

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

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

Date of report (Date of earliest event reported): January 26, 2005

CIRRUS LOGIC, INC.

(Exact name of Registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

0-17795
(Commission
File Number)

77-0024818
(IRS Employer
Identification No.)

2901 Via Fortuna, Austin, TX
(Address of Principal Executive Offices)

78746
(Zip Code)

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

Item 2.02 Results of Operations and Financial Condition

On January 26, 2005, the Company issued a press release reporting the financial results of the Company for the third quarter of fiscal year 2005. A copy of this press release is attached to this Report as exhibit 99.1. All of the information furnished in Item 2.02 of this Report and the accompanying exhibit shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and shall not be incorporated by reference in any filing under the Securities Act of 1933, as amended.

Item 9.01 Financial Statements and Exhibits

(c) Exhibits

| Exhibit ----- | Description ----- |
|------------------|---|
| Exhibit 99.1 | Cirrus Logic, Inc. press release dated January 26, 2005 |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CIRRUS LOGIC, INC.

Date: January 26, 2004

By: /s/ John T. Kurtzweil

Name: John T. Kurtzweil
Title: Senior Vice President & Chief
Financial Officer

EXHIBIT INDEX

| Exhibit No. ----- | Description ----- |
|----------------------|--|
| 99.1 | Registrant's press release dated January 26, 2005. |

Cirrus Logic Reports Fiscal Q3 2005 Financial Results

AUSTIN, Texas--(BUSINESS WIRE)--Jan. 26, 2005--Cirrus Logic Inc. (Nasdaq:CRUS) today announced financial results for the third quarter of fiscal year 2005, ended Dec. 25, 2004.

The company reported third quarter fiscal year 2005 revenue of \$44.0 million compared with \$51.3 million in the prior quarter. These results do not include \$2.2 million of product shipped during the December quarter for which we have been unable to determine what amount should properly be recognized as revenue in the December quarter. Consequently, the company has not included this in the revenue for the quarter and has deferred recognizing this revenue until such time as this determination can be made.

Third quarter gross margin was 39.1 percent, compared with 44.7 percent in the prior quarter. Third quarter gross margin was adversely impacted by a net charge of \$5.0 million for excess and obsolete inventory, which had a negative impact on gross margin of 10.8 percentage points and was further negatively impacted by 2.8 percentage points relating to the revenue deferral. Third quarter combined research and development and selling, general and administrative expenses were \$25.1 million, compared with \$31.0 million in the prior quarter.

Net income in the third fiscal quarter was \$2.5 million, or \$0.03 per share. The third quarter results include a \$15.2 million income tax benefit, a \$2.3 million reclaimed Goods and Services tax for the years 1997 to 2000 in SG&A, a \$0.6 million legal expense accrual reduction associated with a prior patent transaction, partially offset by \$6.5 million of expenses primarily for amortization of acquired intangibles, restructuring-related items and abandonment of software, as well as a \$5.0 million net inventory charge. In comparison, the company reported a net loss of \$15.1 million in the prior quarter, or a loss of \$0.18 per share, which included \$8.0 million in charges primarily for abandoned software, restructuring- and acquisition-related items.

Total cash and marketable securities at the end of the third quarter was \$178.4 million, compared with \$177.7 million at the end of the prior quarter.

"As we mentioned in our Dec. 16, 2004, press announcement, results were negatively impacted by the continued slow demand for consumer integrated circuits, especially audio converters sold into the Chinese DVD player market where we have a large market share," said David D. French, president and CEO of Cirrus Logic Inc. "Sales of our ICs used in DVD recording applications were also below our expectations going into the just completed quarter."

Cirrus Logic announced on Dec. 16, 2004, actions to better align its resources to address anticipated market opportunities and to reduce operating expenses. During the December quarter, the company implemented a new product-centric organizational structure. The company also initiated a workforce reduction and began facility consolidation activities, which are expected to provide annualized savings of \$8 million to \$12 million, beginning in the March quarter.

Outlook and Guidance

"As we plan for the March quarter, we have limited demand visibility and remain cautious with regard to channel and customer inventories and consumer demand. While we believe that we will see a continued reduction in component inventories in many of the markets we serve, our guidance reflects a conservative view," said French.

The following outlook does not include an estimate for the recognition of the deferred revenue from the third fiscal quarter.

Fourth Quarter FY 05 (ending March 26, 2005)

-- Sales are expected to range between \$40 million and \$42 million;

-- Gross margin is expected to range between 51 percent and 53 percent.

-- Combined R&D and SG&A expenses are expected to range between \$25 million and \$26 million.

-- Completion of the restructuring activity announced on Dec. 16, 2004, is expected to result in a charge of between \$1.0 million and \$2.0 million.

