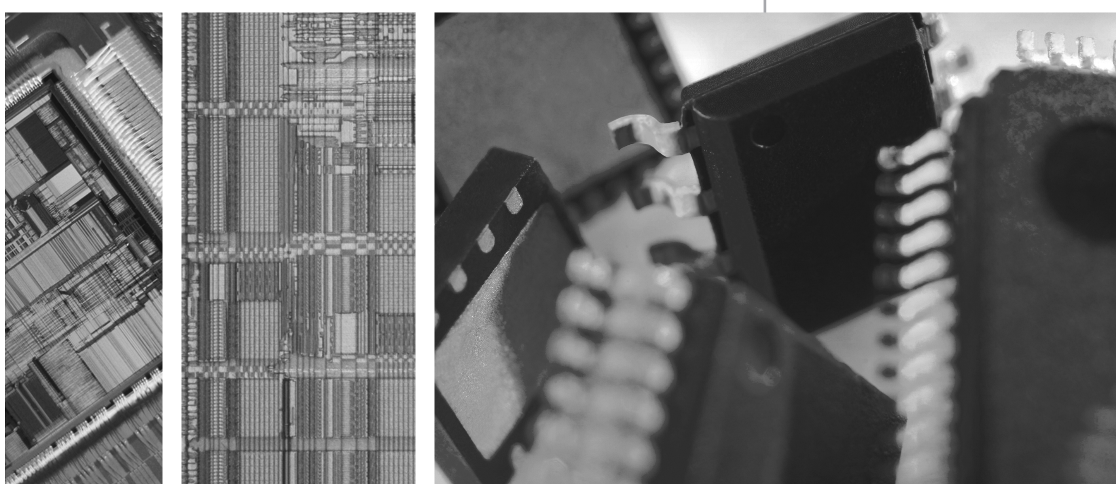
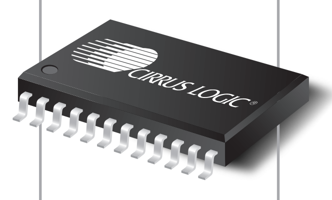
CIRRUS LOGIC®

2007

Annual Report





Dear Fellow Stockholders:

In fiscal year 2007, Cirrus Logic continued to deliver solid results, improving our financial performance in several key areas. We achieved revenue of $182 million, while improving gross margins from 54 to 60 percent. Through the generation of predictable profits, the company continues to deliver strong cash generation.

We've focused Cirrus Logic's business around our core strengths in analog and mixed-signal integrated circuits, which has resulted in a strong balance sheet, outstanding new products and an impressive intellectual property portfolio. With this strong foundation in place, we are excited about the opportunity to add meaningful revenue growth as we move forward.

We have made improvements to our product development efficiency, and in fiscal 2007 this resulted in innovative new product families for applications such as DTV, automotive, portable media players and industrial measurement that are beginning to ramp into production. These new products are experiencing strong customer acceptance, and we are very focused on turning this positive reception into real revenue. We are dedicated to making Cirrus Logic a vital supplier to the markets we serve.

I'm very excited about the opportunities that lay ahead. Our challenge now is to make it happen.

Sincerely,

Jason P. Rhode,

President and Chief Executive Officer

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

FORM 10-K

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

For The Fiscal Year Ended March 31, 2007

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

For the Transition Period from ______ to ______

Commission File Number 0-17795

CIRRUS LOGIC, INC.

DELAWARE	**77-0024818**
(State of incorporation)	**(I.R.S. ID)**

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

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

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

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

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

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

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

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

Large accelerated filer ☐ Accelerated filer ☑ Non-accelerated filer ☐

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

The aggregate market value of the registrant's voting and non-voting stock held by non-affiliates was approximately $400 million based upon the closing price reported on the NASDAQ Global Select Market as of September 23, 2006.

As of May 29, 2007, the number of outstanding shares of the registrant's Common Stock, $0.001 par value, was 88,740,292.

DOCUMENTS INCORPORATED BY REFERENCE

Certain information contained in the registrant's proxy statement for its annual meeting of stockholders to be held July 27, 2007 is incorporated by reference in Part III of this Annual Report on Form 10-K.

CIRRUS LOGIC, INC.

FORM 10-K

For The Fiscal Year Ended March 31, 2007

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PART I

ITEM 1. *Business*

Cirrus Logic, Inc. ("Cirrus Logic," "Cirrus," "We," "Us," "Our," or the "Company") develops high-precision, analog and mixed-signal integrated circuits ("ICs") for a broad range of consumer and industrial markets. Building on our diverse analog mixed-signal patent portfolio, Cirrus Logic delivers highly optimized products for consumer and commercial audio, automotive entertainment and industrial applications. We develop and market 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 were founded in 1984 and were reincorporated in the State of Delaware in February 1999. Our headquarters and engineering facility are in Austin, Texas with design centers in Beijing and Shanghai in the People's Republic of China and sales locations throughout the United States. We also serve customers from international sales offices in Europe and Asia, including the People's Republic of China, Hong Kong, South Korea, Japan, Singapore and Taiwan. Our common stock, which has been publicly traded since 1989, is listed on the NASDAQ Global Select Market under the symbol CRUS.

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

Background of the Semiconductor Industry

In general, the semiconductor industry produces three types of products: analog, digital and mixed-signal. Analog semiconductors process a continuous range of values that can regulate functions such as temperature, speed, sound, video images and electrical current. Digital semiconductors process discrete values, for example, two values, such as 0s and 1s, used by computers. Mixed-signal semiconductors combine analog and digital functions in a single product.

In the consumer electronics industry, audio soundtracks and video images were originally transmitted, edited and stored almost exclusively using analog formats. Given advances in technology, audio and video now can be stored in digital format. This format allows for the manipulation of audio and video signals through digital signal processors ("DSPs"). With digital signal processors, digital audio and digital video signals can be compressed, improving storage and efficiencies in transmissions and they can be transmitted and reproduced without degradation in the sound or images. The digital format also allows for greater security from unauthorized copying, better editing capabilities and random access to data.

In addition, increasing advances in semiconductor technology are resulting in the convergence of consumer electronics products, which means cost savings, added convenience, and functionality for consumers. For example, compact disc ("CD") players were introduced to play audio content in the CD format only. Later, digital video disc ("DVD") players were introduced, combining audio with video. These consumer electronics products now support additional audio and video formats, such as MP3 audio and MPEG-4 video. As these digital home entertainment systems have converged and have become increasingly complex, a need has arisen among makers of these systems for sophisticated IC chips that have many features and are cost-effective.

Manufacturers of consumer electronics products also face expedited time-to-market demands and, because analog or mixed-signal IC design is a specialized field of IC design, manufacturers increasingly are asking third parties to provide advanced, analog or mixed-signal ICs. The design of the analog component of a mixed-signal IC is complex and difficult, and requires engineers to optimize speed, power and resolution within standard manufacturing processes.

Markets and Products

We are focused on becoming a leader in high-precision analog and mixed-signal ICs for a broad range of consumer and industrial markets. Our primary product lines include:

Mixed-Signal Audio Products: High-precision analog and mixed-signal products for consumer, professional and automotive entertainment markets.

Industrial Products: High-precision analog and mixed-signal components for industrial measurement applications, such as industrial process control, analytical instruments, consumer utility, digital power meters and seismic systems.

Embedded Products: High-precision processors and software for consumer audio, professional audio and industrial applications.

We offer approximately 650 products to over 2,500 end-customers worldwide through both direct and indirect sales channels. Our major customers are among the world's leading electronics manufacturers. We target both large existing and emerging growth consumer electronic markets that derive value from our expertise in advanced analog and mixed-signal design processing, systems-level integrated circuit engineering and embedded software development. We derive our revenue both domestically and from a variety of locations across the globe, including the People's Republic of China, Hong Kong, Taiwan, South Korea, Japan, the European Union, and the United Kingdom.

The following table summarizes sales to distributors that represent more than 10 percent of our consolidated net sales:

	March 31, 2007	March 25, 2006	March 26, 2005
Avnet, Inc. (formerly Memec Holdings Group)	29%	25%	27%

MIXED-SIGNAL AUDIO PRODUCTS

We are a recognized leader in analog and mixed-signal audio converter technologies that enable today's new consumer, professional and automotive entertainment products. Our products include analog-to-digital converters ("ADCs"), digital-to-analog converters ("DACs"), chips that integrate ADCs and DACs into a single IC, otherwise known as coder-decoders ("CODECs"), digital interface ICs, volume controls and digital amplifiers. Our broad portfolio of approximately 290 active proprietary products includes the following products, which have been added in the past fiscal year:

- The CS44130 Class-D power stage IC for stereo and 2.1 channel applications for consumer electronic products that demand high quality audio within small product designs, such as digital televisions, home theater systems, shelf systems, desktop speakers, PC sound cards and networked audio systems;
- The CS4352 DAC, which offers a strong combination of audio performance and feature integration, targets mainstream consumer audio products, such as flat-panel digital televisions, DVD recorders, set-top boxes, game consoles and sound cards;
- The CS42L52 low-power stereo codec, which provides up to one watt-per-channel of highly efficient Class D amplification to external speakers, ideal for portable consumer electronics applications such as portable media players, game devices, MP3 player accessories, IC recorders, digital cameras and camcorders; and
- The CS4350 DAC, a complete stereo audio converter with on-chip master clock, noteworthy for its superior audio quality and ease of design. The CS4350 is ideal for set-top boxes, digital televisions, personal video recorders, DVD players and recorders, A/V receivers and automotive applications such as head units, telematics and in-car entertainment systems.

Our products are used in a wide array of consumer applications, including audio/video receivers ("AVRs"), DVD players and recorders, complete home theater systems, set-top boxes, MP3 players, gaming devices, sound cards and digital televisions. Applications for products within professional markets include digital mixing consoles, multitrack digital recorders and effects processors. Applications for products within automotive markets include amplifiers, satellite radio systems, telematics and multi-speaker car-audio systems.

Our analog and mixed-signal audio converters support a customer base featuring such leading companies as BBK, Bose, Cisco, Creative, Harman Kardon, iRiver, Korg, LG Electronics, Marantz, Panasonic, Philips, Sony and Samsung. Key competitors to Cirrus Logic in this product line include Wolfson Microelectronics, AKM, Texas Instruments/Burr Brown, Analog Devices and Maxim.

INDUSTRIAL PRODUCTS

We provide high-precision analog and mixed-signal ICs for industrial measurement applications. We have more than 180 active proprietary products which include ADCs, DACs, successive approximation register ("SAR") converters and amplifier ICs. Our products are used in a wide array of high-precision, industrial measurement applications including industrial process control, analytical and medical instruments, consumer utility, digital power meters and seismic systems. New additions to our proprietary product portfolio in the past fiscal year include:

- The CS5530 single-channel ADC, which opens our market-leading high-resolution Delta-Sigma ADC technology to the lower-cost weigh scale and temperature controller markets; and

- The CS3003 family of low-noise operational amplifiers, which broadens our portfolio of devices offering the best available combination of precision and gain, to include low power consumption devices.

Our key competitors in industrial applications include Analog Devices, Texas Instruments/Burr Brown, Teridian Semiconductor, Maxim, Austriamicrosystems and Linear Technologies.

EMBEDDED PRODUCTS

We provide a wide variety of embedded processor technologies for consumer and industrial markets. Our embedded portfolio is made up of approximately 170 active proprietary products. These embedded processors include audio DSPs primarily targeted at consumer audio applications, ARM7- and ARM9-based embedded processors focused on industrial applications, CobraNet™ ICs and modules for commercial and professional audio markets, and Ethernet MACs and T1/E1 line interface units. We offer advanced ICs combined with innovation in software solutions, providing our customers features that differentiate their products against their competitors.

We offer a family of 24- and 32-bit audio DSPs targeted at a wide range of applications such as audio/video receivers, automotive entertainment, set-top boxes, digital televisions and DVD receivers. In addition, we provide our customers standard audio algorithms, as well as proprietary audio enhancement algorithms, such as Intelligent Room Calibration software.

In the general-purpose processor market, our ARM family of processors offers a highly integrated 32-bit system-on-a-chip solution with a wide array of price-performance-integration points for industrial applications. These embedded processors support popular third-party software such as Linux and WinCE Net™.

In networked digital audio applications, our proprietary CobraNet controller ICs enable delivery of uncompressed digital audio over Ethernet networks. In doing so, the distributed audio co-exists with standard Ethernet network data traffic.

New embedded products introduced in the last fiscal year include:

- The CS4953X, a 32-bit, dual-core audio DSP family that provides a complete digital audio processor for multichannel audio applications such as AVRs; and
- The CS485XX, a 32-bit single-core audio DSP family product that provides a complete audio post-processing solution to deliver advanced audio features and home-theater-like audio quality for all types of consumer electronic products.

Our embedded product customers include Bose, Harman Kardon, Hitachi, inkel, Kenwood, Logitech, Marantz, Onkyo, Panasonic, Pioneer, RCA/Thomson S.A., Sharp and Sony. Our competitors in embedded product solutions include Analog Devices, ATMEL, Freescale Semiconductor, IDT, Realtek, Samsung, Sigmatel and Texas Instruments/Burr Brown.

Manufacturing

We contract with third parties for all of our wafer fabrication, assembly, and test services. Our fabless manufacturing strategy allows us to concentrate on our design strengths, minimize fixed costs and capital expenditures, access advanced manufacturing facilities and provide flexibility to source multiple leading-edge technologies through strategic relationships. After wafer fabrication by the foundry, third-party assembly vendors package the wafer die. The finished products are then sent for testing before shipment to our customers. Our supply chain management organization is responsible for the management of all aspects of the manufacturing and testing of our products, including process and package development, test program development, and production testing of products in accordance with our ISO-certified quality management system. We use multiple foundries, assembly and test houses.

Patents, Licenses and Trademarks

We rely on trade secret, patent, copyright and trademark laws to protect our intellectual property products and technology. We intend to continue this practice in the future to protect our products and technologies. As of March 31, 2007, we held 983 U.S. patents, 140 U.S. patent applications pending and various corresponding international patents and applications. Our U.S. patents expire in years 2007 through 2026.

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

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

Research and Development

We concentrate our research and development efforts on the design and development of new products for each of our principal markets. We also fund certain advanced-process technology development, as well as other emerging product opportunities. Expenditures for research and development in fiscal years 2007, 2006, and 2005, were $44.0 million, $45.8 million, $80.5 million, respectively. These amounts include amortization of acquired intangibles of $0.3 million, $1.4 million $13.7 million, in fiscal years 2007, 2006, and 2005, respectively. Our future success is highly dependent upon our ability to develop complex new products, to transfer new products to volume production in a timely fashion, to introduce them to the marketplace ahead of the competition and to have them selected for design into products of systems manufacturers. Our future success may also depend on assisting our customers with integration of our components into their new products, including providing support from the concept stage through design, launch and production ramp.

Competition

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

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

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

Competition typically occurs at the design stage, where the customer evaluates alternative design approaches that require ICs. Many of our products have not been available from second sources; thus, once our ICs have been designed into a customer's system, we generally do not face direct competition in selling our products.

Product life cycles vary greatly by product category. For example, many consumer electronic devices have shorter design-in cycles; therefore, our competitors have increasingly frequent opportunities to achieve design wins in next-generation systems. Conversely, this also provides us more frequent opportunities to displace competitors in products we have previously not been designed in. The industrial and automotive markets typically have longer life cycles, which provide continued revenue streams over long periods of time. In the event that competitors succeed in supplanting our products, our market share may not be sustainable and net sales, gross margins and earnings could be adversely affected.

Sales, Marketing and Technical Support

Export sales, which include sales to customers with manufacturing plants outside the United States, were 62 percent, 66 percent and 67 percent, in fiscal years 2007, 2006 and 2005, respectively. We maintain a worldwide sales force, which is intended to provide geographically specific selling support to our customers and specialized selling of product lines with unique customer bases.

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

Backlog

Sales are made primarily pursuant to standard short-term purchase orders for delivery of standard products. The quantity actually ordered by the customer, as well as the shipment schedules, are frequently revised, without significant penalty, to reflect changes in the customer's needs. We utilize backlog as an indicator to assist us in production planning. However, backlog is influenced by several factors including market demand, pricing and customer order patterns in reaction to product lead times. Quantities actually purchased by customers, as well as prices, are subject to variations between booking and delivery to reflect changes in customer needs or industry conditions. As a result, we believe that our backlog at any given time is not a reliable indicator of future revenues.

Employees

As of March 31, 2007, we had 456 full-time employees, of whom 53 percent were engaged in research and product development activities, 41 percent in sales, marketing, general and administrative activities and 6 percent in manufacturing-related activities. Our future success depends, in part, on our ability to continue to attract, retain and motivate highly qualified technical, marketing, engineering and administrative personnel.

Due to the highly competitive nature of the marketplace that we operate in, we may from time-to-time lose key employees to our competitors. We have been able to hire qualified personnel in the past to fill open positions created by these occurrences, although there can be no assurance that we will be able to do this in the future. None of our employees are represented by collective bargaining agreements.

ITEM 1A. ***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 Cirrus Logic's filings with the Commission. 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.

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

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

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

Our success depends upon our ability to develop new products for new and existing markets, to introduce these products in a timely and cost-effective manner, and to have these products gain market acceptance. New product introductions involve significant risks. For example, delays in new product introductions or less-than-anticipated market acceptance of our new products are possible and would have an adverse effect on our revenue and earnings. The development of new products is highly complex and, from time-to-time, we have experienced delays in developing and introducing these new products. Successful product development and introduction depend on a number of factors, including:

- 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 who 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.

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:

- damage to our reputation;
- 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 sufficient insurance, in terms of amounts or scope, to provide us with adequate coverage against all potential liability.

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.

We may face increased risks and uncertainties related to our non-marketable securities.

On occasion, we may invest in non-marketable securities of private companies. As of March 31, 2007, the carrying value of our investments in non-marketable securities totaled $3.6 million.

Investments in non-marketable securities are inherently risky, and some of these companies are likely to fail. Their success (or lack thereof) is dependent on these companies product development, market acceptance, operational efficiency and other key business success factors. In addition, depending on these companies' future prospects, they may not be able to raise additional funds when needed or they may receive lower valuations, with less favorable investment terms than in previous financings, and our investments in them would likely become impaired.

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.

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

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

Due to the product manufacturing cycle characteristic of IC manufacturing and the inherent imprecision 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, Analog Devices, ATMEL, Austriamicrosystems, Freescale Semiconductor, IDT, Linear Technologies, Maxim, Realtek, Samsung, Sigmatel, Teridian Semiconductor, Texas Instruments/Burr Brown and Wolfson Microelectronics-many of whom have substantially greater financial, engineering, manufacturing, marketing, technical, distribution and other resources, broader product lines, 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.

We may be unable to protect our intellectual property rights.

Our success depends on our ability to obtain patents and licenses and to preserve our other intellectual property rights covering our products. We seek patent protection for those inventions and technologies for which we believe such protection is suitable and is likely to provide a competitive advantage to us. We also rely substantially on trade secrets, proprietary technology, non-disclosure and other contractual 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 non-U.S. countries may not protect our intellectual property as well as the laws of the United States.

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

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

The IC industry is characterized by frequent litigation regarding patent and other intellectual property rights. We may find it necessary to initiate a lawsuit to assert our patent or other intellectual property rights. These legal proceedings could be expensive, take significant time and divert management's attention from other business concerns. We cannot 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.

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 62 percent, 66 percent, and 67 percent of our net sales in fiscal years 2007, 2006, and 2005, respectively. We expect export sales to continue to represent a significant portion of product sales. This reliance on international sales subjects us to the risks of conducting business internationally, including political and economic stability and global health conditions, especially in Asia. For example, the financial instability in a given region may have an adverse impact on the financial position of end users in the region, which could affect future orders and harm our results of operations. Our international sales operations involve a number of other risks, including:

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

In addition, our competitive position may be affected by the exchange rate of the U.S. dollar against other currencies. Consequently, increases in the value of the dollar would increase the price in local currencies of our products in non-U.S. markets and make our products relatively more expensive. Alternatively, decreases in the value of the dollar will increase the relative cost of our and our vendors' operations that are based overseas. We cannot 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.

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

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

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

In addition to export sales constituting a 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. International expansion has required and will continue to require significant management attention and resources. There are risks inherent in expanding our presence into non-U.S. regions, including, but not limited to:

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

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.

Because we depend on subcontractors primarily located 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, primarily 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 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.

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

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

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

- the potential disruption of our ongoing business;
- unexpected costs or incurring unknown liabilities;
- the diversion of management resources from other 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.

We may face difficulties integrating and may incur costs associated with our acquisition of Caretta Integrated Circuits, Inc. and any future acquisitions.

In fiscal year 2007, we acquired 100 percent of the voting interests in Caretta Integrated Circuits, Inc. ("Caretta"). We could experience difficulties integrating the personnel, products, technologies, and operations of this company. Integrating acquired businesses involves a number of other risks, including, but not limited to:

- the potential disruption of our ongoing business;
- unexpected costs or incurring unknown liabilities;
- the diversion of management's resources from other business concerns 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;
- entering into markets and acquiring technologies in areas in which we have little experience; and
- acquired intangible assets becoming impaired as a result of technological advancements, or worse-than-expected performance of the acquired company.

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

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

As of March 31, 2007, we had U.S. federal tax net operating loss ("NOL") carryforwards of approximately $468.4 million. These NOL carryforwards may be used to offset future taxable income and thereby reduce our U.S. federal income taxes otherwise payable. There is a risk we may not be able to generate taxable income in the future in the amount necessary to fully utilize all of these NOLs. Section 382 of the Internal Revenue Code of 1986 ("the Code"), as amended, imposes an annual limit on the ability of a corporation that undergoes an "ownership change" to use its NOL carry forwards to reduce its tax liability. Due in part to potential changes in our shareholder base, we may at some point in the future experience an "ownership change" as defined in Section 382 of the Code. Accordingly, our use of the net operating loss carryforwards and credit carryforwards may be limited by the annual limitations described in Sections 382 and 383 of the Code.

Despite our efforts to make appropriate judgments in determining the correct measurement dates for our stock option grants, the Securities and Exchange Commission may disagree with our reporting or we may discover additional information in the future concerning the appropriate measurement dates. Therefore, a risk exists that we may have to further restate our prior financial statements.

We have recorded additional non-cash share-based compensation expense, and related tax effects, with regard to certain past stock option grants, and we have restated certain previously filed financial statements as discussed in Item 7 of this 10-K. While we believe that we have made appropriate judgments in determining the correct measurement dates for our stock option grants, the Commission may disagree with the manner in which we have accounted for and reported the financial impact or we may discover additional information concerning appropriate measurement dates. Accordingly, we may be required to further restate our prior financial statements, amend prior filings with the Commission or take other actions not currently contemplated.

Our operating results for fiscal year 2006 and prior periods have been materially impacted by the results of the voluntary review of our past stock option granting practices. Any related action by a governmental agency could result in civil or criminal sanctions. Such matters and civil litigation relating to our historical option practices or our restatement of our financial statements could result in significant costs and the diversion of attention of our management and other key employees, which could have an adverse effect on us.

On October 26, 2006, we received an informal request for information from the staff of the Fort Worth, Texas regional office of the Commission regarding our historical option granting practices. In addition, we have been contacted by the United States Attorney's Office for the Southern District of New York regarding the results of our investigation. We are cooperating with the Commission's informal investigation, but do not know when or how it will be resolved or what, if any, actions the Commission may require us to take as part of the resolution of that matter. If the Commission disagrees with the manner in which we have accounted for and reported the financial impact of past stock option grants, there could be further delays in filing subsequent Commission reports that could result in delisting of the Company's common stock from the NASDAQ Global Select Market.

Moreover, as discussed in Item 7 of this 10-K, we are currently engaged in civil litigation with parties that claim, among other allegations, that certain of our current and former directors and officers improperly dated stock option grants to enhance their own profits on the exercise of such options or for other improper purposes. Although we and the other defendants intend to defend these claims vigorously, there are many uncertainties associated with any litigation, and we cannot assure you that these actions will be resolved without substantial costs and/or settlement charges. We have entered into indemnification agreements with most of our present and former directors and officers. Under those agreements, we may be required to indemnify each such director or officer against losses incurred by such individual in connection with the pending litigation (other than indemnified liabilities arising from willful misconduct, conduct that is knowingly fraudulent or deliberately dishonest, or claims in the form of derivative damages owed to the corporation). We are required, under the indemnification agreements, to advance expenses for the defense of the claims, including attorneys' fees on a current basis, subject to a claim for reimbursement should the indemnitee be adjudicated ineligible for indemnification.

The resolution of the pending informal investigation by the Commission, the defense of our pending civil litigations, our indemnification obligations to current and former directors and officers, and the defense of any additional litigation relating to our past option grant practices or our restatement of our prior financial statements could result in significant costs and diversion of the attention of management.

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 1B. *Unresolved Staff Comments*

None.

ITEM 2. *Properties*

The Company does not own any real estate. As of May 1, 2007, our principal leased facilities, located in Austin, Texas, consisted of approximately 214,000 square feet of office space, which have lease terms that extend through calendar year 2012, excluding renewal options. This leased space includes our headquarters and engineering facility, which has 197,000 square feet and 17,000 square feet of leased space at our failure analysis facility. We have subleased approximately 70,000 square feet of space at our Austin headquarters and engineering facilities. The longest of these subleases extends through calendar year 2012.

We also lease facilities in Fremont, California. These facilities consist of approximately 291,000 square feet of leased office and engineering space, which have leases that expire from fiscal year 2008 to fiscal year 2010, excluding renewal options. During fiscal year 2007, leases expired on two properties in Fremont, California that were approximately 139,000 square feet in size. These leases were not renewed. As a result of our facilities consolidation activities, which began in fiscal year 1999 concurrent with our move of headquarters from California to Texas, we no longer occupy any leased space in California. We have subleased approximately 125,000 square feet of our leased office space in California. We continue to actively pursue sublease tenants for these remaining facilities.

During fiscal year 2007, we transitioned our design activities at our Boulder, Colorado design facility to our headquarters in Austin, Texas. This design facility is approximately 12,000 square feet in size and has a lease which expires in fiscal year 2011; however, we plan to exercise an early termination option provided to us in the lease, in which case we will be released from our obligations under the lease in fiscal year 2009. The costs associated with exercising that early termination feature are immaterial.

Below is a detailed schedule that identifies our occupied leased property locations as of May 1, 2007 with various lease terms through fiscal year 2013:

Design Centers	Sales Support Offices – USA	Sales Support Offices – International
Beijing, China	Burlington, Massachusetts	Hong Kong, China
Shanghai, China	Portland, Oregon	Shanghai, China
Austin, Texas		Shenzhen, China
		Tokyo, Japan
		Singapore
		Seoul, South Korea
		Taipei, Taiwan
		Buckinghamshire, United Kingdom

See Notes 7 and 10 in the Notes to our Consolidated Financial Statements contained in *"Item 8 – Financial Statements and Supplementary Data"* for further detail.

ITEM 3. *Legal Proceedings*

Derivative Lawsuits

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

On March 19, 2007, another purported stockholder filed a derivative lawsuit related to the Company's prior stock option grants in the United States District Court for the Western District of Texas – Austin Division against current and former officers and directors of Cirrus Logic and against the Company, as a nominal defendant. The individual defendants named in this lawsuit overlap, but not completely, with the state suit. The lawsuit alleges many of the causes of action alleged in the Texas state court suit, but also includes claims for alleged violations of Section 10(b) of the Exchange Act and Rule 10b-5, violations of Section 14(a) of the Exchange Act and violations of Section 20(a) of the Exchange Act. On April 10, 2007, we filed a motion to dismiss the complaint on the grounds that the plaintiff was supposed to make demands on the Board before filing the lawsuit. The plaintiff has not filed a response and no hearing before the court is currently set on the motion to dismiss.

On March 30, 2007, a different purported stockholder filed a nearly identical derivative lawsuit to the March 19, 2007 derivative lawsuit in the United States District Court for the Western District of Texas – Austin Division with identical allegations against the same defendants.

On May 22, 2007, a fourth derivative lawsuit related to the Company's prior stock option grants was filed. This lawsuit was also filed in the United States District Court for the Western District of Texas-Austin Division and contained similar allegations to the other previously filed derivative lawsuits.

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.

