



2019
Annual
Report

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

FORM 10-K

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

For the Fiscal Year Ended March 30, 2019

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

For the Transition Period from _____ to _____

Commission File Number 0-17795

CIRRUS LOGIC, INC.

(Exact name of registrant as specified in its charter)

DELAWARE

(State or other jurisdiction of incorporation or organization)

77-0024818

(I.R.S. Employer Identification No.)

800 W. 6th Street, Austin, TX 78701

(Address of principal executive offices)

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

Securities registered pursuant to Section 12(b) of the Act:

None

Securities registered pursuant to Section 12(g) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common stock, \$0.001 par value	CRUS	The NASDAQ Stock Market LLC

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

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES NO

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

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

The aggregate market value of the registrant's voting and non-voting common equity held by non-affiliates was \$1,498,568,379 based upon the closing price reported on the NASDAQ Global Select Market as of September 29, 2018. Stock held by directors, officers and stockholders owning 5 percent or more of the outstanding common stock were excluded as they may be deemed affiliates. This determination of affiliate status is not a conclusive determination for any other purpose.

As of May 21, 2019, the number of outstanding shares of the registrant's common stock, \$0.001 par value, was 58,325,259.

DOCUMENTS INCORPORATED BY REFERENCE

Certain information contained in the registrant's proxy statement for its annual meeting of stockholders to be held August 2, 2019 is incorporated by reference in Part II – Item 5 and Part III of this Annual Report on Form 10-K.

CIRRUS LOGIC, INC.

FORM 10-K

For The Fiscal Year Ended March 30, 2019

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PART I

ITEM 1. *Business*

Cirrus Logic, Inc. (“Cirrus Logic,” “We,” “Us,” “Our,” or the “Company”) is a leader in high-performance, low-power integrated circuits (“ICs”) for audio, voice and other signal-processing applications. Cirrus Logic’s products span the entire audio signal chain, from capture to playback, providing innovative components for the world’s top smartphones, tablets, digital headsets, wearables and emerging smart home applications.

We were incorporated in California in 1984, became a public company in 1989 and were reincorporated in the State of Delaware in February 1999. Our primary facility housing engineering, sales and marketing, and administrative functions is located in Austin, Texas. We also have offices in various other locations in the United States, United Kingdom, Spain, Australia, the People’s Republic of China, South Korea, Japan, Singapore, and Taiwan. Our common stock, which has been publicly traded since 1989, is listed on the NASDAQ’s Global Select Market under the symbol CRUS.

We maintain a website with the address www.cirrus.com. We are not including the information contained on our website as a part of, or incorporating it by reference into, this Annual Report on Form 10-K. We make available free of charge through our website our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, and amendments to these reports, as soon as reasonably practicable after we electronically file such material with, or furnish such material to, the Securities and Exchange Commission (the “SEC”). We also routinely post other important information on our website, including information specifically addressed to investors. We intend for the investor relations section of our website to be a recognized channel of distribution for disseminating information to the securities marketplace in general. To receive a free copy of this Annual Report on Form 10-K, please forward your written request to Cirrus Logic, Inc., Attn: Investor Relations, 800 W. 6th Street, Austin, Texas 78701, or via email at Investor.Relations@cirrus.com. In addition, the SEC maintains a website at www.sec.gov that contains reports, proxy and information statements filed electronically with the SEC by Cirrus Logic.

Company Strategy

Cirrus Logic targets growing markets where we can leverage our expertise in analog and mixed-signal processing to solve complex problems. Our approach has been to develop custom and general market components that embody our latest innovations, which we use to engage key players in a particular market or application. We focus on building strong engineering relationships with our customers’ product teams and work to develop highly differentiated components that address their technical and price requirements across product tiers. Many of our products include programmable aspects and are comprised of our best-in-class hardware which incorporates software algorithms from some combination of our own intellectual property (“IP”), algorithms that have been ported to our platform by an ecosystem of third-party partners, and our customers’ IP. When we have been successful with this approach, one initial design win has often expanded into additional products. This strategy gives us the opportunity to increase our content with a customer over time through the incorporation of new features, the integration of other system components into our products and the addition of new components.

Markets and Products

The following provides a detailed discussion regarding our portable and non-portable and other product lines. We have renamed our product lines from “Portable Audio Products” and “Non-Portable Audio and Other Products” to reflect the Company’s broadening portfolio of products beyond audio into other adjacent markets such as haptics.

Portable Products: High-precision analog and mixed-signal components designed for mobile devices including smartphones, tablets, digital headsets, speakers and wearables.

Non-Portable and Other Products: High-precision analog and mixed-signal components targeting the automotive, energy, and industrial markets, and non-mobile consumer markets, including the emerging smart home market.

PORTABLE PRODUCTS

We are a leading supplier of analog and mixed-signal converter, interface, amplifier and other signal-processing products in many of today's mobile applications. We have an extensive portfolio of products that target flagship and mid-tier devices, including "codecs" — chips that integrate analog-to-digital converters ("ADCs") and digital-to-analog converters ("DACs") into a single IC, "smart codecs" — codecs with digital signal processing integrated, boosted amplifiers, micro-electromechanical systems ("MEMS") microphones, haptic drivers, as well as standalone digital signal processors ("DSPs"). Additionally, the Company's SoundClear® technology consists of a broad portfolio of tools, software and algorithms that help to differentiate our customers' products by improving the user experience with features such as enhanced voice quality, voice capture and audio playback. Our products are designed for use in a wide array of portable applications, including smartphones, tablets, digital headsets, speakers, wearables, such as smart watches and smart bands, VR headsets and action cameras.

NON-PORTABLE AND OTHER PRODUCTS

We provide high-precision analog and mixed-signal ICs for a variety of products in the automotive, energy, industrial, and non-mobile consumer markets, including the emerging smart home market. The Company supplies a wide range of products including codecs, ADCs, DACs, digital interfaces and amplifiers. Within the consumer market our products are utilized in laptops, audio/video receivers (AVRs), home theater systems, set-top boxes, musical instruments and professional audio products. Applications for products in the automotive market include satellite radio systems, telematics and multi-speaker car-audio systems. Our products are also used in a wide array of high-precision industrial and energy-related applications including digital utility meters, power supplies, energy control, energy measurement, and energy exploration applications.

Customers, Marketing, and Sales

We offer products worldwide through both direct and indirect sales channels. Our major customers are among the world's leading electronics manufacturers. We target both large existing and emerging customers that derive value from our expertise in advanced analog and mixed-signal design processing, systems-level integrated circuit engineering and embedded software development. We derive our revenues from both domestic and international sales. Our domestic sales force includes a network of direct sales offices located primarily in California and Texas. International sales offices and staff are located in Japan, People's Republic of China, Singapore, South Korea, Taiwan, and the United Kingdom. We supplement our direct sales force with external sales representatives and distributors. We have technical support centers in China, South Korea, Taiwan and the United States. Our worldwide sales force provides geographically specific support to our customers and specialized selling of product lines with unique customer bases. See Note 16 — Segment Information, of the Notes to Consolidated Financial Statements contained in Item 8 for further detail and for additional disclosure regarding sales and property, plant and equipment, net, by geographic locations.

Since the components we produce are largely proprietary and generally not available from second sources, we generally consider our end customer to be the entity specifying the use of our component in their design. These end customers may then purchase our products directly from us, through distributors or third party manufacturers contracted to produce their designs. For fiscal years 2019, 2018, and 2017, our ten largest end customers, represented approximately 91 percent, 92 percent, and 92 percent, of our sales, respectively. For fiscal years 2019, 2018, and 2017, we had one end customer, Apple, Inc., who purchased through multiple contract manufacturers and represented approximately 78 percent, 81 percent, and 79 percent, of the Company's total sales, respectively. No other customer or distributor represented more than 10 percent of net sales in fiscal years 2019, 2018, or 2017.

Manufacturing

As a fabless semiconductor company, we contract with third parties for wafer fabrication and product assembly and test. We use a variety of foundries in the production of wafers including Taiwan Semiconductor Manufacturing Company, Limited, MagnaChip Semiconductor Corporation and GLOBALFOUNDRIES. The

Company's primary assembly and test houses include Advanced Semiconductor Engineering, Inc., Amkor Technology Inc., Nepes Corporation, SFA Semicon Co., Ltd., Siliconware Precision Industries Co., Ltd, and STATS ChipPAC Pte. Ltd. Our outsourced manufacturing strategy allows us to concentrate on our design strengths and minimize fixed costs and capital expenditures while giving us access to advanced manufacturing facilities. It also provides the flexibility to source multiple leading-edge technologies through strategic relationships. After wafer fabrication by the foundry, third-party assembly vendors package the wafer die. The finished products are then tested before shipment to our customers. While we do have some redundancy of fabrication processes by using multiple outside foundries, any interruption of supply by one or more of these foundries could materially impact the Company. As a result, we maintain some amount of business interruption insurance to help reduce the risk of wafer supply interruption, but we are not fully insured against such risk. Our supply chain management organization is responsible for the management of all aspects of the manufacturing, assembly, and testing of our products, including process and package development, test program development, and production testing of products in accordance with our ISO-certified quality management system.

Although our products are made from basic materials (principally silicon, metals and plastics), all of which are available from a number of suppliers, capacity at wafer foundries sometimes becomes constrained. The limited availability of certain materials may impact our suppliers' ability to meet our demand needs or impact the price we are charged. The prices of certain other basic materials, such as metals, gases and chemicals used in the production of circuits can increase as demand grows for these basic commodities. In most cases, we do not procure these materials ourselves; nevertheless, we are reliant on such materials for producing our products because our outside foundry and package and test subcontractors must procure them. To help mitigate risks associated with constrained capacity, we use multiple foundries, assembly and test sources.

Patents, Licenses and Trademarks

We rely on patent, copyright, trademark, and trade secret laws to protect our intellectual property, products, and technology. As of March 30, 2019, we held approximately 3,300 pending and issued patents worldwide, which include approximately 1,100 granted U.S. patents, 450 U.S. pending patent applications and various international patents and applications. Our U.S. patents expire in calendar years 2019 through 2039. While our patents are an important element of our success, our business as a whole is not dependent on any one patent or group of patents. We do not anticipate any material effect on our business due to any patents expiring in 2019, and we continue to obtain new patents through our ongoing research and development.

We have maintained U.S. federal trademark registrations for CIRRUS LOGIC, CIRRUS, Cirrus Logic logo designs, and SoundClear, among others. These U.S. registrations may be renewed as long as the marks continue to be used in interstate commerce. We have also filed or obtained foreign registration for these marks in other countries or jurisdictions where we conduct, or anticipate conducting, international business. To complement our own research and development efforts, we have also licensed and expect to continue to license, a variety of intellectual property and technologies important to our business from third parties.

Segments

We determine our operating segments in accordance with Financial Accounting Standards Board ("FASB") guidelines. Our Chief Executive Officer ("CEO") has been identified as the chief operating decision maker as defined by these guidelines.

The Company operates and tracks its results in one reportable segment, but reports revenue performance in two product lines: Portable and Non-Portable and Other. Our CEO receives and uses enterprise-wide financial information to assess financial performance and allocate resources, rather than detailed information at a product line level. Additionally, our product lines have similar characteristics and customers. They share operations support functions such as sales, public relations, supply chain management, various research and development and engineering support, in addition to the general and administrative functions of human resources, legal, finance and information technology. Therefore, there is no discrete financial information maintained for these product lines.

See Note 16 — Segment Information, of the Notes to Consolidated Financial Statements contained in Item 8 for further details including sales by product line, as well as sales and property, plant and equipment, net, by geographic locations.

Research and Development

We concentrate our research and development efforts on the design and development of new products for each of our principal markets. We also fund certain advanced-process technology development, as well as other emerging product opportunities. Our future success is highly dependent upon our ability to develop complex new products, transfer new products to volume production, introduce them into the marketplace in a timely fashion, and have them selected for design into products of systems manufacturers. Our future success may also depend on assisting our customers with integration of our components into their new products, including providing support from the concept stage through design, launch and production ramp.

Competition

Markets for our products are highly competitive and we expect that competition will continue to increase. Our ability to compete effectively and to expand our business will depend on our ability to continue to recruit key engineering talent, execute on new product developments, partner with customers to include these new products into their applications, and provide cost efficient versions of existing products. We compete with other semiconductor suppliers that offer standard semiconductors, application-specific standard products and fully customized ICs, including embedded software, chip and board-level products.

While no single company competes with us in all of our product lines, we face significant competition in all markets where our products are available. Within Portable, Cirrus Logic is a leading IC supplier with the complete end-to-end solution from capture to playback including amplifiers, codecs, DSP and MEMS microphones. We expect to face additional competition from new entrants in our markets, which may include both large domestic and international IC manufacturers and smaller, emerging companies. Our primary competitors include, but are not limited to AAC Technologies, AKM Semiconductor Inc., Analog Devices Inc., Austriamicrosystems AG, Dialog Semiconductor PLC, DSP Group, ESS Technology, Inc., GoerTek Inc., Infineon Technologies AG, Knowles Corporation, Maxim Integrated Products Inc., NXP Semiconductors N.V., Qualcomm Incorporated, Realtek Semiconductor Corporation, Skyworks Solutions Inc. (through its recent acquisition of Avnera Corp.), ST Microelectronics N.V., Synaptics Incorporated and Texas Instruments, Inc.

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

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

Backlog

Sales are made primarily pursuant to short-term purchase orders for delivery of products. The quantity actually ordered by the customer, as well as the shipment schedules, are frequently revised, without significant penalty, to reflect changes in the customer's needs. The majority of our backlog is typically requested for delivery within six months. In markets where the end system life cycles are relatively short, customers typically request delivery in six to twelve weeks. We believe a backlog analysis at any given time gives little indication of our future business except on a short-term basis, principally within the next 60 days.

We utilize backlog as an indicator to assist us in production planning. However, backlog is influenced by several factors including market demand, pricing, and customer order patterns in reaction to product lead times.

Quantities actually purchased by customers, as well as prices, are subject to variations between booking and delivery because of changes in customer needs or industry conditions. As a result, we believe that our backlog at any given time is an incomplete indicator of future sales.

Employees

As of March 30, 2019, we had 1,551 full-time employees. Of our full-time employees, 70 percent were engaged in research and product development activities, 25 percent in sales, marketing, general and administrative activities, and 5 percent in manufacturing-related activities. We also employ individuals on a temporary basis and use the services of contractors as necessary, particularly in our software development and test organization. Our future success depends, in part, on our ability to continue to attract, retain and motivate highly qualified technical, marketing, engineering, and administrative personnel.

We have never had a work stoppage and the majority of our employees are not represented by collective bargaining agreements. We consider our employee relations to be good.

Forward—Looking Statements

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

We caution you not to place undue reliance on these forward-looking statements, which speak only as of the date of this Annual Report on Form 10-K, and we undertake no obligation, and expressly disclaim any duty, to revise or update this information, whether as a result of new information, events or circumstances after the filing of this report with the SEC, except as required by law. We urge readers to carefully review and consider the various disclosures made in this Annual Report on Form 10-K and in other documents we file from time to time with the SEC that disclose risks and uncertainties that may affect our business. All forward-looking statements, expressed or implied, included in this Annual Report on Form 10-K and attributable to Cirrus Logic are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that we may make or persons acting on our behalf may issue.

ITEM 1A. Risk Factors

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

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

While we generate sales from a broad base of customers worldwide, the loss of any of our key customers, or a significant reduction in sales or selling prices to any key customer, or reductions in selling prices made to retain key customer relationships, would significantly reduce our revenue, margins and earnings and adversely affect our business. For the twelve-month periods ending March 30, 2019, March 31, 2018, and March 25, 2017, our ten largest end customers represented approximately 91 percent, 92 percent, and 92 percent of our sales, respectively. For the twelve-month periods ending March 30, 2019, March 31, 2018, and March 25, 2017, we had one end customer, Apple Inc., who purchased through multiple contract manufacturers and represented approximately 78 percent, 81 percent and 79 percent of the Company's total sales, respectively.

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

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

In addition, our dependence on a limited number of key customers may make it easier for them to pressure us on price reductions. We have experienced pricing pressure from certain key customers and we expect that the average selling prices for certain of our products will decline from time to time, potentially reducing our revenue, our margins and our earnings.

Our key customer relationships often require us to develop new products that may involve significant technological challenges. Our customers frequently place considerable pressure on us to meet their tight development schedules. In addition, we may from time to time enter into customer agreements providing for exclusivity periods during which we may only sell specified products or technology to a specific customer. Accordingly, we may have to devote a substantial amount of resources to strategic relationships, which could detract from or delay our completion of other important development projects or the development of next generation products and technologies.

Moreover, our reliance on certain customers may continue to increase, which could heighten the risks associated with having key customers, including making us more vulnerable to significant reductions in revenue, margins and earnings, pricing pressure, and other adverse effects on our business.

Our lack of diversification in our revenue and customer base increases the risk of an investment in our company, and our consolidated financial condition, results of operations, and stock price may deteriorate if we fail to diversify.

Although we continue to investigate, invest in, and try to develop opportunities to diversify our revenue and customer base, our sales, marketing, and development efforts have historically been focused on a limited number of customers and opportunities. Larger companies have the ability to manage their risk by product, market, and

customer diversification. However, we lack diversification, in terms of both the nature and scope of our business, which increases the risk of an investment in our company. If we cannot diversify our customer and revenue opportunities, our financial condition and results of operations could deteriorate.

We frequently develop our products for the specific system architecture of our customers' end products. If our customers were to change system architectures, develop competing technologies and integrated circuits, or incorporate some of the functionality of our products into other parts of the system, we risk the potential loss of revenue and reduced average selling prices.

Our customers, particularly in the portable market, could potentially transition to different audio architectures, develop their own competing technologies and integrated circuits, or integrate the functionality that our integrated circuits and software have historically provided into other components in their audio systems. In addition, some of the audio and voice functionality that we have historically provided could be performed outside of our customers' end product — for example, through the use of “cloud-based” systems to perform audio and voice processing. If our customers were to transition to these different system architectures, our results of operations could be adversely affected by the elimination of the need for our current technology and products, resulting in reduced average selling prices for our components and loss of revenue.

We have entered into joint development agreements, custom product arrangements, and strategic relationships with some of our largest customers. These arrangements subject us to a number of risks, and any failure to execute on any of these arrangements could have a material adverse effect on our business, results of operations, and financial condition.

We have entered into joint development, product collaboration and technology licensing arrangements with some of our largest customers, and we expect to enter into new strategic arrangements of these kinds from time to time in the future. Such arrangements can magnify several risks for us, including loss of control over the development and development timeline of jointly developed products, risks associated with the ownership of the intellectual property that is developed pursuant to such arrangements, and increased risk that our joint development activities may result in products that are not commercially successful or that are not available in a timely fashion. In addition, any third party with whom we enter into a joint development, product collaboration or technology licensing arrangement may fail to commit sufficient resources to the project, change its policies or priorities or abandon or fail to perform its obligations related to such arrangement. In addition, we may from time to time enter into customer product arrangements that provide for exclusivity periods during which we may only sell specified products or technologies to that particular customer. Any failure to timely develop commercially successful products through our joint development activities as a result of any of these and other challenges could have a material adverse effect on our business, results of operations, and financial condition.

Our failure to develop and ramp new products into production in a timely manner could harm our operating results.

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

- proper new product definition;
- timely completion of design and testing of new products;
- assisting our customers with integration of our components into their new products, including providing support from the concept stage through design, launch and production ramp;
- successfully developing and implementing the software necessary to integrate our products into our customers' products;

- achievement of acceptable manufacturing yields;
- availability of wafer fabrication, assembly, and test capacity; and
- market acceptance of our products and the products of our customers.

Both sales and/or margins may be materially affected if new product introductions are delayed, or if our products are not designed into successive generations of new or existing customers' products. Our failure to develop and introduce new products successfully could harm our business and operating results.

In addition, difficulties associated with adapting our technology and product design to the proprietary process technology and design rules of outside foundries can lead to reduced yields of our products. Since low yields may result from either design or process technology failures, yield problems may not be effectively determined or resolved until an actual product exists that can be analyzed and tested to identify process sensitivities relating to the design rules that are used. As a result, yield problems may not be identified until well into the production process, and resolution of yield problems may require cooperation between our manufacturer and us. This risk could be compounded by the offshore location of certain of our manufacturers, increasing the effort and time required to identify, communicate and resolve manufacturing yield problems. Manufacturing defects that we do not discover during the manufacturing or testing process may lead to costly product recalls. These risks may lead to increased costs or delayed product delivery, which would harm our profitability and customer relationships.

Our results may be affected by fluctuation in sales in the consumer electronics and smartphone markets.

Because we sell products primarily in the consumer electronics and smartphone markets, we are likely to be affected by any decrease in demand or unit volumes, seasonality in the sales of our products, and the cyclical nature of these markets. We have experienced, and expect to continue to experience, slowing growth in a maturing smartphone market, due to among other factors, market saturation in developed countries, lengthening replacement cycles, and a growing market for refurbished devices. Further, a decline in consumer confidence and consumer spending relating to economic conditions, terrorist attacks, armed conflicts, oil prices, global health conditions, natural disasters, and/or the political stability of countries in which we operate or sell products could have a material adverse effect on our business.

We continue to invest in research and development efforts for several new markets, including voice biometrics. If we are unable to commercialize these technologies, our future results and profits could be negatively affected.

Our investments into new markets subjects us to additional risks. We may have limited or no experience in these markets, and our customers may not adopt our new offerings. These new offerings may present new and difficult challenges, including risks related to technology, customers, competitors, product cycles, customer demand, terms and conditions and other industry specific issues which could negatively affect our operating results.

We continue increasing our investment in our MEMS microphone business to add manufacturing capability. We have limited experience in high volume manufacturing in this market, which leads to a number of risks, including risks related to technology, customers, competition, margins, and other industry specific issues.

We are continuing to increase our investment in our MEMS microphone business. This is a competitive market with historically lower gross margins than our existing businesses. In addition, our MEMS microphone business involves different manufacturing technologies, materials, and processes than our traditional semiconductor businesses. Therefore, our investment in new markets in which we have limited experience in high volume manufacturing in those markets increases risks related to technology, customers, competitors, and other industry specific issues. These risks are further compounded by the recent transition of our MEMS microphone supply chain to Taiwan, which we expect will enable us to meet the high unit volume and performance requirements of our target markets.

Further, there can be no assurance that we will generate the expected returns and other projected results we anticipate. For example, we may not be successful in this market or we may incur costs in excess of what we

anticipate and the product line may generate lower gross margins and/or profitability than our existing businesses.

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

Product development in the markets we serve is becoming more focused on the integration of multiple functions on individual devices. There is a general trend towards increasingly complex products, including software or firmware developed by Cirrus Logic and/or third parties. The greater integration of functions and complexity of operations of our products increases the risk that we or our customers or end users could discover latent defects or subtle faults after volumes of product have been shipped. Quality and reliability issues could result in material costs and other adverse consequences to us, including, but not limited to:

- reduced margins;
- damage to our reputation;
- replacement costs for product warranty and support;
- payments to our customers related to recall claims, or the delivery of product replacements as part of a recall claim, as a result of various industry or business practices, contractual requirements, or in order to maintain good customer relationships;
- an adverse impact to our customer relationships by the occurrence of significant defects;
- a delay in recognition or loss of revenues, loss of market share, or failure to achieve market acceptance;
- writing off or reserving the value of inventory of such products; and
- a diversion of the attention of our engineering personnel from our product development efforts.

