the SEC on May 15, 2009. A Schedule 13G/A filed by FMR LLC on February 17, 2009, stated that at the that time, Fidelity Management & Research Company (“Fidelity”), a wholly-owned subsidiary of FMR LLC and an investment adviser registered under Section 203 of the Investment Advisers Act of 1940, was the beneficial owner of 8,468,304 shares of the Common Stock outstanding of Cirrus Logic Inc, as a result of acting as investment adviser to various investment companies registered under Section 8 of the Investment Company Act of 1940. The ownership of one investment company, VIP ContraFund, amounted to 3,510,415 shares of the total stock outstanding. The principal business office of VIP ContraFund is at 82 Devonshire Street, Boston, MA 02109. The Schedule 13G/A further explained that Edward C. Johnson 3d and FMR LLC, through its control of Fidelity, and the funds each had sole power to dispose of the shares owned by the Funds. Neither FMR LLC nor Edward C. Johnson 3d had sole power to vote or direct the vote of the shares owned directly by Fidelity. Fidelity carries out the voting of shares under written guidelines established by the Funds’ Boards of Trustees.
- (3) Based on information contained in a Schedule 13D filed by the stockholder with the SEC on June 23, 2008. The filing indicates that Mark Teo has sole voting and dispositive power for 2,750,000 shares, with sole power to vote or direct the vote, dispose of or direct the disposition of shares held in the name of Alfred Teo, Annie Teo, Lambda Financial Service Corp. and Great Eastern Acquisition Corp.; and that Teren Handelman has sole voting and dispositive power for 700,000 shares held in the name of MAAA Trust.
- (4) Based on information contained in a Form 13F-HR filed by the stockholder with the SEC on May 14, 2009. The filing indicates that Barclays Global Investors, N.A. has sole voting power as to 1,499,690 shares and no voting authority as to 363,186 shares, and that Barclays Global Fund Advisors has sole voting authority as to 1,435,452 shares.
- (5) Includes 411,050 shares issuable upon exercise of options held by Dr. Rhode and 5,812 shares held directly.
- (6) Includes 85,000 shares issuable upon exercise of options held by Mr. Smith and 236,000 shares held directly.
- (7) Includes 278,633 shares issuable upon exercise of options held by Mr. Thomas and 12,167 shares held directly.
- (8) Includes 90,000 shares issuable upon exercise of options held by Mr. Guzy, 30,000 shares held by Mr. Guzy directly, and 132,782 shares held by Arbor Company, of which Mr. Guzy is President.
- (9) Includes 80,000 shares issuable upon exercise of options held by Mr. Hackworth, 7,588 shares held by Mr. Hackworth directly, and 116,237 shares held by Mr. Hackworth as Trustee UTD August 1, 1988.
- (10) Includes 160,908 shares issuable upon exercise of options held by Mr. Case and 2,122 shares held directly.
- (11) Includes 90,000 shares issuable upon exercise of options held by Dr. Rhines, 20,000 shares held by Dr. Rhines directly, and 6,000 shares held by Dr. Rhines’ spouse for which he claims beneficial ownership. Dr. Rhines currently serves as a director but will not stand for re-election to the Board at the 2009 Annual Meeting.

- (12) Includes 79,166 shares issuable upon exercise of options held by Mr. Anderson and 30,000 shares held directly.
- (13) Includes 26,278 shares held by Dr. Patil directly and 70,400 shares held by family members and trusts for the benefit of family members. Dr. Patil does not have voting or investment power over the shares held by family members and trusts and disclaims beneficial ownership as to those shares. Dr. Patil currently serves as a director but will not stand for re-election to the Board at the 2009 Annual Meeting.
- (14) Includes 95,000 shares issuable upon exercise of options held by Mr. Sherman and 405 shares held directly.
- (15) Includes 65,624 shares issuable upon exercise of options held by Mr. Turk and 8,000 shares held directly.
- (16) Includes options held by all executive officers and directors to purchase an aggregate of 1,761,979 shares of our Common Stock that are exercisable within 60 days of April 25, 2009.

EXECUTIVE OFFICERS

Scott A. Anderson – Senior Vice President and General Manager, Mixed-Signal Audio Products

Mr. Anderson, age 55, was appointed Senior Vice President and General Manager in October 2007. Prior to joining the Company, Mr. Anderson served as the president and chief operating officer of Freescale Semiconductor between March 2004 and February 2005, and as president and chief executive officer of Motorola Semiconductor Products Sector (“SPS”) between February 2003 and December 2003.

Jo-Dee M. Benson – Vice President, Corporate Marketing Communications and Human Resources

Ms. Benson, age 49, was appointed Vice President, Corporate Marketing Communications and Human Resources in February 2005. Previously, she had served as Vice President of Corporate Communications since December 2000.

Gregory L. Brennan – Vice President and General Manager, Apex Precision Power

Mr. Brennan, age 47, was appointed Vice President and General Manager, Apex Precision Power, in April 2008. Between July 2007, when the Company acquired Apex Microtechnology, and April 2008, Mr. Brennan served as Director of Marketing, Industrial Products Division. Prior to July 2007, Mr. Brennan had served as Vice President, Marketing and Sales for Apex Microtechnology.

Thurman K. Case – Vice President, Chief Financial Officer and Principal Accounting Officer

Mr. Case, age 52, was appointed the Company’s Chief Financial Officer (“CFO”) on February 14, 2007. He joined the Company in October 2000, and was appointed Vice President, Treasurer, Financial Planning & Analysis, in September 2004. Prior to being appointed to his current position, Mr. Case also served as Vice President, Finance between June 2002 and September 2004, and Director of Finance between October 2000 and June 2002.

Will Cuellar – Vice President of Supply Chain

Mr. Cuellar, age 48, was named Vice President of Supply Chain in November 2008. As Vice President of Supply Chain, Mr. Cuellar oversees the Company’s worldwide manufacturing operations. Between July 2008, when he joined the Company, and November 2008, Mr. Cuellar was Director of Operations. Prior to joining the Company, Mr. Cuellar was Director, Planning at Analog Devices, Inc.

Miroslav Dokic – Vice President and General Manager, DSP Business Unit

Dr. Dokic, age 46, was named Vice President and General Manager of the DSP Business Unit in May 2007. Prior to May 2007, Dr. Dokic served as director of DSP Firmware Engineering and Advanced Technology Development in Cirrus Logic’s Embedded Products Division since 1999. Dr. Dokic joined the Company in 1995 and served in various engineering roles prior to serving as director of DSP Firmware Engineering and Advanced Technology Development.

Jason P. Rhode – President and Chief Executive Officer, and Director Nominee

Dr. Rhode, age 39, was appointed as President and CEO of the Company in May 2007. Dr. Rhode joined the Company in 1995 and served in various engineering positions until he became Director of Marketing for analog and mixed-signal products in November 2002. He was appointed Vice President, General Manager, Mixed-Signal Audio Products, in December 2004, a role he served in until his appointment as President and CEO.

Thomas Stein – Vice President and General Manager, EXL Division

Mr. Stein, age 37, became Vice President and General Manager of the Company’s Energy, Exploration, and Lighting (“EXL”) Division in September 2008. Prior to September 2008, Mr. Stein held various leadership positions in sales and marketing since joining the Company in 1995.

Gregory Scott Thomas – Vice President, General Counsel and Corporate Secretary

Mr. Thomas, age 43, was appointed Vice President, General Counsel and Corporate Secretary in December 2003. He joined the Company in December 2000 as Vice President and Associate General Counsel, Intellectual Property.

Timothy R. Turk – Vice President, Worldwide Sales

Mr. Turk, age 52, was appointed Vice President, Worldwide Sales in August 2007. Prior to joining Cirrus Logic, Mr. Turk was Vice President of Sales at Avnera Corporation. Mr. Turk also served 20 years in sales and operations with Cypress Semiconductor, including as vice president of Worldwide Sales and Sales Operations from 2004 through 2006.

COMPENSATION DISCUSSION AND ANALYSIS

The following discussion of executive compensation contains descriptions of various employee benefit plans and employment-related agreements. These descriptions are qualified in their entirety by reference to the full text or detailed descriptions of the plans and agreements that are filed as exhibits to the Company's 2009 Annual Report on Form 10-K for the fiscal year ended March 28, 2009.

General Philosophy

We provide the Company's executive officers with compensation opportunities that are based upon their personal performance, the financial performance of the Company and their contribution to that performance, through a mix of salary, equity, and non-equity incentive compensation. These opportunities are designed to be competitive enough to attract and retain highly skilled individuals, and to align management's incentives with the long-term interests of our stockholders.

We believe that payments under the compensation programs for our executive officers should reflect the Company's performance and the value created for the Company's stockholders. In addition, the compensation programs should support the short-term and long-term strategic goals and values of the Company and should reward individual contribution to the Company's success. We are engaged in a very competitive industry, and the Company's success depends upon its ability to attract and retain qualified executives through the competitive compensation packages we offer to these individuals.

Use of a Compensation Consultant

To support the Compensation Committee in fulfilling its duties, the Committee has hired consultants in the field of executive compensation to assist with its design and evaluation of CEO and executive officer compensation. During fiscal year 2009, the Compensation Committee retained the services of Mercer Human Resource Consulting ("Mercer"), a market leader for advice and analysis on executive compensation practices, to assist with a comprehensive review of the CEO's and other executive officers' compensation. In addition to discussing their review with our Compensation Committee, Mercer also contacted members of senior management and employees in our human resources and legal departments to obtain historical data and insight into the Company's business strategy and compensation practices. The Compensation Committee considered Mercer's recommendations, along with the recommendations of Company management, in setting our executives' fiscal year 2009 total overall compensation. Although Mercer provided analysis and recommendations to the Compensation Committee, Mercer did not decide or approve any compensation-related actions. Mercer performed no other services for the Company in fiscal year 2009. Additionally, the Committee has established procedures to ensure that Mercer's advice to the Committee remains objective and is not influenced by the Company's management. These procedures include: a direct reporting relationship of the Mercer consultant to the Committee; a provision in the Committee's engagement letter with Mercer specifying the information, data, and recommendations that can and cannot be shared with management; and an annual update to the Committee on Mercer's financial relationship with the Company, including a summary of the work performed for the Company during the preceding 12 months.

Targeted Overall Compensation

The Compensation Committee annually reviews and establishes each executive officer's total compensation package. The Committee considers a broad range of facts and circumstances in setting executive compensation, including Company performance, individual performance, external pay practices of competitors and similarly situated companies, the strategic importance of the executive's position, as well as internal pay equity and the executive's time in the position. The weight given to each of these factors by the Committee may differ from year to year, and among the individual executive officers. The Company's executive pay program is heavily weighted toward performance-based compensation that rewards achievement of short- and long-term corporate goals and objectives of the Company. In setting target compensation for the Company's executives, the Compensation

Committee sought to strike a balance between providing compensation that is in-line with the compensation paid to executives of peer companies, while ensuring that a significant percentage of compensation was coupled to stock price appreciation, as well as Company and individual performance.

