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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 25, 2005

☐ **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.

(Exact name of registrant as specified in its charter)

DELAWARE	**77-0024818**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

2901 Via Fortuna Austin, Texas 78746
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code:
(512) 851-4000

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 whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). YES ☑ NO ☐

The number of shares of the registrant's common stock, $0.001 par value, outstanding as of July 22, 2005 was 85,616,230.

CIRRUS LOGIC, INC.

FORM 10-Q QUARTERLY REPORT

QUARTERLY PERIOD ENDED JUNE 25, 2005

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Certification of CEO Pursuant to Section 302
Certification of CFO Pursuant to Section 302
Certification of CEO Pursuant to Section 906
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Part I.

ITEM 1. FINANCIAL STATEMENTS

CIRRUS LOGIC, INC.

CONSOLIDATED CONDENSED BALANCE SHEET
(in thousands)

	June 25, 2005 (unaudited)	March 26, 2005
Assets		
Current assets:		
Cash and cash equivalents	$ 89,938	$ 79,235
Restricted investments	7,987	7,898
Marketable securities	100,311	91,559
Accounts receivable, net	23,457	18,593
Inventories	19,544	26,649
Assets held for sale	6,820	—
Other current assets	4,949	6,600
Total current assets	253,006	230,534
Long-term marketable securities	16,311	1,021
Property and equipment, net	15,707	17,572
Intangibles, net	4,689	10,786
Other assets	3,210	2,897
Total assets	$ 292,923	$ 262,810
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 14,542	$ 10,546
Accrued salaries and benefits	8,350	8,164
Other accrued liabilities	10,824	10,799
Deferred income on shipments to distributors	7,435	7,935
Income taxes payable	8,788	9,276
Total current liabilities	49,939	46,720
Long-term restructuring accrual	3,526	3,678
Other long-term obligations	8,541	8,675
Stockholders' equity:		
Capital stock	876,763	875,687
Accumulated deficit	(644,820)	(670,797)
Accumulated other comprehensive loss	(1,026)	(1,153)
Total stockholders' equity	230,917	203,737
Total liabilities and stockholders' equity	$ 292,923	$ 262,810

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

CIRRUS LOGIC, INC.

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

	Three Months Ended	
	June 25, 2005	June 26, 2004
Net sales	$ 52,822	$59,117
Cost of sales	25,522	27,444
Gross Margin	27,300	31,673
Operating expenses:		
Research and development	13,651	22,126
Selling, general and administrative	14,301	12,295
Restructuring and other costs	—	1,723
Litigation settlement, net	(24,758)	199
Total operating expenses	3,194	36,343
Income (loss) from operations	24,106	(4,670)
Realized gain on marketable securities	388	669
Interest income, net	1,136	696
Other expense, net	(19)	(66)
Income (loss) before income taxes	25,611	(3,371)
Provision (benefit) for income taxes	(366)	24
Net income (loss)	$ 25,977	$ (3,395)
Basic income (loss) per share:	$ 0.30	$ (0.04)
Diluted income (loss) per share:	$ 0.30	$ (0.04)
Basic weighted average common shares outstanding:	85,230	84,419
Diluted weighted average common shares outstanding:	86,183	84,419

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

CIRRUS LOGIC, INC.

CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS
(in thousands; unaudited)

	Three Months Ended	
	June 25, 2005	June 26, 2004
Cash flows from operating activities:		
Net income (loss)	$ 25,977	$ (3,395)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	2,769	6,178
Gain on marketable securities	(388)	(669)
Impairment of assets	—	83
Other non-cash benefits	(157)	(178)
Net change in operating assets and liabilities	6,087	(2,621)
Net cash provided by (used in) operating activities	34,288	(602)
Cash flows from investing activities:		
Additions to property, equipment and software	(243)	(2,171)
Investments in technology	(425)	(1,063)
Purchase of marketable securities	(65,554)	—
Proceeds from sale and maturity of marketable securities	41,978	13,419
Increase in restricted investments	(89)	—
Decrease (increase) in deposits and other assets	(313)	152
Net cash provided by (used in) investing activities	(24,646)	10,337
Cash flows from financing activities:		
Issuance of common stock, net of issuance costs	1,061	1,348
Net cash provided by financing activities	1,061	1,348
Net increase in cash and cash equivalents	10,703	11,083
Cash and cash equivalents at beginning of period	79,235	157,893
Cash and cash equivalents at end of period	$ 89,938	$168,976

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

CIRRUS LOGIC, INC.

NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(unaudited)

1. Basis of Presentation

The consolidated condensed financial statements have been prepared by Cirrus Logic, Inc. (“we,” “us,” “our,” or the “Company”) pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). The accompanying unaudited consolidated condensed financial statements do not include complete footnotes and financial presentations. As a result, these financial statements should be read along with the audited consolidated financial statements and notes thereto for the year ended March 26, 2005, included in our 2005 Annual Report on Form 10-K. In our opinion, the financial statements reflect all adjustments, including normal recurring adjustments, necessary for a fair presentation of the financial position, operating results and cash flows, for those periods presented. The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect reported assets, liabilities, revenues and expenses, as well as disclosure of contingent assets and liabilities. Actual results could differ from those estimates and assumptions. Moreover, the results of operations for the interim periods presented are not necessarily indicative of the results that may be expected for the entire year. We maintain a web site at *www.cirrus.com,* which makes available free of charge our recent annual report and other filings with the SEC.

Certain income statement reclassifications have been made to the fiscal year 2005 financial statements to conform to the fiscal year 2006 presentation. We now report the amortization of acquired intangibles as a component of our research and development expenses. These reclassifications had no effect on the results of operations or stockholders’ equity.

2. Recently Issued Accounting Pronouncements

On March 29, 2005, the Securities and Exchange Commission, or SEC, issued Staff Accounting Bulletin (“SAB”) No. 107, which provides guidance on the interaction between SFAS No. 123(R) and certain SEC rules and regulations. SAB No. 107 provides guidance that may simplify some of SFAS No. 123(R)’s implementation challenges and enhance the information that investors receive.