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

While we believe that we are reasonably insured against some of these risks and that we have attempted to contractually limit our financial exposure with many of our customers, a warranty or product liability claim against us in excess of our available insurance coverage and established reserves, or a requirement that we participate in a customer product recall, could have material adverse effects on our business, results of operations, and financial condition.

We are subject to risks relating to product concentration.

We derive a substantial portion of our revenues from a limited number of products, and we expect these products to represent a large percentage of our revenues in the near term. Customer acceptance of these products is critical to our future success. Our business, operating results, financial condition and cash flows could therefore be adversely affected by:

- a decline in demand for any of our more significant products;
- a decline in the average selling prices of our more significant products;
- failure of our products to achieve continued market acceptance;
- competitive products;
- new technological standards or changes to existing standards that we are unable to address with our products;
- manufacturing or supply issues that prevent us from meeting our customers' demand for these products;

- a failure to release new products or enhanced versions of our existing products on a timely basis; and
- the failure of our new products to achieve market acceptance.

In general, our customers may cancel or reschedule orders on short notice without incurring significant penalties; therefore, our sales and operating results in any quarter are difficult to forecast.

In general, we rely on customers issuing purchase orders to buy our products rather than long-term supply contracts. Customers may cancel or reschedule orders on short notice without incurring significant penalties. This risk is potentially heightened for those customers with whom we have less experience regarding the reliability of their forecasts. Therefore, cancellations, reductions, or delays of orders from any significant customer could have a material adverse effect on our business, financial condition, and results of operations.

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

Strong competition in the semiconductor market may harm our business.

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

We compete in a number of markets. Our principal competitors in these markets include AAC Technologies, AKM Semiconductor Inc., Analog Devices Inc., ams AG, Dialog Semiconductor PLC, DSP Group, ESS Technology, Inc., GoerTek Inc., Infineon Technologies AG, Knowles Corporation, Maxim Integrated Products Inc., NXP Semiconductors N.V., Qualcomm Incorporated, Realtek Semiconductor Corporation, Skyworks Solutions Inc., (through its recent acquisition of Avnera Corp.), ST Microelectronics N.V., Synaptics Incorporated and Texas Instruments, Inc. Many of these competitors have greater financial, engineering, manufacturing, marketing, technical, distribution, and other resources; broader product lines; and broader intellectual property portfolios. We also expect intensified competition from emerging companies and from customers who develop their own IC products. In addition, some of our current and future competitors maintain their own fabrication facilities, which could benefit them in connection with cost, capacity, and technical issues.

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

Our sales could be materially impacted by the failure of other component suppliers to deliver required parts needed in the final assembly of our customers' end products.

The products we supply our customers are typically a portion of the many components provided from multiple suppliers in order to complete the final assembly of an end product. If one or more of these other component suppliers are unable to deliver their required component(s) in order for the final end product to be assembled, our customers may delay, or ultimately cancel, their orders from us.

We are dependent on third-party manufacturing and supply chain relationships for the majority of our products. Our reliance on third-party foundries and suppliers involves certain risks that may result in increased costs, delays in meeting our customers' demand, and loss of revenue.

We do not own or operate a semiconductor fabrication facility and do not have the resources to manufacture the majority of our products internally. We use third parties to manufacture, assemble, package and test the vast majority of our products. As a result, we are subject to risks associated with these third parties, including:

- insufficient capacity available to meet our demand;
- inadequate manufacturing yields and excessive costs;
- inability of these third parties to obtain an adequate supply of raw materials;
- difficulties selecting and integrating new subcontractors;
- limited warranties on products supplied to us;
- potential increases in prices; and
- increased exposure to potential misappropriation of our intellectual property.

Our outside foundries and assembly and test suppliers generally manufacture our products on a purchase order basis, and we have few long-term supply arrangements with these suppliers. Therefore, our third-party manufacturers and suppliers are not obligated to supply us with products for any specific period of time, quantity, or price, except as may be provided in any particular purchase order or in relation to an existing supply agreement. A manufacturing or supply disruption experienced by one or more of our outside suppliers or a disruption of our relationship with an outside foundry could negatively impact the production of certain of our products for a substantial period of time.

In addition, difficulties associated with adapting our technology and product design to the proprietary process technology and design rules of outside foundries can lead to reduced yields of our products. Since low yields may result from either design or process technology failures, yield problems may not be effectively determined or resolved until an actual product exists that can be analyzed and tested to identify process sensitivities relating to the design rules that are used. As a result, yield problems may not be identified until well into the production process, and resolution of yield problems may require cooperation between our manufacturer and us. This risk could be compounded by the offshore location of certain of our manufacturers, increasing the effort and time required to identify, communicate and resolve manufacturing yield problems. Manufacturing defects that we do not discover during the manufacturing or testing process may lead to costly product recalls. These risks may lead to increased costs or delayed product delivery, which would harm our profitability and customer relationships.

In some cases, our requirements may represent a small portion of the total production of the third-party suppliers. As a result, we are subject to the risk that a producer will cease production of an older or lower-volume process that it uses to produce our parts. We cannot provide any assurance that our external foundries will continue to devote resources to the production of parts for our products or continue to advance the process design technologies on which the manufacturing of our products are based. Each of these events could increase our costs, lower our gross margin, and cause us to hold more inventories, or materially impact our ability to deliver our products on time.

We may experience difficulties transitioning to advanced manufacturing process technologies, which could materially adversely affect our results.

Our future success depends in part on our ability to transition our current development and production efforts to advanced manufacturing process technologies. We are currently making a significant investment to transition our products and intellectual property to next-generation circuit geometries of 28 nanometer and smaller. To the extent that we do not timely transition to smaller geometries, experience difficulties in shifting to smaller geometries, or have significant quality or reliability issues at these smaller geometries, our results could be materially adversely affected.

System security risks, data protection breaches, cyber-attacks and other related cyber security issues could disrupt our internal operations and/or supply chain, and any such disruption could increase our expenses, damage our reputation and adversely affect our stock price.

Security measures at Cirrus Logic and/or within our manufacturing and supply chain are subject to third-party security breaches, employee error, malfeasance, faulty password management, and other irregularities. We manage and store various proprietary information and sensitive or confidential data relating to our business. In addition, we manage and store a significant amount of proprietary and sensitive or confidential information from third parties, such as our customers. Experienced computer programmers and hackers may be able to penetrate our security controls and misappropriate or compromise such confidential information, create system disruptions or cause shutdowns. Computer programmers and hackers also may be able to develop and deploy viruses, worms and other malicious software programs that attack our websites, products or otherwise exploit any security vulnerabilities.

Our development and sale of security-related products, such as voice biometric solutions, may make us a particularly attractive target of cyber-attacks. Experienced computer programmers or other sophisticated individuals or entities may attempt to penetrate our networks in an effort to undermine or disclose information related to the design and security of our voice biometrics products. Any failure to prevent or mitigate security breaches and improper access to the algorithms, techniques, or authentication keys used in our voice biometrics solution could harm our business reputation, diminish our competitive position in that market, and expose us to significant expense and liability associated with a customer's implementation of our solution.

The costs to us to eliminate or alleviate cyber or other security problems, bugs, viruses, worms, malicious software programs and security vulnerabilities could be significant, and our efforts to address these problems may not be successful and could result in interruptions, delays, cessation of service and loss of existing or potential customers that may impede our sales, manufacturing, distribution or other critical functions.

Any breach of our security measures or the accidental loss, inadvertent disclosure or unapproved dissemination of proprietary information or sensitive or confidential data about us or our customers, including the potential loss or disclosure of such information or data as a result of fraud, trickery or other forms of deception, could result in litigation and potential liability for us, damage our brand and reputation or otherwise harm our business.

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

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

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

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

International sales represented 98 percent of our net sales in each of fiscal years 2019, 2018, and 2017. We expect international sales to continue to represent a significant portion of product sales. This reliance on

international sales subjects us to the risks of conducting business internationally, including risks associated with political and economic instability, global health conditions, currency controls, exchange rate fluctuations and changes in import/export regulations, and tariff and freight rates. For example, the political or economic instability in a given region may have an adverse impact on the financial position of end users in the region, which could affect future orders and harm our results of operations. Our international sales operations involve a number of other risks including, but not limited to:

- unexpected changes in government regulatory requirements;
- sales, VAT, or other indirect tax regulations and treaties and potential changes in regulations and treaties in the United States and in and between countries in which we manufacture or sell our products;
- changes to countries' banking and credit requirements;
- changes in diplomatic and trade relationships;
- delays resulting from difficulties in obtaining export licenses for technology, particularly in China;
- any changes in U.S. trade policy, including potential adoption and expansion of trade restrictions, higher tariffs, or cross border taxation by the U.S. government involving other countries, particularly China, that might impact overall customer demand for our products or affect our ability to manufacture and/or sell our products overseas;
- tariffs and other barriers and restrictions, particularly in China;
- competition with non-U.S. companies or other domestic companies entering the non-U.S. markets in which we operate;
- longer sales and payment cycles;
- problems in collecting accounts receivable;
- changes to economic, social, or political conditions in countries such as China, where we have significant operations; and
- the burdens of complying with a variety of non-U.S. laws.

In addition, our competitive position may be affected by the exchange rate of the U.S. dollar against other currencies. While our sales are predominately denominated in U.S. dollars, increases in the value of the dollar would increase the price in local currencies of our products in non-U.S. markets and make our products relatively more expensive. We cannot provide assurances that regulatory, political and other factors will not adversely affect our operations in the future or require us to modify our current business practices.

Changes in government trade policies, including the imposition of tariffs and export restrictions, could have an adverse impact on our business operations and sales.

The United States has recently enacted changes in government trade policies that could adversely impact our ability to sell products in certain countries, particularly in China. For example, in 2018 and 2019 the U.S. government imposed tariffs on certain Chinese imports and, in return, the Chinese government has imposed or proposed tariffs on certain U.S. products. Additionally, export restrictions imposed by the U.S. government may require us to suspend our business with certain international customers if we conclude or are notified by the U.S. government that such business presents a risk of noncompliance with U.S. regulations. We cannot predict what actions may ultimately be taken with respect to tariffs or trade relations between the U.S. and other countries, what products may be subject to such actions, or what actions may be taken by other countries in response. It also may not be possible to anticipate the timing or duration of such tariffs, export restrictions, or other U.S. regulatory actions. These government trade policies may materially adversely affect our sales and operations with current customers as well as impede our ability to develop relationships with new customers.

We could be subject to changes in tax laws, the adoption of new U.S. or international tax legislation or exposure to additional tax liabilities.

We are subject to taxes in the U.S. and numerous foreign jurisdictions, including the United Kingdom, where a number of our subsidiaries are organized. Due to economic and political conditions, tax laws in various jurisdictions may be subject to significant change. Our future effective tax rates could be affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, or changes in tax laws or their interpretation, including in the U.S. and the United Kingdom. We are also subject to the examination of our tax returns and other tax matters by the Internal Revenue Service of the United States (the “IRS”) and other tax authorities and governmental bodies. We regularly assess the likelihood of an adverse outcome resulting from these examinations to determine the adequacy of our provision for taxes. There can be no assurance as to the outcome of these examinations. If our effective tax rates were to increase, particularly in the U.S. or the United Kingdom, or if the ultimate determination of taxes owed is for an amount in excess of amounts previously accrued, our operating results, cash flows, and financial condition could be adversely affected.

Significant judgment is required in the calculation of our tax provision and the resulting tax liabilities. Our estimates of future taxable income and the regional mix of this income can change as new information becomes available. Any such changes in our estimates or assumptions can significantly impact our tax provision in a given period.

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

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

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

If we are unable to successfully manage the demands of our international operations, it may have a material adverse effect on our business, financial condition, or results of operations.

On June 23, 2016, the United Kingdom (U.K.) held a referendum in which voters approved an exit from the European Union (the “E.U.”), commonly referred to as “Brexit.” Following the referendum result, the British government invoked Article 50 of the Lisbon Treaty on March 29, 2017. The date by which the U.K. is to withdraw from the E.U. has been extended to October 31, 2019. It is still unknown what the terms of the U.K.’s withdrawal will be, but it is possible that there will be greater restrictions on immigration between the U.K. and E.U. countries that make it more difficult to staff our U.K. operations, changes in tax laws that negatively impact our effective tax rate, restrictions on imports and exports between the U.K. and E.U. member states, and increased regulatory complexities. These changes may adversely affect our operations and financial results.

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

We depend on third-party subcontractors, primarily in Asia, for the fabrication, assembly, packaging, and testing of most of our products. International operations may be subject to a variety of risks, including political instability, global health conditions, currency controls, exchange rate fluctuations, changes in import/export regulations, tariff and freight rates, as well as the risks of natural disasters such as earthquakes, tsunamis, and floods. Although we seek to reduce our dependence on any one subcontractor, this concentration of subcontractors and manufacturing operations in Asia subjects us to the risks of conducting business internationally, including associated political and economic conditions. If we experience manufacturing problems at a particular location, or a supplier is unable to continue operating due to financial difficulties, natural disasters, or other reasons, we would be required to transfer manufacturing to a backup supplier. Converting or transferring manufacturing from a primary supplier to a backup facility could be expensive and time consuming. As a result, delays in our production or shipping by the parties to whom we outsource these functions could reduce our sales, damage our customer relationships, and damage our reputation in the marketplace, any of which could harm our business, results of operations, and financial condition.

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

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

As we carry only limited insurance coverage, uninsured or under-insured losses could adversely affect our financial condition and results of operations.

Our insurance policies may not be adequate to fully offset losses from covered incidents, and we do not have coverage for certain losses. For example, there is limited coverage available with respect to the services provided by our third-party foundries and assembly and test subcontractors. Although we believe that our existing insurance coverage is consistent with common practices of companies in our industry, our insurance coverage may be inadequate to protect us against product recalls, natural disasters, cybersecurity attacks, and other unforeseen catastrophes that could adversely affect our financial condition and results of operations.

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

We rely on independent foundries and assembly and test houses to manufacture our products. Our reliance on these third-party suppliers involves certain risks and uncertainties. For example, shifts in industry-wide capacity from shortages to oversupply, or from oversupply to shortages, may result in significant fluctuations in our quarterly and annual operating results. In addition, we may order wafers and build inventory in advance of receiving purchase orders from our customers. Because our industry is highly cyclical and is subject to significant downturns resulting from excess capacity, overproduction, reduced demand, order cancellations, or technological obsolescence, there is a risk that we will forecast inaccurately and produce excess inventories of particular products. In addition, if we experience supply constraints or manufacturing problems at a particular supplier, we could be required to switch suppliers or qualify additional suppliers. Switching and/or qualifying additional suppliers could be an expensive process and take as long as six to twelve months to complete, which could result in material adverse fluctuations to our operating results.

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

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

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

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

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

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

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

Global economic conditions could make it difficult for our customers, our suppliers, and us to accurately forecast and plan future business activities, and could cause global businesses to defer or reduce spending on our products, or increase the costs of manufacturing our products. During challenging economic times our customers and distributors may face issues gaining timely access to sufficient credit, which could impact their ability to make timely payments to us. If that were to occur, we may be required to increase our allowance for doubtful accounts and our days sales outstanding would increase.

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

Our foreign currency exposures may change over time as the level of activity in foreign markets grows and could have an adverse impact upon financial results.

As a global enterprise, we face exposure to adverse movements in foreign currency exchange rates. Certain of our assets, including certain bank accounts, exist in non-U.S. dollar-denominated currencies, which are sensitive to foreign currency exchange rate fluctuations. The non-U.S. dollar-denominated currencies are principally the British Pound Sterling. We also have a significant number of employees that are paid in foreign currency, the largest group being United Kingdom-based employees who are paid in British Pounds Sterling.

If the value of the U.S. dollar weakens relative to these specific currencies, the cost of doing business in terms of U.S. dollars rises. With the growth of our international business, our foreign currency exposures may grow and under certain circumstances, could harm our business.

If we do not hedge against these risks, or our attempts to hedge against these risks are not successful, our financial condition and results of operations could be adversely affected.

We may be unable to protect our intellectual property rights.

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

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

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

Competition for highly qualified personnel in our industry is intense. The number of technology companies in the geographic areas in which we operate is greater than it has been historically and we expect competition for qualified personnel to intensify. There are only a limited number of individuals in the job market with the requisite skills. Furthermore, changes in immigration laws and regulations, or the administration or enforcement of such laws or regulations, can also impair our ability to attract and retain qualified personnel. Our Human Resources organization focuses significant efforts on attracting and retaining individuals in key technology positions. The loss of the services of key personnel or our inability to hire new personnel with the requisite skills or to assimilate talent could restrict our ability to develop new products or enhance existing products in a timely manner, sell products to our customers, or manage our business effectively.

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

We continue to consider future acquisitions of other companies, or their technologies or products, to improve our market position, broaden our technological capabilities, and expand our product offerings. If we are able to acquire companies, products or technologies that would enhance our business, we could experience difficulties in integrating them. Integrating acquired businesses involves a number of risks, including, but not limited to:

- the potential disruption of our ongoing business;
- unexpected costs or incurring unknown liabilities;

- the diversion of management resources from other strategic and operational issues;
- the inability to retain the employees of the acquired businesses;
- difficulties relating to integrating the operations and personnel of the acquired businesses;
- adverse effects on our existing customer relationships or the existing customer relationships of acquired businesses;
- the potential incompatibility of the acquired business or their business customers;
- adverse effects associated with entering into markets and acquiring technologies in areas in which we have little experience; and
- acquired intangible assets becoming impaired as a result of technological advancements or worse-than-expected performance of the acquired business.

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

Our debt obligations may be a burden on our future cash flows and cash resources.

On August 29, 2014, we entered into a credit agreement (the “Credit Agreement”), which provides for a \$250 million senior secured revolving credit facility. On July 12, 2016, we amended the Credit Agreement to increase the facility to \$300 million. As of March 30, 2019, the Company did not have an outstanding balance under the facility. The credit facility matures on July 12, 2021. To the extent the Company has an outstanding balance, our ability to repay the principal of, to pay interest on or to refinance our indebtedness, depends on our future performance, which is subject to economic, financial, competitive, regulatory and other factors, some of which are beyond our control. Our business may not generate cash flow from operations in the future sufficient to satisfy our obligations or to make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as reducing or delaying investments or capital expenditures, selling assets, or refinancing or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance any indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on the Credit Agreement.

Our Credit Agreement contains restrictions that could limit our flexibility in operating our business.

Our Credit Agreement contains various covenants that could limit our ability to engage in specified types of transactions under certain conditions. These covenants could limit our ability to, among other things:

- pay dividends on, repurchase or make distributions in respect of our capital stock or make other restricted payments;
- incur additional indebtedness or issue certain preferred shares;
- make certain investments;
- sell certain assets;
- create liens;
- consolidate, merge, sell or otherwise dispose of all or substantially all of our assets; and
- enter into certain transactions with our affiliates.

A breach of any of these covenants could result in a default under Credit Agreement. In the event of a default under the Credit Agreement, the lenders could elect to declare all amounts outstanding to be immediately due and payable. If our lenders accelerate the repayment of borrowings, we may not be able to repay our debt obligations. If we were unable to repay amounts due to the lenders under our credit facility, those lenders could proceed against the collateral granted to them to secure that indebtedness.

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

The nature of our international business subjects us to the export control regulations of the U.S. Department of State and the Department of Commerce. Any changes regarding such regulations or U.S. trade policy more generally, including potential adoption and expansion of trade restrictions, particularly with respect to China, might impact overall customer demand for our products or affect our ability to manufacture and/or sell our products overseas. Violation of these export control regulations could result in monetary penalties and denial of export privileges. The U.S. government is very strict with respect to compliance and has served notice generally that failure to comply with these regulations may subject violators to fines and/or imprisonment. Although we are not aware of any material violation of any export control regulations, a failure to comply with any of these regulations could have a material adverse effect on our business.

Our stock price has been and is likely to continue to be volatile.

The market price of our common stock fluctuates significantly. This fluctuation has been or may be the result of numerous factors, including, but not limited to:

- actual or anticipated fluctuations in our operating results;
- announcements concerning our business or those of our competitors, customers, or suppliers;
- loss of a significant customer, or customers;
- changes in financial estimates by securities analysts or our failure to perform as anticipated by the analysts;
- news, commentary, and rumors emanating from the media relating to our customers, the industry, or us. These reports may be unrelated to the actual operating performance of the Company, and in some cases, may be potentially misleading or incorrect;
- announcements regarding technological innovations or new products by us or our competitors;
- announcements by us of significant acquisitions, strategic partnerships, joint ventures, or capital commitments;
- announcements by us of significant divestitures or sale of certain assets or intellectual property;
- litigation arising out of a wide variety of matters, including, among others, employment matters and intellectual property matters;
- departure of key personnel;
- a significant stockholder selling for any reason;
- general conditions in the IC industry; and
- general market conditions and interest rates.

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

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

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

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

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

We are subject to the risks of owning real property.

We currently own our U.S. headquarters and research facility in Austin, Texas. The ownership of our U.S. properties subjects us to the risks of owning real property, which may include:

- the possibility of environmental contamination and the costs associated with correcting any environmental problems;
- adverse changes in the value of these properties, due to interest rate changes, changes in the neighborhood in which the property is located, or other factors; and
- the risk of financial loss in excess of amounts covered by insurance, or uninsured risks, such as the loss caused by damage to the buildings as a result of fire, floods, or other natural disasters.

ITEM 1B. *Unresolved Staff Comments*

None.

ITEM 2. *Properties*

As of March 30, 2019, our principal facilities are located in Austin, Texas and Edinburgh, Scotland, United Kingdom. The Austin facilities, which we own, consist of approximately 155,000 square feet of office space and are primarily occupied by research and development personnel and testing equipment. In addition, our failure analysis and reliability facility occupies approximately 27,000 square feet.

Additionally, we have various leased facilities in Austin, Texas, consisting of approximately 157,000 square feet. This includes approximately 151,000 square feet of leased space that houses a mixture of administrative personnel as well as research and development personnel.

In connection with our acquisition of Wolfson Microelectronics (“*Wolfson*”) on August 21, 2014, we acquired Wolfson’s corporate headquarters located in Edinburgh, Scotland, United Kingdom. This building consisted of approximately 50,000 square feet of office space. We sold this building in the fourth quarter of fiscal year 2019 and recorded a \$4.9 million gain on the sale. This gain is presented as a separate line item in the Consolidated Statements of Income as “*Gain on sale of assets*”. Additionally, we lease approximately 110,000 square feet of office space and 27,000 square feet of high quality lab space in Edinburgh. See further details below in Results of Operation.

Below is a detailed schedule that identifies our principal locations of occupied leased and owned property as of March 30, 2019, with various lease terms through calendar year 2028. We believe that these facilities are suitable and adequate to meet our current operating needs.