Benchmarking Information

As part of the Committee's annual compensation review, the information provided by Mercer to the Committee was based on several sources of compensation information, including published survey data and information from public company disclosures. Competitive information is obtained from published survey data prepared by Radford Surveys, a leading provider of compensation and benefits market data, and from the proxy statements of peer companies. The Committee used Radford Survey data, considering data specific to jobs with companies in the semiconductor industry with revenues less than \$1 billion per year (the "Survey Group").

In addition to the Survey Group, the Committee reviewed data from the proxy statements of particular companies that are considered comparable to the Company (the "Proxy Group"). The Proxy Group generally consists of public companies in the semiconductor industry that share similar operating and financial characteristics with the Company. Those characteristics include a company's revenue, location, number of employees, one-year revenue growth, market cap, correlation of stock price movement, inclusion as a peer in published equity analyst reports, and similarity of business model and product lines. In the spring of 2008, Mercer analyzed our compensation peer group and recommended several changes. After review of Mercer's recommendations, the Committee adopted the following group of 15 companies for its Proxy Group: Actel Corp.; Advanced Analogic Technologies, Inc.; Applied Micro Circuits Corp.; Integrated Silicon Solutions, Inc.; Micrel, Inc.; Microtune, Inc.; Monolithic Power Systems, Inc.; Pericom Semiconductor Corp.; Power Integrations, Inc.; Semtech Corp.; Silicon Image, Inc.; Silicon Laboratories, Inc.; Silicon Storage Technology, Inc.; Standard Microsystems Corp.; and Supertex, Inc. For purposes of the 2008 compensation review, proxy data from Micrel, Inc. was excluded as they did not file a proxy statement during their most recent fiscal year.

From the data derived from the Survey Group and the Proxy Group, Mercer developed market composite data reflecting a 50/50 blend of the data from each group (the "Market Composite Data"). In some cases, the Committee made an adjustment upward to the Market Composite Data for executives who perform responsibilities in addition to the responsibilities associated with the jobs included in the Survey Group. Compensation recommendations for Company management are examined in light of this information, with the intent of establishing competitive compensation levels.

Elements of Compensation and Target Market Positioning

Each executive officer's compensation package is composed of the following elements: (i) base salary that is competitive with the market and reflects individual performance, (ii) annual non-equity performance awards tied to the Company's achievement of performance goals, (iii) long-term incentive awards designed to strengthen the mutuality of interests among the executive officers and the Company's stockholders, and (iv) post-employment compensation.

In general, we have attempted to establish a strong relationship between total cash compensation, our performance, and individual executive performance by targeting base salaries at approximately the 50th percentile compared to the Market Composite Data, and by providing additional incentive opportunities so that the target total cash compensation (salary plus target annual cash incentive compensation) approaches the 50th percentile levels with the potential to earn in the 75th percentile level for higher levels of performance. The Company also provides additional long-term incentives in the form of stock option grants so that an executive's total direct compensation is targeted at the 50th percentile level (i.e., the size of the stock option grant is a function of the difference between the 50th percentile total direct compensation and the 50th percentile total cash compensation). These percentages are intended as guidelines for evaluating each executive officer's compensation, and are

not applied on a formulaic basis. The Compensation Committee exercises discretion over each executive officer's total compensation package.

Executive officers are also eligible to receive certain severance benefits upon termination of their employment other than for cause. In addition, executive officers may also participate in the Company's Employee Stock Purchase Plan and receive 401(k) retirement, health and welfare benefits.

Executive Compensation

For the past several years, our Compensation Committee has annually reviewed our executives' compensation at a regularly scheduled Committee meeting in February. Annual stock option awards and any changes to an executive's base salary or annual incentive targets were typically made at this time. However, in order to align the Committee's review of our executives' annual option grants with the timing of our annual review and grant of equity to our key employees that occurs in October each year, the Committee reviewed and approved awards of long-term equity incentives at the Committee's September 2007 meeting. In 2008, in order to align the review of all aspects of an executive's compensation at one meeting, the Committee determined that any proposed changes to compensation, in addition to awards of long-term equity awards, should also be reviewed at a regularly scheduled Committee meeting in September. The Committee intends to continue to review any future proposed changes to compensation or annual grants of long-term incentive awards for its executives in September of each year.

Base Salary

The base salary for each executive officer is designed to be commensurate with the salary levels for comparable positions within a comparative group of companies, to reflect each individual's personal performance during the year, to take into consideration the individual's responsibilities within the Company, and to be consistent with our internal salary alignment. The relative weight given to each factor varies with each executive and is within the discretion of the Compensation Committee. In setting base salaries, the Compensation Committee reviews (i) the Market Composite Data; (ii) recommendations from Dr. Rhode, the Company's CEO; and (iii) the executive officer's personal performance for the year. The Company's performance and profitability may also be a factor in determining the base salaries of executive officers.

On May 16, 2007, Dr. Jason P. Rhode was appointed by the Board as President and CEO of the Company. In connection with his appointment, the Company's Compensation Committee approved an annual base salary of \$335,000 per year. This annual base salary was approximately at the 25th percentile of the base salary levels of other chief executive officers at the companies in the Market Composite Data. In setting his base salary, the Company reviewed the Market Composite Data and considered Dr. Rhode's level of prior experience in General Manager positions, along with other factors including his then current base salary of \$235,000 per year. This salary increase reflected the additional demands and responsibilities of Dr. Rhode as he assumed the role of CEO, while also recognizing our intended strategy of moving Dr. Rhode's compensation over time towards the 50th percentile of base salary levels of chief executive officers of comparable companies based on his performance in his new role. At a meeting on September 10, 2008, as part of its annual review of executive compensation, the Compensation Committee approved an increase in the annual base salary for Dr. Rhode to \$390,000. The Committee increased Dr. Rhode's base salary in recognition of his performance and the Committee's previously stated intent to move Dr. Rhode's salary over time towards the 50th percentile of base salary levels of Chief Executive Officers of comparable companies. After the increase, Dr. Rhode's base salary was slightly below the 50th percentile of base salary levels of CEO's in the Market Composite Data.

The Compensation Committee also reviewed the compensation of its other executive officers at its meeting on September 10, 2008. Based on this review, the Committee concluded that the base salary levels of our executive officers are generally positioned competitively against the Market Composite Data, with some executives at or above the market 75th percentile. The Compensation Committee

increased Mr. Case's annual salary from \$230,000 to \$245,000, in recognition of his performance and with the intent to align, over time, his compensation with the compensation of Chief Financial Officers in the Market Composite Data. In addition, based on its review of the competitive salary information, the officer's personal performance over the previous year, and the responsibilities of each executive officer, the Compensation Committee increased on an aggregate basis, the compensation of its executive officers, excluding our CEO and CFO, by approximately 3% from the previous year. In general, these increases were intended to reflect a cost of living adjustment and to recognize the performance of certain executive officers during the previous year.

Annual Performance Awards

Other than our Vice President, Worldwide Sales, who participated in a sales commission plan, our executives participated in the Company's 2007 Management and Key Individual Contributor Incentive Plan (the "Incentive Plan"). The Incentive Plan is designed to provide employees who are in management or leadership positions in the Company, or who are key individual contributors whose efforts potentially have a material impact on the Company's performance, with incentives to improve the Company's financial performance through the achievement of semi-annual performance goals.

Pursuant to the Incentive Plan, participants (including the Company's CEO, CFO, and the other currently employed Named Executive Officers) are eligible for semi-annual cash bonus payments. The Incentive Plan sets our CEO's target bonus for a semi-annual period at 37.5% of his annual base salary, and certain other executive officers' target bonuses for a semi-annual period, including our CFO and other named executive officers, at 25% of their annual base salary. Payments are determined based on the achievement of certain internal performance goals for operating profit margin and revenue growth set by the Company's Compensation Committee prior to the commencement of each semi-annual period. For purposes of the Incentive Plan, "Operating Profit Margin" is defined as the Company's consolidated GAAP operating income excluding Incentive Plan and other bonus accruals and any non-recurring items such as gains on sales of assets not otherwise included in revenue, losses on sales of assets, restructuring charges, merger-related costs including amortization or impairments of acquisition-related intangible assets, deferred tax adjustments, asset write-offs, write-downs, and impairment charges, and such other items as the Compensation Committee may determine in its sole discretion.

These performance goals are designed to balance short-term and long-term financial and strategic objectives for building stockholder value, and are further based on a review of the operating results of other peer companies. The Committee sets these goals such that participants will achieve their target bonuses when the Company's Operating Profit Margin and revenue growth goals are achieved. In determining the amount of a bonus payment for an individual participant, the Plan provides that payments may exceed the target payouts when the Company's financial performance exceeds the achievement of the semi-annual performance goals. Payments under the Incentive Plan may not exceed 250% of a participant's target bonus for any applicable payout period. The Incentive Plan further provides that no payments may be made unless certain Operating Profit Margin thresholds are met.

In the first half of fiscal year 2009, executive officers, including our CEO, CFO, and other Named Executive Officers, earned payments of approximately 17% of each individual's target bonus. In the second half of fiscal year 2009, no payments were made to the CEO or any executive officer under the Incentive Plan because the Company did not achieve the required 10% Operating Profit Margin thresholds for that period.

The performance goals for the first six months of fiscal year 2010 were set by the Committee at its February 2009 meeting. Bonuses will be paid to executives under the Incentive Plan in the first six months of fiscal year 2010 if the Company's Operating Profit Margin is greater than 7%.

If, in the event of a change of control of the Company, the Incentive Plan is not assumed or replaced with a comparable plan by the Company's successor, each participant under the Incentive Plan will

receive a pro rata cash payment for their target bonus, based upon the number of calendar days completed in the current semi-annual period, multiplied by an Incentive Plan pay-out percentage of 100%.

