

CIRRUS LOGIC INC  
Form DEF 14A  
June 02, 2014  
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## SCHEDULE 14A INFORMATION

**Proxy Statement Pursuant to Section 14(a) of the**

**Securities Exchange Act of 1934**

**(Amendment No. )**

Filed by the Registrant

Filed by a party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under Section 240.14a-12

**Cirrus Logic, Inc.**

**(Name of Registrant as Specified In Its Charter)**

**(Name of Person(s) Filing Proxy Statement if other than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.
  - (1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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**JASON P. RHODE**

President and Chief Executive Officer

June 2, 2014

To our Stockholders:

I would like to invite you to participate in the Annual Meeting of Stockholders of Cirrus Logic, Inc. to be held on Monday, July 28, 2014, at 11:00 a.m. Central Time. We are pleased to announce that this year's Annual Meeting will once again be completely virtual. You will be able to participate, vote, and submit your questions during the meeting on a live webcast at [www.virtualshareholdermeeting.com/CRUS2014](http://www.virtualshareholdermeeting.com/CRUS2014). To access this website and enter the meeting, you should have available your control number, which is included with the proxy materials. You will not be able to attend the Annual Meeting in person.

We also are continuing to provide our stockholders with the proxy materials electronically via the Internet. If a stockholder chooses, he or she may obtain paper copies; however, by providing the information online, our stockholders will have immediate access to the proxy materials at their discretion.

Even if you plan to participate in the Annual Meeting, I hope you will vote as soon as possible. Although you may vote the day of the Annual Meeting, you may also vote in advance via 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 participate in the virtual meeting. Please review the instructions on the Notice of Internet Availability or the proxy card regarding each of these voting options.

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

Sincerely,

Jason P. Rhode

President and Chief Executive Officer

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A copy of Cirrus Logic, Inc.'s Annual Report on Form 10-K is included with this Proxy Statement. Copies of this document are available on our website at [www.cirrus.com](http://www.cirrus.com). You also may receive copies of this document at no charge upon request directed to:

*Cirrus Logic, Inc. Investor Relations*

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*800 W. Sixth Street, Austin, Texas 78701*

*telephone: (512) 851-4125; email: [Investor.Relations@cirrus.com](mailto:Investor.Relations@cirrus.com)*

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**2014 Annual Meeting of Stockholders**

**July 28, 2014**

**YOUR VOTE IS IMPORTANT**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

Cirrus Logic, Inc. (the Company, our, or we ) will hold its 2014 Annual Meeting of Stockholders as follows:

*Monday, July 28, 2014*

*11:00 A.M. (Central Daylight Time)*

*Cirrus Logic, Inc.*

*300 W. Sixth Street, Suite 1300*

*Austin, Texas 78701*

We are pleased to announce that this year's Annual Meeting will be completely virtual. You will be able to attend, vote, and submit your questions during the meeting on a live webcast via the Internet at [www.virtualshareholdermeeting.com/CRUS2014](http://www.virtualshareholdermeeting.com/CRUS2014). To access this website, you must have your control number available to enter the meeting. You will not be able to attend the Annual Meeting in person.

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 as our independent registered public accounting firm for the fiscal year ending March 28, 2015;
- (iii) an advisory vote to approve the compensation of the Company's named executive officers;
- (iv) the approval of the amendment to, and the restatement of, the 2006 Stock Incentive Plan;
- (v) the approval of material terms of the 2006 Stock Incentive Plan, as amended and restated, for purposes of complying with the requirements of Section 162(m) of the Internal Revenue Code of 1986, as amended (such code, the IRC, and such section, Section 162(m) ); and
- (vi) such other business as may properly come before the meeting.

You can vote four different ways. You can vote by participating in the virtual 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.

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Stockholders of record at the close of business on May 29, 2014, are entitled to vote. On that day, approximately 62,059,121 million shares of the Company common stock were outstanding. Each share entitles the holder to one vote. A complete list of the stockholders entitled to vote at the meeting will be open to the examination of any stockholder for any purpose germane to the meeting for at least 10 days prior to the meeting.

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

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

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**PROXY STATEMENT**

**2014 ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held Monday, July 28, 2014**

**Cirrus Logic, Inc.**

**300 W. Sixth Street, Suite 1300**

**Austin, Texas 78701**

**[www.cirrus.com](http://www.cirrus.com)**

These proxy materials are furnished to you in connection with the solicitation of proxies by the Board of Directors (the "Board") of Cirrus Logic, Inc. (the "Company," "our," or "we") for use at our 2014 Annual Meeting of Stockholders and any adjournments or postponements of the meeting (the "Annual Meeting"). The Annual Meeting will be held on July 28, 2014, at 11:00 a.m., Central Daylight Time, and may be accessed on a live webcast via the Internet at [www.virtualshareholdermeeting.com/CRUS2014](http://www.virtualshareholdermeeting.com/CRUS2014).

Beginning on or about June 18, 2014, Cirrus Logic will make available on the Internet or deliver paper copies of these proxy materials by mail in connection with the solicitation of proxies by the Board for proposals to be voted on at the Annual Meeting.

**QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS,**

**THE ANNUAL MEETING, AND VOTING PROCEDURES**

***Q: Why am I receiving these materials?***

A: The Board, on behalf of the Company, is soliciting your proxy for the Annual Meeting of Stockholders to take place on July 28, 2014. As a stockholder, you are invited to participate in 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 2014 Annual Report to Stockholders on Form 10-K for the fiscal year ended March 29, 2014, is also included.

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

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

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

***Q: How can I access the proxy materials over the Internet?***

A: Your Notice of Internet Availability of the proxy materials contains instructions regarding how to:  
view the proxy materials for the Annual Meeting on the Internet;  
request a paper copy of the proxy materials for the Annual Meeting; and  
instruct us to send future proxy materials to you electronically by email.



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

A: Your Notice of Internet Availability of the proxy materials contains instructions regarding how to obtain a paper copy of the proxy materials.

***Q: What if I receive more than one Notice of Internet Availability of the proxy materials or more than one paper copy of the proxy materials?***

A: If you receive more than one Notice of Internet Availability or set of proxy materials, it means your shares are registered differently or are in more than one account. To vote all your shares by proxy, you must vote for all Notices of Internet Availability you receive, or for all proxy cards and voting instruction cards you received upon request.

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

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

- (1) the election of seven Company directors for one-year terms;
- (2) the ratification of the appointment of Ernst & Young LLP ( Ernst & Young ) as our independent registered public accounting firm for the fiscal year ending March 28, 2015;
- (3) an advisory (non-binding) vote to approve the compensation of the Company's named executive officers;
- (4) the approval of the amendment to, and the restatement of, the 2006 Stock Incentive Plan; and
- (5) the approval of material terms of the 2006 Stock Incentive Plan, as amended and restated, for purposes of complying with the requirements of Section 162(m) of the Internal Revenue Code.

***Q: Will I be able to attend the Annual Meeting?***

A: We will host the Annual Meeting live via the Internet. **You will not be able to attend the meeting in person.** Any stockholder can listen to and participate in the Annual Meeting live via the Internet at [www.virtualshareholdermeeting.com/CRUS2014](http://www.virtualshareholdermeeting.com/CRUS2014). The webcast will begin at 11:00 a.m., Central Daylight Time, on July 28, 2014. Stockholders may vote and submit questions while connected to the Annual Meeting via the Internet.

***Q: What do I need to do to be able to participate in the Annual Meeting online?***

A: The Annual Meeting will be held live via the Internet. You will not be able to attend the meeting in person. A summary of the information you need to attend the meeting online is provided below:

Any stockholder can listen to the meeting and participate live via the Internet at [www.virtualshareholdermeeting.com/CRUS2014](http://www.virtualshareholdermeeting.com/CRUS2014). Webcast begins at 11:00 a.m. Central Daylight Time on July 28, 2014.

Stockholders may vote and submit questions while connected to the meeting via the Internet.

Please have your control number to enter the meeting.

Instructions on how to connect and participate via the Internet, including how to demonstrate proof of stock ownership, are posted at [www.virtualshareholdermeeting.com/CRUS2014](http://www.virtualshareholdermeeting.com/CRUS2014).

A webcast replay of the meeting will be available after the meeting at [www.virtualshareholdermeeting.com/CRUS2014](http://www.virtualshareholdermeeting.com/CRUS2014).

***Q: What is the Company's voting recommendation?***

A: The Board recommends that you vote your shares as follows:

FOR each of the director nominees;

FOR the ratification of the appointment of Ernst & Young as our independent registered public accounting firm for the fiscal year ending March 28, 2015;

FOR the approval, on a non-binding, advisory basis, of the compensation of the Company's named executive officers;

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FOR the approval of the amendment to, and the restatement of, the 2006 Stock Incentive Plan; and  
FOR the approval of material terms of the 2006 Stock Incentive Plan, as amended and restated, for purposes of complying with the requirements of Section 162(m) of the Internal Revenue Code.

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

A: Stockholders of record at the close of business on May 29, 2014 (the Record Date ) are entitled to vote.

### ***Q: What shares owned by me can be voted?***

A: All shares owned by you as of the close of business on the Record Date may be voted by you. These shares include (1) shares held directly in your name as the stockholder of record, and (2) shares held for you as the beneficial owner through a stockbroker, bank, or other nominee.

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

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

#### **Stockholder of Record**

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

#### **Beneficial Owner**

If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the *beneficial owner* of shares held in *street name*, and your stockbroker, bank, or other nominee is considered, with respect to those shares, the *stockholder of record*. As the beneficial owner, you have the right to direct your stockbroker, bank, or other nominee how to vote and are also invited to attend the meeting.

### ***Q: How can I vote my shares at the meeting?***

A: Shares may be voted at the Annual Meeting via the Internet on a live webcast at [www.virtualshareholdermeeting.com/CRUS2014](http://www.virtualshareholdermeeting.com/CRUS2014). To access the meeting and vote your shares, you must have your control number.

*Even if you currently plan to participate in the Annual Meeting via the webcast, we recommend that you submit your proxy in advance of the meeting so that your vote will be counted if you later decide not to attend the meeting.*

### ***Q: How can I vote my shares without participating in the meeting?***

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

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

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

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

**Q: What if I hold shares in street name and do not transmit voting instructions before the stockholder meeting to my stockbroker, bank, or other nominee?**

A: Your stockbroker is no longer permitted to vote on your behalf on non-routine matters if you are a beneficial owner of shares held in street name and you do not transmit your voting instructions before the stockholder meeting to your stockbroker or nominee. The election of directors (Proposal No. 1), the advisory vote to approve the compensation of the Company's named executive officers (Proposal No. 3), the vote to approve the amendment to, and the restatement of, the 2006 Stock Incentive Plan (Proposal No. 4), and the vote to approve material terms of the 2006 Stock Incentive Plan, as amended and restated, for purposes of complying with the requirements of Section 162(m) of the Internal Revenue Code (Proposal No. 5) are considered non-routine matters. Therefore, if you do not transmit your voting instructions to your stockbroker or other nominee, then they cannot vote on these non-routine matters and your vote will be counted as broker non-votes as further described in the response to *How are abstentions and broker non-votes counted?* below.

**Q: Can I revoke my proxy?**

A: You may revoke your proxy instructions at any time prior to the vote at the Annual Meeting. For shares held directly in your name, you may revoke your proxy instructions by granting a new proxy bearing a later date (that automatically revokes the earlier proxy) or by voting during the Annual Meeting. For shares held beneficially by you, you may revoke your proxy by submitting a new proxy to your stockbroker, bank, or other nominee.

**Q: What is the quorum requirement for the meeting?**

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

**Q: How are votes counted?**

A: In the election of directors, you may vote **FOR** all of the nominees or you may **WITHHOLD** your vote with respect to one or more of the nominees. For all other proposals you may vote **FOR**, **AGAINST**, or **ABSTAIN**. If you **ABSTAIN** on any of these matters, it has the same effect as a vote **AGAINST**.

If you sign your proxy card with no further instructions, your shares will be voted in accordance with the recommendations of the Board.

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

A: In the election of directors, the seven persons receiving the highest number of FOR votes will be elected. All other proposals require the affirmative FOR vote of a majority of those shares present and entitled to vote. If you are a beneficial owner and do not provide your stockbroker, bank, or other nominee with voting instructions on a non-routine matter such as a director election, your shares may constitute broker non-votes, as described in *How are abstentions and broker non-votes counted?* below.

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

A: Abstentions and broker non-votes are counted as present for purposes of determining the shares present and entitled to vote. However, an abstention is treated as a vote cast for purposes of counting votes, and therefore the effect of an abstention will be the same as a vote against a proposal as described in *How are votes counted?* above. Broker non-votes are not counted as votes cast for, and therefore have no impact on, non-routine matters. Generally, broker non-votes occur when shares held by a stockbroker for a beneficial owner are not voted with respect to a particular proposal because the proposal is not a routine matter, the stockbroker has not received voting instructions from the beneficial owner, and the stockbroker lacks discretionary voting power to vote the shares.

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

A: We will announce preliminary voting results at the meeting and will file with the SEC via EDGAR a Current Report on Form 8-K within four business days of the meeting with the final voting results. If final voting results are not available at the time of such filing, the Company intends to disclose preliminary voting results at the time of the filing and file an amended Current Report on Form 8-K within four business days after obtaining the final results.

***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, Gregory Scott Thomas, our Corporate Secretary, and Thurman Case, our Chief Financial Officer, will have the discretion to vote your shares on any additional matters properly presented for a vote at the meeting. If for any unforeseen reason any of our nominees is not available as a candidate for director, the persons named as proxy holders will vote your shares for such other candidate or candidates as may be nominated by the Board.

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

A: Each share of common stock of the Company ( 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 62,059,121 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 the Board.

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

A: The Company will pay the entire cost of soliciting proxies to be voted, along with the costs of preparing, assembling, printing, mailing, and distributing the 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 the proxy materials, the solicitation of proxies or votes may be made by our directors, officers, and employees, either in person, by telephone, or by electronic communication. Our directors, officers, and employees 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 make nominations and submit proposals for consideration at future stockholder meetings. Any proposal that a stockholder wishes to include in the Company's proxy materials for the 2015 annual meeting of stockholders, in accordance with the regulations of the SEC, must be received by no later than 120 calendar days prior to the anniversary date that the Company released this proxy statement for the Annual Meeting. The written proposal will need to comply with the regulations of the SEC under Rule 14a-8 regarding the inclusion of stockholder proposals in company-sponsored proxy materials. Any proposal or nomination for election of directors that a stockholder wishes to propose for consideration at the 2015 annual meeting of stockholders, whether or not the stockholder wishes to include such proposal or nomination in our proxy statement under the applicable SEC rules, must be submitted in accordance with our Bylaws. To be considered timely, our Bylaws provide that such notice must be received at our principal executive offices no later than 120 calendar days prior to the anniversary date that the Company released this proxy statement for the Annual Meeting. Proposals and nominations should be addressed to: Corporate Secretary, Cirrus Logic, Inc., 800 W. Sixth Street, Austin, Texas 78701.

**Copy of Bylaw Provisions:** You may contact the Corporate Secretary at our headquarters, 800 W. Sixth Street, Austin, Texas 78701, 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 29, 2014, the Board held 11 meetings. Each director is expected to attend each meeting of the Board and the committees of the Board (the Committees) on which he or she serves. No director attended less than 75% of the aggregate of (i) the total number of Board meetings and (ii) the total number of meetings held by all Committees on which he or she served. Directors are also expected to attend the Company's Annual Meeting of Stockholders absent a valid reason. All of the directors attended the Company's 2013 annual meeting of stockholders. The Board appointed Christine King as a director on October 17, 2013. Since her appointment, Ms. King has attended more than 75% of the meetings that occurred after her appointment.

We have three 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 SEC rules and applicable Nasdaq Stock Market, Inc. (the Nasdaq) listing standards. Each Committee has a written charter that has been approved by the Board. The current members of each Committee are identified in the following table, and the function of each Committee is described below.

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

Name of Director	Governance and			
	Independent	Audit	Compensation	Nominating
John C. Carter	Yes	X	X	
Timothy R. Dehne	Yes		Chair	X
Christine King	Yes			
Jason P. Rhode	No			
Alan R. Schuele	Yes		X	X
William D. Sherman	Yes	X		Chair
Susan Wang	Yes	Chair	X	
Number of Meetings Held in				
Fiscal Year ended March 29,				
2014		7	4	3
<b>Audit Committee</b>				

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

selecting, retaining, compensating, overseeing, evaluating, and, where appropriate, terminating the Company's independent auditors;

resolving any disagreements between management and the independent auditors regarding financial reporting;

adopting and implementing pre-approval policies and procedures for audit and non-audit services to be rendered by the independent auditors;

reviewing with management and the independent auditors the financial information and the Management's Discussion and Analysis proposed to be included in each of the Company's Quarterly Reports on Form 10-Q prior to their filing;

reviewing before release the unaudited interim financial results in the Company's quarterly earnings release;

reviewing with management and the independent auditors, at the completion of the annual audit, the audited financial statements and the Management's Discussion and Analysis proposed to be included in the Company's Annual Report on Form 10-K prior to its filing and provide or review judgments about the quality, not only the acceptability, of accounting principles, and such other matters required to be discussed with the independent auditors under generally accepted auditing standards;

reviewing and approving, if appropriate, material changes to the Company's auditing and accounting principles and practices as suggested by the independent auditors or management;

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establishing procedures for (i) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters; and

evaluating the professional competency of the financial staff and the internal auditors, as well as the quality of their performance in discharging their respective responsibilities.

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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 SEC rules and applicable Nasdaq listing standards. The Board has determined that Susan Wang is an audit committee financial expert as defined under applicable SEC rules.

For additional information relating to the Audit Committee, see the Report of the Audit Committee of the Board on page 58 of this proxy statement and the Audit Committee Charter, which is included as Exhibit B to this proxy statement. The charter is also available under the Corporate Governance section of our Investors page on our website at [investor.cirrus.com](http://investor.cirrus.com).

## **Compensation Committee**

The Compensation Committee is composed of four directors, each of whom is independent under applicable Nasdaq listing standards. The Compensation Committee reviews and approves salaries and other matters relating to executive compensation and administers the Company's stock incentive plans, including reviewing and granting stock incentive awards to executive officers and other employees and reviewing and approving policies and procedures for awarding grants under these plans. The Compensation Committee also reviews and recommends to the Board for approval various other Company compensation plans, policies, and matters related to the Company's non-employee directors. For additional information relating to the Compensation Committee, see the Compensation Committee Charter, which is included as Exhibit A to this proxy statement. The charter is also available under the Corporate Governance section of our Investors page on our website at [investor.cirrus.com](http://investor.cirrus.com).

Please see the Compensation Discussion and Analysis section of this proxy statement for additional information regarding the Compensation Committee's processes and procedures for the consideration and determination of executive officer compensation, including the Compensation Committee's engagement of Compensia, Inc. (Compensia) as its external compensation consultant.

## **Governance and Nominating Committee**

The Governance and Nominating Committee is composed of three directors, each of whom is independent under the applicable Nasdaq listing standards. The Governance and Nominating Committee provides counsel to the Board with respect to Board organization, membership, and function, as well as committee structure and membership. The Governance and Nominating 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 included as Exhibit C to this proxy statement. The charter is also available under the Corporate Governance section of our Investors page on our website at [investor.cirrus.com](http://investor.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 of Stockholders. The Governance and Nominating Committee will evaluate candidates for directors proposed by directors, stockholders, or management in light of the Governance and Nominating 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 Governance and Nominating Committee believes that the Board requires additional candidates for nomination, the Governance and Nominating 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.



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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. Although the Board does not have a formal policy specifying how diversity should be considered in making determinations regarding nominations of directors, the Governance and Nominating Committee does take into account the benefits of diverse backgrounds, viewpoints, and experiences, as well as the benefits of a constructive working relationship among directors, when evaluating candidates for the Board.

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

These are not meant to be the exclusive criteria, however, and the Governance and Nominating 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 common stock for at least one year as of the date such recommendation is made. An eligible stockholder wishing to recommend a candidate must submit the following no later than 120 calendar days prior to the anniversary date that the Company released this proxy statement for the Annual Meeting: (A) a recommendation that identifies the candidate and provides contact information; (B) the written consent of the candidate to serve as a director of the Company, if elected; and (C) documentation establishing that the stockholder making the recommendation is an eligible stockholder.

Recommendations should be submitted to:

Governance and Nominating Committee

c/o Corporate Secretary

Cirrus Logic, Inc.

800 W. Sixth Street

Austin, Texas 78701

The Governance and Nominating Committee will consider stockholder-recommended candidates pursuant to the Director Nominations Process outlined in the Corporate Governance Guidelines, which is included as Exhibit D to this proxy statement.

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

### **Determination of Independence**

The Board, which currently consists of seven directors, has determined that six of the seven nominated directors are independent as defined by the applicable listing and regulatory standards. Specifically, the Governance and Nominating Committee has reviewed the independence of each director and determined that Messrs. Carter, Dehne, Schuele, and Sherman, and Ms. King and Ms. Wang, qualify as independent directors under these standards.

### **Corporate Governance Guidelines**

On an annual basis, the Company reviews its corporate governance practices in light of any changes to applicable law, the rules of the SEC, and the Nasdaq listing standards. Among other matters, the Corporate Governance Guidelines include the following requirements:

Two-thirds of the members of the Board must be independent directors as defined in the Corporate Governance Guidelines.

If the Chairman of the Board is not an independent director, the Board will designate a lead independent director.

Directors shall retire at the age of 75.

The Board will have an Audit Committee, Compensation Committee, and Governance and Nominating Committee, each of which shall consist solely of independent directors.

The independent directors shall meet in executive session either before or after each regularly scheduled Board meeting.

In considering stockholder proposals and candidates recommended by stockholders for the Board, the Governance and Nominating Committee will follow the procedures outlined in the Corporate Governance Guidelines.

For additional details, see the Corporate Governance Guidelines, which are available as Exhibit D to this proxy and under the Corporate Governance section of our Investors page on our website at [investor.cirrus.com](http://investor.cirrus.com).

### **Board Leadership Structure**

The Board is committed to maintaining an independent Board comprised primarily of independent directors. To enhance the independence of the Board from management, we separated the roles of our Chief Executive Officer (CEO), Jason Rhode, and Chairman of the Board, Al Schuele. We believe that this leadership structure demonstrates our commitment to good corporate governance and benefits our stockholders by enhancing the oversight of management by the Board, balancing power on the Board, and encouraging balanced decision making.

### **The Board's Role in Risk Oversight**

Although management is responsible for identifying, assessing, and managing the material risks facing the Company, the Board plays an ongoing and active role in the oversight of the Company's risk management processes, along with the oversight of the most significant strategic and operational risks.



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faced by the Company and management's efforts to mitigate those risks. The Board is involved in the setting of the Company's business strategy, which necessarily entails a determination of what constitutes an appropriate level of risk for the Company. In addition, at least annually, the Board discusses material risks related to the Company's overall business strategy. Further, the management team reports to the Board on a quarterly basis the status of its efforts to manage what it believes are the Company's most material risks.

Each of the Committees also considers risk within the Committee's area of responsibility. Our Audit Committee regularly reviews with management the Company's major financial and regulatory risk exposures and the steps management has taken to monitor and control such exposures. Also, in designing our compensation programs and structuring awards, the Compensation Committee considers whether such compensation programs may lead to undue risk taking. Finally, our Governance and Nominating Committee oversees risks relating to corporate governance policies and related governance matters.

## **Code of Conduct**

The Company has adopted a Code of Conduct that applies to all of its directors, officers, and employees (including its principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions). A copy of the Code of Conduct is available under the Corporate Governance section of our Investors page on our website at [investor.cirrus.com](http://investor.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 (the Sarbanes-Oxley Act) and constitutes the Company's code of conduct under the Nasdaq listing standards.

**Table of Contents****DIRECTOR COMPENSATION ARRANGEMENTS**

Non-employee directors receive a combination of cash and equity-based compensation. Directors who are employed by the Company do not receive any additional compensation for their Board service. Independent directors may not receive consulting, advisory, or other compensatory fees from the Company in addition to their Board compensation.

The following table sets forth the quarterly cash payments paid to non-employee directors for Board service during the fiscal year ended March 29, 2014:

<b>Director Compensation Retainers</b>	
Quarterly Director Retainer	\$ 11,250
Board Chairman Quarterly Retainer	\$ 8,750
Audit Chair Quarterly Retainer	\$ 5,000
Audit Committee Member Quarterly Retainer	\$ 2,000
Compensation Committee Chair Quarterly Retainer	\$ 3,500
Compensation Committee Member Quarterly Retainer	\$ 1,750
Governance and Nominating Committee Chair Quarterly Retainer	\$ 1,500
Governance and Nominating Committee Member Quarterly Retainer	\$ 750
Lead Independent Director Quarterly Retainer	\$ 2,500

The Company also reimburses non-employee directors for all reasonable out-of-pocket expenses incurred for attending Board and Committee meetings.

In addition to the cash compensation described above, each non-employee director receives equity-based compensation. Upon re-election to the Board, each non-employee director receives a full value stock award that vests immediately. In fiscal year 2014, the total number of shares subject to this award granted to each non-employee director had a fair market value up to \$150,000 on the date of grant. For newly elected non-employee directors, the Company awards an option to purchase shares of common stock of the Company at an exercise price equal to the fair market value of the stock on the date of grant upon becoming a director, with 25% vesting after one year and the remainder vesting ratably each month over the following 36 months. The total number of options granted to each newly elected non-employee director for 2014 had a fair market value of \$225,000 on the date of grant.

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The following table sets forth the information regarding the cash and equity-based compensation paid to our non-employee directors for services as members of the Board or any Committee during fiscal year 2014.

**DIRECTOR COMPENSATION TABLE FOR FISCAL YEAR 2014**

Name	Fees	Stock Awards <sup>(2)</sup>	Option Awards <sup>(3)</sup>	Total
	Earned or Paid in Cash <sup>(1)</sup>	(\$)	(\$)	(\$)
(a)	(b)	(c)	(d)	(h)
John Carter <sup>(4)</sup>	\$ 60,000	\$ 149,988		\$ 209,988
Tim Dehne <sup>(5)</sup>	\$ 69,000	\$ 149,988		\$ 218,988
Christine King	\$ 20,275		\$ 225,000	\$ 245,275
Al Schuele <sup>(6)</sup>	\$ 90,000	\$ 149,988		\$ 239,988
William D. Sherman <sup>(7)</sup>	\$ 62,000	\$ 149,988		\$ 211,988
Susan Wang <sup>(8)</sup>	\$ 80,000	\$ 149,988		\$ 229,988

- (1) Represents fees earned or paid in cash for services as a director during the fiscal year ended March 29, 2014, including quarterly retainer fees and Committee chairmanship and membership retainer fees.
- (2) On July 30, 2013, upon their re-election as directors at the Company's 2013 annual meeting of stockholders, Messrs. Carter, Dehne, Schuele, Sherman, and Ms. Wang, received a full value stock award that vested immediately upon re-election to the Board having a fair market value of up to \$150,000 on the date of grant. Amounts reported in this column represent the aggregate grant date fair value of the stock awards granted in fiscal year 2014, computed in accordance with FASB ASC Topic 718.
- (3) On October 17, 2014, upon her appointment as a director, Ms. King received an option to purchase shares of common stock with an exercise price equal to the closing price of common stock reported on Nasdaq on the date of grant. Amounts in this column represent the aggregate grant date fair value of the options computed in accordance with FASB ASC Topic 718. See Note 12 to our consolidated financial statements in our 2014 Annual Report for additional detail regarding the assumptions underlying the value of these awards.
- (4) At the end of fiscal year 2014, Mr. Carter had 40,000 options outstanding.
- (5) At the end of fiscal year 2014, Mr. Dehne had 35,000 options outstanding.
- (6) At the end of fiscal year 2014, Mr. Schuele had 19,447 options outstanding.
- (7) At the end of fiscal year 2014, Mr. Sherman had no options outstanding.
- (8) At the end of fiscal year 2014, Ms. Wang had 25,929 options outstanding.

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**PROPOSALS TO BE VOTED ON**

**Proposal No. 1:**

**Election of Directors**

The Board has approved seven nominees for election to the Board this year. Information regarding the business experience of each nominee and the particular experience, qualifications, attributes, or skills that qualify that person to serve as a director of the Company is provided below. All directors are elected annually to serve until the next annual meeting and until their respective successors are elected, or until their earlier resignation or removal. There are no family relationships among the Company's executive officers and directors.