<u>Design Centers</u>	<u>Sales Support Offices – International</u>
Austin, Texas	Hong Kong, China
Mesa, Arizona	Shanghai, China
Salt Lake City, Utah	Shenzhen, China
Edinburgh, Scotland, United Kingdom	Tokyo, Japan
Newbury, England, United Kingdom	Singapore
London, England, United Kingdom	Seoul, South Korea
Melbourne, Australia	Taipei, Taiwan
Madrid, Spain	

See Note 11 — Commitments and Contingencies of the Notes to Consolidated Financial Statements contained in Item 8 for further detail.

ITEM 3. *Legal Proceedings*

From time to time, we are involved in legal proceedings concerning matters arising in connection with the conduct of our business activities. We regularly evaluate the status of legal proceedings in which we are involved to assess whether a loss is probable or there is a reasonable possibility that a loss or additional loss may have been incurred and to determine if accruals are appropriate. We further evaluate each legal proceeding to assess whether an estimate of possible loss or range of loss can be made.

Based on current knowledge, management does not believe that there are any pending matters that could potentially have a material adverse effect on our business, financial condition, results of operations or cash flows. However, we are engaged in various legal actions in the normal course of business. While there can be no assurances in light of the inherent uncertainties involved in any potential legal proceedings, some of which are beyond our control, an adverse outcome in any legal proceeding could be material to our results of operations or cash flows for any particular reporting period.

ITEM 4. *Mine Safety Disclosures*

Not applicable.

PART II

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

Our common stock is traded on the NASDAQ’s Global Select Market under the symbol CRUS.

As of May 21, 2019, there were approximately 422 holders of record of our common stock.

The information under the caption “Equity Compensation Plan Information” in the proxy statement to be delivered to stockholders in connection with our Annual Meeting of Stockholders to be held on August 2, 2019 (the “Proxy Statement”) is incorporated herein by reference.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The following table provides information about purchases of equity securities that are registered by us pursuant to Section 12 of the Exchange Act during the three months ended March 30, 2019 (in thousands, except per share amounts):

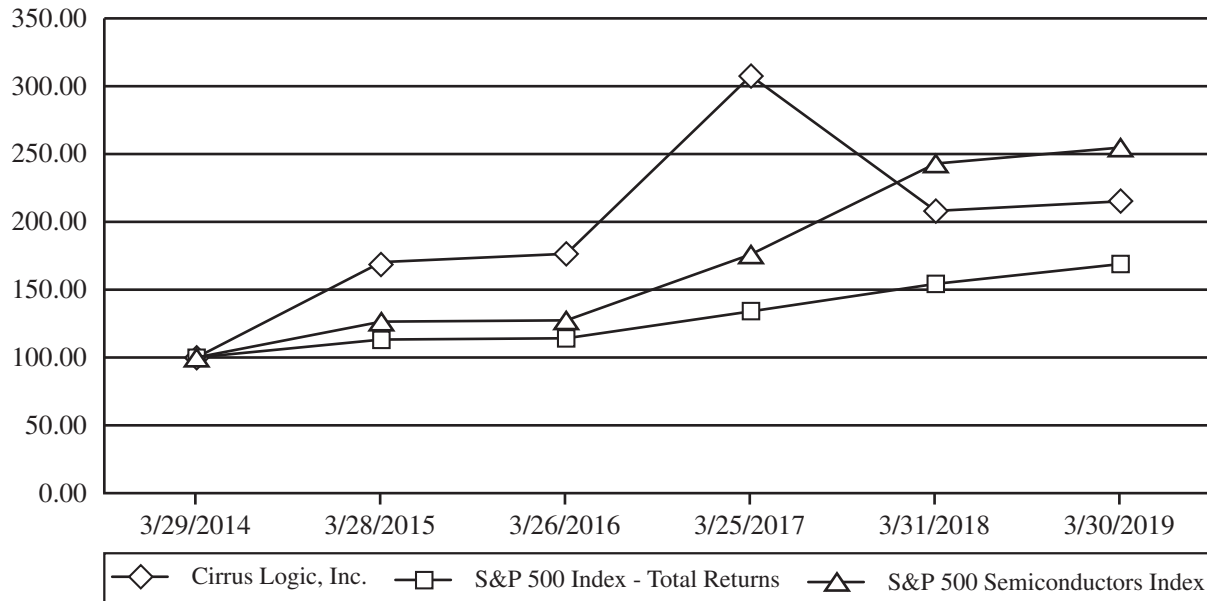
<u>Monthly Period</u>	<u>Total Number of Shares Purchased</u>	<u>Average Price Paid Per Share</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs</u>	<u>Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs (1)</u>
December 30, 2018 - January 26, 2019	—	\$ —	—	\$ —
January 27, 2019 - February 23, 2019	258	38.69	258	40,003
February 24, 2019 - March 30, 2019	—	—	—	—
Total	<u>258</u>	<u>\$38.69</u>	<u>258</u>	<u>\$40,003</u>

- (1) The Company currently has two active share repurchase programs: the 2018 share repurchase program, with a remaining \$40.0 million available for repurchase as of March 30, 2019, and the \$200 million share repurchase program authorized by the Board of Directors in January 2019. The Company repurchased 0.3 million shares of its common stock for \$10.0 million during the fourth quarter of fiscal year 2019. All of these shares were repurchased in the open market and were funded from existing cash. All shares of our common stock that were repurchased were retired as of March 30, 2019. The repurchases are to be funded from existing cash and intended to be effected from time to time in accordance with applicable securities laws through the open market or in privately negotiated transactions. The timing of the repurchases and the actual amount purchased depend on a variety of factors including general market and economic conditions and other corporate considerations. The programs do not have an expiration date, do not obligate the Company to repurchase any particular amount of common stock, and may be modified or suspended at any time at the Company’s discretion.

Stock Price Performance Graph

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

**Comparison of 5 Year Cumulative Total Return
Assumes Initial Investment of \$100
March 2019**



	<u>3/29/2014</u>	<u>3/28/2015</u>	<u>3/26/2016</u>	<u>3/25/2017</u>	<u>3/31/2018</u>	<u>3/30/2019</u>
Cirrus Logic, Inc.	100.00	170.54	176.59	307.68	208.15	215.52
S&P 500 Index	100.00	113.23	114.28	134.41	154.48	169.15
S&P 500 Semiconductors Index	100.00	126.57	127.51	176.08	243.18	254.93

- (1) The graph assumes that \$100 was invested in our common stock and in each index at the market close on March 29, 2014, and that all dividends were reinvested. No cash dividends were declared on our common stock during the periods presented.
- (2) Stockholder returns over the indicated period should not be considered indicative of future stockholder returns.

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

ITEM 6. Selected Financial Data

The information contained below should be read along with *Item 7 – Management’s Discussion and Analysis of Financial Condition and Results of Operations* and *Item 8 – Financial Statements and Supplementary Data* (amounts in thousands, except per share amounts).

	Fiscal Years				
	2019	2018	2017	2016	2015
	(1)	(1)	(1)		
Net sales	\$1,185,524	\$1,532,186	\$1,538,940	\$1,169,251	\$ 916,568
Net income	89,991	161,995	261,209	123,630	55,178
Basic earnings per share	\$ 1.50	\$ 2.55	\$ 4.12	\$ 1.96	\$ 0.88
Diluted earnings per share	\$ 1.46	\$ 2.46	\$ 3.92	\$ 1.87	\$ 0.85
Financial position at year end:					
Cash, cash equivalents, restricted investments and marketable securities	\$ 445,323	\$ 434,500	\$ 450,979	\$ 250,006	\$ 260,719
Total assets	1,352,640	1,430,117	1,413,470	1,181,883	1,148,778
Working capital	509,443	473,465	631,853	378,005	275,335
Long-term liabilities	96,860	128,180	117,703	194,276	215,429
Total stockholders’ equity	\$1,140,240	\$1,161,728	\$1,151,692	\$ 859,483	\$ 756,771

- (1) Refer to the consolidated financial statements and the Notes thereto contained in Item 8 of this Form 10-K for fiscal years 2019, 2018, and 2017, for an expanded discussion of factors that materially affect the comparability of the information reflected in the selected consolidated financial data presented above.

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

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

Critical Accounting Policies

Our discussion and analysis of the Company’s financial condition and results of operations are based upon the consolidated financial statements included in this report, which have been prepared in accordance with U. S. generally accepted accounting principles. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts. We evaluate the estimates on an on-going basis. We base these estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

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

- We report income taxes under the asset and liability method. Deferred tax assets and liabilities are recognized for the expected tax consequences of temporary differences between the financial reporting basis and tax basis of assets and liabilities, which are measured using the enacted tax laws and tax rates that will be in effect when the differences are expected to reverse. We assess the likelihood that the deferred tax assets will be realized. A valuation allowance is established against deferred tax assets to

the extent the Company believes that it is more likely than not that the deferred tax assets will not be realized, taking into consideration the level of historical taxable income and projections for future taxable income over the periods in which the temporary differences are deductible.

The calculation of our tax liabilities involves assessing uncertainties with respect to the application of complex tax rules. Uncertain tax positions must meet a more likely than not threshold to be recognized in the financial statements and the tax benefits recognized are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon final settlement. See Note 15 — Income Taxes of the Notes to Consolidated Financial Statements contained in Item 8 for additional details.

- We recognize revenue upon the transfer of promised goods or services to customers, in an amount that reflects the consideration the Company expects to be entitled in exchange for those goods or services. See Note 2 — Summary of Significant Accounting Policies — *Revenue Recognition* of the Notes to Consolidated Financial Statements contained in Item 8 for discussion on the identification of the Company's performance obligations and determination of transaction price, including treatment of rebates, right of returns, warranties, price protection and stock rotation.
- Inventories are recorded at the lower of cost or net realizable value, with cost being determined on a first-in, first-out basis. We write down inventories to net realizable value based on forecasted demand while taking into account product release schedules and product life cycles, which may drive management judgment. We also review and write down inventory, as appropriate, based on the age and condition of the inventory. Actual demand and market conditions may be different from those projected by management, which could have a material effect on our operating results and financial position. See Note 2 — Summary of Significant Accounting Policies of the Notes to Consolidated Financial Statements contained in Item 8.
- We evaluate the recoverability of property, plant, and equipment and intangible assets by testing for impairment losses on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amounts. An impairment loss is recognized in the event the carrying value of these assets exceeds the fair value of the applicable assets. Impairment evaluations involve management estimates of asset useful lives and future cash flows. Actual useful lives and cash flows could be different from those estimated by management, which could have a material effect on our operating results and financial position. See Note 6 — Intangibles, net and Goodwill of the Notes to Consolidated Financial Statements contained in Item 8.
- The Company evaluates goodwill and other intangible assets. Goodwill is recorded at the time of an acquisition and is calculated as the difference between the total consideration paid for an acquisition and the fair value of the net tangible and intangible assets acquired. The Company tests goodwill and other intangible assets for impairment on an annual basis or more frequently if the Company believes indicators of impairment exist. Impairment evaluations involve management's assessment of qualitative factors to determine whether it is more likely than not that goodwill and other intangible assets are impaired. If management concludes from its assessment of qualitative factors that it is more likely than not that impairment exists, then a quantitative impairment test will be performed involving management estimates of asset useful lives and future cash flows. Significant management judgment is required in the forecasts of future operating results that are used in these evaluations. If our actual results, or the plans and estimates used in future impairment analyses, are lower than the original estimates used to assess the recoverability of these assets, we could incur additional impairment charges in a future period. The Company has recorded no goodwill impairments in fiscal years 2019, 2018, and 2017. There were no material intangible asset impairments in fiscal years 2019, 2018, and 2017.
- We are subject to the possibility of loss contingencies for various legal matters. See Note 12 — Legal Matters of the Notes to Consolidated Financial Statements contained in Item 8. We regularly evaluate current information available to us to determine whether any accruals should be made based on the status of the case, the results of the discovery process and other factors. If we ultimately determine that an accrual should be made for a legal matter, this accrual could have a material effect on our operating results and financial position and the ultimate outcome may be materially different than our estimate.

Recently Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-09, Revenue from Contracts with Customers (ASC Topic 606). The purpose of this ASU is to converge revenue recognition requirements per U.S. GAAP and International Financial Reporting Standards (“IFRS”). The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In August 2015, the FASB issued ASU 2015-14, Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date after public comment supported a proposal to delay the effective date of this ASU to annual reporting periods beginning after December 15, 2017, including interim reporting periods within that reporting period. The Company completed the process of reviewing our customers’ contracts in respect of performance obligation identification and satisfaction, pricing, warranties, and return rights, among other considerations, in the first quarter of fiscal year 2019. According to the standard, the Company could adopt by full retrospective method, which applies retrospectively to each prior period presented, or by modified retrospective method with the cumulative effect adjustment recognized in beginning retained earnings as of the date of adoption. The Company adopted this standard using the modified retrospective adoption method in the first quarter of fiscal year 2019 with no income statement impact, and therefore no beginning retained earnings impact. See Note 2 — Summary of Significant Accounting Policies — Revenue Recognition as well as Note 8 — Revenues for additional details.

The effects of the changes made to our balance sheet at adoption were as follows (in thousands):

	<u>Balance at March 31, 2018</u>	<u>Impact from ASU 2014-09 Adoption</u>	<u>Balance at April 1, 2018</u>
<i>Financial statement line item:</i>			
Accounts receivable	\$100,801	\$ 5,539	\$106,340
Inventories	205,760	(391)	205,369
Other current assets	13,877	391	14,268
Other accrued liabilities	\$(12,657)	\$(5,539)	\$(18,196)

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The FASB issued this update to increase transparency and comparability by recognizing lease assets and lease liabilities on the balance sheet and disclosing key leasing arrangement details. Lessees would recognize operating leases on the balance sheet under this ASU — with the future lease payments recognized as a liability, measured at present value, and the right-of-use (“ROU”) asset recognized for the lease term. A single lease cost would be recognized over the lease term. For initial terms of less than twelve months, a lessee would be permitted to make an accounting policy election to recognize lease expense for such leases generally on a straight-line basis over the lease term. This ASU is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early adoption is permitted. The modified retrospective approach was previously the only allowed adoption method.

In July 2018, the FASB issued the related ASU 2018-10 — *Leases (Topic 842): Targeted Improvements*. This ASU offers a new transition adoption method, which will not require adjustments to comparative periods. The Company adopted using the latter method in the first quarter of fiscal year 2020. The new standard provides a number of optional practical expedients in transition. We elected the use-of-hindsight practical expedient and the ‘package of practical expedients’ which permits us not to reassess under the new standard our prior conclusions about lease identification, lease classification and initial direct costs. The new standard also provides practical expedients for an entity’s ongoing accounting. We elected the short-term lease recognition exemption for all leases that qualify. This means, for qualifying leases, typically those with terms of less than twelve months, we will not recognize ROU assets or lease liabilities. We also do not separate lease and non-lease components for all classes of assets. Most of our operating lease commitments were subject to the new standard and recognized as right-of-use assets and operating lease liabilities upon adoption, which will materially increase the total assets and total liabilities that we report relative to such amounts prior to adoption of this ASU.

On adoption, we recognized additional operating liabilities of approximately \$158.0 million, with corresponding ROU assets based on the present value of the remaining minimum rental payments under current leasing contracts for existing operating leases. In addition, existing capitalized initial direct costs of \$2.8 million and accrued lease payments of \$11.1 million were reclassified from prepayments and accruals to the ROU asset, resulting in a ROU asset of \$149.7 million. There was no income statement impact on adoption.

In applying the use-of-hindsight practical expedient, we re-assessed whether we were reasonably certain to exercise extension options within our lease agreements. This resulted in the lease term being extended on a number of leases. The previously capitalized initial direct costs and lease creditor were recalculated assuming these extended lease terms had always applied, resulting in an adjustment of \$1.0 million to opening retained earnings on transition.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments — Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This ASU requires credit losses on available-for-sale debt securities to be presented as an allowance rather than a write-down. Unlike current U.S. GAAP, the credit losses could be reversed with changes in estimates, and recognized in current year earnings. This ASU is effective for annual periods beginning after December 15, 2019, and interim periods within those annual periods. Early adoption is permitted for annual periods beginning after December 15, 2018, including interim periods. The Company is currently evaluating the impact of this ASU, but does not expect a material impact to the financial statements upon adoption.

In January 2017, the FASB issued ASU 2017-04, *Intangibles — Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*. This ASU eliminates step two of the goodwill impairment test. An impairment charge is to be recognized for the amount by which the current value exceeds the fair value. This ASU is effective for annual periods beginning after December 15, 2019, including interim periods. Early adoption is permitted, for interim or annual goodwill impairment tests performed after January 1, 2017 and should be applied prospectively. An entity is required to disclose the nature of and reason for the change in accounting principle upon transition. That disclosure should be provided in the first annual period and in the interim period within the first annual period when the entity initially adopts the amendments in this update. The Company is currently evaluating the impact of this ASU, but does not expect a material impact to the financial statements upon adoption.

In March 2017, the FASB issued ASU 2017-07, *Compensation — Retirement Benefits (Topic 715): Improving the presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*. This ASU requires an employer to disaggregate the service cost component from the other components of net benefit cost. It also provides guidance on income statement presentation for service cost and other components of net benefit cost. This ASU is effective for annual periods beginning after December 15, 2017, including interim periods. The Company adopted this ASU in the first quarter of fiscal year 2019. The impact of adoption included the buy-out settlement of the defined benefit pension plan, discussed further in Note 9.

In May 2017, the FASB issued ASU 2017-09, *Compensation — Stock Compensation (Topic 718): Scope of Modification Accounting*. This ASU applies to any company that changes the terms or conditions of a share-based award, considered a modification. Modification accounting would be applied unless certain conditions were met related to the fair value of the award, the vesting conditions and the classification of the modified award. This ASU is effective for annual periods beginning after December 15, 2017, with early adoption permitted. The standard should be applied prospectively to an award modified on or after the adoption date. The Company adopted this ASU in the first quarter of fiscal year 2019 with no financial statement impact as no awards were modified in the current period.

In February 2018, the FASB issued ASU 2018-02, *Income Statement — Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*. This ASU allows for the classification of stranded tax effects resulting from the Tax Cuts and Jobs Act (the “Tax Act”) from accumulated other comprehensive income to retained earnings. This ASU is effective for annual periods beginning after December 15, 2018, with early adoption permitted. The standard should be applied in the period of adoption or retrospectively to each period (or periods) in which the effect of the change in tax rate is recognized. The Company is currently evaluating the impact of this ASU, but does not expect a material impact to the financial statements upon adoption.

In June 2018, the FASB issued ASU 2018-07, *Compensation — Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting*. This ASU expands the scope of Topic 718 to include all share-based payment transactions for acquiring goods and services from nonemployees and will apply to all share-based payment transactions in which the grantor acquires goods and services to be used or consumed in its own operations by issuing share-based payment awards. This ASU is effective for fiscal years beginning after December 15, 2018, including interim periods within that fiscal year, with early adoption permitted. The Company intends to adopt this guidance in the first quarter of fiscal year 2020, but does not expect a material impact to the financial statements.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*. This ASU adjusts current required disclosures related to fair value measurements. This ASU is effective for fiscal years beginning after December 15, 2019, including interim periods within that fiscal year, with early adoption permitted. The Company is currently evaluating the impact of this ASU, but does not expect a material impact to the financial statements.

In August 2018, the Commission adopted the final rule under SEC Release No. 33-10532, *Disclosure Update and Simplification*, amending certain disclosure requirements that were redundant, duplicative, overlapping, outdated or superseded. In addition, the amendments expanded the disclosure requirements on the analysis of stockholders' equity for interim financial statements. Under the amendments, an analysis of changes in each caption of stockholders' equity presented in the balance sheet must be provided in a note or separate statement. The analysis should present a reconciliation of the beginning balance to the ending balance of each period for which a statement of comprehensive income is required to be filed. The final rule was published in the Federal Register on October 4, 2018, effective November 5, 2018. The additional disclosure is not required until the quarterly filing covering the period beginning after the effective date of the amendments, which will be the Company's first quarter fiscal year 2020 filing. The Company is evaluating the impact of this guidance on its financial statements, but does not expect a material impact to the financial statements upon adoption.

Overview

Cirrus Logic develops high-precision analog and mixed-signal ICs for a broad range of innovative customers. We track operating results in one reportable segment, but report revenue performance by product line, currently portable and non-portable and other products. In fiscal year 2019, the Company significantly increased our penetration of the Android™ market, driven by demand for our boosted amplifiers, broadened our customer base, and executed on new product development activities. The Company also made progress with our longer-term investments in MEMS microphones and voice biometrics as customer engagements increased and evaluation activity continued. With an extensive product roadmap spanning audio, voice and other adjacent markets such as haptics, we are dedicated to delivering differentiated products that we believe will enable us to capitalize on the increasing demand for complex analog and mixed-signal processing, which we expect to drive our long-term success.

Fiscal Year 2019

Fiscal year 2019 net sales of \$1.19 billion represented a decrease over fiscal year 2018 net sales of \$1.53 billion. Portable product line sales of \$1.03 billion in fiscal year 2019 decreased from fiscal year 2018 sales of \$1.36 billion, attributable primarily to reduced unit volumes of our portable products shipping in smartphones, which was partially offset by increased amplifier sales at Android customers. Non-portable and other product line sales of \$153.5 million represented an 8.8 percent decrease from fiscal year 2018 sales of \$168.3 million.

Overall, gross margin for fiscal year 2019 was 50.4 percent. The increase in gross margin for fiscal year 2019 was primarily due to more favorable product mix on certain portable products, and, to a lesser extent, supply chain efficiencies in the current fiscal year versus the prior year. The Company's number of employees decreased to 1,551 as of March 30, 2019. The Company achieved net income of \$90.0 million in fiscal year 2019, which included an income tax provision in the amount of \$3.8 million.

Fiscal Year 2018

Fiscal year 2018 net sales of \$1.53 billion represented a slight decrease over fiscal year 2017 net sales of \$1.54 billion. Portable product line sales of \$1.36 billion in fiscal year 2018 decreased slightly over fiscal year 2017 sales of \$1.37 billion, attributable primarily to lower ASP components at a key Android OEM and ASP reductions on certain other portable products, partially offset by increased smartphone sales volumes. Non-portable and other product line sales of \$168.3 million represented a 1.9 percent increase from fiscal year 2017 sales of \$165.1 million.

Overall, gross margin for fiscal year 2018 was 49.6 percent. The increase in gross margin for fiscal year 2018 was primarily due to supply chain efficiencies versus fiscal year 2017. The Company's number of employees increased to 1,596 as of March 31, 2018. The Company achieved net income of \$162.0 million in fiscal year 2018, which included an income tax provision in the amount of \$103.1 million.

Fiscal Year 2017

Fiscal year 2017 net sales of \$1.54 billion represented a 32 percent increase over fiscal year 2016 net sales of \$1.17 billion. Portable product line sales of \$1.37 billion in fiscal year 2017 represented a 39 percent increase over fiscal year 2016 sales of \$989.1 million, attributable primarily to significant increases in the sales of smart codecs and boosted amplifiers for the period, which was partially offset by a reduction in revenue generated by certain general market smart codecs as a leading Android™ customer reverted to a dual sourcing strategy on core chipsets. Non-portable and other product line sales of \$165.1 million represented an 8 percent decrease from fiscal year 2016 sales of \$180.2 million.