Instead of participating in the Incentive Plan during fiscal year 2009, our Vice President of Worldwide Sales, Mr. Turk, participated in a sales commission plan with a target commission of \$37,500 per quarter (\$150,000 annual commission target). Mr. Turk's commission plan provided Mr. Turk incentives to increase stockholder value through the achievement of a combination of quarterly revenue, design win, and individual and organization performance goals. Based upon Mr. Turk's and the Company's performance toward these goals, Mr. Turk earned the following quarterly commissions for fiscal year 2009:

| <u>Quarter</u> | <u>Commission</u> |
|----------------|-------------------|
| Q1FY09 | \$ 31,050 |
| Q2FY09 | \$ 29,063 |
| Q3FY09 | \$ 20,888 |
| Q4FY09 | \$ 17,963 |

Long-Term Incentives

Generally, stock option grants are made annually by the Compensation Committee to each of the Company's executive officers. While other stock-based compensation vehicles have been considered, we have selected the use of stock options because of our belief that there is a near universal expectation by employees in our industry that they will receive stock option grants. Options also provide an effective compensation opportunity for companies focused on growth. Each grant is designed to align the interests of the executive officer with those of the stockholders and provide each individual with a significant incentive to manage the Company from the perspective of an owner with an equity stake in the business. Each grant allows the officer to acquire shares of the Company's common stock at a fixed price per share (the market price on the grant date) over a specified period of time (up to ten years). Each option becomes exercisable in a series of installments over a defined period, contingent upon the officer's continued employment with the Company. Accordingly, the option will provide a return to the executive officer only if he or she remains employed by the Company during the vesting period, and then only if the market price of the shares appreciates over the option term.

In September 2008, in conjunction with the Committee's annual review of executive compensation, the Committee requested Mercer to develop recommendations for market competitive long-term incentive grant guidelines for ongoing annual grants for executives. To develop the recommended guidelines, Mercer considered the following: competitive market data, the Company's internal organizational tiers, the Company's historical stock option grant history, and shareholder dilution. Mercer also factored in the Company's efforts to target an executive's total direct compensation at the 50th percentile of the Market Composite Data. Based on its analysis, Mercer recommended target grant values stated as a multiple of each executive officer's base salary. In order to take into account the volatility of the Company's share price in the calculation of the recommended annual grant guideline, Mercer used a Black Scholes adjusted share price at the date of grant based on a three-month-average share price and a 49% Black Scholes percentage. Based on its analysis, Mercer suggested guidelines with the following ranges: 2.5 – 3.0 times base salary for the CEO and 0.8 – 1.2 times base salary for all other executive officers.

In addition to the suggested annual grant guidelines, the Compensation Committee also takes into account the number and current value of options held by the executive officer in order to maintain an appropriate level of equity incentive for that individual. The size of the option grant to each executive officer is set by the Compensation Committee at a level that is intended to create a meaningful opportunity for stock price appreciation based upon the individual's position with the

Company, current performance, anticipated future contribution based on that performance, and ability to affect corporate and/or business unit results.

Based on these recommended guidelines, and the other relevant factors summarized above, the Compensation Committee approved the award of options to the Company's executive officers in conjunction with the Company's annual review of equity awards for all employees in September 2008. The relevant weight given to each of these factors varies from individual to individual. These options were awarded on the Company's Monthly Grant Date (as defined below) in October 2008.

Option Granting Practices and Timing

The Compensation Committee has implemented a process whereby new employee equity grants and special stock grants are granted and priced on the first Wednesday of each calendar month (the "Monthly Grant Date"). The purpose of this process is to minimize the administrative burdens that would be created with multiple monthly grant dates and to ensure that all required approvals are obtained on or before the Monthly Grant Date. If the Monthly Grant Date occurs on a Company holiday, or on other days that the Company or Nasdaq is closed for business, the Monthly Grant Date will be the next regularly scheduled business day. The Compensation Committee does not have any program, plan or practice to time option grants to its executives in coordination with the release of material non-public information.

Post-Employment Compensation

On July 26, 2007, after a review of other companies' practices with respect to management severance plans and after considering the recommendations of Mercer, the Compensation Committee approved and adopted an Executive Severance and Change of Control Plan (the "2007 Severance Plan"). As discussed on page 33 in the section of this proxy statement entitled "*Potential Payments Upon Termination or Change of Control*," the 2007 Severance Plan provides certain severance and other benefits to eligible executive officers, including our CEO and named executive officers ("Eligible Executives"), whose employment is involuntarily terminated by the Company (other than for cause) or whose employment terminates following a change of control of the Company. The Plan became effective on October 1, 2007.

The 2007 Severance Plan provides that, in the event of an Eligible Executive's involuntary termination other than for cause, an Eligible Executive will be eligible to receive: (i) a continuation of base salary for a period of up to six months (up to 12 months for the Company's CEO) following termination, and (ii) payment in full of a reasonable estimate of premiums for three months of continued health care coverage.

The 2007 Severance Plan further provides that, if an Eligible Executive's employment is terminated either by the Company without cause or by the Eligible Executive for good reason within 12 months following a change in control, the Eligible Executive will be eligible to receive (in lieu of the benefits described above): (i) a lump sum payment equal to twelve months' salary, (ii) acceleration in full of any unvested stock options or any other securities or similar incentives that have been granted or issued to the Eligible Executive as of the termination date, and (iii) payment in full of a reasonable estimate of COBRA premiums for twelve months. The Eligible Executive shall have six months from the termination date to exercise any vested options.

The 2007 Severance Plan may not be amended or terminated without the consent of any Eligible Executive during the one year prior to or following the occurrence of a change in control, if such amendment would be adverse to the interest of such Eligible Executive. In order to receive severance payments under the 2007 Severance Plan, an Eligible Executive must execute a general release of all claims against the Company. Additional details and specific terms of the Severance Plan are set forth in the section of this proxy entitled "*Potential Payments upon Termination or Change in Control*."

We continue to maintain a severance plan because we believe it is consistent with the practices of peer companies and helps to ensure that we are able to attract and retain top talent. Further, we

believe that our plan provides a level of stability for our executives during volatile business conditions that have historically existed in our industry so that they remain focused on their responsibilities and the long-term interests of the Company during such times.

Other Benefits

All of our employees, including executive officers, are eligible to participate in Cirrus Logic's benefit programs, including our 401(k) plan, medical, vision and dental plans, and certain other standard employee benefit plans. The Cirrus Logic, Inc. 401(k) Plan is a tax-qualified profit sharing and 401(k) plan. Under the plan, we match 50% of up to the first 6% of an employee's pre-tax deferrals, up to the IRS compensation limits.

Our CEO and other executive officers participate in the Cirrus Logic benefit programs to the same extent as all other salaried Cirrus Logic employees based in the United States. In addition to the benefits that are generally available to all of our salaried employees, we also reimburse up to \$500 for an annual physical examination for each of our executive officers to the extent the physical examination is not covered under our standard health care plans.

In addition, Mr. Turk received \$92,898 during the 2009 fiscal year in relocation benefits associated with his relocation from North Carolina to Austin, Texas.

Role of Executive Officers in Establishing Compensation

Our Human Resources and Legal departments support the Compensation Committee in its work and in fulfilling various functions in administering our compensation programs. This support generally consists of assistance with providing Survey Group data, proposals of potential ranges of various components of compensation for executive officers based on the Survey Group data, and information regarding available shares under the Company's various equity incentive plans. Regular meetings of our Compensation Committee are generally attended by our CEO, Vice President of Human Resources, and our General Counsel. Because each of the Company's executive officers (other than the CEO) reports directly to the CEO, the Compensation Committee relies upon input from the CEO and considers the recommendations of the CEO in determining an executive officer's compensation. The Compensation Committee considers and sets the compensation of the CEO when no members of management are present.

Policy With Respect to Internal Revenue Code Section 162(m)

Section 162(m) of the Internal Revenue Code disallows a tax deduction to publicly held companies for compensation paid to the CEO and any of the three most highly compensated officers to the extent that compensation exceeds \$1,000,000 per covered officer in any fiscal year. The limitation applies only to compensation that is not considered to be performance-based. Under the Treasury Regulations corresponding to Section 162(m) of the Internal Revenue Code, compensation received through the exercise of an option will not be subject to the \$1,000,000 limit if it qualifies as "qualified performance-based compensation" within the meaning of Section 162(m). It is the Committee's objective that, so long as it is consistent with the Company's overall business, compensation and retention objectives, the Company will, to the extent reasonable, endeavor to keep executive compensation deductible for federal income tax purposes. Although our preference is to keep executive compensation deductible for federal income tax purposes, our stockholders have not approved our Incentive Plan, or the performance goals under our Incentive Plan. Therefore, we expect that any payments under the Incentive Plan will not qualify as "performance-based compensation" under 162(m).

In fiscal year 2009, no portion of a tax deduction was disallowed under Section 162(m).

Compensation Committee Interlocks and Insider Participation

The Compensation Committee of the Board currently consists of Messrs. Rhines, Sherman and Smith. None of these directors was an officer or employee of the Company at any time during the fiscal year ended March 28, 2009.

None of our executive officers have ever served as a member of the board of directors or the compensation committee of another entity that has or has had, at the time of his service or during the same fiscal year, one or more executive officers serving as a member of the Company's Board or Compensation Committee.

COMPENSATION COMMITTEE REPORT

We, the Compensation Committee of the Board of Directors, have reviewed and discussed the Compensation Discussion and Analysis ("CD&A") required by the rules of the SEC and contained within the Executive Compensation section of this Proxy Statement with management of the Company. Based on such review and discussion, we have recommended to the Board of Directors that the CD&A be included as part of this proxy filing.

Submitted by the Compensation Committee of the Board of Directors:

William D. Sherman, Chairman

Walden C. Rhines

Robert H. Smith

SUMMARY OF EXECUTIVE COMPENSATION

The following table provides certain summary information concerning the compensation awarded to, earned by, or paid to the following executive officers (“Named Executive Officers”): the Company’s CEO, CFO, and each of the three other most highly compensated executive officers of the Company for the fiscal year ended March 28, 2009. The table sets forth compensation for services rendered by the Named Executive Officers for the fiscal years ended March 28, 2009; March 29, 2008; and March 31, 2007.

| Name and Principal Position | Year | Salary | Option Awards ⁽²⁾ | Non-Equity Incentive Plan Compensation | All Other Compensation | Total |
|---|----------------------|----------------------------------|----------------------------------|---|---|----------------------------------|
| (a) | (b) | (\$) (c) | (\$) (f) | (\$) (g) | (\$) (i) | (\$) (j) |
| Jason P. Rhode, ⁽¹⁾ President and Chief Executive Officer | 2009 2008 | \$ 364,192 320,769 | \$ 1,017,245 603,266 | \$ 25,170 (3) 80,644 (4) | \$ 7,748 (5) 6,988 (6) | \$ 1,414,355 1,011,666 |
| Thurman K. Case, Chief Financial Officer, Vice President of Finance and Treasurer | 2009 2008 2007 | \$ 237,962 230,000 209,655 | \$ 298,909 191,080 100,220 | \$ 10,541 (3) 68,138 (4) 35,825 (4) | \$ 8,177 (7) 6,635 (8) 7,304 (9) | \$ 555,589 495,853 353,004 |
| Scott Anderson, Senior Vice President And General Manager, Mixed Signal Audio | 2009 | \$ 275,000 | \$ 409,845 | \$ 11,832 (3) | \$ 4,020 (10) | \$ 700,697 |
| Gregory S. Thomas, Vice President, General Counsel and Corporate Secretary | 2009 2008 2007 | \$ 275,000 275,000 266,353 | \$ 308,057 170,671 231,377 | \$ 11,832 (3) 81,469 (4) 98,417 (4) | \$ 7,500 (11) 7,393 (12) 7,247 (13) | \$ 602,389 534,533 603,393 |
| Timothy Turk, Vice President, Worldwide Sales | 2009 | \$ 251,673 | \$ 353,531 | \$ 110,101 (14) | \$ 101,059 (15) | \$ 816,364 |