-- Net inventory is expected to be reduced by \$3 million to \$5 million through operational activities.

Conference Call

Cirrus Logic management will hold a conference call to discuss these results today, Jan. 26, at 4:00 p.m. Central Time. Those wishing to join should dial 201-689-8044 at approximately 3:50 p.m. Central Time. A replay of the call will be available starting one hour after the completion of the call until Feb. 9, 2005. To access the replay, dial 201-612-7415 (account #: 2445; conference #: 133018). A live and an archived webcast of the conference call will also be available via the company's Web site at www.cirrus.com.

Upcoming Conference

Cirrus Logic management will be presenting at the Thomas Weisel Partners Technology Conference on Feb. 8 in San Francisco. Those wishing to listen to management's presentation can hear a live and/or an archived webcast of these available events at www.cirrus.com.

Cirrus Logic Inc.

Cirrus Logic is a premier supplier of high-performance analog, mixed-signal and digital processing solutions for consumer entertainment electronics, automotive entertainment and industrial product applications. Building on its global market leadership in audio ICs and its rich mixed-signal patent portfolio, Cirrus Logic targets audio, video and precision mixed-signal applications in these growing markets. The company operates from headquarters in Austin, Texas, with offices in California, Colorado, Europe, Japan and Asia. More information about Cirrus Logic is available at www.cirrus.com.

Safe Harbor Statement

Except for historical information contained herein, the matters set forth in this news release, including our estimates of fourth quarter fiscal year 2005 sales, gross margin, combined research and development and selling, general and administrative expense levels, restructuring activities, inventory reduction, and expectations regarding our revenue growth are forward-looking statements. These forward-looking statements are based on our current expectations, estimates and assumptions and are subject to certain risks and uncertainties that could cause actual results to differ materially from our current expectations, estimates and assumptions and the forward-looking statements made in this press release. These risks and uncertainties include, but are not limited to, the following: overall conditions in the semiconductor market; the expansion of the consumer digital entertainment electronics market; our ability to introduce new products on a timely basis and to deliver products that perform as anticipated; risks associated with international sales and international operations; the results of any potential and pending litigation matters; the level of orders and shipments during the fourth quarter of fiscal year 2005, as well as customer cancellations of orders, or the failure to place orders consistent with forecasts; pricing pressures; hardware or software deficiencies; our dependence on subcontractors for assembly, manufacturing, packaging and testing functions; our ability to make continued substantial investments in research and development; foreign currency fluctuations; the retention of key employees; the impact of restructuring and other costs, such as work force reductions and facility consolidations; and the risk factors listed in our Form 10-K for the year ended March 27, 2004, and in other filings with the Securities and Exchange Commission. The foregoing information concerning our business outlook represents our outlook as of the date of this news release, and we undertake no obligation to update or revise any forward-looking statements, whether as a result of new developments or otherwise.

Cirrus Logic and Cirrus are trademarks of Cirrus Logic Inc. All other product names noted herein may be trademarks of their respective holders.

Summary financial data follows:

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

| | Quarter Ended | | |
|--|------------------|-------------------|------------------|
| | Dec. 25, 2004 | Sept. 25, 2004 | Dec. 27, 2003 |
| Net sales | \$44,036 | \$51,332 | \$55,270 |
| Cost of sales | 26,834 | 28,404 | 26,552 |
| Gross Margin | 17,202 | 22,928 | 28,718 |
| Gross Margin Percentage | 39.1% | 44.7% | 52.0% |
| Operating expenses: | | | |
| Research and development | 15,480 | 17,793 | 18,224 |
| Selling, general and administrative | 9,611 | 13,162 | 12,163 |
| Amortization of acquired intangibles | 3,419 | 3,419 | 3,419 |
| Restructuring and other costs | 3,107 | 4,148 | 896 |
| Litigation settlement | -- | -- | (45,000) |
| Patent agreement | (593) | -- | -- |
| Total operating expenses | 31,024 | 38,522 | (10,298) |
| Total operating expenses as a percent of revenue | 70.5% | 75.0% | (18.6%) |
| Income (loss) from operations | (13,822) | (15,594) | 39,016 |
| Operating income (loss) as a percent of revenue | (31.4%) | (30.4%) | 70.6% |
| Interest income (expense), net | 946 | 604 | 450 |
| Other income (expense), net | 272 | (5) | 58 |
| Income (loss) before income taxes | (12,604) | (14,995) | 39,524 |
| Provision (benefit) for income taxes | (15,134) | 66 | 75 |
| Net income (loss) | \$2,530 | \$(15,061) | \$39,449 |

| | ===== | ===== | ===== |
|--|--------|----------|--------|
| Basic income (loss) per share | \$0.03 | \$(0.18) | \$0.47 |
| Diluted income (loss) per share | \$0.03 | \$(0.18) | \$0.46 |
| Basic weighted average common shares outstanding | 84,773 | 84,671 | 84,015 |
| Diluted weighted average common shares outstanding | 86,159 | 84,671 | 86,440 |