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

None.

PART II

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

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

	High	Low
Fiscal year ended March 31, 2007		
First quarter	$10.46	$7.22
Second quarter	8.15	5.85
Third quarter	7.71	6.56
Fourth quarter	9.44	6.83
Fiscal year ended March 25, 2006		
First quarter	$ 5.72	$3.70
Second quarter	8.04	4.90
Third quarter	7.76	6.26
Fourth quarter	8.76	6.65

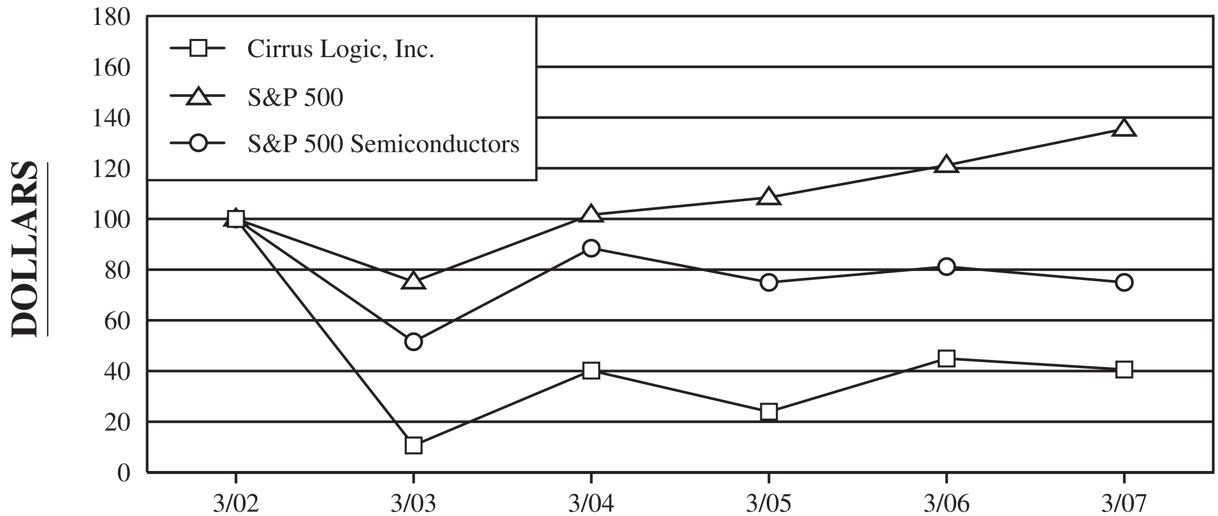
As of May 29, 2007, there were approximately 997 holders of record of our Common Stock.

We have not paid cash dividends on our Common Stock and currently intend to continue a policy of retaining any earnings for reinvestment in our business. We did not repurchase any of our Common Stock during fiscal year 2007 or fiscal year 2006.

Stock Price Performance Graph

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

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*
Among Cirrus Logic, Inc., The S&P 500 Index
And The S&P Semiconductors Index



* $100 invested on 3/31/02 in stock or index-including reinvestment of dividends.

www.researchdatagroup.com/S&P.htm

	Cumulative Total Return					
	March 2002	March 2003	March 2004	March 2005	March 2006	March 2007
Cirrus Logic, Inc.	100.00	10.65	40.17	23.95	44.94	40.59
S&P 500	100.00	75.24	101.66	108.47	121.19	135.52
S&P 500 Semiconductors	100.00	51.56	88.45	74.97	81.20	74.97

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

Equity Compensation Plan Information

The following table provides information about the Company's common stock that may be issued upon the exercise of options, warrants and rights under all of the Company's existing equity compensation plans as of March 31, 2007, including the Company's 1987 Stock Option Plan, the 1989 Employee Stock Purchase Plan, the 1990 Directors' Stock Option Plan, the 1996 Stock Plan, the 2002 Stock Option Plan, the 2006 Stock Incentive Plan, the Audio Logic 1992 Plan, the Peak Audio, Inc. 2001 Stock Plan, the LuxSonor Semiconductors, Inc. 1995 Stock Option Plan, the ShareWave, Inc. 1996 Flexible Stock Incentive Plan, the Stream Machine Company 1996 Stock Plan, the Stream Machine 2001 Stock Plan, and the Stream Machine Company non-statutory stock option grants made outside of a plan (in thousands, except per share amounts):

	(A) Securities to be issued upon exercise of outstanding options, warrants, and rights	(B) Weighted-average exercise price of outstanding options, warrants, and rights	(C) Securities remaining available for future issuance under equity compensation plans (except securities in column (A))
Equity compensation plans approved by security holders(1)	5,193	$10.52	17,583(2)
Equity compensation plans not approved by security holders(3)	3,827	$ 5.84	—
Total	9,020	$ 8.54	17,583

1. The Company's stockholders have approved the Company's 1987 Stock Option Plan, the 1989 Employee Stock Purchase Plan, the 1990 Directors' Stock Option Plan, and the 2006 Stock Incentive Plan. The following plans were assumed by the Company at the time of acquisition, and Cirrus Logic stockholder approval was not required for these plans or their respective outstanding grants, as they were approved by the acquired companies shareholders: the Audio Logic 1992 Plan, the Peak Audio, Inc. 2001 Stock Plan, the LuxSonor Semiconductors, Inc. 1995 Stock Option Plan, the ShareWave, Inc. 1996 Flexible Stock Incentive Plan, the Stream Machine Company 1996 Stock Plan, the Stream Machine 2001 Stock Plan, and the Stream Machine Company non-statutory stock option grants made outside of a plan.
2. In addition to shares available for issuance under our 2006 Stock Incentive Plan, the number reported includes 877,701 shares available for issuance under the Company's 1989 Employee Stock Purchase Plan. Our Board of Directors discontinued all future grants under the option plans we assumed in connection with our past acquisitions, including the Audio Logic 1992 Plan, the Peak Audio, Inc. 2001 Stock Plan, the LuxSonor Semiconductors, Inc. 1995 Stock Option Plan, the ShareWave, Inc. 1996 Flexible Stock Incentive Plan, the Stream Machine Company 1996 Stock Plan, and the Stream Machine 2001 Stock Plan, so shares under these plans have not been included in the total.
3. In August 2002, the Board of Directors approved the 2002 Stock Option Plan, which permits awards of fair market value stock options to non-executive employees. As of July 2006, when our shareholders approved the adoption of the 2006 Stock Incentive Plan, we cancelled all remaining options available for grant under the 2002 Stock Option plan.

As of March 31, 2007, the Company was awarding options under the 2006 Stock Incentive Plan and the 1989 Employee Stock Purchase Plan.

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

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

	Fiscal Years				
	2007	**2006**	**2005**	**2004**	**2003**
Net sales	$182,304	$193,694	$194,900	$196,338	$ 261,999
Income (loss) from continuing operations	5,977	37,596	(38,616)	21,885	(210,874)
Basic earnings (loss) per share from continuing operations	$ 0.32	$ 0.61	$ (0.16)	$ 0.51	$ (2.47)
Diluted earnings (loss) per share from continuing operations	$ 0.31	$ 0.60	$ (0.16)	$ 0.50	$ (2.47)
Financial position at year end:					
Cash, cash equivalents, restricted investments and marketable securities	$271,715	$243,468	$179,713	$200,141	$ 123,351
Total assets	353,060	319,041	262,810	314,672	257,266
Working capital	286,417	232,189	183,283	168,898	94,451
Capital lease obligations, excluding current portion	—	—	—	—	—

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

This Annual Report on Form 10-K and certain information incorporated herein by reference contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities the Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements included or incorporated by reference in this Annual Report on Form 10-K, other than statements that are purely historical, are forward-looking statements. In some cases, forward-looking statements are identified by words such as we "expect," "anticipate," "target," "project," "believe," "goals," "estimates," and "intend." Variations of these types of words and similar expressions are intended to identify these forward-looking statements. These forward looking statements include statements about our outlook for fiscal year 2008, including our anticipated gross margins; research and development expenses; selling, general and administrative expenses, and operating profitability. In addition, any statements that refer to our plans, expectations, strategies or other characterizations of future events or circumstances are forward-looking statements. Readers are cautioned that these forward-looking statements are predictions and are subject to risks, uncertainties and assumptions that are difficult to predict. Therefore, actual results may differ materially and adversely from those expressed in any forward-looking statements. Among the important factors that could cause actual results to differ materially from those indicated by our forward-looking statements are those discussed in *"Item 1A – Risk Factors Affecting our Business and Prospects"* and elsewhere in this report, as well as in the documents filed by us with the Commission, specifically the most recent reports on Form 10-Q and 8-K, each as it may be amended from time to time. We undertake no obligation to revise or update publicly any forward-looking statement for any reason.

Voluntary Review of Stock Option Practices

During fiscal year 2007, we completed a voluntary internal review and independent investigation into past stock option granting practices. The voluntary review was undertaken when an internal review of past practices related to grants of stock options revealed information that raised potential questions about the dates used to account for certain stock option grants. In October 2006, we announced that, at the recommendation of the Audit Committee of the Company's Board of Directors (the "Board"), the Board appointed an independent director to serve as a Special Committee to conduct an investigation into our historic stock option granting practices. Based on the report of the Special Committee and on management's preliminary conclusions and recommendations, the Board concluded that incorrect measurement dates were used for financial accounting purposes for certain stock options granted between January 1, 1997 and December 31, 2005 and that the financial statements, related notes and selected financial data and all financial press releases and similar communications issued by us and the related reports of the Company's independent registered public accounting firm relating to fiscal years 2001 through 2006, and the first fiscal quarter of 2007, should no longer be relied upon.

To correct the inaccuracies, on April 18, 2007, we filed an amendment to our annual report on Form 10-K for the fiscal year ended March 25, 2006 to restate our:

- Consolidated balance sheets for the fiscal years ended March 25, 2006 and March 26, 2005;
- Consolidated statements of operations, stockholders' equity and cash flows for the fiscal years ended March 25, 2006, March 26, 2005 and March 27, 2004;

- Unaudited quarterly financial data for each of the quarters in the fiscal years ended March 25, 2006 and March 26, 2005;
- Selected financial data as of and for the fiscal years ended March 25, 2006, March 26, 2005, March 27, 2004, March 29, 2003 and March 30, 2002; and
- Related disclosures.

As of result of revising the measurement dates, the Company recognized $32.4 million in additional share-based compensation expense arising from stock grants to executive officers and employees. Of this amount, approximately $9.3 million related to options granted to executive officers who, at the time of the grant, were subject to the reporting requirements under Section 16 of the Exchange Act of 1934. None of the additional share-based compensation expense arose from grants made to non-employee directors.

In addition, on April 18, 2007, we filed an amendment to our quarterly report on Form 10-Q for the quarter ended June 24, 2006 to restate our:

- Consolidated balance sheet for the three months ended June 24, 2006;
- Consolidated statements of operations and cash flows for the three months ended June 24, 2006 and June 25, 2005; and
- Related disclosures.

The adjustments did not affect our previously reported revenue, cash, cash equivalents, or marketable securities balances in any of the restated periods. For further detail, please see our Form 10-K/A and Form 10-Q/A filed with the Commission on April 18, 2007.

Overview

We were incorporated in California in 1984, became a public company in 1989 and were reincorporated in the State of Delaware in February 1999. Through most of our corporate existence, we provided ICs for personal computer applications, including personal computer ("PC") graphics and storage. In 2001, we refocused our business efforts away from these areas, which we believed had become commodity-like in terms of pricing and offered diminished opportunities for sustained product differentiation and profitability. We reinforced our commitment to maintain profitability by taking strategic actions during fiscal year 2005 and the first part of fiscal year 2006 to improve our top and bottom line growth, including: (1) improving efficiencies by completing implementation of a product line structure focusing on our product lines including analog mixed-signal products, embedded products, and industrial products, (2) divesting ourselves of our digital video product line assets to focus on our core strengths, and (3) enhancing operations by moving to a completely fabless business model.

During fiscal year 2007, we drove gross margins to 60 percent for the year. This represented an increase of 6 percent over the fiscal year 2006 gross margin of 54 percent. On December 29, 2006, we completed our acquisition of 100 percent of the voting equity interests in Caretta, a company based in Shanghai, China that specializes in designing power management integrated circuits for the large, single-cell lithium ion battery market. This acquisition was undertaken to strengthen and diversify our analog and mixed signal product portfolios as well as position us for growth within the Chinese market. In addition, we realized a tax benefit of approximately $8.4 million that was predominantly related to the release of a portion of our valuation allowance with respect to certain deferred tax assets that we expect to utilize within the next fiscal year.

During fiscal year 2006, we completed the outstanding litigation with Fujitsu for a net $24.8 million and enhanced our financial position by obtaining $7.0 million from a one-time cash receipt associated with an amendment to an existing licensing agreement, in which certain rights to Cirrus Logic were terminated from a prior cross-license agreement. Further, we were able to realize a tax benefit of approximately $7.0 million due to the expiration of certain statutes related to non-U.S. tax liabilities. We may incur taxes in many of the non-U.S. and U.S. state tax jurisdictions in which we operate.

Over the course of fiscal year 2005, we enhanced our focus on operations and decreased our expenses in research and development and sales, general, and administrative by a total of $22.7 million when compared to the previous year. We recorded an income tax benefit of $20.8 million for fiscal year 2005 on a pre-tax loss of $34.3 million. This benefit was the result of reversals of prior year U.S. Federal and non-U.S. tax liabilities.

Although we continue to defend our patents and investigate the potential for leveraging our intellectual property portfolio, we do not anticipate the same level of benefits we have received in the past to reoccur in the future. We have directed our efforts to become a leader in digital audio and high-performance analog and mixed-signal ICs for consumer entertainment, professional applications, automotive entertainment and high-precision industrial measurement applications. We offer approximately 650 products to over 2,500 end customers worldwide through both direct and indirect sales channels. We target both large, existing and emerging growth markets that derive value from our expertise in advanced analog and mixed-signal design processing, systems-level integrated circuit engineering and embedded software. End products incorporating our ICs are marketed by many of the world's leading electronics companies, including Bose, Creative Technologies, Harman/Kardon, LG Electronics, Motorola, Panasonic, Philips, Pioneer, Samsung, Siemens, Sony and Yamaha, among others.

Our products include analog and mixed-signal components and processors for consumer audio, professional audio and automotive audio applications. Some common items our audio mixed-signal products may be found in include amplifiers, audio video receivers ("AVRs"), DVD players and recorders, DVD receivers, set-top boxes, digital televisions, portable media players, game consoles, car audio systems and satellite radios. The balance of our analog and mixed-signal IC components are primarily sold into industrial measurement applications, such as temperature gauges for industrial use, seismic devices for oil field and seismology applications and high-precision weigh scales for commercial and scientific use.

We maintain sales, design and technical support personnel in the U.S. and other locations near our customers. We have strategically aligned our personnel to provide better support to our base of system solution customers, most of which maintain design and/or manufacturing sites outside of the United States. We intend to continue to evaluate our employee headcount in these locations in order to maintain our high level of commitment and support to our customers.

We also contract with third parties for all of our wafer fabrication, assembly and testing operations. Our supply chain management organization is responsible for the management of all aspects of the manufacturing and testing of our products, including process and package development, test program development, and production testing of products in accordance with our ISO-certified quality management system. Our fabless manufacturing strategy allows us to concentrate on our design strengths, minimize fixed costs and capital expenditures, access advanced manufacturing facilities, and provide flexibility on sourcing through multiple qualified vendors.

Results of Operations

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

	Fiscal Years Ended		
	March 31, 2007	March 25, 2006	March 26, 2005
Net sales	100%	100%	100%
Gross margin	60%	54%	48%
Research and development	24%	24%	41%
Selling, general and administrative	29%	26%	22%
Restructuring costs and other, net	1%	1%	5%
Impairment of non-marketable securities	2%	—%	—%
Acquired in-process research and development	1%	—%	—%
Litigation settlement	—%	(13%)	—%
License agreement amendment	—%	(4%)	—%
Income (loss) from operations	3%	20%	(20%)
Interest income	7%	4%	2%
Other income (expense), net	—%	—%	—%
Income (loss) before income taxes	10%	24%	(18%)
Benefit for income taxes	(5%)	(4%)	(11%)
Net income (loss)	15%	28%	(7%)

Net Sales

	March 31, 2007	March 25, 2006	March 26, 2005
Mixed-signal audio products	$ 85,278	$ 95,384	$ 96,083
Embedded products	46,791	52,258	46,645
Industrial products	50,235	34,771	34,109
Video products	—	11,281	18,063
Total	$182,304	$193,694	$194,900

Net sales for fiscal year 2007 decreased $11.4 million, or 6 percent, to $182.3 million from $193.7 million in fiscal year 2006. The drop in net sales is primarily related to the absence of revenues from our digital video product line, a product line we divested in fiscal year 2006. This decrease was accentuated by a $10.1 million decrease in revenues from our mixed-signal product line, which is primarily related to a decrease in revenues from legacy products. These decreases were partially offset by increased sales from our industrial product line of $15.5 million.

Net sales for fiscal year 2006 decreased $1.2 million, or 0.6 percent, to $193.7 million from $194.9 million in fiscal year 2005. Net sales from our embedded processor products were up $5.6 million in fiscal year 2006 due to increased revenue from a non-recurring United States government project, as well as increased demand for ARM based products and our communications-related products. We also saw revenue growth in our industrial product line, of which $0.7 million was due to higher demand for our power meter products. These increases were offset by a decrease of $6.8 million in net sales of our video products, as we sold our digital video related product line during fiscal year 2006. Net sales of our mixed-signal products decreased $0.7 million due to various product mix changes between our digital-to-analog and analog-to-digital converters.

Export sales, principally to Asia, including sales to U.S.-based customers with manufacturing plants overseas, were approximately $112.8 million in fiscal year 2007, $127.6 million in fiscal year 2006, and $130.6 million in fiscal year 2005. Export sales to customers located in Asia were 44 percent of net sales in fiscal year 2007 and 52 percent of net sales in both fiscal year 2006 and 2005. All other export sales represented 18 percent, 14 percent, and 15 percent of net sales in fiscal years 2007, 2006, and 2005, respectively.

Our sales are denominated primarily in U.S. dollars. During fiscal years 2007, 2006, and 2005, we did not enter into any foreign currency hedging contracts.

During fiscal year 2006, Avnet, Inc. acquired Memec Holdings Group. In the past, Memec Holdings Group was our largest distributor. Sales to Avnet, Inc. (formerly Memec Holdings Group) represented 29 percent, 25 percent, and 27 percent in fiscal years 2007, 2006, and 2005, respectively. No other customers or distributors accounted for 10 percent or more of net sales in fiscal years 2007, 2006, or 2005. The loss of a significant customer or a significant reduction in a customer's orders could have an adverse affect on our sales.

Gross Margin

Gross margin was 60 percent in fiscal year 2007, up from 54 percent in fiscal year 2006. The improvement in margins from fiscal year 2006 is mainly due to changes in product mix and the absence of the video product line. The sale of product that had been written down in prior fiscal years contributed approximately $1.9 million, or 1.0 percent, to gross margins compared to contribution of approximately $4.1 million, or 2.1 percent, in fiscal year 2006. In total, excess and obsolete inventory charges increased by $5.1 million from fiscal year 2006, which decreased gross margins by 2.8 percentage points.

Gross margin was 54 percent in fiscal year 2006, up from 48 percent in fiscal year 2005. In fiscal year 2006, we completed the sale of our digital video product line assets. Product mix changes and changes associated with selling the digital video product line assets resulted in an increase to gross margins of approximately 2.1 percentage points. The sale of product that had been written down in prior fiscal years contributed approximately $4.1 million, or 2.1 percent of gross margin percentage compared with 1.4 percent contribution to margin in fiscal year 2005. In total, excess and obsolete inventory charges decreased by $7.8 million from fiscal year 2005, which increased gross margins by 4.0 percentage points.

Research and Development Expenses

Fiscal year 2007 research and development expenses decreased $1.8 million from fiscal year 2006 due to a decrease in expenses associated with the divestiture of the digital video product line. Amortization of intangibles decreased by

$1.4 million from the prior year, $0.7 million of which was attributable to the absence of amortization on intangibles we sold to Magnum Semiconductor Inc. ("Magnum") as part of the divestiture. The divestiture also led to a $1.3 million decrease in salaries due to lower average headcount, lower vacation expenses, and lower tax expense. These decreases were partially offset by a $1.4 million increase in stock compensation expense associated with the fiscal year 2007 adoption of Statement of Financial Accounting Standards No. 123(R) ("SFAS 123(R)"), *"Share-Based Payment."*

Fiscal year 2006 research and development expenses decreased $34.8 million from fiscal year 2005 due in large part to the decrease in expenses associated with the sale of the digital video product line assets in early fiscal year 2006 and our cost savings measures from fiscal year 2005. Research and development expenses, including amortization of acquired intangibles, decreased as a percentage of net sales to 23.6 percent in fiscal year 2006 from 41.3 percent in fiscal year 2005. Amortization of acquired intangibles decreased from $13.7 million in fiscal year 2005 to $1.4 million in fiscal year 2006.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased $0.5 million in fiscal year 2007 compared to fiscal year 2006. This is primarily due to a $2.2 million increase in stock compensation expense associated with the fiscal year 2007 adoption of SFAS 123(R) and the recognition of $1.7 million in loss contingencies on facilities we currently sublease. These increases were partially offset by a decrease in professional fees associated with the conclusion of the Magnum divestiture and the resolution of certain outstanding legal disputes.

Selling, general and administrative expenses increased $8.8 million in fiscal year 2006 compared to fiscal year 2005. This was primarily due to charges associated with $4.4 million in loss contingency accruals on certain properties recently sub-leased to a third party by Cirrus Logic during the current year and a benefit recorded in fiscal year 2005 related to a $3.0 million release of a use tax accrual coupled with a refund of $2.3 million related to recovered non-U.S. goods and sales tax. Selling, general and administrative expenses increased as a percentage of net sales from 21.8 percent in fiscal year 2005 to 26.4 percent in fiscal year 2006.

Restructuring Costs and Other, net

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

During fiscal year 2006, we recorded a restructuring charge of $3.1 million in operating expenses for severance and facility related items associated with workforce reductions related to the sale of the digital video product line assets and changes to sub-lease assumptions regarding exited facilities. This action affected approximately 10 individuals worldwide and resulted in a net charge of approximately $0.4 million. In connection with the digital video product line asset sale, we ceased using certain leased office space in our Fremont, California location. Accordingly, we recorded a restructuring charge of $2.7 million related to the exit from this facility. Partially offsetting the restructuring charge was $0.8 million related to the gain on the digital video product line asset sale. For further detail, see Note 4, *"Non-marketable Securities."*

During fiscal year 2005, we recorded a net restructuring charge of $1.5 million in operating expenses for facility consolidations primarily in California and Texas, an impairment charge of $5.1 million for technology licenses and equipment that will no longer be used due to our workforce reductions and a charge of $2.9 million related to workforce reductions. We expected to realize approximately $8.0 million to $12.0 million in savings in annual research and development and selling, general and administrative expenses due to the related headcount reductions and facility consolidation activities. During fiscal year 2006, we did realize these expected savings as noted earlier in the research and development discussion. Further, as we continue to monitor our operating expenses, facility accruals, divestiture opportunities and space utilizations, we may record additional restructuring charges related to these items. See Note 10 in the Notes to our Consolidated Financial Statements contained in *"Item 8 – Financial Statements and Supplementary Data"* for further detail.

As of March 31, 2007, we have a remaining restructuring accrual for all of our past restructurings of $5.8 million, primarily related to future lease payments net of anticipated subleases that will be paid over the respective lease terms through fiscal year 2013.

Impairment of Non-Marketable Securities

During the fourth quarter of fiscal 2007, we determined an impairment indicator existed related to our cost method investment in Magnum. We obtained an independent valuation of the fair value of our cost method investment in Magnum in accordance with Emerging Issues Task Force No. 03-1 ("EITF 03-1"), *"The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments."* Based on the results of the independent valuation, at March 31, 2007, we recognized an impairment of $4.3 million to reduce the carrying value of the Magnum cost method investment to $3.6 million. The impairment was recorded as a separate line item on the statement of operations in operating expenses under the caption "Impairment of non-marketable securities." For more details regarding our investment in Magnum, please see Note 4, *"Non-marketable securities."*

Acquired in Process Research and Development

During fiscal year 2007, we acquired 100 percent of the voting equity interests in Caretta, a company based in Shanghai, China that specializes in designing power management integrated circuits for the large, single-cell lithium ion battery market. In allocating the $11.3 million purchase price, we immediately recognized an expense of $1.9 million for research and development that was defined as "in-process" at the time of acquisition. This charge is included in total operating expenses on the consolidated statement of operations under the caption *"Acquired in process research and development."* Of the remaining purchase price, $4.1 million was allocated to acquired technology, $6.5 million was allocated to goodwill and $1.2 million was allocated to net liabilities assumed. The categorizations of costs for the purchase price are estimates as of March 31, 2007 and are subject to change.

License Agreement Amendment

During the fourth quarter of fiscal year 2006, we realized a gain of $7 million resulting from a one-time payment received associated with an amendment to an existing licensing agreement, in which certain rights to Cirrus Logic were terminated from a prior cross-license agreement. The proceeds were recorded as a separate line item on the statement of operations in operating expenses under the heading *"License agreement amendment."*

Litigation Settlements

On April 28, 2005, Cirrus Logic, Fujitsu, Ltd. ("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 ICs 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 received $45 million from Sumitomo, $40 million from Amkor, and $40 million from Cirrus Logic's insurance carriers. Fujitsu paid 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 quarter of fiscal year 2006.

Patent Agreement and Settlements, net

During the third quarter of fiscal year 2005, we released $0.6 million in legal fees originally accrued in connection with the fourth quarter fiscal year 2004 transaction with Broadcom Corporation for certain U.S. and non-U.S. patents. The excess accrual was related to differences from our original estimate and the actual fees incurred related to this transaction. This item was recorded as a separate line item on the statement of operations in operating expenses under the heading *"Patent agreement and settlements, net."*

Realized Gain on Marketable Securities

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

In the first quarter of fiscal year 2006, we recognized a gain of $0.4 million related to the sale of an investment in Silicon Laboratories, Inc. ("Silicon Labs"). Total proceeds from the sale were $0.4 million. These shares were received as a result of a prior merger agreement whereby Silicon Labs acquired Cygnal Integrated Products, Inc. ("Cygnal"). This merger agreement stated that all shareholders in Cygnal, Cirrus Logic included, would receive shares of stock in Silicon Labs in exchange for their shares in Cygnal. Further, the agreement stated that, should Cygnal achieve certain revenue milestones, the former Cygnal shareholders would receive a designated amount of stock in Silicon Labs. Cygnal surpassed certain of those milestones laid out in the merger agreement and, as a result, Silicon Labs distributed certain shares of its stock held in escrow to Cirrus Logic in the first quarter of our 2006 fiscal year. Cirrus Logic sold these shares immediately upon receipt.

During fiscal year 2005, we recognized a gain of $0.8 million related to sale of Silicon Labs stock associated with the Cygnal transaction described above. In the first quarter of fiscal year 2005, we recognized a gain of $0.7 million on the sale of all of the Company's stock in Silicon Labs that was received as part of the original merger agreement between Cygnal and Silicon Labs. Total proceeds from the sale were $1.2 million. In the fourth quarter of fiscal year 2005, Cirrus Logic received additional shares in Silicon Labs as a result of the milestones discussed above. Cirrus Logic sold these shares immediately and recognized a gain of $0.1 million.

Interest Income

Interest income in fiscal years 2007, 2006, and 2005 was $13.1 million, $7.5 million, and $3.2 million respectively. The increase in interest income in fiscal year 2007 compared to fiscal years 2006 and 2005 was primarily due to higher average cash and cash equivalent balances on which interest was earned as well as higher interest rates.

Income Taxes

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

We recorded an income tax benefit of $7.0 million in fiscal year 2006 on pre-tax income of $45.4 million, yielding an effective tax benefit rate of 15.5 percent. Our effective tax rate was lower than the U.S. statutory rate of 35 percent primarily because we benefited from the realization of deferred tax assets that had been fully reserved. Our effective tax rate also reflected a nonrecurring tax benefit of $6.7 million that was generated by the reversal of prior year non-U.S. tax liabilities due to the expiration of statutes of limitations for the years in which certain potential non-U.S. tax liabilities had existed.