- (1) Jason P. Rhode was appointed President and CEO on May 17, 2007.
- (2) This column shows amounts that do not reflect compensation actually received by the Named Executive Officer, but represent the calculated compensation cost recognized by us in fiscal year 2009 for grants made in fiscal year 2009 and previous fiscal years as determined pursuant to SFAS 123R (disregarding any cancellations and forfeitures). The assumptions underlying the calculation under SFAS 123R are discussed under Note 12, Stockholders’ Equity, in our Form 10-K for the fiscal year ended March 28, 2009.
- (3) This amount was paid under the Company’s 2007 Management and Key Individual Contributor Incentive Plan, which is described in further detail in the “*Compensation Discussion and Analysis – Annual Performance Awards*” section of these proxy materials.
- (4) This amount was paid under the Company’s Variable Compensation Plan.
- (5) This amount includes \$7,154 in matched contributions under our 401(k) plan and \$594 associated with the value of insurance premiums paid with respect to life insurance for the benefit of Dr. Rhode.
- (6) This amount includes \$6,415 in matched contributions under our 401(k) plan and \$573 associated with the value of insurance premiums paid with respect to life insurance for the benefit of Dr. Rhode.

- (7) This amount includes \$7,004 in matched contributions under our 401(k) plan and \$1,173 associated with the value of insurance premiums paid with respect to life insurance for the benefit of Mr. Case.
- (8) This amount includes \$5,504 in matched contributions under our 401(k) plan and \$1,132 associated with the value of insurance premiums paid with respect to life insurance for the benefit of Mr. Case.
- (9) This amount includes \$6,290 in matched contributions under our 401(k) plan and \$1,014 associated with the value of insurance premiums paid with respect to life insurance for the benefit of Mr. Case.
- (10) This amount includes \$2,580 in opt-out payments associated with opting out of the Company's medical plan, and \$1,440 associated with the value of insurance premiums paid with respect to life insurance for the benefit of Mr. Anderson.
- (11) This amount includes \$6,900 in matched contributions under our 401(k) plan and \$600 associated with the value of insurance premiums paid with respect to life insurance for the benefit of Mr. Thomas.
- (12) This amount includes \$6,793 in matched contributions under our 401(k) plan and \$600 associated with the value of insurance premiums paid with respect to life insurance for the benefit of Mr. Thomas.
- (13) This amount includes \$6,668 in matched contributions under our 401(k) plan and \$579 associated with the value of insurance premiums paid with respect to life insurance for the benefit of Mr. Thomas.
- (14) Amount reflects sales commission payments made during fiscal year 2009 for the fourth quarter of fiscal year 2008 and the first three quarters of fiscal year 2009.
- (15) This amount includes \$6,905 in matched contributions under our 401(k) plan and \$1,256 associated with the value of insurance premiums paid with respect to life insurance for the benefit of Mr. Turk. In addition, this amount includes \$1,521 in reimbursement for moving expenses and \$91,377, which was paid as a one-time payment in lieu of reimbursement for future housing and other living expenses, including relocation expenses.

Grants of Plan-Based Awards

The following table sets forth certain information with respect to grants of plan-based awards for the fiscal year ended March 28, 2009 to the Named Executive Officers. All of the stock options reflected in the table were granted under our 2006 Equity Incentive Plan. Each stock option has a maximum term of ten years, subject to earlier termination if the optionee's services are terminated. Unless noted, the exercisability of options vests with respect to 25% of the shares underlying the option one year after the date of grant and with respect to the remaining shares underlying the option thereafter in 36 equal monthly installments. The exercise price of each stock option is equal to the closing price of our common stock on the date of grant. The amounts reflected in the column "Estimated Future Payouts Under Non-Equity Incentive Plan Awards" set forth potential payouts under the Company's 2007 Management and Key Individual Contributor Incentive Plan, which is described further at page 24.

| Name (a) | Grant Date(1) (b) | Approval Date | Estimated Future Payouts Under Non-Equity Incentive Plan Awards | | | All Other Option Awards: Number of Securities Underlying Options (#) (j) | Exercise or Base Price of Option Awards (\$/Sh) (k) | Grant Date Fair Value of Option Awards (2) (l) |
|---|--------------------------|---------------|---|--------------------|---------------------|---|--|---|
| | | | Threshold (\$) (c) | Target (\$) (d) | Maximum (\$) (e) | | | |
| Jason P. Rhode, President and Chief Executive Officer | 10/1/2008 | 9/10/2008 | \$ 0 (3) | \$ 292,500 | \$731,250 | 265,000 | \$ 5.25 | \$770,868 |
| Thurman K. Case, Vice President, Chief Financial Officer, and Principal Accounting Officer | 10/1/2008 | 9/10/2008 | \$ 0 (3) | \$ 122,500 | \$306,250 | 50,000 | \$ 5.25 | \$145,468 |
| Scott Anderson, Senior Vice President And General Manager, Mixed Signal Audio | 10/1/2008 | 9/10/2008 | \$ 0 (3) | \$ 137,500 | \$343,750 | 68,000 | \$ 5.25 | \$197,836 |
| Gregory S. Thomas, Vice President, General Counsel and Corporate Secretary | 10/1/2008 | 9/10/2008 | \$ 0 (3) | \$ 137,500 | \$343,750 | 68,000 | \$ 5.25 | \$197,836 |
| Timothy Turk, Vice President, Worldwide Sales | 10/1/2008 | 9/10/2008 | | \$150,000 (4) | | 68,000 | \$ 5.25 | \$197,836 |

- (1) The Company's policy is to grant options on the first Wednesday of the month (the "Monthly Grant Date") after the Company's Compensation Committee approves the grant. If the Monthly Grant Date occurs on a Company holiday, or on other days that the Company or Nasdaq is closed for business, the Monthly Grant Date is the next regularly scheduled business day when the Company and Nasdaq are open for business.
- (2) This amount represents the full grant date fair value of the award computed in accordance with FAS 123R. The assumptions underlying the calculation under SFAS 123R are discussed under Note 12, Stockholders' Equity, in our Form 10-K for the fiscal year ended March 28, 2009.
- (3) Payments may be paid only if operating profit margin thresholds are achieved pursuant to the Company's 2007 Management and Key Individual Contributor Incentive Plan (as described further at page 24). No bonuses may be paid under the plan if the operating profit margin thresholds are not achieved.
- (4) Mr. Turk participates in the Company's Sales Commission Plan.

Outstanding Equity Awards at Fiscal Year-End

The following table provides information concerning the outstanding equity award holdings held by our Named Executive Officers as of March 28, 2009.

| Name | Number of Securities Underlying Unexercised Options Exercisable (1) (#) | Number of Securities Underlying Unexercised Options Unexercisable (#) | Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#) | Option Exercise Price (\$) | Option Expiration Date |
|---|---|--|---|-------------------------------|------------------------|
| (a) | (b) | (c) | (d) | (e) | (f) |
| Jason P. Rhode, President and Chief Executive Officer | 10,000 | - | 00 | \$ 3.87 | 8/7/2012 |
| | 90,000 | - | | \$ 4.58 | 3/2/2015 |
| | 30,000 | - | | \$ 5.16 | 10/6/2014 |
| | - | 265,000 | | \$ 5.25 | 10/1/2018 |
| | 15,000 | - | | \$ 6.97 | 10/24/2013 |
| | 10,250 | - | | \$ 7.13 | 6/3/2009 |
| | 142,187 | 182,813 | | \$ 7.87 | 6/6/2017 |
| | 60,000 | 20,000 | | \$ 8.06 | 3/1/2016 |
| | 6,750 | - | | \$ 9.00 | 8/4/2009 |
| | 3,400 | - | | \$14.33 | 2/21/2012 |
| | 3,400 | - | | \$15.30 | 8/15/2011 |
| | 10,000 | - | | \$16.69 | 4/3/2010 |
| | 10,000 | - | | \$17.15 | 4/3/2012 |
| 5,000 | - | | \$32.56 | 10/3/2010 | |
| Thurman K. Case, Vice President, Chief Financial Officer, and Principal Accounting Officer | 27,159 (2) | - | | \$ 3.40 | 6/23/2013 |
| | 25,000 | - | | \$ 4.58 | 3/2/2015 |
| | - | 50,000 | | \$ 5.25 | 10/1/2018 |
| | 26,562 | 48,438 | | \$ 6.51 | 10/3/2017 |
| | 22,500 | 7,500 | | \$ 8.06 | 3/1/2016 |
| | 25,000 | - | | \$ 8.17 | 4/7/2014 |
| Scott Anderson, Senior Vice President and General Manager, Mixed Signal Audio | 24,999 | 25,001 | | \$ 8.41 | 3/7/2017 |
| | - | 68,000 | | \$ 5.25 | 10/1/2018 |
| | 66,666 | 133,334 | | \$ 5.67 | 11/7/2017 |
| Gregory S. Thomas, Vice President, General Counsel and Corporate Secretary | | | | | |
| | 22,383(2) | - | | \$ 3.40 | 6/23/2013 |
| | 60,000 | - | | \$ 4.58 | 3/2/2015 |
| | - | 68,000 | | \$ 5.25 | 10/1/2018 |
| | 26,562 | 48,438 | | \$ 6.51 | 10/3/2017 |
| | 100,000 | - | | \$ 7.53 | 12/18/2013 |
| Timothy Turk, Vice President, Worldwide Sales | 60,000 | 20,000 | | \$ 8.06 | 3/1/2016 |
| | - | 68,000 | | \$ 5.25 | 10/1/2018 |
| | 56,249 | 93,751 | | \$ 6.71 | 9/5/2017 |

- (1) Unless otherwise noted, all options vest over four years, with a one-year cliff vesting for 25% of the options and 1/36 of the remaining options on a monthly basis over the following three years.
- (2) Options granted on June 23, 2003 vested over four years, with a six-month cliff vesting for 20% of the options, a 12-month cliff vesting for 20% of the options, and 1/36 of the remaining options vesting on a monthly basis over the following three years.

Options Exercised and Stock Vested

During fiscal year 2009, no options were exercised and no restricted stock vested by our Named Executive Officers.