Overall, gross margin for fiscal year 2017 was 49.2 percent. The increase in gross margin for fiscal year 2017 was primarily due to higher volumes and supply chain efficiencies versus fiscal year 2016. The Company's number of employees increased to 1,444 as of March 25, 2017. The Company achieved net income of \$261.2 million in fiscal year 2017, which included an income tax provision in the amount of \$53.8 million.

Results of Operations

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

	Fiscal Years Ended		
	March 30, 2019	March 31, 2018	March 25, 2017
Net sales	100%	100%	100%
Gross margin	50%	50%	49%
Research and development	32%	24%	20%
Selling, general and administrative	11%	9%	8%
Gain on sale of assets	(1)%	—%	—%
Asset impairment	—%	—%	—%
Income from operations	8%	17%	21%
Interest income	1%	—%	—%
Interest expense	—%	—%	—%
U.K. pension settlement	(1)%	—%	—%
Other expense	—%	—%	—%
Income before income taxes	8%	17%	21%
Provision for income taxes	—%	6%	4%
Net income	8%	11%	17%

Net Sales

We report sales in two product categories: portable products and non-portable and other products. Our sales by product line are as follows (in thousands):

	Fiscal Years Ended		
	March 30, 2019	March 31, 2018	March 25, 2017
Portable Products	\$1,032,049	\$1,363,876	\$1,373,848
Non-Portable and Other Products	<u>153,475</u>	<u>168,310</u>	<u>165,092</u>
	<u>\$1,185,524</u>	<u>\$1,532,186</u>	<u>\$1,538,940</u>

Net sales for fiscal year 2019 decreased by 22.6% percent, to \$1.19 billion from \$1.53 billion in fiscal year 2018. The decrease in net sales reflects a \$331.8 million decrease in portable product sales and a \$14.8 million decrease in non-portable and other product sales. The portable product line experienced a decrease in net sales attributable to a reduction in sales of portable products shipping in smartphones, along with digital headsets and adaptors, which was partially offset by increased amplifier sales at Android customers. Non-portable and other product line sales of \$153.5 million represented a 8.8 percent decrease from fiscal year 2018 sales of \$168.3 million, which was primarily attributable to decreases in legacy product sales.

Net sales for fiscal year 2018 decreased slightly by 0.4% percent, to \$1.53 billion from \$1.54 billion in fiscal year 2017. The decrease in net sales reflects a \$10.0 million decrease in portable product sales and a \$3.2 million increase in non-portable and other product sales. Portable product line sales experienced a decrease in net sales attributable to lower ASP components at a key Android OEM and ASP reductions on certain other portable products, partially offset by increased smartphone sales volumes versus fiscal year 2017. Non-portable and other product line sales of \$168.3 million represented a 1.9 percent increase from fiscal year 2017 sales of \$165.1 million, which was primarily attributable to increases in computer-related and power meter sales, partially offset by decreases in surround codecs and software sales for the year.

Sales to non-U.S. customers, principally located in Asia, including sales to U.S.-based end customers that manufacture products through contract manufacturers or plants located overseas, were approximately \$1.2 billion in fiscal year 2019, and \$1.5 billion in fiscal years 2018 and 2017, representing 98 percent of net sales in fiscal years 2019, 2018 and 2017.

Our sales are denominated primarily in U.S. dollars. No foreign currency hedging contracts were entered into in any period presented.

Gross Margin

Overall gross margin of 50.4 percent for fiscal year 2019 reflects an increase from fiscal year 2018 gross margin of 49.6 percent. The increase was primarily attributable to more favorable product mix on certain portable products, and, to a lesser extent, supply chain efficiencies in the current fiscal year versus the prior year. Changes in excess and obsolete inventory charges, including scrapped inventory, and sales of product written down in prior periods did not have a material impact on margin in fiscal year 2019.

Overall gross margin of 49.6 percent for fiscal year 2018 reflects an increase from fiscal year 2017 gross margin of 49.2 percent. The increase was primarily attributable to supply chain efficiencies in the prior fiscal year versus fiscal year 2017. Changes in excess and obsolete inventory charges, including scrapped inventory, and sales of product written down in prior periods did not have a material impact on margin in fiscal year 2018.

Research and Development Expenses

Fiscal year 2019 research and development expenses of \$375.1 million reflect an increase of \$8.7 million, or 2 percent, from fiscal year 2018. The increase was attributable to an increase in average monthly research and development headcount during fiscal year 2019 versus the prior fiscal year and the associated salary and employee-related expenses, higher facilities and infrastructure-related costs, and fiscal year 2018 adjustments to the contingent consideration, offset by decreases to product development expenses and amortization of acquisition-related intangibles.

Fiscal year 2018 research and development expenses of \$366.4 million reflect an increase of \$62.7 million, or 21 percent, from fiscal year 2017. The increase was attributable to an 8 percent increase in research and development headcount and the associated salary and employee-related expenses, as well as higher product development expenses, including tape-outs and contract labor, increased amortization of acquisition-related intangibles, and higher facilities and infrastructure-related costs in fiscal year 2018 versus fiscal year 2017 related to the increased headcount. These increases were partially offset by a higher UK Research and Development Expenditure Credit (RDEC) in fiscal year 2018.

Selling, General and Administrative Expenses

Fiscal year 2019 selling, general and administrative expenses of \$126.5 million reflect a decrease of \$5.3 million, or 4 percent, compared to fiscal year 2018. The decrease was primarily attributable to decreased salary and employee-related expenses in fiscal year 2019.

Fiscal year 2018 selling, general and administrative expenses of \$131.8 million reflect an increase of \$4.5 million, or 4 percent, compared to fiscal year 2017. The increase was primarily attributable to increased salary and employee-related expenses in fiscal year 2018.

Westfield House

In the fourth quarter of fiscal year 2017, the Company reported an asset impairment charge of \$9.8 million related to a building owned by the Company in Edinburgh, Scotland (“*Westfield House*”). The Company determined that the undiscounted cash flows associated with the property of the asset were less than the carrying value at that time. Considering the fact that the building was no longer used as the primary office space for Edinburgh employees and that market conditions had weakened, the Company hired an independent consultant to assess the fair value of the building. The variance in the assessed valuation amount and the carrying value was recorded in fiscal year 2017 and is presented as a separate line item on the Consolidated Statements of Income under the caption “*Asset impairment.*”

Subsequently, in fiscal year 2019, market conditions improved and the Company marketed and sold Westfield House in the fourth quarter, for a gain on the sale of \$4.9 million — presented as “*Gain on sale of assets*” on the Consolidated Statements of Income.

Interest Income

Interest income in fiscal years 2019, 2018, and 2017, was \$8.0 million, \$4.8 million, and \$1.7 million, respectively. The increase in interest income in fiscal year 2019 and 2018 was due to higher yields on higher average cash, cash equivalent, and marketable securities balances throughout the year versus the previous year.

Interest Expense

The Company reported interest expense of \$1.1 million, \$1.2 million and \$3.6 million for fiscal years 2019, 2018, and 2017, respectively, primarily as a result of the revolving credit facility and pay down activity, described in Note 7.

U.K. Pension Settlement

The Company settled its defined benefit pension scheme in the third quarter of fiscal year 2019. A settlement loss of \$13.8 million was recognized, which was the amount of the previously recorded unamortized actuarial pension loss in AOCI. The loss is presented as a separate line item in the Consolidated Statements of Income under the caption “*U.K. pension settlement*”. The Company will have no further contribution obligations going forward.

Other Expense

In fiscal years 2019 and 2018, the Company reported \$0.2 million and \$1.0 million, respectively, in other expense, primarily foreign exchange costs. The corresponding amount in fiscal year 2017 was immaterial.

Provision for Income Taxes

We recorded income tax expense of \$3.8 million in fiscal year 2019 on a pre-tax income of \$93.7 million, yielding an effective tax rate of 4.0 percent. Our effective tax rate was lower than the U.S. statutory rate of 21.0 percent, primarily due to a decrease in the provisional enactment-date effects of the legislation commonly referred to as the Tax Cuts and Jobs Act (the “Tax Act”), as well as the U.S. federal research and development tax credit and the effect of income earned in certain foreign jurisdictions that is taxed below the federal statutory rate. This overall decrease was partially offset by an increase in valuation allowance related to certain U.S. federal deferred tax assets and state tax attributes due to the likelihood that they will expire or go unutilized.

The Tax Act was enacted on December 22, 2017. The Tax Act reduces the U.S. federal corporate income tax rate from 35% to 21%, restricts the deductibility of certain business expenses, requires companies to pay a one-time transition tax on earnings of certain foreign subsidiaries that were previously tax-deferred, and creates new taxes on certain foreign sourced earnings, among other provisions. We recognized a provisional amount of \$60.1 million, which was included as a component of income tax expense from continuing operations during fiscal year 2018. Our accounting for the enactment-date effects of the Tax Act was completed during the quarter ended December 29, 2018. We recognized an \$11.1 million adjustment to the provisional amounts recorded at March 31, 2018, which was included as a component of income tax expense from continuing operations during fiscal year 2019.

We recorded income tax expense of \$103.1 million in fiscal year 2018 on a pre-tax income of \$265.1 million, yielding an effective tax provision rate of 38.9 percent. Our effective tax rate was higher than the blended U.S. statutory rate of 31.6 percent, primarily due to the impact of the Tax Act, partially offset by income earned in certain foreign jurisdictions that is taxed below the federal statutory rate and excess benefits from stock-based compensation. The reduction in the U.S. federal corporate income tax rate was effective January 1, 2018. The rate change was administratively effective at the beginning of our fiscal year 2018, resulting in a blended U.S. federal corporate income tax rate of 31.6% for the annual period. We recorded \$60.1 million of income tax expense during fiscal year 2018 as a provisional estimate of the discrete tax effects of the Tax Act.

We recorded income tax expense of \$53.8 million in fiscal year 2017 on a pre-tax income of \$315.0 million, yielding an effective tax provision rate of 17.1 percent. Our effective tax rate was lower than the then current U.S. statutory rate of 35 percent, primarily due to income earned in jurisdictions with a lower statutory tax rate, excess tax benefits from stock based compensation due to the early adoption of the ASU 2016-09 accounting standard, and research and development tax credits in the U.S.

For additional discussion about our income taxes, including the effect of the Tax Act, see Note 15 — Income Taxes.

Outlook

Looking ahead, we anticipate gross margin to be approximately 50 percent for the next fiscal year. In fiscal year 2020, we currently expect operating expense to remain relatively flat compared to fiscal year 2019 as we continue to invest in important R&D projects that we anticipate will drive future growth. Given the wide array of uncertainties surrounding the macroeconomic environment and their unknown impact on smartphone volumes, it is difficult to predict our revenue outlook for fiscal year 2020. Cirrus Logic made meaningful progress in fiscal year 2019 with numerous strategic initiatives that we believe position the Company for growth in the coming years.

Liquidity and Capital Resources

In fiscal year 2019, cash flow from operations was \$206.7 million. Operating cash flow during fiscal year 2019 was related to the cash components of our net income, offset by a \$23.4 million unfavorable change in working capital. The unfavorable change in working capital was driven primarily by a decrease in payables and an increase in accounts receivable, partially offset by a decrease in inventories. In fiscal year 2018, cash flow from operations was \$318.7 million. Operating cash flow during fiscal year 2018 was related to the cash components of our net income and a \$29.1 million favorable change in working capital. The favorable change in

working capital was driven primarily by a decrease in accounts receivable and an increase in income taxes payable, partially offset by an increase in inventories during the period. In fiscal year 2017, cash flow from operations was \$369.8 million. Operating cash flow during fiscal year 2017 was related to the cash components of our net income, offset by a \$24.9 million unfavorable change in working capital. The unfavorable change in working capital was driven primarily by an increase in accounts receivable and inventories during the period.

In fiscal year 2019, the Company used \$54.7 million in cash for investing activities primarily related to \$28.0 million in net purchases of marketable securities, and capital expenditures and technology investments of \$35.8 million. In fiscal year 2018, the Company used approximately \$184.7 million in cash for investing activities principally related to \$100.2 million in net purchases of marketable securities, and capital expenditures and technology investments of \$59.3 million. In addition, the Company purchased certain tangible and intangible assets for \$25.2 million as part of a technology acquisition. In fiscal year 2017, the Company used approximately \$69.9 million in cash for investing activities primarily related to \$18.6 million in net purchases of marketable securities, and capital expenditures and technology investments of \$51.3 million.

In fiscal year 2019, the Company used \$171.5 million related to financing activities. In fiscal year 2018, the Company used \$249.6 million in financing activities. In fiscal year 2017, the Company used \$117.5 million in financing activities. Payments against revolver balances in fiscal years 2019, 2018 and 2017 were zero, \$60.0 million and \$100.4 million, respectively. See Note 7 and *Revolving Credit Facility* below for more information relating to debt agreements and terms that existed during the periods. Additionally, in fiscal years 2019, 2018, and 2017, the Company utilized approximately \$160.0 million, \$175.8 million, and \$15.4 million, respectively, in cash to repurchase and retire portions of its outstanding common stock. See Note 13 for a description of our share repurchase programs.

Our future capital requirements will depend on many factors, including the rate of sales growth, market acceptance of our products, the timing and extent of research and development projects, potential acquisitions of companies or technologies and the expansion of our sales and marketing activities. We believe our expected future cash earnings, existing cash, cash equivalents, investment balances, and available borrowings under our Credit Facility will be sufficient to meet our capital requirements both domestically and internationally, through at least the next 12 months, although we could be required, or could elect, to seek additional funding prior to that time.

Revolving Credit Facility

On July 12, 2016, Cirrus Logic entered into an amended and restated credit agreement (the “Credit Agreement”) with Wells Fargo Bank, National Association, as Administrative Agent, and the Lenders party thereto, for the purpose of refinancing an existing credit facility and providing ongoing working capital. The Credit Agreement provides for a \$300 million senior secured revolving credit facility (the “Credit Facility”). The Facility matures on July 12, 2021. Cirrus Logic must repay the outstanding principal amount of all borrowings, together with all accrued but unpaid interest thereon, on the maturity date. The Credit Facility is required to be guaranteed by all of Cirrus Logic’s material domestic subsidiaries (the “Subsidiary Guarantors”). The Credit Facility is secured by substantially all of the assets of Cirrus Logic and any Subsidiary Guarantors, except for certain excluded assets.

Borrowings under the Credit Facility may, at our election, bear interest at either (a) a base rate plus the applicable margin (“Base Rate Loans”) or (b) a LIBOR rate plus the applicable margin (“LIBOR Rate Loans”). The applicable margin ranges from 0% to 0.50% per annum for Base Rate Loans and 1.25% to 2.00% per annum for LIBOR Rate Loans based on the Leverage Ratio (as defined below). A commitment fee accrues at a rate per annum ranging from 0.20% to 0.30% (based on the Leverage Ratio) on the average daily unused portion of the commitment of the lenders. The Credit Agreement contains certain financial covenants providing that (a) the ratio of consolidated funded indebtedness to consolidated EBITDA for the prior four fiscal quarters must not be greater than 3.00 to 1.00 (the “Leverage Ratio”) and (b) the ratio of consolidated EBITDA for the prior four consecutive fiscal quarters to consolidated fixed charges (including amounts paid in cash for consolidated interest expenses, capital expenditures, scheduled principal payments of indebtedness, and income taxes) for the prior four consecutive fiscal quarters must not be less than 1.25 to 1.00 as of the end of each fiscal quarter. The Credit

Agreement also contains negative covenants limiting the Company's or any Subsidiary's ability to, among other things, incur debt, grant liens, make investments, effect certain fundamental changes, make certain asset dispositions, and make certain restricted payments.

As of March 30, 2019, the Company had no amounts outstanding under the Credit Facility and was in compliance with all covenants under the Credit Agreement.

See also Note 7 — Revolving Credit Facility.

Off Balance Sheet Arrangements

As of March 30, 2019, the Company did not have any off-balance-sheet arrangements, as defined in Item 303(a)(4)(ii) of SEC Regulation S-K, that were reasonably likely to have a material effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Contractual Obligations

In our business activities, we incur certain commitments to make future payments under contracts such as debt agreements, purchase orders, operating leases and other long-term contracts. Maturities under these contracts are set forth in the following table as of March 30, 2019:

	Payment due by period (in thousands)				Total
	< 1 year	1-3 years	3-5 years	> 5 years	
Facilities leases, net	\$ 14,343	\$26,647	\$24,025	\$35,388	\$100,403
Equipment and other commitments	144	278	239	222	883
Wafer purchase commitments	62,582	—	—	—	62,582
Assembly purchase commitments	1,397	—	—	—	1,397
Outside test purchase commitments	10,121	—	—	—	10,121
Other purchase commitments	36,999	8,662	—	—	45,661
Interest on revolving line of credit (1)	455	935	—	—	1,390
Total	<u>\$126,041</u>	<u>\$36,522</u>	<u>\$24,264</u>	<u>\$35,610</u>	<u>\$222,437</u>

(1) Our debt is subject to a variable interest rate based on LIBOR. The interest included in the table above is based on forecasted commitment fees.

Certain of our operating lease obligations include escalation clauses. These escalating payment requirements are reflected in the table.

We are unable to make a reasonably reliable estimate as to when or if a cash settlement with taxing authorities will occur related to our unrecognized tax benefits. Therefore, our liability of \$39.7 million for unrecognized tax benefits is not included in the table above. See Note 15 — Income Taxes, to the Consolidated Financial Statements for additional information.

ITEM 7A. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risks associated with interest rates on drawn balances of our Revolving Credit Facility and marketable securities, and to currency movements on non-U.S. dollar denominated assets and liabilities. We assess these risks on a regular basis and have established policies that are designed to protect against the adverse effects of these and other potential exposures. All of the potential changes noted below are based on sensitivity analyses as of March 30, 2019. Actual results may differ materially.

Interest Rate Risk

Our primary financial instruments include cash equivalents, marketable securities, accounts receivable, pension plan assets / liabilities, accounts payable, and accrued liabilities. The Company's investments are

managed by outside professional managers within investment guidelines set by the Company. These guidelines include security type, credit quality, and maturity, and are intended to limit market risk by restricting the Company's investments to high quality debt instruments with relatively short-term maturities. The Company does not currently use derivative financial instruments in its investment portfolio. Due to the short-term nature of our investment portfolio and the current low interest rate environment, our downside exposure to interest rate risk is minimal.

To provide a meaningful assessment of the interest rate risk associated with our investment portfolio, the Company performed a sensitivity analysis to determine the impact a change in interest rates would have on the value of the investment portfolio assuming a 100 basis point parallel shift in the yield curve. Based on investment positions as of March 30, 2019 and March 31, 2018, a hypothetical 100 basis point increase in interest rates across all maturities would result in a \$3.3 million and \$3.2 million decline in the fair market value of the portfolio, respectively. Such losses would only be realized if the Company sold the investments prior to maturity.

Foreign Currency Exchange Risk

Our revenue and spending is transacted primarily in U.S. dollars; however, in fiscal years 2019, 2018, and 2017, we entered into routine transactions in other currencies to fund the operating needs of certain legal entities outside of the U.S. As of March 30, 2019 and March 31, 2018, a ten percent change in the value of the related currencies would not have a material impact on our results of operations and financial position. During fiscal years 2019, 2018, and 2017 we did not enter into any foreign currency hedging contracts.

ITEM 8. *Financial Statements and Supplementary Data*

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Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Cirrus Logic, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Cirrus Logic, Inc. (the Company) as of March 30, 2019 and March 31, 2018, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the three fiscal years in the period ended March 30, 2019, and the related notes (collectively referred to as the "financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at March 30, 2019 and March 31, 2018, and the results of its operations and its cash flows for each of the three fiscal years in the period ended March 30, 2019, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of March 30, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated May 24, 2019 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 1984.

Austin, Texas
May 24, 2019

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Cirrus Logic, Inc.

Opinion on Internal Control over Financial Reporting

We have audited Cirrus Logic, Inc.'s internal control over financial reporting as of March 30, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Cirrus Logic, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of March 30, 2019, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of March 30, 2019 and March 31, 2018, and the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for each of the three fiscal years in the period ended March 30, 2019, and the related notes and our report dated May 24, 2019 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

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

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

/s/ Ernst & Young LLP

Austin, Texas

May 24, 2019

CIRRUS LOGIC, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands)

	<u>March 30,</u> <u>2019</u>	<u>March 31,</u> <u>2018</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 216,172	\$ 235,604
Marketable securities	70,183	26,397
Accounts receivable, net	120,656	100,801
Inventories	164,733	205,760
Prepaid assets	30,794	31,235
Other current assets	<u>22,445</u>	<u>13,877</u>
Total current assets	624,983	613,674
Long-term marketable securities	158,968	172,499
Property and equipment, net	186,185	191,154
Intangibles, net	67,847	111,547
Goodwill	286,241	288,718
Deferred tax assets	8,727	14,716
Other assets	<u>19,689</u>	<u>37,809</u>
Total assets	<u>\$1,352,640</u>	<u>\$1,430,117</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 48,398	\$ 69,850
Accrued salaries and benefits	29,289	35,721
Software license agreements	21,514	21,981
Other accrued liabilities	<u>16,339</u>	<u>12,657</u>
Total current liabilities	115,540	140,209
Long-term liabilities:		
Software license agreements	8,662	27,765
Non-current income taxes	78,309	92,753
Other long-term liabilities	<u>9,889</u>	<u>7,662</u>
Total long-term liabilities	96,860	128,180
Stockholders' equity:		
Preferred stock, 5.0 million shares authorized but unissued	—	—
Common stock, \$0.001 par value, 280,000 shares authorized, 58,954 shares and 61,960 shares issued and outstanding at March 30, 2019 and March 31, 2018, respectively	59	62
Additional paid-in capital	1,363,677	1,312,372
Accumulated deficit	(222,430)	(139,345)
Accumulated other comprehensive loss	<u>(1,066)</u>	<u>(11,361)</u>
Total stockholders' equity	<u>1,140,240</u>	<u>1,161,728</u>
Total liabilities and stockholders' equity	<u>\$1,352,640</u>	<u>\$1,430,117</u>

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

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

	Fiscal Years Ended		
	March 30, 2019	March 31, 2018	March 25, 2017
Net sales	\$1,185,524	\$1,532,186	\$1,538,940
Cost of sales	<u>588,027</u>	<u>771,470</u>	<u>781,125</u>
Gross profit	<u>597,497</u>	<u>760,716</u>	<u>757,815</u>
Operating expenses			
Research and development	375,139	366,444	303,658
Selling, general and administrative	126,502	131,811	127,265
Gain on sale of assets	(4,913)	—	—
Asset impairment	<u>—</u>	<u>—</u>	<u>9,842</u>
Total operating expenses	<u>496,728</u>	<u>498,255</u>	<u>440,765</u>
Income from operations	100,769	262,461	317,050
Interest income	8,017	4,762	1,676
Interest expense	(1,057)	(1,153)	(3,600)
U.K. pension settlement	(13,768)	—	—
Other expense	<u>(217)</u>	<u>(971)</u>	<u>(79)</u>
Income before income taxes	93,744	265,099	315,047
Provision for income taxes	<u>3,753</u>	<u>103,104</u>	<u>53,838</u>
Net income	<u>89,991</u>	<u>161,995</u>	<u>261,209</u>
Basic earnings per share	\$ 1.50	\$ 2.55	\$ 4.12
Diluted earnings per share	\$ 1.46	\$ 2.46	\$ 3.92
Basic weighted average common shares outstanding	60,116	63,407	63,329
Diluted weighted average common shares outstanding	61,583	65,951	66,561