**Vote Required**

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

**Director Resignation Policy**

Any nominee for director who receives a greater number of WITHHOLD votes than FOR votes in an uncontested election of directors shall tender to the Board his or her resignation as a director promptly following the certification of the election results. For purposes of this policy, (i) an uncontested election is one in which the Secretary determines that the number of nominees does not exceed the number of directors to be elected as of the date seven days prior to the scheduled mailing date of the proxy statement for such meeting, and (ii) abstentions and broker non-votes will not be considered as either WITHHOLD votes or FOR votes. The Governance and Nominating Committee will consider any resignation tendered under this policy and recommend to the Board whether to accept or reject it and the Board will act on such resignation, taking into account the Governance and Nominating Committee's recommendation, within 90 days following the certification of the election results. The Governance and Nominating Committee in making its recommendation, and the Board in making its decision, may consider any information it deems appropriate including without limitation any reasons given by stockholders for their WITHHOLD votes, the qualifications of the Director, and his or her contributions to the Board and the Company. The Board will promptly disclose publicly its decision to accept or reject such a resignation and, if rejected, the reasons for doing so.

**Information about Nominees**

**JOHN C. CARTER**

Director since 2009

**Mr. Carter**, age 59, is currently a Principal at TCGen, which is a management consulting and advisory services firm that Mr. Carter founded in 2002 and is located in Menlo Park, California. Between November 2007 and January 2008, Mr. Carter was an Executive in Residence at Vantage Point Venture Partners, a venture capital firm in San Bruno, California, where he assisted in the management of several portfolio companies. Mr. Carter also served as Chief Technical Officer at Klipsch Group, a manufacturer of speakers in Indianapolis, Indiana, between February 2005 and October 2007. Mr. Carter began his career as an engineer at Bose Corporation in 1978, later becoming its Chief Engineer. Mr. Carter holds a B.S. in Engineering from Harvey Mudd College in Claremont, CA, and a Master's in Electrical Engineering from the Massachusetts Institute of Technology.

The Governance and Nominating Committee believes that Mr. Carter's extensive management experience with companies in the consumer audio market along with his knowledge of that market, in addition to his background in venture and private equity investment transactions, make him well qualified to be on the Board. Mr. Carter also has relevant prior engineering and technical experiences in the markets we serve.

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### **TIMOTHY R. DEHNE**

Director since 2009

**Mr. Dehne**, age 48, is currently the Vice President of Engineering for Briggo, Inc., a privately held corporation in Austin, Texas. Prior to this position, he served as the Vice President, Global Marketing, at Luminex Corporation between May 2012 and August 2013, an Austin-based company that develops, manufactures, and markets innovative biological testing technologies with applications throughout the life science and diagnostic industries. Prior to his appointment to Vice President, Global Marketing, Mr. Dehne held the position of Vice President of Systems Research and Development, a position he held between July 2009 and May 2012. He previously worked at National Instruments Corporation, an Austin-based supplier of measurement and automation products used by engineers and scientists in a wide range of industries. Mr. Dehne spent over 21 years at National Instruments Corporation where he held many leadership positions while helping to significantly grow the Company to more than 4,000 employees and over \$800 million in annual revenue. At National Instruments Corporation, he held the position of Senior Vice President, Research & Development. Prior to his role as Senior Vice President, Research & Development at National Instruments Corporation, Mr. Dehne served in various executive positions in marketing and engineering. Mr. Dehne holds a B.S. in Electrical Engineering from Rice University and serves on the Board of Directors for Asset Intertech, a privately held company, where he also is Chairman of its Compensation Committee.

The Governance and Nominating Committee believes that Mr. Dehne is well qualified to be on the Board based on his extensive leadership experience in all aspects of managing a high technology company in Austin, Texas, and his unique insight into significantly growing revenues at a high technology company while maintaining an innovative corporate culture and a great work environment. His leadership skills, experience in creating and capturing business opportunities, and experience in scaling up a business to enable growth are valuable to the Company and the Board.

### **CHRISTINE KING**

Director Since October 2013

**Ms. King**, age 65, was formerly a director and President and Chief Executive Officer of Standard Microsystems Corporation, an analog and mixed signal semiconductor provider for the consumer electronic, automotive, and industrial markets, from October 2008 until August 2012. From September 2001 until March 2008, Ms. King served as President and Chief Executive Officer of AMI Semiconductor, Inc. Prior to that, Ms. King spent over 23 years at International Business Machines Corporation in various management roles, including her last assignment as Vice President of Semiconductor Solutions. Ms. King currently serves as a director of IDACORP, Inc., and its principal operating subsidiary Idaho Power Company. She also currently serves on the Board of Directors of QLogic Corporation, a supplier of high performance network infrastructure products that provide, enhance, and manage computer data communication, and Skyworks Solutions, Inc., a supplier of high performance analog semiconductors. She previously served on the boards of AMI Semiconductor, Inc. from 2003 until its acquisition by ON Semiconductor Corporation in March 2008; ON Semiconductor Corporation from March 2008 until October 2008; Analog Devices, Inc. from June 2003 to March 2008; and Atheros Communications from April 2008 until its acquisition in May 2011.

The Governance and Nominating Committee believes that Ms. King's senior management and operational experience in a number of high technology and semiconductor companies, prior Board service, and knowledge of the semiconductor industry provide the Board with significant financial, strategic, and operational expertise.



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### **JASON P. RHODE**

Director since 2007

**Dr. Rhode**, age 44, was appointed President and CEO, and 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. Dr. Rhode holds a B.S. in Electrical Engineering from San Diego State University, as well as M.S. and doctorate degrees in Electrical Engineering from North Carolina State University.

The Governance and Nominating Committee believes that Dr. Rhode's prior experience as a semiconductor designer and his current role as CEO of the Company make him well qualified to be on the Board based on his detailed and unique knowledge of the Company's operations, opportunities, and challenges. In addition, the Governance and Nominating Committee believes that having Dr. Rhode serve on the Board helps to bridge the gap between the Board and management, to facilitate the regular flow of information between management and the Board, and to ensure that the Board and management act with a common purpose to execute our strategic initiatives and business plans.

### **ALAN R. SCHUELE**

Director Since 2011

**Mr. Schuele**, age 68, has been a general partner since 2000 with Sevin Rosen Funds, a high tech venture capital firm. While at Sevin Rosen Funds, Mr. Schuele led the investments in a number of semiconductor companies, including Cicada Semiconductor (acquired by Vitesse), Zilker Labs and D2Audio Corporation (both acquired by Intersil), and Javelin Semiconductor (acquired by Avago Technologies, Ltd.). Prior to working at Sevin Rosen, he was Chief Executive Officer of Benchmarq Microelectronics and served as President and Chief Operating Officer of Unitrode Corporation after its merger with Benchmarq. Over his nearly 30-year career in the semiconductor industry, he has held various executive and sales management positions in several semiconductor companies including the Company, Crystal Semiconductor, Cypress Semiconductor, and Mostek. Mr. Schuele was also previously a director at InfoNow Corp., a leading provider of SaaS-based channel management solutions, where he served as a director between 2008 and November 2011.

In addition to Mr. Schuele's extensive executive management and sales experience at semiconductor companies, he has played key roles in major mergers and acquisitions and has worked extensively in Asian markets.

The Governance and Nominating Committee believes that these experiences, along with his experience in advising entrepreneurs on how to turn their emerging technologies into winning companies, make him well qualified to contribute strategic, operational, and industry expertise to the Board.

### **WILLIAM D. SHERMAN**

Director since 2001

**Mr. Sherman**, age 71, is a former partner of the law firm of Morrison & Foerster LLP, where he worked between 1987 and December 2013. He specialized in corporate and corporate securities practice. He has extensive experience working with public companies, the SEC, and the Financial Industry Regulatory Authority, formerly known as the National Association of Securities Dealers. Mr. Sherman is also a recognized specialist on corporate governance matters by way of his representation of various public and private companies, and he regularly participates in panel discussions on executive compensation and corporate governance topics. In 1972, Mr. Sherman received a law degree from the University of California - Berkeley, School of Law, and an MBA degree from the Haas School of Business at the University of California - Berkeley.

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During his tenure with Morrison & Foerster LLP, Mr. Sherman had extensive experience with the legal, regulatory, and governance issues faced by a public company. The Governance and Nominating Committee believes that his background and experience position him to contribute significant corporate governance expertise to the Board and to serve as Chairman of the Company's Governance and Nominating Committee.

**SUSAN WANG**

Director Since 2011

**Ms. Wang**, age 63, retired in February 2002 from her position as Executive Vice President and Chief Financial Officer of Solectron Corporation, a worldwide provider of electronics manufacturing services, where she served in various management positions from 1984 until the time of her retirement. Ms. Wang is currently a director at Nektar Therapeutics, a biopharmaceutical company, and Premier, Inc., a healthcare performance improvement alliance. In addition, Ms. Wang served as a director of Suntech Power Holdings Co., Ltd., a solar energy company, from 2009 to 2013; Calpine Corporation, an independent power generation company, from 2003 to 2008; Avanex Corporation, a telecommunications component and sub-systems provider, from 2002 to 2009; Rae Systems Inc., a developer of sensory technology for hazardous materials, from 2009 to 2010; and Altera Corporation, a programmable semiconductor company, from 2003 to 2013. Ms. Wang holds an M.B.A. from the University of Connecticut and a B.B.A. in accounting from the University of Texas.

Ms. Wang has extensive executive management, board, and audit committee experience at public and private companies within the technology industry. The Governance and Nominating Committee believes that these experiences, along with her financial expertise, her knowledge of manufacturing and supply chains, her familiarity with acquisitions and integrations, and her international experience make her well qualified to provide valuable insights to the Board and to serve a role in the oversight of our financial reporting and accounting practices as Chair of the Audit Committee.

**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 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 28, 2015. During the fiscal year that ended March 29, 2014, Ernst & Young served as the Company's independent registered public accounting firm and also provided certain tax services.

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

For additional information relating to the Audit Committee, see the Report of the Audit Committee of the Board on page 58 of this proxy statement, as well as the Audit Committee Charter, which is included as Exhibit B to this proxy statement. The charter is also available under the Corporate Governance section of our Investors page on our website at [investor.cirrus.com](http://investor.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.

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**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 28, 2015.**

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 28, 2015, 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.

**Proposal No. 3:**

**Advisory Vote to Approve the Compensation of Named Executive Officers**

Section 14A of the Securities Exchange Act of 1934 enables our stockholders to vote to approve, on an advisory, non-binding basis, the compensation of the Named Executive Officers as disclosed in this proxy statement in accordance with the rules of the SEC. This vote is advisory, and, therefore, not binding on the Company, the Compensation Committee, or the Board. However, the Board and the Compensation Committee value the opinions of our stockholders and to the extent there is a significant vote against the compensation of the Named Executive Officers as disclosed in this proxy statement, we will consider our stockholders' concerns, and the Compensation Committee will evaluate whether any actions are necessary to address those concerns.

As described in detail under the heading "Compensation Discussion and Analysis" at page 33, our executive compensation program is designed to attract, motivate, and retain executive officers, while aligning their interests with those of our stockholders. Under this program, our executive officers are rewarded for the achievement of strategic and operational objectives and the realization of increased stockholder value. Please read the Compensation Discussion and Analysis and the accompanying compensation tables of this proxy statement for additional information about our executive compensation program, including information about the compensation of the Named Executive Officers for fiscal year 2014.

The Compensation Committee regularly reviews our executive compensation program to ensure that it achieves the desired goal of aligning our executive compensation structure with the interests of our stockholders and current market practices. We believe our executive compensation program is well designed, appropriately aligns executive pay with Company performance, and has demonstrated that it incentivizes desirable behavior from our executives. Therefore, we are asking our stockholders to indicate their support for the compensation of the Named Executive Officers as described in this proxy statement. This proposal, commonly known as a "Say-on-Pay" proposal, gives our stockholders the opportunity to express their views on the compensation of the Named Executive Officers. Please note that this vote is not intended to address any specific item of compensation, but rather the overall compensation of the Named Executive Officers and the philosophy, policies and practices described in this proxy statement.

We ask our stockholders to vote FOR the following resolution at the Annual Meeting:

RESOLVED, that the compensation paid to the company's Named Executive Officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion, is hereby APPROVED.

**The Board recommends a vote FOR the approval of the compensation of the Company's Named Executive Officers, as disclosed in this proxy statement.**

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**Proposal No. 4:**

**Approval of the Amendment to, and the Restatement of, the 2006 Stock Incentive Plan**

**Background and Purpose of the Proposal**

The Board originally adopted the Cirrus Logic, Inc. 2006 Stock Incentive Plan (the Plan) on May 10, 2006, subject to stockholder approval, and the Company's stockholders approved the Plan on July 28, 2006. Effective February 14, 2007, the Board approved an amendment to the Plan to provide a minimum vesting requirement for awards under the Plan other than options and stock appreciation rights ( Full-Value Awards ) under the Plan. At the Annual Meeting, stockholders will be asked to approve the Second Amendment to, and the restatement of, the Plan, which was approved by the Board on May 23, 2014 and which is included as Exhibit E to this proxy statement. If approved by the Company's stockholders at the meeting, the Second Amendment will become effective July 28, 2014.

**Summary of the Second Amendment to, and Restatement of, the Plan**

The use of stock-based awards under the Plan continues to be a key element of the Company's compensation program. The purpose of the Second Amendment is to (i) increase the number of shares of common stock that the Company may issue under the Plan by 3,300,000 shares, from 17,000,000 shares to 20,300,000 shares, (ii) extend the term of the Plan by changing the final date on which awards may be granted under the Amended Plan from July 28, 2016 to July 28, 2024, (iii) revise the share counting provisions of the Plan so that shares withheld to satisfy tax withholding obligations are counted in full against the number of shares available for award under the Plan, but awards settled in cash are not counted against the number of shares available for award under the Plan, (iv) eliminate the minimum vesting periods for Full-Value Awards added in the First Amendment to the Plan, (v) specify that dividends or dividend equivalents will not be paid to holders of performance awards that are unvested or unearned and that dividends paid with respect to shares of restricted stock that are performance awards will be accrued and paid out only upon vesting of the performance award, and (vi) make some minor administrative and legal updates. As of March 29, 2014, 2,313,971 shares associated with RSUs and RSAs were expected to vest, and there were 3,527,765 options vested and unvested. No other equity awards were outstanding under the Plan as of such date. Of the 17,000,000 shares currently authorized for issuance under the Plan, there remain 3,547,075 shares available for grant.

The Plan is a broad-based plan under which the Company grants awards to its current and prospective employees, including officers, and its directors. The Company continues to believe that its long-term interests are best advanced by aligning the interests of its nonemployee directors and key employees with the interests of its stockholders. Therefore, to attract, retain and motivate nonemployee directors, officers and key management employees of exceptional abilities and, in recognition of the significant contributions to the long-term performance and growth of the Company and its subsidiaries made by these individuals, the Board has adopted the Second Amendment to, and a restatement of, the Plan, subject to stockholder approval. Approval of the Second Amendment will permit the Company to continue to use stock-based compensation to align stockholder and employee interests and to motivate employees and others providing services to the Company or any subsidiary. While the Board is cognizant of the potential dilutive effect of compensatory stock awards, it also recognizes the significant motivational and performance benefits that are achieved from making such awards. The Board determined that an increase of 3,300,000 shares was appropriate based on a number of factors, including: the current number of shares available under the Plan, the number of shares that remain subject to outstanding options and restricted stock units, the potential dilutive effects on the Company's stockholders, the Company's historical annual burn rates, and the anticipated future needs for equity to be able to attract and retain key employees and members of our leadership team.

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Assuming the presence of a quorum, the affirmative vote of a majority of the shares present, in person or by proxy, to vote at the Annual Meeting is necessary for approval of the Second Amendment to, and restatement of, the Plan.

### Consequences of Failing to Approve the Proposal

Failure of the Company's stockholders to approve this Proposal will not affect the rights of existing award holders under the Plan or under any previously granted awards under the Plan; however, the Company may be required to reevaluate its compensation structure since adequate shares may not be available for grant in the future.

### Summary of the Amended Plan

The following summary of the Plan, as amended by the First Amendment and the Second Amendment (the *Amended Plan*) does not purport to be a complete description of all provisions of the Amended Plan and should be read in conjunction with, and is qualified in its entirety by reference to the complete text of the amended and restated Plan, which is attached to this proxy statement as Exhibit E. The Amended Plan gives the Compensation Committee the ability to award stock options, stock appreciation rights (*SARs*), restricted stock (*Restricted Stock Awards*), restricted stock units (referred to as *Phantom Stock Awards* in the Plan) (*Restricted Stock Units*), bonus stock, and performance awards. Unless earlier terminated by action of the Board, the Amended Plan will terminate on July 28, 2024. Awards granted prior to the termination date of the Amended Plan will continue to be effective in accordance with their terms and conditions.

***Persons Who May Participate.*** Employees, consultants and directors of the Company and its affiliates are eligible to receive an award under the Amended Plan. Only individuals who are employees of the Company or one of its corporate subsidiaries are eligible to receive Incentive Options (defined below). The Compensation Committee determines in its discretion which eligible persons will receive awards under the Amended Plan.

***Shares Subject to the Amended Plan.*** Subject to stockholder approval of the Second Amendment to the Plan and the adjustments described below, the total aggregate number of shares of common stock that may be subject to awards under the Amended Plan, since the inception of the Plan, is 20,300,000 shares. The shares issued pursuant to awards under the Amended Plan may be authorized and unissued shares or shares that the Company reacquired, including shares purchased in the open market. To the extent that a share of common stock is subject to an outstanding Full-Value Award, that award will reduce the aggregate share limit by 1.5 shares of common stock. To the extent that a share of common stock is subject to an outstanding award other than a Full-Value Award, the award reduces the aggregate share limit by one share of common stock. Shares withheld to satisfy any tax withholding obligation are counted in full against the number of shares available for award under the Plan. Awards that are settled in cash or are canceled or forfeited are not counted against the aggregate share limit and will be available for issuance pursuant to additional awards granted under the Amended Plan.

No participant may be granted awards intended to comply with Section 162(m) under the Amended Plan covering more than 400,000 shares in any one calendar year, subject to certain anti-dilution and other adjustments. The maximum amount of compensation that may be paid under all performance awards denominated in cash (including the fair market value of any shares of common stock paid in satisfaction of such performance awards) granted to any one individual during any calendar year may not exceed \$5,000,000.

***Administration.*** The Amended Plan will be administered by the Compensation Committee or another Committee of two or more directors selected by the Board who are *outside directors* as defined in Section 162(m) and *Non-Employee directors* as defined in SEC Rule 16b-3. Subject to the

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provisions of the Amended Plan, the Compensation Committee has the power to (i) determine which employees, consultants, or directors receive an award, the time or times when such award will be made, and the type, value and amount of the award that will be granted, (ii) construe the Amended Plan and the respective agreements executed under the Plan, (iii) prescribe rules and regulations relating to the Amended Plan, (iv) determine the terms, restrictions, and provisions of the agreements relating to each award, and (v) make all other determinations necessary or advisable for administering the Amended Plan.

### ***Awards under the Amended Plan.***

**Stock Options.** Options granted under the Amended Plan may be either incentive stock options qualifying under Internal Revenue Code ( IRC ) Section 422 ( Incentive Option ) or options that are not intended to qualify as incentive stock options ( Nonstatutory Option ). Under the terms of the Amended Plan, the exercise price for any stock option must be equal to or greater than the fair market value of common stock on the date of grant and, if granted to a participant who owns stock possessing more than 10% of the combined voting power of all classes of stock of the Company, must be equal to or greater than 110% of the fair market value of common stock on the date of grant. Options may not be granted with a term in excess of ten years (five years, in the case of an Incentive Option granted to a participant owning more than 10% of the Company s voting power). Otherwise, the Compensation Committee has discretion to determine the number of shares subject to an option (subject to the Amended Plan s stated limits), the vesting, expiration and forfeiture provisions for options, the restrictions on transferability of an option, and any other terms and conditions otherwise consistent with the Amended Plan. The exercise price of an option may be paid through various means acceptable to the Compensation Committee, including in cash or, to the extent allowed by the Compensation Committee, by delivering previously owned shares, by withholding shares deliverable upon the exercise of the option or by delivering to the Company the proceeds from the sale of shares of the Company s stock issuable under an option. Other than in connection with a change in the Company s capitalization or a reorganization (as outlined in more detail in the Amended Plan), the Amended Plan prohibits repricing stock options or the repurchase of underwater options for cash without stockholder approval.

**Stock Appreciation Rights.** A stock appreciation right or SAR provides the right to the monetary equivalent of the increase in the value of a specified number of the Company s shares over a specified period of time after the right is granted. SARs may be paid in stock, cash or a combination thereof. SARs may be granted either in tandem with or as a component of other awards granted under the Amended Plan or not in conjunction with other awards and may, but need not, relate to a specific option. SARs are generally subject to the same terms and limitations as options or, when granted tandem to other awards, to the same terms as those other awards.

**Restricted Stock Awards and Restricted Stock Units.** A Restricted Stock Award is an award of shares, and a Restricted Stock Unit award is an award of units that represent the right to receive, at settlement, a number of shares or the cash value of a number of shares, in each case, the grant, issuance, retention and/or vesting of which is subject to such performance and other conditions as are specified by the Compensation Committee. The Compensation Committee has discretion to determine the terms of any Restricted Stock Award or Restricted Stock Unit award, including the number of shares subject to such award (subject to the Amended Plan s stated limits), the price (if any) paid for shares subject to a Restricted Stock Award or Restricted Stock Units, and the minimum period over which a Restricted Stock Award or Restricted Stock Units may vest or be settled. Participants holding shares subject to a Restricted Stock Award may exercise full voting rights with respect to the shares during the restriction period and will be entitled to receive all dividend and other distributions with respect to the shares, subject to any requirement imposed by the Compensation Committee that such dividend or distribution

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amounts be reinvested in additional shares subject to a Restricted Stock Award or remain subject to the same restrictions as the Restricted Stock Award. Holders of Restricted Stock Units will be entitled to receive dividend equivalents only to the extent provided by the Compensation Committee.

**Performance Award Units.** The Amended Plan authorizes the grant of performance award units, pursuant to which participants are awarded bonus opportunities that are paid contingent upon the achievement of performance criteria specified by the Compensation Committee. The Compensation Committee has discretion to determine the terms of any performance award unit, including the maximum amount payable (subject to the Amended Plan's stated limits), the performance period (which is generally at least one year), the performance criteria (which may be based on financial performance and/or personal performance evaluations) and level of achievement versus these criteria, the timing of any payment, restrictions on a performance award unit prior to actual payment, forfeiture provisions, and any other terms and conditions consistent with the Amended Plan. The Compensation Committee may specify the percentage of the target performance award unit that is intended to satisfy the requirements for performance-based compensation under Section 162(m) using qualifying performance criteria described below. Performance award units are payable in cash or shares of common stock as determined by the Compensation Committee. The Committee, in its sole discretion, may provide for an adjustable performance award value based upon the level of achievement of performance measures. Notwithstanding satisfaction of any performance goals, the number of shares issued under or the amount paid under an award may, to the extent specified in the award agreement, be reduced by the Compensation Committee on the basis of such further considerations as the Compensation Committee in its sole discretion shall determine.

**Qualifying Performance Criteria.** Qualifying performance criteria will be based upon (1) the price of a share of common stock, (2) the Company's earnings per share, (3) the Company's market share, (4) the market share of a business unit of the Company designated by the Compensation Committee, (5) the Company's sales, (6) the sales of a business unit of the Company designated by the Compensation Committee, (7) the net income (before or after taxes) of the Company or any business unit of the Company designated by the Compensation Committee, (8) the cash flow return on investment of the Company or any business unit of the Company designated by the Compensation Committee, (9) the earnings before or after interest, taxes, depreciation, and/or amortization of the Company or any business unit of the Company designated by the Compensation Committee, (10) the economic value added, (11) the return on stockholders' equity achieved by the Company, (12) the total stockholders' return achieved by the Company, or (13) a combination of any of the foregoing.

**Bonus Stock.** Each bonus stock award constitutes a transfer of unrestricted common shares on such terms and conditions as the Compensation Committee determines. Bonus stock awards will be made in shares of common stock and need not be subject to performance criteria or objectives or to forfeiture. The purchase price, if any, for common stock issued in connection with a bonus stock award will be determined by the Compensation Committee in its discretion.

**Transferability.** Unless otherwise provided for by the Compensation Committee, awards under the Amended Plan are generally only transferable by the will or laws of descent and distribution or pursuant to a domestic relations order entered or approved by a court of competent jurisdiction. The

Compensation Committee does have the discretion to permit the transfer of an award (other than an Incentive Option) under certain other circumstances.

**Tax Withholding.** A participant must satisfy any applicable federal, state, local or foreign tax withholding obligations that arise due to an award made under the Amended Plan, and the Compensation Committee will not be required to issue any shares or make any payment until the participant satisfies those obligations in a manner satisfactory to the Company. The Compensation Committee may permit tax withholding obligations to be satisfied by having the Company withhold a

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portion of the cash or shares that would otherwise be issued to the participant under an award or by allowing the participant to tender previously acquired shares.

***Corporate Change and Other Adjustments.*** The Amended Plan provides that, upon a Corporate Change (as defined in the Amended Plan), the Compensation Committee may accelerate the vesting of options, cancel options and cause the Company to make payments in respect thereof in cash, or adjust the outstanding options as appropriate to reflect such Corporate Change (including, without limitation, adjusting an option to provide that the number and class of shares of common stock covered by such option will be adjusted so that the option will thereafter cover securities of the surviving or acquiring corporation or other property (including cash) as determined by the Compensation Committee). Upon the occurrence of a Corporate Change, the Compensation Committee may adjust the outstanding Restricted Stock Awards as appropriate to reflect such Corporate Change or fully vest such outstanding Restricted Stock Awards and, upon such vesting, all restrictions applicable to such Restricted Stock will terminate. Further, upon the occurrence of a Corporate Change, the Compensation Committee may adjust the outstanding performance awards or Restricted Stock Units as appropriate to reflect such Corporate Change, or cancel any of such outstanding awards and cause the Company to make payments in respect thereof in cash, which payments will be prorated in the event that the applicable performance or vesting period with respect to such awards has not been completed.

The maximum number of shares that are intended to comply with Section 162(m) and may be issued under the Amended Plan, and the maximum number of shares that may be issued to any one individual and the other individual award limitations, as well as the number and price of shares of common stock or other consideration subject to an award under the Amended Plan, will be appropriately adjusted by the Compensation Committee in the event of changes in the outstanding common stock by reason of recapitalizations, reorganizations, mergers, consolidations, combinations, split-ups, split-offs, spin-offs, exchanges or other relevant changes in capitalization or distributions to the holders of common stock occurring after an award is granted.

***Amendment and Termination.*** The Board may from time to time amend, alter, or terminate the Amended Plan; however, any change that would impair the rights of a participant with respect to an award theretofore granted will require the participant's consent. Further, without the prior approval of our stockholders, the Board may not amend the Amended Plan to change the class of eligible individuals, increase the number of shares of common stock that may be issued under the Amended Plan, or amend or delete the provisions of the Amended Plan that prevent the Compensation Committee from amending any outstanding option contract to lower the option price or paying cash for underwater options.

## Federal Income Tax Consequences

The following discussion is for general information only and is intended to summarize briefly the U.S. federal tax consequences to participants arising from participation in the Amended Plan. This description is based on current law, which is subject to change (possibly retroactively). The tax treatment of participants in the Amended Plan may vary depending on the particular situation and therefore may be subject to special rules not discussed below. No attempt has been made to discuss any potential foreign, state or local tax consequences.

***Incentive Options; Nonstatutory Options; SARs.*** Participants will not realize taxable income upon the grant of a Nonstatutory Option or an SAR. Upon the exercise of a Nonstatutory Option or SAR, a participant will recognize ordinary compensation income (subject to withholding) in an amount equal to the excess of (i) the amount of cash and the fair market value of common stock received, over (ii) the exercise price (if any) paid therefore.



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A participant will generally have a tax basis in any shares of common stock received pursuant to the exercise of an SAR, or pursuant to the cash exercise of a Nonstatutory Option, that equals the fair market value of such shares on the date of exercise. Subject to the discussion under Federal Income Tax Consequences Tax Code Limitations on Deductibility below, the Company or its subsidiary (as applicable) will be entitled to a deduction for federal income tax purposes that corresponds as to timing and amount with the compensation income recognized by a participant under the foregoing rules.

Participants eligible to receive an Incentive Option will not recognize taxable income on the grant of an Incentive Option. Upon the exercise of an Incentive Option, a participant will not recognize taxable income, although the excess of the fair market value of the shares of common stock received upon exercise of the Incentive Option ( ISO Stock ) over the exercise price will increase the alternative minimum taxable income of the participant, which may cause such participant to incur alternative minimum tax. The payment of any alternative minimum tax attributable to the exercise of an Incentive Option would be allowed as a credit against the participant's regular tax liability in a later year to the extent the participant's regular tax liability is in excess of the alternative minimum tax for that year.