Potential Payments upon Termination or Change of Control

On July 26, 2007, our Compensation Committee approved and adopted an Executive Severance and Change of Control Plan (the "2007 Severance Plan") providing certain benefits to individuals employed by the Company and its subsidiaries at the level of Chief Executive Officer and Vice President or above and reporting directly to the Chief Executive Officer ("Eligible Executives") in the event that an executive is involuntarily terminated other than for cause or whose employment terminates following a change of control of the Company. The Plan became effective on October 1, 2007.

The 2007 Severance Plan provides that, in the event of an Eligible Executive's involuntary termination other than for "cause," an Eligible Executive will be eligible to receive: (i) a continuation of base salary for a period of up to 6 months (up to 12 months for the Company's Chief Executive Officer) following termination, and (ii) payment in full of a reasonable estimate of COBRA premiums for three (3) months.

The 2007 Severance Plan further provides that, if an Eligible Executive's employment is terminated either by the Company without "cause" or by the Eligible Executive for "good reason" within 12 months following a "change in control," the Eligible Executive will be eligible to receive: (i) a lump sum payment equal to twelve (12) months' salary, (ii) acceleration in full of any unvested stock options or any other securities or similar incentives that have been granted or issued to the Eligible Executive as of the termination date, and (iii) payment in full of a reasonable estimate of COBRA premiums for twelve (12) months. The Eligible Executive shall have six months from the termination date to exercise any vested options.

For purposes of the 2007 Severance Plan, the term "cause" means (i) gross negligence or willful misconduct in the performance of an executive officer's duties; (ii) a material and willful violation of any federal or state law that if made public would injure the business or reputation of the Company; (iii) a refusal or willful failure to comply with any specific lawful direction or order of the Company or the material policies and procedures of the Company including but not limited to the Company's Code of Conduct and the Company's Insider Trading Policy as well as any

obligations concerning proprietary rights and confidential information of the Company; (iv) a conviction (including a plea of *nolo contendere*) of a felony, or of a misdemeanor that would have a material adverse effect on the Company's goodwill if the executive officer were to continue to be retained as an employee of the Company; or (v) a substantial and continuing willful refusal to perform duties ordinarily performed by an employee in the same position and having similar duties as the executive officer. The term "good reason" means: (i) without the executive officer's express written consent, a material reduction of the executive officer's duties, authority, or responsibilities relative to the executive's duties, authority, or responsibilities as in effect immediately prior to such reduction; (ii) a material reduction by the Company in the base salary of an executive officer as in effect immediately prior to such reduction; or (iii) the relocation of an executive officer's principal work location to a facility or a location more than fifty (50) miles from executive officer's then present principal work location. "Good reason" shall not exist unless the executive officer provides written notice of the circumstances alleged to give rise to good reason within thirty (30) days of their occurrence and we (or our successor) fails to cure such circumstances within thirty (30) days.

For purposes of the 2007 Severance Plan, the term "change of control" means the occurrence of one of more of the following with respect to the Company: (i) the acquisition by any person (or related group of persons), whether by tender or exchange offer made directly to the Company's stockholders, open market purchases or any other transaction or series of transactions, of stock of the Company that, together with stock of the Company held by such person or group, constitutes more than fifty percent (50%) of the total fair market value or total voting power of the then outstanding stock of the Company entitled to vote generally in the election of the members of the Company's Board of Directors; (ii) a merger or consolidation in which the Company is not the surviving entity, except for a transaction in which both (A) securities representing more than fifty percent (50%) of the total combined voting power of the surviving entity are beneficially owned (within the meaning of Rule 13d-3 promulgated under the Securities Exchange Act of 1934), directly or indirectly, immediately after such merger or consolidation by persons who beneficially owned common stock immediately prior to such merger or consolidation and (B) the members of the Board of Directors immediately prior to the transaction (the "Existing Board") constitute a majority of the Board of Directors immediately after such merger or consolidation; (iii) any reverse merger in which the Company is the surviving entity but in which either (A) persons who beneficially owned, directly or indirectly, Common Stock immediately prior to such reverse merger do not retain immediately after such reverse merger direct or indirect beneficial ownership of securities representing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities or (B) the members of the Existing Board do not constitute a majority of the Board of Directors immediately after such reverse merger; or (iv) the sale, transfer or other disposition of all or substantially all of the assets of the Company (other than a sale, transfer or other disposition to one or more subsidiaries of the Company).

The 2007 Severance Plan may not be amended or terminated without the consent of any Eligible Executive during the one year prior to or following the occurrence of a change in control, if such amendment would be adverse to the interest of such Eligible Executive. If any payment or benefit under the 2007 Severance Plan would be a parachute payment (within the meaning of Section 280G of the Internal Revenue Code) and would therefore result in the imposition of an excise tax, an Eligible Executive's payments and benefits will not exceed the amount that produces the greatest after-tax benefit to the executive.

In order to receive severance payments under the 2007 Severance Plan, an Eligible Executive must execute a release of all claims against the Company.

In addition, under the Company's 2007 Management and Key Individual Contributors Incentive Plan (the "Incentive Plan"), as described further in the Compensation Discussion and Analysis of this proxy, a participant must be continuously employed through the last day of the applicable plan cycle and through the date that cash bonuses under the Incentive Plan for such plan cycle are actually paid. However, participants whose employment terminates under certain circumstances (such as

without “cause” or due to death or “disability”) during a plan cycle will be eligible to receive a pro rata cash bonus payment based on the number of days the participant was employed during that plan cycle and our actual performance during the plan cycle. The pro rata bonus amount will be paid to the terminated participant on or before the 15th day of the third month after the later of (i) the last day of the calendar year in which the termination occurred or (ii) the last day of our taxable year in which the termination occurred. In addition, if a change of control occurs and our successor does not assume the Incentive Plan, each participant will receive a pro rata cash bonus payment based on the number of calendar days completed in the current plan cycle multiplied by an incentive plan pay-out percentage of 1.0. Any such payment will be made in a lump sum in cash within ten (10) days of the change of control.

For purposes of the Incentive Plan, the term “cause” means (i) gross negligence or willful misconduct in the performance of a participant’s duties to us after one written warning detailing the concerns and offering the participant opportunities to cure, (ii) material and willful violation of any federal or state law, (iii) commission of any act of fraud with respect to us, (iv) conviction of a felony or any crime causing material harm to our standing and reputation, or (v) intentional and improper disclosure of our confidential or proprietary information. The term “disability” means total and permanent disability as defined in accordance with our long-term disability plan.

For purposes of the Incentive Plan, the term “change in control” means (i) the sale, lease, conveyance or other disposition of all or substantially all of our assets to any person, entity or group of persons acting in concert, (ii) any person (as defined in Section 13(d) and 14(d) of the Securities Exchange Act of 1934) becoming the beneficial owner (as defined in Rule 13d-3 under the Securities Exchange Act of 1934), directly or indirectly, of our securities representing 50% or more of the total voting power represented by our then outstanding voting securities, or (iii) a merger or consolidation of us with any other corporation, other than a merger or consolidation that would result in our voting securities outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or party outstanding immediately after such merger or consolidation).

The discussion and tables below disclose the amount of compensation and/or other benefits due to the Named Executive Officers in the event of their termination or employment and/or in the event we undergo a change in control. The amounts disclosed assume that such termination and/or the occurrence of such change of control was effective as of March 28, 2009. The amounts below have been calculated using numerous other assumptions that we believe to be reasonable and include amounts earned through March 28, 2009 and estimates to the amounts that would be paid out to the Named Executive Officers upon their respective terminations and/or upon the occurrence of a change of control. The actual amounts to be paid out are dependent on various factors, which may or may not exist at the time a Named Executive Officer is actually terminated and/or a change of control actually occurs. Therefore, such amounts and disclosures should be considered “forward looking statements.”

We maintain a severance plan because we believe it helps to ensure that we are able to attract and retain top talent. Further, we believe that our plan provides a level of stability for our executives during volatile business conditions that have historically existed in our industry so that they remain focused on their responsibilities and the long-term interests of the Company during such times.

The estimated amount of compensation payable to each of our Named Executive Officers pursuant to the 2007 Severance Plan in the event of involuntary termination other than for cause is set forth in the table below:

| Name | Salary Continuation | Health Benefits (1) | Cash Bonus under Incentive Plan (2) | Total |
|--|---------------------|------------------------|--|------------|
| Jason P. Rhode, President and Chief Executive Officer | \$ 390,000 | \$ 1,412 | \$ 0 | \$ 391,412 |
| Thurman K. Case, Vice President, Chief Financial Officer, and Principal Accounting Officer | \$ 122,500 | \$ 4,953 | \$ 0 | \$ 127,453 |
| Scott Anderson, Senior Vice President and General Manager, Mixed-Signal Audio Division | \$ 137,500 | \$ - | \$ 0 | \$ 137,500 |
| Gregory S. Thomas, Vice President, General Counsel and Corporate Secretary | \$ 137,500 | \$ 4,533 | \$ 0 | \$ 142,033 |
| Tim Turk, Vice President, Worldwide Sales | \$ 127,500 | \$ 4,953 | \$ - | \$ 132,453 |

- (1) The valuation of healthcare benefits is based on an estimate of the COBRA payments required for the 3-month period payable by the Company.
- (2) No bonus was payable under the Incentive Plan for the semi-annual period ending March 28, 2009 because we did not achieve the required 10% Operating Profit Margin thresholds for that period. Mr. Turk did not participate in the Incentive Plan.

The estimated amount of compensation payable to each of our currently-employed Named Executive Officers pursuant to the 2007 Severance Plan in the event of termination following a change of control, other than for cause, is set forth in the table below:

| Name | Salary Continuation | Accelerated Vesting of Unvested Options (1) | Health Benefits (2) | Cash Bonus Under Incentive Plan (3) | Total |
|--|---------------------|---|---------------------|-------------------------------------|--------------|
| Jason P. Rhode, President and Chief Executive Officer | \$ 390,000 | \$ 805,708 | \$ 5,647 | \$ 146,250 | \$ 1,347,605 |
| Thurman K. Case, Vice President, Chief Financial Officer, and Principal Accounting Officer | \$ 245,000 | \$ 196,672 | \$ 19,814 | \$ 61,250 | \$ 522,736 |
| Scott Anderson, Senior Vice President and General Manager, Mixed-Signal Audio Division | \$ 275,000 | \$ 289,706 | \$ - | \$ 68,750 | \$ 633,456 |
| Gregory S. Thomas, Vice President, General Counsel and Corporate Secretary | \$ 275,000 | \$ 216,364 | \$ 18,130 | \$ 68,750 | \$ 578,244 |
| Tim Turk, Vice President, Worldwide Sales | \$ 255,000 | \$ 259,172 | \$ 19,814 | \$ - | \$ 533,986 |

- (1) The valuation of accelerated vesting is based on the estimated value that would have been realized based on the difference between the exercise price of the options that were subject to accelerated vesting and the closing price of our common stock on March 28, 2009.
- (2) The valuation of healthcare benefits is based on an estimate of the COBRA payments required for the 12-month period payable by the Company.
- (3) Mr. Turk did not participate in the Incentive Plan.