Prepared in accordance with Generally Accepted Accounting Principles

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

| | ----- | |
|--|-------------------|------------------|
| | Nine Months Ended | |
| | Dec. 25, 2004 | Dec. 27, 2003 |
| | ----- | ----- |
| Net sales | \$154,485 | \$146,124 |
| Cost of sales | 82,682 | 71,673 |
| | ----- | ----- |
| Gross Margin | 71,803 | 74,451 |
| | ----- | ----- |
| Gross Margin Percentage | 46.5% | 51.0% |
| Operating expenses: | | |
| Research and development | 51,980 | 59,297 |
| Selling, general and administrative | 35,267 | 36,883 |
| Amortization of acquired intangibles | 10,257 | 10,975 |
| Restructuring and other costs | 8,978 | 8,931 |
| Litigation settlement | -- | (45,000) |
| Patent agreement and settlement, net | (593) | (14,402) |
| | ----- | ----- |
| Total operating expenses | 105,889 | 56,684 |
| | ----- | ----- |
| Total operating expenses as a percent of revenue | 68.5% | 38.8% |
| Income (loss) from operations | (34,086) | 17,767 |
| Operating income (loss) as a percent of revenue | (22.1%) | 12.2% |
| Realized gain on marketable equity securities | 669 | 10,080 |
| Interest income (expense), net | 2,246 | 1,320 |
| Other income (expense), net | 201 | (7) |
| | ----- | ----- |
| Income (loss) before income taxes | (30,970) | 29,160 |
| Benefit for income taxes | (15,044) | (7,026) |
| | ----- | ----- |
| Net income (loss) | \$(15,926) | \$36,186 |
| | ===== | ===== |
| Basic income (loss) per share | \$(0.19) | \$0.43 |
| Diluted income (loss) per share | \$(0.19) | \$0.42 |
| Basic weighted average common shares outstanding | 84,621 | 83,908 |
| Diluted weighted average common shares outstanding | 84,621 | 85,258 |

Prepared in accordance with Generally Accepted Accounting Principles

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

| | Dec. 25, 2004 | Sept. 25, 2004 | Dec. 27, 2003 |
|---------------------------|------------------|-------------------|------------------|
| | ----- | ----- | ----- |
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | \$93,432 | \$100,050 | \$172,268 |
| Restricted investments | 7,784 | 7,184 | 7,751 |
| Marketable securities | 61,893 | 45,435 | 2,466 |

| | | | |
|--|-----------|-----------|-----------|
| Accounts receivable, net | 21,050 | 28,677 | 18,710 |
| Inventories | 32,330 | 42,582 | 26,836 |
| Other current assets | 7,249 | 5,372 | 11,181 |
| | ----- | ----- | ----- |
| Total Current Assets | 223,738 | 229,300 | 239,212 |
| Long-term marketable securities | 15,319 | 25,053 | -- |
| Property and equipment, net | 19,934 | 21,843 | 23,814 |
| Intangibles, net | 14,807 | 19,923 | 32,663 |
| Other assets | 2,907 | 2,862 | 4,676 |
| | ----- | ----- | ----- |
| Total Assets | \$276,705 | \$298,981 | \$300,365 |
| | ===== | ===== | ===== |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | |
| Current liabilities | | | |
| Accounts payable | \$14,914 | \$22,407 | \$12,486 |
| Accrued salaries and benefits | 8,974 | 9,355 | 10,516 |
| Other accrued liabilities | 15,809 | 18,257 | 21,480 |
| Deferred income on shipments to distributors | 7,877 | 7,869 | 5,740 |
| Income taxes payable | 15,075 | 30,299 | 30,185 |
| | ----- | ----- | ----- |
| Total Current Liabilities | 62,649 | 88,187 | 80,407 |
| Long-term restructuring accrual | 3,411 | 3,515 | 7,035 |
| Other long-term obligations | 9,848 | 10,389 | 9,079 |
| Stockholders' equity: | | | |
| Capital stock | 875,216 | 873,634 | 870,714 |
| Accumulated deficit | (673,335) | (675,865) | (667,726) |
| Accumulated other comprehensive income (loss) | (1,084) | (879) | 856 |
| | ----- | ----- | ----- |
| Total Stockholders' Equity | 200,797 | 196,890 | 203,844 |
| | ----- | ----- | ----- |
| Total Liabilities and Stockholders' Equity | \$276,705 | \$298,981 | \$300,365 |
| | ===== | ===== | ===== |

CONTACT: Cirrus Logic Inc., Austin
John Kurtzweil, 512-912-3222