Upon the disposition of ISO Stock that has been held for the requisite holding period (generally, at least two years from the date of grant and more than one year from the date of exercise of the Incentive Option), a participant will generally recognize capital gain (or loss) equal to the excess (or shortfall) of the amount received in the disposition over the exercise price paid by the participant for the ISO Stock. However, if a participant disposes of ISO Stock that has not been held for the requisite holding period (a Disqualifying Disposition ), the participant will recognize ordinary compensation income in the year of the Disqualifying Disposition in an amount equal to the amount by which the fair market value of the ISO Stock at the time of exercise of the Incentive Option (or, if less, the amount realized in the case of an arm's-length disposition to an unrelated party) exceeds the exercise price paid by the participant for such ISO Stock. A participant would also recognize capital gain to the extent the amount realized in the Disqualifying Disposition exceeds the fair market value of the ISO Stock on the exercise date. If the exercise price paid for the ISO Stock exceeds the amount realized (in the case of an arm's-length disposition to an unrelated party), such excess would ordinarily constitute a capital loss.

Generally, the Company will not be entitled to any federal income tax deduction upon the grant or exercise of an Incentive Option, unless a participant makes a Disqualifying Disposition of the ISO Stock. If a participant makes a Disqualifying Disposition, the Company will then, subject to the discussion below under Federal Income Tax Consequences Tax Code Limitations on Deductibility, be entitled to a tax deduction that corresponds as to timing and amount with the compensation income recognized by a participant under the rules described in the preceding paragraph.

Under current rulings, if a participant transfers previously held shares of common stock (other than ISO Stock that has not been held for the requisite holding period) in satisfaction of part or all of the exercise price of a Nonstatutory Option or Incentive Option, no additional gain will be recognized on the transfer of such previously held shares in satisfaction of the Nonstatutory Option or Incentive Option exercise price (although a participant would still recognize ordinary compensation income upon exercise of an Nonstatutory Option in the manner described above). Moreover, that number of shares of common stock received upon exercise which equals the number of shares of previously held common stock surrendered therefore in satisfaction of the Nonstatutory Option or Incentive Option exercise price will have a tax basis that equals, and a capital gains holding period that includes, the tax basis and capital gains holding period of the previously held shares of common stock surrendered in satisfaction of the Nonstatutory Option or Incentive Option exercise price. Any additional shares of common stock received upon exercise will have a tax basis that equals the amount of cash (if any) paid by the participant, plus the amount of compensation income recognized by the participant under the rules described above.

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The Amended Plan allows the Compensation Committee to permit the transfer of awards in limited circumstances. See Summary of the Amended Plan Transferability. For income and gift tax purposes, certain transfers of Nonstatutory Options and SARs generally should be treated as completed gifts, subject to gift taxation.

The IRS has not provided formal guidance on the income tax consequences of a transfer of Nonstatutory Options (other than in the context of divorce) or SARs. However, the IRS has informally indicated that after a transfer of stock options (other than in the context of divorce pursuant to a domestic relations order), the transferor will recognize income, which will be subject to withholding, and FICA/FUTA taxes will be collectible at the time the transferee exercises the stock options.

In addition, if a participant transfers a vested Nonstatutory Option to another person and retains no interest in or power over it, the transfer is treated as a completed gift. The amount of the transferor's gift (or generation-skipping transfer, if the gift is to a grandchild or later generation) equals the value of the Nonstatutory Option at the time of the gift. The value of the Nonstatutory Option may be affected by several factors, including the difference between the exercise price and the fair market value of the stock, the potential for future appreciation or depreciation of the stock, the time period of the Nonstatutory Option and the illiquidity of the Nonstatutory Option. The transferor will be subject to a federal gift tax, which will be limited by (i) the annual exclusion of \$14,000 (for 2014) per donee, (ii) the transferor's lifetime exclusion, or (iii) the marital or charitable deduction rules. The gifted Nonstatutory Option will not be included in the participant's gross estate for purposes of the federal estate tax or the generation-skipping transfer tax.

This favorable tax treatment for vested Nonstatutory Options has not been extended to unvested Nonstatutory Options. Whether such consequences apply to unvested Nonstatutory Options is uncertain, and the gift tax implications of such a transfer are a risk the transferor will bear upon such a disposition. The IRS has not specifically addressed the tax consequences of a transfer of SARs.

**Restricted Stock Awards; Restricted Stock Units; Cash Awards.** A participant will recognize ordinary compensation income upon receipt of cash pursuant to a cash award or, if earlier, at the time the cash is otherwise made available for the participant to draw upon. A participant will not have taxable income at the time of grant of a stock award in the form of Restricted Stock Units denominated in common stock, but rather, will generally recognize ordinary compensation income at the time he receives cash or common stock in settlement of the Restricted Stock Units in an amount equal to the cash or the fair market value of common stock received. In general, a participant will recognize ordinary compensation income as a result of the receipt of common stock pursuant to a Restricted Stock Award in an amount equal to the fair market value of common stock when such stock is received; provided that, if the stock is not transferable and is subject to a substantial risk of forfeiture when received, a participant will recognize ordinary compensation income in an amount equal to the fair market value of common stock (i) when the common stock first becomes transferable or is no longer subject to a substantial risk of forfeiture, in cases where a participant does not make a valid election under Section 83(b) of the IRC, or (ii) when common stock is received, in cases where a participant makes a valid election under Section 83(b) of the IRC.

A participant will be subject to withholding for federal, and generally for state and local, income taxes at the time he recognizes income under the rules described above with respect to common stock or cash received. Dividends that are received by a participant prior to the time that common stock is taxed to the participant under the rules described in the preceding paragraph are taxed as additional compensation, not as dividend income. The tax basis in common stock received by a participant will equal the amount recognized by him as compensation income under the rules described in the preceding paragraph, and the participant's capital gains holding period in those shares will commence on the later of the date the shares are received or the restrictions lapse.

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Subject to the discussion immediately below, the Company or one of its subsidiaries (as applicable) will be entitled to a deduction for federal income tax purposes that corresponds as to timing and amount with the compensation income recognized by a participant under the foregoing rules.

***Tax Code Limitations on Deductibility.*** In order for the amounts described above to be deductible, such amounts must constitute reasonable compensation for services rendered or to be rendered and must be ordinary and necessary business expenses.

The Company's ability (or the ability of one of its subsidiaries, as applicable) to obtain a deduction for future payments under the Amended Plan could also be limited by the golden parachute payment rules of Section 280G of the IRC, which prevent the deductibility of certain excess parachute payments made in connection with a change in control of an employer-corporation.

Finally, the Company's ability (or the ability of one of its subsidiaries, as applicable) to obtain a deduction for amounts paid under the Amended Plan could be limited by Section 162(m), which limits the deductibility, for federal income tax purposes, of compensation paid to Covered Employees of a publicly traded corporation to \$1,000,000 with respect to any such officer during any taxable year of the corporation. However, an exception applies to this limitation in the case of certain performance-based compensation. In order to exempt performance-based compensation from the \$1,000,000 deductibility limitation, the grant or vesting of the award relating to the compensation must be based on the satisfaction of one or more performance goals as selected by the Compensation Committee. Performance-based awards intended to comply with Section 162(m) may not be granted in a given period if such awards relate to shares of common stock which exceed a specified limitation or, alternatively, the performance-based awards may not result in compensation, for a participant, in a given period which exceeds a specified limitation. If the Amended Plan is approved at the Annual Meeting, a participant who receives an award or awards intended to satisfy the performance-based exception to the \$1,000,000 deductibility limitation may not receive performance-based awards relating to more than 400,000 shares of common stock or, with respect to awards denominated in cash, \$5,000,000, in any given fiscal year. Although the Amended Plan has been drafted to satisfy the requirements for the performance-based compensation exception, the Company may determine that it is in its best interests not to satisfy the requirements for the exception. See Summary of the Amended Plan Awards under the Amended Plan Performance Award Units and Summary of the Amended Plan Awards under the Amended Plan Qualifying Performance Criteria.

**New Plan Benefits**

A summary of the material features of the Amended Plan, including the class of persons eligible to participate therein and the number of persons in such class, is included above under the title Summary of Amended Plan.

The awards, if any, that will be made to eligible persons under the Amended Plan are subject to the discretion of the Compensation Committee and, thus, the Company cannot currently determine the benefits or number of shares subject to awards that may be granted in the future to its executive officers, employees and directors under the Amended Plan. Therefore, the New Plan Benefits Table is not provided.

The Company made its annual equity awards under the Plan for fiscal year 2014 to the Named Executive Officers, nonemployee directors, and to its other eligible employees. The grants to the Named Executive Officers are reflected in the Fiscal Year 2014 Grants of Plan-Based Awards table that can be found on page 48 of this proxy statement. The fiscal year 2014 grant to the nonemployee directors is reflected in the Director Compensation Table on page 14. The fiscal year 2014 grants do not qualify as performance-based compensation under Section 162(m).

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**Vote Required and Board Recommendation**

Approval of the Second Amendment to the Plan, which (i) increases the number of shares of common stock that the Company may issue under the Plan by 3,300,000 shares, from 17,000,000 shares to 20,300,000 shares, (ii) extends the term of the Plan by changing the final date on which awards may be granted under the Amended Plan from July 28, 2016 to July 28, 2024, (iii) revises the share counting provisions of the plan so that shares withheld to satisfy tax withholding obligations are counted in full against the number of shares available for award under the Plan but awards settled in cash are not counted against the number of shares available for award under the Plan, (iv) eliminates the minimum vesting periods for Full-Value Awards added in the First Amendment to the Plan, (v) specifies that dividends or dividend equivalents will not be paid to holders of performance awards that are unvested or unearned and that dividends paid with respect to shares of restricted stock that are performance awards will be accrued and paid out only upon vesting of the performance award, and (vi) makes some minor administrative and legal updates, requires the affirmative vote of the holders of a majority of the total number of shares of common stock present in person or by proxy and entitled to vote on the matter. Unless marked to the contrary, proxies received will be voted FOR approval. The Board believes strongly that the approval of the Second Amendment to the Plan is essential to the Company's continued success. For the reasons stated above, the stockholders are being asked to approve this Proposal.

**The Board recommends a vote FOR the approval of the amendment to, and the restatement of, the 2006 Stock Incentive Plan.**

**Proposal No. 5:**

**Approval of Material Terms of the 2006 Stock Incentive Plan, as Amended and Restated, for**

**Purposes of Complying with the Requirements of Section 162(m) of the Internal Revenue Code**

**Background and Purpose of the Proposal**

In addition to the Amendment and Restatement of the Plan, the Board is also requesting that stockholders reapprove the material terms of the Amended Plan so that certain designated awards under the Amended Plan qualify for exemption from the deduction limitations of Section 162(m). As discussed in Proposal No. 4 above, under Section 162(m), the federal income tax deductibility of compensation paid to the CEO and three other most highly compensated officers (other than the CEO or the Company's Chief Financial Officer) determined pursuant to the executive compensation disclosure rules under the Securities Exchange Act of 1934 (Covered Employees) may be limited to the extent such compensation exceeds \$1,000,000 in any taxable year. However, the Company may deduct compensation paid to its Covered Employees in excess of that amount if it qualifies as performance-based compensation as defined in Section 162(m). In addition to certain other requirements, in order for awards under the Amended Plan to constitute performance-based compensation, the material terms of the Amended Plan must be disclosed to and approved by the Company's stockholders no later than the first stockholder meeting that occurs in the fifth year following the year in which stockholders previously approved the Plan, or at the time of a material amendment to the plan, whichever occurs first. Because the Company is seeking stockholder approval in Proposal No. 4 of a material amendment to the plan, we are also seeking this separate stockholder approval for purposes of Section 162(m).

Under the Section 162(m) regulations, the material terms of the Amended Plan are (i) the maximum amount of compensation that may be paid to a participant under the Amended Plan in any fiscal year, (ii) the employees eligible to receive compensation under the Amended Plan, and (iii) the business criteria on which the performance goals are based. The Company intends that awards under the

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Amended Plan continue to qualify for exemption from the deduction limitations of Section 162(m). Accordingly, the Company is asking its stockholders to reapprove the material terms of the Amended Plan for Section 162(m) purposes so that awards under the Amended Plan that are intended to qualify as performance-based compensation within the meaning of Section 162(m) will be fully deductible by the Company. The material terms of the Amended Plan are disclosed above in Proposal No. 4 as follows: (i) the maximum amount of compensation is described in the section entitled Summary of the Second Amendment to, and Restatement of, the Plan, (ii) the eligible employees are described in the section entitled Summary of the Amended Plan Persons Who May Participate, and (iii) the business criteria are described in the section entitled Summary of the Amended Plan Awards under the Amended Plan Qualifying Performance Criteria.

**Consequences of Failing to Approve the Proposal**

Failure of the Company's stockholders to approve this Proposal will not affect the rights of existing award holders under the Amended Plan or under any previously granted awards under the Amended Plan. However, if this Proposal is not approved, the Company will be required to reevaluate its compensation structure since compensation paid to Covered Employees in future years may not be deductible by the Company to the extent it exceeds \$1,000,000.

**Vote Required and Board Recommendation**

Approval of the material terms of the Amended Plan for Section 162(m) purposes requires the affirmative vote of the holders of a majority of the total number of shares of common stock present in person or by proxy and entitled to vote on the matter. For these purposes, broker non-votes are not treated as entitled to vote. Unless marked to the contrary, proxies received will be voted FOR approval. The Board believes strongly that the approval of the material terms of the Amended Plan for purposes of Section 162(m) are essential to the Company's continued success. For the reasons stated above, the stockholders are being asked to approve this Proposal.

**The Board recommends a vote FOR the approval of material terms of the 2006 Stock Incentive Plan, as amended and restated, for purposes of complying with the requirements of Section 162(m) of the Internal Revenue Code.**

**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 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 Proxy.

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**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS  
AND MANAGEMENT**

The following table contains information regarding the beneficial ownership of common stock as of May 13, 2014 by:

- The stockholders we know to beneficially own more than 5% of outstanding common stock;
- Each director named in this proxy statement;
- Each executive officer named in the Summary Compensation Table included in this proxy statement; and
- All of our directors and executive officers as a group.

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.

Beneficial Owner	Shares	
	Beneficially Owned Number	Percent <sup>(1)</sup>
<b>5% or Greater Stockholders:</b>		
Royce & Associates LLC <sup>(2)</sup> 745 Fifth Avenue New York, NY 10151	6,700,581	10.63%
Blackrock, Inc. <sup>(3)</sup> 40 East 52 <sup>nd</sup> Street New York, NY 10022	5,910,997	9.38%
The Vanguard Group, Inc. <sup>(4)</sup> 100 Vanguard Blvd. Malvern, PA 19355	4,622,079	7.33%
<b>Directors and Named Executive Officers:</b>		
Jason P. Rhode, President, Chief Executive Officer and Director <sup>(5)</sup>	951,177	1.4%
Thurman K. Case, Vice President, Chief Financial Officer and Principal Accounting Officer <sup>(6)</sup>	208,111	*
Gregory Scott Thomas, Vice President, General Counsel, and Corporate Secretary <sup>(7)</sup>	202,917	*
Scott A. Anderson, Senior Vice President and General Manager, Mixed-Signal Audio Division <sup>(8)</sup>	178,569	*
Jo-Dee M. Benson, Vice President and Chief Culture Officer <sup>(9)</sup>	127,127	*
Timothy R. Dehne, Director <sup>(10)</sup>	59,780	*
John C. Carter, Director <sup>(11)</sup>	54,026	*
Alan R. Schuele, Director <sup>(12)</sup>	41,889	*
Susan Wang, Director <sup>(13)</sup>	31,889	*
William D. Sherman, Director <sup>(14)</sup>	9,583	*
Christine King, Director	0	*
<b>All current directors and executive officers as a group (14 persons)<sup>(15)</sup></b>	<b>2,104,614</b>	<b>3.29%</b>

\* Less than 1% of the outstanding common stock

- (1) Percentage ownership is based on 62,057,267 shares of common stock issued and outstanding on May 13, 2014. Shares of common stock issuable under stock options that are currently exercisable or will become exercisable within 60 days after May 13, 2014, and shares of common stock subject to restricted stock units ( RSUs ) that will vest and be issued within 60 days after May 13, 2014, are deemed to be outstanding and beneficially owned by the person holding such options or RSUs for the purpose of computing the number of shares beneficially owned and the percentage

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- ownership of such person, but are not deemed outstanding for the purpose of computing the percentage of any other person or group. This table does not include options or RSUs that vest more than 60 days after May 13, 2014.
- (2) Based on a Schedule 13G filed with the SEC on January 7, 2014, Royce & Associates LLC is the beneficial owner of 6,700,581 shares, with sole voting power as to 6,700,581 shares and shared dispositive power as to 6,700,581 shares.
  - (3) Based on a Schedule 13G filed with the SEC on January 28, 2014, Blackrock Inc. is the beneficial owner of 5,910,997 shares, with sole voting power as to 5,691,583 shares, and sole dispositive power as to 5,910,997 shares.
  - (4) Based on a Schedule 13G filed with the SEC on February 12, 2014, The Vanguard Group Inc. is the beneficial owner of 4,622,079 shares, with sole voting power as to 89,681 shares, sole dispositive power as to 4,537,298 shares, and shared dispositive power as to 84,781 shares.
  - (5) Includes 896,547 shares issuable upon exercise of options held by Dr. Rhode and 54,630 shares held directly.
  - (6) Includes 198,989 shares issuable upon exercise of options held by Mr. Case and 9,122 shares held directly.
  - (7) Includes 179,126 shares issuable upon exercise of options held by Mr. Thomas and 23,791 shares held directly.
  - (8) Includes 157,374 shares issuable upon exercise of options held by Mr. Anderson and 21,195 shares held directly.
  - (9) Includes 118,499 shares issuable upon exercise of options held by Ms. Benson and 8,628 shares held directly.
  - (10) Includes 35,000 shares issuable upon exercise of options held by Mr. Dehne and 24,780 shares held directly.
  - (11) Includes 40,000 shares issuable upon exercise of options held by Mr. Carter and 14,026 shares held directly.
  - (12) Includes 12,424 shares issuable upon exercise of options held by Mr. Schuele and 29,465 shares held directly.
  - (13) Includes 18,906 shares issuable upon exercise of options held by Ms. Wang and 12,983 shares held directly.
  - (14) All shares are directly held.
  - (15) Includes options held by all executive officers and directors to purchase an aggregate of 1,888,164 shares of common stock that are exercisable within 60 days of May 13, 2014.

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**EXECUTIVE OFFICERS**

**Scott A. Anderson Senior Vice President and General Manager, Mixed-Signal Audio Division**

Mr. Anderson, age 60, was appointed Senior Vice President and General Manager, Mixed-Signal Audio Division, in October 2007. Prior to joining the Company, Mr. Anderson served as the President and Chief Operating Officer of Freescale Semiconductor between March 2004 and February 2005, and as President and Chief Executive Officer of Motorola Semiconductor Products Sector between February 2003 and December 2003.

**Jo-Dee M. Benson Vice President, Chief Culture Officer**

Ms. Benson, age 54, was appointed Vice President, Chief Culture Officer, as of July 2011. She joined the Company in July 1995 and served in various marketing communications management roles. Prior to being appointed to her current position, Ms. Benson served as Vice President, Corporate Communications and Human Resources in July 2005 to July 2011, and as Vice President, Corporate Marketing Communications between January 2001 and July 2005.

**Randy Carlson Vice President of Supply Chain**

Mr. Carlson, age 48, was appointed Vice President of Supply Chain in February 2010. Mr. Carlson previously worked as Director of Supply Chain between May 2008 and February 2010. Prior to joining the Company in May 2008, Mr. Carlson held various management positions at STATS ChipPAC between 2003 and April 2008.

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

Mr. Case, age 57, was appointed Chief Financial Officer ( CFO ) on February 14, 2007. He joined the Company in October 2000 and was appointed Vice President, Treasurer, Financial Planning & Analysis, in September 2004. Prior to being appointed to his current position, Mr. Case served as Vice President, Finance between June 2002 and September 2004, and as Director of Finance between October 2000 and June 2002.

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

Dr. Rhode, age 44, was appointed President and CEO of the Company in May 2007. Dr. Rhode joined the Company in 1995 and served in various engineering positions until he became Director of Marketing for analog and mixed-signal products in November 2002. He was appointed Vice President, General Manager, Mixed-Signal Audio Products, in December 2004, a role he served in until his appointment as President and CEO.

**Eric C. Smith Vice President and General Manager**

Mr. Smith, age 53, was appointed Vice President and General Manager on April 14, 2014. Prior to joining the Company, Mr. Smith was Vice President of Operations at Ambiq Micro, a provider of ultra-low power semiconductor products. Previously, he worked as Vice President, Operations at Javelin Semiconductor (acquired by Avago Technologies, Ltd.) from March 2012 to April 2013. Prior to joining Javelin Semiconductor, Mr. Smith was the Product Line Director for Digital Power Products for Intersil Corporation in Austin, Texas between July 2008 and March 2012. Mr. Smith previously served as Vice President, Operations, at D2Audio, which was acquired by Intersil in July 2008.

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

Mr. Thomas, age 48, was appointed Vice President, General Counsel and Corporate Secretary in December 2003. He joined the Company in December 2000 as Vice President and Associate General Counsel, Intellectual Property.



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### **Timothy R. Turk Vice President, Worldwide Sales**

Mr. Turk, age 57, was appointed Vice President, Worldwide Sales in August 2007. Prior to joining the Company, Mr. Turk was Vice President of Sales at Avnera Corporation. Mr. Turk also served 20 years in sales and operations with Cypress Semiconductor, including as Vice President of Worldwide Sales and Sales Operations from 2004 through 2006.

## **COMPENSATION DISCUSSION AND ANALYSIS**

The purpose of this Compensation Discussion and Analysis is to explain the Compensation Committee's philosophy for determining the compensation program for the CEO, the Company's Chief Financial Officer and the three other most highly compensated executive officers (the Named Executive Officers) for fiscal year 2014 and to discuss why and how the fiscal year 2014 compensation decisions for these executives were reached. As used in this Compensation Discussion and Analysis, all references to the 2014 fiscal year are applicable to the time period that began on March 31, 2013 and ended on March 29, 2014. Following this discussion are tables that include compensation information for the Named Executive Officers. This analysis contains descriptions of various employee compensation and benefit plans. These descriptions are qualified in their entirety by reference to the full text or detailed descriptions of the plans that are filed as exhibits to the Company's 2014 Annual Report on Form 10-K for the 2014 fiscal year.

The Named Executive Officers for fiscal year 2014 were as follows:

Jason P. Rhode, President and CEO;

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

Scott A. Anderson, Senior Vice President and General Manager, Mixed-Signal Audio Division;

Gregory S. Thomas, Vice President, General Counsel and Corporate Secretary; and

Jo-Dee M. Benson, Vice President and Chief Culture Officer.

As discussed above, the Compensation Committee reviews and approves base salaries and other matters relating to executive compensation, and administers the Company's stock incentive plans, including reviewing and granting stock incentive awards to our executive officers and other employees and reviewing and approving policies and procedures for granting awards under these plans.

**Executive Summary.** Cirrus Logic, Inc. is committed to paying executive officers based on Company and individual performance. A significant portion of each executive officer's compensation is based on the achievement of short-term and long-term profitable growth of the Company. For fiscal year 2014, the Compensation Committee did not make any significant adjustments to the structure of the Company's executive compensation program.

The Compensation Committee believes that the compensation paid to our executive officers as reflected in this proxy statement is fully supported by the Company's performance over the relevant time periods. For the four quarters preceding the Company's annual review of executive compensation in or about August 2013, Cirrus Logic, Inc.'s revenue growth was positioned at or near the top of the Proxy Group (as defined in the section *Competitive Positioning Information*) over the previous four fiscal quarters. In addition, over the previous three-year period, Cirrus Logic Inc.'s revenue growth was also positioned at or near the top of the Proxy Group. In view of the Company's performance, the Company's executive officers earned payments under the Company's 2007 Management and Key Individual Contributor Incentive Plan (the Incentive Plan) of 227% of each individual's target bonus in the first semi-annual payout period of fiscal year 2014 and 71% of each individual's target bonus in



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the second semi-annual payout period. These payments reflected the Company's strong operating profit and revenue growth during the first half of fiscal year 2014. While the Company continued to experience strong operating profit performance in the second half of fiscal year 2014, the reduced payment under the Incentive Plan for this period reflected the significant drop in year-over-year revenue growth in the second half of the fiscal year. See *Executive Compensation Review for Fiscal Year 2014 - Annual Cash Incentive Awards* at page 38. In addition, the Company granted equity awards to executive officers in fiscal year 2014 that resulted in some of the officers receiving a target total direct compensation opportunity above the 50th percentile of the competitive market. The Compensation Committee determined that the size of these awards was warranted based on the Company's overall financial and operational performance in the preceding 12 months. See *Executive Compensation Review for Fiscal Year 2014 - Long Term Incentives* at page 40.

**General Philosophy.** We provide our 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 base salary, annual cash incentive awards, and equity compensation. These opportunities are designed 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 amounts payable under the compensation program for our executive officers should reflect the Company's performance and the value created for our stockholders. In addition, the compensation program should balance the short- and long-term strategic goals and objectives of the Company and reward individual contribution to the Company's success. We are engaged in a very competitive industry, and the Company's success depends on its ability to attract and retain qualified executives through the competitive compensation packages we offer to these individuals.

**Advisory Vote on Executive Compensation.** We conducted our third stockholder advisory vote on executive compensation at our 2013 annual meeting of stockholders. While this vote was not binding on the Company, it gives our stockholders an opportunity to vote on the compensation of our Named Executive Officers on an annual basis as a means to express their views regarding our executive compensation philosophy, our compensation policies and programs, and our decisions regarding executive compensation, all as disclosed in our proxy statements. The Board and the Compensation Committee value the opinions of our stockholders and, to the extent that there is any significant vote against the compensation of our Named Executive Officers as disclosed in this proxy statement, we will consider our stockholders' concerns, and the Compensation Committee will evaluate whether any actions are necessary to address those concerns.

At the Company's 2013 annual meeting of stockholders, more than 95% of the votes cast on the advisory vote on executive compensation proposal were voted in favor of our Named Executive Officers' compensation as disclosed in the proxy statement, and as a result, our Named Executive Officers' compensation was approved. The Compensation Committee reviewed the final vote results and determined that, given the significant level of support, no changes to our executive compensation policies and decisions were necessary in light of these results.

We provide our stockholders with the opportunity to cast an advisory vote on executive compensation each year. For more information, see *Proposal No. 3 - Advisory Vote to Approve Named Executive Officer Compensation*.

**Target Total Direct Compensation.** The Compensation Committee annually reviews and establishes each executive officer's target total direct compensation package. The Compensation Committee considers a broad range of facts and circumstances in setting executive compensation, including Company performance, individual performance, external pay practices of peer companies, the strategic importance of the executive officer's position, as well as internal pay equity and the executive officer's

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time in the position. The weight given to each of these factors by the Compensation Committee may differ from year to year, and among the individual executive officers.

The Company's executive compensation program is heavily weighted toward performance-based compensation that rewards achievement of short-term and long-term corporate goals and objectives. In setting target total direct compensation for our executive officers, the Compensation Committee seeks 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 is coupled to Company performance, individual performance, and stock price appreciation. Please see *Elements of Compensation and Target Market Positioning* for additional information regarding the target total direct compensation for our Named Executive Officers.

**Use of a Compensation Consultant.** To support the Compensation Committee in fulfilling its duties, the Compensation Committee directly retained an external compensation consultant to assist with its design and evaluation of CEO, executive officer, and director compensation. Pursuant to its charter, the Compensation Committee is authorized to retain and terminate any consultant, as well as approve the consultant's fees and other terms of retention.

During fiscal year 2014, the Compensation Committee retained Compensia, Inc. (Compensia) to provide executive and director compensation consulting services. At the direction of the Compensation Committee, Compensia performed a comprehensive review of our CEO's and other executive officers' compensation. In addition to a complete review of executive compensation, Compensia reviewed, developed and proposed a compensation peer group to use for purposes of analyzing executive and director compensation. Compensia further reviewed the Company's Incentive Plan and provided analysis of management's recommendations in setting the performance criteria under that plan for fiscal year 2014.