We recorded an income tax benefit of $20.8 million for fiscal year 2005 on a pre-tax loss of $34.3 million, yielding an effective tax benefit rate of 60.6 percent. This rate differs from the U.S. statutory rate of 35 percent primarily because we were unable to benefit our fiscal year 2005 net operating loss due to the full valuation allowance we had in place on our net deferred tax assets in that year. We recorded a tax benefit of $21.3 million, representing the reversal of prior year U.S. Federal and non-U.S. tax liabilities. These reversals were due to the expiration of statutes of limitations for the years in which certain potential U.S. and non-U.S. tax liabilities had existed. We also incurred $0.5 million of income taxes that were due in various non-U.S. jurisdictions in which we have offices.

In fiscal year 2007, we released $7.8 million of the valuation allowance that had been placed on our U.S. deferred tax assets. Based on our recent history of utilizing deferred tax assets and our expectation to do so again in the upcoming year, we determined that $7.8 million of our total deferred tax assets were more likely than not to be realized. In fiscal years 2006 and 2005, we provided a valuation allowance equal to our net U.S. deferred tax assets due to uncertainties regarding whether or not these assets would be realized. We evaluate the realizability of the deferred tax assets on a quarterly basis. We have deferred tax assets generated in non-U.S. jurisdictions that we have recognized since it is more likely than not that these assets will be realized.

Outlook

Our outlook for fiscal year 2008 reinforces our commitment to drive to consistent operating profitability exclusive of any unusual, non-recurring events, such as litigation events. Given current indicators, we expect to maintain operating profitability, exclusive of unforeseen events, by achieving revenue growth and continued focus on reducing the cost of our operations. We remain committed to becoming a consistently profitable company, which better leverages its engineering and intellectual property resources to achieve growth.

We are focused on building a leadership position in our higher-margin audio, analog and mixed-signal product lines. We believe that the continued worldwide adoption of digital audio products, as replacements for outdated analog components, will allow us continued growth opportunities in our audio business. Our expertise in surround-sound audio presents new opportunities beyond the traditional AVR market. In addition, we have numerous products that support digital televisions applications, low power audio applications, and new automotive audio applications. We have also expanded our opportunities in commercial audio markets and several industrial markets, such as power meters and seismic applications.

Overall, we believe that we are well positioned to address the current economic environment, but future revenue, costs, margins, profits and profitability are all influenced by numerous factors, all of which are inherently difficult to forecast. Please refer to *"Item 1A – Risk Factors Affecting Our Business and Prospects,"* for additional information on these factors.

Liquidity and Capital Resources

In fiscal year 2007, our operating activities generated $35.6 million in cash. The positive cash flow from operating activities is predominantly due to the cash components of our net income as well as a $2.4 million and $2.2 million decrease in inventories and accounts receivable, respectively. These increases were partially offset by a $3.7 million decrease in accounts payable. During fiscal year 2006, we generated $59.8 million in cash from operating activities. The increase in cash during fiscal year 2006 was primarily driven by our operations and the receipt of a net $24.8 million in cash in connection with the Fujitsu litigation settlement and a decrease in our inventory of $7.9 million. Another contributing factor to our increase in cash was a $3.6 million increase in accounts payable and the receipt of $7.0 million in connection with certain amendments to an existing license agreement. These increases to cash were partially offset by a $2.3 million increase in accounts receivable and a $1.7 million decrease in accrued salaries and benefits. During fiscal year 2005, we used $17.1 million in cash from operating activities. The use of cash during fiscal year 2005 was primarily driven by our operations and a decrease in our accounts payable and accrued liabilities of $16.4 million partially offset by the decrease in inventory of $3.0 million and accounts receivable of $1.2 million. We also completed a property lease buyout during the second quarter of fiscal year 2005 totaling $4.3 million for a leased property that we no longer occupied in Broomfield, Colorado, which led to a further reduction of our cash from operating activities.

In fiscal year 2007, we used approximately $71.5 million in cash for investing activities. This was principally due to the net purchase of $56.7 million in marketable securities and our purchase of Caretta for approximately $10.7 million, net. In addition, during fiscal year 2007 we invested $3.3 million and $2.0 million in technology and property, equipment, and capitalized software, respectively. During fiscal year 2006, we used $28.6 million in cash for investing activities in large part due to the purchase of $187.6 million worth of available-for-sale securities partially offset by the sale of available-for-sale securities of $159.4 million. In addition, we purchased $2.9 million of equipment and technology licenses. These amounts were partially offset by a decrease in restricted cash of $2.1 million related to a decrease in the restricted balances required by certain outstanding letters of credit. During fiscal year 2005, we used $65.1 million in cash from investing activities. This use of cash during fiscal year 2005 is primarily due to the purchase of available-for-sale securities of $109.4 million partially offset by the sale of available-for-sale securities of $50.6 million. In addition to the securities, we purchased $6.7 million of property and equipment and technology licenses, including multi-year computer-aided design tool licenses during fiscal year 2005.

During fiscal years 2007, 2006, and 2005, we generated $7.2 million, $6.3 million and $3.5 million, respectively, in cash from financing activities related to the receipt of cash from common stock issuances as a result of the exercises of employee stock options and our employee stock purchase plan.

As of March 31, 2007, we had restricted investments of $5.8 million, which primarily secures certain obligations under our lease agreement for our principal facility located in Austin, Texas. This facility is 197,000 square feet and houses our headquarters and engineering operations. The lease agreement for our headquarters and engineering facility includes a letter of credit in the amount of $5.1 million until November 2011, at which point the requirement decreases to $2.6 million with the letter of credit ceasing in May 2012.

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

Off-Balance Sheet Arrangements

In our business activities, we incur certain commitments to make future payments under contracts such as purchase orders, leases and other long-term contracts. Maturities under these contracts are set forth in the following table as of March 31, 2007:

	Payment due by period (in thousands)				
	<1 year	1–3 years	3–5 years	>5 years	Total
Facilities leases, net	$ 6,094	$ 9,712	$7,733	$1,599	$25,138
Equipment leases	13	13	2	—	28
Wafer purchase commitments	4,091	—	—	—	4,091
Assembly purchase commitments	208	—	—	—	208
Outside test purchase commitments	3,584	1,031	—	—	4,615
Other purchase commitments	41	—	—	—	41
Total	$14,031	$10,756	$7,735	$1,599	$34,121

Recently Issued Accounting Pronouncements

In February 2007, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 159 ("SFAS 159"), *"The Fair Value Option for Financial Assets and Financial Liabilities,"* which allows entities to measure eligible financial instruments and certain other items at fair value. The Statement also establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. SFAS 159 is effective for fiscal years beginning after November 15, 2007. The Company is currently assessing the potential effect, if any, of implementing this standard.

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157 ("SFAS 157"), *"Fair Value Measurements,"* which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. SFAS 157 is effective for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The Company is currently assessing the potential effect, if any, of implementing this standard.

In June 2006, the FASB issued Financial Interpretation No. 48 ("FIN 48"), *"Accounting for Uncertainty in Income Taxes."* FIN 48 clarifies the application of SFAS No. 109 by providing detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in an enterprise's financial statements. Tax positions must meet a "more-likely-than-not" recognition threshold at the effective date to be recognized upon the adoption of FIN 48 and in subsequent periods. We will be adopting FIN 48 as of April 1, 2007, the first day of our 2008 fiscal year. The Company is currently evaluating the potential effects, if any, of FIN 48 on its consolidated financial statements.

Critical Accounting Policies

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

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

- For purposes of determining the variables used in the calculation of stock compensation expense under the provisions of the *Financial Accounting Standards Board's ("FASB") Statement of Financial Accounting Standards No. 123(R) ("SFAS No. 123(R)")*, we perform an analysis of current market data and historical company data to calculate an estimate of implied volatility, the expected term of the option and the expected forfeiture rate. With the exception of the expected forfeiture rate, which is not an input, we use these estimates as variables in the Black-Scholes option pricing model. Depending upon the number of stock options granted, any fluctuations in these calculations could have a material effect on the results presented in our Consolidated Condensed Statement of Operations. In addition, any differences between estimated forfeitures and actual forfeitures could also have a material impact on our financial statements. See Note 12 in the Notes to our Consolidated Condensed Financials Statements contained in *"Item 1 – 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. See Note 3 in the Notes to our Consolidated Financial Statements contained in *"Item 8 – Financial Statements and Supplementary Data."*

- Inventories are recorded at the lower of cost or market, with cost being determined on a first-in, first-out basis. We write down inventories to net realizable value based on forecasted demand, management judgment and the age of inventory. Actual demand and market conditions may be different from those projected by management, which could have a material effect on our operating results and financial position. See Note 1 in the Notes to our Consolidated Financial Statements contained in *"Item 8 – Financial Statements and Supplementary Data."*

- 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. See Note 6 in the Notes to our Consolidated Financial Statements contained in *"Item 8 – Financial Statements and Supplementary Data."*

- Our available-for-sale investments, non-marketable securities and other investments are subject to a periodic impairment review pursuant to Emerging Issues Task Force No. 03-1 ("EITF 03-1"), *"The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments."* Investments are considered to be impaired when a decline in fair value is judged to be other-than-temporary. This determination requires significant judgment and actual results may be materially different than our estimate. Marketable securities are evaluated for impairment if the decline in fair value below cost basis is significant and/or has lasted for an extended period of time. Non-marketable securities or other investments are considered to be impaired when a decline in fair value is judged to be other-than-temporary. For investments accounted for using the cost method of accounting, we evaluate information (e.g., budgets, business plans, financial statements, etc.) in addition to quoted market price, if any, in determining whether an other-than-temporary decline in value exists. Factors indicative of an other-than-temporary decline include recurring operating losses, credit defaults and subsequent rounds of financings at an amount below the cost basis of the investment. This list is not all inclusive and we weigh all quantitative and qualitative factors in determining if an other-than-temporary decline in value of an investment has occurred. When a decline in value is deemed to be other-than-temporary, we recognize an impairment loss in the current period's operating results to the extent of the decline. Actual values could be different from those estimated by management, which could have a material effect on our operating results and financial position. See Notes 2 and 4 in the Notes to our Consolidated Financial Statements contained in *"Item 8 – Financial Statements and Supplementary Data."*

- In accordance with Statement of Financial Accounting Standards No. 109 ("SFAS No. 109"), *"Accounting for Income Taxes,"* we provide for the recognition of deferred tax assets if realization of such assets is more likely than not. We have provided a valuation allowance against a substantial portion of our net U.S. deferred tax assets due to uncertainties regarding their realization. We evaluate the realizability of our deferred tax assets on a quarterly basis by determining whether or not the anticipated pre-tax income for the upcoming twelve months is expected to be sufficient to utilize the deferred tax assets that we have recognized. If our future income is not sufficient to utilize the deferred tax assets that we have recognized, we increase the valuation allowance to the point at which all of the remaining recognized deferred tax assets will be utilized by the anticipated future pre-tax income for the next twelve months. An increase in the valuation allowance results in a simultaneous increase to income tax expense or, in some cases, a decrease in contributed capital. If our anticipated future pre-tax income is sufficient to conclude that additional deferred tax assets should be recognized, we decrease the valuation allowance. This results in a simultaneous decrease to income tax expense or, possibly, an increase in contributed capital. See Note 14 in the Notes to our Consolidated Financial Statements contained in *"Item 8 – Financial Statements and Supplementary Data."*

- 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 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. See Note 14 in the Notes to our Consolidated Financial Statements contained in *"Item 8 – Financial Statements and Supplementary Data."*

- 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 are based upon our estimates as to the length of time a facility would be vacant, as well as the amount of sublease income we would receive once we sublet the facility, after considering current and projected market conditions. Changes in these estimates could result in an adjustment to our restructuring accruals in a future quarter, which could have a material effect on our operating results and financial position. See Note 10 in the Notes to our Consolidated Financial Statements contained in *"Item 8 –Financial Statements and Supplementary Data."*

- We are subject to the possibility of loss contingencies for various legal matters. See Note 8 in the Notes to our Consolidated Financial Statements contained in *"Item 8 – Financial Statements and Supplementary Data."* We regularly evaluate current information available to us to determine whether any accruals should be made based on the status of the case, the results of the discovery process and other factors. If we ultimately determine that an accrual should be made for a legal matter, this accrual could have a material effect on our operating results and financial position and the ultimate outcome may be materially different than our estimate.

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

We are exposed to market risks associated with interest rates on our debt-related investments 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. All of the potential changes noted below are based on sensitivity analyses at March 31, 2007. Actual results may differ materially.

Interest Rate Risk

At March 31, 2007, an immediate one percent, or 100 basis points, increase or decrease in interest rates could result in a $2.6 million fluctuation in our annual interest income. We believe the risks associated with fluctuating interest rates are limited to our annual interest income and not the underlying principal as we generally have the ability to hold debt related investments to maturity. At March 25, 2006, an immediate one percent, or 100 basis points, increase or decrease in interest rates could have resulted in a $2.1 million fluctuation in our annual interest income. As with fiscal year 2007, the risks associated with fluctuating interest rates were limited to our annual interest income and not the underlying principal as we generally have the ability to hold debt related investments to maturity. The increased interest rate risk is based solely on an increase in total cash and marketable securities. The amounts disclosed in this paragraph are based on a 100 basis point fluctuation in interest rates applied to the average cash balance for that fiscal year.

Foreign Currency Exchange Risk

Our revenue and spending is transacted primarily in U.S. dollars; however, in fiscal years 2007, 2006 and 2005, we entered into minimal transactions in other currencies to fund the operating needs of our design, technical support and sales offices outside of the U.S. As of March 31, 2007 and March 25, 2006, a ten percent change in the value of the related currencies would not have a material impact on our results of operations and financial position.

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

Non-Marketable Securities Risk

Our investments in non-marketable securities are affected by many of the same factors that could result in an adverse movement of market prices, although the impact cannot be directly quantified. Such a movement and the underlying economic conditions would negatively affect the prospects of the companies we invest in, their ability to raise additional capital and the likelihood of our being able to realize our investments through liquidity events such as initial public offerings, mergers or private sales. These types of investments involve a great deal of risk, and there can be no assurance that any specific company will grow or become successful; consequently, we could lose all or part of our investment. At March 31, 2007, our investment in non-marketable securities had a carrying amount of $3.6 million. The carrying amount of this investment approximated fair value as of March 31, 2007. As of March 25, 2006, that same investment had a carrying value of $7.9 million. This carrying amount approximated fair value as of March 25, 2006.

ITEM 8. *Financial Statements and Supplementary Data*

Index to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

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

We have audited the accompanying consolidated balance sheets of Cirrus Logic, Inc. as of March 31, 2007 and March 25, 2006, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three fiscal years in the period ended March 31, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Cirrus Logic, Inc. at March 31, 2007 and March 25, 2006, and the consolidated results of its operations and its cash flows for each of the three fiscal years in the period ended March 31, 2007, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Cirrus Logic Inc.'s internal control over financial reporting as of March 31, 2007, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated June 1, 2007 expressed an unqualified opinion thereon.

As discussed in Note 12 to the consolidated financial statements, effective March 26, 2006, the Company changed its method of accounting for stock-based compensation to conform to Statement of Financial Accounting Standards No. 123(R), "Share-Based Payment".

/s/ Ernst & Young LLP

Austin, Texas
May 31, 2007

Report of Independent Registered Public Accounting Firm
On Internal Control over Financial Reporting

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

We have audited management's assessment, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting, that Cirrus Logic, Inc. maintained effective internal control over financial reporting as of March 31, 2007, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Cirrus Logic, Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the company's internal control over financial reporting based on our audit.

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

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

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

In our opinion, management's assessment that Cirrus Logic, Inc. maintained effective internal control over financial reporting as of March 31, 2007, is fairly stated, in all material respects, based on the COSO criteria. Also, in our opinion, Cirrus Logic, Inc. maintained, in all material respects, effective internal control over financial reporting as of March 31, 2007, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Cirrus Logic, Inc. as of March 31, 2007 and March 25, 2006, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for each of the three fiscal years in the period ended March 31, 2007 of Cirrus Logic, Inc., and our report dated May 31, 2007 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Austin, Texas
May 31, 2007

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

	March 31, 2007	March 25, 2006
Assets		
Current assets:		
Cash and cash equivalents	$ 87,960	$ 116,675
Restricted investments	5,755	5,755
Marketable securities	178,000	102,335
Accounts receivable, net	19,127	20,937
Inventories	16,496	18,708
Prepaid assets	1,982	2,488
Other current assets	11,717	5,259
Total current assets	321,037	272,157
Long-term marketable securities	—	18,703
Property and equipment, net	11,407	14,051
Intangibles, net	8,550	2,966
Goodwill	6,461	—
Investment in Magnum Semiconductor	3,657	7,947
Other assets	1,948	3,217
	$ 353,060	$ 319,041
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 10,434	$ 14,129
Accrued salaries and benefits	7,816	6,460
Income taxes payable	1,561	2,228
Deferred income on shipments to distributors	4,290	7,098
Other accrued liabilities	10,519	10,053
Total current liabilities	34,620	39,968
Lease commitments and contingencies	4,769	5,590
Long-term restructuring accrual	3,418	4,694
Other long-term liabilities	5,316	4,519
Stockholders' Equity:		
Common stock, $0.001 par value, 280,000 shares authorized, 88,163 shares and 86,816 shares issued and outstanding at March 31, 2007 and March 25, 2006, respectively	88	87
Additional paid-in capital	926,812	914,148
Accumulated deficit	(621,180)	(649,075)
Accumulated other comprehensive loss	(783)	(890)
Total stockholders' equity	304,937	264,270
	$ 353,060	$ 319,041

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

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

	Fiscal Years Ended		
	March 31, 2007	March 25, 2006	March 26, 2005
Net sales	$182,304	$193,694	$194,900
Cost of sales	73,290	88,502	101,638
Gross margin	109,014	105,192	93,262
Operating expenses:			
Research and development	43,961	45,772	80,549
Selling, general and administrative	51,755	51,271	42,459
Restructuring costs and other, net	1,106	2,311	9,463
Impairment of non-marketable securities	4,290	—	—
Acquired in process research and development	1,925	—	—
Litigation settlement	—	(24,758)	—
License agreement amendment	—	(7,000)	—
Patent agreement and settlements, net	—	—	(593)
Total operating expenses	103,037	67,596	131,878
Income (loss) from operations	5,977	37,596	(38,616)
Realized gain on marketable securities	193	388	806
Interest income	13,146	7,461	3,208
Interest expense	—	—	—
Other income (expense), net	177	(54)	317
Income (loss) before income taxes	19,493	45,391	(34,285)
Benefit for income taxes	(8,402)	(7,035)	(20,789)
Net income (loss)	$ 27,895	$ 52,426	$ (13,496)
Basic earnings (loss) per share:	$ 0.32	$ 0.61	$ (0.16)
Diluted earnings (loss) per share	$ 0.31	$ 0.60	$ (0.16)
Weighted average common shares outstanding:			
Basic	87,643	86,036	84,746
Diluted	88,805	87,775	84,746

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

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

	Fiscal Years Ended		
	March 31, 2007	March 25, 2006	March 26, 2005
Cash flows from operating activities:			
Net income (loss)	$ 27,895	$ 52,426	$ (13,496)
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:			
Depreciation and amortization	6,382	8,511	24,157
Acquired in-process research and development	1,925	—	—
Loss (gain) on retirement or write-off of long-lived assets	235	(821)	5,936
Amortization of lease settlement	(746)	(995)	(3,778)
Property lease buyout	—	—	(4,343)
Realized gain on marketable securities	(193)	(388)	(806)
Stock compensation expense	5,481	2,121	1,468
Impairment of non-marketable securities	4,290	—	—
Changes in operating assets and liabilities:			
Accounts receivable, net	2,150	(2,344)	1,211
Inventories	2,396	6,976	2,983
Deferred tax assets	(7,553)	(340)	—
Other assets	1,623	(1,276)	2,412
Accounts payable	(3,721)	3,583	(8,721)
Accrued salaries and benefits	1,196	(1,704)	(1,295)
Deferred income on shipments to distributors	(2,808)	(837)	4,429
Income taxes payable	(667)	(7,048)	(20,831)
Other accrued liabilities	(2,260)	1,952	(6,429)
Net cash provided by (used in) operating activities	35,625	59,816	(17,103)
Cash flows from investing activities:			
Proceeds from sale of marketable securities	161,524	159,777	50,630
Purchases of available for sale marketable securities	(218,186)	(187,605)	(109,377)
Purchases of property and equipment	(1,981)	(2,198)	(3,621)
Investments in technology	(3,282)	(729)	(3,146)
Acquisition of Caretta Integrated Circuits, net of cash acquired	(10,713)	—	—
Proceeds from sale of property and equipment	52	—	—
(Increase) decrease in deposits and other assets	1,062	(18)	187
Decrease in restricted investments	—	2,143	261
Net cash used in investing activities	(71,524)	(28,630)	(65,066)
Cash flows from financing activities:			
Issuance of common stock, net of issuance costs	7,184	6,254	3,511
Net cash provided by financing activities	7,184	6,254	3,511
Net increase (decrease) in cash and cash equivalents	(28,715)	37,440	(78,658)
Cash and cash equivalents at beginning of year	116,675	79,235	157,893
Cash and cash equivalents at end of year	$ 87,960	$ 116,675	$ 79,235
Supplemental disclosures of cash flow information			
Cash payments (refunds) during the year for:			
Interest expense	$ —	$ —	$ —
Income taxes	(165)	333	(1,646)

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

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

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Amount				
Balance, March 27, 2004	84,395	$84	$900,797	$(688,005)	$ (171)	212,705
Components of comprehensive income (loss):						
Net loss	—	—	—	(13,496)	—	(13,496)
Change in unrealized loss on marketable securities	—	—	—	—	(313)	(313)
Realized gain on marketable securities	—	—	—	—	(669)	(669)
Total comprehensive loss	—	—	—	—	—	(14,478)
Issuance of stock under stock plans	811	1	3,510	—	—	3,511
Amortization of deferred stock compensation	—	—	1,468	—	—	1,468
Balance, March 26, 2005	85,206	85	905,775	(701,501)	(1,153)	203,206
Components of comprehensive income (loss):						
Net income	—	—	—	52,426	—	52,426
Change in unrealized loss on marketable securities	—	—	—	—	263	263
Realized gain on marketable securities	—	—	—	—	—	—
Total comprehensive income	—	—	—	—	—	52,689
Issuance of stock under stock plans	1,610	2	6,252	—	—	6,254
Amortization of deferred stock compensation	—	—	2,121	—	—	2,121
Balance, March 25, 2006	86,816	87	914,148	(649,075)	(890)	264,270
Components of comprehensive income (loss):						
Net income	—	—	—	27,895	—	27,895
Change in unrealized loss on marketable securities	—	—	—	—	300	300
Realized gain on marketable securities	—	—	—	—	(193)	(193)
Total comprehensive income	—	—	—	—	—	28,002
Issuance of stock under stock plans	1,347	1	7,183	—	—	7,184
Stock compensation expense	—	—	5,481	—	—	5,481
Balance, March 31, 2007	88,163	$88	$926,812	$(621,180)	$ (783)	$304,937

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

1. Description of Business and Summary of Significant Accounting Policies

Description of Business

Cirrus Logic, Inc. ("Cirrus Logic," "Cirrus," "We," "Us," "Our," or the "Company") develops high-precision analog and mixed-signal integrated circuits ("ICs") for a broad range of consumer and industrial markets. Building on our diverse analog mixed-signal patent portfolio, Cirrus Logic delivers highly optimized products for consumer and commercial audio, automotive entertainment and industrial applications. We develop and market 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 were founded in 1984 and were reincorporated in the State of Delaware in February 1999. Our headquarters and engineering facility are in Austin, Texas with design centers in Beijing and Shanghai in the People's Republic of China and Shanghai, the People's Republic of China and sales locations throughout the United States. We also serve customers from international sales offices in Europe and Asia, including the People's Republic of China, Hong Kong, South Korea, Japan, Singapore, and Taiwan. Our common stock, which has been publicly traded since 1989, is listed on the NASDAQ Global Select Market under the symbol CRUS.

Basis of Presentation

We prepare financial statements on a 52- or 53-week year that ends on the last Saturday in March. Fiscal year 2007 was a 53-week year whereas fiscal years 2006 and 2005 were 52-week years.

Principles of Consolidation

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

Use of Estimates

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

Cash and Cash Equivalents

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

Restricted Investments

As of March 31, 2007 and March 25, 2006, we had restricted investments of $5.8 million in support of our letter of credit needs. The letters of credit primarily secure certain obligations under our operating lease agreement for our headquarters and engineering facility in Austin, Texas and are scheduled for periodic declines in amount. For more details, see Note 7.

Marketable Securities

We determine the appropriate classification of marketable securities at the time of purchase and reevaluate this designation as of each balance sheet date. We classify these securities as either held-to-maturity, trading, or available-for-sale in accordance with Statement of Financial Accounting Standards No. 115 ("SFAS 115"), *"Accounting for Certain Investments in Debt and Equity Securities."* As of March 31, 2007 and March 25, 2006, all marketable securities and restricted investments were classified as available-for-sale securities.

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

Inventories

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

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

Inventories were comprised of the following (in thousands):

	March 31, 2007	March 25, 2006
Work in process	$ 6,646	$10,662
Finished goods	9,850	8,046
Inventories	$16,496	$18,708

Property and Equipment, net

Property and equipment is recorded at cost, net of depreciation and amortization. Depreciation and amortization is calculated on a straight-line basis over estimated economic lives, ranging from three to ten years. Leasehold improvements are depreciated over the shorter of the term of the lease or the estimated useful life. Furniture, fixtures, machinery, and equipment are all depreciated over a useful life of 5 years. In general, our capitalized software is depreciated over a useful life of 3 years, with capitalized enterprise resource planning software being depreciated over a useful life of 10 years. Gains or losses related to retirements or dispositions of fixed assets are recognized in the period incurred.

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

	March 31, 2007	March 25, 2006
Furniture and fixtures	$ 4,383	$ 4,331
Leasehold improvements	11,900	13,369
Machinery and equipment	20,970	20,414
Capitalized software	17,961	17,926
Total property and equipment	55,214	56,040
Less: Accumulated depreciation and amortization	(43,807)	(41,989)
Property and equipment, net	$ 11,407	$ 14,051

Depreciation and amortization expense on property and equipment for fiscal years 2007, 2006, and 2005 was $4.6 million, $5.1 million, and $7.1 million, respectively.

Non-Marketable Securities and Other Investments

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

Other-Than-Temporary Impairment

All of the Company's available-for-sale investments, non-marketable securities and other investments are subject to a periodic impairment review pursuant to Emerging Issues Task Force No. 03-1 ("EITF 03-1"), *"The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments."* Investments are considered to be impaired when a decline in fair value is judged to be other-than-temporary. Marketable securities are evaluated for impairment if the decline in fair value below cost basis is significant and/or has lasted for an extended period of time. Non-marketable securities or other investments are considered to be impaired when a decline in fair value is judged to be other-than-temporary. For investments accounted for using the cost method of accounting, management evaluates information (e.g., budgets, business plans, financial statements, etc.) in addition to quoted market price, if any, in determining whether an other-than-temporary decline in value exists. Factors indicative of an other-than-temporary decline include recurring operating losses, credit defaults and subsequent rounds of financings at an amount below the cost basis of the investment. When a decline in value is deemed to be other-than-temporary, Cirrus recognizes an impairment loss in the current period's operating results to the extent of the decline.

Intangibles, net

Intangible assets include purchased technology licenses that are recorded at cost and are amortized on a straight-line basis over their useful lives, generally ranging from three to five years. Acquired intangibles recorded in connection with our acquisitions, include existing technology, core technology/patents, license agreements, trademarks, covenants not-to-compete and customer agreements. These assets are amortized on a straight-line basis over lives ranging from one to ten years.

Long-Lived 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. We measure any impairment loss by comparing the fair value of the asset to its carrying amount. We estimate fair value based on discounted future cash flows, quoted market prices, or independent appraisals.