EQUITY COMPENSATION PLAN INFORMATION

The following table provides information about the Company's common stock that may be issued upon the exercise of options, warrants and rights under all of the Company's existing equity compensation plans as of March 28, 2009, including the Company's 1989 Employee Stock Purchase Plan, the 1990 Directors' Stock Option Plan, the 1996 Stock Plan, the 2002 Stock Option Plan, the 2006 Stock Incentive Plan, the LuxSonor Semiconductors, Inc. 1995 Stock Option Plan, the ShareWave, Inc. 1996 Flexible Stock Incentive Plan, the Stream Machine Company 1996 Stock Plan, and the Stream Machine Company non-statutory stock option grants made outside of a plan (in thousands, except per share amounts):

| | (A) Number of Securities to be issued upon exercise of outstanding options, warrants, and rights | (B) Weighted-average exercise price of outstanding options, warrants, and rights | (C) Number of securities remaining available for future issuance under equity compensation plans (except securities reflected in column (A)) |
|--|--|---|--|
| Equity compensation plans approved by security holders (1) | 6,519 | \$8.04 | 12,883 (2) |
| Equity compensation plans not approved by security holders (3) | <u>2,544</u> | \$5.96 | <u>—</u> |
| Total | 9,063 | \$7.45 | 12,883 |

- (1) The Company's stockholders have approved the Company's 1989 Employee Stock Purchase Plan, the 1990 Directors' Stock Option Plan, and the 2006 Stock Incentive Plan. The following plans were assumed by the Company at the time of acquisition, and Cirrus Logic stockholder approval was not required for these plans or their respective outstanding grants, as they were approved by the acquired companies' stockholders: the LuxSonor Semiconductors, Inc. 1995 Stock Option Plan, the ShareWave, Inc. 1996 Flexible Stock Incentive Plan, the Stream Machine Company 1996 Stock Plan, and the Stream Machine Company non-statutory stock option grants made outside of a plan.
- (2) In addition to shares available for issuance under our 2006 Stock Incentive Plan, the number reported includes 58,338 shares available for grant under the 1990 Director's Stock Option Plan, which was suspended following the stockholders' approval of the 2006 Equity Incentive Plan, and 778,685 shares available for issuance under the Company's 1989 Employee Stock Purchase Plan. The 1989 Employee Stock Purchase Plan expired on May 26, 2009, and the 1990 Directors' Stock Option Plan is set to expire on January 16, 2010. In addition, our Board discontinued all future grants under the option plans we assumed in connection with our past acquisitions, including the LuxSonor Semiconductors, Inc. 1995 Stock Option Plan, the ShareWave, Inc. 1996 Flexible Stock Incentive Plan, and the Stream Machine Company 1996 Stock Plan, so shares under these plans have not been included in the total.
- (3) In August 2002, the Board approved the 2002 Stock Option Plan, which permits awards of fair market value stock options to non-executive employees. As of July 2006, when our stockholders approved the adoption of the 2006 Stock Incentive Plan, we canceled all remaining options available for grant under the 2002 Stock Option plan.

As of March 28, 2009, the Company was granting equity awards only under the 2006 Stock Incentive Plan.

REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

The Audit Committee is comprised solely of independent directors, as defined by the applicable Nasdaq listing standards and rules of the SEC, and it operates under a written charter adopted by the Board, which is available under the Corporate Governance section of our “Investors” page on our Web site at www.cirrus.com. The composition of the Audit Committee, the attributes of its members, and the responsibilities of the Audit Committee, as reflected in its charter, are intended to comply with applicable requirements for corporate audit committees. The Sarbanes-Oxley Act of 2002 added provisions to federal law to strengthen the authority of, and increase the responsibility of, corporate audit committees. In 2004, Nasdaq also adopted, and the SEC approved, additional rules concerning audit committee structure, membership, authority and responsibility. The Audit Committee amended and restated its charter in response to the Sarbanes-Oxley Act and the Nasdaq listing standards, and continues to review and assess the adequacy of its charter on an annual basis, and will revise it to comply with other new rules and regulations as they are adopted.

As described more fully in its charter, the primary focus of the Audit Committee is to assist the Board in its general oversight of the Company’s financial reporting, internal control and audit functions. Management is responsible for the preparation, presentation and integrity of the Company’s financial statements, accounting and financial reporting principles, internal controls and procedures designed to assure compliance with accounting standards, applicable laws and regulations. The Company’s independent registered public accounting firm, Ernst & Young, is responsible for performing an independent audit of the consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board.

In accordance with the Sarbanes-Oxley Act and the Nasdaq listing standards, the Audit Committee has ultimate authority and responsibility to select, compensate, evaluate and, when appropriate, replace the Company’s independent registered public accounting firm.

The Audit Committee serves an oversight role for the Board in which it provides advice, counsel and direction to management and the auditors on the basis of the information it receives, discussions with management and the auditors, and the experience of the Audit Committee’s members in business, financial and accounting matters. The Audit Committee members are not professional auditors, and their functions are not intended to duplicate or to certify the activities of management and the independent auditors, nor can the Audit Committee certify that the independent auditors are “independent” under applicable rules.

In this context, the Audit Committee has met and held discussions with management and Ernst & Young. Management represented to the Audit Committee that the audited financial statements of the Company contained in the Company’s Annual Report to Stockholders for the year ended March 28, 2009, were prepared in accordance with U.S. generally accepted accounting principles, and the Audit Committee has reviewed and discussed the consolidated financial statements with management and the independent auditors. The Audit Committee discussed with Ernst & Young matters required to be discussed by Statement on Auditing Standards No. 61, “*Communication with Audit Committees*” and the Sarbanes-Oxley Act.

The Audit Committee has received and reviewed the written disclosures and the letter from Ernst & Young required by the applicable requirements for the Public Company Accounting Oversight Board regarding the independent accountant’s communications with the Audit Committee concerning independence, and the Audit Committee discussed with Ernst & Young the firm’s independence. In addition, the Audit Committee has considered whether the provision of non-audit services is compatible with maintaining Ernst & Young’s independence.

Based upon the Audit Committee’s discussions with management and the independent auditors, and the Audit Committee’s review of the representations of management, and the report of the independent auditors to the Audit Committee, the Audit Committee recommended that the Board

include the audited consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended March 28, 2009, as filed with the SEC.

Submitted by the Audit Committee of the Board:

Robert H. Smith, Chairman
D. James Guzy
Walden C. Rhines

AUDIT AND NON-AUDIT FEES AND SERVICES

Audit and Related Fees

The following table shows the fees paid or accrued by the Company for the audit and other services provided by Ernst & Young, for fiscal years 2009 and 2008.

| | <u>2009</u> | <u>2008</u> |
|------------------------------|------------------|------------------|
| Audit Fees | \$402,500 | \$545,201 |
| Audit-Related Fees | 2,000 | 1,624 |
| Tax Fees | 13,750 | 101,895 |
| All Other Fees | <u>0</u> | <u>0</u> |
| TOTAL | \$418,250 | \$648,720 |

Audit Fees. Audit services consisted of the audit of the Company's consolidated financial statements and of management's assessment and the operating effectiveness of internal control over financial reporting, included in its annual report on Form 10-K, the review of the Company's financial statements included in its quarterly reports on Form 10-Q, and statutory audits required internationally. The Audit Fees for fiscal year 2008 included \$22,000 in fees associated with the Company's filing of an amended Annual Report on Form 10-K/A for the fiscal year ended March 25, 2006, and an amended quarterly Report on Form 10-Q/A for the quarter ended June 24, 2006.

Audit-Related Fees. Audit-related services generally include fees for accounting consultations and registration statements filed with the SEC.

Tax Fees. Tax services include tax compliance services, technical tax advice, administrative fees, as well as certain expatriate services.

All Other Fees. There were no other fees during fiscal year 2009 or 2008.

Pre-Approval Policies and Procedures

The Audit Committee has adopted a policy for the pre-approval of audit, audit-related and non-audit services provided by the Company's independent registered public accounting firm.

For audit and audit-related services, the independent auditor will provide the Audit Committee with an engagement letter and estimated budget for formal acceptance and approval at the beginning of the fiscal year. A list of non-audit services and estimated budget for such services for the upcoming fiscal year shall be submitted to the Audit Committee by Company management for pre-approval. To ensure prompt handling of unexpected non-budgeted non-audit related services, the Audit Committee has delegated to its Chair the authority to amend or modify the list of approved permissible non-audit services and fees if the cost of the service is less than \$100,000. Any such unexpected services for which the cost is more than \$100,000 shall be approved by the Audit Committee. If the Chair takes any action, the Chair will report such action to the Audit Committee at the next Audit Committee meeting.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Indemnification and Insurance. Our bylaws require us to indemnify our directors and executive officers to the fullest extent permitted by Delaware law. We have entered into indemnification agreements with all of our directors and executive officers and have purchased directors' and officers' liability insurance.

Procedures for Review, Approval, and Ratification of Related Party Transactions. The Board recognizes that related party transactions can present conflicts of interest and questions as to whether transactions are in the best interests of Cirrus Logic. Accordingly, the Board has documented and implemented certain procedures for the review, approval, or ratification of related party transactions. Pursuant to these procedures, the Audit Committee must review, approve or ratify any transactions with related persons. When it is impractical to wait for a scheduled Audit Committee meeting, a proposed related-party transaction may be submitted to the Audit Committee Chair for approval and then subsequently reported to the Committee at the next Committee meeting.

This procedure seeks to ensure that Company decisions are based on the merits of the transaction and the interests of the Company and its stockholders. It is the Company's preference to avoid related party transactions but where, in the course of business, transactions with related parties are unavoidable, this procedure sets forth a methodology that is designed to ensure all such transactions are at arms length and on terms comparable to those provided to other unrelated entities in the marketplace.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's executive officers and directors and persons who own more than 10% of a registered class of the Company's equity securities to file an initial report of ownership on Form 3 and changes in ownership on Form 4 or 5 with the SEC. Executive officers, directors and greater than ten percent stockholders are also required by the federal securities rules to furnish the Company with copies of all Section 16(a) forms they file.