As required by the Nasdaq listing standards, the Compensation Committee performed an independence assessment of Compensia. The Compensation Committee determined that Compensia should be considered independent based on the following factors:

Compensia provided no services to the Company other than its work for the Compensation Committee;

The fees paid to Compensia by the Company were less than 1% of Compensia's revenues for the year;

Compensia has developed and provided to the Company a Conflict of Interest Policy;

The advisers from Compensia have no business or personal relationship with any members of the Company's Compensation Committee or the Company's executive officers; and

None of the advisers from Compensia own any shares of common stock.

Accordingly, the Compensation Committee determined that the services provided by Compensia to the Compensation Committee for fiscal year 2014 did not give rise to any conflicts of interest.

**Competitive Positioning Information.** To aid the Compensation Committee's annual executive compensation review, Compensia prepared a compensation assessment of the Company's executive compensation program. The assessment was based on market data obtained from the Radford High Technology Executive Compensation Survey specific to companies in the semiconductor industry with revenues of approximately \$300 million to \$1.7 billion per year, with median revenue of approximately \$850 million (the Survey Group), and publicly-available data gathered from a group of specific companies that are considered comparable to the Company (the Proxy Group). The Proxy Group generally consists of public companies located in the United States in the semiconductor industry that

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are similar in size (as measured by revenue and market capitalization) and share common characteristics with the Company, including location and similarity of business model and product lines. In determining the Proxy Group, the Compensation Committee also considered whether a proposed peer was historically in the Company's peer group to maintain some consistency in the executive compensation analysis on a year-over-year basis. Finally, the Compensation Committee also considered the likelihood that the Company would compete with the other company for executive talent when selecting the companies for the Proxy Group.

In the spring of 2013, based on these criteria, and with input from the Board on companies to consider including in the Proxy Group, Compensia reviewed the then-existing Proxy Group and recommended the removal of: (1) Applied Micro Circuits Corp.; (2) Cavium Networks, Inc.; (3) Hittite Microwave Corp.; (4) Micrel, Inc.; (5) Monolithic Power Systems Inc.; (6) Silicon Image; and (7) Standard Microsystems Corp. and the addition of: (1) Atmel; (2) Cypress Semiconductor; (3) Fairchild Semiconductor; (4) International Rectifier; (5) RF Micro Devices; and (6) Skyworks Solutions to better reflect the most current, shared characteristics with the Company. In particular, these changes were intended to reflect the significant revenue growth the Company experienced in the previous twelve months. After reviewing Compensia's recommendations, the Compensation Committee approved the following group of 15 companies for the Proxy Group: (1) Atmel; (2) Cypress Semiconductor; (3) Fairchild Semiconductor; (4) Integrated Device Technology, Inc.; (5) International Rectifier; (6) Intersil Corp.; (7) Microsemi Corp.; (8) OmniVision Technologies Inc.; (9) PMC-Sierra, Inc.; (10) Power Integrations, Inc.; (11) RF Micro Devices; (12) Semtech Corp.; (13) Silicon Laboratories, Inc.; (14) Skyworks Solutions; and (15) TriQuint Semiconductor, Inc.

From the data derived from the Survey Group and the Proxy Group, Compensia developed market composite data for each executive officer reflecting a blend of the data from each group (the Market Composite Data). In some cases, Proxy Group data was not available for an executive officer and Compensia's analysis and subsequent compensation recommendations were based on the Survey Group data. The Compensation Committee examined this compensation data along with Compensia's recommendations and set each executive officer's compensation, including each Named Executive Officer's compensation, with the intent of establishing competitive compensation levels.

**Role of Executive Officers in Establishing Compensation.** Our Human Resources and Legal departments support the Compensation Committee in its work and in fulfilling various functions in administering our compensation programs. This support generally consists of assistance with providing Survey Group data, proposals of potential ranges of various components of compensation for our executive officers, and information regarding available shares under the Company's equity incentive plan. Regular meetings of the Compensation Committee are generally attended by our CEO, Chief Culture Officer, and our General Counsel. Because each of the Company's executive officers (other than the CEO) reports directly to the CEO, the Compensation Committee relies upon input and recommendations from our CEO in determining an executive officer's compensation. The Compensation Committee considers and sets the compensation of our CEO when no members of management are present. In addition, members of management are not present while their specific compensation is being discussed and determined.

**Elements of Compensation and Target Market Positioning.** Each executive officer's compensation package is comprised of the following elements: (i) base salary that is competitive with the market and reflects individual performance, (ii) annual cash incentive awards tied to the Company's achievement of specific performance objectives, (iii) long-term incentives in the form of equity awards designed to strengthen the mutuality of interests between the executive officers and the Company's stockholders, (iv) other benefits that are generally available to the Company's employees, including a 401(k) plan and medical, vision, and dental plans, and (v) post-employment compensation.

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In general, we have attempted to establish a strong relationship between total cash compensation, the Company's performance, and individual executive performance, by targeting base salaries at approximately the 50<sup>th</sup> percentile range of the Market Composite Data, and by providing additional incentive opportunities that position the target total cash compensation opportunity (base salary plus target annual cash incentive compensation) also within the 50th percentile range, with the potential to earn in the 50th - 75th percentile level or more for higher levels of performance, while maintaining internal pay equity.

We also provide additional long-term incentives in the form of equity awards so that an executive officer's target total direct compensation opportunity is set at or near the 50th percentile level (i.e., the size of the equity award is a function of the difference between the 50th percentile target total direct compensation and the 50th percentile of target total cash compensation). These percentages are intended as guidelines for evaluating and establishing each executive officer's compensation and are not applied on a rigid or formulaic basis. The Compensation Committee exercises sole discretion over each executive officer's total compensation package.

Executive officers may also receive 401(k) retirement and health and welfare benefits that are generally available to all employees of the Company. In addition, executive officers are also eligible to receive certain severance payments and benefits upon termination of their employment other than for cause, as further described in the sections of this proxy statement entitled *Post-Employment Compensation* and *Potential Payments upon a Termination or Change of Control*.

**Executive Compensation Review for Fiscal Year 2014.** Each year, the Compensation Committee reviews our executive officers' compensation at a regularly scheduled Compensation Committee meeting in September. At that time, the Compensation Committee also reviews the Company's performance as compared to the Proxy Group. As part of the review, the Compensation Committee considers any changes to an executive officer's base salary or target amounts for his or her annual cash incentive awards. The Compensation Committee further considers any annual equity awards for our executive officers. The timing of the annual executive compensation review and any proposed equity awards is aligned with the Company's annual grant of equity awards to our key employees, which has historically occurred in October each year.

### ***Base Salary***

The base salary for each executive officer is designed to be commensurate with the salary levels for comparable positions within the Survey Group and Proxy Group, to reflect each individual's personal performance during the year, to take into consideration the individual's responsibilities within the Company, and to be consistent with our internal salary alignment. The relative weight given to each factor varies with each executive officer and is within the discretion of the Compensation Committee. In setting base salaries, the Compensation Committee reviews (i) the Market Composite Data; (ii) the recommendations of our CEO; and (iii) each executive officer's individual performance for the year. The Company's profitability and operational performance may also be factors in determining the base salaries of our executive officers. The Compensation Committee uses a largely discretionary approach for determining any adjustment to an individual executive officer's base salary and looks collectively at all of these factors. Ultimately, the decision to adjust an executive officer's base salary is subjective and made in the sole discretion of the Compensation Committee.

In September 2013, the Compensation Committee increased our CEO's annual base salary from \$525,000 (slightly below the 25th percentile of the Market Composite Data for Chief Executive Officers) to \$625,000 (slightly below the 50th percentile of the Market Composite Data for Chief Executive Officers). The Compensation Committee decided to increase the CEO's base salary based on the Company's performance in the previous 12 months and its assessment of the competitive market.

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base salary for positions of similar scope and responsibility. This increase in salary also reflects changes in the Company's peer group, as the Compensation Committee began benchmarking salaries against peer companies in a higher revenue range.

At its meeting in September 2013, the Compensation Committee also reviewed the compensation of our other executive officers, including our other Named Executive Officers. Based on this review, the Compensation Committee concluded that the base salary levels of our other executive officers, including our Named Executive Officers, approximated or were below the 25th percentile of the competitive market, partly due to past base salary decisions being taken with reference to compensation data based on companies in a lower revenue range. In view of the lower overall market positioning of their peer base salaries and the recent financial performance of the Company, the Compensation Committee increased the overall base salaries of our Named Executive Officers (other than our CEO) by an aggregate of approximately 5% from the previous fiscal year. In general, these adjustments were intended to recognize the performance of certain executive officers during the previous year and to move certain executive officers' base salaries toward the 50th percentile of the Market Composite Data for base salary levels of executives in similar positions, while maintaining internal pay equity.

### ***Annual Cash Incentive Awards***

In fiscal year 2014, our executive officers, including our Named Executive Officers, participated in the Company's Incentive Plan. The Incentive Plan is designed to provide employees who are in management or leadership positions in the Company, or who are key individual contributors whose efforts potentially have a material impact on the Company's performance, with incentives to improve the Company's performance through the achievement of pre-established financial goals.

Pursuant to the Incentive Plan, participants are eligible to earn semi-annual cash bonus payments. For fiscal year 2014, the Incentive Plan sets our CEO's target bonus for each semi-annual performance period at 50% of his annual base salary, and sets certain other executive officers' target bonuses for each semi-annual performance period, including the target bonuses of the other Named Executive Officers, at 25% of their annual base salary. Payments are determined based on the achievement of certain internal company performance target levels for operating profit margin and revenue growth, which are set by the Compensation Committee prior to the commencement of each semi-annual performance period. For purposes of the Incentive Plan, Operating Profit Margin is defined as the Company's consolidated GAAP operating income excluding Incentive Plan and other bonus accruals and any non-recurring items such as gains on sales of assets not otherwise included in revenue, losses on sales of assets, restructuring charges, merger-related costs including amortization or impairments of acquisition-related intangible assets, deferred tax adjustments, stock compensation expense, asset write-offs, write-downs, and impairment charges, and such other items as the Compensation Committee may determine in its sole discretion.

These performance measures are designed to balance short-term and long-term financial and strategic objectives for building stockholder value and are further based on a review of the operating results of other peer companies and competitors, including the performance of the Proxy Group. The Compensation Committee sets the target levels for these performance measures so that participants will earn their target bonuses only if the Company's Operating Profit Margin and revenue growth goals are achieved during the measurement period. As designed, the Operating Profit Margin and revenue growth goals were intended by the Compensation Committee to be based on the Company's long-term strategic plan, not the Company's annual operating plan. The Incentive Plan further provides that no payments may be made unless a specified Operating Profit Margin threshold level is met. As opposed to the target levels for the Incentive Plan, typically the Compensation Committee has set the threshold levels for payments based in part on a review of the Company's annual operating plan along with current economic and market conditions.

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In determining the amount of a bonus payment for an individual participant, the Incentive Plan provides that the Compensation Committee will establish a formula for each measurement period for determining the pay-out percentage (the Incentive Plan Pay-Out Percentage) based on the actual performance of the Company relative to the target levels for each of the performance measures. The Incentive Plan further provides that payments may exceed the target payouts when the Company's financial performance exceeds the achievement of those performance target levels. Payments under the Incentive Plan may not exceed 250% of a participant's target bonus for any applicable performance period, and are further subject to a cap of 12% of the Company's non-GAAP operating profit on total payments under the Company's variable compensation plans. The Compensation Committee first instituted a cap in fiscal year 2010 because it determined that the proposed targets and thresholds under the Incentive Plan created a risk that a large percentage of the Company's operating profit for the period could be paid out as bonuses if the revenue growth of the Company continued to increase as anticipated. The Compensation Committee set the cap at 12% based on its desire to provide a reasonable payout for achieving the Company's performance target levels while maintaining a reasonable cap on payments under all of the Company's variable compensation plans.

If a participant's employment with the Company is terminated by reason of death or disability (as defined within the Incentive Plan) during a semi-annual performance period, then that participant will still receive the same payment under the Incentive Plan that he or she would have received if he or she were still employed on the last day of the semi-annual performance period, but such amount will be prorated based on the number of calendar days that the participant was employed with the Company during such performance period. In May 2013, the Incentive Plan was amended so that payment under the Incentive Plan would no longer be received if a participant's employment was terminated by the Company without cause during a semi-annual performance period.

If, in the event of a change of control of the Company, the Incentive Plan is not assumed or replaced with a comparable plan by the Company's successor, each participant under the Incentive Plan will receive a pro rata cash payment of his or her target bonus, based upon the number of calendar days completed in the current semi-annual performance period prior to the occurrence of the change of control. For more information, please see the section of this Proxy Statement entitled *Potential Payments Upon a Termination or Change of Control*.

For the first and second semi-annual performance periods in fiscal year 2014, the performance target levels for the two performance measures were set such that a participant would receive 100% of his or her target bonus if the Company achieved an operating profit margin, calculated as set forth in the Incentive Plan (the Operating Profit Margin) of 20% and annual revenue growth of 15% during the semi-annual performance period. Specifically, the formula for determining the Incentive Plan Pay-Out Percentage (for each semi-annual performance period) was set by the Compensation Committee as follows:

- (1) The operating profit payout percentage was determined based on the Company's Operating Profit Margin for the semi-annual performance period. If the Company failed to achieve a threshold Operating Profit Margin of 10%, then no bonus payments would be made for the performance period.
- (2) At the threshold Operating Profit Margin of 10%, the operating profit payout percentage would be 25%. At the target Operating Profit Margin of 20%, the operating profit payout percentage would be 100%. For Operating Profit Margin performance between the threshold level of 10% and the target level of 20%, the operating profit percentage payout would be determined by using straight-line interpolation between the threshold and target levels. For example, if the Company achieved an Operating Profit Margin of 16%, the operating profit payout percentage would be calculated as 70% (25% + (3/5 x 75%)).



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- (3) For performance above the target Operating Profit Margin of 20%, the operating profit payout percentage would increase linearly by 10% for each percentage point of Operating Profit Margin in excess of 20%. For example, if the Company achieved an Operating Profit Margin of 25%, the operating profit payout percentage would be calculated as 150% (100% + (5 x 10%)).
- (4) Once the operating profit payout percentage is determined, the Incentive Plan Pay-out Percentage was calculated by multiplying the operating profit percentage by a revenue growth multiplier.
- (5) For fiscal year 2014, the revenue growth multiplier was set at 50% for revenue growth below 5% and 100% for target revenue growth of 15%. For revenue growth performance between 5% and 15%, the revenue growth multiplier would be determined using straight-line interpolation between these points. For example, if the Company achieved 10% revenue growth during the period, the revenue growth multiplier would be calculated as 75% (50% + (5/10 x 50%)).
- (6) For performance levels above the target revenue growth of 15%, the revenue growth multiplier would increase linearly by 5% for each percentage point of revenue growth in excess of 15%. For example, if the Company achieved annual revenue growth of 20% in the relevant period, the revenue growth multiplier would be calculated as 125% (100% + (5% x 5)).

As a result of the Company's performance in the first half of fiscal year 2014, our executive officers, including our Named Executive Officers, earned payments of 227% of each individual's target bonus for the semi-annual performance period. The Incentive Plan Payout Percentage for the first half of fiscal year 2014 was calculated based on an Operating Profit Margin of 30% (24% on a GAAP basis) and revenue growth of 18%.

As a result of the Company's performance in the second half of fiscal year 2014, our executive officers, including our Named Executive Officers, earned payments of 71% of each individual's target bonus for the semi-annual performance period. The Incentive Plan Payout Percentage for the second half of fiscal year 2014 was calculated based on an Operating Profit Margin of 24% (20% on a GAAP basis) and revenue growth of -29%.

A reconciliation of the Company's GAAP operating profit margin to the Operating Profit Margin used in the Incentive Plan calculations is included as an annex to this proxy statement. During fiscal year 2014, the Company amended the Incentive Plan as described in this proxy statement, and the amendments were approved by our stockholders via Proposal No. 4 at the Company's 2013 annual meeting of stockholders. Amendments were made pursuant to Section 162(m) of the Internal Revenue Service Code to make available, under the plan, awards that are designed to qualify as performance-based compensation for purposes of Section 162(m).

***Long-Term Incentives***

We provide long-term incentive opportunities in the form of equity awards to motivate and reward our executive officers, including our Named Executive Officers, for their contributions to achieving our business objectives by tying incentives to the performance of common stock over the long term. The use of equity further reinforces the link between the interests of our executive officers and our stockholders. Generally, equity awards are made annually by the Compensation Committee to each of our executive officers under our 2006 Stock Incentive Plan.

Prior to fiscal year 2010, we used stock options as our principal long-term incentive vehicle because of our belief that there was a near universal expectation by employees and executive officers in our

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industry that they would receive stock option grants. Options have provided an effective compensation opportunity for companies, like ours, focused on growth. Options are designed to align the interests of our executive officers and employees with those of our 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 option award enables the recipient to purchase shares of common stock at a fixed price per share (the market price of common stock on the grant date) over a specified period of time (up to ten years). Each option typically becomes exercisable in a series of installments over a specified period over four years, with one-year cliff vesting for 25% of the options on the first anniversary of the grant date and 1/36 of the remaining options vesting on a monthly basis over the following three years contingent upon the recipient's continued employment with the Company. Accordingly, the options provide a potential return to the employee or executive officer only if he or she remains employed by the Company during the vesting period, and then only if the market price of common stock appreciates over the option term.

In September 2010, the Compensation Committee moved to a long-term incentive framework based on an award mix of stock options and time-vested restricted stock unit awards ( RSUs ) based on the aggregate grant date fair value of the awards. This award mix remains consistent with the Company's Proxy Group practices in which stock options are commonly used in combination with full value awards with time or performance-based vesting. The decision to use time-vested RSUs balances the benefits of stock options with the executive retention and stockholder dilution benefits that RSUs provide. In particular, the Compensation Committee believes that the use of time-vested RSUs with a three-year cliff vesting condition helps further our retention objectives by encouraging our executive officers to remain with the Company and fully execute our long-term strategies, which generally take a number of years to be fully implemented and reflected in our financial performance. And because RSUs are typically granted at a lower number of shares than an equivalent option grant, the dilutive impact of our long-term incentive awards as a whole is reduced by using a mix of these two types of equity vehicles.

As discussed above, the Compensation Committee's long-term incentive compensation philosophy is to grant awards to our executive officers that position target total direct compensation approximately at the market 50th percentile. The Compensation Committee also takes into account the number and current unrealized value of outstanding options held by each executive officer to maintain an appropriate level of equity-based incentive for that individual. The Compensation Committee further considers the Company's current equity burn rate and dilution in setting the amount of equity available for grant to our executive officers. The size of the equity award 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 uses a largely discretionary approach for determining the value of the equity awards awarded to an individual executive officer and looks collectively at all of these factors. Ultimately, the decision with respect to the size of these equity awards is subjective and made in the sole discretion of the Compensation Committee.

For fiscal year 2014, based on Compensia's analysis of competitive market practices, and the other relevant factors summarized above, the Compensation Committee approved the grant of an approximate 50% mix of options and 50% RSUs to our executive officers in conjunction with the Company's annual review of equity awards for all employees. The Compensation Committee weighted, consistent with past practice, the mix of options and RSUs awarded to the CEO more in favor of options, which would provide a potential return only to the extent the market price of the common stock appreciates over the option term. The equity awards were granted on the Company's

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Monthly Grant Date (as defined below under *Equity Award Practices and Timing* ) in October 2013. The Company granted equity awards to our executive officers in fiscal year 2014 with the same number of options and RSUs as compared to fiscal year 2013, which resulted in some of our executive officers receiving, when combined with their other pay components, a target total direct compensation opportunity above the 50<sup>th</sup> percentile level. Although the relevant weight given to the factors considered in determining the size of the equity awards granted to each executive officer varied from individual to individual, generally the Compensation Committee determined that our executive officers should receive awards with values above the 50<sup>th</sup> percentile level in view of the Company's overall performance in fiscal year 2014. More specifically, the Compensation Committee believed that the size of the awards (matching those of fiscal year 2013) was appropriate given that the number of awards granted in both fiscal year 2013 and 2014 were significantly smaller than awards granted in prior years, and the Company's significant decrease in stock price resulted in the 2014 awards representing a significantly lower value than the 2013 awards.

***Equity Award Practices and Timing***

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

***Perquisites and Other Benefits***

All of our employees, including our executive officers, are eligible to participate in the Company's welfare and health benefit programs, including our 401(k) plan; medical, vision and dental plans; and certain other standard employee benefit plans. The Cirrus Logic, Inc. 401(k) Plan is a tax-qualified profit sharing and Section 401(k) plan. Under the plan, as of the fourth quarter of fiscal year 2014, we match 50% of up to the first 8% of an employee's pre-tax deferrals, subject to the IRS compensation limits. In prior quarters of fiscal year 2014, we matched 50% of up to the first 6% of an employee's pre-tax deferrals, subject to the IRS compensation limits.

Our CEO and other executive officers participate in these welfare and health benefit programs to the same extent as all other salaried employees based in the United States. Although perquisites are not a material part of our compensation programs for executive officers and are generally not provided, we do reimburse up to \$500 for an annual physical examination for each of our executive officers to the extent the physical examination is not covered under our standard health care plans.

***Post-Employment Compensation***

We do not maintain separate individual employment, severance, or change of control agreements with our Named Executive Officers; however, on July 26, 2007, after a review of other companies' practices with respect to management severance plans, the Compensation Committee approved and adopted an Executive Severance and Change of Control Plan (the 2007 Severance Plan ). The 2007 Severance Plan provides certain payments and other benefits to eligible executive officers ( Eligible Executives ), including each of our Named Executive Officers, whose employment is involuntarily terminated by the Company (other than for cause) or whose employment terminates following a change of control of the Company. The 2007 Severance Plan became effective on October 1, 2007.

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In March 2014, the Compensation Committee approved and adopted an amendment and restatement of the 2007 Severance Plan, which among other changes, increased the severance payable to the CEO upon termination in connection with a change of control from 12 months base salary to 24 months base salary. This change was supported by an analysis presented by Compensia, which showed that a payment equal to a 24-month period was consistent with market practice as reflected by the Company's peer group for similar plans.

The 2007 Severance Plan provides that, in the event of an Eligible Executive's termination of employment by the Company without cause, he or she is eligible to receive: (i) a continuation of base salary for a period of up to six months (up to 12 months for our CEO) following termination, and (ii) payment in full of a reasonable estimate of COBRA premiums for three months of continued health care coverage.

The 2007 Severance Plan further provides that, if an Eligible Executive's employment is terminated within 12 months following a change in control of the Company, either by the Company without cause or by the Eligible Executive for good reason, the Eligible Executive is eligible to receive (in lieu of the payments and benefits described above): (i) a lump sum payment equal to 12 months' base salary (or 24 months' base salary in the case of the CEO, pursuant to the amendment approved in March 2014), (ii) acceleration in full of any unvested stock options or any other securities or similar incentive awards that have been granted or issued to the Eligible Executive as of the employment termination date, and (iii) payment in full of a reasonable estimate of COBRA premiums for 12 months. In addition, the Eligible Executive will have six months from the employment termination date to exercise any vested options.

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

We maintain the 2007 Severance Plan because we believe it is consistent with the practices of peer companies and helps ensure that we are able to attract and retain top talent. Further, we believe that our plan provides a level of stability to Eligible Executives during volatile business conditions that have historically existed in our industry so that they remain focused on their responsibilities and the long-term interests of the Company during such times. The 2007 Severance Plan provides for double-trigger rather than single-trigger payment and benefits in the event of a change of control of the Company. In other words, payments to an Eligible Executives are contingent upon an involuntarily termination of employment following a change of control. This plan design is intended to provide a level of security to Eligible Executives negotiating a transaction to avoid any misalignment with the interests of our stockholders without resulting in a windfall to Eligible Executives who remain employed following such a transaction.

## **Policies Regarding Short Selling and Hedging Transactions**

The Company prohibits directors, officers, and employees from investing in derivative securities based on or related to the Company's common stock or engaging in any short sale or hedging transactions involving the Company's common stock. This policy does not restrict the ownership of Company-granted equity awards, such as stock options, restricted stock, RSUs, or other equity awards issued by the Company.

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### **Tax Considerations**

Section 162(m) of the Internal Revenue Code ( IRC ) disallows a tax deduction to publicly-held companies for compensation paid to our CEO and any of the three most highly compensated officers (other than the CEO and our principal financial officer) 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 compensation. Under the Treasury Regulations corresponding to Section 162(m), compensation received through the exercise of a stock option will not be subject to the \$1,000,000 limit if it qualifies as performance-based compensation within the meaning of Section 162(m).

It is the Compensation Committee's objective, so long as it is reasonable and consistent with the Company's overall business, compensation, and retention objectives, to endeavor to design executive officer compensation programs that keep executive compensation deductible for federal income tax purposes. At the 2013 annual meeting of stockholders, the stockholders approved an amended 2007 Management and Key Individual Contributor Incentive Plan that allowed qualified future payments under that plan to become eligible for deduction under Section 162(m). In this proxy statement, we seek stockholder approval of the 2006 Stock Incentive Plan, as amended and restated, so that qualified payments under this plan (e.g., full value awards with performance-based vesting) will also become eligible for deduction under Section 162(m) (Proposal No. 5).

In fiscal year 2014, the Company had a tax deduction disallowance under Section 162(m) of approximately \$1,208,082 related to the compensation received by our CEO. This disallowance was the result of (1) the exercise of options that were granted prior to the adoption of the 2006 Stock Incentive Plan from plans that did not provide for awards that qualified as performance-based compensation for purposes of Section 162(m); and (2) a payment under the Incentive Plan for the first half of fiscal year 2014.

Section 280G of the IRC disallows the deduction of any excess parachute payment paid in connection with certain events. A portion of amounts payable under the 2007 Severance Plan may constitute excess parachute payments to our executive officers. Accordingly, the 2007 Severance Plan provides for a modified Section 280G cut back pursuant to which payments and benefits under the 2007 Severance Plan will be reduced in the event such reduction produces a greater after-tax benefit to an executive officer. See *Potential Payments Upon Termination or Change of Control* at page 52.

### **Compensation Committee Interlocks and Insider Participation**

The Compensation Committee currently consists of Messrs. Carter, Dehne, Schuele, and Ms. Wang. None of our executive officers 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 Board or the Compensation Committee. The members of the Compensation Committee are considered independent under the Board and the Compensation Committee independence standards as set forth in the Corporate Governance Guidelines, which is included as Exhibit D to this proxy statement.

On July 26, 2012, the Board approved the formation of a subcommittee of Messrs. Carter and Dehne, and Ms. Wang (the 162(m) Subcommittee). The Company formed the 162(m) Subcommittee because Mr. Schuele is not considered an outside director for purposes of Section 162(m) due to his prior affiliation with Crystal Semiconductor, a company that we acquired in 1991. Since its formation, the 162(m) Subcommittee has approved all elements of performance-based compensation that require approval by a committee of outside directors in order for such compensation to qualify for deductibility under Section 162(m) and related regulations.

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**COMPENSATION COMMITTEE REPORT**

We, the Compensation Committee of the Board of Directors, have reviewed and discussed the Compensation Discussion and Analysis ( CD&A ) required by Item 402(b) of Regulation S-K 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 statement.

Submitted by the Compensation Committee of the Board of Directors:

Timothy R. Dehne, Chairman

John C. Carter

Alan R. Schuele

Susan Wang

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**CONSIDERATION OF RISK RELATED TO COMPENSATION PROGRAMS**

The Compensation Committee structures our executive compensation program to provide incentives to appropriately reward our executive officers without undue risk taking. Our approach is similar for the compensation practices and policies applicable to all employees throughout the Company. Overall, we believe that our compensation programs do not create risks that are reasonably likely to have a material adverse effect on the Company. In general, we attempt to align our compensation programs with the long-term interests of the Company and its stockholders and mitigate the likelihood of inducing excessive risk-taking behavior. More specifically, we believe the following program features and policies help to mitigate the likelihood of inducing excessive risk-taking behavior:

The Company pays a mix of fixed and variable compensation, with variable compensation tied both to short-term objectives and the long-term value of our stock price.

Our annual cash incentive program is based on a mix of bottom-line objectives (i.e., operating profit goals) and top-line objectives (e.g., revenue growth) in order to avoid the risk of excessive focus on one goal or performance measure.

To prevent the risk that our annual cash incentive program pays bonuses despite weak short-term performance, no payout may occur without a threshold level of operating profit performance being met.

The aggregate payout under our annual cash incentive program for our executive and leadership team is capped at a percentage of overall operating profit to prevent the risk of excessive payout of the Company's operating profit.

The individual payout under our annual cash incentive program for our executive and leadership team is further capped so that no participant may receive a payout of greater than 250% of his or her target payout.