Foreign Currency Translation

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

Concentration of Credit Risk

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

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

The following table summarizes the receivable balance of a distributor that represented more than 10 percent of consolidated gross short-term accounts receivable:

	March 31, 2007	March 25, 2006
Avnet, Inc. (formerly Memec Group Holdings)	24%	28%

No other distributors or customers had receivable balances that represented more than 10 percent of consolidated gross short-term accounts receivable as of the end of fiscal years 2007 and 2006.

Sales to one distributor, Avnet, Inc. (formerly Memec Holdings Group), represented 29 percent, 25 percent and 27 percent of total sales in fiscal years 2007, 2006 and 2005, respectively. No other customers or distributors accounted for 10 percent or more of net sales in fiscal years 2007, 2006 and 2005. The loss of a significant customer or distributor or a significant reduction in a customers or distributors orders could have an adverse effect on our sales.

Revenue Recognition

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

Warranty Expense

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

Shipping Costs

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

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs were $1.2 million, $1.1 million, and $1.7 million in fiscal years 2007, 2006, and 2005, respectively.

Stock-Based Compensation

In December 2004, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 123(R) *"Share-Based Payment,"* which supersedes Accounting Principles Board Opinion No. 25 ("APB No. 25"), *"Accounting for Stock Issued to Employees,"* SFAS No. 123, *"Accounting for Stock-Based Compensation"* and related implementation guidance. We adopted this pronouncement as of March 26, 2006, the first day of our 2007 fiscal year.

In periods prior to adoption, we applied the intrinsic value method in accounting for our stock option and stock purchase plans in accordance with APB No. 25. In December 2002, the FASB issued Statement of Financial Accounting Standard No. 148 ("SFAS 148"), *"Accounting for Stock-Based Compensation – Transition and Disclosure,"* which affects us only with regard to quarterly and annual reporting of the pro forma effect on net income and earnings per share resulting from the application of the Black-Scholes method to measure compensation expense as required under SFAS No. 123.

The following table details the disclosure required by SFAS No. 123 (in thousands, except per share amounts):

	March 25, 2006	March 26, 2005
Net income (loss) as reported	$52,426	$(13,496)
Add: Stock-based employee compensation expense included in reported net income, net of related tax effects	1,734	605
Deduct: Total stock based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(8,033)	(12,640)
Pro forma net income (loss)	$46,127	$(25,531)
Basic net income (loss) per share, as reported	$ 0.61	$ (0.16)
Pro forma basic net income (loss) per share	0.54	(0.30)
Diluted net income (loss) per share, as reported	$ 0.60	$ (0.16)
Pro forma diluted net income (loss) per share	0.53	(0.30)

Income Taxes

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

Net Income (Loss) Per Share

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

Incremental weighted average common shares attributable to the assumed exercise of outstanding options of 1,510,000 shares for the year ended March 26, 2005 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 that year. The weighted outstanding options excluded from our diluted calculation for the years ended March 31, 2007, March 25, 2006, and March 26, 2005 were 5,975,000, 6,620,000, and 7,501,000, respectively, as the exercise price exceeded the average market price during the period.

Accumulated Other Comprehensive Loss

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

Recently Issued Accounting Pronouncements

In February 2007, the FASB issued SFAS No. 159, *"The Fair Value Option for Financial Assets and Financial Liabilities"* ("SFAS 159"), which allows entities to measure eligible financial instruments and certain other items at fair value. The Statement also establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. SFAS 159 is effective for fiscal years beginning after November 15, 2007. The Company is currently assessing the potential effect, if any, of implementing this standard.

In September 2006, the FASB issued SFAS No. 157, *"Fair Value Measurements"* ("SFAS 157"), which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. SFAS 157 is effective for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The Company is currently assessing the potential effect, if any, of implementing this standard.

In June 2006, the FASB issued Interpretation No. 48, *"Accounting for Uncertainty in Income Taxes"* ("FIN 48"). FIN 48 clarifies the application of SFAS No. 109 by providing detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in an enterprise's financial statements. Tax positions must meet a more-likely-than-not recognition threshold at the effective date to be recognized upon the adoption of FIN 48 and in subsequent periods. We adopted FIN 48 as of April 1, 2007, the first day of our 2008 fiscal year. The Company is currently evaluating the potential effects, if any, of FIN 48 on the consolidated financial statements.

Fair Value of Financial Instruments

The Company's financial instruments consist principally of cash and cash equivalents, investments, receivables and accounts payable. The Company believes all of these financial instruments are recorded at amounts that approximate their current market values due to their short-term nature or because they are stated at fair value.

2. Marketable Securities

The Company's 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 (in thousands):

As of March 31, 2007:	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value (Net Carrying Amount)
Corporate securities – U.S.	$ 63,221	$ 6	$(27)	$ 63,200
Corporate securities – non – U.S.	5,457	2	—	5,459
U.S. Government securities	67,047	16	(6)	67,057
Agency discount notes	38,080	6	(11)	38,075
Commercial paper	9,963	1	—	9,964
Total debt securities	183,768	31	(44)	183,755
Marketable equity securities	—	—	—	—
	$183,768	$31	$(44)	$183,755

As of March 25, 2006:	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value (Net Carrying Amount)
Corporate securities – U.S.	$ 40,096	$ 5	$(104)	$ 39,997
Corporate securities – non – U.S.	1,676	—	—	1,676
U.S. Government securities	85,141	—	(218)	84,923
Agency discount notes	—	—	—	—
Commercial paper	—	—	—	—
Total debt securities	126,913	5	(322)	126,596
Marketable equity securities	—	197	—	197
	$126,913	$202	$(322)	$126,793

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

	March 31, 2007		March 25, 2006	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Within 1 year	$183,768	$183,755	$108,156	$107,893
After 1 year through 2 years	—	—	18,757	18,703
After 2 years	—	—	—	—
Total debt securities	183,768	183,755	126,913	126,596
Equity securities	—	—	—	197
	$183,768	$183,755	$126,913	$126,793

During the first quarter of fiscal year 2007, we sold all of our shares in Prudential Financial Inc. ("Prudential") and realized a gain of $0.2 million. Cirrus received these shares as a result of the demutualization of Prudential.

In the first quarter of fiscal year 2006, we recognized a gain of $0.4 million related to the sale of an investment in Silicon Laboratories, Inc. ("Silicon Labs"). Total proceeds from the sale were also $0.4 million. These shares were received as a result of a prior merger agreement whereby Silicon Labs acquired Cygnal Integrated Products, Inc. ("Cygnal"). This merger agreement stated that all shareholders in Cygnal, Cirrus Logic included, would receive shares of stock in Silicon Labs in exchange for their shares in Cygnal. Further, the agreement stated that, should Cygnal achieve certain revenue milestones, the former Cygnal shareholders would receive a designated amount of stock in Silicon Labs. Cygnal surpassed certain of those milestones laid out in the merger agreement and, as a result, Silicon Labs distributed certain shares of its stock held in escrow to Cirrus Logic in the first quarter of fiscal year 2006. Cirrus Logic sold these shares immediately upon receipt. Cirrus also recorded $0.2 million in unrealized gains late during the fourth quarter of fiscal year 2006 on the initial recognition of stock held in Prudential that we received as a result of the demutualization described above. The entire amount was recorded as a component of other comprehensive income.

During fiscal year 2005, we recognized a gain of $0.8 million related to sale of Silicon Labs stock associated with the Cygnal transaction described above. In the first quarter of fiscal year 2005, we recognized a gain of $0.7 million on the sale of all of the Company's stock in Silicon Labs that was received as part of the original merger agreement between Cygnal and Silicon Labs. Total proceeds from the sale were $1.2 million. In the fourth quarter of fiscal year 2005, Cirrus Logic received additional shares in Silicon Labs as a result of the milestones discussed above. Cirrus Logic sold these shares immediately and recognized a gain of $0.1 million.

3. Accounts Receivable, net

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

	March 31, 2007	March 25, 2006
Gross accounts receivable	$19,232	$21,133
Less: Allowance for doubtful accounts	(105)	(196)
Accounts receivable, net	$19,127	$20,937

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

Balance, March 27, 2004	$(696)
Write-off of uncollectible accounts, net of recoveries	175
Balance, March 26, 2005	$(521)
Write-off of uncollectible accounts, net of recoveries	(70)
Change in allowance for doubtful account estimate	395
Balance, March 25, 2006	$(196)
Write-off of uncollectible accounts, net of recoveries	91
Balance, March 31, 2007	$(105)

During the fourth quarter of fiscal year 2006, as a result of our change in our customer base, we modified our estimate for the distributor portion of the reserve for our allowance for doubtful accounts. In making this change in estimate, we recognized a $0.4 million credit to bad debt expense, a component of both income from operations and net income. The effect of this change in estimate on earnings per share was negligible.

We were successful in collecting a portion of the Fujitsu receivable previously written off in fiscal year 2002 in the amount of $46.8 million. In fiscal year 2006, we recorded a net credit to operating expenses of $24.8 million as our litigation settlement was a recovery of bad debt previously recorded in a prior fiscal year. See Note 8 for further discussion of the litigation with Fujitsu.

4. Non-Marketable Securities

On April 25, 2005, we announced our intentions to divest our digital video product line. On May 24, 2005, we signed a definitive agreement to sell our digital video product line to Magnum Semiconductor, Inc. ("Magnum"), a privately held company formed by an investment group led by Investcorp and August Capital. On June 30, 2005, we completed the sale of our digital video product line assets to Magnum. As consideration for the sale of these assets, we received a minority ownership position in Magnum which, at the time of sale, had a fair value of approximately $7.9 million. As Magnum is not publicly traded and as Cirrus does not have significant influence with Magnum, we have accounted for this investment at cost.

During the fourth quarter of fiscal 2007, we determined an impairment indicator existed related to our cost method investment in Magnum. We obtained an independent valuation of the fair value of our cost method investment in Magnum in accordance with Emerging Issues Task Force No. 03-1 ("EITF 03-1"), *"The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments."* Based on the results of the independent valuation, at March 31, 2007, we recognized an impairment of $4.3 million to reduce the carrying value of the Magnum cost method investment to $3.6 million, as the combination of recurrent losses and reduced forecasts indicate that our investment is not recoverable within a reasonable period of time. The impairment was recorded as a separate line item on the statement of operations in operating expenses under the caption "Impairment of non-marketable securities."

During the second fiscal quarter of fiscal year 2006, we recognized a net gain on the sale of assets to Magnum of approximately $0.8 million, which was recorded as a component of *"Restructuring and other, net."* Included in the net gain was a contingent payment to the employees of Magnum of $0.5 million related to the closing conditions of the agreement. Also, during the second quarter of fiscal year 2006, after the completion of the digital video product line asset sale to Magnum, we sold the remaining digital video product inventory to Magnum for $1.9 million, which was approximately 5 percent above our cost. As of December 24, 2005, Magnum had paid for all of the shipped inventory.

5. Acquisitions

On December 29, 2006, Cirrus Logic acquired 100 percent of the voting equity interests in Caretta, a company based in Shanghai, China that specializes in designing power management integrated circuits for the large, single-cell lithium ion battery market. This acquisition was undertaken to strengthen and diversify our analog and mixed signal product portfolios as well as position us for growth within the China market.

The aggregate purchase price of $11.3 million, $10.7 million net of cash acquired, was comprised of the following components (in thousands):

Cash paid to shareholders	9,000
Loan repayment premium	500
Direct acquisition costs & other	1,762
Total purchase price	$11,262

As of December 30, 2006, the purchase price was allocated to the estimated fair value of assets acquired based on independent appraisals and management estimates in the following manner (in thousands):

Net liabilities assumed	(1,179)
Intangible assets subject to amortization	4,055
Goodwill	6,461
In process research and development	1,925
Net assets acquired	$11,262

The in-process research and development of $1.9 million was immediately expensed upon completion of the acquisition while the $4.1 million in acquired technology and the $6.5 million in goodwill were capitalized. The above categorization of the purchase price represents an estimate as of March 31, 2007 and is subject to change. The acquired technology will be amortized over a period of 10 years. The goodwill will not be deductible for tax purposes. Caretta's results of operations were included in our own as of December 29, 2006. Revenues from Caretta products are currently being included in the Industrial product line.

The following unaudited pro forma information presents the combined results of operations of the Company and Caretta for fiscal years 2007 and 2006 as if the acquisition had taken place at the beginning of the respective fiscal years. The pro forma numbers below include in-process research and development of $1.9 million expensed at the time of the acquisition. The information is provided for illustrative purposes only and is not necessarily indicative of the consolidated results of operations that actually would have occurred if the acquisition had taken place at the beginning of the respective fiscal years, nor is it necessarily indicative of the future operating results of the Company.

	March 31, 2007	March 25, 2006
Net revenues	$183,388	$193,694
Income before extraordinary items and accounting change	26,819	51,417
Net income	26,819	51,417
Basic income per share	$ 0.31	$ 0.60
Diluted income per share	0.30	0.59

6. Intangibles, net

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

	March 31, 2007		March 25, 2006	
	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
Core technology	$ 5,493	$ (1,012)	$ 1,390	$ (759)
Existing technology	2,730	(2,730)	2,730	(2,686)
License agreements	440	(289)	440	(240)
Technology licenses	12,400	(8,482)	11,622	(9,531)
Trademarks	320	(320)	320	(320)
	$21,383	$(12,833)	$16,502	$(13,536)

Amortization expense for all intangibles in fiscal years 2007, 2006, and 2005 was $1.8 million, $3.5 million, and $17.1 million, respectively.

The following table details the estimated aggregate amortization expense for all intangibles owned as of March 31, 2007 for each of the five succeeding fiscal years (in thousands):

For the year ended March 29, 2008	$2,506
For the year ended March 28, 2009	$1,727
For the year ended March 27, 2010	$1,203
For the year ended March 26, 2011	$ 479
For the year ended March 30, 2012	$ 460

7. Commitments and Contingencies

Facilities and Equipment Under Operating Lease Agreements

We lease our facilities and certain equipment under operating lease agreements, some of which have renewal options. Certain of these arrangements provide for lease payment increases based upon future fair market rates. Our principal facilities, located in Austin, Texas, consists of approximately 214,000 square feet of leased space, which have leases that expire from fiscal year 2007 to fiscal year 2013, excluding renewal options. It includes our headquarters and engineering facility, which has 197,000 square feet and no escalating rent clauses.

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

	Facilities	Subleases	Net Facilities Commitments	Equipment Commitments	Total Commitments
2008	$ 9,565	$3,471	$ 6,094	$13	$ 6,107
2009	8,621	2,984	5,637	7	5,644
2010	4,993	918	4,075	6	4,081
2011	4,651	763	3,888	2	3,890
2012	4,633	788	3,845	—	3,845
Thereafter	1,930	331	1,599	—	1,599
Total minimum lease payments	$34,393	$9,255	$25,138	$28	$25,166

Total rent expense was approximately $8.5 million, $8.6 million, and $11.5 million, for fiscal years 2007, 2006, and 2005, respectively. Sublease rental income was $4.0 million, $4.6 million, and $5.8 million, for fiscal years 2007, 2006, and 2005, respectively.

During fiscal year 2007, we recorded approximately $1.0 million and $0.7 million in charges to operating expense to adjust our loss contingency accruals for a change in sublease assumptions with regards to our facilities in Austin, Texas and Fremont, California, respectively. We also transitioned our design activities at our Boulder, Colorado design facility to our headquarters in Austin, Texas. This design facility is approximately 12,000 square feet in size and has a lease which expires in fiscal year 2011 however, there is an early termination option provided to us in the lease. If we choose to exercise that option, we will be released from our obligations under the lease in fiscal year 2009. The cost of exercising this option is immaterial. This transition is discussed in greater detail in Note 10, *"Restructuring and Other Costs."*

Further, we recorded a charge to operating expense during fiscal year 2006 in the amount of $4.4 million for certain subleases at our Austin, Texas facility that did not fully cover the monthly rent owed to our landlord. As of March 31, 2007, a total of $5.2 million related to these vacated leases remained accrued. Where appropriate, these amounts are classified as either long-term or short-term. These amounts are included in the table above; the $5.6 million in facilities restructuring accruals that existed for these leases as of March 31, 2007 are discussed in greater detail in Note 10, *"Restructuring and Other Costs."*

Wafer, Assembly and Test Purchase Commitments

We rely on third-party foundries for our wafer manufacturing needs. As of March 31, 2007, we had agreements with multiple foundries for the manufacture of wafers. None of these foundry agreements have volume purchase commitments or "take or pay" clauses. The agreements provide for purchase commitments based on purchase orders. Cancellation fees or other charges may apply and are generally dependent upon whether wafers have been started or the stage of the manufacturing process at which the notice of cancellation is given. As of March 31, 2007, we had foundry commitments of $4.1 million.

In addition to our wafer supply arrangements, we contract with third-party assembly vendors to package the wafer die into finished products. Assembly vendors provide fixed-cost-per-unit pricing, as is common in the semiconductor industry. We had non-cancelable assembly purchase orders with numerous vendors totaling $0.2 million at March 31, 2007.

We have transitioned all of our test services to outside third party contractors. Test vendors provide fixed-cost-per-unit pricing, as is common in the semiconductor industry. Our total non-cancelable commitment for outside test services as of March 31, 2007 was $4.6 million. Included in the $4.6 million are amounts associated with a manufacturing services agreement between Cirrus and Premier Semiconductor, LLC ("Premier") dated March 25, 2005, pursuant to which Cirrus has committed to purchase test services from Premier totaling $3.1 million and $1.0 million in fiscal years 2008 and 2009, respectively.

Other open purchase orders, including those for sorting and serialization, were immaterial as of March 31, 2007.

Other Contingencies

On June 3, 2003, the Inland Revenue Authority of Singapore ("IRAS") notified us that it disagreed with our classification of sales to certain disk drive customers from May 1997 through March 1998, resulting in additional goods and services taxes ("GST") owed by us. After a thorough review of these matters by both the Company and representatives from IRAS, we reached an agreement in the third quarter of 2005 on this and all other audit issues covering years 1997 through 2000. As a result, instead of incurring a liability, the Company received $2.3 million for reclaimed GST collected by vendors during the years 1997 through 2000. This amount was reported as a reduction of our selling, general and administrative expenses during fiscal year 2005.

8. Legal Matters

Derivative Lawsuits

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

On March 19, 2007, another purported stockholder filed a derivative lawsuit related to the Company's prior stock option grants in the United States District Court for the Western District of Texas – Austin Division against current and former officers and directors of Cirrus Logic and against the Company, as a nominal defendant. The individual defendants named in this lawsuit overlap, but not completely, with the state suit. The lawsuit alleges many of the causes of action alleged in the Texas state court suit, but also includes claims for alleged violations of Section 10(b) of the Exchange Act and Rule 10b-5, violations of Section 14(a) of the Exchange Act and violations of Section 20(a) of the Exchange Act. On April 10, 2007, we filed a motion to dismiss the complaint on the grounds that the plaintiff was supposed to make demands on the Board before filing the lawsuit. The plaintiff has not filed a response and no hearing before the court is currently set on the motion to dismiss.

On March 30, 2007, a different purported stockholder filed a nearly identical derivative lawsuit to the March 19, 2007 derivative lawsuit in the United States District Court for the Western District of Texas – Austin Division with identical allegations against the same defendants.

On May 22, 2007, a fourth derivative lawsuit related to the Company's prior stock option grants was filed. This lawsuit was also filed in the United States District Court for the Western District of Texas-Austin Division and contained similar allegations to the other previously filed derivative lawsuits.

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 ICs 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 received $45 million from Sumitomo, $40 million from Amkor, and $40 million from Cirrus Logic's insurance carriers. Fujitsu paid 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 quarter of fiscal year 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. On August 2, 2005, the district court dismissed the case without prejudice.

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. As originally drafted, the lease agreement for this facility included 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.

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 sought a declaration that we had 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.

On November 30, 2005, we entered into a Settlement Agreement and Release with our landlord for the purpose of settling all claims associated with the suit. The settlement provided mutual releases associated with any obligations by either party with respect to leasing additional space in a new building. As part of the settlement, we paid our landlord $150,000 and agreed to amend the current lease such that we are now bound to maintain our Letter of Credit in the amount of $5.1 million until November 2011, at which point the requirement decreases to $2.6 million with the Letter of Credit ceasing in May 2012. This modifies the original letter of credit in that the new letter of credit does not decline until November 2011. All claims and counterclaims in the suit were dismissed on December 13, 2005.

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.

9. License Agreement Amendment

During the fourth quarter of fiscal year 2006, we realized a gain of $7 million resulting from a one-time cash receipt associated with an amendment to an existing licensing agreement, in which certain rights to Cirrus Logic were terminated from a prior cross-license agreement. The proceeds were recorded as a separate line item on the statement of operations in operating expenses under the heading *"License agreement amendment."*

10. Restructuring Costs and Other

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

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

	Severance	Facilities Abandonment	Total
Balance, March 25, 2006	$ —	$ —	$ —
Fiscal year 2007 provision	716	278	994
Cash payments, net	(521)	(74)	(595)
Balance, March 31, 2007	$ 195	$204	$ 399

During fiscal year 2007, we accrued an additional $0.1 million for severance activities. With respect to our facilities abandonment accruals, we increased our restructuring accrual by $0.3 and $0.1 million to account for additional property taxes and other facilities costs, respectively, on certain facilities in Fremont, California. During fiscal year 2006, we recorded a total net restructuring charge of $3.1 million in operating expenses for severance and facility related items primarily associated with workforce reductions related to the sale of the digital video product line assets and our revised sublease assumption for a previously exited facility. This action affected approximately 10 individuals worldwide and resulted in a net charge of approximately $0.4 million. In connection with the digital video product line asset sale, we ceased using certain leased office space in our Fremont, California location. Accordingly, we recorded a restructuring charge of $1.1 million related to the exit from this facility. Partially offsetting the restructuring charge was $0.8 million related to the gain on the digital video product line asset sale. For further detail, see Note 4, *"Non Marketable Securities."*

The following table sets forth the activity in our fiscal year 2006 restructuring accrual (in thousands)

	Severance	Facilities Abandonment	Total
Balance, March 26, 2005	$ —	$ —	$ —
Fiscal year 2006 provision	412	2,299	2,711
Cash payments, net	(412)	(353)	(765)
Balance, March 25, 2006	$ —	$1,946	$1,946
Fiscal year 2007 provision	86	292	378
Cash payments, net	(86)	(511)	(597)
Balance, March 31, 2007	$ —	$1,727	$1,727

Fiscal year 2007 activity included a $0.8 million credit to restructuring for the acquisition of a subtenant at our headquarters in Austin, Texas earlier than we had previously expected. This credit was partially offset by the accrual of $0.5 million in additional property taxes on certain facilities in Austin, Texas and Fremont, California. During fiscal year 2006, due to the continued depressed real estate market, we recorded an additional charge of $1.8 million for certain leases in California related to our fiscal year 2004 restructuring activity, due to a change in our sublease assumptions. During fiscal year 2005, we re-assessed our sublease assumptions related to our restructured facilities and determined that an additional $0.2 million was required due to our inability to sublease certain facilities. During fiscal year 2004, we recorded a charge of $1.7 million in operating expenses primarily related to severance for headcount reductions. We eliminated approximately 130 positions from various job classes and functions during fiscal year 2004, with the majority of the reductions in Austin, Texas, primarily in selling, general and administrative functions and in our Colorado operations, primarily in engineering. Included in this reduction was the elimination of 64 of approximately 120 test operation positions and a total severance charge of approximately $0.4 million as part of our previously announced plan to reduce headcount associated with our outsourcing agreement with ChipPAC. Also during fiscal year 2004, we recorded a restructuring charge of $6.2 million in operating expenses for facility consolidations primarily in California and Texas, an impairment charge of $1.5 million for property and equipment associated with our Austin, Texas facility consolidation and an impairment charge of $0.2 million for property and equipment associated with our Tokyo, Japan facility consolidation. Our facility commitments for the fiscal year 2004 actions will be completed during fiscal year 2013.

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

	Severance	Facilities Abandonment	Total
Balance, March 29, 2003	$ —	$ —	$ —
Fiscal year 2004 provision	1,688	6,205	7,893
Cash payments, net	(1,514)	(908)	(2,422)
Balance, March 27, 2004	$ 174	$ 5,297	$ 5,471
Fiscal year 2005 provision	—	178	178
Cash payments, net	(174)	(944)	(1,118)
Balance, March 26, 2005	$ —	$ 4,531	$ 4,531
Fiscal year 2006 provision	—	627	627
Cash payments, net	—	(954)	(954)
Balance, March 25, 2006	$ —	$ 4,204	$ 4,204
Fiscal year 2007 provision	—	214	214
Cash payments, net	—	(1,124)	(1,124)
Balance, March 31, 2007	$ —	$ 3,294	$ 3,294

The remaining balance for the fiscal year 1999 restructuring relates to a contractual obligation of $0.4 million with a tenant to whom we have subleased space that expired in fiscal year 2007.

As of March 31, 2007, we have a remaining restructuring accrual for all of our past restructurings of $5.8 million, primarily related to net lease expenses that will be paid over the respective lease terms through fiscal year 2013, along with other anticipated lease termination costs. We have classified the short-term portion of our restructuring activities as *"Other accrued liabilities."*

11. Employee Benefit Plans

We have a 401(k) Profit Sharing Plan (the "Plan") covering substantially all of our qualifying domestic employees. Under the Plan, employees may elect to contribute any percentage of their annual compensation up to the annual IRS limitations. We match 50 percent of the first 6 percent of the employees' annual contribution to the plan. During fiscal years 2007, 2006, and 2005, we made matching employee contributions for a total of approximately $0.8 million, $0.8 million, and $0.9 million, respectively.

12. Stockholders' Equity

Employee Stock Purchase Plan

In March 1989, we adopted the 1989 Employee Stock Purchase Plan ("ESPP"). As of March 31, 2007, 0.9 million shares of common stock were reserved for future issuance under this plan. During fiscal years 2007, 2006, and 2005, we issued 48,000, 339,000, and 422,000 shares, respectively, under the ESPP. In fiscal year 2006, the Board of Directors of the Company approved amendments to the ESPP eliminating the six-month look back feature of the plan and reducing the purchase price discount from 15 percent to 5 percent. These modifications became effective for all ESPP options granted during fiscal year 2007. Based on these modifications, the plan is no longer compensatory and the company does not recognize any compensation expense associated with the ESPP grants. The weighted average estimated fair values for purchase rights granted under the ESPP for fiscal years 2006 and 2005 were $1.57 and $2.25, respectively.

Preferred Stock

On May 24, 2005, the Board of Directors of the Company approved an amendment (the "Amendment") to the Amended and Restated Rights Agreement, dated as of February 17, 1999, between the Company and BankBoston, N.A., as Rights Agent. The Amendment accelerates the termination of the Company's preferred stock purchase rights (the

"Rights") from the close of business on May 4, 2008 to the close of business on May 26, 2005. On May 25, 2005, the Chief Financial Officer ("CFO") signed a Certificate of Elimination that was subsequently filed with the Secretary of State of the State of Delaware which had the effect of eliminating from the Company's Certificate of Incorporation all references to the Series A Participating Preferred Stock of the Company and returning these shares to the status of undesignated shares of authorized Preferred Stock of the Company. We have not issued any of the authorized 1.5 million shares of Series A Participating Preferred Stock.

Stock Incentive Plans

Effective March 26, 2006, the beginning of our fiscal year 2007, the Company adopted the provisions of the *Statement of Financial Accounting Standards No. 123(R)* ("SFAS No. 123(R)") and, in doing so, consulted the guidance provided in *Staff Accounting Bulletin No. 107* ("SAB No. 107"). SFAS No. 123(R) requires stock-based compensation to be accounted for under the fair value method and requires the use of an option pricing model for estimating fair value. Accordingly, stock-based compensation is measured at grant date based on the fair value of the award. The Company previously accounted for awards granted under its equity incentive plans under the intrinsic value method prescribed by *Accounting Principles Board Opinion No. 25* ("APB No. 25"), *"Accounting for Stock Issued to Employees,"* and related interpretations, and provided the required pro forma disclosures prescribed by SFAS No. 123, *"Accounting for Stock-Based Compensation,"* as amended.