3. Accounts Receivable

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

	June 25, 2005	March 26, 2005
	(unaudited)	
Gross accounts receivable	$23,960	$19,114
Allowance for doubtful accounts	(503)	(521)
	$23,457	$18,593

4. Inventories

Inventories are comprised of the following (in thousands):

	June 25, 2005	March 26, 2005
	(unaudited)	
Work in process	$13,035	$20,142
Finished goods	6,509	6,507
	$19,544	$26,649

5. Assets Held for Sale

On April 25, 2005, we announced our intentions to divest our digital video product assets. On May 24, 2005, we signed a definitive agreement to sell our digital video product assets to Magnum Semiconductor Inc. (“Magnum”), a privately held company formed by an investment group led by Investcorp and August Capital. By divesting the video product assets, we are focusing on our core analog, mixed-signal and embedded IC product lines for audio and industrial markets. The transaction is structured as an asset sale and we closed on the transaction on June 30, 2005. As consideration for the sale of these assets, we will receive a minority equity ownership position in Magnum Semiconductor and we will account for our ownership position under the cost method of accounting.

As of June 25, 2005, we had $6.8 million in assets held for sale, including $1.7 million from current assets and $5.1 million from long-term assets and $0.2 million in associated current liabilities.

6. Marketable Securities

Our investments that have original maturities greater than ninety days have been classified as available-for-sale securities in accordance with Statement of Financial Accounting Standards No. 115 (“SFAS 115”), *“Accounting for Certain Investments in Debt and Equity Securities.”* Marketable securities are categorized on the Balance Sheet as Restricted Investments, Marketable Securities and Long-term Marketable Securities, as appropriate.

The following table is a summary of available-for-sale securities as of June 25, 2005 (in thousands, unaudited):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value (Net Carrying Amount)
Corporate securities — U.S.	$ 69,110	$—	$(174)	$ 68,936
U.S. Government securities	53,759	1	(80)	53,680
Agency discount notes	1,994	—	(1)	1,993
Total debt securities	124,863	1	(255)	124,609
Marketable equity securities	—	—	—	—
	$124,863	$ 1	$(255)	$124,609

The following table is a summary of available-for-sale securities as of March 26, 2005 (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value (Net Carrying Amount)
Corporate securities — U.S.	$ 53,873	$—	$(257)	$ 53,616
Corporate securities — non — U.S.	—	—	—	—
U.S. Government securities	34,204	—	(85)	34,119
Agency discount notes	8,152	—	(41)	8,111
Commercial paper	4,632	—	—	4,632
Total debt securities	100,861	—	(383)	100,478
Marketable equity securities	—	—	—	—
	$100,861	$—	$(383)	$100,478

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

	June 25, 2005		March 26, 2005	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Within 1 year	$108,538	$108,298	$ 99,830	$ 99,457
After 1 year through 2 years	16,325	16,311	1,031	1,021
After 2 years	—	—	—	—
Total debt securities	124,863	124,609	100,861	100,478
Marketable equity securities	—	—	—	—
	$124,863	$124,609	$100,861	$100,478

During the first quarter of fiscal years 2006 and 2005, we realized gains of $0.4 million and $0.7 million, respectively, related to the sale of our investment in Silicon Laboratories, Inc., which resulted from their acquisition of Cygnal Integrated Products, Inc. in which we had an investment. We received $1.2 million and $0.4 million, net of commissions for the sale of securities in the first quarter fiscal years 2005 and 2006, respectively.

7. Intangibles, net

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

	As of June 25, 2005		As of March 26, 2005	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Core Technology	$ 1,390	$ (643)	$ 8,290	$ (6,521)
License Agreements	440	(204)	1,940	(1,504)
Existing Technology	2,730	(2,276)	43,430	(38,723)
Trademarks	320	(320)	320	(313)
Technology Licenses	11,749	(8,497)	12,615	(8,748)
	$16,629	$(11,940)	$66,595	$(55,809)

Amortization expense for all intangibles in the first quarter of fiscal years 2006 and 2005 was $1.4 million and $4.5 million, respectively. The decrease in the gross carrying amount of $49.1 million and accumulated amortization of $44.5 million resulted from certain intangibles being classified as assets held for sale in connection with the transfer of assets to Magnum Semiconductor. For further detail, see Note 5, “Assets Held for Sale.”

The following table details the estimated aggregate amortization expense for all of our intangibles as of June 25, 2005 for the remainder of fiscal year 2006 and for each of the five succeeding fiscal years (in thousands):

For the remainder of the year ended March 25, 2006	$1,896
For the year ended March 31, 2007	1,242
For the year ended March 29, 2008	987
For the year ended March 28, 2009	298
For the year ended March 27, 2010	248
For the year ended March 26, 2011	18

8. Income Taxes

We realized a net income tax benefit of $366 thousand for the first quarter of fiscal year 2006, compared with income tax expense of $24 thousand for the comparable period of fiscal year 2005. The 2006 benefit stems primarily from the expiration of the statute of limitations for years in which certain potential foreign income tax liabilities for transfer pricing issues had existed. Our tax expense for the first quarter of fiscal year 2006 was less than the Federal statutory rate, as we were able to utilize a portion of our deferred tax asset on which there had been placed a full valuation allowance. The income tax expense for fiscal year 2005 consisted primarily of foreign withholding taxes and foreign income taxes.

Our taxes payable balance is comprised primarily of tax contingencies that are recorded to address exposures involving tax positions we have taken that could be challenged by taxing authorities. These exposures result from the varying application of statutes, rules, regulations and interpretations. Our tax contingencies are established based on past experiences and judgments about potential actions by taxing jurisdictions. Our tax contingencies relate to transfer pricing positions we have taken in a variety of countries in which we operate. The ultimate resolution of these matters may be materially greater or less than the amount that we have accrued.

We account for income taxes in accordance with Statement of Financial Accounting Standard No. 109 (“SFAS 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 equal to our net deferred tax assets due to uncertainties regarding their realization. We evaluate the realizability of our deferred tax assets on a quarterly basis.

9. Restructuring and Other Costs

During the first quarter of fiscal year 2005, we recorded a charge of $1.6 million in operating expenses for the remainder of the facility consolidation activities that were completed during the quarter related to headcount reductions in our Colorado offices that began in the fourth quarter of fiscal year 2004. Additionally, we recorded an impairment charge of $0.1 million for property and equipment associated with our Pune, India facility closure.

As of June 25, 2005, we had a remaining accrual from all of our past restructurings of $5.1 million, primarily related to net lease expenses that will be paid over their respective lease terms through fiscal year 2013, along with other anticipated lease termination costs. We have classified $3.5 million of this restructuring accrual as long term.