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

CIRRUS LOGIC, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)

	<u>Fiscal Years Ended</u>		
	<u>March 30, 2019</u>	<u>March 31, 2018</u>	<u>March 25, 2017</u>
Net income	\$ 89,991	\$161,995	\$261,209
Other comprehensive income (loss), before tax			
Foreign currency translation gain (loss)	(3,125)	2,791	(826)
Unrealized gain (loss) on marketable securities	2,823	(2,380)	47
U.K. pension settlement	13,814	—	—
Actuarial loss on defined benefit pension plan	—	(14,729)	(79)
Reclassification of actuarial gain to net income	—	—	(89)
Benefit (provision) for income taxes	<u>(3,217)</u>	<u>3,530</u>	<u>42</u>
Comprehensive income	<u>\$100,286</u>	<u>\$151,207</u>	<u>\$260,304</u>

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

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

	Fiscal Years Ended		
	March 30, 2019	March 31, 2018	March 25, 2017
Cash flows from operating activities:			
Net income	\$ 89,991	\$ 161,995	\$ 261,209
Adjustments to net cash provided by operating activities:			
Depreciation and amortization	79,826	81,399	63,433
Stock-based compensation expense	49,689	48,741	39,593
Deferred income taxes	1,717	11,646	10,885
(Gain) loss on retirement or write-off of long-lived assets	(2,713)	626	10,387
Charges (payments) for defined benefit pension plan	11,189	(10,929)	116
Other non-cash charges	429	(3,864)	8,980
Net change in operating assets and liabilities:			
Accounts receivable, net	(14,316)	19,173	(31,442)
Inventories	40,636	(37,865)	(25,880)
Other assets	965	16,824	575
Accounts payable	(21,965)	143	1,772
Accrued salaries and benefits	(6,432)	(4,469)	18,951
Income taxes payable	(7,974)	22,983	10,969
Other accrued liabilities	(14,348)	12,308	203
Net cash provided by operating activities	<u>206,694</u>	<u>318,711</u>	<u>369,751</u>
Cash flows from investing activities:			
Maturities and sales of available-for-sale marketable securities	70,840	138,221	212,863
Purchases of available-for-sale marketable securities	(98,864)	(238,434)	(231,432)
Purchases of property, equipment and software	(31,615)	(55,180)	(41,849)
Investments in technology	(4,143)	(29,323)	(9,447)
Proceeds from the sale of assets	9,120	—	—
Net cash used in investing activities	<u>(54,662)</u>	<u>(184,716)</u>	<u>(69,865)</u>
Cash flows from financing activities:			
Principal payments on long-term revolver	—	(60,000)	(100,439)
Debt issuance costs	—	—	(2,152)
Payments on capital lease agreements	—	—	(699)
Issuance of common stock, net of shares withheld for taxes	1,616	4,417	16,518
Repurchase of stock to satisfy employee tax withholding obligations	(13,083)	(17,806)	(14,089)
Repurchase and retirement of common stock	(159,997)	(175,776)	(15,439)
Contingent consideration payments	—	(392)	(1,213)
Net cash used in financing activities	<u>(171,464)</u>	<u>(249,557)</u>	<u>(117,513)</u>
Net (decrease) increase in cash and cash equivalents	(19,432)	(115,562)	182,373
Cash and cash equivalents at beginning of period	<u>235,604</u>	<u>351,166</u>	<u>168,793</u>
Cash and cash equivalents at end of period	<u>\$ 216,172</u>	<u>\$ 235,604</u>	<u>\$ 351,166</u>
Supplemental disclosures of cash flow information			
Cash payments during the year for:			
Income taxes	\$ 20,617	\$ 34,385	\$ 8,001
Interest	612	835	2,947

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

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

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income / (Loss)	Total
	Shares	Amount				
Balance, March 26, 2016	62,630	\$63	\$1,203,433	\$(344,345)	\$ 332	\$ 859,483
Net income	—	—	—	261,209	—	261,209
Change in unrealized gain (loss) on marketable securities, net of tax	—	—	—	—	31	31
Change in defined benefit pension plan liability, net of tax	—	—	—	—	(110)	(110)
Change in foreign currency translation adjustments	—	—	—	—	(826)	(826)
Issuance of stock under stock option plans and other, net of shares withheld for employee taxes	2,145	2	16,516	(14,089)	—	2,429
Cumulative effect of adoption of ASU 2016-09	—	—	—	5,649	—	5,649
Repurchase and retirement of common stock	(480)	(1)	—	(15,438)	—	(15,439)
Amortization of deferred stock compensation	—	—	39,593	—	—	39,593
Excess tax benefit from employee stock awards	—	—	(327)	—	—	(327)
Balance, March 25, 2017	64,295	64	1,259,215	(107,014)	(573)	1,151,692
Net income	—	—	—	161,995	—	161,995
Change in unrealized gain (loss) on marketable securities, net of tax	—	—	—	—	(1,630)	(1,630)
Change in defined benefit pension plan liability, net of tax	—	—	—	—	(11,949)	(11,949)
Change in foreign currency translation adjustments	—	—	—	—	2,791	2,791
Issuance of stock under stock option plans and other, net of shares withheld for employee taxes	1,054	1	4,416	(17,806)	—	(13,389)
Cumulative effect of adoption of ASU 2016-16	—	—	—	(747)	—	(747)
Repurchase and retirement of common stock	(3,389)	(3)	—	(175,773)	—	(175,776)
Amortization of deferred stock compensation	—	—	48,741	—	—	48,741
Balance, March 31, 2018	61,960	62	1,312,372	(139,345)	(11,361)	1,161,728
Net income	—	—	—	89,991	—	89,991
Change in unrealized gain (loss) on marketable securities, net of tax	—	—	—	—	2,231	2,231
Change in defined benefit pension plan liability, net of tax	—	—	—	—	11,189	11,189
Change in foreign currency translation adjustments	—	—	—	—	(3,125)	(3,125)
Issuance of stock under stock option plans and other, net of shares withheld for employee taxes	964	1	1,616	(13,083)	—	(11,466)
Repurchase and retirement of common stock	(3,970)	(4)	—	(159,993)	—	(159,997)
Amortization of deferred stock compensation	—	—	49,689	—	—	49,689
Balance, March 30, 2019	58,954	\$59	\$1,363,677	\$(222,430)	\$ (1,066)	\$1,140,240

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

CIRRUS LOGIC, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Description of Business

Description of Business

Cirrus Logic, Inc. (“Cirrus Logic,” “We,” “Us,” “Our,” or the “Company”) is a leader in high-performance, low-power integrated circuits (“ICs”) for audio, voice and other signal-processing applications. Cirrus Logic’s products span the entire audio signal chain, from capture to playback, providing innovative products for the world’s top smartphones, tablets, digital headsets, wearables and emerging smart home applications.

We were incorporated in California in 1984, became a public company in 1989, and were reincorporated in the State of Delaware in February 1999. Our primary facility housing engineering, sales and marketing, and administration functions is located in Austin, Texas. We also have offices in various other locations in the United States, United Kingdom, Spain, Australia and Asia, including the People’s Republic of China, Hong Kong, South Korea, Japan, Singapore, and Taiwan. Our common stock, which has been publicly traded since 1989, is listed on the NASDAQ’s Global Select Market under the symbol CRUS.

Basis of Presentation

We prepare financial statements on a 52- or 53-week year that ends on the last Saturday in March. Fiscal years 2017 and 2019 were 52-week years. Fiscal year 2018 was a 53-week year.

Principles of Consolidation

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

Reclassifications

Certain reclassifications have been made to prior year balances in order to conform to the current year’s presentation of financial information.

Use of Estimates

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

2. Summary of Significant Accounting Policies

Cash and Cash Equivalents

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

Inventories

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

On a quarterly and annual basis, we analyze inventories on a part-by-part basis. Product life cycles and the competitive nature of the industry are factors considered in the evaluation of customer unit demand at the end of each quarterly accounting period. Inventory on-hand in excess of forecasted demand is considered to have reduced market value and, therefore, the cost basis is adjusted to the lower of cost or net realizable value. Typically, market values for excess or obsolete inventories are considered to be zero. Inventory charges recorded for excess and obsolete inventory, including scrapped inventory, were \$6.2 million and \$9.7 million, in fiscal year 2019 and 2018, respectively. Inventory charges in fiscal year 2019 and 2018 related to a combination of quality issues and inventory exceeding demand.

Inventories were comprised of the following (in thousands):

	<u>March 30, 2019</u>	<u>March 31, 2018</u>
Work in process	\$ 80,100	\$ 97,138
Finished goods	<u>84,633</u>	<u>108,622</u>
	<u>\$164,733</u>	<u>\$205,760</u>

Property, Plant and Equipment, net

Property, plant and equipment is recorded at cost, net of depreciation and amortization. Depreciation and amortization is calculated on a straight-line basis over estimated economic lives, ranging from 3 to 39 years. Leasehold improvements are depreciated over the shorter of the term of the lease or the estimated useful life. Furniture, fixtures, machinery, and equipment are all depreciated over a useful life of 3 to 10 years, while buildings are depreciated over a period of up to 39 years. In general, our capitalized software is amortized over a useful life of 3 years, with capitalized enterprise resource planning software being amortized over a useful life of 10 years. Gains or losses related to retirements or dispositions of fixed assets are recognized in the period incurred. Additionally, if impairment indicators exist, the Company will assess the carrying value of the associated asset. In the fourth quarter of fiscal year 2017, the Company reassessed the carrying value of the property located in Edinburgh, Scotland, resulting in an asset impairment charge of \$9.8 million. This property was subsequently sold in the fourth quarter of fiscal year 2019 for a \$4.9 million gain presented separately in the Consolidated Statements of Income as “Gain on sale of assets”.

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

	<u>March 30, 2019</u>	<u>March 31, 2018</u>
Land	\$ 23,853	\$ 26,379
Buildings	63,172	71,354
Furniture and fixtures	22,762	22,138
Leasehold improvements	45,286	35,569
Machinery and equipment	157,994	143,509
Capitalized software	25,763	25,949
Construction in progress	<u>3,689</u>	<u>6,086</u>
Total property, plant and equipment	342,519	330,984
Less: Accumulated depreciation and amortization	<u>(156,334)</u>	<u>(139,830)</u>
Property, plant and equipment, net	<u>\$ 186,185</u>	<u>\$ 191,154</u>

Depreciation and amortization expense on property, plant, and equipment for fiscal years 2019, 2018, and 2017 was \$32.0 million, \$27.7 million, and \$26.1 million, respectively.

Goodwill and Intangibles, net

Intangible assets include purchased technology licenses and patents that are reported at cost and are amortized on a straight-line basis over their useful lives, generally ranging from 1 to 10 years. Acquired intangibles include existing technology, core technology or patents, license agreements, in-process research & development, trademarks, tradenames, customer relationships, non-compete agreements, and backlog. These assets are amortized on a straight-line basis over lives ranging from 1 to 15 years.

Goodwill is recorded at the time of an acquisition and is calculated as the difference between the aggregate consideration paid for an acquisition and the fair value of the net tangible and intangible assets acquired. Goodwill and intangible assets deemed to have indefinite lives are not amortized but are subject to annual impairment tests. The Company tests goodwill and indefinite lived intangibles for impairment on an annual basis or more frequently if the Company believes indicators of impairment exist. Impairment evaluations involve management's assessment of qualitative factors to determine whether it is more likely than not that goodwill and other intangible assets are impaired. If management concludes from its assessment of qualitative factors that it is more likely than not that impairment exists, then a quantitative impairment test will be performed involving management estimates of asset useful lives and future cash flows. Significant management judgment is required in the forecasts of future operating results that are used in these evaluations. If our actual results, or the plans and estimates used in future impairment analyses, are lower than the original estimates used to assess the recoverability of these assets, we could incur additional impairment charges in a future period. The Company has recorded no goodwill impairments in fiscal years 2019, 2018, and 2017. There were no material intangible asset impairments in fiscal years 2019, 2018, or 2017.

Long-Lived Assets

We test for impairment losses on long-lived assets and definite-lived intangibles used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amounts. We measure any impairment loss by comparing the fair value of the asset to its carrying amount. We estimate fair value based on discounted future cash flows, quoted market prices, or independent appraisals.

Foreign Currency Translation

Some of the Company's subsidiaries utilize the local currency as the functional currency. The Company's main entities, including the entities that generate the majority of sales and employ the majority of employees, are US dollar functional.

Concentration of Credit Risk

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

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

We had three contract manufacturers, Hongfujin Precision, Pegatron, and Foxconn who represented 22 percent, 19 percent, and 11 percent, respectively of our consolidated gross trade accounts receivable as of the end of fiscal year 2019. Pegatron, Jabil Circuits and Hongfujin Precision represented 24 percent, 18 percent, and 11 percent, respectively of our consolidated gross trade accounts receivable as of the end of fiscal year 2018. No other distributor or customer had receivable balances that represented more than 10 percent of consolidated gross trade accounts receivable as of the end of fiscal year 2019 and 2018.

Since the components we produce are largely proprietary and generally not available from second sources, we consider our end customer to be the entity specifying the use of our component in their design. These end customers may then purchase our products directly from us, from a distributor, or through a third-party manufacturer contracted to produce their end product. For fiscal years 2019, 2018, and 2017, our ten largest end customers represented approximately 91 percent, 92 percent, and 92 percent, of our sales, respectively. For fiscal years 2019, 2018, and 2017, we had one end customer, Apple Inc., who purchased through multiple contract manufacturers and represented approximately 78 percent, 81 percent, and 79 percent, of the Company's total sales, respectively. No other customer or distributor represented more than 10 percent of net sales in fiscal years 2019, 2018, or 2017.

Revenue Recognition

We recognize revenue upon the transfer of promised goods or services to customers, in an amount that reflects the consideration the Company expects to be entitled in exchange for those goods or services.

Performance Obligations

The Company's contracts with customers contain a single performance obligation, which is the delivery of promised goods to the customer. The promised goods are explicitly stated in the customer contract and are comprised of either a single type of good or a series of goods that are substantially the same, have the same pattern of transfer to the customer, and are neither capable of being distinct nor separable from the other promised goods in the contract. This performance obligation is satisfied upon transfer of control of the promised goods to the customer, as defined per the shipping terms within the customer's contract. The vast majority of the Company's contracts with customers have an original expected term of one year or less. As allowed by ASC 606, the Company has not disclosed of the value of any unsatisfied performance obligations related to these contracts.

The Company's products typically include a warranty period of one to three years. These warranties qualify as assurance-type warranties, as goods can be returned for product non-conformance and defect only. As such, these warranties are accounted for under ASC 460, *Guarantees*, and are not considered a separate performance obligation.

Contract balances

Payments are typically due within 30 to 60 days of invoicing and terms do not include a significant financing component or noncash consideration. There have been no material impairment losses on accounts receivable. There are no material contract assets or contract liabilities recorded on the consolidated balance sheets.

Transaction price

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods to the customer. Fixed pricing is the consideration that is agreed upon in the customer contract. Variable pricing includes rebates, rights of return, warranties, price protection and stock rotation. Rebates are granted as a customer account credit, based on agreed-upon sales thresholds. Rights of return and warranty costs are estimated using the "most likely amount" method by reviewing historical returns to determine the most likely customer return rate and applying materiality thresholds. Price protection includes price adjustments available to certain distributors based upon established book price and a stated adjustment period. Stock rotation is also available to certain distributors based on a stated maximum of prior billings.

The Company estimates all variable consideration at the most likely amount which it expects to be entitled. The estimate is based on current and historical information available to the Company, including recent sales activity and pricing. Variable consideration is only included in the transaction price to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. The Company defers all variable consideration that does not meet the revenue recognition criteria.

Warranty Expense

We warrant our products and maintain a provision for warranty repair or replacement of shipped products. The accrual represents management's estimate of probable returns. Our estimate is based on an analysis of our overall sales volume and historical claims experience. The estimate is re-evaluated periodically for accuracy.

Shipping Costs

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

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs were \$1.0 million, \$1.4 million, and \$1.7 million, in fiscal years 2019, 2018, and 2017, respectively.

Stock-Based Compensation

Stock-based compensation is measured at the grant date based on the grant-date fair value of the awards and is recognized as an expense, on a ratable basis, over the vesting period, which is generally between 0 and 4 years. Determining the amount of stock-based compensation to be recorded requires the Company to develop estimates used in calculating the grant-date fair value of stock options and performance awards (also called market stock units). The Company calculates the grant-date fair value for stock options and market stock units using the Black-Scholes valuation model and the Monte Carlo simulation, respectively. The use of valuation models requires the Company to make estimates of assumptions such as expected volatility, expected term, risk-free interest rate, expected dividend yield, and forfeiture rates. The grant-date fair value of restricted stock units is the market value at grant date multiplied by the number of units.

Income Taxes

We are required to calculate income taxes in each of the jurisdictions in which we operate. This process involves calculating the actual current tax liability as well as assessing temporary differences in the recognition of income or loss for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are included in our Consolidated Balance Sheet. We record a valuation allowance when it is more likely than not that some portion or all of the deferred tax assets will not be realized. The Company evaluates the ability to realize its deferred tax assets based on all the facts and circumstances, including projections of future taxable income and expiration dates of carryover tax attributes.

The calculation of our tax liabilities involves assessing uncertainties with respect to the application of complex tax rules and the potential for future adjustment of our uncertain tax positions by the Internal Revenue Service or other taxing jurisdiction. We recognize liabilities for uncertain tax positions based on the required two-step process. The first step requires us to determine if the weight of available evidence indicates that the tax position has met the threshold for recognition; therefore, we must evaluate whether it is more likely than not that the position will be sustained on audit, including resolution of any related appeals or litigation processes. The second step requires us to measure the tax benefit of the tax position taken, or expected to be taken, in an income tax return as the largest amount that is more than 50 percent likely of being realized upon ultimate settlement. We reevaluate the uncertain tax positions each quarter based on factors including, but not limited to, changes in facts or circumstances, changes in tax law, expirations of statutes of limitation, effectively settled issues under audit, and new audit activity. A change in the recognition step or measurement step would result in the recognition of a tax benefit or an additional charge to the tax provision in the period.

Although we believe the measurement of our liabilities for uncertain tax positions is reasonable, we cannot assure that the final outcome of these matters will not be different than what is reflected in the historical income tax provisions and accruals. If additional taxes are assessed as a result of an audit or litigation, it could have a material effect on our income tax provision and net income in the period or periods for which that determination is made. We operate within multiple taxing jurisdictions and are subject to audit in these jurisdictions. These

audits can involve complex issues which may require an extended period of time to resolve and could result in additional assessments of income tax. We believe adequate provisions for income taxes have been made for all periods.

Net Income Per Share

Basic net income per share is based on the weighted effect of common shares issued and outstanding and is calculated by dividing net income by the basic weighted average shares outstanding during the period. Diluted net income per share is calculated by dividing net income by the weighted average number of common shares used in the basic net income per share calculation, plus the equivalent number of common shares that would be issued assuming exercise or conversion of all potentially dilutive common shares outstanding. These potentially dilutive items consist primarily of outstanding stock options and restricted stock grants.

The following table details the calculation of basic and diluted earnings per share for fiscal years 2019, 2018, and 2017, (in thousands, except per share amounts):

	<u>Fiscal Years Ended</u>		
	<u>March 30, 2019</u>	<u>March 31, 2018</u>	<u>March 25, 2017</u>
Numerator:			
Net income	\$89,991	\$161,995	\$261,209
Denominator:			
Weighted average shares outstanding	60,116	63,407	63,329
Effect of dilutive securities	<u>1,467</u>	<u>2,544</u>	<u>3,232</u>
Weighted average diluted shares	<u>61,583</u>	<u>65,951</u>	<u>66,561</u>
Basic earnings per share	\$ 1.50	\$ 2.55	\$ 4.12
Diluted earnings per share	<u>\$ 1.46</u>	<u>\$ 2.46</u>	<u>\$ 3.92</u>

The weighted outstanding shares excluded from our diluted calculation for the years ended March 30, 2019, March 31, 2018, and March 25, 2017 were 872 thousand, 326 thousand, and 389 thousand, respectively, as the exercise price of certain outstanding stock options exceeded the average market price during the period.

Accumulated Other Comprehensive Loss

Our accumulated other comprehensive loss is comprised of foreign currency translation adjustments, unrealized gains and losses on investments classified as available-for-sale and actuarial gains and losses on our defined benefit pension plan assets, prior to plan settlement in fiscal year 2019. See Note 14 — Accumulated Other Comprehensive Loss for additional discussion.

Recently Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-09, Revenue from Contracts with Customers (ASC Topic 606). The purpose of this ASU is to converge revenue recognition requirements per U.S. GAAP and International Financial Reporting Standards (“IFRS”). The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In August 2015, the FASB issued ASU 2015-14, Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date after public comment supported a proposal to delay the effective date of this ASU to annual reporting periods beginning after December 15, 2017, including interim reporting periods within that reporting period. The Company completed the process of reviewing our customers’ contracts in respect of performance obligation identification and satisfaction, pricing, warranties, and return rights, among other considerations, in the first quarter of fiscal year 2019. According to the standard, the Company could adopt by full retrospective method, which applies retrospectively to each prior

period presented, or by modified retrospective method with the cumulative effect adjustment recognized in beginning retained earnings as of the date of adoption. The Company adopted this standard using the modified retrospective adoption method in the first quarter of fiscal year 2019 with no income statement impact, and therefore no beginning retained earnings impact. See Summary of Significant Accounting Policies — Revenue Recognition within this footnote as well as Note 8 — Revenues for additional details.

The effects of the changes made to our balance sheet at adoption were as follows (in thousands):

<i>Financial statement line item:</i>	<u>Balance at March 31, 2018</u>	<u>Impact from ASU 2014-09 Adoption</u>	<u>Balance at April 1, 2018</u>
Accounts receivable	\$100,801	\$ 5,539	\$106,340
Inventories	205,760	(391)	205,369
Other current assets	13,877	391	14,268
Other accrued liabilities	\$(12,657)	\$(5,539)	\$(18,196)

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The FASB issued this update to increase transparency and comparability by recognizing lease assets and lease liabilities on the balance sheet and disclosing key leasing arrangement details. Lessees would recognize operating leases on the balance sheet under this ASU — with the future lease payments recognized as a liability, measured at present value, and the right-of-use (“ROU”) asset recognized for the lease term. A single lease cost would be recognized over the lease term. For initial terms of less than twelve months, a lessee would be permitted to make an accounting policy election to recognize lease expense for such leases generally on a straight-line basis over the lease term. This ASU is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early adoption is permitted. The modified retrospective approach was previously the only allowed adoption method.