Under the modified prospective method of adoption for SFAS No. 123(R), the compensation cost recognized by the Company beginning in fiscal year 2007 includes (a) compensation cost for all equity incentive awards granted prior to, but not yet vested as of March 26, 2006, based on the grant-date fair value estimated in accordance with the original provisions of SFAS No. 123, and (b) compensation cost for all equity incentive awards granted subsequent to March 25, 2006, based on the grant-date fair value estimated in accordance with the provisions of SFAS No. 123(R). The Company uses the accelerated method to recognize stock-based compensation costs over the service period of the award. Upon exercise, cancellation, or expiration of stock options, deferred tax assets for options with multiple vesting dates are eliminated for each vesting period on a first-in, first-out basis as if each tranche was a separate award.

We have stock incentive plans (the "Stock Plans") under which officers, employees, non-employee directors and consultants may be granted qualified and non-qualified options to purchase shares of our authorized but not issued common stock. Our policies state that options are priced at the fair market value of the stock on the date of grant. Options granted to employees are exercisable upon vesting, generally in tranches over four years and certain options granted to non-employee directors are exercisable upon grant. Options expire no later than ten years from the date of grant.

Stock-based compensation recognized in fiscal year 2007 as a result of the adoption of SFAS No. 123(R), as well as pro forma disclosures according to the original provisions of SFAS No. 123 for periods prior to the adoption of SFAS No. 123(R), use the Black-Scholes option pricing model for estimating fair value of options granted under the Company's equity incentive plans.

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

	Fiscal Years Ended		
	March 31, 2007	**March 25, 2006**	**March 26, 2005**
Cost of sales	$ 63	$ 20	$ 1
Research and development	2,050	685	539
Sales, general and administrative	3,243	1,029	65
Effect on income from continuing operations (before taxes)	5,356	1,734	605
Income Tax Benefit	—	—	—
Total share based compensation expense (net of taxes)	$5,356	$1,734	$ 605
Share based compensation effects on basic earnings (loss) per share	$ 0.06	$ 0.02	$0.01
Share based compensation effects on diluted earnings (loss) per share	$ 0.06	$ 0.02	$0.01
Share based compensation effects on operating activities cash flow	5,356	1,734	605
Share based compensation effects on financing activities cash flow	—	—	—

During fiscal year 2007, we received a net $6.0 million from the exercise of options granted under the Company's Stock Plans.

The total intrinsic value of options exercised during fiscal year 2007, 2006, and 2005 was $4.1 million, $4.6 million, and $0.8 million, respectively. Intrinsic value represents the difference between the market value of Cirrus Logic common stock at the time of exercise and the strike price of the option.

As of March 31, 2007, there was $5.5 million of compensation cost related to non-vested stock option awards granted under the Company's equity incentive plans not yet recognized in the Company's financial statements. The unrecognized compensation cost is expected to be recognized over a weighted average period of 1.24 years.

As of March 31, 2007, approximately 25.7 million shares of common stock were reserved for issuance under the Option Plans. Additional information with respect to stock option activity is as follows (in thousands, except per share amounts):

		Outstanding Options	
	Options Available for Grant	Number	Weighted Average Exercise Price
Balance, March 27, 2004	13,130	11,037	$ 9.83
Shares authorized for issuance	3,376	—	—
Options granted	(3,463)	3,463	5.43
Options exercised	—	(390)	3.34
Options forfeited	1,680	(1,680)	9.89
Options expired	—	(106)	—
Balance, March 26, 2005	14,723	12,324	$ 8.79
Shares authorized for issuance	3,408	—	—
Options granted	(2,446)	2,446	7.46
Options exercised	—	(1,270)	3.75
Options forfeited	1,370	(1,370)	9.76
Options expired	—	(170)	—
Balance, March 25, 2006	17,055	11,960	$ 8.93
Shares authorized for issuance	20,473	—	—
Option plans terminated	(22,463)	—	—
Options granted	(421)	421	7.52
Options exercised	—	(1,299)	5.26
Options forfeited	2,062	(812)	6.54
Options expired	—	(1,250)	16.68
Balance, March 31, 2007	16,706	9,020	$ 8.54

Additional information with regards to outstanding options that are vesting, expected to vest, or exercisable as of March 31, 2007 is as follows:

	Number of Options (thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (thousands)
Vested and expected to vest	8,240	$8.72	4.95	$9,837
Exercisable	6,510	$9.23	4.08	$8,098

The following table summarizes information regarding outstanding and exercisable options as of March 31, 2007:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	**Number (in thousands)**	**Weighted Average Remaining Contractual Life**	**Weighted Average Exercise Price**	**Number Exercisable (in thousands)**	**Weighted Average Exercise Price**
$ 0.19 - $ 2.60	212	5.89	$ 2.38	212	$ 2.38
$ 2.61 - $ 3.40	714	6.22	3.40	665	3.40
$ 3.41 - $ 5.16	1,673	7.42	4.92	1,007	4.88
$ 5.17 - $ 6.97	1,244	6.49	6.56	944	6.55
$ 6.98 - $ 9.00	2,880	6.86	7.64	1,455	7.69
$ 9.01 - $14.33	979	1.78	10.60	909	10.70
$14.34 - $16.69	780	4.06	16.00	780	16.00
$16.70 - $44.50	538	3.93	23.80	538	23.80
	9,020	5.51	$ 8.54	6,510	$ 9.23

As of March 25, 2006 and March 26, 2005, the number of options exercisable was 7.2 million and 6.9 million, respectively.

In accordance with the provisions of SFAS No. 123(R), options outstanding that are expected to vest are presented net of estimated future option forfeitures, which are estimated as compensation costs are recognized. Options with a fair value of $4.8 million, $5.3 million and $4.6 million became vested during fiscal years 2007, 2006 and 2005, respectively.

Stock-Based Compensation

If we had recorded compensation cost for all of our Stock Incentive Plans based upon the Black-Scholes fair value at the grant date for awards under the Option Plans consistent with the optional methodology prescribed under Statement of SFAS No. 123 the net income (loss) and earnings per share would have been as shown below (in thousands, except per share data):

	March 25, 2006	March 26, 2005
Net income (loss), as reported	$52,426	$(13,496)
Pro forma net income (loss)	46,127	(25,531)
Basic net income (loss) per share, as reported	$ 0.61	$ (0.16)
Pro forma basic net income (loss) per share	0.54	(0.30)
Diluted net income (loss) per share, as reported	0.60	(0.16)
Pro forma diluted net income (loss) per share	0.53	(0.30)

For purposes of pro forma disclosures, the estimated fair value of the options are amortized to expense over the vesting period (for options) and the six-month purchase period (for stock purchases under the ESPP) using the accelerated method.

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

	March 31, 2007	March 25, 2006	March 26, 2005
Employee Option Plans:			
Expected stock price volatility	36.73-47.80%	40.23-94.39%	96.80%
Risk-free interest rate	4.65-4.99%	3.70-4.80%	3.9%
Expected lives (in years)	1.45-3.09	0.70-1.62	1.31
Employee Stock Purchase Plan:			
Expected stock price volatility	—	40.23-50.00%	50.00-96.80%
Risk-free interest rate	—	3.38-4.80%	1.66%
Expected lives (in years)	—	0.00-0.50	0.50

Using the Black-Scholes option valuation model, the weighted average estimated fair values of employee stock options granted in fiscal years 2007, 2006, and 2005, were $2.97, $2.36, and $3.60, respectively. The weighted average estimated fair values for purchase rights granted under the ESPP for fiscal years 2006 and 2005 were $1.57 and $2.25, respectively.

Rights Plan

In May 1998, the Board of Directors declared a dividend of one preferred share purchase right (a "Right") for each share of common stock outstanding held as of May 15, 1998. Each Right would have entitled stockholders to purchase one one-hundredth of a share of our Series A Participating Preferred Stock at an exercise price of $60. The Rights only became exercisable in certain limited circumstances following the tenth day after a person or group announces acquisitions of or tender offers for 15 percent or more of our common stock. For a limited period following the announcement of any such acquisition or offer, the Rights were redeemable by us at a price of $0.01 per Right. If the Rights were not redeemed, each Right then entitled the holder to purchase common stock having the value of twice the exercise price. For a limited period after the Rights were exercisable, each Right, at the discretion of the Board, could be exchanged for one share of common stock per Right. The Rights were originally scheduled to expire in fiscal year 2009.

On May 24, 2005, the Board of Directors of the Company approved an amendment to the Amended and Restated Rights Agreement, dated as of February 17, 1999, between the Company and BankBoston, N.A., as Rights Agent. The Amendment accelerates the termination of the Company's preferred stock purchase rights from the close of business on May 4, 2008 to the close of business on May 26, 2005. On May 25, 2005, the CFO signed a Certificate of Elimination that was subsequently filed with the Secretary of State of the State of Delaware which had the effect of eliminating from the Company's Certificate of Incorporation all references to the Series A Participating Preferred Stock of the Company and returning these shares to the status of undesignated shares of authorized Preferred Stock of the Company, thereby terminating the Rights plan.

13. Accumulated Other Comprehensive Income (Loss)

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

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

	Foreign Currency	Unrealized Gains (Losses) on Securities	Total
Balance, March 27, 2004	$(770)	$ 599	$ (171)
Current-period activity	—	(982)	(982)
Balance, March 26, 2005	(770)	(383)	(1,153)
Current-period activity	—	263	263
Balance, March 25, 2006	(770)	(120)	(890)
Current-period activity	—	107	107
Balance, March 31, 2007	$(770)	$ (13)	$ (783)

14. Income Taxes

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

	March 31, 2007	March 25, 2006	March 26, 2005
United States	$21,226	$45,230	$(34,254)
Non-U.S.	(1,733)	161	(31)
	$19,493	$45,391	$(34,285)

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

	March 31, 2007	March 25, 2006	March 26, 2005
Current:			
Federal	$ —	$ —	$(15,247)
State	—	—	(5)
Non-U.S.	(780)	(6,695)	(5,537)
Total Current Tax Benefit	$ (780)	$(6,695)	$(20,789)
Deferred:			
U.S.	$(7,797)	$ —	$ —
Non-U.S.	175	(340)	—
Total Deferred Tax Benefit	(7,622)	(340)	—
Total Tax Benefit	$(8,402)	$(7,035)	$(20,789)

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

	March 31, 2007	March 25, 2006	March 26, 2005
Expected income tax provision (benefit) at the US federal statutory rate	35.0	35.0	(35.0)
In-process research and development	3.5	—	—
Net operating loss and future deductions not currently benefited	—	—	34.9
Release of valuation allowance due to expected future utilization	(40.0)	—	—
Utilization of deferred tax assets that had a full valuation allowance	(39.2)	(34.0)	—
Reversals of previously accrued taxes and tax refunds	(3.7)	(14.8)	(62.0)
Unbenefited non-U.S. losses	—	—	0.6
Other	1.3	(1.7)	0.9
Benefit for income taxes	(43.1)	(15.5)	(60.6)

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

	March 31, 2007	March 25, 2006
Deferred tax assets:		
Inventory valuation	$ 4,030	$ 3,885
Accrued expenses and allowances	4,371	5,546
Net operating loss carryforwards	173,601	173,488
Research and development tax credit carryforwards	35,561	35,143
State investment tax credit carryforwards	400	1,088
Capitalized research and development	40,605	49,736
Depreciation and Amortization	4,224	4,364
Other	10,585	10,459
Total deferred tax asset	$ 273,377	$ 283,709
Valuation allowance for deferred tax assets	(265,485)	(283,369)
Net deferred tax assets	$ 7,892	$ 340
Deferred tax liabilities:		
Acquisition intangibles	$ 1,324	$ —
Total deferred tax liabilities	$ 1,324	$ —
Total net deferred tax assets	$ 6,568	$ 340

The valuation allowance decreased by $17.9 million in fiscal year 2007 and decreased by $18.1 million in fiscal year 2006. During fiscal year 2007, we released $7.8 million of the valuation allowance that had been placed on our U.S. deferred tax assets. Based on our recent history of utilizing deferred tax assets and our expectation to continue to utilize deferred tax assets in fiscal year 2008, we determined that it was more likely than not that the $7.8 million of U.S. deferred tax assets would be realized. We also recorded a nonrecurring tax benefit totaling $0.7 million that consisted of the reversal of prior year non-U.S. tax liabilities. These reversals were due to the expiration of the statute of limitations for years in which certain potential non-U.S. tax liabilities existed. At March 31, 2007, we had federal net operating losses carryforwards of $468.4 million. Of that amount, $75.4 million relates to companies we acquired during fiscal year 2002 and are, therefore, subject to certain limitations under Section 382 of the Internal Revenue Code. In addition, approximately $30.3 million of the federal net operating loss is attributable to employee stock option deductions, the benefit from which will be allocated to additional paid-in capital rather than current earnings if subsequently realized. We have net operating losses in various states that total $120.0 million. The federal net operating loss carryforwards expire in fiscal years 2008 through 2027. The state net operating loss carryforwards expire in fiscal years 2008 through 2027. We also have non-U.S. net operating losses of $5.1 million of which $3.6 million do not expire and $1.5 million expire in calendar years 2009 through 2011.

There are federal research and development credit carryforwards of $20.8 million that expire in fiscal years 2008 through 2027. There are $14.7 million of state research and development credits. Of that amount, $3.0 million will expire in fiscal years 2021 through 2026. The remaining $11.7 million of state research and development credits are not subject to expiration. The state investment credits of $0.4 million will expire in fiscal years 2008 through 2010.

We have approximately $5.7 million of cumulative undistributed earnings in certain non-U.S. subsidiaries. We have not recognized a deferred tax liability on these undistributed earnings because the Company currently intends to reinvest these earnings in operations outside the U.S. The unrecognized deferred tax liability on these earnings is approximately $2.1 million. With our current tax attributes, if the earnings were distributed, we would most likely not accrue any additional current income tax expense because this income would be offset by our net operating loss carryforwards and other future deductions.

Our current income 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.

15. Segment Information

We are a premier supplier of high-precision analog and mixed-signal ICs for a broad range of consumer, professional, and industrial markets. We develop and market 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 Statement of Financial Accounting Standard No. 131 ("SFAS 131"), *"Disclosures about Segments of an Enterprise and Related Information."* Our chief executive officer ("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, supply chain management, various research and development and engineering support, in addition to the general and administrative functions of human resources, legal, finance and information technology. As of March 31, 2007, we have one operating segment with three different product lines.

Our revenue by product line is as follows (in thousands):

	March 31, 2007	March 25, 2006	March 26, 2005
Mixed-signal audio products	$ 85,278	$ 95,384	$ 96,083
Embedded products	46,791	52,258	46,645
Industrial products	50,235	34,771	34,109
Video products	—	11,281	18,063
Total	$182,304	$193,694	$194,900

On December 29, 2006, we completed the acquisition of 100 percent of the voting equity interests in Caretta, a company based in Shanghai, China that specializes in designing power management integrated circuits for the large, single-cell lithium ion battery market. At the current time, we are including revenue from these products as a component of the Industrial product line. For further details regarding the acquisition of Caretta, please see Note 5, *"Acquisitions."*

On June 30, 2005, we completed the sale of our digital video product line assets to Magnum Semiconductor, Inc. By selling the digital video product line assets, we are able to focus on our core analog, mixed-signal and embedded product lines for audio and industrial markets. We no longer have digital video product revenue due to this transaction. With the sale of the digital video product line assets, we have reclassified a product previously reported as part of the digital video products as part of the embedded product line. We retained the rights to sell this specific product as part of the digital video product line divestiture.

Geographic Area

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

	March 31, 2007	March 25, 2006	March 26, 2005
United States	$ 69,515	$ 71,191	$ 62,885
European Union	17,415	25,794	26,968
United Kingdom	3,245	3,408	3,597
China	22,693	20,934	22,692
Hong Kong	7,064	15,451	12,537
Japan	14,822	11,869	9,740
South Korea	9,979	10,772	17,054
Taiwan	10,878	11,283	14,412
Other Asia	14,506	15,506	19,556
Other non-U.S. countries	12,187	7,486	5,459
Total consolidated revenues	$182,304	$193,694	$194,900

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

	March 31, 2007	March 25, 2006
United States	$10,928	$13,557
United Kingdom	30	35
China	264	175
Hong Kong	14	51
Japan	9	15
South Korea	78	114
Taiwan	19	17
Other Asia	65	87
Total consolidated property and equipment, net	$11,407	$14,051

16. Quarterly Results (Unaudited)

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

The unaudited quarterly statement of operations data for each quarter of fiscal years 2007 and 2006 were as follows (in thousands, except per share data):

	Fiscal Year 2007			
	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Net sales	$43,647	$45,297	$48,179	$45,181
Gross margin	26,278	27,411	28,165	27,160
Net income	7,279	3,464	9,327	7,825
Basic income per share	$ 0.08	$ 0.04	$ 0.11	$ 0.09
Diluted income per share	0.08	0.04	0.11	0.09

	Fiscal Year 2006			
	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Net sales	$42,158	$48,253	$50,461	$52,822
Gross margin	24,475	26,565	26,853	27,299
Net income (loss)	14,946	12,681	(1,109)	25,908
Basic income (loss) per share	$ 0.17	$ 0.15	$ (0.01)	$ 0.30
Diluted income (loss) per share	0.17	0.14	(0.01)	0.30

17. Related Party Transactions

The Company had two outstanding loans to Mr. David D. French ("Mr. French"), our former President and Chief Executive Officer, only one of which remained outstanding as of March 31, 2007. Both loans were "grandfathered" under Section 402 of the Sarbanes-Oxley Act of 2002, which prohibits loans to directors and executive officers that are made, renewed or materially modified after July 30, 2002. Neither of the loans described below have been modified or renewed since the Company made them to Mr. French.

In October 1998, the Company extended a loan to Mr. French for the purchase of his principal residence in Texas. The original principal amount of the loan was $721,899 and carries an interest rate of 5.64 percent per annum. The terms of the loan state that the principal and accrued interest is due and payable on the earlier of (i) September 1, 2013, (ii) 180 days following the date of the termination of his employment for any reason, or (iii) upon sale of the residence. On March 5, 2007, just before the end of fiscal year 2007, Mr. French resigned in light of the findings of a voluntary review of the Company's past stock option granting practices performed by a Special Committee of the Company's Board of Directors ("the Board"). Pursuant to the terms described above, the loan will now be due and payable no later than September 1, 2007, although payment may be required sooner should the residence be sold before that date. The aggregate amount of principal plus accrued interest outstanding under this loan at the end of fiscal years 2007 and 2006 was $1,151,000 and $1,088,000 and, respectively. This loan is currently classified as a short-term asset on the balance sheet under *"Other current assets."* In the event of his death or disability, the principal and accrued interest will be forgiven, subject to applicable law.

In July 1999, the Company also advanced a personal loan in the original principal amount of $750,000 to Mr. French. The note bore interest at 5.82 percent per annum and was secured by 90,000 shares of the Company's common stock held in escrow. The note and accrued interest were due and payable upon the earlier of (i) July 21, 2004 or (ii) 180 days following the termination of Mr. French's employment. The aggregate amount of principal plus accrued interest outstanding under this loan at the end of fiscal year 2004 was $978,079 and was classified as a current asset. During fiscal year 2005, the loan accrued an additional $17,397 of interest. On July 21, 2004, Mr. French fulfilled his obligation with respect to this loan and paid the final outstanding balance of $995,476.

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

None.

ITEM 9A. *Controls and Procedures*

A Board-appointed Special Committee recently completed an investigation into our historical stock option granting practices. In light of the findings of the Special Committee and the restatement of our financial statements for fiscal years 2002 through 2006 as well as the first quarter of fiscal year 2007, management re-evaluated the assessment presented in Management's Report on Internal Control Over Financial Reporting in our Annual Report on Form 10-K for the fiscal year ended March 25, 2006. As stated in the Amended Annual Report 10-K/A filed with the SEC on April 18, 2007, management concluded that the Company had a material weakness with respect to our control environment as it relates to stock option granting practices, including the involvement of our former CEO in the grant process, and that, solely for this reason, its internal control over financial reporting and its disclosure controls and procedures were not effective as of March 25, 2006.

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are intended to ensure that the information required to be disclosed in our Securities Exchange Act of 1934 (the "Exchange Act") filings are properly and timely recorded and reported. Our management is responsible for establishing and maintaining effective internal controls over financial reporting. We have formed a Disclosure Review Committee comprised of key individuals from several disciplines within the Company who are involved in the disclosure and reporting process. This committee, which is led by the Corporate Controller, meets periodically to ensure the timeliness, accuracy, and completeness of the information required to be disclosed in our filings.

In connection with the filing of this Annual Report on Form 10-K, our current management, under the supervision of our CEO and Chief Financial Officer ("CFO"), conducted an evaluation of our disclosure controls and procedures as of March 31, 2007. Based on this evaluation, our CEO and CFO concluded that the Company has remediated the material weakness in internal control over financial reporting relating to stock option granting practices and that our disclosure controls and procedures were effective at a reasonable assurance level on March 31, 2007.

Management's Annual Report on Internal Control Over Financial Reporting

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

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

Based on its assessment of internal control over financial reporting, management has concluded that our internal control over financial reporting was effective as of March 31, 2007 to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of our financial statements for external purposes in accordance with U.S. generally accepted accounting principles.

Our independent registered public accounting firm, Ernst & Young LLP, has issued an attestation report on management's updated assessment of our internal control over financial reporting as of March 31, 2007, included in Item 8 of this report.

Remediation of the Material Weaknesses in Internal Control over Financial Reporting

Beginning November, 2002, the Company has implemented a number of improvements to its internal grant procedures. In particular, we implemented improvements to our granting processes for broad-based annual grants. For annual grants after 2002, the Company followed a practice to ensure:

- The grant date was established at a Board or Committee meeting prior to the grant date; and
- The list of recipients was final and approved by the grant date.

Further, for monthly grants after 2002, the Company followed a monthly grant process for obtaining approval of proposed option grants (the "Monthly Consent Process") to ensure:

- A more formalized process and checklist was completed with regard to the Monthly Consent Process; and
- Proposed unanimous written consents ("UWCs") for option grants were sent to the Compensation Committee on the monthly grant date, which was usually the first Wednesday of each month (the "Monthly Grant Date").

In 2005, the Monthly Consent Process was further refined as follows:

- Proposed UWCs for option grants were sent to the Compensation Committee on Friday a week prior to the Monthly Grant Date to allow additional time to review; and
- The bylaws were amended to permit electronic approvals of UWC's by the Compensation Committee.

In addition, during our initial internal review of stock option granting practices in 2006, we further improved and strengthened our Monthly Consent Process related to our stock option program through the addition of the following controls designed to provide appropriate safeguards and greater internal control over the stock option granting and administrative function:

- The stock option granting procedures have been formalized, documented and approved by the Compensation Committee and the Board;
- Using a checklist, the Company's Stock Administrator tracks each step of the Monthly Consent Process to ensure all items in the process are completed and all necessary records are properly maintained.
- Approximately two weeks before the Monthly Grant Date, the Stock Administrator creates the proposed grant list. The list is populated from Personnel Action Notices ("PANs") received from Human Resources ("HR") and Special Stock Option Grant Requests ("SSOGRs") are approved via the SSOGR application in SAP. All requests for grants outside the Company's grant guidelines include a "Request for Exception to Guidelines" form that includes the reasons for the proposed grant outside the Company's grant guidelines. The "vesting start date" for all proposed grants is set as the Monthly Grant Date.
- The Stock Administrator sends the proposed grant list to HR to confirm:
  - the list is complete and correct;
  - special exception forms have been obtained for any grants that fall outside guidelines; and
  - there are no open negotiations with any proposed recipients relating to any of the proposed grants.
- The Stock Administrator updates the information contained in the "Equity Incentive Awards Year-to-Date Status for Fiscal Year" report, which is provided to the Compensation Committee members on a monthly basis.
- Approximately ten days prior to the Monthly Grant Date, the Stock Administrator emails a proposed written consent and associated exhibits to the members of the Compensation Committee.
- Upon receiving consent for the grants from a member of the Compensation Committee, the Stock Administrator records the date the consent is received on the checklist. A Committee member may approve the proposed UWC by signing and returning the UWC to the Stock Administrator, or alternatively, by sending an electronic message (e.g., email) to the Stock Administrator indicating the Committee member's approval.
- If the Stock Administrator has not received the UWC from all members of the Compensation Committee at least three days before the Monthly Grant Date, the Stock Administrator will re-send the request for approvals and

another copy of the UWC. In addition, the Corporate Secretary of the Company will provide the proper required notice of a Compensation Meeting to be held on or before the Monthly Grant. The purpose of the meeting will be to review the proposed option grants previously delivered to the Committee.

- After Compensation Committee approval has been received, the Stock Administrator informs HR that the proposed grants have been approved. HR notifies the recipient of the approved grants by email on or prior to the Monthly Grant Date.
- If the proposed grants have not been approved by the Compensation Committee before the Monthly Grant Date, then the Company will not grant or price any awards for that month. All proposed grants may be included for approval in the following month's grant list and must be approved again pursuant to these procedures.
- If the Compensation Committee has approved the grants but employees are not notified of the approvals on or before the Monthly Grant Date, then HR contacts the General Counsel prior to providing any such notice. The General Counsel determines whether to proceed with notifying employees of the approved grants or require the grants be approved again pursuant to these procedures.
- The Stock Administrator prepares a list of the approved grants and transmits the list to the Company's Third-Party Stock Plan Administrator.
- The Stock Administrator maintains the appropriate records with the Company corporate minute books and records.
- The Stock Administrator maintains a cumulative summary document that provides a summary of all equity incentive grants issued by the Company for the current fiscal year.
- After notifying the Company's Third Party Stock Plan Administrator of the awards, the Stock Administrator runs a report for the Monthly Grant Date from the Third Party Stock Plan Administrator's database to confirm that all grants sent to them have been entered in their database under the correct employee names and identification numbers.
- Any material deviation from these procedures must be approved by the Company's General Counsel. The Stock Administrator notifies the Company's Chief Financial Officer and the General Counsel of any material deviation from these procedures that is not approved in advance by the General Counsel.

As of the date of this filing, these controls continue to be in effect.

Neither management, nor the Special Committee has identified any grant dates selected with hindsight or prior to completing the formal approval process since 2003. The adjustments to our financial statements principally resulted from revisions made to measurement dates for certain options granted prior to December 31, 2002. The Company is currently reviewing the Special Committee recommendations to ensure that we continue to strengthen our controls over our stock option granting process.

This material weakness was initially identified in conjunction with the Special Committee's investigation and was remediated based upon previously implemented process improvements and the subsequent resignation of our former chief executive officer on March 5, 2007.

Changes in Internal Control over Financial Reporting

Except for the remediation to the material weakness described above, there were no other changes in our internal control over financial reporting that occurred during our most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our management, including the CEO and CFO, do not expect that our Disclosure Controls or our internal control over financial reporting will prevent or detect all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and breakdowns can occur as a result of simple errors or mistakes. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

PART III

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

The information set forth in the Proxy Statement to be delivered to stockholders in connection with our Annual Meeting of Stockholders to be held on July 27, 2007 under the headings "Board Structure and Compensation," "Proposal 1: Election of Directors," "Executive Officers," and "Section 16(a) Beneficial Ownership Reporting Compliance" is incorporated herein by reference.

ITEM 11. *Executive Compensation*

The information set forth in the Proxy Statement under the heading "Executive Compensation and Other Information," is incorporated herein by reference.

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

The information set forth in the Proxy Statement under the heading "Stock Ownership," is incorporated herein by reference.

ITEM 13. *Certain Relationships and Related Transactions*

The information set forth in the Proxy Statement under the heading "Certain Relationships and Related Transactions," is incorporated herein by reference.

ITEM 14. *Principal Accountant Fees and Services*

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

PART IV

ITEM 15. *Exhibit and, Financial Statement Schedules*

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

1. *Consolidated Financial Statements*

   - Reports of Ernst & Young LLP, Independent Registered Public Accounting Firm.
   - Consolidated Balance Sheet as of March 31, 2007 and March 25, 2006.
   - Consolidated Statement of Operations for the fiscal years ended March 31, 2007, March 25, 2006, and March 26, 2005.
   - Consolidated Statement of Cash Flows for the fiscal years ended March 31, 2007, March 25, 2006, and March 26, 2005.
   - Consolidated Statement of Stockholders' Equity for the fiscal years ended March 31, 2007, March 25, 2006, and March 26, 2005.
   - Notes to Consolidated Financial Statements.