The following table details the changes in all of our restructuring accruals during the three months ended June 25, 2005:

Description	March 26, 2005	Charges to P&L	Cash Payments	June 25, 2005
Severance — fiscal year 2005	$ 323	$—	$(186)	$ 137
Facilities abandonment — fiscal year 2004	4,531	—	(182)	4,349
Facilities abandonment — fiscal year 2003	200	—	—	200
Facilities abandonment — fiscal year 2002	55	—	(45)	10
Facilities abandonment — fiscal year 1999	397	—	—	397
	$5,506	$—	$(413)	$5,093

10. Deferred Income on Shipments to Distributors

Sales made to domestic distributors and certain international distributors are deferred until the final sale to the end customer has occurred. In general, these distributor agreements allow for certain rights of return, price adjustments, and price protection. As of June 25, 2005, we had $7.4 million of deferred income, which includes approximately $1.5 million related to shipments during the third quarter of fiscal year 2005.

11. Earnings 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 basic weighted average number of common shares used in the basic net income (loss) per share calculation plus the 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 2,037,000 shares as of June 26, 2004 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 first quarter of fiscal year 2005. The weighted average outstanding options excluded from our diluted calculation as of June 25, 2005 and June 26, 2004 was 8,718,000 and 5,042,000 respectively, as the exercise price exceeded the average market price during the respective periods.

12. Legal Matters

Fujitsu

On October 19, 2001, we filed a lawsuit against Fujitsu, Ltd. ("Fujitsu") in the United States District Court for the Northern District of California. We asserted claims for breach of contract and anticipatory breach of contract and we sought damages in excess of $46 million. The basis for our complaint was Fujitsu's refusal to pay for hard disk drive-related chips delivered to and accepted by it in fiscal year 2002. On December 17, 2001, Fujitsu filed an answer and a counterclaim. Fujitsu alleged claims for breach of contract, breach of warranty, quantum meruit/equitable indemnity and declaratory relief. The basis for Fujitsu's counterclaim was the allegation that certain chips that we sold to Fujitsu were defective and allegedly caused Fujitsu's hard disk drives to fail.

On December 5, 2003, for reasons related to the potential lack of jurisdiction for certain claims in federal district court, Fujitsu filed a complaint in California state court alleging claims substantially similar to those filed against us in district court and, in addition, alleging fraud and other related claims against Amkor and Sumitomo. On December 23, 2003, we filed a cross-complaint in California state court alleging the same claims against Fujitsu as we alleged in federal district court and further alleging fraud and other related claims against Amkor and Sumitomo based on their alleged knowledge that the molding compound used in the packaging materials sold to us was defective.

On April 28, 2005, before the rescheduled trial date, Cirrus Logic, Fujitsu, Amkor, Sumitomo, and Cirrus Logic's insurance carriers reached an agreement through an arbitration process to settle and release all pending claims related to the alleged failure of certain semiconductor integrated circuits sold by Cirrus Logic to Fujitsu. These releases included releases between our insurance carriers and us for any claims related to the litigation with Fujitsu. As part of the settlement, Fujitsu is to receive $45 million from Sumitomo, $40 million from Amkor, and $40 million from Cirrus Logic's insurance carriers. Fujitsu agreed to pay us a lump sum in the amount of $25 million. The final settlement documents were completed on June 10, 2005, and payment was received on June 16, 2005. Part of the $25 million received from the settlement represented a recovery of bad debt expense recorded in fiscal year 2002 of approximately $46.8 million. The $25 million received was partially offset by approximately $0.2 million in outside fees associated with this transaction. The net amount was recorded as a separate line item as a component of operating expenses during the first fiscal quarter of 2006.

St. Paul Fire and Marine Insurance Company

On June 9, 2004, we filed a complaint for declaratory relief against St. Paul Fire and Marine Insurance Co. (“St. Paul”) in the United States District Court, Northern District of California. Specifically, the complaint seeks a judicial determination and declaration that the Technology Commercial General Liability Protection (“CGL”) coverage under an insurance policy issued to us by St. Paul provides Cirrus Logic with insurance coverage for Cirrus Logic’s defense of claims brought by Fujitsu in the previously referenced matter. Pursuant to our CGL policy, the costs and expenses associated with defending our lawsuit against Fujitsu would be covered, but would not reduce the policy coverage limits. On August 23, 2004, St. Paul answered the complaint, denying that it was obligated to defend us under the CGL policy.

Based on the settlement and releases agreed to by the insurance carriers as set forth in the Fujitsu matter, we believe this matter has been resolved between Cirrus Logic and St. Paul.

Silvaco Data Systems

On December 8, 2004, Silvaco Data Systems (“Silvaco”) filed suit against us, and others, 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 supplies 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.

We intend to defend the lawsuit vigorously. In addition, Circuit Semantics is obligated to defend and indemnify us pursuant to our license agreement with them for the software. However, we cannot predict the ultimate outcome of this litigation and we are unable to estimate any potential liability we may incur.

Facilities Under Operating Lease Agreements

We lease our facilities under operating lease agreements. Our principal facility, located in Austin, Texas, is 197,000 square feet and houses our headquarters and engineering facility. The lease agreement for this facility includes a potential obligation to enter into another lease agreement for a period of 10 years for an additional 64,000 square feet in a new building to be built on property next to our current facility. This obligation was contingent upon construction beginning on the new facility before November 10, 2004. On September 14, 2004, our landlord provided us notice that it had elected to construct the new building. However, as of May 27, 2005, actual construction on the new building had not commenced. On November 12, 2004, we filed suit against our landlord in the state district court of Travis County, Texas seeking declaratory relief as to our obligations under the current operating lease agreement. Specifically, we seek a declaration that we have no obligation to lease an additional two floors of space because the landlord did not commence construction of the new facility before November 10, 2004. Trial has been set in this matter for December 2005.

In the event that the court determines that the owner of the property has strictly complied with all notices and conditions precedent to entering a new lease, we estimate that the yearly minimum future lease payments could be as much as $1.7 million. In addition, we may be required to provide a cash deposit of $200,000 as well as segregating and restricting an additional $3 million of our available cash balance in the form of a letter of credit. If we are required to enter into a new lease, we are unable to estimate when these potential obligations would begin because it is uncertain when construction will actually be completed.

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 the IC industry. As to any of these claims or litigation, we cannot predict the ultimate outcome with certainty.