Long-term incentives are awarded to our executive officers in the form of equity awards that vest over a significant period of time, typically three or four years. The vesting period is intended to align the interests of our executive officers with the long-term interests of stockholders and to provide an incentive for our executive officers to remain with the Company.

Long-term incentives are typically granted annually so our executive officers will have unvested awards that may decrease in value if our business is not managed with long-term goals in mind.

We use a mix of stock options and RSUs to create an overall long-term incentive package that aligns with stockholder interests, appropriately balances risk and performance, and provides competitive incentives for the purpose of executive retention.

The Compensation Committee retains an independent compensation consultant and uses market data, when available, to inform our focus on pay for performance.

**Table of Contents****EXECUTIVE COMPENSATION TABLES****Fiscal Year 2014 Summary Compensation Table**

The following table provides certain summary information concerning the compensation awarded to, earned by, or paid to our Named Executive Officers. The table sets forth compensation for services rendered by our Named Executive Officers for the fiscal years ended March 29, 2014, March 30, 2013; and March 31, 2012 as applicable.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards <sup>(1)</sup> (\$)	Option Awards <sup>(1)</sup> (\$)	Non-Equity Incentive Plan Compensation <sup>(2)</sup> (\$)	All Other Compensation (\$)	Total (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(i)	(j)
Jason P. Rhode, President and Chief Executive Officer	2014	\$ 575,000	\$	\$ 700,200	\$ 1,155,587	\$ 819,112	\$ 9,420 <sup>(3)</sup>	\$ 3,259,319
	2013	500,000		1,169,700	2,162,115	1,150,176	9,003 <sup>(4)</sup>	4,990,994
Thurman K. Case, Vice President, Chief Financial Officer and Principal Accounting Officer	2014	\$ 298,700	\$	\$ 233,400	\$ 210,108	\$ 219,466	\$ 11,967 <sup>(7)</sup>	\$ 973,641
	2013	280,057		389,900	393,113	327,029	8,502 <sup>(8)</sup>	1,398,600
Scott A. Anderson, Senior Vice President and General Manager, Mixed-Signal Audio Division	2014	\$ 309,575	\$	\$ 280,080	\$ 252,128	\$ 229,182	\$ 4,928 <sup>(10)</sup>	\$ 1,075,893
	2013	294,125		467,880	471,734	342,934	3,717 <sup>(11)</sup>	1,580,390
Gregory S. Thomas, Vice President, General Counsel and Corporate Secretary	2014	\$ 302,375	\$	\$ 233,400	\$ 210,108	\$ 222,723	\$ 10,151 <sup>(13)</sup>	\$ 978,757
	2013	287,750		389,900	393,113	339,604	9,111 <sup>(14)</sup>	1,419,479
Jo-Dee Benson, Vice President and Chief Culture Officer	2014	\$ 291,165	\$	\$ 210,060	\$ 189,096	\$ 213,664	\$ 10,985 <sup>(17)</sup>	\$ 914,970
	2012	279,293	15,000 <sup>(15)</sup>	269,675	281,548	211,935	3,275 <sup>(12)</sup>	1,045,726
2012	453,415	1,300 <sup>(5)</sup>	577,875	1,085,968	572,470	9,201 <sup>(6)</sup>	2,700,229	
2012	263,943		192,625	201,106	202,105	8,525 <sup>(9)</sup>	868,304	

(1) The amounts reported in the column entitled "Stock Awards" represents the RSUs granted to the Named Executive Officers, and the amounts reported in the column entitled "Option Awards" represent the stock options granted to the Named Executive Officers; in each case, the value reported is the aggregate grant date fair value calculated pursuant to FASB ASC Topic 718, excluding any assumptions regarding potential forfeitures. The assumptions underlying the calculation under FASB ASC Topic 718 are discussed under Note 12, Equity Compensation, in our Annual Report on Form 10-K for the fiscal year ended March 29, 2014.

(2) The amounts reported in this column, "Non-Equity Incentive Plan Compensation," represent the amounts earned for fiscal year 2014 under the Incentive Plan, which is described in further detail in the "Compensation Discussion and Analysis - Annual Cash Incentive Awards" section of this proxy statement. Payments earned in the second semi-annual period of fiscal year 2014 are included in the table above for fiscal year 2014 but were paid in fiscal year 2015.



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- (3) This amount includes \$8,188 in matched contributions under our 401(k) plan, \$660 associated with the value of insurance premiums paid with respect to life insurance for the benefit of Dr. Rhode, and \$572 in tax gross ups paid to all employees of the Company with respect to the Company's long-term disability plan.
- (4) This amount includes \$7,771 in matched contributions under our 401(k) plan, \$660 associated with the value of insurance premiums paid with respect to life insurance for the benefit of Dr. Rhode, and \$572 in tax gross ups paid to all employees of the Company with respect to the Company's long-term disability plan.
- (5) This amount was awarded pursuant to the Company's Patent Incentive Program.
- (6) This amount includes \$7,923 in matched contributions under our 401(k) plan, \$685 associated with the value of insurance premiums paid with respect to life insurance for the benefit of Dr. Rhode, and \$593 in tax gross ups paid to all employees of the Company with respect to the Company's long-term disability plan.
- (7) This amount includes \$8,618 in matched contributions under our 401(k) plan, \$2,787 associated with the value of insurance premiums paid with respect to life insurance for the benefit of Mr. Case, and \$562 in tax gross ups paid to all employees of the Company with respect to the Company's long-term disability plan.

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- (8) This amount includes \$5,336 in matched contributions under our 401(k) plan, \$2,632 associated with the value of insurance premiums paid with respect to life insurance for the benefit of Mr. Case, and \$534 in tax gross ups paid to all employees of the Company with respect to the Company's long term disability plan.
- (9) This amount includes \$5,447 in matched contributions under our 401(k) plan, \$2,557 associated with the value of insurance premiums paid with respect to life insurance for the benefit of Mr. Case, and \$521 in tax gross ups paid to all employees of the Company with respect to the Company's long-term disability plan.
- (10) This amount includes \$4,357 associated with the value of insurance premiums paid with respect to life insurance for the benefit of Mr. Anderson, and \$571 in tax gross ups paid to all employees of the Company with respect to the Company's long-term disability plan.
- (11) This amount includes \$3,162 associated with the value of insurance premiums paid with respect to life insurance for the benefit of Mr. Anderson, and \$555 in tax gross ups paid to all employees of the Company with respect to the Company's long term disability plan.
- (12) This amount reflects \$2,723 associated with the value of insurance premiums paid with respect to life insurance for the benefit of Mr. Anderson, and \$552 in tax gross ups paid to all employees of the Company with respect to the Company's long-term disability plan.
- (13) This amount includes \$8,603 in matched contributions under our 401(k) plan, \$981 associated with the value of insurance premiums paid with respect to life insurance for the benefit of Mr. Thomas, and \$567 in tax gross ups paid to all employees of the Company with respect to the Company's long-term disability plan.
- (14) This amount includes \$7,617 in matched contributions under our 401(k) plan, \$946 associated with the value of insurance premiums paid with respect to life insurance for the benefit of Mr. Thomas, and \$548 in tax gross ups paid to all employees of the Company with respect to the Company's long term disability plan.
- (15) This amount was awarded as a discretionary bonus in lieu of an annual salary increase.
- (16) This amount includes \$7,674 in matched contributions under our 401(k) plan, \$955 associated with the value of insurance premiums paid with respect to life insurance for the benefit of Mr. Thomas, and \$555 in tax gross ups paid to all employees of the Company with respect to the Company's long-term disability plan.
- (17) This amount includes \$8,607 in matched contributions under our 401(k) plan, \$1,824 associated with the value of insurance premiums paid with respect to life insurance for the benefit of Ms. Benson, and \$554 in tax gross ups paid to all employees of the Company with respect to the Company's long-term disability plan.

**Fiscal Year 2014 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 29, 2014, to our Named Executive Officers. All of the stock options and RSUs reflected in the table were granted under our 2006 Stock Incentive Plan. Each stock option has a maximum term of ten years, subject to earlier termination if the optionee's services are terminated. Unless noted, the exercisability of options vests with respect to 25% of the shares underlying the option one year after the date of grant and with respect to the remaining shares underlying the option thereafter in 36 equal monthly installments. The exercise price of each stock option is equal to the closing price of common stock as reported on Nasdaq on the date of grant. The RSUs will vest with respect to 100% of the shares of common stock underlying the award on the third anniversary of the grant date. Holders of RSUs are not eligible to receive any dividends or dividend equivalents with respect to outstanding RSUs. Special accelerated vesting provisions applicable to the equity awards upon a Named Executive Officer's termination of employment or upon a change of control of the Company are described below under *Potential Payments Upon Termination or Change of Control*.

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The amounts reported in the Estimated Future Payouts Under Non-Equity Incentive Plan Awards column below set forth potential payouts under the Company's 2007 Management and Key Individual Contributor Incentive Plan, which is described further at page 38.

Name	Grant Date <sup>(1)</sup>	Approval Date <sup>(1)</sup>	Estimated Future Payouts Under Non-Equity Incentive Plan Awards <sup>(2)</sup>			All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards: Number of Securities Underlying Option	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards <sup>(3)</sup>
			Threshold	Target	Maximum				
(a)	(b)	(c)	(d)	(e)	(i)	(j)	(k)	(l)	
Jason P. Rhode,	10/2/2013	9/16/2013				30,000		\$ 700,200	
President and Chief Executive Officer	10/2/2013	9/16/2013					110,000	\$ 23.34 1,155,587	
Thurman K. Case,	10/2/2013	9/16/2013	\$ 156,250	\$ 625,000	\$ 1,562,500	10,000		\$ 233,400	
Vice President, Chief Financial Officer	10/2/2013	9/16/2013					20,000	\$ 23.34 210,108	
and Principal Accounting Officer			\$ 38,425	\$ 153,700	\$ 384,250				
Scott A. Anderson,	10/2/2013	9/16/2013				12,000		\$ 280,080	
Senior Vice President and General Manager, Mixed-Signal Audio Division	10/2/2013	9/16/2013					24,000	\$ 23.34 252,128	
Gregory S. Thomas,	10/2/2013	9/16/2013	\$ 39,269	\$ 157,075	\$ 392,688	10,000		\$ 233,400	
Vice President, General Counsel and Corporate Secretary	10/2/2013	9/16/2013							
Jo-Dee Benson,	10/2/2013	9/16/2013	\$ 38,719	\$ 154,875	\$ 387,188	9,000		\$ 210,060	
Vice President and Chief Culture Officer	10/2/2013	9/16/2013					18,000	\$ 23.34 189,096	
			\$ 37,541	\$ 150,165	\$ 375,413				

(1) The Company's policy is to grant equity awards on the first Wednesday of the month (the Monthly Grant Date) after the Compensation Committee approves the award. If the Monthly Grant Date occurs on a Company holiday, or on other days that the Company or Nasdaq is closed for business, the Monthly Grant Date is the next regularly scheduled business day when the Company and Nasdaq are open for business.

(2) The amounts reported above reflect potential payment amounts under the Incentive Plan for fiscal year 2014. Actual amounts paid under the Incentive Plan for the 2014 fiscal year are reported in the Non-Equity Incentive Plan Compensation column to the

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Summary Compensation Table above. Payments may be made under the Incentive Plan only if Operating Profit Margin thresholds are achieved (as described further at page 39). The threshold amounts reported above reflect the minimum amount payable assuming achievement of the Operating Profit Margin threshold. The target amounts reported above reflect the target amount awarded to each Named Executive Officer which is equal to 50% of annual base salary for the CEO and 25% of annual base salary for the other Named Executive Officers. The maximum amounts reported above and payable under the Incentive Plan represent 250% of the target amount for each Named Executive Officer.

- (3) This amount represents the aggregate grant date fair value of the equity awards computed in accordance with FASB ASC Topic 718, excluding the effect of estimated forfeitures. The assumptions underlying the calculation under FASB ASC Topic 718 are discussed under Note 12, Equity Compensation, in the Company's Form 10-K for the fiscal year ended March 29, 2014.

**Table of Contents****Fiscal Year 2014 Outstanding Equity Awards at Fiscal Year-End Table**

The following table provides information concerning the outstanding equity award holdings of our Named Executive Officers as of March 29, 2014.

Name	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable <sup>(1)</sup> (#)	Option Awards Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options Option Exercise Price Option Expiration Date			Stock Awards Number of Shares or Units of Stock That Have Not Vested <sup>(2)</sup> Market Value of Shares or Units of Stock That Have Not Vested <sup>(3)</sup>	
			(#)	(#)	(#)	(\$)	(#)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Jason P. Rhode, President and Chief Executive Officer	30,000 325,000 19,048 255,000 115,311 81,562	19,689 53,438		\$ 8.06 \$ 7.87 \$ 5.25 \$ 5.55 \$ 16.25 \$ 15.41	3/1/2016 6/6/2017 10/1/2018 10/7/2019 10/6/2020 10/5/2021		
	38,958	71,042		\$ 38.99	10/3/2022	37,500	\$ 732,000
		110,000		\$ 23.34	10/2/2023	30,000	\$ 585,600
						30,000	\$ 585,600
Thurman K. Case, Vice President, Chief Financial Officer and Principal Accounting Officer	29,615 50,000 70,000 21,353 15,104 7,083	3,647 9,896		\$ 6.51 \$ 5.25 \$ 5.55 \$ 16.25 \$ 15.41 \$ 38.99	10/3/2017 10/1/2018 10/7/2019 10/6/2020 10/5/2021 10/3/2022	12,500 10,000	\$ 244,000 \$ 195,200
		20,000		\$ 23.34	10/2/2023	10,000	\$ 195,200
Scott A. Anderson, Senior Vice President and General Manager, Mixed-Signal Audio Division	90,000 29,894 21,145 8,500	5,106 13,855 15,500 24,000		\$ 5.55 \$ 16.25 \$ 15.41 \$ 38.99	10/7/2019 10/6/2020 10/5/2021 10/3/2022	17,500 12,000	\$ 341,600 \$ 234,240
				\$ 23.34	10/2/2023	12,000	\$ 234,240
Gregory S. Thomas, Vice President, General Counsel and Corporate Secretary	29,752 90,000 27,332 18,125 7,083	4,668 11,875 12,917 20,000		\$ 5.25 \$ 5.55 \$ 16.25 \$ 15.41 \$ 38.99	10/1/2018 10/7/2019 10/6/2020 10/5/2021 10/3/2022	15,000 10,000	\$ 292,800 \$ 195,200
				\$ 23.34	10/2/2023	10,000	\$ 195,200

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Jo-Dee Benson,	35,000		\$ 5.55	10/7/2019		
	21,353	3,647	\$ 16.25	10/6/2020		
Vice President and	15,104	9,896	\$ 15.41	10/5/2021		
	6,375	11,625	\$ 38.99	10/3/2022	12,500	\$ 244,000
Chief Culture Officer		18,000	\$ 23.34	10/2/2023	9,000	\$ 175,680
					9,000	\$ 175,680

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- (1) Unless otherwise noted within this table, all stock options vest over four years, with one-year cliff vesting for 25% of the options on the first anniversary of the grant date, and 1/36 of the remaining options vesting on a monthly basis over the following three years.
- (2) All RSUs vest for 100% of the shares underlying the award on the third anniversary of the grant date.
- (3) The market value of unvested RSUs reported in column (h) is calculated by multiplying the number of shares of common stock subject to each award reported in column (g) by the closing market price of common stock on March 28, 2014 (the last trading day of fiscal year 2014), which was \$19.52.

**Fiscal Year 2014 Options Exercised and Stock Vested Table**

The following table provides information on the value realized by each Named Executive Officer as a result of options that were exercised and stock awards that vested during the Company's 2014 fiscal year.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise	Value Realized on Exercise <sup>(1)</sup>	Number of Shares Acquired on Vesting	Value Realized on Vesting <sup>(2)</sup>
(a)	(b)	(c)	(d)	(e)
Jason P. Rhode, President and Chief Executive Officer	108,871	\$ 1,826,615	37,500	\$ 881,250
Thurman K. Case, Vice President, Chief Financial Officer and Principal Accounting Officer	12,275	\$ 187,587	12,500	\$ 293,750
Scott A. Anderson, Senior Vice President and General Manager, Mixed-Signal Audio Division	101,967	\$ 1,590,151	17,500	\$ 411,250
Gregory S. Thomas, Vice President, General Counsel and Corporate Secretary		\$	16,000	\$ 376,000
Jo-Dee Benson, Vice President and Chief Culture Officer		\$	12,500	\$ 293,750

- (1) The value realized on the exercise of stock options was computed by determining the difference between the market price of common stock underlying each option on the date of exercise and the exercise price of the options for each share exercised.
- (2)

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The value realized on the vesting of stock awards was computed by multiplying the number of shares acquired on vesting (column d) by the market price of common stock on the date of vesting.

### **Pension Benefits and Nonqualified Deferred Compensation**

The Company does not sponsor or maintain either a defined benefit pension plan or a nonqualified deferred compensation plan for the benefit of our executive officers.



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**Potential Payments upon Termination or Change of Control.**

The Company does not maintain individual employment, severance, or change of control agreements with our Named Executive Officers; however, the Company does maintain the 2007 Severance Plan, which provides for certain payments and benefits to individuals employed by the Company and its subsidiaries at the level of Chief Executive Officer and Vice President or above and reporting directly to the Chief Executive Officer ( Eligible Executives ) in the event that the employment of such an executive officer is involuntarily terminated other than for cause or in certain circumstances following a change of control of the Company. The 2007 Severance Plan became effective on October 1, 2007. Each of our Named Executive Officers is considered an Eligible Executive under the 2007 Severance Plan.

The Company maintains the 2007 Severance Plan because we believe it helps to ensure that we are able to attract and retain top talent. Further, we believe that our the 2007 Severance Plan provides a level of stability for our executives during volatile business conditions that have historically existed so that they remain focused on their responsibilities and the long-term interests of the Company during such times.

The 2007 Severance Plan provides that, in the event of an Eligible Executive s involuntary termination of employment by the Company other than for cause, he or she will be eligible to receive: (i) a continuation of base salary for a period of up to six months (up to 12 months in the case of our CEO) following termination of employment, and (ii) payment in full of a reasonable estimate of COBRA premiums for three months (collectively, the Termination Payment ).

The 2007 Severance Plan further provides that, if an Eligible Executive s employment is terminated either by the Company without cause or by the Eligible Executive for good reason within 12 months following a change of control (as each such term is defined below for purposes of the 2007 Severance Plan) of the Company, he or she will be eligible to receive a Change of Control Termination Payment, which is comprised of: (i) a lump sum payment equal to 12 months base salary (but in the case of our CEO, 24 months base salary), (ii) acceleration in full of any unvested stock options or any other securities or similar incentive awards that have been granted or issued to him or her as of the employment termination date, and (iii) payment in full of a reasonable estimate of COBRA premiums for 12 months. In addition, the Eligible Executive will have until six months from the employment termination date to exercise any vested options, except that no option will be exercisable after the option s original expiration date.

In the event of an Eligible Executive s death or disability (as such term is defined below for purposes of the 2007 Severance Plan), the Eligible Executive or his or her estate, as applicable, will receive the Termination Payment described above. If the death or disability has occurred within 12 months following a change of control of the Company, he or she or his or her estate, as applicable, will receive the Change of Control Termination Payment described above.

For purposes of the 2007 Severance Plan:

cause means (i) gross negligence or willful misconduct in the performance of an executive officer s duties; (ii) a material and willful violation of any federal or state law that if made public would injure the business or reputation of the Company; (iii) a refusal or willful failure to comply with any specific lawful direction or order of the Company or the material policies and procedures of the Company including but not limited to the Company s Code of Conduct and the Company s Insider Trading Policy as well as any obligations concerning proprietary rights and confidential information of the Company; (iv) a conviction (including a plea of *nolo contendere*) of a felony, or of a misdemeanor that would have a material adverse effect on the Company s goodwill if the executive officer were to continue to be retained as an employee of the Company; or (v) a substantial and continuing willful refusal to perform duties ordinarily performed by an employee in the same position and having similar duties as the executive officer.

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good reason means: (i) without the executive officer's express written consent, a material reduction of the executive officer's duties, authority, or responsibilities relative to the executive's duties, authority, or responsibilities as in effect immediately prior to such reduction; (ii) a material reduction by the Company in the base salary of an executive officer as in effect immediately prior to such reduction; or (iii) the relocation of an executive officer's principal work location to a facility or a location more than 50 miles from executive officer's then present principal work location. Good reason shall not exist unless the executive officer provides written notice of the circumstances alleged to give rise to good reason within 30 days of their occurrence and the Company (or our successor) fails to cure such circumstances within 30 days.

disability means a mental or physical disability, illness or injury, evidenced by medical reports from a duly qualified medical practitioner, which renders an Eligible Executive unable to perform any one or more of the essential duties of his or her position after the provision of reasonable accommodation, if applicable, for a period of greater than ninety (90) days within a one year period.

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

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

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To receive payments and benefits under the 2007 Severance Plan, an Eligible Executive must execute a release of all claims against the Company. If the Eligible Executive is considered a specified employee under Section 409A of the IRC at the time of his or her termination of employment, any amounts payable under the 2007 Severance Plan will be delayed for a period of six months if it is determined that such a delay is necessary in order to prevent the payment from imposing excise taxes on the executive officer.

In addition, a participant in the Incentive Plan, as described further in the Compensation Discussion and Analysis of this proxy statement, may also receive payments upon termination of employment or a change of control. Pursuant to the Incentive Plan, a participant, including each of our Named Executive Officers, must be continuously employed through the last day of the applicable semi-annual performance period and through the date that cash bonuses under the Incentive Plan for such semi-annual performance period are actually paid. However, participants whose employment terminates due to death or disability during a semi-annual performance period will be eligible to receive a pro rata cash bonus payment based on the number of days the participant was employed during that semi-annual performance period and the Company's actual performance during the semi-annual performance period. The pro rata bonus amount will be paid to the terminated participant on or before the 15<sup>th</sup> day of the third month after the later of (i) the last day of the calendar year in which such participant died or incurred a disability or (ii) the last day of the Company's taxable year in which such participant died or incurred a disability. In addition, if a change of control occurs and our successor does not assume or comparably replace the Incentive Plan, each participant will receive a pro rata cash payment of his or her target bonus, based on the number of calendar days completed in the current semi-annual performance period prior to the occurrence of the change of control.

For purposes of the Incentive Plan:

disability means total and permanent disability as defined in accordance with the Company's Long-Term Disability Plan.

change of control means (i) the sale, lease, conveyance or other disposition of all or substantially all of the Company's assets as an entirety or substantially as an entirety to any person, entity or group of persons acting in concert, (ii) any person (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended) becoming the beneficial owner (as defined in Rule 13d-3 under said Act), directly or indirectly, of securities of the Company representing 50% or more of the total voting power represented by the Company's then outstanding voting securities, or (iii) consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation that would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least 50% of the voting power represented by the voting securities of the Company or such surviving entity (or parent) outstanding immediately after such merger or consolidation.

The discussion and tables below present an estimate of the amount of compensation and/or other benefits payable to our Named Executive Officers in the event of their termination of employment and/or in the event of a change of control of the Company. The amounts disclosed assume that such termination and/or the occurrence of such change of control was effective as of March 29, 2014, the last day of fiscal year 2014. The amounts below have been calculated using assumptions that we believe to be reasonable, which assumptions are described in more detail below. The actual amounts that would be paid out under each scenario depend on various factors, which may or may not exist at the time a Named Executive Officer's employment is actually terminated and/or a change of control actually occurs. Therefore, such amounts and disclosures should be considered forward-looking statements.

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The estimated amount payable to each of our Named Executive Officers pursuant to the 2007 Severance Plan and the Incentive Plan in the event of an involuntary termination of employment by the Company other than for cause, or due to the Named Executive Officer's death or disability, in each case, assuming such termination occurred on March 29, 2014, is set forth in the table below:

Name	Salary Continuation <sup>(1)</sup>	Health Benefits (up to 3 months) <sup>(2)</sup>	Cash Bonus Under Incentive Plan <sup>(3)</sup>	Total
Jason P. Rhode, President and Chief Executive Officer	\$ 625,000	\$ 3,262	\$ 223,463	\$ 851,725
Thurman K. Case, Vice President, Chief Financial Officer and Principal Accounting Officer	\$ 153,700	\$ 2,743	\$ 54,953	\$ 211,396
Scott A. Anderson, Senior Vice President and General Manager, Mixed-Signal Audio Division	\$ 157,075	\$ 2,832	\$ 56,160	\$ 216,067
Gregory S. Thomas, Vice President, General Counsel and Corporate Secretary	\$ 154,875	\$ 4,135	\$ 55,374	\$ 214,384
Jo-Dee Benson, Vice President and Chief Culture Officer	\$ 150,165	\$ 3,262	\$ 53,690	\$ 207,117

- (1) The salary continuation payment for our CEO represents the value of 12 months of his base salary, based on his base salary level in effect on March 29, 2014. For each of the other Named Executive Officers, the amount is based on six months of base salary, at the level in effect on March 29, 2014.
- (2) The valuation of the healthcare benefits has been computed based on an estimate of the COBRA payments required for the three-month period payable by the Company at the rates in effect as of March 29, 2014.
- (3) The Named Executive Officers would only receive the payments enumerated in this column in the event of a termination due to death or disability. In the event the Named Executive Officer's employment terminated for any other reason, the executive would forfeit these amounts because the executive would not be employed with the Company on the date of payment. On the Named Executive Officer's termination due to death or disability the executive would be entitled to a pro-rata payment of their bonus under the Incentive Plan. Because March 29, 2014 is the last day of the semi-annual performance period, the executive would be entitled to a full payment of the semi-annual bonus. As such, the cash bonus under the Incentive Plan has been computed based on the amount that was actually paid under the Incentive Plan for the semi-annual performance period ending on March 29, 2014.

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The estimated amount payable to each of our Named Executive Officers pursuant to (i) the Incentive Plan in the event of a change of control in which the Incentive Plan is not assumed or comparably replaced, and (ii) the 2007 Severance Plan in the event of termination of employment following a change of control of the Company either other than for cause by the Company, by the executive officer for good reason, or due to the executive officer's death or disability, is set forth in the table below. The possible application of any cutback required under the 2007 Severance Plan due to the operation of Sections 280G and 4999 of the IRC has not been included in these calculations:

Name	Lump Sum Payment <sup>(1)</sup>	Accelerated Vesting of Unvested Equity <sup>(2)</sup>	Health Benefits (up to 12 months) <sup>(3)</sup>	Cash Bonus Under Incentive Plan <sup>(4)</sup>	Total
Jason P. Rhode, President and Chief Executive Officer	1,250,000	\$ 2,187,213	\$ 13,049	\$ 312,500	\$ 3,762,763
Thurman K. Case, Vice President, Chief Financial Officer and Principal Accounting Officer	\$ 307,400	\$ 686,998	\$ 10,971	\$ 76,850	\$ 1,082,219
Scott A. Anderson, Senior Vice President and General Manager, Mixed-Signal Audio Division	\$ 314,150	\$ 883,721	\$ 11,328	\$ 78,538	\$ 1,287,736
Gregory S. Thomas, Vice President, General Counsel and Corporate Secretary	\$ 309,750	\$ 747,271	\$ 16,540	\$ 77,438	\$ 1,150,998
Jo-Dee Benson, Vice President and Chief Culture Officer	\$ 300,330	\$ 647,958	\$ 13,049	\$ 75,083	\$ 1,036,420

- (1) The lump sum salary payment for our CEO represents the value of 24 months of his base salary, based on his base salary level in effect on March 29, 2014. For each of the other Named Executive Officers, the amount is based on 12 months of base salary, at the level in effect on March 29, 2014.
- (2) The valuation of accelerated vesting of unvested equity has been computed based on: (1) 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 market price of our common stock on March 28, 2014 (the last trading day prior to March 29, 2014), which was \$19.52, and (2) the value of RSUs subject to accelerated vesting based on that same closing market price.
- (3) The valuation of healthcare benefits is based on an estimate of the COBRA payments required for the 12-month period payable by the Company at the rates in effect as of March 29, 2014.
- (4) The figures in this column represent a pro rata cash payment of each Named Executive Officer's target bonus under the Incentive Plan, based on the number of calendar days completed in the semi-annual performance period prior to the occurrence of the change of control. Because the change in control is deemed to occur on the last day of the fiscal year, the figures above represent the full target bonus for each Named Executive Officer under the Incentive Plan.