Based solely on a review of copies of the Forms 3, 4 and 5 received by the Company or representations from certain reporting persons, the Company believes that, during the fiscal year 2009, all Section 16(a) filing requirements applicable to its officers, directors and 10% stockholders were met in a timely manner, except in the following instances: (1) one Form 4 filing by Timothy Turk, an executive officer of the Company, was made one day late, and (2) one Form 4 filing by Gerald Gray, a former executive officer of the Company, was made one day late.

HOUSEHOLDING

The Securities and Exchange Commission has adopted rules that permit companies and intermediaries (such as brokers) to implement a delivery procedure called "householding." Under this procedure, multiple shareholders who reside at the same address may receive a single copy of our annual report and proxy materials, including the Notice of Internet Availability of Proxy materials, unless the affected shareholder has provided contrary instructions. This procedure reduces printing costs and postage fees.

This year, we expect that a number of brokers with account holders who beneficially own our common stock will be "householding" our annual report and proxy materials, including the Notice of Internet Availability of Proxy Materials. A single Notice of Internet Availability of Proxy Materials and, if applicable, a single set of annual report and other proxy materials will be delivered to multiple shareholders sharing an address unless contrary instructions have been received from the affected shareholders. Once you have received notice from your broker that it will be "householding" communications to your address, "householding" will continue until you are notified otherwise or until you revoke your consent. Shareholders may revoke their consent at any time by contacting Broadridge ICS, either by calling toll-free (800) 542-1061, or by writing to Broadridge ICS, Householding Department, 51 Mercedes Way, Edgewood, New York, 11717.

COMMUNICATING WITH US

Communicating with the Board

If you would like to contact the Board, including a committee of the Board, you may write to the following address:

Board of Directors
c/o Corporate Secretary
Cirrus Logic, Inc.
2901 Via Fortuna
Austin, Texas 78746

The Corporate Secretary or chair of the Governance and Nominating Committee, as appropriate, reviews all correspondence addressed to the Board and regularly forwards to the Board a summary of all such correspondence that, in the opinion of the Corporate Secretary or chair of the Governance and Nominating Committee, deals with the functions of the Board or the Board Committees. Directors may at any time review a log of all correspondence received by the Company that is addressed to the Board or individual Board members. Concerns relating to accounting, internal controls or auditing issues will be immediately brought to the attention of the chair of the Audit Committee.

Other Communications

If you would like to receive information about the Company, you may use one of these convenient methods:

1. To have information such as our latest Annual Report on Form 10-K or Form 10-Q mailed to you, please call our Investor Relations Department at (512) 851-4125.
2. To view our home page on the Internet, use our Web site address: www.cirrus.com. Our home page provides you access to product, marketing and financial data, job listings, and an on-line version of this proxy statement, our Annual Report on Form 10-K and other filings with the SEC.

If you would like to write to us, please send your correspondence to the following address:

Cirrus Logic, Inc.
Attention: Investor Relations
2901 Via Fortuna
Austin, TX 78746

If you would like to inquire about stock transfer requirements, lost certificates and change of stockholder address, please contact our transfer agent, Computershare Investor Services, at (781) 575-2879 or by email to shareholder@computershare.com. You may also visit their Web site at www.computershare.com for step-by-step transfer instructions.

If you would like to report any inappropriate, illegal or criminal conduct by any employee, agent or representative of the Company, any violation of the Company's Code of Conduct, or any complaint or concern regarding accounting, internal accounting controls or auditing matters, you may file an anonymous and confidential report by contacting EthicsPoint, an independent reporting system provider, by telephone at 1-866-384-4277 (1-866-ETHICSP), or through its website at www.ethicspoint.com.

ANNUAL REPORT

On June 1, 2009, we filed with the SEC an Annual Report on Form 10-K for the fiscal year ended March 28, 2009. The Annual Report on Form 10-K has been provided concurrently with this proxy Statement to all stockholders entitled to notice of, and to vote at, the Annual Meeting.

Stockholders may also obtain a copy of the Annual Report on Form 10-K and any of our other SEC reports, free of charge, (1) from the SEC's website at www.sec.gov, (2) from our website at www.cirrus.com, or (3) by writing to Investor Relations, Cirrus Logic, Inc., 2901 Via Fortuna, Austin, TX 78746. The Annual Report on Form 10-K is not incorporated into this proxy statement and is not considered proxy solicitation material.

BY ORDER OF THE BOARD OF DIRECTORS



Jason P. Rhode
President and Chief Executive Officer
Austin, Texas
March 29, 2009

Exhibit A
Cirrus Logic, Inc.
Corporate Governance Guidelines

I. Director Qualifications

General

The Board of Directors (the “Board”) of Cirrus Logic, Inc. (the “Company”) will have at least two-thirds (2/3rds) of its directors who meet the criteria for independence required by the applicable listing standards of the Nasdaq Stock Market, Inc. (the “NASDAQ”), other applicable laws and regulations, and the standards set forth in Exhibit A to these Guidelines (the “Independent Directors”). The Nominating and Governance Committee (the “Governance Committee”) will review, on an annual basis, the requisite skills and characteristics of all Board members, taking into consideration skills and experience in the context of the needs of the Board. Nominees for directorship will be selected and considered by the Governance Committee in accordance with its charter. An invitation to join the Board should be extended on behalf of the Board by the Chair of the Governance Committee and the Chair of the Board. The Chief Executive Officer shall be the only member of the Board who is an executive officer of the Company.

Size of Board

Subject to the Company’s Certificate of Incorporation and By-Laws, the Board shall be limited to seven or fewer members, except during certain periods, such as director transitions and the integration of acquisitions.

Service on Other Boards

Due to the commitment of time required to adequately fulfill the responsibilities of Board membership, no director may serve on more than five other public company boards. Directors should advise the Chairman of the Board and the Chair of the Governance Committee in advance of accepting an invitation to serve on another company board.

Board Evaluation Process

The Governance Committee will oversee an annual self-assessment of the Board’s performance as well as the performance of each committee of the Board.

Annual Review for Re-Election

The Governance Committee will review each director’s continuation on the Board every year. This will allow each director the opportunity to conveniently confirm his or her desire to continue as a member of the Board.

Directors Who Change Their Present Job Responsibility

It is not necessary that directors leave the Board when they retire or change from the position they held when they joined the Board. A director should, however, offer to resign to provide an opportunity for the Board, via the Governance Committee, to review the continued appropriateness of Board membership under the circumstances.

Retirement Policy

Board members will retire at the first stockholders’ meeting in which directors will be elected following the director’s 75th birthday.

II. Director Responsibilities

General

The basic responsibility of each director is to exercise his or her business judgment to act in what he or she reasonably believes to be in the best interest of the Company and its stockholders. In discharging this obligation, directors should be entitled to rely on the honesty and integrity of the

Company's executive officers and its outside advisors and auditors. The directors shall also be entitled to have the Company purchase reasonable directors' liability insurance on their behalf, and to receive the benefits of indemnification to the fullest extent permitted by law and the Company's Certificate of Incorporation, By-Laws and any indemnification agreements.

Selection of Chairman of the Board

The Board is free to select its Chairman in the manner and upon the criteria that it deems best for the Company at the time of selection, except that the Chief Executive Officer shall not be eligible to be selected as Chairman of the Board. The Chairman of the Board will:

- a) Seek input from all directors as to the preparation of the agendas for Company board and Committee meetings;
- b) Advise the Board as to the quality, quantity, and timeliness of the flow of information from the Company's management that is necessary for the Independent Directors to effectively and responsibly perform their duties; and
- c) Assist the Company's officers in assuring compliance with and implementation of all applicable corporate and securities laws and be principally responsible for revisions to the Company's governance guidelines for compliance and implement of same.

Lead Independent Director

In the event that the Chairman of the Board is not an Independent Director, the Independent Directors will designate an Independent Director to be the "Lead Independent Director." The Lead Independent Director shall coordinate the activities of the other Independent Directors and perform various other duties. Service of the Lead Independent Director shall not exceed five (5) years.

Attendance at Board Meetings

Directors are expected to attend Board meetings and meetings of committees on which they serve, and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities. Information and data that are important to the Board's understanding of the business to be conducted at a Board or committee meeting generally should be distributed in writing to the directors before the meeting, and directors should review these materials in advance of the meeting. Sensitive subject matters may be discussed at the meeting without written materials being distributed in advance or at the meeting.

Attendance at Annual Meeting

Directors are expected to attend the Company's annual meeting absent extraordinary circumstances. To facilitate attendance and reduce travel costs, the annual meeting should be scheduled to occur around the same time as a periodic meeting of the Board.

Content of Board Meetings

The Chairman of the Board will establish the agenda for each Board meeting. Each Board member is free to suggest the inclusion of items on the agenda. Each Board member is free to raise at any Board meeting subjects that are not on the agenda for that meeting. The Board will review the Company's long-term strategic plans and the principal issues that the Company will face in the future during at least one Board meeting each year.

Executive Session

The Company's independent directors who satisfy the independence requirements of the NASD will usually meet in executive session during each regularly scheduled Board meeting.

Potential Conflicts of Interest

Board members are required to accurately and completely disclose to the Board (or any applicable committee) all financial interest or personal interest that he or she has in any contract or transaction

that is being considered by the Board (or any committee) for approval. Disclosed conflicts of interest shall be included in the minutes of the meeting.

Board Interaction with Investors, Press, Customers, etc.

The Board believes that the management speaks for the Company when dealing with the media, investors, rating agencies, stockholders, customers, regulators and other similar constituencies.

III. Board Committees

General

The Board will have at all times an Audit Committee, a Compensation Committee and a Governance Committee. All of the members of these committees will meet the criteria for independence required by applicable listing standards of the NASDAQ and other applicable laws and regulations. Committee members will be appointed by the Board upon recommendation of the Governance Committee with consideration of the desires of individual directors. It is the belief of the Board that consideration should be given to rotating committee members periodically. It is expected that each committee Chair will have had previous service on the applicable committee.

Charters

Each committee will have its own charter, which is approved by the Board. The charters will establish the purposes, goals and responsibilities of the committees, as well as qualifications for committee membership, procedures for committee member appointment and removal, committee structure, operations and reporting to the Board.

Schedule and Timing of Meetings

The Chair of each committee, in consultation with the committee members, will determine the frequency and length of the committee meetings consistent with any requirements set forth in the committee's charter. The Chair of each committee, in consultation with the appropriate members of the committee and management, will develop the committee's agenda. At the beginning of the year, each committee will establish a schedule of agenda subjects to be discussed during the year (to the degree these can be foreseen). The schedule for each committee will be furnished to all directors. Board members are welcome to attend any Committee meeting, whether they are a member of the committee or not.

Additional Committees

The Board may, from time to time, establish or maintain additional committees as deemed necessary or appropriate.