13. Comprehensive Income

The components of comprehensive income, net of tax, are as follows (in thousands, unaudited):

	Three Months Ended	
	June 25, 2005	June 26, 2004
Net income (loss)	$25,977	$(3,395)
Adjustments to arrive at comprehensive income (loss):		
Change in unrealized gain (loss) on marketable securities	127	(29)
Realized gain on marketable equity securities	—	(669)
Comprehensive income (loss)	$26,104	$(4,093)

14. Stock-Based Compensation

The following table illustrates the effect on net income (loss) and earnings per share if the Company had applied the fair value recognition provisions of SFAS No. 123, *"Accounting for Stock-Based Compensation"* (in thousands, except per share data, unaudited):

	Three Months Ended	
	June 25, 2005	June 26, 2004
Net income (loss) as reported	$25,977	$(3,395)
Add: Stock-based employee compensation expense included in reported net income (loss), net of related tax effects	15	292
Deduct: Total stock-based employee compensation expense determined under fair value-based method for all awards, net of tax related effects	(2,262)	(3,871)
Proforma net income (loss)	$23,730	$(6,974)
Basic net income (loss) per share as reported	$ 0.30	$ (0.04)
Proforma basic net income (loss) per share	$ 0.28	$ (0.08)
Diluted net income (loss) per share as reported	$ 0.30	$ (0.04)
Proforma diluted net income (loss) per share	$ 0.28	$ (0.08)

15. Segment Information

We are a premier supplier of high-precision analog and mixed-signal integrated circuits ("ICs") for a broad range of consumer and industrial markets. We develop and market integrated ICs and embedded software used by original equipment manufacturers. 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 SFAS 131. Our chief executive office ("CEO") has been identified as the chief operating decision maker as defined by SFAS 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, production and logistics, in addition to the general and administrative functions of human resources, legal, finance and information technology. Accordingly, we operate in one operating segment.

In accordance with SFAS 131, below is a summary of our net sales by product line (in thousands, unaudited):

	Three Months Ended	
	June 25, 2005	June 26, 2004
Mixed-signal audio products	$23,379	$29,199
Embedded products	12,548	13,646
Industrial products	7,766	9,278
Video products	9,129	6,994
	$52,822	$59,117

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read along with the unaudited consolidated condensed financial statements and notes thereto included in Item 1 of this Quarterly Report, as well as the audited consolidated financial statements and notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations for the fiscal year ended March 26, 2005, contained in our 2005 Annual Report on Form 10-K. This Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements regarding future events and our future results that are based on current expectations, estimates, forecasts and projections and the beliefs and assumptions of our management including, without limitation, our expectations regarding second quarter sales, gross margins, combined research and development and selling, general and administrative expenses and restructuring activities and charges. Words such as "expect," "anticipate," "target," "project," "believe," "goals," "estimates," "intend" and variations of these types of words and similar expressions are intended to identify these 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 below under the subheading "Factors That May Affect Future Operating Results" and elsewhere in this report. We undertake no obligation to revise or update publicly any forward-looking statement for any reason. Readers should carefully review the risk factors described in "Factors That May Affect Future Operating Results" below, as well as in the documents filed by us with the Securities and Exchange Commission, specifically the most recent reports on Form 10-K, 10-Q and 8-K, each as it may be amended from time to time.

Cirrus Logic ("we," "us," "our," or the "Company") develops high-precision analog and mixed-signal ICs for a broad range of consumer and industrial markets. Building on our diverse analog mixed-signal patent portfolio, we deliver highly optimized products for consumer and commercial audio, automotive entertainment and industrial applications. We also provide complete system reference designs based on our technology that facilitate our customers' ability to bring products to market in a timely and cost-effective manner.

Overview

During the first quarter of fiscal year 2006, we saw a decrease in revenue from the comparable quarter of fiscal year 2005. Although our top-line revenue was down, we saw improved operating results, which enabled us to report overall positive results of $26.0 million in income. A large contribution to our income results was a $25 million payment received during the quarter associated with the settlement of the Fujitsu litigation. Nevertheless, we have reduced our spending activities during the past fiscal year to position us to return to profitability this fiscal year.

Our Mixed-Signal Audio product line offers high-precision analog and mixed-signal products for consumer, automotive and professional audio markets. Our Industrial product line offers high-precision analog and mixed-signal components for industrial measurement applications. Our embedded product line offers processors for consumer audio, professional audio and industrial applications.

On April 25, 2005, we announced our intentions to divest our digital video product assets. On May 24, 2005, we signed a definitive agreement to sell our digital video product assets to Magnum Semiconductor Inc. ("Magnum"), a privately held company formed by an investment group led by Investcorp and August Capital. By divesting the video product assets, we are focusing on our core analog, mixed-signal and embedded IC product lines for audio and industrial markets. With this focus, we are poised to leverage our intellectual property and high-margin analog product lines to drive growth and profitability. The transaction is structured as an asset sale and we closed on the transaction on June 30, 2005. We anticipate that we will record a charge of approximately $4 million to $5 million related to the exit from our facilities during the second quarter of fiscal year 2006.

Critical Accounting Policies

Our discussion and analysis of the Company's financial condition and results of operations are based upon the consolidated condensed financial statements included in this report, which have been prepared in accordance with accounting principles generally accepted in the United States. 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 gross margin on sales to our distributors; 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 affect our more significant judgments and estimates used in the preparation of the consolidated condensed financial statements:

- 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.

- 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.

- We evaluate the recoverability of property and equipment and intangible assets in accordance with Statement of Financial Accounting Standard No. 144 (“SFAS 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.

- 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 Emerging Issues Task Force No. 94-3 (“EITF 94-3”), *“Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)”* or SFAS 146, “ *Accounting for Costs Associated with Exit or Disposal Activities* ” depending upon the time of the restructuring activity. We use an estimated borrowing rate as the discount rate for all of our restructuring accruals made under SFAS 146. Our facilities consolidation accruals were 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.

- Our taxes payable balance is comprised primarily of tax contingencies that are recorded to address exposures involving tax positions we have taken that could be challenged by taxing authorities. These exposures result from the varying application of statutes, rules, regulations and interpretations. Our tax contingencies are established based on past experiences and judgments about potential actions by taxing jurisdictions. Our tax contingencies relate primarily to transfer pricing positions we have taken in a variety of countries in which we operate. The ultimate resolution of these matters may be materially greater or less than the amount that we have accrued.

- We are subject to the possibility of loss contingencies for various legal matters. 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.