2. *Financial Statement Schedules*

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

3. Exhibits

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

3.1	Certificate of Incorporation of Registrant, filed with the Delaware Secretary of State on August 26, 1998.(1)
3.2	Agreement and Plan of Merger, filed with the Delaware Secretary of State on February 17, 1999.(1)
3.3	Certificate of Designation of Rights, Preferences and Privileges of Series A Preferred Stock, filed with the Delaware Secretary of State on March 30, 1999.(1)
3.4	Amended and Restated Bylaws of Registrant.(9)
3.5	Certificate of Elimination dated May 26, 2005(8)
10.1+	Amended 1987 Stock Option Plan.(3)
10.2+	1989 Employee Stock Purchase Plan, as amended September 21, 2005.(10)
10.3+	1990 Directors' Stock Option Plan, as amended.(4)
10.4+	1996 Stock Plan, as amended.(4)
10.5+	2002 Stock Option Plan, as amended.(2)
10.6	Form of Indemnification Agreement.(1)
10.7+	Employment Agreement by and between Registrant and David D. French dated February 7, 2002.(5)
10.8+	Executive Incentive Plan.(5)
10.9	Lease between TPLP Office and Registrant, dated April 1, 2000 for 54,385 square feet located at 4210 S. Industrial Drive Austin, Texas.(1)
10.10	Lease between ProLogis Trust and Registrant, dated March 31, 1995 for 176,000 square feet located at 4129 Commercial Center Drive and 4209 S. Industrial Austin, Texas, as amended through December 20, 1996.(1)
10.11	Lease between American Industrial Properties and Registrant, dated September 15, 1999 for 18,056 square feet located at 4120 Commercial Drive Austin, Texas.(1)
10.12	Lease Agreement by and between Desta Five Partnership, Ltd. and Registrant, dated November 10, 2000 for 197,000 square feet located at 2901 Via Fortuna, Austin, Texas.(1)
10.13	Amendment No. 1 to Lease Agreement by and between Desta Five Partnership, Ltd. and Registrant dated November 10, 2000.(5)
10.14	Amendment No. 2 to Lease Agreement by and between Desta Five Partnership, Ltd. and Registrant dated November 10, 2000.(2)
10.15+	Employment Agreement by and between Registrant and John T. Kurtzweil dated March 15, 2004.(6)
10.16	Amended and Restated Rights Agreement, dated as of February 17, 1999 between Cirrus Logic, Inc. and BankBoston, N.A.(7)
10.17	First Amendment to Amended and Restated Rights Agreement dated as of May 25, 2005, between Cirrus Logic, Inc. and BankBoston, N.A.(8)
10.18	Amendment No. 3 to Lease Agreement by and between Desta Five Partnership, Ltd. and Registrant dated November 10, 2000.(11)
10.19	Employment Agreement by and between Registrant and Gregory S. Thomas dated May 24, 2006.(11)
10.20+	Cirrus Logic, Inc. 2006 Stock Incentive Plan.(13)
10.21+	Form of Stock Option Agreement for options granted under the Cirrus Logic, Inc. 2006 Stock Incentive Plan.(13)
10.22+	Form of Notice of Grant of Stock Option for options granted under the Cirrus Logic, Inc. 2006 Stock Incentive Plan.(13)
10.23+	Resignation Agreement between David D. French and Cirrus Logic, Inc. dated March 5, 2007(12)
14	Code of Conduct.(6)
23.1*	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm.
24.1*	Power of Attorney (see signature page).
31.1*	Certification of Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

+ Indicates a management contract or compensatory plan or arrangement.

* Filed with this Form 10-K.

(1) Incorporated by reference from Registrant's Report on Form 10-K for the fiscal year ended March 31, 2001, filed with the Commission on June 22, 2001.

(2) Incorporated by reference from Registrant's Report on Form 10-K for the fiscal year ended March 29, 2003, filed with the Commission on June 13, 2003.

(3) Incorporated by reference from Registrant's Report on Form 10-K for the fiscal year ended March 30, 1996, filed with the Commission on June 28, 1996.

(4) Incorporated by reference from Registrant's Registration Statement on Form S-8 filed with the Commission on August 8, 2001 (Registration No. 333-67322).

(5) Incorporated by reference from Registrant's Report on Form 10-K for the fiscal year ended March 30, 2002, filed with the Commission on June 19, 2002.

(6) Incorporated by reference from Registrant's Report on Form 10-K for the fiscal year ended March 27, 2004, filed with the Commission on June 9, 2004.

(7) Incorporated by reference from Registrant's Registration Statement of Amendment No. 1 to Form 8-A filed on March 3, 1999.

(8) Incorporated by reference from Registrant's Report on Form 10-K for the fiscal year ended March 26, 2005, filed with the Commission on May 27, 2005.

(9) Incorporated by reference from Registrant's Report of Form 8-K filed with the Commission on September 21, 2005.

(10) Incorporated by reference from Registrant's Report on Form 10-Q filed with the Commission on October 25, 2005.

(11) Incorporated by reference from Registrant's Report on Form 10-K for the fiscal year ended March 25, 2006 filed with the Commission on May 25, 2006.

(12) Incorporated by reference from Registrant's Report on Form 8-K filed with the Commission on March 7, 2007.

(13) Incorporated by reference from Registration's Statement on Form S-8 filed with the Commission on August 1, 2006.

Signatures

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

CIRRUS LOGIC, INC.

By: /s/ THURMAN K. CASE

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

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

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

Signature	Title	Date
/s/ MICHAEL L. HACKWORTH Michael L. Hackworth	Chairman of the Board and Director	June 1, 2007
/s/ JASON P. RHODE Jason P. Rhode	President and Chief Executive Officer	June 1, 2007
/s/ THURMAN K. CASE Thurman K. Case	Vice President, Chief Financial Officer and Chief Accounting Officer	June 1, 2007
/s/ D. JAMES GUZY D. James Guzy	Director	June 1, 2007
/s/ SUHAS S. PATIL Suhas S. Patil	Chairman Emeritus and Director	June 1, 2007
/s/ WALDEN C. RHINES Walden C. Rhines	Director	June 1, 2007
/s/ WILLIAM D. SHERMAN William D. Sherman	Director	June 1, 2007
/s/ ROBERT H. SMITH Robert H. Smith	Director	June 1, 2007

JASON P. RHODE
President and Chief Executive Officer

June 4, 2007

To our Stockholders:

I am pleased to invite you to attend the annual meeting of stockholders of Cirrus Logic, Inc. to be held on Friday, July 27, 2007, at 1:00 p.m. at Cirrus Logic, Inc., 2901 Via Fortuna, Austin, Texas 78746.

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

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

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

Thank you for your prompt response.

Sincerely,

Jason P. Rhode
President and Chief Executive Officer

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A copy of the Annual Report on Form 10-K, which includes financial statements,
is being mailed with this Proxy Statement.
You may receive an additional copy of these documents at no charge
upon request directed to:
Cirrus Logic Investor Relations
2901 Via Fortuna, Austin, Texas 78746
telephone: (512) 851-4125; email: InvestorRelations@cirrus.com
Financial reports may also be accessed on our Web site at
www.cirrus.com.

Annual Stockholders' Meeting

July 27, 2007
YOUR VOTE IS IMPORTANT

Notice

Cirrus Logic, Inc. (the "Company") will hold its 2007 Annual Meeting of Stockholders as follows:

Friday, July 27, 2007
1:00 P.M.
Cirrus Logic, Inc.
2901 Via Fortuna
Austin, Texas 78746

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

(i) the election of seven Company directors for one-year terms;

(ii) the ratification of the appointment of Ernst &Young LLP ("Ernst & Young") as our independent registered public accounting firm; and

(iii) such other business as may properly come before the meeting.

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

Stockholders of record at the close of business on May 29, 2007 (the "Record Date"), are entitled to vote. On that day, approximately 88.7 million shares of the Company common stock were outstanding. Each share entitles the holder to one vote.

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

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

This proxy statement and the accompanying proxy card are being distributed on or about June 18, 2007.

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

Q: Why am I receiving these materials?

A: Our Board of Directors ("Board") is soliciting your proxy for the annual meeting of stockholders to take place on July 27, 2007. As a stockholder, you are invited to attend the meeting and are entitled to and requested to vote on the proposals described in this proxy statement.

Q: What information is contained in these materials?

A: The information included in this proxy statement relates to the proposals to be voted on at the meeting, the voting process, the compensation of directors and our most highly paid executive officers, and certain other required information. Our 2007 Annual Report to Stockholders on Form 10-K for the fiscal year ended March 31, 2007 is also enclosed.

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

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

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

Q: What is Cirrus Logic's voting recommendation?

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

Q: What shares owned by me can be voted?

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

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

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

Stockholder of Record

If your shares are registered directly in your name with the Company's transfer agent, Computershare Investor Services, you are considered, with respect to those shares, the *stockholder of record,* and these proxy materials are being sent directly to you by the Company. As the *stockholder of record,* you have the right to vote by proxy or to vote in person at the meeting. We have enclosed a proxy card for you to use.

Beneficial Owner

If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the *beneficial owner* of shares held *in street name*, and these proxy materials are being forwarded to you by your broker or nominee that is considered, with respect to those shares, the *stockholder of record.* As the beneficial owner, you have the right to direct your broker how to vote and are also invited to attend the meeting. However, since you are not the *stockholder of record*, you may not vote these shares by proxy or in person at the meeting. Your broker or nominee has enclosed a voting instruction card for you to use in directing the broker or nominee how to vote your shares.

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

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

Even if you currently plan to attend the annual meeting, we recommend that you also submit your proxy as described below so that your vote will be counted if you later decide not to attend the meeting. Shares held in street name may be voted in person by you only if you obtain a signed proxy from the stockholder of record giving you the right to vote the shares.

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

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

BY INTERNET — If you have Internet access, you may submit your proxy from any location in the world by following the "Vote by Internet" instructions on the proxy card.

BY TELEPHONE — If you live in the United States or Canada, you may submit your proxy by following the "Vote by Phone" instructions on the proxy card.

BY MAIL — You may vote by mail by signing your proxy card or, for shares held in street name, the voting instruction card included by your broker or nominee, and mailing it in the enclosed, postage prepaid and addressed envelope. If you provide specific voting instructions, your shares will be voted as you instruct. If you sign but do not provide instructions, your shares will be voted as described below in "How Are Votes Counted?"

Q: Can I change my vote?

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

Q: What is the quorum requirement for the meeting?

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

Q: How are votes counted?

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

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

A: A director must receive the affirmative "FOR" vote of a majority of those shares entitled to vote and present in person or represented by proxy in order to be re-elected. If you are a *beneficial owner* and do not provide the *stockholder of record* with voting instructions, your shares may constitute *broker non-votes,* as described in "How are abstentions and broker non-votes counted?" below. In tabulating the voting results for any particular proposal, shares that constitute *broker non-votes* are not considered entitled to vote on that proposal.

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

A: Abstentions are counted as shares present and entitled to be voted for the purposes of calculating whether a proposal receives "FOR" votes from a majority of the shares present and entitled to vote. As a result, abstentions will have the same effect as a vote cast AGAINST a proposal.

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

Q: What does it mean if I receive more than one proxy or voting instruction card?

A: It means your shares are registered differently or are in more than one account. Please provide voting instructions for all proxy and voting instruction cards you receive.

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

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

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

A: We will announce preliminary voting results at the meeting and will publish final results no later than our quarterly report on Form 10-Q for the second fiscal quarter ending September 29, 2007.

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

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

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

A: Each share of our common stock outstanding as of the Record Date is entitled to one vote on each item being voted upon at the annual meeting. On the Record Date, we had approximately 88.7 million shares of common stock outstanding.

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

A: No.

Q: Who will count the votes?

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

Q: Is my vote confidential?

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

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

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

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

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

Stockholder Proposals: In order for a stockholder proposal to be considered for inclusion in the Company's proxy statement for next year's annual meeting, the written proposal must be received by the Company no later than February 18, 2008. These proposals also will need to comply with Securities and Exchange Commission regulations regarding the inclusion of stockholder proposals in company-sponsored proxy materials. Similarly, in order for a stockholder proposal to be raised from the floor during next year's annual meeting, written notice must be received by the Company no later than February 18, 2008, and shall contain the information required by our Bylaws.

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

CORPORATE GOVERNANCE

Board Meetings and Committees

During the fiscal year ended March 31, 2007, the Board held 10 meetings. All directors are expected to attend each meeting of the Board and the committees on which he serves. No director attended less than 94% of all of the meetings of the Board and the committees on which he served. Directors are expected to attend the Company's annual meeting of stockholders absent a valid reason. All of the directors attended the Company's 2006 annual meeting of stockholders.

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

On occasion, the Board may appoint special committees or designate directors to undertake special assignments on behalf of the Board. During fiscal year 2007, the directors appointed one Special Committee of the Board. This Special Committee was appointed to review the Company's historical stock option granting processes. The Board designated Mr. Sherman as the sole member of the Special Committee to investigate, review, evaluate, make findings and conclusions and report to the Board of Directors concerning certain stock option grants and stock option granting practices and procedures of the Company.

Name of Director	Independent	Audit	Compensation	Governance and Nominating
D. James Guzy	Yes	X		X
Michael L. Hackworth	No			
Walden C. Rhines	Yes	X	X	Chair
William D. Sherman	Yes		Chair	X
Robert H. Smith	Yes	Chair	X	X
Suhas S. Patil	No			
David D. French (1)	No			
Number of Meetings Held in Fiscal Year Ended March 31, 2007		11	5	3

(1) Mr. French resigned as a director of the Company on March 5, 2007.

Audit Committee

The Audit Committee is composed of three directors. The responsibilities of the Committee include:

- reviewing the Company's auditing, accounting, financial reporting, and internal control functions;
- selecting the Company's independent registered public accounting firm and overseeing their independence, qualifications and performance;

- pre-approving all audit and non-audit services performed by the independent auditors;
- meeting separately with the independent auditors and the Company's senior management and providing a line of communication between the independent auditors, management and the Board;
- ensuring that procedures are available for the confidential, anonymous submission by employees of concerns regarding accounting or auditing matters; and
- reviewing the general scope of the Company's accounting, financial reporting, annual audit and matters relating to internal control systems, as well as the results of the annual audit.

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

For additional information relating to the Audit Committee, see the Report of the Audit Committee of the Board of Directors on page 36 of this proxy statement and the Audit Committee Charter, which is available under the Corporate Governance section of our "Investors" page on our Web site at *www.cirrus.com*.

Compensation Committee

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

Governance and Nominating Committee

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

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

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

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

Stockholders are able to recommend individuals to the Governance and Nominating Committee for consideration as potential director nominees by submitting their names, together with appropriate biographical information and background materials and a statement as to whether the stockholder or group of stockholders making the recommendation has beneficially owned more than 5% of the Company's common stock for at least one year as of the date such recommendation is made. Recommendations should be submitted to:

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

Assuming that the appropriate information is included on a timely basis, the Committee will consider stockholder-recommended candidates applying the same procedures and criteria used to consider other candidates.

Stockholders also have the right under the Company's Bylaws to nominate candidates for election as directors by following the procedures, providing the information and conforming to the submission deadlines specified in the Company's Bylaws.

Determination of Independence

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

Corporate Governance Guidelines

On an annual basis, the Company reviews its corporate governance practices in light of any updates to the provisions of the Sarbanes-Oxley Act of 2002, the rules of the Securities and Exchange Commission and the Nasdaq listing standards. A copy of the Company's Corporate Governance Guidelines are available under the Corporate Governance section of our "Investors" page on our Web site at *www.cirrus.com*. Among other matters, the Guidelines include the following:

- A majority of the members of the Board must be independent directors as defined by applicable Nasdaq listing standards and rules of the Securities and Exchange Commission.
- The positions of Chairman of the Board and Chief Executive Officer shall be held by separate individuals, and the Chief Executive Officer shall be the only member of the Board who is an executive officer of the Company.
- If the Chairman of the Board is not an independent director, an independent director may be designated by the Board as the "lead independent director."
- Directors shall retire at the age of 75.
- The Board will have an Audit, Compensation, and Governance and Nominating Committee, each of which shall consist solely of independent directors.
- The independent directors shall meet in executive session either before or after each regularly scheduled Board meeting.

Code of Conduct

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

DIRECTOR COMPENSATION ARRANGEMENTS

Independent directors receive a combination of cash and equity-based compensation. Directors who are employed by the Company do not receive any compensation for their Board activities. Independent directors may not receive consulting, advisory or other compensatory fees from the Company in addition to their Board compensation. The following tables set forth the quarterly retainer payments paid to independent directors for Board service during the fiscal year ended March 31, 2007.

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

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

On March 7, 2007, the Board determined that Mr. Sherman should be paid $25,000 as fair and reasonable compensation for his efforts as the sole member of a Special Committee of the Board that had been appointed to review the Company's historical stock option granting processes. The Board had previously designated Mr. Sherman as the sole member of the Special Committee to investigate, review, evaluate, make findings and conclusions and report to the Board of Directors concerning certain stock option grants and stock option granting practices and procedures of the Company.

The following table sets forth the information regarding the fees and compensation paid to our non-employee directors for services as members of the Board or any committee of the Board during fiscal year 2007.

DIRECTOR COMPENSATION TABLE FOR FISCAL YEAR 2007

Name (a)	Fees Earned or Paid in Cash ($) (b)	Stock Awards ($) (c)	Option Awards (1) ($) (d)	Non-Equity Incentive Plan Compensation ($) (e)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (f)	All Other Compensation ($) (g)	Total ($) (h)
Michael L. Hackworth	$42,500	-	$27,028 (3)	-	-	-	$ 69,528
D. James Guzy	$54,750	-	$27,028 (4)	-	-	-	$ 81,778
Suhas Patil (2)	$60,000	-	- (5)	-	-	$1,800 (10)	$ 61,800
Walden C. Rhines	$64,750	-	$27,028 (6)	-	-	-	$ 91,778
William D. Sherman	$83,750 (9)	-	$27,028 (7)	-	-	-	$110,598
Robert H. Smith	$76,250	-	$27,028 (8)	-	-	-	$103,278

(1) On July 28, 2006, the date of the Company's 2006 annual meeting, a fully vested option grant to purchase 10,000 shares of common stock at an exercise price equal to fair market value on the date of grant was awarded to the non-employee directors. The value disclosed is the grant date fair value of the options calculated in accordance with SFAS 123R.

(2) Dr. Patil is currently an employee of Cirrus Logic, Inc.

(3) At the end of fiscal year 2007, Mr. Hackworth had 60,000 options outstanding.

(4) At the end of fiscal year 2007, Mr. Guzy had 80,000 options outstanding.

(5) At the end of fiscal year 2007, Dr. Patil had 272,500 options outstanding.

(6) At the end of fiscal year 2007, Dr. Rhines had 80,000 options outstanding.

(7) At the end of fiscal year 2007, Mr. Sherman had 75,000 options outstanding.

(8) At the end of fiscal year 2007, Mr. Smith had 66,042 options outstanding.

(9) Includes compensation of $25,000 to Mr. Sherman for his efforts as the sole member of a Special Committee of the Board that had been appointed to review the Company's historical stock option granting processes.

(10) This amount reflects matched contributions by the Company under our 401(k) plan.

PROPOSALS TO BE VOTED ON

Proposal No. 1

ELECTION OF DIRECTORS

The Board has approved seven nominees for election to the Board this year. All nominees except Jason P. Rhode, our current President and Chief Executive Officer, have served as a director since the last annual meeting. Information regarding the business experience of each nominee is provided below. All directors are elected annually to serve until the next annual meeting and until their respective successors are elected or until their earlier resignation or removal. There are no family relationships among the Company's executive officers and directors.

Vote Required

A director must receive the affirmative "FOR" vote of a majority of those shares present in person or represented by proxy in order to be re-elected.

Information About Nominees

MICHAEL L. HACKWORTH

Director since 1985

Mr. Hackworth, age 66, is currently Chairman of the Board of the Company, a position he has held since July 1997. Mr. Hackworth is also currently Chairman of the Board of Tymphany Corporation, where he was also Chief Executive Officer until May 1, 2007. In addition, Mr. Hackworth is a director of Virage Logic Corporation, a provider of semiconductor intellectual property platforms and development tools. He served as President and Chief Executive Officer of the Company from January 1985 to June 1998, and continued to serve as Chief Executive Officer until February 1999. Between March 5, 2007 and May 16, 2007, Mr. Hackworth was the Company's Acting President and Chief Executive Officer. He is currently an employee of the Company supporting the Company's recently appointed President and CEO, Dr. Jason P. Rhode, during a transition period.

D. JAMES GUZY

Director since 1984

Mr. Guzy, age 71, has been Chairman of Arbor Company, a limited partnership engaged in the electronics and computer industry, since 1969. Mr. Guzy is also Chairman of the Board of PLX Technology, Inc., a developer and supplier of data transfer semiconductor devices, and a director of Intel Corporation, a semiconductor chip maker; Davis Selected Group of Mutual Funds; and Alliance Bernstein Core Mutual Fund. He is also Director Emeritus of Novellus Systems, Inc., a developer and manufacturer of systems used in the fabrication of integrated circuits.

SUHAS S. PATIL

Director since 1984

Dr. Patil, age 62, a founder of the Company's predecessor company in 1981, and a founder of the Company in 1984, was appointed Chairman Emeritus of the Company in July 1997. Prior to that time, he served as Chairman of the Board of the Company from 1984 to July 1997, and has held various offices within the Company. Dr. Patil is currently an employee of Cirrus Logic, Inc.

WALDEN C. RHINES

Director since 1995

Dr. Rhines, age 60, is the Chairman and Chief Executive Officer of Mentor Graphics Corporation, a maker of electronic design automation products. Dr. Rhines has been employed by Mentor Graphics since 1993. He is also a director of TriQuint Semiconductor, Inc., a supplier of high-performance components and modules for communications applications.

JASON P. RHODE

Director since May 2007

Dr. Rhode, age 37, was appointed as President and Chief Executive Officer, and as a director of the Company in May 2007. Dr. Rhode joined the Company in 1995 and served in various engineering positions until he became Director of Marketing for analog and mixed-signal products in November 2002. He was appointed Vice President, General Manager, Mixed-Signal Audio Products, in December 2004, a role he served in until his appointment as President and CEO.

WILLIAM D. SHERMAN

Director since 2001

Mr. Sherman, age 64, is a senior partner in the law firm of Morrison & Foerster LLP, where he has worked since 1987.

ROBERT H. SMITH

Director since 1990

Mr. Smith, age 70, retired in August 2002 from the position of Executive Vice President of Administration of Novellus Systems, Inc., a developer and manufacturer of systems used in the fabrication of integrated circuits, where he also served on the Board of Directors. He also serves on the Board of Directors of Epicor Software Corporation, an enterprise and e-business software solutions company; PLX Technology, Inc., a developer and supplier of data transfer semiconductor devices; Virage Logic Corporation, a provider of semiconductor intellectual property platforms and development tools; and ON Semiconductor, a supplier of power components and systems to designers of computers, communications, consumer, and industrial systems.

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

Proposal No. 2

RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of the Board has appointed Ernst & Young LLP ("Ernst & Young") as the Company's independent registered public accounting firm to audit the Company's consolidated financial statements for the fiscal year ending March 29, 2008. During fiscal year ended March 31, 2007, Ernst & Young served as the Company's independent registered public accounting firm and also provided certain tax services.

Representatives of Ernst & Young attended all meetings of the Audit Committee in fiscal year 2007. The Audit Committee pre-approves and reviews all audit and non-audit services provided by Ernst & Young. In considering the services to be provided by Ernst & Young, the Audit Committee considers whether the provision of non-audit services is compatible with maintaining the independence of Ernst & Young.

For additional information relating to the Audit Committee, see the Report of the Audit Committee of the Board of Directors on page 36 of this proxy statement, as well as the Audit Committee Charter, which is available under the Corporate Governance section of our "Investors" page on our Web site at *www.cirrus.com*.

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

The Board recommends a vote FOR the ratification of the appointment of Ernst & Young as the Company's independent registered public accounting firm for the fiscal year ending March 29, 2008.

If the appointment is not ratified, the Audit Committee will consider this an indication to select other auditors for the following fiscal year. Ratification of the appointment of Ernst & Young as the Company's independent registered public accounting firm for the fiscal year ending March 29, 2008, requires the affirmative vote of a majority of the shares of common stock present or represented by proxy and entitled to vote at the meeting.

OTHER MATTERS

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

OWNERSHIP OF SECURITIES

The following table sets forth certain information known to the Company regarding the beneficial ownership of the Company's common stock as of March 31, 2007 by (i) each person known to the Company to be a beneficial owner of more than 5% of the Company's common stock; (ii) each director and nominee for director; (iii) each of the executive officers named in the Summary Compensation Table of the Executive Compensation section of this proxy statement, including Mr. French and Mr. Kurtzweil, both of whom terminated employment with the Company prior to March 31, 2007; and (iv) all current executive officers and directors of the Company as a group, including Mr. French and Mr. Kurtzweil. The Company's common stock is the only class of voting securities issued by the Company. Unless otherwise indicated in the footnotes, the beneficial owner has sole voting and investment power with respect to the securities beneficially owned, subject only to community property laws, if applicable.

	Shares Beneficially Owned	
Beneficial Owner	Number	Percent (1)
Alfred S. Teo (2) 783 West Shore Drive Kinnelon, New Jersey 07405	8,376,099	9.5
Legg Mason Inc. (3) 100 Light St. Baltimore, MD 21202-1476	7,475,835	8.5
Royce & Associates, LLC (4) 1414 Avenue of the Americas New York, NY 10019	5,903,200	6.7
David D. French, former Chief Executive Officer and Director (5)	1,802,875	2.0
Suhas S. Patil, Chairman Emeritus and Director (6)	283,678	*
D. James Guzy, Director (7)	237,782	*
Robert A. Kromer, Vice President, Sales (8)	209,214	*
Michael L. Hackworth, Chairman of the Board (9)	183,825	*
John J. Paulos, Senior Vice President, General Manager (10)	181,966	*
Jason P. Rhode, President and Chief Executive Officer (11)	169,806	
Gregory Scott Thomas, Vice President, General Counsel and Corporate Secretary (12)	165,017	*
Walden C. Rhines, Director (13)	106,000	*
William D. Sherman, Director (14)	75,405	*
Thurman Case, Vice President, Chief Financial Officer (15)	70,357	*
Robert H. Smith, Director (16)	66,042	*
John Kurtzweil, former Sr. Vice President, Chief Financial Officer (17)	5,693	*
All executive officers and directors as a group (14 persons) (18)	3,943,068	4.5

* Less than 1% of the outstanding common stock

(1) Percentage ownership is based on approximately 88,163,467 shares of common stock issued and outstanding on March 31, 2007. Shares of common stock, issuable under stock options that are currently exercisable or will become exercisable within 60 days after March 31, 2007, are

deemed outstanding for computing the percentage of the person or group holding such options, but are not deemed outstanding for computing the percentage of any other person or group.

(2) Pursuant to a Schedule 13D filed with the Securities and Exchange Commission on September 27, 2004, Alfred Teo reported that as of September 17, 2004, he individually beneficially owns 277,800 shares, or less than one percent of the Company's common stock; Alfred Teo and Annie Teo as joint tenants with right of survivorship beneficially own 5,817,675 shares or 6.7% of the Company's common stock; Alfred Teo is the trustee for the Alpha Industries, Inc. Retirement Plan, which beneficially owns 134,700 shares, or less than one percent of the Company's common stock; Alfred Teo is the Alfred S. Teo of Alfred S. Teo IRA Rollover, which beneficially owns 143,100 shares, or less than one percent of the Company's common stock; Alfred Teo holds the controlling interest in Lambda Financial Service Corp., which owns 265,000 shares or less than one percent of the Company's common stock; Annie Teo is the sole stockholder of Great Eastern Acquisition, which beneficially owns 673,924 shares, or less than one percent of the Company's common stock; the M.A.A.A Trust FBO Mark, Andrew, Alan, & Alfred Teo, Jr., Teren Seto Handelman, Trustee, beneficially owns 1,063,900 shares, or 1.2% of the Company's common stock.