Table of Contents**EQUITY COMPENSATION PLAN INFORMATION**

The following table provides information about 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 29, 2014, including the 1996 Stock Plan, the 2002 Stock Option Plan, and the 2006 Stock Incentive Plan:

	(A)		(B)
	Number of Securities to be issued upon exercise of outstanding options		Weighted-average exercise price of outstanding options
Equity Compensation Plans			
Approved by Security Holders <sup>(1)(4)</sup>	5,867,000 <sup>(2)</sup>	\$	7.70 <sup>(3)</sup>
Equity Compensation Plans Not Approved			
by Security Holders <sup>(5)</sup>	167,000	\$	6.41
<b>TOTAL</b>	<b>6,034,000</b>	<b>\$</b>	<b>7.67</b>

- (1) The Company's stockholders have approved the Company's 1996 Stock Plan and the 2006 Stock Incentive Plan.
- (2) Includes 2,309,220 shares granted under the 2006 Stock Incentive Plan that are issuable upon the vesting of the outstanding RSUs.
- (3) The weighted average exercise price does not take into account the shares issuable upon the vesting of the outstanding RSUs, which have no exercise price.
- (4) The Board discontinued the grant of future awards under the option plans that we assumed in connection with our past acquisitions; as a result, the shares authorized for grant under these plans have not been included in the total shares remaining available for future issuance. As of March 29, 2014, the Company was granting equity awards only under the 2006 Stock Incentive Plan. Approximately 1,641,150 shares have been deducted from the shares available for future issuance under the 2006 Stock Incentive Plan due to a 1.5 full value award multiplier applied to restricted stock awards and RSUs granted pursuant to the 2006 Stock Incentive Plan.
- (5) In August 2002, the Board approved the 2002 Stock Option Plan, which permits awards of fair market value stock options to non-executive employees. As of July 2006, when our stockholders approved the adoption of the 2006 Stock Incentive Plan, we canceled all remaining options available for grant under the 2002 Stock Option Plan.

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**REPORT OF THE AUDIT COMMITTEE  
OF THE BOARD**

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

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

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

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

In this context, the Audit Committee has met and held discussions with management and Ernst & Young. Management represented to the Audit Committee that the audited financial statements of the Company contained in the Company's Annual Report to Stockholders for the year ended March 29, 2014, 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 Auditing Standards No. 16, Communications with Audit Committees as required by the PCAOB.

The Audit Committee has received and reviewed the written disclosures and the letter from Ernst & Young required by PCAOB Rule 3526 regarding the independent accountant's communications with the Audit Committee concerning independence, and the Audit Committee discussed with Ernst & Young the firm's independence. In addition, the Audit Committee has considered whether the provision of non-audit services is compatible with maintaining Ernst & Young's independence.

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Based upon the Audit Committee's discussions with management and the independent auditors, the Audit Committee's review of the representations of management, and the report of the independent auditors to the Audit Committee, the Audit Committee recommended that the Board include the audited consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended March 29, 2014, as filed with the SEC.

Submitted by the Audit Committee of the Board:

Susan Wang, Chair

John C. Carter

William D. Sherman

**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 2014 and 2013. All fees were pre-approved by the Audit Committee.

	2014	2013
Audit Fees	\$ 625,122	\$ 544,200
Audit-Related Fees	200	50
Tax Fees	70,701	82,166
All Other Fees		
<b>TOTAL</b>	<b>\$ 696,023</b>	<b>\$ 626,416</b>

*Audit Fees.* Audit services consisted of the audit of the Company's consolidated financial statements and of management's assessment of the operating effectiveness of internal control over financial reporting included in the Company's Annual Report on Form 10-K, the review of the Company's financial statements included in its quarterly reports on Form 10-Q, and statutory audits required internationally.

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

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

*All Other Fees.* There were no other fees during fiscal year 2014 or 2013.

**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. 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.



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**CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

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

*Procedures for Review, Approval, and Ratification of Related Person Transactions.* The Board recognizes that Related Person Transactions (as defined below) can present conflicts of interest and questions as to whether transactions are in the best interests of the Company. Accordingly, the Board has documented and implemented certain procedures for the review, approval, or ratification of Related Person Transactions. Pursuant to these procedures, the Audit Committee must review, approve, or ratify any transactions with Related Persons (as defined below). When it is impractical to wait for a scheduled Audit Committee meeting, a proposed Related Person Transaction may be submitted to the Audit Committee Chair for approval and then subsequently reported to the Audit Committee at the next Audit Committee meeting.

This procedure seeks to ensure that Company decisions are based on the merits of the transaction and the interests of the Company and its stockholders. It is the Company's preference to avoid Related Person Transactions but when, in the course of business, transactions with related parties are unavoidable, this procedure sets forth a methodology for considering a proposed Related Person Transaction. The standard to be applied when evaluating a proposed Related Person Transaction is whether such transaction is at arm's length and on terms comparable to those terms provided to other unrelated entities in the marketplace.

For these purposes, a Related Person is any person who is: (1) a director or executive officer of the Company, (2) a nominee for director (if the information called for is being presented in a proxy or information statement relating to the election of that nominee for director), (3) an immediate family member of a director or executive officer of the Company, (4) an immediate family member of a nominee for director (if the information called for is being presented in a proxy or information statement relating to the election of that nominee for director), (5) a security holder of 5% or more of any class of common stock (or other equity security) (if a transaction in which the person had a direct or indirect material interest occurred or existed), or (6) an immediate family member of a security holder of 5% or more of any class of common stock (or other equity security) (if a transaction in which the person had a direct or indirect material interest occurred or existed).

For these purposes, a Related Person Transaction is any transaction, arrangement, or relationship (or any series of similar transactions, arrangements or relationships) in which the Company (including any of its subsidiaries) was, is, or will be a participant and in which a Related Person had, has, or will have a direct interest. The Company has not established a materiality limit for purposes of defining a Related Person Transaction.

**SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

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

Based solely on a review of copies of the Forms 3, 4 and 5 received by the Company or representations from certain reporting persons, the Company believes that, during the fiscal year 2014, all

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Section 16(a) filing requirements applicable to its officers, directors, and greater than 10% stockholders were met in a timely manner except for the vesting of Restricted Stock Units to the following executive officers: Dr. Jason Rhode, Thurman K. Case, Gregory Scott Thomas, Jo-Dee M. Benson, Randolph Carlson, Timothy R. Turk, Thomas Stein, and Scott A. Anderson that occurred on October 2, 2013. Due to administrative error, these filings were not made until on or about November 8, 2013.

### **HOUSEHOLDING**

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

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

If you contact Broadridge ICS using the contact information above, we will promptly deliver to you a separate copy of our Annual Report, Notice of Internet Availability of the proxy materials, and the proxy materials for the 2014 Annual Meeting, and for future meetings, if you so request. Please also contact Broadridge ICS if you wish to request delivery of a single copy of those materials if you currently receive multiple copies.

### **COMMUNICATING WITH US**

#### **Communicating with the Board**

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

Board of Directors

c/o Corporate Secretary

Cirrus Logic, Inc.

800 W. Sixth Street

Austin, Texas 78701

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 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 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.

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### **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 Quarterly Report on 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 website address: [www.cirrus.com](http://www.cirrus.com). Our home page provides you access to product, marketing and financial data, job listings, and an online version of this proxy statement, our Annual Report on Form 10-K, and other filings with the SEC.

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

Cirrus Logic, Inc.

Attention: Investor Relations

800 W. Sixth Street

Austin, TX 78701

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 (877) 373-6374 (toll free) or (781) 575-2879 or by email to [shareholder@computershare.com](mailto:shareholder@computershare.com). You may also visit their website at [www.computershare.com](http://www.computershare.com) for step-by-step transfer instructions.

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

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**ANNUAL REPORT**

On May 28, 2014, we filed with the SEC an Annual Report on Form 10-K for the fiscal year ended March 29, 2014. The Annual Report on Form 10-K has been provided concurrently with this proxy statement to all stockholders entitled to notice of, and to vote at, the Annual Meeting.

Stockholders may also obtain a copy of the Annual Report on Form 10-K and any of our other SEC reports, free of charge, (1) from the SEC's website at [www.sec.gov](http://www.sec.gov), (2) from our website at [investor.cirrus.com](http://investor.cirrus.com), or (3) by writing to Investor Relations, Cirrus Logic, Inc., 800 W. Sixth Street, Austin, TX 78701. The Annual Report on Form 10-K is not incorporated into this proxy statement and is not considered proxy solicitation material.

BY ORDER OF THE BOARD OF DIRECTORS

Jason P. Rhode

President and Chief Executive Officer

Austin, Texas

June 2, 2014

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## ANNEX

## INCENTIVE PLAN RECONCILIATION

	6 Months Ended	
	2H 14	1H 14
<b>Net Revenue</b>	<b>\$ 368,543</b>	<b>\$ 345,796</b>
Cost of Sales	\$ 191,325	\$ 166,850
<b>Gross Profit</b>	<b>\$ 177,218</b>	<b>\$ 178,946</b>
<b>Total Operating Expenses</b>	<b>\$ 104,373</b>	<b>\$ 96,776</b>
<b>Total Operating Income</b>	<b>\$ 72,845</b>	<b>\$ 82,171</b>
Operating Income Percentage	20%	24%
<i>Operating Income Reconciliation</i>		
<b>GAAP Operating Income</b>	<b>\$ 72,845</b>	<b>\$ 82,171</b>
Amortization of acquisition intangibles	\$ 492	\$
Stock compensation expense COGS	\$ 619	\$ 245
Stock compensation expense Opex	\$ 10,943	\$ 11,268
Other adjustments **	\$ (14)	\$ 111
Bonus VCP, Executive, Leadership Plan Exclusion COGS	\$ 336	\$ 729
Bonus VCP, Executive, Leadership Plan Exclusion Opex	\$ 4,111	\$ 7,970
<b>Non GAAP Operating Income Used for Bonus Plans</b>	<b>\$ 89,332</b>	<b>\$ 102,493</b>
Non GAAP Operating Income Percentage Used for Bonus Plans	24%	30%

\*\* Other adjustments may include certain litigation expenses, facility charges, patent agreements, international sales reorganizations, or other.

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**EXHIBIT A: CHARTER OF THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS**

**Cirrus Logic, Inc.**

The Board of Directors (the Board) of Cirrus Logic, Inc. (the Company) has constituted and established a Compensation Committee (the Compensation Committee) with the authority, responsibility and specific duties as described in this Compensation Committee Charter (this Charter).

**I. Purpose**

The primary purpose of the Compensation Committee is to (i) review and recommend to the Independent Directors of the Board of Directors (as hereinafter defined) for approval the compensation of directors, (ii) review and approve the compensation of the Company's Chief Executive Officer and other executive officers who are subject to the reporting requirements of Section 16 of the Securities Exchange Act of 1934 (Executive Officers), (iii) review the Company's general compensation policies for other employees on an annual basis, and (iv) produce an annual report on executive compensation for public disclosure in the Company's proxy statement or otherwise as required by applicable laws, rules, and regulations.

The purposes and provisions specified in this Charter are meant to serve as guidelines, and the Compensation Committee is delegated the authority to adopt additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities. Nothing herein is intended to expand applicable standards of liability under state or federal law for directors of a corporation.

**II. Appointment**

The members of the Compensation Committee shall be designated by the Board consistent with the following requirements:

The Compensation Committee shall consist of three or more directors, as determined by the Board.

Each member of the Compensation Committee shall satisfy the applicable independence requirements of the Securities and Exchange Commission (the SEC) and the Nasdaq Stock Market LLC (Nasdaq).

Compensation Committee members shall be designated annually by the Board. Members shall serve until the successors shall be duly designated and qualified. Any member may be removed at any time, with or without cause, by a majority of the Board then in office. Any vacancy in the Compensation Committee occurring for any cause whatsoever may be filled by a majority of the Board then in office.

The Compensation Committee's chairperson shall be designated by the Board, or if it does not do so, the Compensation Committee members shall elect a chairperson by vote of a majority of the Compensation Committee. A majority of the members of the Compensation Committee shall constitute a quorum for the transaction of business and the act of a majority of those present at any meeting at which there is a quorum shall be the act of the Compensation Committee.

The Compensation Committee may form and delegate authority to subcommittees when appropriate. For example, in the event that not all of the members of the Compensation Committee are outside directors for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended, the Compensation Committee may authorize a subcommittee of not less than two members who are outside directors to review and approve all elements of performance-based compensation that may require approval by a committee of outside directors in order for such compensation to qualify for deductibility under Section 162(m) and related regulations.

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**III. Duties and Responsibilities**

The Compensation Committee shall have the power and authority of the Board to perform the following duties and to fulfill the following responsibilities:

1. Review and approve the corporate performance goals and targets relevant to the Company's Management and Key Individual Contributor Incentive Plan.
2. Review and approve for the Chief Executive and other Executive Officers of the Company the following: (a) compensation policies; (b) annual base salary compensation; (c) bonus or incentive plan(s), (d) perquisites; (e) employment agreements, severance arrangements and change in control agreements/provisions; and (f) any other special or supplemental benefits or compensation applicable to the Chief Executive Officer and other Executive Officers to ensure that such items are aligned with the Company's objectives and stockholder interests. In reviewing and approving the compensation for the Chief Executive Officer and other Executive Officers, the Committee may consider any factors considered appropriate by the Committee, including, but not limited to: (a) Company performance; (b) individual performance; (c) external pay practices of competitors and similarly situated companies; (d) the strategic importance of the officer's position, as well as internal pay equity and the officer's time in the position; and (e) the results of any recent stockholder advisory vote on executive compensation (the "say-on-pay vote"). The Company's Chief Executive Officer may not be present during voting or deliberations by the Committee on his or her compensation.
3. Review on an annual basis the Company's general compensation policies and programs applicable to non-executive employees of the Company.
4. Review annually the Company's bonus, incentive and other benefit plans. Review and recommend for approval by the directors of the Board of Directors who satisfy the independence requirements of the SEC and Nasdaq (the "Independent Directors") any new plans, and amendments and modifications to any existing plan, that include executive officers as participants in the plan and/or are subject to applicable stockholder approval requirements.
5. Administer the Company's various equity plans, review and approve policies and procedures for awarding grants under such plans, and review and approve option, restricted stock, stock appreciation right and other equity-based grants to employees, the Chief Executive Officer, and other Executive Officers.
6. Review the compensation and benefits for the Company's non-employee directors, and recommend for approval by the Independent Directors any changes in the compensation and benefits.
7. Establish rules and regulations and perform all other administrative or management duties required of the Board of Directors or the Compensation Committee by the provisions of any compensation or benefit plan maintained by the Company.
8. Provide, over the names of the members of the Committee, the required Compensation Committee report for the Company's annual report or proxy statement for the annual meeting of shareholders.
9. Review and discuss with the Company's management the Compensation Discussion and Analysis required by Securities and Exchange Commission Regulation S-K, Item 402. Based on such review and discussion, the Committee shall determine whether to recommend to the





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Board of Directors of the Company that the Compensation Discussion and Analysis be included in the Company's annual report or proxy statement for the annual meeting of shareholders.

10. Determine and recommend to the Board of Directors of the Company a desired frequency for say-on-pay votes to be proposed to stockholders at an annual meeting at least once every six years and in accordance with applicable law, SEC rules and NASDAQ listing requirements.
11. Review and recommend to the Board of Directors of the Company proposed say-on-pay resolutions to be included in the Company's proxy statement for annual meetings of shareholders.
12. Review and assess the adequacy of the Compensation Committee's Charter on an annual basis.
13. Perform any other activities consistent with this Charter and applicable law as the Compensation Committee or the Board of Directors may deem appropriate.

**IV. Meetings**

The Compensation Committee shall meet at least two times annually or more frequently as necessary. The chairperson of the Compensation Committee will preside at each meeting of the Compensation Committee and, in consultation with other members of the Compensation Committee, shall determine the frequency and length of each meeting and the agenda of items to be addressed at each meeting. The chairperson will ensure that the agenda for each meeting is circulated in advance of the meeting. The meetings will be held in accordance with applicable SEC and Nasdaq rules.

**V. Reporting**

The Compensation Committee will apprise the Board of Directors regularly of significant developments in the course of performing the above responsibilities and duties, including reviewing with the Board of Directors any issues that arise with respect to the quality or integrity of the Company's compliance with legal or regulatory requirements.

**VI. Compensation**

Each member of the Compensation Committee shall be entitled to compensation for their service on the Committee and to reimbursement for associated reasonable out-of-pocket expenses.

**VII. Additional Resources and Responsibilities Regarding Advisors**

To assist the Compensation Committee in fulfilling its duties, management will provide the Compensation Committee with information and recommendations as needed and requested. If appropriate, the Committee may hire advisors in the field of executive compensation to assist with its evaluation of director, CEO or senior executive compensation. The Committee shall also have the authority to obtain advice and assistance from internal or external legal, accounting or other advisors. The Committee shall oversee the work of advisors and shall have the sole authority to retain and to terminate such advisors, and to approve the advisors' fees and other retention terms. The Company shall provide appropriate funding (as determined by the Committee) for the payment of reasonable compensation to any advisor retained by the Committee.

Before selecting or receiving advice from any new advisor, the Committee shall consider all applicable independence standards for compensation committee advisors, including the independence criteria specified in Rule 10C-1 of Section 16 of the Securities Exchange Act of 1934, and the applicable Nasdaq listing standards (the "Applicable Independence Standards"). In addition, the Committee shall review the Applicable Independence Standards for all existing Committee advisors on an annual basis.

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**EXHIBIT B: CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF**

**DIRECTORS**

**Statement of Policy**

The Audit Committee of the Board of Directors of Cirrus Logic, Inc. (the **Company**) assists the Board of Directors in fulfilling its responsibility for oversight of the quality and integrity of the accounting, auditing, and financial reporting practices of the Company and the audits of the financial statements of the Company, and such other duties as directed by the Board.

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. Management is responsible for the preparation, presentation and integrity of the Company's financial statements. Management is responsible for maintaining appropriate accounting and financial reporting principles and policies, and internal controls and procedures designed to assure compliance with accounting standards, applicable laws and regulations.

The Company's independent auditing firm is responsible for performing an independent audit of the Company's annual financial statements, and reviewing the Company's quarterly financial statements prior to the filing of each quarterly report on Form 10-Q.

The Committee serves a board-level oversight role in which it provides advice, counsel and direction to management and the auditors on the basis of the information it receives, discussions with the auditors and the experience of the Committee's members in business, financial and accounting matters. The Committee members are not professional accountants or auditors, and their functions are not intended to duplicate or to certify the activities of management and the independent auditor.

**Organization**

The Committee shall be appointed by the Board of Directors and shall be comprised of at least three directors who are independent of management and the Company. A Chairperson and the Committee members shall be appointed annually by the affirmative vote of at least a majority of the Board of Directors.

Each member of the Committee shall qualify as an independent director under applicable law and the rules of the Securities and Exchange Commission (the **SEC**) and the applicable listing standards of the NASDAQ Stock Market, LLC (the **Nasdaq**).

All Committee members shall be able to read and understand fundamental financial statements, and at least one member shall be a financial expert, as determined by the Board in its business judgment in accordance with applicable law and the rules of the SEC and the Nasdaq listing standards.

**Meetings**

The Committee shall meet at least four times annually, or more frequently as necessary or appropriate. The Committee shall meet at least annually (or more frequently as appropriate) with management and the independent auditors in separate executive sessions to discuss any matters that the Committee or management or the independent auditors believe should be discussed privately. In addition, the Committee or its Chairperson shall meet quarterly with the independent auditors and management to review the Company's financial statements consistent with Section V below. The Committee shall report on a regular basis its activities to the Board and shall make the recommendations to the Board as it deems appropriate.

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### **Resources and Authority**

The Committee shall be empowered to retain, at the Company's expense, independent counsel and other advisors to assist it in the conduct of any investigation, or to otherwise assist the Committee in fulfilling its responsibilities and duties, without seeking approval of the Board of Directors or management.

In addition to the activities described herein, the Committee may perform such other functions as necessary or appropriate under law, the Company's Certificate of Incorporation or Bylaws, and the resolutions and other directives of the Board of Directors.

### **Responsibilities and Duties**

#### **1.1 *Independent Auditors***

The responsibilities of the Committee shall include:

- 1.1.1 Having the sole authority and responsibility to select (subject to stockholder ratification), retain, compensate, oversee, evaluate and, where appropriate, terminate the Company's independent auditors, and the independent auditors must report directly to the Committee.
- 1.1.2 Having the responsibility for resolving any disagreements between management and the independent auditors regarding financial reporting.
- 1.1.3 Adopting and implementing pre-approval policies and procedures for audit and non-audit services to be rendered by the independent auditors. The Committee may delegate to one or more of its members the authority to pre-approve non-audit services to be provided by the independent auditors, provided that any such pre-approval by one or more members of the Committee shall be reported to the full Committee at its next scheduled meeting.
- 1.1.4 At least annually, obtaining and reviewing with the independent auditors a written statement as required by the applicable requirements of the Public Company Accounting Oversight Board (the "PCAOB") Rule 3526 regarding communications with the audit committee concerning independence. The Committee shall discuss with the independent auditors relationships or services that in the view of the Committee may impact the objectivity or independence of the Company's independent auditors and shall take, or recommend that the full Board take, appropriate action to oversee the independence of the independent auditors.
- 1.1.5 Obtaining from the independent auditor assurance that it has complied with Section 10A of the Securities Exchange Act of 1934.

#### **1.2 *Financial Reporting***

The responsibilities of the Committee shall include:

- 1.2.1 Reviewing with the independent auditors their audit plan, including the scope, procedures and timing, prior to such audit.

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- 1.2.2 Reviewing with the independent auditors and management the accounting and reporting principles and practices applied by the Company in preparing its financial statements.
  
- 1.2.3 Reviewing with management and the independent auditors the financial information and the Management's Discussion and Analysis proposed to be included in each of

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the Company's Quarterly Reports on Form 10-Q prior to their filing, and discussing with the independent auditors the matters required to be discussed by PCAOB Auditing Standard No. 16, Required Communications with Audit Committee ( AS 16 ). The Chair may represent the Committee for purposes of this review.

- 1.2.4 Reviewing before release the unaudited interim financial results in the Company's quarterly earnings release.
- 1.2.5 Reviewing with management and the independent auditors, at the completion of the annual audit, the audited financial statements and the Management's Discussion and Analysis proposed to be included in the Company's Annual Report on Form 10-K prior to its filing and provide or review judgments about the quality, not only the acceptability, of accounting principles, such other matters required to be discussed with the independent auditors under generally accepted auditing standards, including the matters required to be discussed by AS 16. Based on such review and discussions, the Committee will consider whether it will recommend to the Board of Directors that the financial statements be included in the Company's Annual Report on Form 10-K.
- 1.2.6 Reviewing and approving, if appropriate, material changes to the Company's auditing and accounting principles and practices as suggested by the independent auditors or management.
- 1.2.7 Establishing procedures for (i) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- 1.2.8 Evaluating the professional competency of the financial staff and the internal auditors, as well as the quality of their performance in discharging their respective responsibilities.

***Related Party Transactions***

The Committee shall conduct an appropriate review of all related party transactions for potential conflicts of interest situations on an ongoing basis and shall approve or disapprove all such transactions as required by applicable Nasdaq listing standards.

***Internal and Disclosure Controls***

The Committee shall review any disclosures provided by the Chief Executive Officer or the Chief Financial Officer to the Committee regarding (i) significant deficiencies in the design or operation of internal controls that could adversely affect the Company's ability to record, process, summarize, and report financial data, and (ii) any fraud, including that which involves management or other employees who have a significant role in the Company's internal controls. The Committee shall review management's assessments of the effectiveness of internal controls over financial reporting and any material changes therein and management's assessments of the effectiveness of disclosure controls and procedures and any material changes therein. The Committee also shall review with the independent auditors their assessments of the adequacy of the Company's internal controls, and the resolution of identified material weaknesses and reportable conditions in the internal controls, including the prevention or detection of management override or compromise of the internal controls.

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***Reporting and Recommendations***

The Committee will prepare the Report of the Committee for inclusion in the annual stockholders meeting proxy statement, as required by SEC regulations.

***Funding***

The Company will provide for appropriate funding, as determined by the Committee, in its capacity as a committee of the Board, for payment of (i) compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company, (ii) compensation to any advisers employed by the audit committee and (iii) other expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.

***Other Duties***

The Committee shall authorize an officer of the Company to certify to the Nasdaq that (i) the Committee has adopted a formal written Charter and has reviewed and reassessed the adequacy of the Charter on an annual basis, and (ii) the Committee has met and will continue to meet the membership requirements set forth in this Charter.

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**EXHIBIT C: CHARTER OF THE GOVERNANCE COMMITTEE OF THE BOARD OF DIRECTORS**

I. Appointment

There shall be a Governance and Nominating Committee (the Committee) whose members shall be appointed by the Board of Directors (the Board). All members shall be independent, as defined by the applicable listing standards of the NASDAQ Stock Market, LLC and other applicable laws and regulations. Members shall continue to act until their successors are elected, but shall be subject to removal at any time by a majority of the entire Board or their earlier resignation. Any resulting vacancy may be filled by the Board. There shall be a minimum of three directors on this Committee.

II. Purpose

The Committee shall provide counsel to the Board with respect to (i) Board organization, membership, and function, and (ii) committee structure and membership. The Committee will also be 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.

III. Powers and Duties

The Committee shall assist the Board with respect to matters relating to governance and succession, as follows:

1. Establish, review and make recommendations to the Board regarding Board composition and structure, including, without limitation:
  - a. the term of office for directors;
  - b. the size of the Board;
  - c. changes to the format of Board meetings; and
  - d. matters for consideration by the Board and committees.
  
2. Review and make recommendations to the Board regarding the nature and duties of Board committees, including, without limitation:
  - a. the charters, duties and powers of Board committees according to existing and planned Company objectives; and
  - b. the term of office for committee members.
  
3. Establish criteria for membership on the Board, such as particular market or geographic experience, financial background and business experience, and coordinate recruiting new directors, including, without limitation:

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- a. establishing Company policies relating to recruiting directors;
  - b. evaluating potential candidates for election as directors and for service on each Board committee, including conducting the appropriate and necessary inquiries into the backgrounds and qualifications of possible candidates; and
  - c. recommending to the Board the names of qualified persons to be nominated for election or re-election as directors and considering suggestions for Board membership submitted by stockholders.
4. Consider questions of possible conflicts of interest of Board members and senior executives.

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5. Consider matters of corporate governance, and establish and annually review corporate governance policies, including the Company's Corporate Governance Guidelines, Insider Trading Policy, and Code of Conduct.

6. Oversee an annual self-assessment of the Board's performance as well as the performance of each Committee of the Board.

IV. Advisors

The Committee shall have the authority to retain independent advisors to assist in carrying out its responsibilities, as the Committee in its sole discretion deems appropriate. The Committee shall have sole authority to approve the terms of any such engagement, including fees, with funding provided by the Company.

V. Meetings

The Committee shall meet at least once annually and at such other times as determined by the Chair of the Committee. A majority of the members of the Committee shall constitute a quorum for the transaction of business.

VI. Reporting

The Committee will report periodically on the Committee's work and findings to the Board. These reports will contain recommendations for Board actions, when appropriate.

VII. Compensation

Each member of the Committee shall be entitled to compensation for meeting attendance at the standard fee set by the independent directors of the Board, and to reimbursement for reasonable out-of-pocket expenses.

VIII. Management Support

To assist the Committee in fulfilling its duties, management will provide the Committee with information and recommendations as needed and requested.

IX. Review of Charter

The Committee shall review and reassess the adequacy of this Charter on an annual basis and recommend any proposed changes to the Board for its approval.

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**EXHIBIT D: CORPORATE GOVERNANCE GUIDELINES**

**I. Director Qualifications**

**General**

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

**Size of Board**

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

**Service on Other Boards**

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

**Board Evaluation Process**

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

**Annual Review for Re-Election**

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

**Directors Who Change Their Present Job Responsibility**

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

**Retirement Policy**

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

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### **II. Director Responsibilities**

#### **General**

The basic responsibility of each director is to exercise his or her business judgment to act in what he or she reasonably believes to be in the best interest of the Company and its stockholders. In discharging this obligation, directors should be entitled to rely on the honesty and integrity of the Company's executive officers and its outside advisors and auditors. The directors shall also be entitled to have the Company purchase reasonable directors' liability insurance on their behalf, and to receive the benefits of indemnification to the fullest extent permitted by law and the Company's Certificate of Incorporation, By-Laws and any indemnification agreements.