In July 2018, the FASB issued the related ASU 2018-10 — *Leases (Topic 842): Targeted Improvements*. This ASU offers a new transition adoption method, which will not require adjustments to comparative periods. The Company adopted using the latter method in the first quarter of fiscal year 2020. The new standard provides a number of optional practical expedients in transition. We elected the use-of-hindsight practical expedient and the ‘package of practical expedients’ which permits us not to reassess under the new standard our prior conclusions about lease identification, lease classification and initial direct costs. The new standard also provides practical expedients for an entity’s ongoing accounting. We elected the short-term lease recognition exemption for all leases that qualify. This means, for qualifying leases, typically those with terms of less than twelve months, we will not recognize ROU assets or lease liabilities. We also do not separate lease and non-lease components for all classes of assets. Most of our operating lease commitments were subject to the new standard and recognized as right-of-use assets and operating lease liabilities upon adoption, which will materially increase the total assets and total liabilities that we report relative to such amounts prior to adoption of this ASU.

On adoption, we recognized additional operating liabilities of approximately \$158.0 million, with corresponding ROU assets based on the present value of the remaining minimum rental payments under current leasing contracts for existing operating leases. In addition, existing capitalized initial direct costs of \$2.8 million and accrued lease payments of \$11.1 million were reclassified from prepayments and accruals to the ROU asset, resulting in a ROU asset of \$149.7 million. There was no income statement impact on adoption.

In applying the use-of-hindsight practical expedient, we re-assessed whether we were reasonably certain to exercise extension options within our lease agreements. This resulted in the lease term being extended on a number of leases. The previously capitalized initial direct costs and lease creditor were recalculated assuming these extended lease terms had always applied, resulting in an adjustment of \$1.0 million to opening retained earnings on transition.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments — Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This ASU requires credit losses on available-for-sale

debt securities to be presented as an allowance rather than a write-down. Unlike current U.S. GAAP, the credit losses could be reversed with changes in estimates, and recognized in current year earnings. This ASU is effective for annual periods beginning after December 15, 2019, and interim periods within those annual periods. Early adoption is permitted for annual periods beginning after December 15, 2018, including interim periods. The Company is currently evaluating the impact of this ASU, but does not expect a material impact to the financial statements upon adoption.

In January 2017, the FASB issued ASU 2017-04, *Intangibles — Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*. This ASU eliminates step two of the goodwill impairment test. An impairment charge is to be recognized for the amount by which the current value exceeds the fair value. This ASU is effective for annual periods beginning after December 15, 2019, including interim periods. Early adoption is permitted, for interim or annual goodwill impairment tests performed after January 1, 2017, and should be applied prospectively. An entity is required to disclose the nature of and reason for the change in accounting principle upon transition. That disclosure should be provided in the first annual period and in the interim period within the first annual period when the entity initially adopts the amendments in this update. The Company is currently evaluating the impact of this ASU, but does not expect a material impact to the financial statements upon adoption.

In March 2017, the FASB issued ASU 2017-07, *Compensation — Retirement Benefits (Topic 715): Improving the presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*. This ASU requires an employer to disaggregate the service cost component from the other components of net benefit cost. It also provides guidance on income statement presentation for service cost and other components of net benefit cost. This ASU is effective for annual periods beginning after December 15, 2017, including interim periods. The Company adopted this ASU in the first quarter of fiscal year 2019. The impact of adoption included the buy-out settlement of the defined benefit pension plan as discussed in Note 9.

In May 2017, the FASB issued ASU 2017-09, *Compensation — Stock Compensation (Topic 718): Scope of Modification Accounting*. This ASU applies to any company that changes the terms or conditions of a share-based award, considered a modification. Modification accounting would be applied unless certain conditions were met related to the fair value of the award, the vesting conditions and the classification of the modified award. This ASU is effective for annual periods beginning after December 15, 2017, with early adoption permitted. The standard should be applied prospectively to an award modified on or after the adoption date. The Company adopted this ASU in the first quarter of fiscal year 2019 with no financial statement impact as no awards were modified in the current period.

In February 2018, the FASB issued ASU 2018-02, *Income Statement — Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*. This ASU allows for the classification of stranded tax effects resulting from the Tax Cuts and Jobs Act (the “Tax Act”) from accumulated other comprehensive income to retained earnings. This ASU is effective for annual periods beginning after December 15, 2018, with early adoption permitted. The standard should be applied in the period of adoption or retrospectively to each period (or periods) in which the effect of the change in tax rate is recognized. The Company is currently evaluating the impact of this ASU, but does not expect a material impact to the financial statements upon adoption.

In June 2018, the FASB issued ASU 2018-07, *Compensation — Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting*. This ASU expands the scope of Topic 718 to include all share-based payment transactions for acquiring goods and services from nonemployees and will apply to all share-based payment transactions in which the grantor acquires goods and services to be used or consumed in its own operations by issuing share-based payment awards. This ASU is effective for fiscal years beginning after December 15, 2018, including interim periods within that fiscal year, with early adoption permitted. The Company intends to adopt this guidance in the first quarter of fiscal year 2020, but does not expect a material impact to the financial statements.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*. This ASU adjusts current required disclosures related to fair value measurements. This ASU is effective for fiscal years beginning after

December 15, 2019, including interim periods within that fiscal year, with early adoption permitted. The Company is currently evaluating the impact of this ASU, but does not expect a material impact to the financial statements.

In August 2018, the Commission adopted the final rule under SEC Release No. 33-10532, Disclosure Update and Simplification, amending certain disclosure requirements that were redundant, duplicative, overlapping, outdated or superseded. In addition, the amendments expanded the disclosure requirements on the analysis of stockholders' equity for interim financial statements. Under the amendments, an analysis of changes in each caption of stockholders' equity presented in the balance sheet must be provided in a note or separate statement. The analysis should present a reconciliation of the beginning balance to the ending balance of each period for which a statement of comprehensive income is required to be filed. The final rule was published in the Federal Register on October 4, 2018, effective November 5, 2018. The additional disclosure is not required until the quarterly filing covering the period beginning after the effective date of the amendments, which will be the Company's first quarter fiscal year 2020 filing. The Company is evaluating the impact of this guidance on its financial statements, but does not expect a material impact to the financial statements upon adoption.

3. Marketable Securities

The Company's investments have been classified as available-for-sale securities in accordance with U.S. GAAP. Marketable securities are categorized on the Consolidated Balance Sheet as "*Marketable securities*" within the short-term or long-term classification, as appropriate.

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

<i>As of March 30, 2019</i>	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Estimated Fair Value (Net Carrying Amount)</u>
Corporate debt securities	\$215,098	\$1,027	\$(600)	\$215,525
Non-US government securities	13,209	8	(40)	13,177
Agency discount notes	450	—	(1)	449
Total securities	<u>\$228,757</u>	<u>\$1,035</u>	<u>\$(641)</u>	<u>\$229,151</u>

The Company typically invests in highly-rated securities with original maturities generally ranging from one to three years. The Company's specifically identified gross unrealized loss of \$0.6 million related to securities with a total amortized cost of approximately \$123.1 million at March 30, 2019. Securities in a continuous unrealized loss position for more than 12 months as of March 30, 2019 had an aggregate amortized cost of \$120.3 million and an aggregate unrealized loss of \$0.6 million. The Company may sell certain of its marketable securities prior to their stated maturities for strategic reasons including, but not limited to, anticipated or actual changes in credit rating and duration management. When evaluating an investment for other-than-temporary impairment, the Company reviews factors including the length of time and extent to which fair value has been below cost basis, the financial condition of the issuer, changes in market interest rates and whether it is more likely than not the Company will be required to sell the investment before recovery of the investment's cost basis. As of March 30, 2019, the Company does not consider any of its investments to be other-than-temporarily impaired.

<i>As of March 31, 2018</i>	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Estimated Fair Value (Net Carrying Amount)</u>
Corporate debt securities	\$185,636	\$ 4	\$(2,318)	\$183,322
Non-US government securities	14,730	—	(111)	14,619
Certificates of deposit	500	—	—	500
Agency discount notes	459	—	(4)	455
Total securities	<u>\$201,325</u>	<u>\$ 4</u>	<u>\$(2,433)</u>	<u>\$198,896</u>

The Company's specifically identified gross unrealized losses of \$2.4 million related to securities with a total amortized cost of approximately \$198.2 million at March 31, 2018. There were no securities that have been

in a continuous unrealized loss position for more than 12 months as of March 31, 2018. The Company may sell certain of its marketable securities prior to their stated maturities for strategic reasons including, but not limited to, anticipated or actual changes in credit rating and duration management. When evaluating an investment for other-than-temporary impairment, the Company reviews factors including the length of time and extent to which fair value has been below cost basis, the financial condition of the issuer, changes in market interest rates and whether it is more likely than not the Company will be required to sell the investment before recovery of the investment's cost basis. As of March 31, 2018, the Company did not consider any of its investments to be other-than-temporarily impaired.

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

	March 30, 2019		March 31, 2018	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Within 1 year	\$ 70,490	\$ 70,183	\$ 26,560	\$ 26,397
After 1 year	158,267	158,968	174,765	172,499
Total	<u>\$228,757</u>	<u>\$229,151</u>	<u>\$201,325</u>	<u>\$198,896</u>

4. Fair Value of Financial Instruments

The Company has determined that the only assets and liabilities in the Company's financial statements that are required to be measured at fair value on a recurring basis are the Company's cash equivalents, investment portfolio, pension plan assets/liabilities (through the second quarter of fiscal year 2019) and contingent consideration (through the third quarter of fiscal year 2018). The Company defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company applies the following fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

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

The Company's cash equivalents and investment portfolio assets consist of corporate debt securities, money market funds, non-U.S government securities, securities of U.S. government-sponsored enterprises, and certificates of deposit and are reflected on our Consolidated Balance Sheet under the headings cash and cash equivalents, marketable securities, and long-term marketable securities. The Company determines the fair value of its investment portfolio assets by obtaining non-binding market prices from its third-party pricing providers on the last day of the quarter, whose sources may use quoted prices in active markets for identical assets (Level 1 inputs) or inputs other than quoted prices that are observable either directly or indirectly (Level 2 inputs) in determining fair value.

In connection with one of the Company's second quarter fiscal year 2016 acquisitions, the Company reported contingent consideration based upon achievement of certain milestones. This liability was classified as Level 3 prior to payout in the fourth quarter of fiscal year 2018 and was valued using a discounted cash flow model. The assumptions used in preparing the discounted cash flow included discount rate estimates and cash flow amounts. The final payment related to the contingent consideration was made in the fourth quarter of fiscal year 2018 and no further liability remains at March 30, 2019.

The Company's long-term revolving facility, described in Note 7, bears interest at a base rate plus applicable margin or LIBOR plus applicable margin. As of March 30, 2019, there are no amounts drawn under the facility and the fair value is zero.

As of March 30, 2019 and March 31, 2018, the Company has no Level 3 assets or liabilities. There were no transfers between Level 1, Level 2, or Level 3 measurements for the years ending March 30, 2019 and March 31, 2018.

The following summarizes the fair value of our financial instruments at March 30, 2019 (in thousands):

	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total
Assets:				
Cash equivalents				
Money market funds	\$216,172	\$ —	\$—	\$216,172
Available-for-sale securities				
Corporate debt securities	\$ —	\$215,525	\$—	\$215,525
Non-US government securities	—	13,177	—	13,177
Agency discount notes	—	449	—	449
	<u>\$ —</u>	<u>\$229,151</u>	<u>\$—</u>	<u>\$229,151</u>

The following summarizes the fair value of our financial instruments, exclusive of pension plan assets detailed in Note 9, at March 31, 2018 (in thousands):

	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total
Assets:				
Cash equivalents				
Money market funds	\$211,891	\$ —	\$—	\$211,891
Available-for-sale securities				
Corporate debt securities	\$ —	\$183,322	\$—	\$183,322
Non-US government securities	—	14,619	—	14,619
Certificates of deposit	—	500	—	500
Agency discount notes	—	455	—	455
	<u>\$ —</u>	<u>\$198,896</u>	<u>\$—</u>	<u>\$198,896</u>

Contingent consideration

The following summarizes the fair value of the contingent consideration at March 31, 2018:

	Maximum Value if Milestones Achieved (in thousands)	Estimated Discount Rate (%)	Fair Value (in thousands)
Tranche B — 30 month earn out period	5,000	7.7	—

	Fiscal Year Ended March 31, 2018
	(in thousands)
Beginning balance	\$ 4,695
Adjustment to estimates (research and development expense)	(4,328)
Payout of Tranche B contingent consideration	(392)
Fair value charge recognized in earnings (research and development expense)	<u>25</u>
Ending balance	\$ —

The valuation of contingent consideration was based on a weighted-average discounted cash flows model. The fair value was reviewed and estimated on a quarterly basis based on the probability of achieving defined milestones and interest rates. Changes in any of the unobservable inputs used in the fair value measurement of contingent consideration resulted in a lower or higher fair value. A change in projected outcomes if milestones were achieved was accompanied by a directionally similar change in fair value. A change in discount rate was accompanied by a directionally opposite change in fair value. Changes to the fair value due to changes in assumptions were reported in research and development expense in the Consolidated Statements of Income. In the first quarter of the fiscal year 2018, changes in the probability of achieving certain milestones associated with Tranche B of the earn-out were determined following a review of product shipment forecasts within the earn-out period. The revised estimates reduced the fair value of the liability prior to the pay out in the fourth quarter of fiscal year 2018.

5. Accounts Receivable, net

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

	March 30, 2019	March 31, 2018
Gross accounts receivable	\$120,926	\$101,004
Allowance for doubtful accounts	<u>(270)</u>	<u>(203)</u>
Accounts receivable, net	<u>\$120,656</u>	<u>\$100,801</u>

The Company regularly evaluates the collectability of accounts receivable based on age, historical customer payment trends and ongoing customer relations. The following table summarizes the changes in the allowance for doubtful accounts (in thousands):

Balance, March 26, 2016	\$(475)
Bad debt expense, net of recoveries	<u>41</u>
Balance, March 25, 2017	(434)
Bad debt expense, net of recoveries	<u>231</u>
Balance, March 31, 2018	(203)
Bad debt expense, net or recoveries	<u>(67)</u>
Balance, March 30, 2019	<u>\$(270)</u>

Recoveries on bad debt were immaterial for the three years presented above.

6. Intangibles, net and Goodwill

The intangibles, net balance included on the Consolidated Balance Sheet was \$67.8 million and \$111.5 million at March 30, 2019 and March 31, 2018, respectively.

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

Intangible Category / Weighted-Average Amortization period (in years)	March 30, 2019		March 31, 2018	
	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
Core technology (a)	\$ 1,390	\$ (1,390)	\$ 1,390	\$ (1,390)
License agreement (a)	440	(440)	440	(440)
Existing technology (6.3)	117,976	(94,136)	117,976	(75,048)
In-process research & development (“IPR&D”) (7.3)	97,972	(69,794)	97,972	(49,556)
Trademarks and tradename (10.0)	3,037	(2,461)	3,037	(2,333)
Customer relationships (10.0)	15,381	(7,270)	15,381	(5,732)
Backlog (a)	220	(220)	220	(220)
Non-compete agreements (a)	470	(470)	470	(470)
Technology licenses (3.0)	<u>28,336</u>	<u>(21,194)</u>	<u>28,063</u>	<u>(18,213)</u>
Total	<u>\$265,222</u>	<u>\$(197,375)</u>	<u>\$264,949</u>	<u>\$(153,402)</u>

(a) Intangible assets are fully amortized.

Amortization expense for intangibles in fiscal years 2019, 2018, and 2017 was \$47.8 million, \$53.7 million, and \$37.4 million, respectively. The following table details the estimated aggregate amortization expense for all intangibles owned as of March 30, 2019, for each of the five succeeding fiscal years and in the aggregate thereafter (in thousands):

For the year ended March 28, 2020	\$28,443
For the year ended March 27, 2021	\$17,750
For the year ended March 26, 2022	\$12,755
For the year ended March 25, 2023	\$ 6,663
For the year ended March 30, 2024	\$ 1,695
Thereafter	\$ 541

The goodwill balance included on the Consolidated Balance Sheet is \$286.2 million and \$288.7 million at March 30, 2019 and March 31, 2018, respectively.

7. Revolving Credit Facility

On July 12, 2016, Cirrus Logic entered into an amended and restated credit agreement (the “Credit Agreement”) with Wells Fargo Bank, National Association, as Administrative Agent, and the Lenders party thereto, for the purpose of refinancing an existing credit facility and providing ongoing working capital. The Credit Agreement provides for a \$300 million senior secured revolving credit facility (the “Credit Facility”). The Credit Facility matures on July 12, 2021. The Credit Facility is required to be guaranteed by all of Cirrus Logic’s material domestic subsidiaries (the “Subsidiary Guarantors”). The Credit Facility is secured by substantially all of the assets of Cirrus Logic and any Subsidiary Guarantors, except for certain excluded assets.

Borrowings under the Credit Facility may, at Cirrus Logic’s election, bear interest at either (a) a base rate plus the applicable margin (“Base Rate Loans”) or (b) a LIBOR Rate plus the applicable margin (“LIBOR Rate Loans”). The applicable margin ranges from 0% to 0.50% per annum for Base Rate Loans and 1.25% to 2.00% per annum for LIBOR Rate Loans based on the Leverage Ratio (as defined below). A commitment fee accrues at a rate per annum ranging from 0.20% to 0.30% (based on the Leverage Ratio) on the average daily unused portion of the commitment of the lenders. The Credit Agreement contains certain financial covenants providing that (a) the ratio of consolidated funded indebtedness to consolidated EBITDA for the prior four

consecutive quarters must not be greater than 3.00 to 1.00 (the “Leverage Ratio”) and (b) the ratio of consolidated EBITDA for the prior four consecutive fiscal quarters to consolidated fixed charges (including amounts paid in cash for consolidated interest expenses, capital expenditures, scheduled principal payments of indebtedness, and income taxes) for the prior four consecutive fiscal quarters must not be less than 1.25 to 1.00 as of the end of each fiscal quarter. The Credit Agreement also contains negative covenants limiting the Company’s or any Subsidiary’s ability to, among other things, incur debt, grant liens, make investments, effect certain fundamental changes, make certain asset dispositions, and make certain restricted payments.

As of March 30, 2019, the Company had no amounts outstanding under the Credit Facility and was in compliance with all covenants under the Credit Facility.

8. Revenues

Disaggregation of revenue

We disaggregate revenue from contracts with customers based on the ship to location of the customer. The geographic regions that are reviewed are the United States and countries outside of the United States (primarily located in Asia).

Total net sales based on the disaggregation criteria described above are as follows:

	Year Ended		
	March 30, 2019	March 31, 2018	March 25, 2017
Non-United States	\$1,159,342	\$1,498,454	\$1,502,916
United States	<u>26,182</u>	<u>33,732</u>	<u>36,024</u>
	<u>\$1,185,524</u>	<u>\$1,532,186</u>	<u>\$1,538,940</u>

See Note 2 — Summary of Significant Accounting Policies for additional discussion surrounding revenue recognition considerations.

9. Postretirement Benefit Plans

Defined Benefit Pension Plan

As a result of our acquisition of Wolfson in fiscal year 2015, the Company had a defined benefit pension scheme (“the Scheme”), for some individuals in the United Kingdom. Following the acquisition, the participants in the Scheme no longer accrued benefits and therefore the Company was not required to make contributions in respect of future accruals.

During fiscal year 2018, the Company authorized the termination of the Scheme under which 60 participants had accrued benefits. On March 16, 2018, the Scheme completed a buy-in transaction whereby the assets of the Scheme, together with a final contribution from the Company of \$11.0 million, were invested in a bulk purchase annuity contract that fully insures the benefits payable to the members of the Scheme at that time.

The bulk purchase annuity contract was structured to enable the Scheme to move to full buy-out (following which the insurance company became directly responsible for the pension payments). On November 30, 2018, the insurance company confirmed that the buy-out was completed and individual policies had been established for each member. Completion of the buy-out confirms full and final settlement of the Scheme, and the unamortized loss previously recorded within Accumulated Other Comprehensive Income (“AOCI”) of \$13.8 million was recognized within other non-operating expense as “U.K. pension settlement” in the third quarter of fiscal year 2019, with the corresponding tax benefit of \$2.6 million being recognized within “Provision for income taxes” in the Consolidated Statements of Income. As the buy-out transaction has fully settled, there will be no further contributions to the Scheme.

The following tables set forth the benefit obligation, the fair value of plan assets, and the funded status of the Scheme (in thousands):

	<u>March 30, 2019</u>	<u>March 31, 2018</u>
Change in benefit obligation:		
Beginning balance	\$ 40,601	\$21,123
Interest cost	—	651
Plan settlements	(40,601)	—
Benefits paid and expenses	—	(312)
Change in foreign currency exchange rate	—	2,869
Actuarial loss	—	<u>16,270</u>
Total benefit obligation ending balance	—	40,601
Change in plan assets:		
Beginning balance	40,601	22,143
Actual return on plan assets	—	2,700
Employer contributions	—	12,877
Plan settlements	(40,601)	—
Change in foreign currency exchange rate	—	3,193
Benefits paid and expenses	—	<u>(312)</u>
Fair value of plan assets ending balance	<u>—</u>	<u>40,601</u>
Funded status of Scheme at end of year	<u>\$ —</u>	<u>\$ —</u>

The assets and obligations of the Scheme are denominated in British Pound Sterling. Following the purchase of the bulk purchase annuity contract as of March 31, 2018, the Scheme was fully insured and the net funded status is zero as reflected in the Company’s Consolidated Balance Sheet under the caption “Other assets”. The Company’s plan assets and obligations are measured as of the fiscal year-end. As of March 31, 2018, the plan assets and obligations were measured with reference to the price of the bulk purchase annuity contract.

The components of the Company’s net periodic pension expense (income) presented within “Research and development” expenses in the Consolidated Statements of Income are as follows (in thousands):

	<u>Fiscal Years Ended</u>		
	<u>March 30, 2019</u>	<u>March 31, 2018</u>	<u>March 25, 2017</u>
Expenses	\$—	\$ —	\$ —
Interest cost	—	651	759
Expected return on plan assets	—	(1,159)	(1,126)
Settlement loss	—	—	1,063
Amortization of actuarial gain	—	—	<u>(89)</u>
	<u>\$—</u>	<u>\$ (508)</u>	<u>\$ 607</u>

The following weighted-average assumptions were used to determine net periodic benefit costs for the year ended March 30, 2019, March 31, 2018 and March 25, 2017:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Discount rate	n/a	2.70%	3.60%
Expected long-term return on plan assets	n/a	4.23%	4.93%

The table below sets forth the fair value of our plan assets as of March 31, 2018, using the same three-level hierarchy of fair-value inputs described in Note 4 (in thousands):

	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total
Plan Assets:				
Insurance contracts	\$—	\$40,601	\$—	\$40,601

The Company contributed \$12.9 million to the pension plan in fiscal year 2018. As the buy-out transaction has fully settled, there will be no further contributions to the Scheme as discussed above.

Defined Contribution Plans

We have Defined Contribution Plans (“the Plans”) covering all of our qualifying employees. Under the Plans, employees may elect to contribute any percentage of their annual compensation up to the annual regulatory limits. The Company made matching employee contributions of \$7.7 million, \$6.7 million, and \$5.5 million during fiscal years 2019, 2018, and 2017, respectively.