(3) Legg Mason, Inc. reported on a Form 13F-HR filed with the Securities and Exchange Commission on May 15, 2007, that these securities are owned by various institutional investors for which Legg Mason serves as investment manager. The filing indicates that as of March 31, 2007, Smith Barney Fund Management LLC holds 116,600 shares and has sole voting power as to the shares; that Clearbridge Advisors, LLC holds 6,833,894 shares, with sole voting authority for 6,399,080 shares and no voting authority for 434,814 shares; that Clearbridge Asset Management, Inc. holds 17,846 shares and has sole voting authority for 1,135 of the shares and no voting authority for 16,711 of the shares; and that Batterymarch Financial Management, Inc. holds 507,495 shares, with sole voting authority for 375,435 of the shares and no voting authority for 132,060 of the shares.

(4) Royce & Associates, LLC reported on a Form 13F-HR filed with the Securities and Exchange Commission on May 9, 2007 that it has sole voting power for these shares.

(5) Includes 1,779,375 shares issuable upon exercise of options held by Mr. French. Mr. French resigned from his position as President and Chief Executive Officer, and director, on March 5, 2007.

(6) Includes 213,278 shares held by Dr. Patil directly and 70,400 shares held by family members and trusts for the benefit of family members. Dr. Patil does not have voting and investment power over the shares held by family members and trusts and disclaims beneficial ownership as to those shares.

(7) Includes 80,000 shares issuable upon exercise of options held by Mr. Guzy, 30,000 shares held by Mr. Guzy directly, and 132,782 shares held by Arbor Company, of which Mr. Guzy is President.

(8) Includes 201,714 shares issuable upon exercise of options held by Mr. Kromer.

(9) Includes 60,000 shares issuable upon exercise of options held by Mr. Hackworth, 7,588 shares held by Mr. Hackworth directly, and 116,237 shares held by Mr. Hackworth as Trustee UTD dated August 1, 1988, for which Mr. Hackworth disclaims beneficial ownership. Mr. Hackworth was acting President and Chief Executive Officer between March 7, 2007, and May 16, 2007.

(10) Includes 149,582 shares issuable upon exercise of options held by Dr. Paulos, 8,000 shares held by Dr. Paulos directly, and 24,384 shares held by Paulos Investments, Ltd. On May 29, 2007, Paulos Investments, Ltd. purchased an additional 30,000 shares, resulting in a total ownership of 54,384 shares. Paulos Investments, Ltd. is a limited partnership, for which Dr. Paulos owns a

one-third limited partner interest and exercises investment control. Dr. Paulos disclaims beneficial ownership of these shares except for his one-third limited partner interest. In addition, on May 17, 2007, Paulos FJS Ventures, Ltd, a limited partnership, purchased 30,000 shares. Paulos FJS Ventures, Ltd. is a limited partnership for which Dr. Paulos owns a remainder interest and exercises investment control. Dr. Paulos disclaims beneficial ownership of these shares except to the extent of his remaining interest therein.

(11) Includes 168,194 shares issuable upon exercise of options held by Dr. Rhode.

(12) Includes 162,923 shares issuable upon exercise of options held by Mr. Thomas.

(13) Includes 80,000 shares issuable upon exercise of options held by Dr. Rhines, 20,000 shares held by Dr. Rhines directly, and 6,000 shares held by Dr. Rhines' spouse.

(14) Includes 75,000 shares issuable upon exercise of options held by Mr. Sherman.

(15) Includes 68,235 shares issuable upon exercise of options held by Mr. Case.

(16) Includes 66,042 shares issuable upon exercise of options held by Mr. Smith. In addition to the shares shown in this table as being owned by Mr. Smith as of March 31, 2007, Mr. Smith purchased 136,000 shares of common stock on May 15, 2007.

(17) Mr. Kurtzweil resigned his position as Chief Financial Officer effective September 22, 2006.

(18) Includes 3,269,800 shares issuable upon exercise of options.

EXECUTIVE COMPENSATION

The following discussion of executive compensation contains descriptions of various employee benefit plans and employment-related agreements. These descriptions are qualified in their entirety by reference to the full text or detailed descriptions of the plans and agreements, which are filed as exhibits to the Company's 2007 Annual Report on Form 10-K for the fiscal year ended March 31, 2007.

EXECUTIVE OFFICERS

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

Ms. Benson, age 47, was appointed Vice President, Corporate Marketing Communications and Human Resources in February 2005. Previously, she had served as Vice President of Corporate Communications since December 2000. Between February 2000 and December 2000, she served as Vice President, Corporate Communications, at Vectris Communications.

Thurman K. Case — Chief Financial Officer and Principal Accounting Officer

Mr. Case, age 50, was appointed the Company's Chief Financial Officer on February 14, 2007. He joined the Company in October 2000, and was appointed Vice President, Treasurer, Financial Planning & Analysis, in September 2004. Prior to being appointed to his current position, Mr. Case also served as Vice President, Finance between June 2002 and September 2004, and Director of Finance between October 2000 and June 2002.

Gerald R. Gray — Senior Vice President, Worldwide Operations

Mr. Gray, age 58, was appointed the Senior Vice President of Worldwide Operations in September 2002. Previously, he served as Vice President of Worldwide Operations from April 2000, and Vice President of Domestic Operations from June 1998.

Robert A. Kromer — Vice President, Worldwide Sales

Mr. Kromer, age 57, was appointed Vice President, Worldwide Sales in January 2003. Since joining the Company in 1998, Mr. Kromer has served in a variety of positions, including Vice President and General Manager, Mass Storage Division, from March 2000 to April 2001; Vice President and General Manager, Optical Products Division from April 2001 to July 2002; and Vice President, Marketing from July 2002 through January 2003.

John J. Paulos — Senior Vice President, General Manager, Industrial Products

Dr. Paulos, age 48, was appointed Senior Vice President, General Manager, Industrial Products in May 2007. Prior to his appointment, he served as Vice President, General Manager, Industrial Products between December 2004 and May 2007. Between March 2000 and April 2004, he served as Vice President of Engineering, Cicada Semiconductor Corporation, which was acquired by Vitesse Semiconductor in February 2004.

Jason P. Rhode — President and Chief Executive Officer

Dr. Rhode, age 37, was appointed as President and Chief Executive Officer of the Company in May 2007. Dr. Rhode joined the Company in 1996 and served in various engineering positions until he became Director of Marketing for analog and mixed-signal products in November 2002. He was appointed Vice President, General Manager, Mixed-Signal Audio Products, in December 2004, a role he served in until his appointment as President and Chief Executive Officer.

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

Mr. Thomas, age 41, was appointed Vice President, General Counsel and Secretary in December 2003. He joined the Company in December 2000 as Vice President and Associate General Counsel, Intellectual Property.

Dr. Bin Wu — Vice President, General Manager, Shanghai Power Management

Dr. Wu, age 40, was appointed as Vice President, General Manager, Shanghai Power Management in February 2007. He joined the Company upon Cirrus Logic's acquisition of Caretta Integrated Circuits ("Caretta") in December 2006. Prior to the acquisition, Dr. Wu served as President and Chief Executive Officer of Caretta — a company that he co-founded in May 2004. Between June 1999 and September 2003, Dr. Wu served as President and Chief Technical Officer of BitBlitz Communications Inc., a semiconductor company that specialized in 10-gigabit Ethernet / fiber channel products.

COMPENSATION DISCUSSION AND ANALYSIS

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

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

To support the Compensation Committee in fulfilling its duties, the Committee has hired experts in the field of executive compensation to assist with its evaluation of Chief Executive Officer ("CEO") and executive officer compensation. In January 2007, the Compensation Committee retained the services of Mercer Human Resource Consulting ("Mercer"), a market leader for advice and analysis on executive compensation practices, to assist with a comprehensive review of the CEO's and certain other executive officers' compensation. In addition to discussing their review with our Compensation Committee, Mercer also contacted our executive officers and other employees in our human resources and legal departments to obtain historical data and insight into historical compensation practices. The Compensation Committee took Mercer's recommendations, along with the recommendations of Company management, into consideration in setting our executives' fiscal year 2008 total overall compensation. Although Mercer consulted with our executive officers and other employees, Mercer did not work for the Company during the fiscal year and all of its work was performed on behalf of our Compensation Committee.

Targeted Overall Compensation. The Compensation Committee annually reviews and establishes each executive officer's total compensation package, considering Company performance, individual performance, external pay practices of competitors and similarly situated companies, the strategic importance of the executive's position, as well as internal pay equity and the executive's time in the position. The Company's executive pay program is heavily weighted toward variable compensation that rewards achievement of short and long-term corporate goals and objectives of the Company. In setting target compensation for the Company's executives for the year ended March 31, 2007, the Compensation Committee sought to strike a balance between providing compensation that is competitive with the compensation paid to executives of peer companies, while ensuring that a significant percentage of compensation was coupled to stock price appreciation, and Company and individual performance.

Benchmarking Information. As part of the Committee's 2007 compensation review, the information provided by Mercer to the Committee was based on several sources of compensation benchmarking information, including published survey data and information from public company disclosures. Competitive compensation information is obtained from published survey data prepared by Radford Surveys, a leading provider of compensation and benefits market data, and from the proxy statements of peer companies. We used data from the 2006 Radford Executive Compensation Survey and isolated the data specific to jobs in the semiconductor industry from companies with revenues less than $1 billion per year (the "Survey Group").

In addition to the Survey Group, we reviewed data from the proxy statements of particular companies that are considered comparable to the Company (the "Proxy Group"). The Proxy Group generally consists of public companies in the semiconductor industry that share similar operating and financial characteristics with the Company. Those characteristics include a company's revenue, location, correlation of stock price movement, and similarity of business model and product lines. As of February 2007, the Proxy Group consisted of the following 14 companies: ESS Technology, Inc.; Genesis Microchip, Inc.; Ixys Corp.; Lattice Semiconductor Corp.; Micrel Inc.; Vitesse Semiconductors; Pericom Semiconductor Corp.; PMC-Sierra, Inc.; Radisys Corp.; Semtech Corp.; Silicon Laboratories, Inc.; Silicon Storage Technology; Triquint Semiconductor, Inc; and Zoran Corp.

From the data derived from the Survey Group and the Proxy Group, Mercer Consulting developed market composite data reflecting the average of the data from each group (the "Market Composite Data"). In some cases, we made an adjustment to the Market Composite Data for executives who perform responsibilities that differ from the jobs included in the Survey Group. Compensation recommendations by Company management are examined in light of this information, with the intention of establishing and maintaining competitive compensation levels.

Elements of Compensation and Target Market Positioning. Each executive officer's compensation package is comprised primarily of three elements: (i) base salary that is competitive with the market and reflects individual performance, (ii) annual performance awards payable in cash and tied to the Company's achievement of annual performance goals, (iii) long-term incentive awards designed to strengthen the mutuality of interests between the executive officers and the Company's stockholders, and (iv) post-employment compensation.

In general, the Company has attempted to establish a strong relationship between total cash compensation, the Company's performance, and individual executive performance by maintaining base salaries at approximately the 50th percentile compared to the Market Composite Data, and by providing additional incentive opportunities so that total cash compensation (salary plus annual bonus) approaches the 50th percentile levels when the Company's performance is near the middle compared to the companies in the Peer Group. The Company has attempted to structure annual bonus opportunities for its executive officers such that an executive officer has the potential to earn in the 75th percentile level for higher levels of performance. The Company also provides additional long-term incentives in the form of stock option grants so that an executive's total direct compensation is targeted at the 50th percentile level (i.e., the size of the stock option grant is a function of the difference between the 50th percentile total direct compensation and the 50th percentile total cash compensation).

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

Executive Compensation. Our Compensation Committee annually reviews our executives' compensation at a regularly scheduled meeting in February. Annual stock option awards and any changes to an executive's base salary or annual incentive targets are typically made at this time.

Base Salary

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

In February 2002, the Compensation Committee approved an employment contract for Mr. French, in which his annual base salary was set at $450,000. In September 2004, the Compensation Committee approved an increase in his annual base salary to $460,800. With respect to Mr. French's base salary, it was the Compensation Committee's intent to provide him with a level of stability and certainty each year and not have this particular component of compensation affected to any significant degree by Company performance factors. When the Committee reviewed Mr. French's compensation in February 2007, the Compensation Committee determined that Mr. French's base salary was approximately at the 75th percentile of the base salary levels of other chief executive officers at the companies in the Market Composite Data. Based on this information, the Compensation Committee determined that Mr. French's base salary was at a competitive level when compared with the base salary levels in effect for other chief executive officers at the companies in the Market Composite Data. As a result, no change was made to Mr. French's salary.

Mr. French resigned from the Company effective March 5, 2007. On March 7, 2007, the Board's current Chairman, Mr. Michael L. Hackworth, was appointed by the Board as Acting President and Chief Executive Officer of the Company. The independent directors of the Company approved a salary for Mr. Hackworth at an annual rate of $184,320, payable on a bi-weekly basis for the period that he serves in the role of Acting President and Chief Executive Officer. This base salary was intended to reflect a competitive salary for the President and Chief Executive Officer of the Company as reduced on a pro-rata basis to reflect the percentage of time we expected Mr. Hackworth to be active in his role at Acting President and Chief Executive Officer. Mr. Hackworth received no equity or bonus compensation in conjunction with this service.

The Compensation Committee also reviewed the compensation of its executive officers other than the CEO in February 2007. As of February 2007, the base salary rates of most of our executive officers fell within or near a competitive range relative to the Company's target competitive positioning compared to the Market Composite Data, with some executives at the market 75th percentile. Based on its review of the competitive salary information, the officer's personal performance over the previous year, and the responsibilities of each executive officer, the Compensation Committee increased on an aggregate basis, the compensation of its executive officers, excluding our Chief Executive Officer and Chief Financial Officer, by approximately 1.8% from the previous year. In general, these increases were intended to reflect a cost of living adjustment and to recognize the performance of certain executive officers during the previous year.

In addition, on February 14, 2007, Mr. Thurman Case was appointed by the Board of Directors as Chief Financial Officer and Principal Accounting Officer of the Company. In connection with his appointment, the Company's Compensation Committee approved compensation increases for Mr. Case from an annual base salary of $207,200 per year to $230,000 per year. This increase reflects the additional demands and responsibilities that Mr. Case will have in his new role.

On May 16, 2007, Dr. Jason P. Rhode was appointed by the Board of Directors as President and Chief Executive Officer of the Company. In connection with his appointment, the Company's Compensation Committee approved an annual base salary of $335,000 per year. In setting his base salary, the Company reviewed the Market Composite Data and considered Dr. Rhode's level of prior experience in CEO and General Manager positions, along with other factors including his then current base salary of $235,000 per year. Dr. Rhode's new annual base salary was approximately at the 25th percentile of the base salary levels of other chief executive officers at the companies in the Market Composite Data. This increase reflects the additional demands and responsibilities of Dr. Rhode, while also recognizing our intended strategy of moving Dr. Rhode's compensation towards the 50th percentile of base salary levels of chief executive officers of comparable CEOs over time based on his performance in his new role.

In conjunction with Dr. Rhode's appointment to President and CEO, the Board has requested Mr. Hackworth, the Chairman of the Board and, until Dr. Rhode's appointment on May 16th, the Acting President and Chief Executive Officer, to continue to work for the Company during a transition period. During this period, the Board expects Mr. Hackworth to support Dr. Rhode in his transition to his new role as President and Chief Executive Officer of the Company. On May 17, 2007, in recognition of Mr. Hackworth's prior contributions and efforts as Acting President and CEO, and further in light of Mr. Hackworth's new role and the additional time expected to support Dr. Rhode during the transition period, the independent directors approved a salary for Mr. Hackworth at an annual rate of $345,600, payable on a bi-weekly basis through the end of July 2007. The Committee intends to review Mr. Hackworth's continuing role and compensation, if any, at that time. This base salary is intended to reflect a competitive salary for an Acting Chief Executive Officer as reduced on a pro-rata basis to reflect the percentage of time we expect Mr. Hackworth to be active in his role supporting our new President and Chief Executive Officer during the transition period.

Annual Incentives

Other than our Vice President, Worldwide Sales, who participated in the Company's Sales Incentive Plan, and Mr. French, our former President and CEO, who was eligible to receive up to a maximum of 150% of his base salary in annual incentives, our executives are eligible to earn up to a maximum of 75% of their base salary in annual incentives under our Variable Compensation Plan (the "VCP"). Our VCP provides eligible employees with incentives to increase stockholder value through the achievement of goals relating to the Company's revenue and its operating margin. The VCP operates on a semi-annual period, beginning on the first day of each fiscal year. At the end of each semi-annual period, the Company calculates its revenue and operating profits and then determines whether participants will receive payments based on the Company's performance. For fiscal year 2007, executives' individual payouts under the plan were calculated by multiplying 75% of the executive's base salary for a six month period by a "Company Performance Weighting." The Company Performance Weighting was calculated by adding .33% of our revenue and 10% of our operating profit during a six month period. This amount was then divided by the Base VCP Pool, which equaled the sum of each eligible employee's base salary multiplied by the individual's target incentive amount. We chose a combination of operating profit and revenue as the performance metrics for our VCP because we believe that those metrics align the financial incentives of our employees with our short-term and long-term financial goals of driving profitable growth. No payments are made unless a 3% operating margin is achieved. In addition, the total payments made cannot exceed an overall limitation of 15% of operating profit.

Prior to fiscal year 2007, based on our operating plan for the year and our revenue and operating profit goals, we expected the Company Performance Weighting factor for the year to be approximately 54%. During fiscal year 2007, participants in the Company's VCP program earned payments during both semi-annual periods. For the first semi-annual period, participants earned payments at 55% of each individual's bonus target. During the second semi-annual period, participants earned payments at 50% of each individual's bonus target.

Following the appointment of Dr. Rhode as President and CEO, the Compensation Committee began reviewing and considering alternative annual incentive plans to the current VCP program for our executives. The Compensation Committee intends that executives will have a new annual incentive plan before October 1, 2007, prior to the beginning of the next regularly scheduled semi-annual period under the VCP program. The Committee expects that the new program will better align the financial incentives of our executives with the Company's short-term and long-term financial goals after the appointment of Dr. Rhode.

Instead of participating in our VCP plan during fiscal year 2007, our Vice President of Sales participated in the Company's Sales Incentive Plan, which provides incentives to increase shareholder value through the achievement of our revenue goals. Incentive payments are calculated based upon a commission target and an associated sales quota that are designed to achieve the full commission when a participant meets their sales quota. If a participant achieves less than 40% of that individual's sales quota in a quarter, a participant will receive no payment. If a participant achieves 40% or more of that individual's sales quota in a quarterly period, a participant's incentive compensation will be paid at 1.67% for each 1% of revenue performance above 40% up to the 100% point. For performance beyond 100%, an additional 1.5 times multiplier will apply for amounts in excess of a participant's sales quota (i.e., for each 1% of revenue above 100% of an individual's sales quota, a participant's incentive compensation will be paid an additional 2.5%).

In fiscal year 2007, Mr. Kromer's sales quota was determined based on our fiscal year 2007 operating plan and his target commission payment was set at $200,000. Based on the Company's revenue performance for fiscal year 2007, Mr. Kromer achieved approximately 88% of his targeted sales commission.

Long-Term Incentives

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

The size of the option grant to each executive officer is set by the Compensation Committee at a level that is intended to create a meaningful opportunity for stock price appreciation based upon the individual's position with the Company, current performance, anticipated future contribution based on that performance, and ability to affect corporate and/or business unit results. The Compensation Committee also takes into account the number and net present value of options held by the executive officer in order to maintain an appropriate level of equity incentive for that individual. The relevant weight given to each of these factors varies from individual to individual.

In February 2007, the Compensation Committee reviewed the current equity incentive grant holding of each executive officer and decided not to award any annual grants to executive officers at that time. This decision was based, at least in part, on our determination that the Company's prior year grants to executives were generally above the median relative to the Market Composite Data.

Also in February 2007, in conjunction with his appointment to Chief Financial Officer and Principal Accounting Officer, the Compensation Committee approved a grant to Mr. Case of an option to purchase 50,000 shares of the Company's common stock under the Company's 2006 Stock Incentive Plan at fair market value as measured by the closing price on the Company's next regularly scheduled grant date on March 7, 2007, vesting over four years. Mr. Case's award was granted at an exercise price equal to the fair market value of the Company's common stock on the date of grant.

On May 16, 2007, in conjunction with the appointment of Jason P. Rhode to President and Chief Executive Officer, the Compensation Committee approved a grant to Dr. Rhode of an option to purchase 325,000 shares of the Company's common stock under the Company's 2006 Equity Incentive Plan at fair market value as measured by the closing price on June 6, 2007. The size of the option grant to Dr. Rhode was set by the Compensation Committee at a level that is intended to create a meaningful opportunity for stock price appreciation based upon his position with the Company, current performance, anticipated future contribution based on that performance, and ability to affect corporate results. The Compensation Committee also took into account the number and net present value of options held by Dr. Rhode in order to maintain an appropriate level of equity incentive as President and CEO of the Company.

On a going forward basis, we intend to continue to evaluate and consider equity grants to our executives on an annual basis. We expect to consider potential equity grants for executives at the same time as we annually review grants for all employees. We further expect any annual grants to executive officers to be awarded on the Company's regularly scheduled monthly grant date in October.

Other Benefits. We have a tax-qualified employee stock purchase plan, generally available to all employees, including executive officers. Our plan allows participants to acquire Cirrus Logic common stock at a 5% discount to market value, with the objective of allowing employees to increase their ownership of Cirrus Logic common stock over time. Under applicable tax law, no plan participant may purchase more than $25,000 of fair market value of such stock in any calendar year.

In addition, all of our employees, including executive officers, are eligible to participate in Cirrus Logic's benefit programs, including our 401(k) plan, medical, vision and dental plans, and certain other standard employee benefit plans. Our CEO and other executive officers participate in such plans to the same extent as all other Cirrus Logic employees and no other special plans or benefits are offered to executive officers that are not generally made available to all other employees. The Cirrus Logic, Inc. 401(k) Plan is a tax-qualified profit sharing and 401(k) plan. Under the plan, we match 50% of up to the first 6% of an employee's pre-tax deferrals. In addition to these benefits that are generally available to all of our salaried employees, we also pay for an annual physical examination for each of our executive officers beyond any benefit provided under our standard health care plans.

The Company also provides its executives a management severance plan (the "1999 Severance Plan") as discussed on page 31 in the section entitled "*Potential Payments Upon Termination or Change of Control.*" The 1999 Severance Plan was established because we believed that it helped to ensure that we were able to attract and retain top talent. Further, the intent of the 1999 Severance Plan was to provide a level of stability for our executives during volatile business conditions that have historically existed in our industry so that our executives remain focused on their responsibilities and the long-term interests of the Company during such times. Based on a review of competitive practices with respect to management severance plans and the recommendation of Mercer, the Compensation Committee is in the process of reviewing and considering potential alternatives to the 1999 Severance Plan.

Role of Management in Establishing Compensation. Our Human Resources and Legal departments support the Compensation Committee in its work and in fulfilling various functions in administering our compensation programs. This support generally consists of assistance with providing Survey Group data, proposals of potential ranges of various components of compensation for executive officers based on the Survey Group data, and information regarding available reserves under the Company's various equity incentive plans. Regular meetings of our Compensation Committee are generally attended by our CEO, Vice President of Human Resources, and our General Counsel and Corporate Secretary. Because each of the Company's executive officers (other than the CEO) reports directly to the CEO, the Compensation Committee relies heavily upon input from the CEO in determining an executive officer's compensation. The Compensation Committee considers, but is not bound to accept, the recommendations of the CEO with respect to executive compensation.

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

Section 162(m) of the Internal Revenue Code disallows a tax deduction to publicly held companies for compensation paid to the Chief Executive Officer and any of the four most highly compensated officers to the extent that compensation exceeds $1,000,000 per covered officer in any fiscal year. The limitation applies only to compensation that is not considered to be performance-based. Under the Treasury Regulations corresponding to Section 162(m) of the Internal Revenue Code, compensation received through the exercise of an option will not be subject to the $1,000,000 limit if it qualifies as "qualified performance-based compensation" within the meaning of Section 162(m). It is the Committee's objective that, so long as it is consistent with the Company's overall business, compensation and retention objectives, the Company will, to the extent reasonable, endeavor to keep executive compensation deductible for federal income tax purposes. In fiscal year 2007, no portion of a tax deduction was disallowed under Section 162(m).

Compensation Committee Interlocks and Insider Participation in Compensation Decisions

The Compensation Committee of the Board consists of Messrs. Rhines, Sherman and Smith. None of these directors was an officer or employee of the Company at any time during the fiscal year ended March 31, 2007.

No executive officer of the Company has ever served as a member of the board of directors or the compensation committee of another entity that has or has had at the time of his service or during the same fiscal year one or more executive officers serving as a member of the Company's Board or Compensation Committee.

COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

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

Submitted by the Compensation Committee of the Board of Directors:

William D. Sherman, Chairman
Wally C. Rhines
Robert H. Smith

Summary of Executive Compensation

The following table provides certain summary information concerning the compensation earned by the following executive officers ("Named Officers"): the Company's Chief Executive Officer, the Company's Chief Financial Officer, the Company's former Chief Executive Officer and former Chief Financial Officer, and each of the three other most highly compensated executive officers of the Company for the fiscal year ended March 31, 2007. The table sets forth compensation for services rendered in all capacities to the Company and its subsidiaries for the fiscal year ended March 31, 2007.

Name and Principal Position (a)	Year (b)	Salary ($) (c)	Bonus ($) (d)	Option Awards (5) ($) (f)	Non-Equity Incentive Plan Compensation ($) (g)	All Other Compensation ($) (i)	Total ($) (j)
David D. French, Former President and Chief Executive Officer (1)	2007	$435,988	$ -	$646,847	$341,453 (15)	$108,712 (8)	$1,533,000
Michael L. Hackworth, Chairman (2)	2007	$ 7,089 (7)	$ -	$ -	$ -	$ -	$ 7,089
John T. Kurtzweil, Former Senior Vice President and Chief Financial Officer (3)	2007	$164,312	$ -	$182,421	$ 48,820 (15)	$ 5,209 (9)	$ 400,762
Thurman K. Case, Vice President and Chief Financial Officer (4)	2007	$209,655	$ -	$100,220	$ 35,825 (15)	$ 7,304 (10)	$ 353,004
Robert A. Kromer, Vice President, Worldwide Sales	2007	$256,614	$ -	$159,014	$175,109 (6)	$ 10,289 (11)	$ 601,026
John J. Paulos, Senior Vice President, General Manager	2007	$230,385	$2,000 (12)	$289,963	$ 85,215 (15)	$ 7,397 (13)	$ 614,960
Gregory S. Thomas, Vice President, General Counsel and Corporate Secretary	2007	$266,353	$ -	$231,377	$ 98,417 (15)	$ 7,247 (14)	$ 603,394

(1) David D. French resigned as President and Chief Executive Officer effective March 5, 2007.

(2) Michael L. Hackworth was appointed Acting President and Chief Executive Officer on March 7, 2007.

(3) John T. Kurtzweil resigned as Chief Financial Officer effective September 22, 2006.

(4) Thurman K. Case became Vice President and Chief Financial Officer effective February 14, 2007. Mr. Case was Acting Chief Financial Officer from September 25, 2006 until his appointment as Chief Financial Officer.

(5) Amounts shown do not reflect compensation actually received by the named executive officer, but represent the calculated compensation cost recognized by us in fiscal 2007 for grants made in fiscal year 2007 and previous fiscal years as determined pursuant to SFAS 123R (disregarding any cancellations and forfeitures). The assumptions underlying the calculation under SFAS 123R are discussed under Note 12, Stockholders' Equity, in our Form 10-K for the fiscal year ended March 31, 2007.

(6) This amount was paid under the Company's Sales Incentive Plan.

(7) This amount reflects compensation paid to Mr. Hackworth after his appointment on March 7, 2007, to Acting President and Chief Executive Officer. See the Director Compensation Table for Fiscal Year 2007 for a summary of payments made to Mr. Hackworth as Chairman of the Board.

(8) This amount reflects a payment of $106,338 for accrued paid time off, which was paid upon Mr. French's resignation, a reimbursement of $914 for the payment of taxes, and $1,460 associated with the value of insurance premiums paid with respect to life insurance for the benefit of Mr. French.

(9) This amount includes $4,458 in matched contributions under our 401(k) plan and $751 associated with the value of insurance premiums paid with respect to life insurance for the benefit of Mr. Kurtzweil.