#### **Risk Oversight**

The Board plays an ongoing role in the oversight of management's assessment of the major risks facing the Company and management's efforts to address those risks. The Board oversees the implementation of reasonable information and reporting systems designed to inform them of the materials risks related to the Company's overall business strategy. The Board reserves oversight of the major risks facing the Company and has delegated risk oversight responsibility to the appropriate committees in the following areas: the audit committee oversees risks relating to financial matters, financial reporting and auditing; the compensation committee oversees risks relating to the design and implementation of the Company's compensation policies and procedures; and the governance committee oversees risks relating to corporate governance policies and related governance matters.

#### **Selection of Chairman of the Board**

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

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

#### **Lead Independent Director**

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

#### **Attendance at Board Meetings**

Directors are expected to attend Board meetings and meetings of committees on which they serve, and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities. Information and data that are important to the Board's understanding of the business to be conducted at a Board or committee meeting generally should be distributed in

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writing to the directors before the meeting, and directors should review these materials in advance of the meeting. Sensitive subject matters may be discussed at the meeting without written materials being distributed in advance or at the meeting.

## **Attendance at Annual Meeting**

Directors are expected to attend the Company's annual meeting absent extraordinary circumstances.

## **Content of Board Meetings**

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

## **Executive Session**

The Company's Independent Directors will usually meet in executive session during each regularly scheduled Board meeting.

## **Potential Conflicts of Interest**

Board members are required to accurately and completely disclose to the Board (or any applicable committee) all financial interest or personal interest that he or she has in any contract or transaction that is being considered by the Board (or any committee) for approval. Disclosed conflicts of interest shall be included in the minutes of the meeting.

## **Board Interaction with Investors, Press, Customers, etc.**

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

## **III. Board Committees**

### **General**

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

### **Charters**

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

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### **Schedule and Timing of Meetings**

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

### **Additional Committees**

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

## **IV. Director Access To Officers and Employees**

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

## **V. Director Compensation**

### **General**

The Board believes that director compensation should include components that are designed to align the interests of the directors with the interests of stockholders and that the aggregate value of director compensation and perquisites should generally be at or near the median level of director compensation at peer companies. The form and amount of director compensation will be recommended to the Board by the Compensation Committee in accordance with the policies and principles set forth in its charter.

### **Expense Reimbursement**

A director of the Company will be reimbursed for any ordinary and necessary business and professional expense incurred on behalf of the Company, if the following conditions are satisfied: (a) the expenses are reasonable in amount; (b) the director documents the amount, date, place (for transportation, travel and entertainment expenses), business purpose (and for entertainment expenses, the business relationship of the person or persons entertained) of each such expense with the same kind of documentary evidence as would be required to support a deduction of the expense on the director's federal income tax return; and (c) the director substantiates such expenses by providing the Company with an accounting of such expenses no less frequently than monthly. Examples of reimbursable business expenses include local transportation, overnight travel (including lodging and meals), entertainment, education and professional dues. Under no circumstances will the Company reimburse a director for business or professional expenses incurred that are not properly substantiated according to this policy.

In no event will an expense be reimbursed if substantiated more than sixty (60) days after the expense is paid or incurred by the director. In addition, any reimbursement by the Company that exceeds the amount of business or professional expenses properly accounted for by a director pursuant to this policy must be returned to the Company within 120 days after the associated expenses are paid.

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It is the Company's intent that this reimbursement policy be classified as an accountable plan. Accordingly, the Company will not include in a director's form 1099 the amount of any business or professional expense properly substantiated and reimbursed according to this policy.

## **Charitable Contributions**

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

## **VI. Continuing Director Education**

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

## **VII. Management Evaluation, Compensation Review and Succession Planning Review of CEO and Executive Officers**

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

### **Compensation Review**

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

### **Succession Planning**

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

## **VIII. Option Granting Procedures**

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

- a) All stock option grants to directors and executive officers of the Company subject to the requirements of Section 16 of the Securities Exchange Act of 1934, shall be disclosed by or on behalf of the director or executive officer within two business days of such grants;
- b) All grants of options to executive officers and directors shall be made only at a meeting of the Company's Board or Compensation Committee and not by unanimous written consent. The Company's General Counsel and/or Corporate Counsel shall attend any and all meetings where options are granted; and



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- c) Stock options granted to all officers, directors and employees shall be granted on predetermined dates. In setting these predetermined dates, the Company will not have any program, plan or practice to time option grants in coordination with the release of material non-public information. The Company shall complete all grant documentation required to approve the option grants and circulate that information to those approving the grants prior to the predetermined grant dates.

**IX. Director Nominations Process**

**Annual Review**

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

**Nominations Process**

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

- a) The Governance Committee shall consider all candidates as recommended by a stockholder (or group of stockholders) who own at least 5% of the Company's outstanding common stock and who have held such shares for at least one year (an Eligible Stockholder);
- b) An Eligible Stockholder wishing to recommend a candidate must submit the following not less than 120 calendar days prior to the anniversary of the date the proxy was released to the shareholders in connection with the previous year's annual meeting: (A) a recommendation that identifies the candidate and provides contact information; (B) the written consent of the candidate to serve as a director of the Company, if elected; and (C) documentation establishing that the shareholder making the recommendation is an Eligible Stockholder;
- c) Upon timely receipt of the required documents, the Corporate Secretary will determine if the shareholder submitting the recommendation is an Eligible Stockholder based on such documents. The Corporate Secretary will inform the stockholder of his or her determination;
- d) If the candidate is to be evaluated by the Governance Committee, the Corporate Secretary will request a resume, a completed director and officer questionnaire, a completed statement regarding conflicts of interest, and a waiver of liability for



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background check from the candidate. To evaluate the candidate and consider such candidate for nomination by the Board, such documents must be received from the candidate before the first day of March preceding the annual meeting; and

- e) If, in the exercise of its business judgment, the Governance Committee determines not to nominate the Eligible Stockholder's initial candidate, the Governance Committee will inform the Eligible Stockholder of its decision and provide the stockholder the opportunity to submit one alternate candidate; provided, however, the Committee shall not be obligated to consider a candidate if the Committee does not receive within 30 calendar days of its notice of determination: (A) the written consent of the candidate to serve as a director of the Company, if elected; and (B) the documents required above. The Governance Committee will, in the exercise of its business judgment, determine whether to nominate the alternate candidate for election to the Board.

**X. Shareholder Proposals**

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

**XI. Director Resignation Policy**

Any nominee for director who receives a greater number of withhold votes than for votes in an uncontested election shall tender to the Board his or her resignation as a director promptly following the certification of the election results. For purposes of this policy, (i) an uncontested election is one in which the Secretary determines that the number of nominees does not exceed the number of directors to be elected as of the date seven days prior to the scheduled mailing date of the proxy statement for such meeting, and (ii) abstentions and broker non-votes will not be considered as either withhold votes or for votes. The Governance Committee will consider any resignation tendered under this policy and recommend to the Board whether to accept or reject it and the Board will act on such resignation, taking into account such Committee's recommendation, within 90 days following the certification of the election results. The Committee in making its recommendation, and the Board in making its decision, may consider any information it deems appropriate including without limitation any reasons given by stockholders for their withhold votes, the qualifications of the Director, and his or her contributions to the Board and the Company. The Board will promptly disclose publicly its decision to accept or reject such a resignation and, if rejected, the reasons for doing so.

**XII. Communications with the Board of Directors**

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

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**Exhibit A**

**Cirrus Logic Director Independence Standards**

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

- a) The director has not been employed by the Company or any of its affiliates (defined as any individual or business entity that owns at least 5% of the securities of the Company having ordinary voting power) at any time during the preceding three years;
- b) The director has not received, during the current calendar year or any of the three immediately preceding calendar years, remuneration, directly or indirectly, other than de minimus remuneration, as a result of service as, or compensation paid to an entity affiliated with the individual who serves as (1) an advisor, consultant, or legal counsel to the Company or to a member of the Company's senior management; or (2) a significant customer or supplier of the Company;
- c) The director has no personal services contract with the Company;
- d) The director is not employed and compensated by a not-for-profit entity that receives from the Company significant contributions that are required to be disclosed in the Company's proxy statement;
- e) The director is not a member of the immediate family of any person who fails to satisfy the Company's Director Independence Standards, except that with respect to employment with the Company or its affiliates, employment of immediate family members will not negate independence unless such employment is in an executive officer or director position;
- f) The director has no interest in any investment that the director jointly acquired in conjunction with the Company;
- g) During the current fiscal year or any of the three immediately preceding fiscal years, a company of which the director is an executive officer or an employee has not had any business relationship with the Company for which the Company has been required to make disclosure under Regulation S-K of the Securities and Exchange Commission ( SEC ), other than for service as a director or for which relationship no more than de minimus remuneration was received in any one such year; provided, however, that the need to disclose any relationship that existed prior to a director joining the Board shall not in and of itself render the director non-independent; and
- h) The director shall not be employed by a public company at which an executive officer of the Company serves as a director.
- i) A director is deemed to have received remuneration (other than remuneration as a director including remuneration provided to a non-executive Chairman of the Board, Committee Chairman, or Lead Independent Director), directly or indirectly, if remuneration, other than de minimus remuneration, was paid by the Company, its subsidiaries or affiliates, to any entity in which the director has beneficial ownership interest of 5% or more, or to an entity by which the director is employed or self-employed other than as a director. Remuneration is deemed de minimus remuneration if such remuneration is \$50,000 or less in any calendar year, or if such remuneration is paid to an entity, it (1) did not for the calendar year exceed 5% of the gross revenues of the entity, or \$200,000, whichever is more; and (2) did not directly result in a material increase in the compensation received by the director from that entity.



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**EXHIBIT E: CIRRUS LOGIC, INC. 2006 STOCK INCENTIVE PLAN**

**(Amended and Restated as of July 28, 2014)**

**1. PURPOSE**

1.1 Purpose. The purpose of the Cirrus Logic, Inc. 2006 Stock Incentive Plan (the Plan) is to provide a means through which Cirrus Logic, Inc. (the Company) may attract able persons to serve as employees, directors, or consultants of the Company or its Affiliates and to provide a means whereby those individuals upon whom the responsibilities of the successful administration and management of the Company rest, and whose present and potential contributions to the welfare of the Company are of importance, may acquire and maintain stock ownership, thereby strengthening their concern for the welfare of the Company. A further purpose of the Plan is to provide such individuals **with additional incentive and reward opportunities designed to enhance the profitable growth of the Company**. Accordingly, the Plan provides for granting Incentive Stock Options, options that do not constitute Incentive Stock Options, Restricted Stock Awards, Performance Awards, Phantom Stock Awards, and Bonus Stock Awards, or any combination of the foregoing, as is best suited to the circumstances of the particular employee, consultant, or director as provided in the Plan.

**2. DEFINITIONS**

2.1 **Definitions**. Whenever the following capitalized words or phrases are used, the following definitions will be applicable throughout the Plan, unless specifically modified by any Section:

2.1.1 **Affiliate** means any corporation, partnership, limited liability company or partnership, association, trust or other organization which, directly or indirectly, controls, is controlled by, or is under common control with, the Company. For purposes of the preceding sentence, control (including, with correlative meanings, the terms controlled by and under common control with), as used with respect to any entity or organization, shall mean the possession, directly or indirectly, of the power (i) to vote more than 50% of the securities having ordinary voting power for the election of directors of the controlled entity or organization, or (ii) to direct or cause the direction of the management and policies of the controlled entity or organization, whether through the ownership of voting securities or by contract or otherwise.

2.1.2 **Award** means, individually or collectively, any Option, Restricted Stock Award, Performance Award, Phantom Stock Award, or Bonus Stock Award.

2.1.3 **Board** means the board of directors of the Company.

2.1.4 **Bonus Stock Award** means an Award granted under Section 11 of the Plan.

2.1.5 **Change of Control Value** means the amount determined in accordance with Section 12.4.

2.1.6 **Code** means the Internal Revenue Code of 1986, as amended. Reference in the Plan to any section of the Code will be deemed to include any amendments or successor provisions to such section and any regulations under such section.

2.1.7 **Committee** means a committee of the Board that is selected by the Board as provided in Section 4.1.

2.1.8 **Common Stock** means the common stock, \$0.001 par value, of the Company or any security into which such common stock may be changed by reason of any transaction or event of the type described in Section 12.

2.1.9 **Company** means Cirrus Logic, Inc., a Delaware corporation.

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2.1.10 **Consultant** means any person who is not an Employee or Director and who is providing services to the Company or any Affiliate as an advisor, consultant, or other non-common law employee.

2.1.11 **Corporate Change** means either (i) the Company will not be the surviving entity in any merger, share exchange, or consolidation (or survives only as a subsidiary of an entity), (ii) the Company sells, leases, or exchanges all or substantially all of its assets to any other person or entity, (iii) the Company is dissolved and liquidated, (iv) any person or entity, including a group as contemplated by Section 13(d)(3) of the 1934 Act, acquires or gains ownership or control (including, without limitation, power to vote) of more than 50% of the outstanding shares of the Company's voting stock (based upon voting power), or (v) at such time as the Company becomes a reporting company under the 1934 Act, as a result of or in connection with a contested election of Directors, the persons who were Directors of the Company before such election will cease to constitute a majority of the Board; provided, however, that a Corporate Change will not include (A) any reorganization, merger, consolidation, sale, lease, exchange, or similar transaction, which involves solely the Company and one or more entities wholly-owned, directly or indirectly, by the Company immediately prior to such event or (B) the consummation of any transaction or series of integrated transactions immediately following which the record holders of the voting stock of the Company immediately prior to such transaction or series of transactions continue to hold 50% or more of the voting stock (based upon voting power) of (1) any entity that owns, directly or indirectly, the stock of the Company, (2) any entity with which the Company has merged, or (3) any entity that owns an entity with which the Company has merged.

2.1.12 **Director** means (i) an individual elected to the Board by the stockholders of the Company or by the Board under applicable corporate law who either is serving on the Board on the date the Plan is adopted by the Board or is elected to the Board after such date and (ii) for purposes of and relating to eligibility for the grant of an Award, an individual elected to the board of directors of any Affiliate.

2.1.13 **Employee** means any person in an employment relationship with the Company or any Affiliate. The payment of a Director's fee by the Company shall not be sufficient in and of itself to constitute employment by the Company.

2.1.14 **Fair Market Value** means, as of any specified date, (i) the closing sales price of the Common Stock either (A) if the Common Stock is traded on the National Market System of the NASDAQ, as reported on the National Market System of NASDAQ on that date (or if no sales occur on that date, on the last preceding date on which such sales of the Common Stock are so reported), or (B) if the Common Stock is listed on a national securities exchange, as reported on the stock exchange composite tape on that date (or if no sales occur on that date, on the last preceding date on which such sales of the Common Stock are so reported); (ii) if the Common Stock is not traded on the National Market System of the NASDAQ or a national securities exchange but is traded over the counter at the time a determination of its fair market value is required to be made under the Plan, the closing sales price (or if selling prices are not reported, the average between the closing bid and asked prices of Common Stock) on the most recent date on which Common Stock was publicly traded; (iii) in the event Common Stock is not publicly traded at the time a determination of its value is required to be made under the Plan, the amount determined by the Committee in its discretion in such manner as it deems appropriate; or (iv) on the date of an initial public offering of common stock, the offering price under such initial public offering.

2.1.15 **Forfeiture Restrictions** will have the meaning assigned to such term in Section 8.2.

2.1.16 **Full-Value Award** means an Award *other than* an Option, a Stock Appreciation Right, or other Award whose intrinsic value is solely dependent on appreciation in the price of the Common Stock after the date of grant.

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- 2.1.17 **Holder** means an Employee, Consultant, or Director who has been granted an Award.
- 2.1.18 **Incentive Stock Option** means an incentive stock option within the meaning of section 422 of the Code.
- 2.1.19 **1934 Act** means the Securities Exchange Act of 1934, as amended.
- 2.1.20 **Nonstatutory Stock Option** means Options that do not constitute Incentive Stock Options.
- 2.1.21 **Option** means an Award granted under Section 7 and includes both Incentive Stock Options and options that do not constitute Incentive Stock Options.
- 2.1.22 **Option Agreement** means a written agreement between the Company and a Holder with respect to an Option, including the accompanying Notice of Grant of Stock Option.
- 2.1.23 **Performance Award** means an Award granted under Section 9 of the Plan.
- 2.1.24 **Performance Award Agreement** means a written agreement between the Company and a Holder with respect to a Performance Award.
- 2.1.25 **Phantom Stock Award** means an Award granted under Section 10 of the Plan.
- 2.1.26 **Phantom Stock Award Agreement** means a written agreement between the Company and a Holder with respect to a Phantom Stock Award.
- 2.1.27 **Plan** means the Cirrus Logic, Inc. 2006 Stock Incentive Plan, as amended from time to time.
- 2.1.28 **Restricted Stock Agreement** means a written agreement between the Company and a Holder with respect to a Restricted Stock Award.
- 2.1.29 **Restricted Stock Award** means an Award granted under Section 8.
- 2.1.30 **Rule 16b-3** means SEC Rule 16b-3 promulgated under the 1934 Act, as such may be amended from time to time, and any successor rule, regulation, or statute fulfilling the same or a similar function.
- 2.1.31 **Stock Appreciation Right** will have the meaning assigned to such term in Subsection 7.4.4.
- 2.2 **Number and Gender.** Wherever appropriate in the Plan, words used in the singular will be considered to include the plural, and words used in the plural will be considered to include the singular. The masculine gender, where appearing in the Plan, will be deemed to include the feminine gender.
- 2.3 **Headings.** The headings of Sections and Subsections in the Plan are included solely for convenience, and, if there is any conflict between such headings and the text of the Plan, the text will control. All references to Sections and Subsections are to this document unless otherwise indicated.

## **3. EFFECTIVE DATE AND DURATION OF THE PLAN**

3.1 **Effective Date.** The Plan will become effective upon the date of its adoption by the Board, provided that the Plan is approved by the stockholders of the Company within 12 months after such adoption. Notwithstanding any provision in the Plan or in any Option Agreement, Restricted Stock Agreement, Performance Award Agreement, or Phantom Stock Award Agreement, no Option will be exercisable, no Restricted Stock Award or Bonus Stock Award will be granted, and no Performance Award or Phantom Stock Award will vest or become satisfiable prior to such stockholder approval.

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3.2 **Duration of Plan.** No further Awards may be granted under the Plan after ten years from July 28, 2024. The Plan will remain in effect until all Options granted under the Plan have been exercised, forfeited, assumed, substituted, satisfied or expired, all Restricted Stock Awards granted under the Plan have vested or been forfeited, and all Performance Awards, Phantom Stock Awards, and Bonus Stock Awards have been satisfied or expired.

**4. ADMINISTRATION**

4.1 **Composition of Committee.** The Plan will be administered by a committee of, and appointed by, the Board. In the absence of the Board's appointment of such Committee to administer the Plan, the Board will serve as the Committee. Notwithstanding the foregoing, from and after the date upon which the Company becomes a publicly held corporation (as defined in section 162(m) of the Code and applicable interpretive authority under the Code), the Plan will be administered by a committee of, and appointed by, the Board that will be comprised solely of two or more outside Directors (within the meaning of the term outside directors as used in section 162(m) of the Code and applicable interpretive authority under the Code and within the meaning of Non-Employee Director as defined in Rule 16b-3).

4.2 **Powers.** Subject to the express provisions of the Plan, the Committee will have authority, in its discretion, to determine which Employees, Consultants, or Directors will receive an Award, the time or times when such Award will be made, whether an Incentive Stock Option or Nonstatutory Stock Option will be granted, the number of shares to be subject to each Option or Restricted Stock Award, the number of shares subject to or the value of each Performance Award or Bonus Stock Award, and the number of shares or the value of each Phantom Stock Award. In making such determinations, the Committee will take into account the nature of the services rendered by the respective Employees, Consultants, or Directors, their present and potential contribution to the Company's success, and such other factors as the Committee in its discretion will deem relevant.

4.3 **Additional Powers.** The Committee will have such additional powers as are delegated to it by the other provisions of the Plan. Subject to the express provisions of the Plan, this will include the power (1) to construe the Plan and the respective agreements executed under the Plan, (2) to prescribe rules and regulations relating to the Plan, (3) to determine the terms, restrictions, and provisions of the agreement relating to each Award, including such terms, restrictions, and provisions as will be requisite in the judgment of the Committee to cause designated Options to qualify as Incentive Stock Options, and (4) to make all other determinations necessary or advisable for administering the Plan. The Committee may correct any defect, supply any omission, or reconcile any inconsistency in the Plan or in any agreement relating to an Award in the manner and to the extent it will deem expedient to carry it into effect. The determinations of the Committee on the matters referred to in this Section will be conclusive and binding on all persons.

**5. STOCK SUBJECT TO THE PLAN**

5.1 **Stock Offered.** Subject to the limitations set forth in Section 5.2, the stock to be offered pursuant to the grant of an Award may be (1) authorized but unissued Common Stock or (2) previously issued and outstanding Common Stock reacquired by the Company. Any of such shares that remain unissued and are not subject to outstanding Awards at the termination of the Plan will cease to be subject to the Plan, but until termination of the Plan, the Company will at all times make available a sufficient number of shares to meet the requirements of the Plan.

**5.2 Plan and Individual Limitations on Shares.**

5.2.1 Subject to adjustment in the same manner as provided in Section 12 with respect to shares of Common Stock subject to Options then outstanding, the aggregate maximum number of

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shares of Common Stock that may be issued under the Plan, and the aggregate maximum number of shares of Common Stock that may be issued under the Plan through Incentive Stock Options, will not exceed 20,300,000 shares. To the extent that a share of Common Stock is subject to an outstanding Full-Value Award, such share shall reduce the aggregate share limit set forth in this Subsection by 1.5 shares of Common Stock. To the extent that a share of Common Stock is subject to an outstanding Award other than a Full-Value Award, such share shall reduce the aggregate share limit set forth in this Subsection by one share of Common Stock. Stock Appreciation Rights to be settled in shares of Common Stock pursuant to Section 7.4(d) or Section 10 shall be counted in full against the number of shares available for award under the Plan, regardless of the number of shares issued upon settlement of the Stock Appreciation Rights. In addition, any shares withheld to satisfy any tax withholding obligation pursuant to Section 14.5 shall be counted in full against the number of shares available for award under the Plan.

5.2.2 Notwithstanding any provision in the Plan to the contrary, and to the extent an award is intended to comply with the requirements of section 162(m) of the Code, the maximum number of shares of Common Stock that may be subject to any award granted under the Plan to any one individual during any calendar year may not exceed 400,000 shares (as adjusted from time to time in accordance with the provisions of the Plan), and the maximum amount of compensation that may be paid under an award denominated in cash (including the Fair Market Value of any shares of Common Stock paid in satisfaction of such award) granted to any one individual during any calendar year may not exceed \$5,000,000.

5.2.3 Shares will be deemed to have been issued under the Plan only to the extent actually issued and delivered pursuant to an Award. To the extent that an Award lapses or the rights of its Holder terminate, any shares of Common Stock subject to such Award will again be available for the grant of an Award, and the aggregate share limit set forth in Subsection 5.2(a) will be increased by the number of shares subtracted from such limit with respect to the grant of such lapsed Award. From and after the date upon which the Company becomes a publicly held corporation (as defined in section 162(m) of the Code and applicable interpretive authority under the Code), the limitation set forth in the preceding sentences will be applied in a manner that will permit compensation generated under the Plan to constitute performance-based compensation for purposes of section 162(m) of the Code, including, without limitation, counting against such maximum number of shares, to the extent required under section 162(m) of the Code and applicable interpretive authority under the Code, any shares subject to Options that are canceled or repriced.

**6. GRANT OF AWARDS**

6.1 **Eligibility for Award.** Awards may be granted only to persons who, at the time of grant, are Employees, Consultants, or Directors.

6.2 **Grant of Awards.** The Committee may from time to time in its discretion grant Awards to one or more Employees, Consultants, or Directors determined by it to be eligible for participation in the Plan in accordance with the provisions of Section 6.1. An Award may be granted on more than one occasion to the same person, and, subject to the limitations set forth in the Plan, such Award may include an Incentive Stock Option, a Nonstatutory Stock Option, a Restricted Stock Award, a Performance Award, a Phantom Stock Award, a Bonus Stock Award, or any combination thereof.

**6A. Restrictions on Waiver of Vesting Periods.** Notwithstanding any provision in the Plan to the contrary, the Committee shall not have the discretionary authority to waive the vesting period applicable to a Full-Value Award, except in the case of death, disability, retirement, or Corporate Change.



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**7. STOCK OPTIONS**

7.1 **Option Period.** The term of each Option will be as specified by the Committee at the date of grant, but in no event will an Option be exercisable after the expiration of ten years from the date of grant.

7.2 **Limitations on Vesting and/or Exercise of Option.** An Option will be vested and/or exercisable in whole or in part and at such times as determined by the Committee and set forth in the Notice of Grant and Option Agreement. The Committee in its discretion may provide that an Option will be vested or exercisable upon (1) the attainment of one or more performance goals or targets established by the Committee, which are based on (i) the price of a share of Common Stock, (ii) the Company's earnings per share, (iii) the Company's market share, (iv) the market share of a business unit of the Company designated by the Committee, (v) the Company's sales, (vi) the sales of a business unit of the Company designated by the Committee, (vii) the net income (before or after taxes) of the Company or a business unit of the Company designated by the Committee, (viii) the cash flow return on investment of the Company or any business unit of the Company designated by the Committee, (ix) the earnings before or after interest, taxes, depreciation, and/or amortization of the Company or any business unit of the Company designated by the Committee, (x) the economic value added, or (xi) the return on stockholders' equity achieved by the Company; (2) the Holder's continued employment as an Employee with the Company or continued service as a Consultant or Director for a specified period of time; (3) the occurrence of any event or the satisfaction of any other condition specified by the Committee in its sole discretion; or (4) a combination of any of the foregoing. Each Option may, in the discretion of the Committee, have different provisions with respect to vesting and/or exercise of the Option.

7.3 **Special Limitations on Incentive Stock Options.**

7.3.1 An Incentive Stock Option may be granted only to an individual who is employed by the Company or any parent or subsidiary corporation (as defined in section 424 of the Code) at the time the Option is granted.

7.3.2 No Incentive Stock Option will be granted to an individual if, at the time the Option is granted, such individual owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or of its parent or subsidiary corporation, within the meaning of section 422(b)(6) of the Code, unless (1) at the time such Option is granted the option price is at least 110% of the Fair Market Value of the Common Stock subject to the Option and (2) such Option by its terms is not exercisable after the expiration of five years from the date of grant.

7.3.3 If an Option is designated as an Incentive Stock Option in the Notice of Grant of Stock Option, to the extent that such Option (together with all Incentive Stock Options granted to the Optionee under the Plan and all other stock option plans of the Company and its parent and subsidiaries) becomes exercisable for the first time during any calendar year for shares having a Fair Market Value greater than \$100,000, the portion of each such Incentive Stock Option that exceeds such amount will be treated as a Nonstatutory Stock Option. For purposes of this Subsection, Options designated as Incentive Stock Options are taken into account in the order in which they were granted, and the Fair Market Value of Common Stock is determined as of the time the Option with respect to such Common Stock is granted. If the Code is amended to provide for a different limitation from that set forth in this Subsection, such different limitation will be deemed incorporated in the Plan effective as of the date required or permitted by such amendment to the Code. If the Option is treated as an Incentive Stock Option in part and as a Nonstatutory Stock Option in part by reason of the limitation set forth in this Subsection, the Optionee may designate which portion of such Option the Optionee is exercising. In the absence of such designation, the Optionee will be deemed to have exercised the Incentive Stock Option portion of the Option first.

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7.3.4 An Incentive Stock Option (1) will not be transferable otherwise than by will or the laws of descent and distribution and (2) will be exercisable during the Holder's lifetime only by such Holder or his guardian or legal representative.

7.3.5 The price at which a share of Common Stock may be purchased upon exercise of an Incentive Stock Option will not be less than 100% of the Fair Market Value of a share of Common Stock on the date such Option is granted.

### **7.4 Option Agreement.**

7.4.1 Each Option will be evidenced by an Option Agreement in such form and containing such provisions not inconsistent with the provisions of the Plan as the Committee from time to time will approve, including, without limitation, provisions to qualify an Incentive Stock Option under section 422 of the Code and provisions relating to vesting and exercisability. The terms and conditions of the Options and respective Option Agreements need not be identical. Subject to the consent of the Holder, the Committee may, in its sole discretion, amend an outstanding Option Agreement from time to time in any manner that is not inconsistent with the provisions of the Plan (including, without limitation, an amendment that accelerates the time at which the Option, or a portion of the Option, may be exercisable).

7.4.2 Each Option Agreement will specify the effect of termination of (1) employment, (2) the consulting, advisory, or other non-common law employee relationship, or (3) membership on the Board, as applicable, on the vesting and/or exercisability of the Option.