Results of Operations

The following table summarizes the results of our operations for the first quarter of fiscal years 2006 and 2005 as a percentage of net sales. All percentage amounts were calculated using the underlying data in thousands, unaudited:

	Three Months Ended	
	June 25, 2005	June 26, 2004
Mixed-signal audio products	44%	49%
Embedded products	24%	23%
Industrial products	15%	16%
Video products	17%	12%
Net sales	100%	100%
Cost of sales	48%	46%
Gross Margin	52%	54%
Research and development	26%	38%
Selling, general and administrative	27%	21%
Restructuring and other costs	0%	3%
Litigation settlement, net	(47%)	0%
Total operating expenses	6%	62%
Income (loss) from operations	46%	(8%)
Realized gain on marketable securities	1%	1%
Interest income, net	2%	1%
Other expense, net	0%	0%
Income (loss) before income taxes	49%	(6%)
Provision (benefit) for income taxes	0%	0%
Net income (loss)	49%	(6%)

Net Sales

Net sales for the first quarter of fiscal year 2006 decreased $6.3 million to $52.8 million from $59.1 million from the first quarter of fiscal year 2005. Net sales from Mixed-Signal products declined $5.8 million, or 20%, due primarily to a decrease in demand for certain older generation products, coupled with an unusually robust inventory build by our end customers of DVD players for last year's holiday season. The embedded product net sales decreased $1.1 million, or 8%, during the first quarter of fiscal year 2006 from the comparable quarter of the prior fiscal year due to slower demand for certain products, primarily including legacy DSPs. Net sales from our Industrial products were down $1.5 million, or 16%, in the first quarter of fiscal year 2006 due to a small decrease in power meter demand. These decreases were partially offset by an increase of $2.1 million, 31%, in net sales of our Video products during the first quarter of fiscal year 2006 from the prior comparable period. The increase in our video products was primarily attributable to increased demand for certain DVD encoder and decoder products. On June 30, 2005, we sold our digital video product assets to Magnum Semiconductor.

Export sales, principally to Asia, including sales to U.S.-based customers with manufacturing plants overseas, were 71 percent and 70 percent of net sales during the first quarter of fiscal years 2006 and 2005, respectively.

Our sales are denominated primarily in U.S. dollars. As a result, we have not entered into foreign currency forward exchange and option contracts.

During the first quarter of fiscal year 2006, a distributor, Memec Group Holdings Limited and a direct customer, LG Electronics, represented 22 percent and 11 percent of net sales, respectively. During the first

quarter of fiscal year 2005, two of our distributors, Memec Group Holdings Limited and Honestar, accounted for 25 percent and 10 percent of net sales, respectively.

Gross Margin

Gross margin was 51.7 percent in the first quarter of fiscal year 2006, down from 53.6 percent in the first quarter of fiscal year 2005. The largest driver of the decrease in gross margin is a result of product mix. Our lower margin video sales increased at a higher rate than our industrial revenue products, which were down from the comparable prior quarter due to decreased demand for a particular product. Partially offsetting these decreases, during the first quarter of fiscal year 2006, the sale of products that had been written down in prior periods contributed approximately $1.7 million, or 3.3 percent of gross margin as compared to a 2.1 percentage contribution in the first quarter of fiscal year 2005.

Research and Development Expense

Research and development expense for the first quarter of fiscal year 2006 of $13.7 million decreased $8.5 million from $22.1 million in the first quarter of fiscal year 2005. This decrease is primarily due to reduced salaries and benefits costs as our headcount was reduced from the prior fiscal year coupled with lower outside product development expenses and reduced amortization of acquired intangibles during the first quarter of fiscal year 2006.

Selling, General and Administrative Expense

Selling, general and administrative expense in the first quarter of fiscal year 2006 $14.3 million increased by $2.0 million from $12.3 million in the first quarter of fiscal year 2005. This increase is due primarily to the charge taken to facilities expense for a loss contingency on sub-leases entered into during the quarter, as we sub-leased the excess space for less than our current rent obligations on this leased space.

We expect our combined research and development and selling, general and administrative expenses to be between $20 million and $22 million for our second fiscal quarter.

Restructuring and Other Costs

During the first quarter of fiscal year 2005, we recorded a charge of $1.6 million in operating expenses for the remainder of the facility consolidation activities that were completed during the quarter related to our Colorado offices for the headcount reductions that began in the fourth quarter of fiscal year 2004. We expect to sublease this facility in the future and have made assumptions to that affect. Should these sublease assumptions change, we may have to revise our assumptions and record additional restructuring charges for this facility. Additionally, we recorded an impairment charge of $0.1 million for property and equipment associated with our Pune, India facility closure in the first quarter of fiscal year 2005.

Realized Gain on Marketable Equity Securities

During the first quarter of fiscal years 2006 and 2005, we realized gains of $0.4 million and $0.7 million, respectively, related to the sale of Silicon Laboratories, Inc. common stock. We received the common stock in connection with Silicon Laboratories' acquisition of Cygnal Integrated Products, Inc., a company in which we had an investment. We received $0.4 million and $1.2 million, net of commissions in the first quarters of fiscal years 2006 and 2005, respectively, for the sale of these securities.

Interest Income

Interest income was $1.1 million for the first quarter of fiscal year 2006 and $0.7 million for the first quarter of fiscal year 2005. The increase of $0.4 million was primarily due to increased cash and cash equivalent balances on which interest is earned coupled with higher interest rates on our investment portfolio.

Income Taxes

We realized a net income tax benefit of $366 thousand for the first quarter of fiscal year 2006, compared with income tax expense of $24 thousand for the comparable period of fiscal year 2005. The benefit stems primarily from the expiration of the statute of limitations for years in which certain potential foreign income tax liabilities for transfer pricing issues had existed. Our tax expense for the first quarter of fiscal year 2006 was less than the Federal statutory rate, as we were able to utilize a portion of our deferred tax asset on which there had been placed a full valuation allowance. The income tax expense for fiscal year 2005 consisted primarily of foreign withholding taxes and foreign income taxes.

In fiscal years 2006 and 2005, we provided a valuation allowance equal to our net deferred tax assets due to uncertainties regarding their realization. We evaluate the realizability of our deferred tax assets on a quarterly basis.

Liquidity and Capital Resources

We generated approximately $34.3 million of cash and cash equivalents in our operating activities during the first quarter of fiscal year 2006, primarily due to a $25 million settlement of our Fujitsu litigation coupled with a large decrease in our inventory of $7.1 million. In the comparable period of fiscal year 2005, we used approximately $0.6 million of cash and cash equivalents in our operating activities primarily due to the increase in our inventory and accounts receivable of $11.4 million and $8.1 million, respectively, partially offset by the increase in our accounts payable balance of $13.1 million and the non-cash components of our net loss totaling $6.1 million.