(10) This amount includes $6,290 in matched contributions under our 401(k) plan and $1,014 associated with the value of insurance premiums paid with respect to life insurance for the benefit of Mr. Case.

(11) This amount includes a reimbursement of $709 for the payment of taxes, a $7,200 auto allowance, and $2,389 associated with the value of insurance premiums paid with respect to life insurance for the benefit of Mr. Kromer.

(12) This amount was paid under the Company's Patent Incentive Plan.

(13) This amount includes $6,658 in matched contributions under our 401(k) plan and $739 associated with the value of insurance premiums paid with respect to life insurance for the benefit of Dr. Paulos.

(14) This amount includes $6,668 in matched contributions under our 401(k) plan and $579 associated with the value of insurance premiums paid with respect to life insurance for the benefit of Mr. Thomas.

(15) This amount was paid under the Company's Variable Compensation Plan.

Grants of Plan-Based Awards

The following table sets forth certain information with respect to grants of plan-based awards for the fiscal year ended March 31, 2007 to the named executive officers. All of the stock options reflected in the table were granted under our 2006 Equity Incentive Plan. Each stock option has a maximum term of ten years, subject to earlier termination if the optionee's services are terminated. Unless noted above, the exercisability of options vests with respect to 25% of the shares underlying the option one year after the date of grant and with respect to the remaining shares underlying the option thereafter in 36 equal monthly installments. The exercise price of each stock option is equal to the closing price of our common stock on the date of grant.

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards					
Name (a)	Grant Date (b)	Threshold ($) (c)	Target ($) (d)	Maximum ($) (e)	All Other Option Awards: Number of Securities Underlying Options (#) (j)	Exercise or Base Price of Option Awards ($/Sh) (k)	Grant Date Fair Value of Option Awards (l)
David D. French, former President and Chief Executive Officer		$ -					
Michael L. Hackworth, former Acting President and Chief Executive Officer, and Chairman		$ -					
John T. Kurtzweil, former Senior Vice President and Chief Financial Officer		$ -					
Thurman K. Case, Vice President and Chief Financial Officer	3/7/2007	$ -	$101,566	$172,500	50,000	$8.41	$166,062
Robert A. Kromer, Vice President, Worldwide Sales			$200,000				
John J. Paulos, Senior Vice President, General Manager		$ -	$121,438	$206,250			
Gregory S. Thomas, Vice President, General Counsel and Corporate Secretary		$ -	$121,438	$206,250			

Outstanding Equity Awards at Fiscal Year-End

The following table provides information concerning the outstanding equity award holdings held by our named executive officers as of March 31, 2007.

	Option Awards				
Name (a)	Number of Securities Underlying Unexercised Options Exercisable (1) (#) (b)	Number of Securities Underlying Unexercised Options Unexercisable (1) (#) (c)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#) (d)	Option Exercise Price ($) (e)	Option Expiration Date (f)
David D. French, former President and Chief Executive Officer	64,747	-		$ 2.01	3/31/2013
	95,254	-		$ 2.60	2/26/2013
	112,501	-		$ 4.58	3/2/2015
	43,750 (3)	-		$ 5.88	10/8/2008
	115,209	-		$ 5.95	7/29/2014
	75,000 (4)	-		$ 7.13	6/3/2009
	172,916	-		$ 7.49	3/26/2014
	140,625	-		$ 8.06	3/1/2016
	50,000 (5)	-		$ 9.00	7/29/2009
	349,998	-		$ 9.50	6/25/2008
	250,000 (6)	-		$15.99	2/27/2012
	150,000 (7)	-		$16.13	5/25/2010
	159,375 (8)	-		$17.33	4/4/2012
Michael L. Hackworth, former Acting President and Chief Executive Officer, and Chairman	10,000 (9)	-		$16.64	7/25/2011
	10,000 (9)	-		$ 6.14	7/24/2012
	10,000 (9)	-		$ 4.96	7/31/2013
	10,000 (9)	-		$ 5.95	7/29/2014
	10,000 (9)			$ 7.57	7/28/2015
	10,000 (9)	-		$ 7.17	7/28/2016
John T. Kurtzweil, former Senior Vice President and Chief Financial Officer	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
Thurman K. Case, Vice President and Chief Financial Officer	25,708 (2)	1,451 (2)		$ 3.40	6/23/2013
	12,500	12,500		$ 4.58	3/2/2015
	7,500	22,500		$ 8.06	3/1/2016
	18,229	6,771		$ 8.17	4/7/2014
	-	50,000		$ 8.41	3/7/2017

	Option Awards				
Name (a)	Number of Securities Underlying Unexercised Options Exercisable (1) (#) (b)	Number of Securities Underlying Unexercised Options Unexercisable (1) (#) (c)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#) (d)	Option Exercise Price ($) (e)	Option Expiration Date (f)
Robert A. Kromer, Vice President, Worldwide Sales	138,845 (2)	9,156 (2)		$ 3.40	6/23/2013
	20,000	20,000		$ 4.58	3/2/2015
	12,083	7,917		$ 5.16	10/6/2014
	12,812	2,188		$ 6.97	10/24/2013
	7,500	22,500		$ 8.06	3/1/2016
John J. Paulos, Senior Vice President, General Manager	30,000	30,000		$ 4.58	3/2/2015
	20,000	60,000		$ 8.06	3/1/2016
	87,499	62,501		$ 6.02	12/1/2014
Gregory S. Thomas, Vice President, General Counsel and Corporate Secretary	20,261 (2)	2,122 (2)		$ 3.40	6/23/2013
	30,000	30,000		$ 4.58	3/2/2015
	81,250	18,750		$ 7.53	12/18/2013
	20,000	60,000		$ 8.06	3/1/2016

(1) Unless otherwise noted, all options vest over four years, with a one-year cliff vesting for 25% of the options and 1/36 of the remaining options on a monthly basis over the following three years.

(2) Options granted on June 23, 2003 vest over four years, with a six-month cliff vesting for 20% of the options, a twelve-month cliff vesting for 20% of the options, and 1/36 of the remaining options on a monthly basis over the following three years.

(3) The 10/8/1998 grant to Mr. French had a 4-year cliff vesting schedule with 100% of the options vesting on 10/8/2002.

(4) The 6/3/1999 grant to Mr. French vested 50% on 6/3/2001 and 50% on 6/3/2002.

(5) The 7/29/1999 grant to Mr. French had a 4-year cliff vesting schedule with 100% of the options vesting on 7/29/2003.

(6) The 2/27/2002 grant to Mr. French vested on the following schedule: 12,500 options vested after 12 months; 84,375 options vested after 24 months; 137,500 options vested after 36 months; and 15,625 options vested after 48 months.

(7) The 5/25/2000 grant to Mr. French vested on the following schedule: 37,500 options vested on May 25, 2001; 21,875 options vested on December 25, 2001; the remaining 90,625 options vested monthly through May 25, 2004.

(8) The 4/2/2002 grant to Mr. French had a 4-year cliff vesting schedule with 100% of the options granted vesting on 4/4/2006.

(9) All options vested immediately upon grant pursuant to the Company's 1990 Directors' Stock Option Plan.

Options Exercised and Stock Vested

The following table presents, for our named executive officers, the number of options exercised by such officers and restricted stock vested during fiscal year 2007, and the value realized by each officer as a result of their exercises and vesting.

	Option Awards		Stock Awards	
Name (a)	Number of Shares Acquired on Exercise (#) (b)	Value Realized on Exercise (1) ($) (c)	Number of Shares Acquired on Vesting (#) (d)	Value Realized on Vesting ($) (e)
David D. French, former President and Chief Executive Officer	-	$ -	-	$ -
Michael L. Hackworth, former Acting President and Chief Executive Officer, and Chairman	-	$ -	-	$ -
John T. Kurtzweil, former Senior Vice President and Chief Financial Officer	22,500	$ 51,331	-	$ -
Thurman K. Case, Vice President and Chief Financial Officer	1,791	$ 10,770	-	$ -
Robert A. Kromer, Vice President, Worldwide Sales	25,000	$155,225	-	$ -
John J. Paulos, Senior Vice President, General Manager	-	$ -	-	$ -
Gregory S. Thomas, Vice President, General Counsel and Corporate Secretary	-	$ -	-	$ -

(1) Value realized is based on the difference between the exercise price and sales price for the shares on the date of exercise.

Potential Payments Upon Termination or Change of Control. In April 1999, the Board adopted an Executive Management Severance Plan (the "1999 Severance Plan") providing certain benefits to executive officers of the Company in the event that an executive is involuntarily terminated other than for cause. Upon this event, the 1999 Severance Plan provides for salary continuation for six months or until the executive accepts new employment elsewhere prior to the completion of the six month period. In addition, the 1999 Severance Plan provides for health benefit continuation for a period of 18 months or until the executive accepts employment elsewhere prior to the completion of the eighteen month period.

Outstanding stock options will continue to vest for six months or until the executive accepts employment elsewhere prior to the completion of the six month period, and the executive will have 12 months from his or her termination date to exercise vested options. Provision of these foregoing severance benefits is conditioned upon the execution of a general release agreement. We maintain an Executive Severance Plan because we believe it helps to ensure that we are able to attract and retain top talent. Further, we believe that our plan provides a level of stability for our executives during volatile business conditions that have historically existed in our industry so that they remain focused on their responsibilities and the long-term interests of the Company during such times. Nonetheless, based on a review of competitive practices with respect to management severance plans, the Compensation Committee is in the process of reviewing and considering potential alternatives to the 1999 Severance Plan.

The estimated amount of compensation payable to each of our currently-employed named executive officers pursuant to the 1999 Severance Plan is set forth in the table below:

Name	Salary Continuation (up to six months)	Intrinsic Value of Accelerated Vesting (1)	Health Benefits (up to 18 months) (2)	Total
Thurman K. Case, Vice President and Chief Financial Officer	$115,000	$15,806	$22,960	$153,766
Gerald R. Gray, Senior Vice President, Worldwide Operations	$134,191	$ 9,713	$15,726	$159,630
Robert A. Kromer, Vice President, Worldwide Sales	$128,307	$60,108	$15,726	$204,141

(1) The valuation of six-month additional vesting is based on the estimated value that would have been realized based on the difference between the exercise price of the options that were subject to accelerated vesting and the closing price of our common stock on March 31, 2007.

(2) The valuation of healthcare benefits is based on an estimate of the COBRA payments required for the 18-month period payable by the Company.

In addition to the 1999 Severance Plan, we have entered into an employment agreement with Mr. Gregory Scott Thomas, the Company's Vice President, General Counsel and Corporate Secretary. We have entered into this arrangement with Mr. Thomas because we believe that he is one of our current executive officers whose position would likely be affected upon a change of control. Therefore, we believe his agreement helps to ensure that during any uncertainty that might be associated with a potential change in control, that he remains focused on his responsibilities and the interests of our stockholders.

Mr. Thomas entered into this agreement effective May 25, 2006. During the term of the agreement, the Company agreed to provide Mr. Thomas with the following compensation: a minimum annual base salary of $265,632 per year; Company-paid health care coverage for him and his eligible dependents; and an annual target bonus under the Company's Variable Compensation Plan of up to a maximum of 75% of his base salary. The initial term of the agreement is for two years and automatically renews for successive one year terms.

In the event (i) the Company terminates Mr. Thomas's employment other than for Cause (as defined below) within one year of a Change of Control, or (ii) any successor to the Company fails or refuses to assume the employment agreement in accordance with its provisions, or (iii) Mr. Thomas terminates his employment for Good Reason within one year following a Change of Control, Mr. Thomas shall be entitled to receive a single, lump-sum severance payment equal to his then current annual base salary. The Company would also be required to pay to Mr. Thomas a lump-sum payment in an amount equivalent to the reasonably estimated costs he may incur to extend under the COBRA continuation laws, his group health and dental plans coverage in effect on the date of his termination for a period of 18 months. In addition, Mr. Thomas's options to purchase common stock would remain exercisable for a twelve month period following termination and 50% of his outstanding and unvested options would fully vest.

For purposes of his employment agreement, the term "Cause" means (i) gross negligence or willful misconduct in the performance of duties to the Company after one written warning detailing the concerns and offering Mr. Thomas an opportunity to cure; (ii) material and willful violation of federal or state law; (iii) commission of any act of fraud with respect to the Company; (iv) conviction of a felony or a crime causing material harm to the standing and reputation of the Company; or (v) intentional and improper disclosure of the Company's confidential proprietary information. For purposes of his employment agreement, the term "Good Reason" means any act of the Company that materially and adversely diminishes Mr. Thomas's duties or responsibilities, provided that in the event of any such act that Mr. Thomas must notify the Company in writing and the Company shall have 30 days from its receipt of the notice to remedy the act.

The following table summarizes the amounts Mr. Thomas would potentially receive upon a change of control of the Company pursuant to his employment agreement:

Name	Severance Payment	Intrinsic Value of Accelerated Vesting (1)	Health Benefits	Total
Gregory S. Thomas, Vice President, General Counsel and Corporate Secretary	$275,000	$32,749	$22,960	$330,709

(1) The valuation of six-month additional vesting is based on the estimated value that would have been realized based on the difference between the exercise price of the options that were subject to accelerated vesting and the closing price of our common stock on March 31, 2007.

In addition, on March 5, 2007, in connection with his resignation as President and Chief Executive Officer of the Company, we entered into a Resignation Agreement with Mr. French that superseded and extinguished certain obligations of the Company under an employment agreement that we entered into with Mr. French in February 2002. Pursuant to the Resignation Agreement, Mr. French agreed to cancel and not exercise certain option grants that a Special Committee of the Company's Board of Directors investigating stock option granting practices identified as having favorable grant dates that were selected with the participation of Company executives. Mr. French also agreed to re-price certain options and pay the Company the difference between the exercise price paid upon the exercise of any of his option grants and the exercise price as determined to be appropriate upon the correct accounting measurement date as determined in the Company's restatement of its historical financial statements. The Resignation Agreement also provided that Mr. French would repay any bonus or incentive compensation that would not have been earned had the Company's restated financial statements been used to calculate such bonus or incentive compensation, but in no event would such payment be in excess of $100,000. Mr. French will receive a one-time severance payment of $477,600, to be paid on September 5, 2007. The Company also immediately accelerated the vesting of a portion of certain option grants and he was provided a post-employment period to exercise his vested options.

Prior to entering into a Resignation Agreement, Mr. French was potentially entitled to certain benefits pursuant to his February 2002 employment agreement. Specifically, the agreement provided that in the event (i) the Company terminated Mr. French's employment other than for Cause (as defined below), or (ii) any successor to the Company failed or refused to assume the employment agreement in accordance with its provisions, Mr. French was entitled to receive a single, lump-sum severance payment within 15 days of termination equal to his then current annual base salary. The agreement further provided that the Company would pay to Mr. French a lump-sum payment in an amount equivalent to the reasonably estimated costs he may incur to extend under the COBRA continuation laws his group health and dental plans coverage in effect on the date of his termination for a period of 12 months. In addition, the agreement provided that Mr. French's options to purchase common stock would have remained exercisable for a 180-day period following termination and would have vested as follows: (i) all of his outstanding and unvested options that were granted prior to February 27, 2002 would fully vest, and (ii) 50% of his outstanding and unvested options that were granted on or after February 27, 2002 would fully vest, except that if the Company terminates his employment other than for Cause or Mr. French terminates his employment for Good Reason, in each case within one year following a change of control of the Company, all of his outstanding and unvested options granted on or after February 27, 2002 would fully vest. In the event the Company decided to terminate his employment other than for Cause, the agreement also required the Company to provide Mr. French six months prior written notice.

For purposes of his employment agreement, the term "Cause" meant (i) gross negligence or willful misconduct in the performance of duties to the Company after one written warning detailing the concerns and offering Mr. French an opportunity to cure; (ii) material and willful violation of federal or state law; (iii) commission of any act of fraud with respect to the Company; (iv) conviction of a felony or a crime causing material harm to the standing and reputation of the Company; or (v) intentional and improper disclosure of the Company's confidential proprietary information. For purposes of his employment agreement, the determination of Cause was to be determined by the Board in its sole and absolute discretion. For purposes of his employment agreement, the term "Good Reason" meant any act of the Company that materially and adversely diminishes Mr. French's duties or responsibilities, provided that in the event of any such act that Mr. French must notify the Company in writing and the Company shall have 30 days from its receipt of the notice to remedy the act.

EQUITY COMPENSATION PLAN INFORMATION

Equity Compensation Plan Information

The following table provides information about the Company's common stock that may be issued upon the exercise of options, warrants and rights under all of the Company's existing equity compensation plans as of March 31, 2007, including the Company's 1987 Stock Option Plan, the 1989 Employee Stock Purchase Plan, the 1990 Directors' Stock Option Plan, the 1996 Stock Plan, the 2002 Stock Option Plan, the 2006 Stock Incentive Plan, the Audio Logic 1992 Plan, the Peak

Audio, Inc. 2001 Stock Plan, the LuxSonor Semiconductors, Inc. 1995 Stock Option Plan, the ShareWave, Inc. 1996 Flexible Stock Incentive Plan, the Stream Machine Company 1996 Stock Plan, the Stream Machine 2001 Stock Plan, and the Stream Machine Company non-statutory stock option grants made outside of a plan (in thousands, except per share amounts):

	(A) Securities to be issued upon exercise of outstanding options, warrants, and rights	(B) Weighted-average exercise price of outstanding options, warrants, and rights	(C) Securities remaining available for future issuance under equity compensation plans (except securities in column (A))
Equity compensation plans approved by security holders (1). .	5,193	$10.52	17,583 (2)
Equity compensation plans not approved by security holders (3). .	3,827	$ 5.84	—
Total	9,020	$ 8.54	17,583

(1) The Company's stockholders have approved the Company's 1987 Stock Option Plan, the 1989 Employee Stock Purchase Plan, the 1990 Directors' Stock Option Plan, and the 2006 Stock Incentive Plan. The following plans were assumed by the Company at the time of acquisition, and Cirrus Logic stockholder approval was not required for these plans or their respective outstanding grants, as they were approved by the acquired companies' shareholders: the Audio Logic 1992 Plan, the Peak Audio, Inc. 2001 Stock Plan, the LuxSonor Semiconductors, Inc. 1995 Stock Option Plan, the ShareWave, Inc. 1996 Flexible Stock Incentive Plan, the Stream Machine Company 1996 Stock Plan, the Stream Machine 2001 Stock Plan, and the Stream Machine Company non-statutory stock option grants made outside of a plan.

(2) In addition to shares available for issuance under our 2006 Stock Incentive Plan, the number reported includes 877,701 shares available for issuance under the Company's 1989 Employee Stock Purchase Plan. Our Board of Directors discontinued all future grants under the option plans we assumed in connection with our past acquisitions, including the Audio Logic 1992 Plan, the Peak Audio, Inc. 2001 Stock Plan, the LuxSonor Semiconductors, Inc. 1995 Stock Option Plan, the ShareWave, Inc. 1996 Flexible Stock Incentive Plan, the Stream Machine Company 1996 Stock Plan, and the Stream Machine 2001 Stock Plan, so shares under these plans have not been included in the total.

(3) In August 2002, the Board of Directors approved the 2002 Stock Option Plan, which permits awards of fair market value stock options to non-executive employees. As of July 2006, when our shareholders approved the adoption of the 2006 Stock Incentive Plan, we canceled all remaining options available for grant under the 2002 Stock Option plan.

As of March 31, 2007, the Company was granting equity awards under the 2006 Stock Incentive Plan and the 1989 Employee Stock Purchase Plan.

REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

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

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

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

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

In this context, the Audit Committee has met and held discussions with management and Ernst & Young. Management represented to the Audit Committee that the audited financial statements of the Company contained in the Company's Annual Report to Stockholders for the year ended March 31, 2007, were prepared in accordance with U.S. generally accepted accounting principles, and the Audit Committee has reviewed and discussed the consolidated financial statements with management and the independent auditors. The Audit Committee discussed with Ernst & Young matters required to be discussed by Statement on Auditing Standards No. 61, "Communication with Audit Committees" and the Sarbanes-Oxley Act.

The Audit Committee has received and reviewed the written disclosures and the letter from Ernst & Young required by Independent Standards Board Standard No. 1, "Independence Discussions with Audit Committees," and the Audit Committee discussed with Ernst & Young the firm's independence. In addition, the Audit Committee has considered whether the provision of non-audit services is compatible with maintaining Ernst & Young's independence.

Based upon the Audit Committee's discussions with management and the independent auditors, and the Audit Committee's review of the representations of management, and the report of the independent auditors to the Audit Committee, the Committee recommended that the Board of Directors include the audited consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended March 31, 2007, as filed with the Securities and Exchange Commission.

Submitted by the Audit Committee of the Company's Board of Directors:

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

AUDIT AND NON-AUDIT FEES AND SERVICES

Audit and Related Fees

The following table shows the fees paid or accrued by the Company for the audit and other services provided by Ernst & Young for fiscal years 2007 and 2006.

	2007	2006
Audit Fees	$1,071,141	$670,000
Audit-Related Fees	1,624	47,000
Tax Fees	64,235	86,000
All Other Fees	0	0
TOTAL	$1,137,000	$803,000

Audit Fees. Audit services consisted of the audit of the Company's consolidated financial statements and of management's assessment and the operating effectiveness of internal control over financial reporting, included in its Form 10-K, the review of the Company's financial statements included in its quarterly reports on Form 10-Q, and statutory audits required internationally. The Audit Fees for 2007 include $522,000 in fees associated with the Company's filing of an amended Annual Report on Form 10-K/A for the fiscal year ended March 25, 2006 and an amended quarterly Report on Form 10-Q/A for the quarter ended June 24, 2006.

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

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

All Other Fees. There were no other fees during fiscal year 2007 or 2006.

Pre-Approval Policies and Procedures

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

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

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Loan to Former Chief Executive Officer. In October 1998, the Company extended a loan to Mr. French for the purchase of his principal residence in Texas. The original principal amount of the loan was $721,899 and carries an interest rate of 5.64% per annum. The principal and accrued interest is due and payable on the earlier of (i) September 1, 2013, (ii) 180 days following the date of the termination of his employment for any reason, or (iii) upon sale of the residence. In the event of his death or disability, the principal and accrued interest will be forgiven, subject to applicable law. The largest aggregate amount of principal plus accrued interest outstanding under this loan during fiscal year 2007 was $1,151,185. As of May 31, 2007, the amount of principal plus accrued interest owed on this loan was $1,161,742. Based on Mr. French's resignation on March 5, 2007, principal and accrued interest for this loan of $1,177,837 will be due and payable on September 1, 2007.

The loan to Mr. French was "grandfathered" under Section 402 of the Sarbanes Oxley Act of 2002, which prohibits loans to directors and executive officers that are made, renewed or materially modified after July 30, 2002. This loan has not been modified since the Company made the loan to Mr. French.

Earn-out Provision in Acquisition Agreement. On December 29, 2006, Cirrus Logic acquired 100 percent of the voting equity interests in Caretta Integrated Circuits ("Caretta"), a company based in Shanghai, China that specializes in designing power management integrated circuits for the large, single-cell lithium ion battery market. The aggregate purchase price for all of Caretta's voting equity interests was $11.3 million and was comprised of $7.6 million paid to Caretta shareholders, $1.8 million in direct acquisition costs, $1.4 million in cash paid into an escrow account and $0.5 million in loan repayment premiums. At the time of the closing, Dr. Wu was the President and Chief Executive Officer of Caretta.

In addition, Cirrus Logic has agreed to pay certain employees, including Dr. Bin Wu, who remained with Caretta following the acquisition and currently serves as our current Vice President, General Manager, of our Shanghai Power Management group, a potential earn-out based on the financial performance of the Shanghai Power Management group in 2007 and 2008. The total potential earn-out payments cannot exceed an aggregate maximum amount of $25.5 million. At the time of closing the transaction, Dr. Wu was the holder of approximately 47% of the shares that could be eligible to receive the earn-out payment, if any. If the maximum earn-out is achieved, Dr. Wu could receive payment of approximately $12 million.

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

Procedures for Review, Approval, and Ratification of Related Party Transactions. The Board recognizes that related party transactions can present conflicts of interest and questions as to whether transactions are in the best interests of Cirrus Logic. Accordingly, we have implemented certain procedures for the review, approval, or ratification of related party transactions. Pursuant to our procedures, our Audit Committee must review and approve any transactions with related persons.

When it is impractical to wait for a scheduled Audit Committee meeting, a proposed related-party transaction may be submitted to the Audit Committee Chair for approval and then subsequently reported to the Committee at the next Committee meeting.

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

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

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

Based solely on its review of the copies of the forms received by the Company, or the written representations from certain reporting persons, the Company believes that all required filings were made on a timely basis during the last fiscal year.

HOUSEHOLDING

If you and other residents with the same last name at your mailing address own shares of common stock in street name, your broker or bank may have sent you a notice that your household will receive only one annual report and proxy statement for each company in which you hold stock through that broker or bank. This practice of sending only one copy of proxy materials is known as "householding."

If you received a householding communication, your broker will send one copy of the Company's 2007 Proxy Statement and Annual Report on Form 10-K for 2007 to your address. You may revoke your consent to householding at any time by sending your name, the name of your brokerage firm, and your account number to Broadridge Investor Communication Solutions, 51 Mercedes Way, Edgewood, New York 11717. The revocation of your consent to householding will be effective 30 days following its receipt. In any event, if your household received a single set of proxy materials for this year, but you would prefer to receive your own copy, we will send a copy to you if you address your written request to Cirrus Logic, Inc., Investor Relations, 2901 Via Fortuna, Austin, Texas 78746 or contact Investor Relations at (512) 851-4125 and InvestorRelations@cirrus.com.

COMMUNICATING WITH US

Communicating with the Board

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

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

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

Other Communications

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

1. To have information such as our latest Annual Report on Form 10-K or Form 10-Q mailed to you, please call our Investor Relations Department at (512) 851-4125.

2. To view our home page on the Internet, use our Web site address: *www.cirrus.com.* Our home page provides you access to product, marketing and financial data, job listings, and an on-line version of this proxy statement, our Annual Report on Form 10-K and other filings with the Securities and Exchange Commission.

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

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

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

Of course, as a stockholder, you will continue to receive the Annual Report on Form 10-K and proxy statement.

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

ANNUAL REPORT

A copy of the Annual Report for the fiscal year ended March 31, 2007 has been mailed concurrently with this proxy statement to all stockholders entitled to notice of and to vote at the annual meeting. The Annual Report is not incorporated into this proxy statement and is not considered proxy solicitation material.

FORM 10-K

We filed an Annual Report on Form 10-K with the Securities and Exchange Commission on or about June 4, 2007.

BY ORDER OF THE BOARD OF DIRECTORS

Jason P. Rhode
President and Chief Executive Officer

Austin, Texas
June 1, 2007

CIRRUS LOGIC®

Annual Meeting of Stockholders
Cirrus Logic, Inc.
2901 Via Fortuna
Austin, Texas 78746
July 27, 2007
1:00 P.M.

ADMIT ONE

CIRRUS LOGIC®

Annual Meeting of Stockholders
Cirrus Logic, Inc.
2901 Via Fortuna
Austin, Texas 78746
July 27, 2007
1:00 P.M.

ADMIT ONE

Corporate Profile

Cirrus Logic develops high-precision analog and mixed-signal integrated circuits for a broad range of consumer and industrial markets. Building on its diverse analog and mixed-signal patent portfolio, Cirrus Logic delivers highly optimized products for consumer and commercial audio, automotive entertainment and industrial applications. The company operates from headquarters in Austin, Texas, with offices in Europe, Japan and Asia. Cirrus Logic's common stock trades on the NASDAQ Global Select Market under the symbol CRUS. For more information about Cirrus Logic, please visit www.cirrus.com.

Stockholder Information

ANNUAL MEETING
The annual meeting of stockholders of Cirrus Logic will be held on Friday, July 27, 2007, at 1:00 p.m.:
Cirrus Logic, Inc.
2901 Via Fortuna
Austin, Texas 78746

INDEPENDENT AUDITORS
Independent Registered Public Accounting Firm
Ernst & Young LLP
401 Congress Avenue, Suite 1800
Austin, Texas 78701

TRANSFER AGENT
Computershare Investor Services
250 Royall Street
Canton, MA 02021

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