7.4.3 An Option Agreement may provide for the payment of the option price, in whole or in part, by the delivery of a number of shares of Common Stock (plus cash if necessary) having a Fair Market Value equal to such option price. Moreover, an Option Agreement may provide for a cashless exercise of the Option through procedures satisfactory to, and approved by and in the sole discretion of, the Committee. Generally, and without limiting the Committee's absolute discretion, a cashless exercise will only be permitted at such times in which the shares underlying this Option are publicly traded.

7.4.4 An Option Agreement may provide for the surrender of the right to purchase shares under the Option in return for a payment in cash or shares of Common Stock or a combination of cash and shares of Common Stock equal in value to the excess of the Fair Market Value of the shares with respect to which the right to purchase is surrendered over the option price for such shares ( **Stock Appreciation Right** ), on such terms and conditions as the Committee in its sole discretion may prescribe. In the case of any such Stock Appreciation Right that is granted in connection with an Incentive Stock Option, such right will be exercisable only when the Fair Market Value of the Common Stock exceeds the price specified for such Common Stock in the Option or the portion of the Option to be surrendered.

7.5 **Option Price, Payment, and Exercise.** Subject to Subsection 7.3.2 with respect to Incentive Stock Options, the price at which a share of Common Stock may be purchased upon exercise of an Option will be determined by the Committee, but such purchase price shall not be less than the Fair Market Value of a share of Common Stock on the date such Option is granted. The Option or portion of the Option may be exercised by delivery of an irrevocable notice of exercise to the Secretary of the Company, except as may otherwise be provided in the Option Agreement. The purchase price of the Option or portion of the Option will be paid in full in the manner prescribed by the Committee.

7.6 **Stockholder Rights and Privileges.** The Holder will be entitled to all the privileges and rights of a stockholder only with respect to such shares of Common Stock as have been purchased under the Option and for which certificates of stock have been registered in the Holder's name.

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**7.7 Options and Rights in Substitution for Stock Options Granted by Other Corporations.** Options and Stock Appreciation Rights may be granted under the Plan from time to time in substitution for stock options and such rights held by individuals employed by corporations who become Employees, Consultants, or Directors as a result of a merger, consolidation, or other business combination of the employing corporation with the Company or any Affiliate.

**7.8 Restrictions on Repricing of Options.** Except as provided in Section 12, the Committee may not, without approval of the stockholders of the Company, amend any outstanding Option Agreement to lower the option price (or cancel and replace any outstanding Option Agreement with Option Agreements having a lower option price), or to repurchase underwater options for cash.

**8. RESTRICTED STOCK AWARDS**

**8.1 Restricted Stock Agreement.** At the time any Award is made under this Section, the Company and the Holder will enter into a Restricted Stock Agreement setting forth each of the matters contemplated by the Plan and such other matters as the Committee may determine to be appropriate. The terms and provisions of the respective Restricted Stock Agreements need not be identical. Subject to the consent of the Holder and the restriction set forth in the last sentence of Section 8.4 below, the Committee may, in its sole discretion, amend an outstanding Restricted Stock Agreement from time to time in any manner that is not inconsistent with the provisions of the Plan.

**8.2 Forfeiture Restrictions.** Shares of Common Stock that are the subject of a Restricted Stock Award will be subject to restrictions on disposition by the Holder and an obligation of the Holder to forfeit and surrender the shares to the Company under certain circumstances (the **Forfeiture Restrictions** ). The Forfeiture Restrictions will be determined by the Committee in its sole discretion, and the Committee may provide that the Forfeiture Restrictions will lapse upon (1) the attainment of one or more performance goals or targets established by the Committee, which are based on (i) the price of a share of Common Stock, (ii) the Company's earnings per share, (iii) the Company's market share, (iv) the market share of a business unit of the Company designated by the Committee, (v) the Company's sales, (vi) the sales of a business unit of the Company designated by the Committee, (vii) the net income (before or after taxes) of the Company or a business unit of the Company designated by the Committee, (viii) the cash flow return on investment of the Company or any business unit of the Company designated by the Committee, (ix) the earnings before or after interest, taxes, depreciation, and/or amortization of the Company or any business unit of the Company designated by the Committee, (x) the economic value added, or (xi) the return on stockholders' equity achieved by the Company; (2) the Holder's continued employment as an Employee with the Company or continued service as a Consultant or Director for a specified period of time; (3) the occurrence of any event or the satisfaction of any other condition specified by the Committee in its sole discretion; or (4) a combination of any of the foregoing. The performance measures described in clause (1) of the preceding sentence may be subject to adjustment for specified significant extraordinary items or events, and may be absolute, relative to one or more other companies, or relative to one or more indexes, and may be contingent upon future performance of the Company or any Affiliate, division, or department thereof. Each Restricted Stock Award may, in the discretion of the Committee, have different Forfeiture Restrictions.

**8.3 Other Terms and Conditions.** Unless otherwise provided in the Restricted Stock Agreement, the Holder will have the right to receive dividends with respect to Common Stock subject to a Restricted Stock Award, to vote Common Stock subject to such Restricted Stock Agreement, and to enjoy all other stockholder rights, except that (1) the Holder will not be entitled to delivery of the stock certificate until the Forfeiture Restrictions have lapsed, (2) the Company will retain custody of the stock until the Forfeiture Restrictions have lapsed, (3) the Holder may not sell, transfer, pledge,

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exchange, hypothecate, or otherwise dispose of the stock until the Forfeiture Restrictions have lapsed, and (4) a breach of the terms and conditions established by the Committee pursuant to the Restricted Stock Agreement will cause a forfeiture of the Restricted Stock Award. At the time of such Award, the Committee may, in its sole discretion, prescribe additional terms, conditions, or restrictions relating to Restricted Stock Awards, including, but not limited to, rules pertaining to the termination of employment or service as a Consultant or Director (by retirement, disability, death, or otherwise) of a Holder prior to lapse of the Forfeitures Restrictions. Such additional terms, conditions, or restrictions will be set forth in the Restricted Stock Agreement made in conjunction with the Award.

8.4 **Committee's Discretion to Accelerate Vesting of Restricted Stock Awards.** The Committee may, in its discretion and as of a date determined by the Committee, fully vest any or all Common Stock awarded to a Holder pursuant to a Restricted Stock Award, and, upon such vesting, all restrictions applicable to such Restricted Stock Award will lapse as of such date. Any action by the Committee pursuant to this Section may vary among individual Holders and may vary among the Restricted Stock Awards held by any individual Holder. Notwithstanding the preceding provisions of this Section, from and after the date upon which the Company becomes a publicly held corporation (as defined in section 162(m) of the Code and applicable interpretive authority under the Code), the Committee may not take any action described in this Section with respect to a Restricted Stock Award that has been granted after such date to a covered employee (within the meaning of Treasury Regulation section 1.162-27(c)(2)) if such Award has been designed to meet the exception for performance-based compensation under section 162(m) of the Code.

8.5 **Payment for Restricted Stock.** The Committee will determine the amount and form of any payment for Common Stock received pursuant to a Restricted Stock Award, provided that, in the absence of such a determination, a Holder will not be required to make any payment for Common Stock received pursuant to a Restricted Stock Award, except to the extent otherwise required by law.

**9. PERFORMANCE AWARDS**

9.1 **Performance Award Agreements.** At the time any Award is made under this Section, the Company and the Holder will enter into a Performance Award Agreement setting forth each of the matters contemplated by the Plan and such additional matters as the Committee may determine to be appropriate. The terms and provisions of the respective Performance Award Agreements need not be identical.

9.2 **Performance Period.** The Committee shall establish, with respect to and at the time of each Performance Award, the number of shares of Common Stock subject to, or the maximum value of, the Performance Award and the performance period over which the performance applicable to the Performance Award will be measured.

9.3 **Performance Measures.** A Performance Award shall be awarded to a Holder contingent upon future performance of the Company or any Affiliate, division, or department thereof during the performance period. The Committee shall establish the performance measures applicable to such performance either (i) prior to the beginning of the performance period or (ii) within 90 days after the beginning of the performance period if the outcome of the performance targets is substantially uncertain at the time such targets are established, but not later than the date that 25% of the performance period has elapsed; provided such measures may be made subject to adjustment for specified significant extraordinary items or events. The performance measures may be absolute, relative to one or more other companies, or relative to one or more indexes. The performance measures established by the Committee may be based upon (1) the price of a share of Common Stock, (2) the Company's earnings per share, (3) the Company's market share, (4) the market share of a business unit of the Company designated by the Committee, (5) the Company's sales, (6) the sales of a business unit

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of the Company designated by the Committee, (7) the net income (before or after taxes) of the Company or any business unit of the Company designated by the Committee, (8) the cash flow return on investment of the Company or any business unit of the Company designated by the Committee, (9) the earnings before or after interest, taxes, depreciation, and/or amortization of the Company or any business unit of the Company designated by the Committee, (10) the economic value added, (11) the return on stockholders' equity achieved by the Company, (12) the total stockholders' return achieved by the Company, or (13) a combination of any of the foregoing. The Committee, in its sole discretion, may provide for an adjustable Performance Award value based upon the level of achievement of performance measures.

9.4 **Awards Criteria**. In determining the value of Performance Awards, the Committee will take into account a Holder's responsibility level, performance, potential, other Awards, and such other considerations as it deems appropriate. The Committee, in its sole discretion, may provide for a reduction in the value of a Holder's Performance Award during the performance period.

9.5 **Payment**. Following the end of the performance period, the Holder of a Performance Award will be entitled to receive payment of an amount not exceeding the number of shares of Common Stock subject to, or the maximum value of, the Performance Award, based on the achievement of the performance measures for such performance period, as determined and certified in writing by the Committee. Notwithstanding any provision in this Section to the contrary, any payment due with respect to a Performance Award shall be paid no later than ten years after the date of grant of such Performance Award. Payment of a Performance Award may be made in cash, Common Stock, or a combination thereof, as determined by the Committee. Payment shall be made in a lump sum or in installments as prescribed by the Committee. If a Performance Award covering shares of Common Stock is to be paid in cash, such payment shall be based on the Fair Market Value of the Common Stock on the payment date or such other date as may be specified by the Committee in the Performance Award Agreement.

9.6 **Other Terms and Conditions**. Dividends or dividend equivalents, as applicable, will not be paid to the Holders of Performance Awards that are unvested or unearned. In the event that a Performance Award is structured as a Restricted Stock Award with performance conditions, the dividend amounts paid with respect to each share of underlying Common Stock during the period that the Performance Award is unvested or unearned will be accrued and paid out to the Holder following the vesting of the Performance Award.

9.7 **Termination of Award**. A Performance Award shall terminate if the Holder does not remain continuously in the employ of the Company and its Affiliates or does not continue to perform services as a Consultant or a Director for the Company and its Affiliates at all times during the applicable performance period, except as may be determined by the Committee.

## **10. PHANTOM STOCK AWARDS**

10.1 **Phantom Stock Award Agreements**. At the time any Award is made under this Section, the Company and the Holder will enter into a Phantom Stock Award Agreement setting forth each of the matters contemplated by the Plan and such additional matters as the Committee may determine to be appropriate. The terms and provisions of the respective Phantom Stock Award Agreements need not be identical.

10.2 **Phantom Stock Awards**. Phantom Stock Awards are rights to receive shares of Common Stock (or the Fair Market Value thereof), or rights to receive an amount equal to any appreciation or increase in the Fair Market Value of Common Stock over a specified period of time, which vest over a period of time as established by the Committee, without satisfaction of any performance criteria or

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objectives. The Committee may, in its discretion, require payment or other conditions of the Holder respecting any Phantom Stock Award. A Phantom Stock Award may include, without limitation, a Stock Appreciation Right that is granted independently of an Option.

10.3 **Award Period**. The Committee shall establish, with respect to and at the time of each Phantom Stock Award, a period over which the Award will vest with respect to the Holder.

10.4 **Awards Criteria**. In determining the value of Phantom Stock Awards, the Committee will take into account a Holder's responsibility level, performance, potential, other Awards, and such other considerations as it deems appropriate.

10.5 **Payment**. Following the end of the vesting period for a Phantom Stock Award (or at such other time as the applicable Phantom Stock Award Agreement may provide), the Holder of a Phantom Stock Award will be entitled to receive payment of an amount, not exceeding the maximum value of the Phantom Stock Award, based on the then vested value of the Award. Payment of a Phantom Stock Award may be made in cash, Common Stock, or a combination thereof as determined by the Committee. Payment shall be made in a lump sum or in installments as prescribed by the Committee. Any payment to be made in cash shall be based on the Fair Market Value of the Common Stock on the payment date or such other date as may be specified by the Committee in the Phantom Stock Award Agreement. Cash dividend equivalents may be paid during or after the vesting period with respect to a Phantom Stock Award, as determined by the Committee.

10.6 **Termination of Award**. A Phantom Stock Award shall terminate if the Holder does not remain continuously in the employ of the Company and its Affiliates or does not continue to perform services as a Consultant or a Director for the Company and its Affiliates at all times during the applicable vesting period, except as may be otherwise determined by the Committee.

## **11. BONUS STOCK AWARDS**

11.1 **Bonus Stock Awards**. Each Bonus Stock Award granted to a Holder will constitute a transfer of unrestricted Common Stock on such terms and conditions as the Committee shall determine. Bonus Stock Awards will be made in shares of Common Stock and need not be subject to performance criteria or objectives or to forfeiture. The purchase price, if any, for Common Stock issued in connection with a Bonus Stock Award will be determined by the Committee in its sole discretion.

## **12. RECAPITALIZATION OR REORGANIZATION**

12.1 **No Effect on Board's or Stockholders' Power**. The existence of the Plan and the Awards granted under the Plan will not affect in any way the right or power of the Board or the stockholders of the Company to make or authorize (1) any adjustment, recapitalization, reorganization, or other change in the Company's or any Affiliate's capital structure or its business, (2) any merger, share exchange, or consolidation of the Company or any Affiliate, (3) any issue of debt or equity securities ranking senior to or affecting Common Stock or the rights of Common Stock, (4) the dissolution or liquidation of the Company or any Affiliate, (5) any sale, lease, exchange, or other disposition of all or any part of the Company's or any Affiliate's assets or business, or (6) any other corporate act or proceeding.

12.2 **Adjustment in the Event of Stock Subdivision, Consolidation, or Dividend**. The shares with respect to which Awards may be granted are shares of Common Stock as presently constituted, but if, and whenever, prior to the expiration of an Award theretofore granted, the Company will effect a subdivision or consolidation of shares of Common Stock or the payment of a stock dividend on Common Stock without receipt of consideration by the Company, the number of shares of Common Stock with respect to which such Award may thereafter be exercised (1) in the event of an increase in the number of outstanding shares, will be proportionately increased, and the purchase price per share

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will be proportionately reduced, and (2) in the event of a reduction in the number of outstanding shares, will be proportionately reduced, and the purchase price per share will be proportionately increased. Any fractional share resulting from such adjustment will be rounded up to the next whole share.

### **12.3 Adjustment in the Event of Recapitalization or Corporate Change.**

12.3.1 If the Company recapitalizes, reclassifies its capital stock, or otherwise changes its capital structure (a **recapitalization**), the number and class of shares of Common Stock covered by an Award theretofore granted will be adjusted so that such Award will thereafter cover the number and class of shares of stock and securities to which the Holder would have been entitled pursuant to the terms of the recapitalization if, immediately prior to the recapitalization, the Holder had been the holder of record of the number of shares of Common Stock then covered by such Award.

12.3.2 If a Corporate Change occurs, then no later than (1) 10 days after the approval by the stockholders of the Company of a Corporate Change, other than a Corporate Change resulting from a person or entity acquiring or gaining ownership or control of more than 50% of the outstanding shares of the Company's voting stock, or (2) 30 days after a Corporate Change resulting from a person or entity acquiring or gaining ownership or control of more than 50% of the outstanding shares of the Company's voting stock, the Committee, acting in its sole discretion and without the consent or approval of any Holder, will effect one or more of the following alternatives, which alternatives may vary among individual Holders and which may vary among Options held by any individual Holder, but will be conditioned upon the actual consummation of the Corporate Change occurring:

12.3.2.1 Accelerate the vesting of any Options (or any portion of any Option) then outstanding;

12.3.2.2 Accelerate the time at which some or all of the Options (or any portion of the Options) then outstanding may be exercised so that such Options (or any portion of such Options) may be exercised for a limited period of time on or before a specified date (before or after such Corporate Change) fixed by the Committee, after which specified date all unexercised Options and all rights of Holders under such Options will terminate;

12.3.2.3 Require the mandatory surrender to the Company by selected Holders of some or all of the outstanding Options (or any portion of such Options) held by such Holders (irrespective of whether such Options (or any portion of such Options) are then vested or exercisable under the provisions of the Plan) as of a date, before or after such Corporate Change, specified by the Committee, in which event the Committee will then cancel such Options (or any portion of such Options) and cause the Company to pay each Holder an amount of cash per share equal to the excess, if any, of the Change of Control Value of the shares subject to such Option over the exercise price(s) under such Options for such shares;

12.3.2.4 Make such adjustments to Options (or any portion of such Options) then outstanding as the Committee deems appropriate to reflect such Corporate Change (provided, however, that the Committee may determine in its sole discretion that no adjustment is necessary to one or more Options (or any portion of such Options) then outstanding); or

12.3.2.5 Provide that the number and class of shares of Common Stock covered by an Option (or any portion of such Option) theretofore granted will be adjusted so that such Option will thereafter cover the number and class of shares of stock or other securities or property (including, without limitation, cash) to which the Holder would have been entitled pursuant to the terms of the agreement of merger, consolidation, or sale of assets or dissolution if, immediately prior to such merger, consolidation, or sale of assets or dissolution, the Holder had been the holder of record of the number of shares of Common Stock then covered by such Option.

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12.4 **Change of Control Value.** For purposes of Subsection 12.3.2.3 above, the Change of Control Value will equal the amount determined in one of the following clauses, whichever is applicable:

12.4.1 The per share price offered to stockholders of the Company in any such merger, consolidation, sale of assets, or dissolution transaction;

12.4.2 The price per share offered to stockholders of the Company in any tender offer or exchange offer whereby a Corporate Change takes place; or

12.4.3 If such Corporate Change occurs other than pursuant to a tender or exchange offer, the fair market value per share of the shares into which such Options being surrendered are exercisable, as determined by the Committee as of the date determined by the Committee to be the date of cancellation and surrender of such Options.

In the event that the consideration offered to stockholders of the Company in any transaction described in this Section or in Section 12.3 above consists of anything other than cash, the Committee will determine in its discretion the fair cash equivalent of the portion of the consideration offered that is other than cash.

12.5 **Other Adjustments.** In the event of changes in the outstanding Common Stock by reason of recapitalizations, mergers, consolidations, reorganizations, liquidations, combinations, split-ups, split-offs, spin-offs, exchanges, issuances of rights or warrants, or other relevant changes in capitalization or distributions to the holders of Common Stock occurring after the date of grant of any Award and not otherwise provided for by this Section, (1) such Award and any agreement evidencing such Award will be subject to adjustment by the Committee in its discretion as to the number and price of shares of Common Stock or other consideration subject to such Award, and (2) the aggregate number of shares available under the Plan, the aggregate number of shares that may be issued under the Plan through Incentive Stock Options, and the maximum number of shares that may be subject to Awards to any one individual may be appropriately adjusted by the Committee, whose determination will be conclusive and binding on all parties. Notwithstanding the foregoing, except as otherwise provided by the Committee, upon the occurrence of a Corporate Change, the Committee, acting in its sole discretion without the consent or approval of any Holder, may require the mandatory surrender to the Company by selected Holders of some or all of the outstanding Performance Awards and Phantom Stock Awards as of a date, before or after such Corporate Change, specified by the Committee, in which event the Committee shall thereupon cancel such Performance Awards and Phantom Stock Awards and the Company shall pay (or cause to be paid) to each Holder an amount of cash equal to the maximum value (which maximum value may be determined, if applicable and in the discretion of the Committee, based on the then Fair Market Value of the Common Stock) of such Performance Award or Phantom Stock Award which, in the event the applicable performance or vesting period set forth in such Performance Award or Phantom Stock Award has not been completed, will be multiplied by a fraction, the numerator of which is the number of days during the period beginning on the first day of the applicable performance or vesting period and ending on the date of the surrender, and the denominator of which is the aggregate number of days in the applicable performance or vesting period.

12.6 **Stockholder Action.** If any event giving rise to an adjustment provided for in this Section requires stockholder action, such adjustment will not be effective until such stockholder action has been taken.

12.7 **No Adjustment Except as Provided in the Plan.** Except as expressly provided in the Plan, the issuance by the Company of shares of stock of any class or securities convertible into shares of stock of any class for cash, property, labor, or services, upon direct sale, upon the exercise of rights or



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warrants to subscribe for such shares or other securities, or upon conversion of shares or obligations of the Company convertible into such shares or other securities, and in any case whether or not for fair value, will not affect, and no adjustment by reason thereof will be made with respect to, the number of shares of Common Stock subject to Awards theretofore granted or the purchase price per share, if applicable.

### **13. AMENDMENT AND TERMINATION OF THE PLAN**

13.1 **Termination of Plan**. The Board in its discretion may terminate the Plan at any time with respect to any shares of Common Stock for which Awards have not theretofore been granted.

13.2 **Amendment of Plan**. The Board will have the right to alter or amend the Plan or any part of the Plan from time to time; **provided** that no change in any Award theretofore granted may be made that would impair the rights of the Holder without the consent of the Holder; and **provided, further**, that the Board may not, without approval of the stockholders, amend the Plan to (1) increase the maximum aggregate number of shares that may be issued under the Plan, (2) increase the maximum number of shares that may be issued under the Plan through Incentive Stock Options, (3) change the class of individuals eligible to receive Awards under the Plan, or (4) amend or delete Section 7.8 of the Plan.

### **14. MISCELLANEOUS**

14.1 **No Right To An Award**. Neither the adoption of the Plan nor any action of the Board or of the Committee will be deemed to give any individual any right to be granted an Option, a right to a Restricted Stock Award, a right to a Performance Award, a right to a Phantom Stock Award, a right to a Bonus Stock Award, or any other rights under the Plan except as may be evidenced by an Award agreement duly executed on behalf of the Company, and then only to the extent and on the terms and conditions expressly set forth in such Agreement.

14.2 **Unfunded Plan**. The Plan will be unfunded. The Company will not be required to establish any special or separate fund or to make any other segregation of funds or assets to insure the payment of any Award.

14.3 **No Employment/Consulting/Membership Rights Conferred**. Nothing contained in the Plan will (1) confer upon any Employee or Consultant any right with respect to continuation of employment or of a consulting, advisory, or other non-common law relationship with the Company or any Affiliate or (2) interfere in any way with the right of the Company or any Affiliate to terminate any Employee's employment or any Consultant's consulting, advisory, or other non-common law relationship at any time. Nothing contained in the Plan will confer upon any Director any right with respect to continuation of membership on the Board.

14.4 **Compliance with Other Laws**. The Company will not be obligated to issue any Common Stock pursuant to any Award granted under the Plan at any time when the shares covered by such Award have not been registered under the Securities Act of 1933, as amended, and such other state and federal laws, rules, or regulations as the Company or the Committee deems applicable and, in the opinion of legal counsel to the Company, there is no exemption from the registration requirements of such laws, rules, or regulations available for the issuance and sale of such shares. No fractional shares of Common Stock will be delivered, nor will any cash in lieu of fractional shares be paid.

14.5 **Withholding**. The Company will have the right to deduct or cause to be deducted in connection with all Awards any taxes required by law to be withheld and to require any payments required to satisfy applicable withholding obligations.

14.6 **No Restriction on Corporate Action**. Nothing contained in the Plan will be construed to prevent the Company or any Affiliate from taking any corporate action that is deemed by the Company or such Affiliate to be appropriate or in its best interest, whether or not such action would have an

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adverse effect on the Plan or any Award made under the Plan. No Employee, Consultant, Director, beneficiary, or other person will have any claim against the Company or any Affiliate as a result of any such action.

14.7 **Restrictions on Transfer**. Except as otherwise provided by the Committee as set forth in this Section, an Award (other than an Incentive Stock Option, which will be subject to the transfer restrictions set forth in Section 7.3) will not be transferable otherwise than by will or the laws of descent and distribution or pursuant to a domestic relations order entered or approved by a court of competent jurisdiction upon delivery to the Company of written notice of such transfer and a certified copy of such order. The Committee shall have the discretion to permit the transfer of an Award (other than an Incentive Stock Option); provided, however, that such transfer shall be limited to members of a Holder's immediate family (as defined in Rule 16(a)-1(e) of the 1934 Act), trusts, and partnerships established for the primary benefit of such family members or to charitable organizations; and provided further, that such transfer is not made for consideration to the Holder.

14.8 **Governing Law**. The Plan shall be governed by, and construed in accordance with, the laws of the state of Delaware, without regard to conflicts of laws principles thereof.

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**VOTE BY INTERNET**

*Before The Meeting* - Go to [www.proxyvote.com](http://www.proxyvote.com)

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time on July 27, 2014. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

*During The Meeting* - Go to [www.virtualshareholdermeeting.com/CRUS2014](http://www.virtualshareholdermeeting.com/CRUS2014) You may attend the Meeting at noon Eastern time on July 28, 2014 via the Internet and vote during the Meeting. Have the information that is printed in the box marked by the arrow on your proxy card and follow the instructions.

**VOTE BY PHONE - 1-800-690-6903**

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time on July 27, 2014. Have your proxy card in hand when you call and then follow the instructions.

**VOTE BY MAIL**

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

M75475-TBD                      KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

**THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.**

CIRRUS LOGIC, INC.	<b>For All</b> <b>Withhold All</b> <b>For All Except</b>	To withhold authority to vote for any individual nominee(s), mark <b>For All Except</b> and write the number(s) of the nominee(s) on the line below.
The Board of Directors recommends you vote <b>FOR</b>	"        "        "	

# Edgar Filing: CIRRUS LOGIC INC - Form DEF 14A

**the following nominees:**

**1. Election of Directors**

**Nominees:**

- 01) John C. Carter
- 02) Timothy R. Dehne
- 03) Christine King
- 04) Jason P. Rhode
- 05) Alan R. Schuele
- 06) William D. Sherman
- 07) Susan Wang

**The Board of Directors recommends you vote FOR the following proposals:**

	<b>For</b>	<b>Against</b>	<b>Abstain</b>
2. Ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending March 28, 2015.	..	..	..
3. Advisory vote to approve compensation of the Company's named executive officers.	..	..	..
4. Approval of the amendment to, and the restatement of, the 2006 Stock Incentive Plan.	..	..	..
5. Approval of material terms of the 2006 Stock Incentive Plan, as amended and restated, for purposes of complying with the requirements of Section 162(m) of the Internal Revenue Code.	..	..	..

For address changes and/or comments, please check this box  and write them on the back where indicated.

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer.

Signature [PLEASE SIGN WITHIN BOX]      Date

Signature (Joint Owners)      Date

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**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:**

The Combined Form 10-K and Proxy Statement is available at [www.proxyvote.com](http://www.proxyvote.com).

M75476-TBD

**CIRRUS LOGIC, INC.**

**PROXY FOR 2014 ANNUAL MEETING OF STOCKHOLDERS**

**JULY 28, 2014 AT 11:00 A.M. (CENTRAL DAYLIGHT TIME)**

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS**

The undersigned stockholder of CIRRUS LOGIC, INC., a Delaware corporation, hereby acknowledges receipt of the Notice of Annual Meeting of Stockholders and Proxy Statement, each dated June 2, 2014, and the Company's Annual Report on Form 10-K for the fiscal year ended March 29, 2014, and hereby appoints Thurman K. Case and Gregory Scott Thomas, and each of them, proxies and attorneys-in-fact, with full power to each of substitution, on behalf and in the name of the undersigned, to represent the undersigned at the 2014 Annual Meeting of Stockholders of CIRRUS LOGIC, INC., to be held on July 28, 2014 at 11:00 a.m. Central Daylight Time at [www.virtualshareholdermeeting.com/CRUS2014](http://www.virtualshareholdermeeting.com/CRUS2014), and at any adjournments or postponements thereof, and to vote all shares of Common Stock that the undersigned would be entitled to vote, if then and there personally present, on the matters set forth on the reverse side.

**This proxy, when properly executed, will be voted in the manner directed herein. If no such direction is made, this proxy will be voted in accordance with the Board of Directors' recommendations.**

**Address Changes/Comments:** \_\_\_\_\_  
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(If you noted any Address Changes/Comments above, please mark corresponding box on the reverse side.)

**Continued and to be signed on reverse side**