During the first quarter of fiscal year 2006, we used approximately $24.6 million in cash for investing activities, primarily related to the purchase of certain available-for-sale securities of $65.6 million, partially offset by the sale and maturity of certain available-for-sale securities of $42.0 million along with purchases of property and equipment and technology licenses totaling $0.7 million. We generated approximately $10.3 million of cash in investing activities during the first quarter of fiscal year 2005, primarily related to the sale and maturity of certain available-for-sale securities of $13.4 million partially offset by the purchase of property and equipment and technology licenses totaling $3.2 million.

We generated $1.1 million and $1.3 million in cash from financing activities during the first quarter of fiscal year 2006 and fiscal year 2005, respectively, due to the issuance of common stock in connection with option exercises and our employee stock purchase plan.

As of June 25, 2005, we have restricted cash of $8.0 million, which primarily secures certain obligations under our lease agreement for the headquarters and engineering facility in Austin, Texas.

We have not paid cash dividends on our common stock and currently intend to continue our policy of retaining any earnings for reinvestment in our business. Although we cannot assure 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.

Risk Factors Affecting Our Business and Prospects

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 of Cirrus Logic's filings with the Securities and Exchange Commission ("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.

The highly cyclical and volatile nature of our industry may affect our operating results.

We are subject to business cycles and it is difficult to predict the timing, length, or volatility of these cycles. During downturns, customers usually reduce purchases, delay delivery of products, shorten lead times on orders and/or cancel orders. During upturns, our third party suppliers and contract manufacturers may have capacity or supply constraints that result in higher costs, longer lead times, and/or an inability to meet customer demand. These business cycles may create pressure on our sales, gross margins and/or operating results.

We cannot assure that any future downturn or upturn will not have a material adverse effect on our business and results of operations. We cannot assure that we will not experience substantial period-to-period fluctuations in revenue due to general semiconductor industry conditions or other factors.

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

As we continue to sell products in the consumer entertainment market, we are more likely to be affected by seasonality in the sales of our products. In particular, a significant portion of consumer electronics products are sold worldwide during the back-to-school and fourth calendar quarter holiday seasons. As a result, we expect stronger sales of ICs into the consumer entertainment market to occur in our second and third fiscal quarters in anticipation of these seasons.

Further, a decline in consumer confidence and consumer spending relating to economic conditions, terrorist attacks, armed conflicts, global health conditions and/or the political stability of countries in which we operate or sell into could have a material adverse effect on our business.

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:

- a material recall and replacement costs for product warranty and support,
- payments to our customer related to such 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 assure that we will be able to obtain insurance in amounts or of sufficient scope to provide us with adequate coverage against all potential liability. See *"Legal Proceedings"* later in this section for further information regarding outstanding litigation.

Our failure to develop and introduce new products on a timely basis 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. 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:

- 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, assembly and test capacity,
- market acceptance of our products and the products of our customers, and
- obtaining and retaining industry certification requirements.

Although we seek to design products that have the potential to become industry standard products, we cannot assure that market leaders will adopt any products introduced by us, or that any products initially accepted by our customers that are market leaders will become industry standard products. 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 cannot assure that we will 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 assure that we will be able to successfully develop and introduce new products on a timely basis.

We have historically experienced fluctuations in our operating results and expect these fluctuations to continue in future periods.

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. These factors include:

- 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.

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.

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 by our customers to accurately forecast their demand, 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.

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 and design, 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 Semiconductors, Analog Devices, Freescale Semiconductor, LSI Logic, Maxim, Micronas, Samsung Semiconductor, Texas Instruments, and Wolfson Microelectronics, many of whom have substantially greater financial, engineering, manufacturing, marketing, technical, distribution and other resources, broader product lines, greater intellectual property rights 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 assure 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.

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 declines 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 revenue shortfalls. Because of these factors, we may experience material adverse fluctuations in our future operating results on a quarterly or annual basis.

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 accounted for 71 percent and 70 percent of our net sales in the first quarter of fiscal years 2006 and 2005, respectively. We expect export sales to continue to represent a significant portion of product sales. This reliance on sales internationally subjects us to the risks of conducting business internationally, including political and economic stability and global health conditions, especially in Asia.

For example, the financial instability in a given region, such as Asia, 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:

- 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 foreign companies or other domestic companies entering the foreign 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 foreign 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 foreign 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 assure that regulatory, political and other factors will not adversely affect our operations in the future or require us to modify our current business practices.

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 majority of our net sales, we maintain significant international operations, including design, sales and technical support personnel. We are also using contract manufacturers in Asia for foundry, assembly and test operations. Expansion into this region has required and will continue to require significant management attention and resources. There are risks inherent in expanding our presence into foreign regions, including, but not limited to:

- difficulties in staffing and managing foreign operations,
- failure of foreign 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 foreign laws and regulatory requirements.

Further, as we have completed the outsourcing of our test operations, we have become more dependent on third-party subcontractors in Asia for the assembly, packaging and testing of our products. Although we seek to reduce our dependence on our limited number of subcontractors, this concentration of subcontractors and manufacturing operations in Asia subjects us to the risks of conducting business in Asia. Disruption or termination of the assembly, packaging or testing of our products could occur and such disruptions could harm our business and operating results.

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 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 will be required to expense share-based payments to our employees, and we may have a significant material adverse charge to our financial statements.

On December 16, 2004, the FASB issued SFAS No. 123(R), *"Share-Based Payment,"* which is a revision of SFAS No. 123 and supersedes APB Opinion No. 25. SFAS No. 123(R) requires all share-based payments to employees, including grants of employee stock options, to be valued at fair value on the date of grant, and to be expensed over the applicable vesting period. Pro forma disclosure of the income statement effects of share-based payments is no longer an alternative. SFAS No. 123(R), as amended, is effective for all stock-based awards granted in fiscal years beginning after June 15, 2005. In addition, companies must also recognize compensation expense related to any awards that are not fully vested as of the effective date. Compensation expense for the unvested awards will be measured based on the fair value of the awards previously calculated in developing the pro forma disclosures in accordance with the provisions of SFAS No. 123.

We may be faced with increased risk due to the volatility of our stock price and our ability to predict the exercise patterns of our stock. In general, we view our volatility as greater than our competitors. We feel that our adoption of this standard may adversely impact our earnings disproportionately from our competitors. Further, we may have difficulty in predicting our operating profitability due to our stock option expense, which could affect future earnings or guidance.