IV. Director Access To Officers and Employees

Directors have full and free access to officers and employees of the Company. Any meetings or contacts that a director wishes to initiate may be arranged through the Chief Executive Officer or the Secretary or directly by the director. The directors will use their judgment to ensure that any such contact is not disruptive to the business operations of the Company and will, to the extent deemed appropriate by the director, inform the Chief Executive Officer that such communications are taking place.

V. Director Compensation

General

The Board believes that director compensation should include components that are designed to align the interests of the directors with the interests of stockholders and that the aggregate value of director compensation and perquisites should generally be at or near the median level of director compensation at peer companies. The form and amount of director compensation will be

recommended to the Board by the Compensation Committee in accordance with the policies and principles set forth in its charter.

Charitable Contributions

Charitable contributions by the Company exceeding \$10,000 in any calendar year to an organization in which an independent director is affiliated shall be subject to the approval of the Compensation Committee, which shall consider the impact of any such contributions on the applicable director's independence.

VI. Continuing Director Education

The Board believes that it is appropriate for directors, at their discretion, to attend continuing director education programs related to their duties as directors. Upon approval by the Chair of the Governance Committee, the Company will reimburse reasonable continuing education and travel expenses incurred by a director in attending such programs. The Company will provide a reasonable budget to each member of the Board for the purpose of attending director education programs of the director's choosing.

VII. Management Evaluation, Compensation Review and Succession Planning

Review of CEO and Executive Officers

The Board of Directors will review the Chief Executive Officer's, the Chief Financial Officer's, and the Chief Legal Officer's (or General Counsel) performance on an annual basis.

Compensation Review

At least once every three years, the Compensation Committee shall select and retain an independent consultant to conduct a comparative study of the Company's executive compensation policies, practices, and procedures (including specifically with respect to options) relative to other public companies and prepare and submit to the Compensation Committee a report and recommendations.

Succession Planning

The Board of Directors will evaluate and nominate potential successors to the Chief Executive Officer. The Chief Executive Officer may make available his or her recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals.

VIII. Option Granting Procedures

In addition to the standard controls and procedures with respect to the Company's stock option granting procedures, The Company shall require the following:

- a) All stock option grants to directors and executive officers of the Company subject to the requirements of Section 16 of the Securities Exchange Act of 1934, shall be disclosed by or on behalf of the director or executive officer within two business days of such grants;
- b) All grants of options to executive officers and directors shall be made only at a meeting of the Company's Board or Compensation Committee and not by unanimous written consent. The Company's General Counsel and/or Corporate Counsel shall attend any and all meetings where options are granted; and
- c) Stock options granted to all officers, directors and employees shall be granted on predetermined dates. In setting these predetermined dates, the Company will not have any program, plan or practice to time option grants in coordination with the release of material non-public information. The Company shall complete all grant documentation required to approve the option grants and circulate that information to those approving the grants prior to the predetermined grant dates.

IX. Director Nominations Process

Annual Review

The Governance Committee will review annually the needs of the Board for various skills, experience, expected contributions and other characteristics in determining the director candidates to be nominated for election at the annual meeting of stockholders. The Governance Committee will evaluate candidates for directors proposed by directors, stockholders or management in light of the committee's views of the current needs of the Board for certain skills, experience or other characteristics, the candidate's background, skills, experience, other characteristics and expected contributions and the qualification standards established from time to time by the Governance Committee. If the committee believes that the Board requires additional candidates for nomination, the Committee may engage a third party search firm to assist in identifying qualified candidates. All directors and nominees will submit a completed form of directors' and officers' questionnaire as part of the nominating process. The process may also include interviews and additional background and reference checks for non-incumbent nominees, at the discretion of the Governance Committee. In making the determinations regarding nominations of directors, the Governance Committee may take into account the benefits of diverse viewpoints as well as the benefits of a constructive working relationship among directors.

Nominations Process

In considering candidates recommended by stockholders for the Company's Board, the Governance Committee shall follow the following process:

- a) The Governance Committee shall consider all candidates as recommended by a stockholder (or group of stockholders) who own at least 5% of the Company's outstanding common stock and who have held such shares for at least one year (an "Eligible Stockholder");
- b) An Eligible Stockholder wishing to recommend a candidate must submit the following not less than 120 calendar days prior to the anniversary of the date the proxy was released to the shareholders in connection with the previous year's annual meeting: (A) a recommendation that identifies the candidate and provides contact information; (B) the written consent of the candidate to serve as a director of the Company, if elected; and (C) documentation establishing that the shareholder making the recommendation is an Eligible Stockholder;
- c) Upon timely receipt of the required documents, the Corporate Secretary will determine if the shareholder submitting the recommendation is an Eligible Stockholder based on such documents. The Corporate Secretary will inform the stockholder of his or her determination;
- d) If the candidate is to be evaluated by the Governance Committee, the Corporate Secretary will request a resume, a completed director and officer questionnaire, a completed statement regarding conflicts of interest, and a waiver of liability for background check from the candidate. To evaluate the candidate and consider such candidate for nomination by the Board, such documents must be received from the candidate before the first day of March preceding the annual meeting; and
- e) If, in the exercise of its business judgment, the Governance Committee determines not to nominate the Eligible Stockholder's initial candidate, the Governance Committee will inform the Eligible Stockholder of its decision and provide the stockholder the opportunity to submit one alternate candidate; provided, however, the Committee shall not be obligated to consider a candidate if the Committee does not receive within 30 calendar days of its notice of determination: (A) the written consent of the candidate to serve as a director of the Company, if elected; and (B) the documents required above. The Governance Committee will, in the exercise of its business judgment, determine whether to nominate the alternate candidate for election to the Board.

X. Shareholder Proposals

All shareholder proposals that are required to be included in the Company's proxy statement shall be evaluated by a committee of at least three Independent Directors. Such committee shall determine, with the assistance of outside advisors, if necessary, whether the shareholder proposal is in the best interest of the Company. The committee shall recommend to the Board for or against such shareholder proposal and the reasons for such recommendation. The Board shall publish the recommendation for or against such proposal and the reason for such recommendation in a proxy statement.

XI. Communications with the Board of Directors

The Corporate Secretary, or the Chair of the Governance Committee, as appropriate, shall review correspondence addressed to the Board and regularly forward to the Board a summary of all such correspondence and copies of all correspondence that, in the opinion of the Corporate Secretary and/or the Chair of the Governance Committee, deals with the functions of the Board or committees thereof. Directors may at any time review a log of all correspondence received by the Company that is addressed to the Board of Directors or individual members thereof. Concerns relating to accounting, internal controls, or auditing issues will be immediately brought to the attention of the Audit Committee Chair.

Exhibit A
Cirrus Logic Director Independence Standards

Cirrus Logic, Inc. provides that the following requirements should be met in order for a director to be considered “independent”:

- a) The director has not been employed by the Company or any of its affiliates (defined as any individual or business entity that owns at least 5% of the securities of the Company having ordinary voting power) at any time during the preceding three years;
- b) The director has not received, during the current calendar year or any of the three immediately preceding calendar years, remuneration, directly or indirectly, other than de minimus remuneration, as a result of service as, or compensation paid to an entity affiliated with the individual who serves as (1) an advisor, consultant, or legal counsel to the Company or to a member of the Company’s senior management; or (2) a significant customer or supplier of the Company;
- c) The director has no personal services contract with the Company;
- d) The director is not employed and compensated by a not-for-profit entity that receives from the Company significant contributions that are required to be disclosed in the Company’s proxy statement;
- e) The director is not a member of the immediate family of any person who fails to satisfy the Company’s Director Independence Standards, except that with respect to employment with the Company or its affiliates, employment of immediate family members will not negate independence unless such employment is in an executive officer or director position;
- f) The director has no interest in any investment that the director jointly acquired in conjunction with the Company;
- g) During the current fiscal year or any of the three immediately preceding fiscal years, a company of which the director is an executive officer or an employee has not had any business relationship with the Company for which the Company has been required to make disclosure under Regulation S-K of the Securities and Exchange Commission (“SEC”), other than for service as a director or for which relationship no more than de minimus remuneration was received in any one such year; provided, however, that the need to disclose any relationship that existed prior to a director joining the Board shall not in and of itself render the director non-independent; and
- h) The director shall not be employed by a public company at which an executive officer of the Company serves as a director.
- i) A director is deemed to have received remuneration (other than remuneration as a director including remuneration provided to a non-executive Chairman of the Board, Committee Chairman, or Lead Independent Director), directly or indirectly, if remuneration, other than de minimus remuneration, was paid by the Company, its subsidiaries or affiliates, to any entity in which the director has beneficial ownership interest of 5% or more, or to an entity by which the director is employed or self-employed other than as a director.

Remuneration is deemed de minimus remuneration if such remuneration is \$50,000 or less in any calendar year, or if such remuneration is paid to an entity, it (1) did not for the calendar year exceed 5% of the gross revenues of the entity, or \$200,000, whichever is more; and (2) did not directly result in a material increase in the compensation received by the director from that entity.



Annual Meeting of Stockholders

**Cirrus Logic, Inc.
2901 Via Fortuna
Austin, Texas 78746
July 24, 2009
1:00 P.M.**

ADMIT ONE



Annual Meeting of Stockholders

**Cirrus Logic, Inc.
2901 Via Fortuna
Austin, Texas 78746
July 24, 2009
1:00 P.M.**

ADMIT ONE

CONTACT US

For technical assistance in
North America, please call:
1-800-625-4084.

For International technical
assistance, please contact the
Cirrus Logic office in your region.

For a complete list of Cirrus Logic's
sales representatives and
distributors, please visit the
Contacts area at www.cirrus.com.



NORTH AMERICA

CORPORATE HEADQUARTERS

2901 Via Fortuna
Austin, Texas 78746
United States
T +1-512-851-4000
F +1-512-851-4977
Toll-Free +1-800-888-5016

CIRRUS LOGIC TUCSON

5980 N. Shannon Road
Tucson, Arizona 85741
United States
T +1-520-690-8600
F +1-520-888-3329
Toll-Free +1-800-888-5016

ASIA PACIFIC

CIRRUS LOGIC INTERNATIONAL LTD.

Suite 1427
Ocean Centre
Harbour City
5 Canton Road
Tsimshatsui
Kowloon, Hong Kong
China
T +852-2376-0801
F +852-2412-5178

JAPAN

CIRRUS LOGIC K.K.

Aioi Sonpo, Building 6F
5-6 Niban-cho
Chiyoda-ku
Tokyo, Japan 102-0084
T +81-3-5226-7757
F +81-3-5226-7677

EUROPE

CIRRUS LOGIC (U.K.) LTD.

1st Floor Offices
Park House, Mere Park
Dedmere Road
Marlow, Buckinghamshire SL71FJ
United Kingdom
T +44-0-1628-891-300
F +44-0-1628-891-988