10. Equity Compensation

The Company is currently granting equity awards from the 2018 Long Term Incentive Plan (the “Plan”), which was approved by stockholders in August 2018. The Plan provides for granting of stock options, restricted stock awards, performance awards, phantom stock awards, and bonus stock awards, or any combination of the foregoing. To date, the Company has granted stock options, restricted stock awards, phantom stock awards (also called restricted stock units), and performance awards (also called market stock units). Each stock option granted reduces the total shares available for grant under the Plan by one share. Each full value award granted (including restricted stock awards, restricted stock units and market stock units) reduces the total shares available for grant under the Plan by 1.5 shares. Stock options generally vest between zero and four years, and are exercisable for a period of ten years from the date of grant. Restricted stock units are generally subject to vesting from zero to three years, depending upon the terms of the grant. Market stock units are subject to a vesting schedule of three years.

The following table summarizes the activity in total shares available for grant (in thousands):

	Shares Available for Grant
Balance, March 26, 2016	6,287
Shares added	—
Granted	(1,719)
Forfeited	124
Balance, March 25, 2017	4,692
Shares added	—
Granted	(1,755)
Forfeited	128
Balance, March 31, 2018	3,065
Shares added	2,509
Granted	(2,371)
Forfeited	120
Balance, March 30, 2019	3,323

Stock-based Compensation Expense

The following table summarizes the effects of stock-based compensation on cost of goods sold, research and development, sales, general and administrative, pre-tax income, and net income after taxes for shares granted under the Plan (in thousands, except per share amounts):

	Fiscal Year		
	2019	2018	2017
Cost of sales	\$ 877	\$ 1,474	\$ 1,071
Research and development	29,115	26,137	21,186
Sales, general and administrative	<u>19,697</u>	<u>21,130</u>	<u>17,336</u>
Effect on pre-tax income	49,689	48,741	39,593
Income Tax Benefit	<u>(5,748)</u>	<u>(5,953)</u>	<u>(12,482)</u>
Total stock-based compensation expense (net of taxes)	<u>43,941</u>	<u>42,788</u>	<u>27,111</u>
Stock-based compensation effects on basic earnings per share	\$ 0.73	\$ 0.67	\$ 0.43
Stock-based compensation effects on diluted earnings per share	0.71	0.65	0.41

The total stock-based compensation expense included in the table above and which is attributable to restricted stock units and market stock units was \$45.5 million, \$44.2 million, \$35.5 million, for fiscal years 2019, 2018, and 2017, respectively. Stock-based compensation expense is presented within operating activities in the Consolidated Statement of Cash Flows.

As of March 30, 2019, there was \$88.7 million of compensation costs related to non-vested stock options, restricted stock units, and market stock units granted under the Company's equity incentive plans not yet recognized in the Company's financial statements. The unrecognized compensation cost is expected to be recognized over a weighted average period of 1.3 years for stock options, 1.64 years for restricted stock units, and 1.66 years for market stock units.

In addition to the income tax benefit of stock-based compensation expense shown in the table above, the Company recognized excess tax benefits of \$0.9 million, \$11.7 million and \$22.9 million in fiscal years 2019, 2018, and 2017 respectively, as a result of the Company's early adoption of ASU 2016-09.

Stock Options

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

	<u>March 30, 2019</u>	<u>March 31, 2018</u>	<u>March 25, 2017</u>
Expected stock price volatility	38.00 - 38.14%	37.36%	47.66%
Risk-free interest rate	2.57 - 2.94%	1.67%	1.13%
Expected term (in years)	3.12 - 3.73	3.03	2.79

The Black-Scholes valuation calculation requires us to estimate key assumptions such as stock price volatility, expected term, risk-free interest rate and dividend yield. The expected stock price volatility is based upon implied volatility from traded options on our stock in the marketplace. The expected term of options granted is derived from an analysis of historical exercises and remaining contractual life of stock options, and represents the period of time that options granted are expected to be outstanding after becoming vested. The risk-free interest rate reflects the yield on zero-coupon U.S. Treasury securities for a period that is commensurate with the expected term assumption. Finally, we have never paid cash dividends, do not currently intend to pay cash dividends, and thus have assumed a zero percent dividend yield.

Using the Black-Scholes option valuation model, the weighted average estimated fair values of employee stock options granted in fiscal years 2019, 2018, and 2017, were \$16.27, \$19.87, and \$22.84, respectively.

During fiscal years 2019, 2018, and 2017, we received a net \$1.6 million, \$4.4 million, and \$16.4 million, respectively, from the exercise of 0.1 million, 0.2 million, and 1.4 million, respectively, stock options granted under the Company's Stock Plan.

The total intrinsic value of stock options exercised during fiscal year 2019, 2018, and 2017, was \$2.6 million, \$9.8 million, and \$52.2 million, respectively. Intrinsic value represents the difference between the market value of the Company's common stock at the time of exercise and the strike price of the stock option.

Additional information with respect to stock option activity is as follows (in thousands, except per share amounts):

	<u>Outstanding Options</u>	
	<u>Number</u>	<u>Weighted Average Exercise Price</u>
Balance, March 26, 2016	2,925	\$17.96
Options granted	215	54.65
Options exercised	(1,382)	11.87
Options forfeited	—	—
Options expired	—	—
Balance, March 25, 2017	1,758	\$27.25
Options granted	216	55.72
Options exercised	(234)	18.84
Options forfeited	—	—
Options expired	—	—
Balance, March 31, 2018	1,740	\$31.91
Options granted	280	40.41
Options exercised	(108)	15.03
Options forfeited	(38)	49.62
Options expired	(9)	55.01
Balance, March 30, 2019	1,865	\$33.68

Additional information with regards to outstanding options that are vesting, expected to vest, or exercisable as of March 30, 2019 is as follows (in thousands, except years and per share amounts):

	<u>Number of Options</u>	<u>Weighted Average Exercise price</u>	<u>Weighted Average Remaining Contractual Term (years)</u>	<u>Aggregate Intrinsic Value</u>
Vested and expected to vest	1,858	\$33.64	5.64	\$20,786
Exercisable	1,322	\$28.97	4.49	\$19,733

In accordance with U.S. GAAP, stock options outstanding that are expected to vest are presented net of estimated future option forfeitures, which are estimated as compensation costs are recognized. Options with a fair value of \$4.1 million, \$3.8 million, and \$3.8 million, became vested during fiscal years 2019, 2018, and 2017, respectively.

The following table summarizes information regarding outstanding and exercisable options as of March 30, 2019 (in thousands, except per share amounts):

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Number	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
\$5.00 - \$16.25	345	1.83	\$14.32	345	\$14.32
\$16.28 - \$23.34	326	4.85	21.78	326	21.78
\$23.80 - \$32.29	309	6.28	31.23	255	31.22
\$33.38 - \$38.99	303	5.45	38.27	210	38.37
\$41.49 - \$54.65	387	8.23	48.21	118	54.65
\$55.72 - \$55.72	195	7.93	55.72	68	55.72
	<u>1,865</u>	5.65	\$33.68	<u>1,322</u>	\$28.97

As of March 30, 2019 and March 31, 2018, the number of options exercisable was 1.3 million and 1.2 million, respectively.

Restricted Stock Units

Commencing in fiscal year 2011, the Company began granting restricted stock units (“RSU’s”) to select employees. These awards are valued as of the grant date and amortized over the requisite vesting period. Generally, RSU’s vest 100 percent on the first to third anniversary of the grant date depending on the vesting specifications. A summary of the activity for RSU’s in fiscal year 2019, 2018, and 2017 is presented below (in thousands, except year and per share amounts):

	Shares	Weighted Average Fair Value
March 26, 2016	3,163	\$26.14
Granted	947	52.40
Vested	(1,032)	24.67
Forfeited	(83)	28.40
March 25, 2017	2,995	34.91
Granted	936	55.79
Vested	(1,077)	24.79
Forfeited	(85)	41.09
March 31, 2018	2,769	45.70
Granted	1,416	40.57
Vested	(1,176)	33.65
Forfeited	(175)	48.15
March 30, 2019	<u>2,834</u>	<u>\$47.99</u>

The aggregate intrinsic value of RSU’s outstanding as of March 30, 2019 was \$119.2 million. Additional information with regards to outstanding restricted stock units that are expected to vest as of March 30, 2019, is as follows (in thousands, except year and per share amounts):

	Shares	Weighted Average Fair Value	Weighted Average Remaining Contractual Term (years)
Expected to vest	2,738	\$48.07	1.63

RSU's outstanding that are expected to vest are presented net of estimated future forfeitures, which are estimated as compensation costs are recognized. RSU's with a fair value of \$39.6 million and \$26.7 million became vested during fiscal years 2019 and 2018, respectively. The majority of RSUs that vested in 2019 and 2018 were net settled such that the Company withheld a portion of the shares to satisfy tax withholding requirements. In fiscal years 2019 and 2018, the vesting of RSU's reduced the authorized and unissued share balance by approximately 1.2 million and 1.1 million, respectively. Total shares withheld and subsequently retired out of the Plan were approximately 0.3 million and 0.3 million, and total payments for the employees' tax obligations to taxing authorities were \$13.1 million and \$17.8 million for fiscal years 2019 and 2018, respectively.

Market Stock Units

In fiscal year 2015, the Company began granting market stock units ("MSU's") to select employees. MSU's vest based upon the relative total shareholder return ("TSR") of the Company as compared to that of the Philadelphia Semiconductor Index ("the Index"). The requisite service period for these MSU's is also the vesting period, which is three years. The fair value of each MSU granted was determined on the date of grant using the Monte Carlo simulation, which calculates the present value of the potential outcomes of future stock prices of the Company and the Index over the requisite service period. The fair value is based on the risk-free rate of return, the volatilities of the stock price of the Company and the Index, the correlation of the stock price of the Company with the Index, and the dividend yield.

The fair values estimated from the Monte Carlo simulation were calculated using a dividend yield of zero and the following additional assumptions:

	<u>Year Ended</u>	
	<u>March 30, 2019</u>	<u>March 31, 2018</u>
Expected stock price volatility	38.00 - 38.14%	37.36%
Risk-free interest rate	2.62 - 3.01%	1.74%
Expected term (in years)	3.00	3.00

Using the Monte Carlo simulation, the weighted average estimated fair value of the MSU's granted in fiscal year 2019 was \$53.13. A summary of the activity for MSU's in fiscal year 2019, 2018, and 2017 is presented below (in thousands, except year and per share amounts):

	<u>Shares</u>	<u>Weighted Average Fair Value</u>
March 26, 2016	125	\$34.85
Granted	55	75.58
Vested	—	—
Forfeited	—	—
March 25, 2017	<u>180</u>	<u>\$47.30</u>
Granted	89	47.26
Vested	(70)	22.00
Forfeited	—	—
March 31, 2018	<u>199</u>	<u>\$56.16</u>
Granted	68	53.13
Vested	—	—
Forfeited	<u>(101)</u>	<u>43.41</u>
March 30, 2019	<u>166</u>	<u>\$62.77</u>

The aggregate intrinsic value of MSU's outstanding as of March 30, 2019 was \$7.0 million. Additional information with regard to outstanding MSU's that are expected to vest as of March 30, 2019 is as follows (in thousands, except year and per share amounts):

	<u>Shares</u>	<u>Weighted Average Fair Value</u>	<u>Weighted Average Remaining Contractual Term (years)</u>
Expected to vest	160	\$62.91	1.64

MSU's with a fair value of \$1.5 million became vested during fiscal year 2018. No MSU's became vested in fiscal year 2019 and 2017.

11. Commitments and Contingencies

Facilities and Equipment Under Operating and Capital Lease Agreements

We currently own our corporate headquarters and select surrounding properties. We lease certain of our other facilities and certain equipment under operating lease agreements, some of which have renewal options. Certain of these arrangements provide for lease payment increases based upon future fair market rates. As of March 30, 2019, our principal facilities are located in Austin, Texas and Edinburgh, Scotland, United Kingdom.

Total rent expense under operating leases was approximately \$12.7 million, \$11.5 million, and \$8.2 million, for fiscal years 2019, 2018, and 2017, respectively. Rental income was \$0.2 million, \$0.3 million, and \$0.4 million, for fiscal years 2019, 2018, and 2017, respectively.

As of March 30, 2019, the aggregate minimum future rental commitments under all operating leases, net of lease income for the following fiscal years are (in thousands):

	<u>Facilities Expense</u>	<u>Facilities Income</u>	<u>Net Facilities Commitments</u>	<u>Equipment and Other Commitments</u>	<u>Total Commitments</u>
2020	\$ 14,583	\$ 240	\$ 14,343	\$144	\$ 14,487
2021	13,856	245	13,611	143	13,754
2022	13,288	252	13,036	135	13,171
2023	12,456	258	12,198	125	12,323
2024	12,092	265	11,827	114	11,941
Thereafter	<u>35,704</u>	<u>316</u>	<u>35,388</u>	<u>222</u>	<u>35,610</u>
Total minimum lease payment	\$101,979	\$1,576	\$100,403	\$883	\$101,286

Wafer, Assembly, Test and Other Purchase Commitments

We rely primarily on third-party foundries for our wafer manufacturing needs. Generally, our foundry agreements do not have volume purchase commitments and primarily provide for purchase commitments based on purchase orders. Cancellation fees or other charges may apply and are generally dependent upon whether wafers have been started or the stage of the manufacturing process at which the notice of cancellation is given. As of March 30, 2019, we had foundry commitments of \$62.6 million.

In addition to our wafer supply arrangements, we contract with third-party assembly vendors to package the wafer die into finished products. Assembly vendors provide fixed-cost-per-unit pricing, as is common in the semiconductor industry. We had non-cancelable assembly purchase orders with numerous vendors totaling \$1.4 million at March 30, 2019.

Test vendors provide fixed-cost-per-unit pricing, as is common in the semiconductor industry. Our total non-cancelable commitment for outside test services as of March 30, 2019 was \$10.1 million.

Other purchase commitments primarily relate to multi-year tool commitments, and were \$45.7 million at March 30, 2019.

12. Legal Matters

From time to time, we are involved in legal proceedings concerning matters arising in connection with the conduct of our business activities. We regularly evaluate the status of legal proceedings in which we are involved to assess whether a loss is probable or there is a reasonable possibility that a loss or additional loss may have been incurred and to determine if accruals are appropriate. We further evaluate each legal proceeding to assess whether an estimate of possible loss or range of loss can be made. Based on current knowledge, management does not believe that there are any pending matters that could potentially have a material adverse effect on our business, financial condition, results of operations or cash flows.

13. Stockholders' Equity

Share Repurchase Program

In January 2018, the Company announced that the Board of Directors authorized a share repurchase program of up to \$200 million of the Company's common stock. As of March 30, 2019, the Company had repurchased 4.0 million shares under this plan at a cost of approximately \$160.0 million, or an average cost of \$40.30 per share. Approximately \$40.0 million remains available for repurchase under this plan. All of these shares were repurchased in the open market and were funded from existing cash. All shares of our common stock that were repurchased were retired as of March 30, 2019. In January 2019, the Board of Directors authorized the repurchase of up to an additional \$200 million of the Company's common stock. No shares have been repurchased under the new plan as of March 30, 2019.

Preferred Stock

We have 5.0 million shares of Preferred Stock authorized. As of March 30, 2019, we have not issued any of the authorized shares.

14. Accumulated Other Comprehensive Loss

Our accumulated other comprehensive loss is comprised of foreign currency translation adjustments, unrealized gains and losses on investments classified as available-for-sale, and actuarial gains and losses on our defined benefit pension plan assets.

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

	<u>Foreign Currency</u>	<u>Unrealized Gains (Losses) on Securities</u>	<u>Actuarial Gains (Losses) on Defined Benefit Pension Plan</u>	<u>Total</u>
Balance, March 25, 2017	\$(1,302)	\$ (31)	\$ 760	\$ (573)
Current period foreign exchange translation	2,791	—	—	2,791
Current period marketable securities activity	—	(2,380)	—	(2,380)
Current period actuarial gain/loss activity	—	—	(14,729)	(14,729)
Tax effect	—	750	2,780	3,530
Balance, March 31, 2018	<u>1,489</u>	<u>(1,661)</u>	<u>(11,189)</u>	<u>(11,361)</u>
Current period foreign exchange translation	(3,125)	—	—	(3,125)
Current period marketable securities activity	—	2,823	—	2,823
Current period actuarial gain/loss activity	—	—	13,814	13,814
Tax effect	—	(592)	(2,625)	(3,217)
Balance, March 30, 2019	<u><u>\$(1,636)</u></u>	<u><u>\$ 570</u></u>	<u><u>\$ —</u></u>	<u><u>\$ (1,066)</u></u>

15. Income Taxes

Income before income taxes consisted of (in thousands):

	<u>Fiscal Years Ended</u>		
	<u>March 30, 2019</u>	<u>March 31, 2018</u>	<u>March 25, 2017</u>
U.S.	\$41,980	\$ 91,220	\$137,654
Non-U.S.	51,764	173,879	177,393
	<u><u>\$93,744</u></u>	<u><u>\$265,099</u></u>	<u><u>\$315,047</u></u>

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

	Fiscal Years Ended		
	March 30, 2019	March 31, 2018	March 25, 2017
Current:			
U.S.	\$ (7,109)	\$ 66,082	\$28,940
Non-U.S.	12,428	21,812	7,234
Total current tax provision	<u>\$ 5,319</u>	<u>\$ 87,894</u>	<u>\$36,174</u>
Deferred:			
U.S.	5,441	19,309	2,576
Non-U.S.	<u>(7,007)</u>	<u>(4,099)</u>	<u>15,088</u>
Total deferred tax provision	<u>(1,566)</u>	<u>15,210</u>	<u>17,664</u>
Total tax provision	<u>\$ 3,753</u>	<u>\$103,104</u>	<u>\$53,838</u>

The effective income tax rates differ from the rates computed by applying the statutory federal rate to pretax income as follows (in percentages):

	Fiscal Years Ended		
	March 30, 2019	March 31, 2018	March 25, 2017
U.S. federal statutory rate	21.0	31.6	35.0
Foreign income taxed at different rates	(2.9)	(9.6)	(8.7)
Transition tax on deferred foreign income	(11.8)	20.3	—
Remeasurement of U.S. deferred tax balance	(0.1)	2.3	—
Research and development tax credits	(6.7)	(2.5)	(1.8)
Stock-based compensation	(1.0)	(4.5)	(7.3)
Foreign-derived intangible income deduction	(2.8)	—	—
Current U.S. tax on foreign earnings	2.2	0.7	0.1
Change in valuation allowance	4.4	—	—
Interest related to unrecognized tax benefits	1.6	—	—
Other	<u>0.1</u>	<u>0.6</u>	<u>(0.2)</u>
Effective tax rate	<u>4.0</u>	<u>38.9</u>	<u>17.1</u>

The Tax Cuts and Jobs Act (the “Tax Act”) was enacted on December 22, 2017. The Tax Act reduced the U.S. federal corporate tax rate from 35% to 21%, restricted the deductibility of certain business expenses, required companies to pay a one-time transition tax on earnings of certain foreign subsidiaries that were previously tax-deferred, and created new taxes on certain foreign sourced earnings, among other provisions. In fiscal year 2018 and the first six months of fiscal year 2019, we recorded provisional amounts for certain enactment-date effects of the Tax Act by applying the guidance in SEC Staff Accounting Bulletin No. 118 (“SAB 118”) because we had not yet completed our enactment-date accounting for these effects. In fiscal year 2018, the Company recorded provisional amounts related to the enactment-date effects of the Tax Act that included recording the one-time transition tax liability related to undistributed earnings of certain foreign subsidiaries that were not previously taxed and the revaluation of certain deferred tax assets and liabilities. In fiscal year 2019, certain discrete adjustments to the provisional amounts were recorded. Our accounting for the enactment-date effects of the Tax Act was completed during the quarter ended December 29, 2018. The changes to the fiscal year 2018 enactment-date provisional amounts decreased the effective tax rate in fiscal year 2019 by 11.9%.

We applied the guidance in SAB 118 when accounting for the enactment-date effects of the Tax Act under ASC 740, *Income Taxes*, for the following aspects: remeasurement of deferred tax assets and liabilities, one-time transition tax, and tax on global intangible low taxed income (“GILTI”). As further discussed below, during the first nine months of fiscal year 2019 we recognized adjustments of \$11.1 million that decreased the enactment-date provisional amounts recorded at March 31, 2018.

The one-time transition tax represents the tax on our total post-1986 earnings and profits, which was previously deferred from U.S. income taxes under prior U.S. law. We recorded a provisional amount for our one-time transition tax liability for each of our foreign subsidiaries, resulting in a transition tax liability of \$53.9 million at March 31, 2018. Upon further analysis of the Tax Act, subsequent Internal Revenue Service (“IRS”) guidance, and regulations proposed by the U.S. Department of the Treasury and the IRS, we finalized our calculations of the transition tax liability during the third quarter of fiscal year 2019. We recognized a decrease of \$11.0 million to the transition tax provisional amount in fiscal year 2019, which is included as a component of income tax expense from continuing operations. We have elected to pay our transition tax over the eight-year period provided in the Tax Act. As of March 30, 2019, the remaining balance of our transition tax obligation is \$27.0 million, which will be paid over the next seven years.

We remeasured certain deferred tax assets and liabilities based on the rates at which they were expected to reverse in the future, which was generally 21%, by recording a provisional amount of \$6.1 million at March 31, 2018. We finalized our calculations and recognized a decrease of \$0.1 million to our provisional amount in fiscal year 2019, which is included as a component of income tax expense from continuing operations.

The Tax Act subjects a U.S. shareholder to current tax on certain earnings of foreign subsidiaries under a provision commonly known as GILTI. Under U.S. GAAP, an accounting policy election can be made to either recognize deferred taxes for temporary basis differences expected to reverse as GILTI in future years, or to provide for the tax expense related to GILTI in the year the tax is incurred as a period expense only. We have elected to account for GILTI in the year the tax is incurred.

The transition to a territorial tax system under the Tax Act means that the taxation of future dividend distributions by foreign subsidiaries is expected to be limited to withholding taxes that may apply based on the jurisdiction of the subsidiary. As of March 30, 2019, unremitted earnings from our foreign subsidiaries are not expected to be indefinitely reinvested. No taxes have been accrued for foreign withholding taxes on these earnings as these amounts are not material. We have not provided additional income taxes for any other outside basis differences inherent in these entities, as these amounts continue to be indefinitely reinvested in foreign operations. Determining the amount of unrecognized deferred tax liability related to all other outside basis differences in these entities is not practicable at this time.

Significant components of our deferred tax assets and liabilities as of March 30, 2019 and March 31, 2018 are (in thousands):

	<u>March 30, 2019</u>	<u>March 31, 2018</u>
Deferred tax assets:		
Accrued expenses and allowances	\$ 4,024	\$ 5,793
Net operating loss carryforwards	2,940	3,646
Research and development tax credit carryforwards	13,111	12,701
Stock-based compensation	14,667	14,156
Other	<u>1,261</u>	<u>2,402</u>
Total deferred tax assets	\$ 36,003	\$ 38,698
Valuation allowance for deferred tax assets	<u>(18,588)</u>	<u>(14,671)</u>
Net deferred tax assets	<u>\$ 17,415</u>	<u>\$ 24,027</u>
Deferred tax liabilities:		
Depreciation and amortization	\$ 8,913	\$ 9,184
Acquisition intangibles	<u>8,803</u>	<u>13,427</u>
Total deferred tax liabilities	\$ 17,716	\$ 22,611
Total net deferred tax assets (liabilities)	<u>\$ (301)</u>	<u>\$ 1,416</u>

Deferred tax assets and liabilities are recorded for the estimated tax impact of temporary differences between the tax basis and book basis of assets and liabilities. A valuation allowance is established against a deferred tax asset when it is more likely than not that the deferred tax asset will not be realized. Our valuation allowance increased by \$3.9 million in fiscal year 2019, which included a decrease of \$0.2 million with no effect on tax expense and a net increase of \$4.1 million which affected tax expense. The Company maintains a valuation allowance for certain deferred tax assets primarily relating to certain U.S. federal tax deductions, state net operating loss carryforwards, and state tax credit carryforwards due to the likelihood that they will expire or go unutilized. Management believes that the Company's results from future operations will generate sufficient taxable income in the appropriate jurisdictions and of the appropriate character such that it is more likely than not that the remaining deferred tax assets will be realized.