Our adoption of this accounting standard will require and may result in a material adverse impact on our consolidated financial statements. We will be required to expense stock options and other share-based payments to employees and directors, which will require us to record a significant charge to earnings. We are currently evaluating our stock-based compensation programs to determine what our alternatives may be to reduce this charge in the future. If we choose not to issue stock options at the levels we have in the past, we believe we may face a more difficult time in attracting and retaining employees.

We rely on independent foundries to manufacture our products, which subject us to increased risks.

We rely on independent foundries to manufacture all of our wafers. Our reliance on these foundries involves risks and uncertainties, including:

- the possibility of an interruption or loss of manufacturing capacity,
- the lack of control over delivery schedules, quality assurance, manufacturing yields and costs,
- the inability to secure necessary capacity to meet customer demand,
- the possible misappropriation of our intellectual property, and
- the inability to reduce our costs as quickly as competitors who manufacture their own products and are not bound by set prices.

Market conditions could result in wafers being in short supply and prevent us from having adequate supply to meet our customer requirements. In addition, any prolonged inability to utilize third-party foundries because of fire, natural disaster, or otherwise, would have a material adverse effect on our financial condition and results of operations. If we are not able to obtain additional foundry capacity as

required, our relationships with our customers would be harmed and, consequently, our sales would likely be reduced and we may be forced to purchase wafers from higher-cost suppliers or to pay expediting charges to obtain additional supply, if we are able to acquire wafers at all.

In order to secure additional foundry capacity, we may enter into contracts that commit us to purchase specified quantities of wafers over extended periods. In the future, we may not be able to secure sufficient capacity with foundries in a timely fashion (or at all) and such arrangements, if any, may not be on terms favorable to us. Moreover, if we are able to secure foundry capacity, we may be obligated to utilize all of that capacity or incur penalties. These penalties may be expensive and could harm our financial results.

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

We depend on third-party subcontractors in Asia for the assembly, packaging and testing 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 our limited number of subcontractors, this concentration of subcontractors and manufacturing operations in Asia subjects us to the risks of conducting business internationally, including political and economic conditions in Asia. Disruption or termination of the assembly, packaging or testing of our products could occur and such disruptions could harm our business and operating results.

Failure to manage our distribution channel relationships could adversely affect our business.

In the first quarter of fiscal years 2006 and 2005, sales to our distributors accounted for 59 percent and 64 percent, respectively, of our total net sales. 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.

We may acquire other companies or technologies, which may create additional risks associated with our ability to and 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 business concerns while involved in identifying, completing, and integrating acquisitions,
- 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.

The divestiture of our video business subjects us to additional risks and uncertainties that could adversely affect our business.

On May 24, 2005, we signed a definitive agreement to sell the assets associated with our digital video product assets to Magnum Semiconductor Inc., a privately held company formed by an investment group led by Investcorp Technology Ventures II, L.P. On June 30, 2005, we consummated the transaction.

Despite completing the transaction, there can be no assurance that we will be able to achieve profitability, strengthen our core operations, compete more effectively in existing or new markets, or actually increase stockholder value after this divestiture transaction. Further, such divestiture transactions, such as this one, may entail risks and uncertainties in addition to those which may result from the divestiture-related changes in our business operations, including, but not limited to, extraordinary transaction costs, unknown indemnification liabilities and unforeseen administrative complications, any of which could result in reduced revenues, increased charges or post-transaction administrative costs, or could otherwise have a material adverse effect on our business, financial condition or results of operations.

We may be unable to protect our intellectual property rights from third-party claims and litigation .

Our success depends on our ability to obtain patents and licenses and to preserve our other intellectual property rights covering our manufacturing processes, products and development and testing tools. 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 agreements, 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 assure 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 be able to design around our patents, or that our intellectual property will not be misappropriated. In addition, the laws of some foreign countries may not protect our intellectual property as well as the laws of the United States. See *"Legal Proceedings."*

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 assure that we will ultimately be successful in any lawsuit, nor can we assure that any patent owned by us will not be invalidated, circumvented, or challenged. We cannot assure that rights granted under the patent 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 our products do not conform to or support certain industry standards, our products may not be accepted by the market and our business may be harmed.

Generally, our products comprise only a part of our customers' product. All components of such devices must comply with industry standards in order to operate efficiently together. We depend on companies that provide other components of the devices to support prevailing industry standards. Many of

these companies are significantly larger and more influential in affecting industry standards than we are. Some industry standards may not be widely adopted or implemented uniformly and competing standards may emerge that may be preferred by our customers or end users. If larger companies do not support the same industry standards that we do, or if competing standards emerge, market acceptance of our products could be adversely affected and our business would be harmed.

The emergence of new industry standards could render our products incompatible with products developed by other suppliers. As a result, we could be required to invest significant time and effort and to incur significant expense to redesign our products to ensure compliance with relevant standards. If our products are not in compliance with prevailing industry standards for a significant period of time, we could miss opportunities to achieve crucial design wins. We may not be successful in developing or using new technologies or in developing new products or product enhancements that achieve market acceptance. Our pursuit of necessary technological advances may require substantial time and expense.

If we are unable to make continued substantial investments in research and development, we may not be able to develop and sell new products, which would likely harm our future operating results.

We make significant investments in research and development activities to develop new and enhanced products and solutions. If we fail to make sufficient investments in research and development programs, new technologies could render our current and planned products obsolete, and our business could be harmed.

Our stock price may be volatile.

The market price of our common stock fluctuates significantly. This fluctuation is the result of numerous factors, including:

- 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 shareholders 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:

- 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 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risks associated with interest rates on our debt securities and currency movements on non-U.S. dollar denominated assets and liabilities. We assess these risks on a regular basis and have established policies to protect against the adverse effects of these and other potential exposures. There have been no significant changes in our interest or foreign exchange risk since we filed our latest Form 10-K on May 27, 2005.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of disclosure control and procedures

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15 of the Exchange Act. Based upon that evaluation, the CEO and the Chief Financial Officer ("CFO") concluded that, as of June 25, 2005, our disclosure controls and procedures were effective at providing reasonable assurance that information required to be disclosed by us in reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms and that our controls and procedures are effective in timely alerting them to material information required to be included in this report.

Changes in control over financial reporting

There has been no change in our internal control over financial reporting that occurred during our most recent fiscal quarter that has materially affected or is reasonably likely to materially affect our internal control over financial reporting.

PART II

ITEM 1. LEGAL PROCEEDINGS

Fujitsu

On October 19, 2001, we filed a lawsuit against Fujitsu, Ltd. ("Fujitsu") in the United States District Court for the Northern District of California. We asserted claims for breach of contract and anticipatory breach of contract and we sought damages in excess of $46 million. The basis for our complaint was Fujitsu's refusal to pay for hard disk drive-related chips delivered to and accepted by it in fiscal year 2002. On December 17, 2001, Fujitsu filed an answer and a counterclaim. Fujitsu alleged claims for breach of contract, breach of warranty, quantum meruit/equitable indemnity and declaratory relief. The basis for Fujitsu's counterclaim was the allegation that certain chips that we sold to Fujitsu were defective and allegedly caused Fujitsu's hard disk drives to fail.

On December 5, 2003, for reasons related to the potential lack of jurisdiction for certain claims in federal district court, Fujitsu filed a complaint in California state court alleging claims substantially similar to those filed against us in district court and, in addition, alleging fraud and other related claims against Amkor and Sumitomo. On December 23, 2003, we filed a cross-complaint in California state court alleging the same claims against Fujitsu as we alleged in federal district court and further alleging fraud and

other related claims against Amkor and Sumitomo based on their alleged knowledge that the molding compound used in the packaging materials sold to us was defective.

On April 28, 2005, before the rescheduled trial date, Cirrus Logic, Fujitsu, Amkor, Sumitomo, and Cirrus Logic's insurance carriers reached an agreement through an arbitration process to settle and release all pending claims related to the alleged failure of certain semiconductor integrated circuits sold by Cirrus Logic to Fujitsu. These releases included releases between our insurance carriers and us for any claims related to the litigation with Fujitsu. As part of the settlement, Fujitsu is to receive $45 million from Sumitomo, $40 million from Amkor, and $40 million from Cirrus Logic's insurance carriers. Fujitsu agreed to pay us a lump sum in the amount of $25 million. The final settlement documents were completed on June 10, 2005, and payment was received on June 16, 2005.

St. Paul Fire and Marine Insurance Company

On June 9, 2004, we filed a complaint for declaratory relief against St. Paul Fire and Marine Insurance Co. ("St. Paul") in the United States District Court, Northern District of California. Specifically, the complaint seeks a judicial determination and declaration that the Technology Commercial General Liability Protection ("CGL") coverage under an insurance policy issued to us by St. Paul provides Cirrus Logic with insurance coverage for Cirrus Logic's defense of claims brought by Fujitsu in the previously referenced matter. Pursuant to our CGL policy, the costs and expenses associated with defending our lawsuit against Fujitsu would be covered, but would not reduce the policy coverage limits. On August 23, 2004, St. Paul answered the complaint, denying that it was obligated to defend us under the CGL policy.

Based on the settlement and releases agreed to by the insurance carriers as set forth in the Fujitsu matter, we believe this matter has been resolved between Cirrus Logic and St. Paul.

Silvaco Data Systems

On December 8, 2004, Silvaco Data Systems ("Silvaco") filed suit against us, and others, 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 supplies 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.

We intend to defend the lawsuit vigorously. In addition, Circuit Semantics is obligated to defend and indemnify us pursuant to our license agreement with them for the software. However, we cannot predict the ultimate outcome of this litigation and we are unable to estimate any potential liability we may incur.

Facilities Under Operating Lease Agreements

We lease our facilities under operating lease agreements. Our principal facility, located in Austin, Texas, is 197,000 square feet and houses our headquarters and engineering facility. The lease agreement for this facility includes a potential obligation to enter into another lease agreement for a period of 10 years for an additional 64,000 square feet in a new building to be built on property next to our current facility. This obligation was contingent upon construction beginning on the new facility before November 10, 2004. On September 14, 2004, our landlord provided us notice that it had elected to construct the new building. However, as of May 27, 2005, actual construction on the new building had not commenced. On November 12, 2004, we filed suit against our landlord in the state district court of Travis County, Texas seeking declaratory relief as to our obligations under the current operating lease agreement. Specifically, we seek a declaration that we have no obligation to lease an additional two floors of space because the landlord did not commence construction of the new facility before November 10, 2004. Trial has been set in this matter for December 2005.

In the event that the court determines that the owner of the property has strictly complied with all notices and conditions precedent to entering a new lease, we estimate that the yearly minimum future lease payments could be as much as $1.7 million. In addition, we may be required to provide a cash deposit of $200,000 as well as segregating and restricting an additional $3 million of our available cash balance in the form of a letter of credit. If we are required to enter into a new lease, we are unable to estimate when these potential obligations would begin because it is uncertain when construction will actually be completed.

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 the IC industry. As to any of these claims or litigation, we cannot predict the ultimate outcome with certainty.

ITEM 6. EXHIBITS

(a) Exhibits.

31.1 Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2 Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURE

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/ JOHN T. KURTZWEIL
John T. Kurtzweil
Chief Financial Officer
Date: July 27, 2005

Exhibit 31.1

CERTIFICATION

pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, David D. French, certify that:

1. I have reviewed this report on Form 10-Q of Cirrus Logic, Inc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the Audit Committee of the Company’s Board of Directors:

(a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: July 27, 2005 Signature: /s/ David D. French

CERTIFICATION

pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, John T. Kurtzweil, certify that:

1. I have reviewed this report on Form 10-Q of Cirrus Logic, Inc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Audit Committee of the Company's Board of Directors:

(a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 27, 2005 Signature: /s/ John T. Kurtzweil

Exhibit 32.1

Certification Pursuant to 18 U.S.C. Section 1350,
as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the quarterly report of Cirrus Logic, Inc. (the “Company”) on Form
10-Q for the period ended June 25, 2005, as filed with the Securities and Exchange Commission (the “Report”), I, David D. French, President and Chief Executive Officer of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

This Certification has not been, and shall not be deemed, “filed” with the Securities and Exchange Commission.

Date: July 27, 2005

/s/ David D. French
David D. French

Exhibit 32.2

Certification Pursuant to 18 U.S.C. Section 1350,
as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the quarterly report of Cirrus Logic, Inc. (the "Company") on Form 10-Q for the period ended June 25, 2005, as filed with the Securities and Exchange Commission (the "Report"), I, John T. Kurtzweil, Chief Financial Officer of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

This Certification has not been, and shall not be deemed, "filed" with the Securities and Exchange Commission.

Date: July 27, 2005

/s/ John T. Kurtzweil
John T. Kurtzweil