At March 30, 2019, the Company had gross federal net operating loss carryforwards of \$9.2 million, all of which related to acquired companies and are, therefore, subject to certain limitations under Section 382 of the Internal Revenue Code. The federal net operating loss carryforwards expire in fiscal years 2020 through 2031. At March 30, 2019, the Company had gross state net operating loss carryforwards of \$22.2 million. The state net operating loss carryforwards expire in fiscal years 2020 through 2029. In addition, the Company had \$13.4 million of state business tax, minimum tax, and research and development tax credit carryforwards. Certain of these state tax credits will expire in fiscal years 2021 through 2034. The remaining state tax credit carryforwards do not expire.

The following table summarizes the changes in the unrecognized tax benefits (in thousands):

	<u>March 30, 2019</u>	<u>March 31, 2018</u>
Beginning balance	\$ 55,164	\$30,858
Additions based on tax positions related to the current year	2,204	26,602
Reductions based on tax positions related to the prior years	<u>(17,622)</u>	<u>(2,296)</u>
Ending balance	<u>\$ 39,746</u>	<u>\$55,164</u>

The Company records unrecognized tax benefits for the estimated risk associated with tax positions taken on tax returns. At March 30, 2019, the Company had gross unrecognized tax benefits of \$39.7 million, all of which would impact the effective tax rate if recognized. During fiscal year 2019, the Company had gross increases of \$2.2 million related to current year unrecognized tax positions, as well as gross decreases of \$17.6 million related to prior year unrecognized tax positions. The Company’s unrecognized tax benefits are classified as “*Non-current income taxes*” in the Consolidated Balance Sheet.

The Company recognizes interest and penalties related to unrecognized tax benefits in the provision for income taxes. During fiscal years 2019 and 2018 we recognized interest expense, net of tax, of approximately \$1.5 million and \$0.8 million, respectively.

The Company and its subsidiaries are subject to U.S. federal income tax as well as income tax in multiple state and foreign jurisdictions. Fiscal years 2016 through 2019 remain open to examination by the major taxing jurisdictions to which the Company is subject, although carry forward attributes that were generated in tax years prior to fiscal year 2016 may be adjusted upon examination by the tax authorities if they have been, or will be, used in a future period. The Company’s United Kingdom subsidiaries are currently under a limited scope tax audit for certain income tax matters related to fiscal years 2016 and 2017. The Company’s fiscal year 2017 federal income tax return is under examination by the U.S. Internal Revenue Service. The Company believes it has accrued adequate reserves related to the matters under examination. The Company is not under an income tax audit in any other major taxing jurisdiction.

16. Segment Information

We determine our operating segments in accordance with Financial Accounting Standards Board (“FASB”) guidelines. Our Chief Executive Officer (“CEO”) has been identified as the chief operating decision maker under these guidelines.

The Company operates and tracks its results in one reportable segment, but reports revenue performance in two product lines, which currently are portable and non-portable and other. Our CEO receives and uses enterprise-wide financial information to assess financial performance and allocate resources, rather than detailed information at a product line level. Additionally, our product lines have similar characteristics and customers. They share operations support functions such as sales, public relations, supply chain management, various research and development and engineering support, in addition to the general and administrative functions of human resources, legal, finance and information technology. Therefore, there is no complete, discrete financial information maintained for these product lines. Revenue from our product lines are as follows (in thousands):

	Fiscal Years Ended		
	<u>March 30, 2019</u>	<u>March 31, 2018</u>	<u>March 25, 2017</u>
Portable Products	\$1,032,049	\$1,363,876	\$1,373,848
Non-Portable and Other Products	153,475	168,310	165,092
	<u>\$1,185,524</u>	<u>\$1,532,186</u>	<u>\$1,538,940</u>

Geographic Area

The following illustrates sales by ship to location of the customer (in thousands):

	Fiscal Years Ended		
	March 30, 2019	March 31, 2018	March 25, 2017
United States	\$ 26,182	\$ 33,732	\$ 36,024
EMEA	14,406	15,458	14,791
China	922,202	1,264,000	1,249,325
Hong Kong	166,460	162,652	181,283
Japan	9,210	12,131	11,819
Taiwan	17,106	13,224	14,426
Other Asia	18,439	20,044	19,747
Other non-U.S. countries	11,519	10,945	11,525
Total consolidated sales	<u>\$1,185,524</u>	<u>\$1,532,186</u>	<u>\$1,538,940</u>

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

	Fiscal Years Ended	
	March 30, 2019	March 31, 2018
United States	\$126,292	\$130,202
EMEA	39,426	44,339
China	1,682	1,489
Japan	73	115
South Korea	870	1,217
Taiwan	15,349	7,743
Other Asia	1,999	5,444
Other non-U.S. countries	494	605
Total consolidated property, plant and equipment, net	<u>\$186,185</u>	<u>\$191,154</u>

17. Quarterly Results (Unaudited)

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

The unaudited quarterly statement of operations data for each quarter of fiscal years 2019 and 2018 were as follows (in thousands, except per share data):

	Fiscal Year 2019			
	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>
Net sales	\$254,483	\$366,305	\$324,295	\$240,441
Gross profit	124,559	185,119	163,180	124,639
Net income (loss)	(4,272)	58,173	29,933	6,157
Basic income (loss) per share	\$ (0.07)	\$ 0.96	\$ 0.50	\$ 0.10
Diluted income (loss) per share	(0.07)	0.93	0.49	0.10
	Fiscal Year 2018			
	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>
Net sales	\$320,735	\$425,537	\$482,741	\$303,173
Gross profit	161,716	211,282	235,088	152,630
Net income	42,912	73,300	33,779	12,004
Basic income per share	\$ 0.67	\$ 1.16	\$ 0.53	\$ 0.19
Diluted income per share	0.64	1.10	0.52	0.19

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

None.

ITEM 9A. **Controls and Procedures**

Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15(e) of the Exchange Act, we have evaluated, under the supervision and with the participation of our management, including our chief executive officer (CEO) and chief financial officer (CFO), the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(b) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Form 10-K. Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by us in reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms and (ii) accumulated and communicated to our management, including our CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure. Based upon the evaluation, our management, including our CEO and CFO, has concluded that our disclosure controls and procedures were effective as of March 30, 2019.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined under Rule 13a-15(f). Under the supervision and with the participation of our management, including our CEO and CFO, we assessed the effectiveness of our internal control over financial reporting as of the end of the period covered by this report based on the criteria set forth in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework).

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

Based on its assessment of internal control over financial reporting, management has concluded that our internal control over financial reporting was effective as of March 30, 2019, to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of our financial statements for external purposes in accordance with U.S. generally accepted accounting principles. Our independent registered public accounting firm, Ernst & Young LLP, has issued an attestation report on management's assessment of our internal control over financial reporting as of March 30, 2019, included in Item 8 of this report.

Changes in Internal Control Over Financial Reporting

There has been no change in the Company's internal control over financial reporting during the quarter ended March 30, 2019, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART III

ITEM 10. *Directors, Executive Officers and Corporate Governance*

The information set forth in the proxy statement to be delivered to stockholders in connection with our Annual Meeting of Stockholders to be held on August 2, 2019 (the “Proxy Statement”) under the headings *Corporate Governance — Board Meetings and Committees, Corporate Governance — Audit Committee, Proposals to be Voted on — Proposal No. 1 — Election of Directors* is incorporated herein by reference.

ITEM 11. *Executive Compensation*

The information set forth in the Proxy Statement under the headings *Director Compensation Arrangements, Compensation Discussion and Analysis, Compensation Committee Report, and Proposals to be Voted on — Proposal No. 3 — Advisory Vote to Approve Executive Compensation* is incorporated herein by reference.

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

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

ITEM 13. *Certain Relationships and Related Transactions, and Director Independence*

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

ITEM 14. *Principal Accountant Fees and Services*

The information set forth in the Proxy Statement under the headings *Audit and Non-Audit Fees and Services* and *Proposal No. 2 — Ratification of Appointment of Independent Registered Public Accounting Firm* is incorporated herein by reference.

PART IV

ITEM 15. *Exhibits and Financial Statement Schedules*

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

1. Consolidated Financial Statements

- Reports of Ernst & Young LLP, Independent Registered Public Accounting Firm.
- Consolidated Balance Sheets as of March 30, 2019 and March 31, 2018.
- Consolidated Statements of Income for the fiscal years ended March 30, 2019, March 31, 2018, and March 25, 2017.
- Consolidated Statements of Comprehensive Income for the fiscal years ended March 30, 2019, March 31, 2018, and March 25, 2017.
- Consolidated Statements of Cash Flows for the fiscal years ended March 30, 2019, March 31, 2018, and March 25, 2017.
- Consolidated Statements of Stockholders' Equity for the fiscal years ended March 30, 2019, March 31, 2018, and March 25, 2017.
- Notes to Consolidated Financial Statements.

2. Financial Statement Schedules

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

3. Exhibits

The following exhibits are files as part of or incorporated by reference into this Annual Report on Form 10-K.

<u>Number</u>	<u>Description</u>
2.1	Cooperation Agreement dated April 29, 2014 between the Company and Wolfson Microelectronics plc. (1)
3.1	Certificate of Incorporation of Registrant, filed with the Delaware Secretary of State on August 26, 1998. (2)
3.2	Amended and Restated Bylaws of Registrant. (3)
10.1+	Cirrus Logic, Inc. 2006 Stock Incentive Plan, amended and restated as of May 26, 2015. (7)
10.2+	Form of Stock Option Agreement for options granted under the Cirrus Logic, Inc. 2006 Stock Incentive Plan. (4)
10.3+	Form of Stock Option Agreement for options for U.K. Employees under the Cirrus Logic, Inc. 2006 Stock Incentive Plan. (12)
10.4+	Form of Notice of Grant of Stock Option for options granted under the Cirrus Logic, Inc. 2006 Stock Incentive Plan. (4)
10.5+	Form of Stock Option Agreement for Outside Directors under the Cirrus Logic, Inc. 2006 Stock Incentive Plan. (6)
10.6+	Form of Restricted Stock Unit Agreement for U.S. Employees under the Cirrus Logic, Inc. 2006 Stock Incentive Plan. (5)
10.7+	Form of Restricted Stock Unit Agreement for U.K. Employees under the Cirrus Logic, Inc. 2006 Stock Incentive Plan. (10)

<u>Number</u>	<u>Description</u>
10.8+	Form of Notice of Grant of Restricted Stock Units granted under the Cirrus Logic, Inc. 2006 Stock Incentive Plan. (5)
10.9+	Form of Performance Award Agreement for U.S. Employees under the Cirrus Logic, Inc. 2006 Stock Incentive Plan. (9)
10.10+	Form of Notice of Performance Award Agreement for U.S. Employees under the Cirrus Logic Inc. 2006 Stock Incentive Plan (10)
10.11+	Form of Performance Award Agreement for U.K. Employees under the Cirrus Logic, Inc. 2006 Stock Incentive Plan. (12)
10.12+	Executive Severance and Change of Control Plan, effective as of October 1, 2007, as amended and restated on April 1, 2018. (14)
10.13+	2007 Management and Key Individual Contributor Incentive Plan, as amended on May 20, 2016. (12)
10.14+	Cirrus Logic, Inc. 2018 Long Term Incentive Plan. (15)
10.15+	Form of Restricted Stock Unit Agreement. (15)
10.16+	Form of Notice of Grant of Restricted Stock Units. (15)
10.17+	Form of Performance Award Agreement. (15)
10.18+	Form of Notice of Grant of Performance Award. (15)
10.19+	Form of Stock Option Agreement. (15)
10.20+	Form of Notice of Grant of Stock Option. (15)
10.21+	Form of Notice of Grant of Stock Award. (15)
10.22	Credit Agreement dated April 29, 2014 among the Company, Wells Fargo Bank and National Association, as Administrative Agent and Lender. (1)
10.23	Credit Agreement dated August 29, 2014 among Registrant, Wells Fargo Bank and National Association, as Administrative Agent and Initial Issuing Lender. (8)
10.24	First Amendment to Credit Agreement among Cirrus Logic, Inc., the Lenders party thereto and Wells Fargo Bank, National Association, as Lender and Administrative Agent. (11)
10.25	Amended and Restated Credit Agreement among the Company, Wells Fargo Bank, National Association, as Administrative Agent and Initial Issuing Lender, and Bank of America, N.A., as Syndication Agent. (13)
14.1	Code of Conduct, dated March 24, 2015. (10)
21.1*	List of Subsidiaries.
23.1*	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm.
24.1*	Power of Attorney (see signature page).
31.1*	Certification of Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document

<u>Number</u>	<u>Description</u>
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document

+ Indicates a management contract or compensatory plan or arrangement.

* Filed with this Form 10-K.

- (1) Incorporated by reference from Registrant's Report on Form 8-K filed with the SEC on April 29, 2014 (Registration No. 000-17795).
- (2) Incorporated by reference from Registrant's Report on Form 10-K for the fiscal year ended March 31, 2001, filed with the SEC on June 22, 2001 (Registration No. 000-17795).
- (3) Incorporated by reference from Registrant's Report on Form 8-K filed with the SEC on September 20, 2013.
- (4) Incorporated by reference from Registrant's Statement on Form S-8 filed with the SEC on August 1, 2006 (Registration No. 000-17795).
- (5) Incorporated by reference from Registrant's Report on Form 8-K filed with the SEC on October 7, 2010.
- (6) Incorporated by reference from Registrant's Report on Form 8-K filed with the SEC on August 1, 2007.
- (7) Incorporated by reference to Exhibit A of the Registrant's Definitive Proxy Statement on Schedule 14A filed with the SEC on June 2, 2015.
- (8) Incorporated by reference from Registrant's Report on Form 8-K filed with the SEC on September 3, 2014.
- (9) Incorporated by reference from Registrant's Report on Form 8-K filed with the SEC on September 22, 2014.
- (10) Incorporated by reference from Registrant's Report on Form 10-K filed with the SEC on May 27, 2015 (Registration No. 000-17795).
- (11) Incorporated by reference from Registrant's Report on Form 8-K filed with the SEC on June 26, 2015.
- (12) Incorporated by reference from Registrant's Report on Form 10-K filed with the SEC on May 25, 2016 (Registration No. 000-17795).
- (13) Incorporated by reference from Registrant's Report on Form 8-K with the SEC on July 15, 2016 (Registration No. 000-17795).
- (14) Incorporated by reference from Registrant's Report on Form 10-K with the SEC on May 30, 2018 (Registration No. 000-17795).
- (15) Incorporated by reference from Registrant's Statement on Form S-8 filed with the SEC on August 3, 2018 (Registration No. 333-226578).

Signatures

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

CIRRUS LOGIC, INC.

By: /s/ THURMAN K. CASE

Thurman K. Case
Vice President, Chief Financial Officer and
Chief Accounting Officer
May 24, 2019

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

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

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ JASON P. RHODE</u> Jason P. Rhode	President and Chief Executive Officer	May 24, 2019
<u>/s/ THURMAN K. CASE</u> Thurman K. Case	Vice President, Chief Financial Officer and Chief Accounting Officer	May 24, 2019
<u>/s/ JOHN C. CARTER</u> John C. Carter	Director	May 24, 2019
<u>/s/ ALEX DAVERN</u> Alex Davern	Director	May 24, 2019
<u>/s/ TIMOTHY R. DEHNE</u> Timothy R. Dehne	Director	May 24, 2019
<u>/s/ DEIRDRE HANFORD</u> Deirdre Hanford	Director	May 24, 2019
<u>/s/ ALAN R. SCHUELE</u> Alan R. Schuele	Director	May 24, 2019
<u>/s/ DAVID J. TUPMAN</u> David J. Tupman	Director	May 24, 2019



JASON P. RHODE
President and Chief Executive Officer

June 5, 2019

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 Friday, August 2, 2019, at 11:00 a.m. Central Time. This year's Annual Meeting will once again be a virtual-only stockholder meeting, which we hope, in addition to saving travel and other costs, will allow a broader group of stockholders to participate. You will be able to participate, vote, and submit your questions during the meeting on a live webcast at www.virtualshareholdermeeting.com/CRUS2019. To access this website and enter the meeting, you should have available your control number, which is included with the proxy materials. We intend to hold the virtual-only meeting in a manner that affords you the same rights and opportunities to participate as you would have at an in-person meeting.

We are providing the proxy materials electronically via the internet, which will allow our stockholders to have immediate access to those materials at their discretion. Paper copies may also be requested.

Even if you plan to participate in the Annual Meeting by live webcast, 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 in advance 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 values the participation of its stockholders. Your vote is an important part of our system of corporate governance, and I strongly encourage you to participate.

Sincerely,

A handwritten signature in black ink, appearing to read "Jason P. Rhode", written in a cursive style.

Jason P. Rhode
President and Chief Executive Officer

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Important Notice Regarding the Availability of Proxy Materials for the 2019 Annual Meeting of Stockholders to be held August 2, 2019

Copies of the Notice of the 2019 Annual Meeting of Stockholders, this proxy statement, and our Annual Report on Form 10-K are also available on our website at www.cirrus.com. You also may receive copies of these documents at no charge upon request directed to:

Cirrus Logic, Inc. Investor Relations
800 W. 6th Street, Austin, Texas 78701
telephone: (512) 851-4125; email: Investor.Relations@cirrus.com

**Cirrus Logic, Inc.
800 W. 6th Street
Austin, Texas 78701**

2019 Annual Meeting of Stockholders

**August 2, 2019
YOUR VOTE IS IMPORTANT**

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Cirrus Logic, Inc. (the “Company,” “our,” or “we”) will hold its 2019 Annual Meeting of Stockholders as follows:

Friday, August 2, 2019

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

Via live webcast available at www.virtualshareholdermeeting.com/CRUS2019

This year’s Annual Meeting will again be a virtual-only meeting, which we intend to hold in a manner that affords you the same rights and opportunities to participate as you would have at an in-person meeting. 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/CRUS2019. To access this website and enter the meeting, you must have your control number available. 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 nominees named in this proxy statement to serve as 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, 2020;
- (iii) an advisory vote to approve executive compensation; and
- (iv) 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 online, or you can vote in advance of the virtual meeting by internet, by telephone, or by mail. For specific voting information, please see “Questions and Answers about the Proxy Materials, the Annual Meeting, and Voting Procedures” on page 3.

Stockholders of record at the close of business on June 3, 2019, are entitled to notice of, and to vote at, the Annual Meeting. On June 3, 2019, approximately 58,116,959 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 and during the meeting.

The Board of Directors of the Company asks you to vote in favor of the seven nominated directors and for proposals 2 and 3. 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. 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.

PROXY STATEMENT

2019 ANNUAL MEETING OF STOCKHOLDERS

To Be Held Friday, August 2, 2019

Cirrus Logic, Inc.
800 W. 6th Street
Austin, Texas 78701
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 2019 Annual Meeting of Stockholders and any adjournments or postponements of the meeting (the “Annual Meeting”). The Annual Meeting will be held on August 2, 2019, at 11:00 a.m., Central Daylight Time, and may be accessed on a live webcast via the internet at www.virtualshareholdermeeting.com/CRUS2019.

Beginning on June 21, 2019, Cirrus Logic will make these proxy materials available to our stockholders on the internet or through the 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 August 2, 2019. As a stockholder of record as of the close of business on June 3, 2019 (the “Record Date”), 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: Who is entitled to notice of and to vote at the Annual Meeting?

A: Stockholders of record as of the Record Date are entitled to notice of and to vote at the Annual Meeting.

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 2019 Annual Report to Stockholders on Form 10-K for the fiscal year ended March 30, 2019, is also being made electronically available or mailed to each stockholder as of the Record Date.

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 by email.

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 using all Notices of Internet Availability you receive, or all proxy cards and voting instruction cards you received.

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

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

- (1) the election of seven nominees named in this proxy statement to serve as 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, 2020; and
- (3) an advisory (non-binding) vote to approve executive compensation.

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/CRUS2019. The webcast will begin at 11:00 a.m., Central Daylight Time, on August 2, 2019. Stockholders as of the Record Date 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/CRUS2019.
- Webcast begins at 11:00 a.m. Central Daylight Time on August 2, 2019.
- Stockholders as of the Record Date 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/CRUS2019.
- A webcast replay of the meeting will be available after the meeting at www.virtualshareholdermeeting.com/CRUS2019.

Q: What are the Board’s voting recommendations?

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, 2020; and
- “FOR” the approval, on a non-binding, advisory basis, of executive compensation.

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; however you will need to demonstrate proof of ownership pursuant to the instructions provided at www.virtualshareholdermeeting.com/CRUS2019.

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, if you held those shares as of the Record Date, 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 you are also invited to participate in 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/CRUS2019. 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 live 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, but 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 for voting instructions specific to your holdings. 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. 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.

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 the response to “*What are the Board’s voting recommendations?*” above.

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: If you do not transmit voting instructions, your stockbroker is permitted to vote on your behalf on routine matters only. The ratification of the appointment of independent registered public accounting firm (Proposal No. 2) is the only routine matter, and therefore, the only matter that brokers may vote on without instruction from the beneficial owner. Your stockbroker is not permitted to vote on your behalf on non-routine matters if you do not transmit your voting instructions. The election of directors (Proposal No. 1) and the advisory vote to approve executive compensation (Proposal No. 3) 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 new instructions 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,” and if you “ABSTAIN” on any of these matters, it has the same effect as a vote “AGAINST,” as described in response to the question below.

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

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

A: Directors are elected by a plurality of votes cast, which means that, for this year, 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 for purposes of the quorum requirement. For proposals 2 and 3, 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, 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 a non-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 58,116,959 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 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.

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 2020 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 (February 22, 2020). 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 2020 annual meeting of stockholders, other than pursuant to Rule 14a-8, 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 earlier than 120 calendar days (April 4, 2020) and no later than 90 calendar days (May 4, 2020) prior to the first anniversary date of the previous year's annual meeting of stockholders. Proposals and nominations should be addressed to: Corporate Secretary, Cirrus Logic, Inc., 800 W. 6th Street, Austin, Texas 78701.

Copy of Bylaw Provisions: You may contact the Corporate Secretary at our headquarters, 800 W. 6th 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 30, 2019, 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. During the period in which he or she served, no director attended less than 75% of the aggregate of (i) the total number of Board meetings and (ii) the total number of his or her Committee meetings. Pursuant to our Corporate Governance Guidelines, directors are also expected to attend the Company's Annual Meeting of Stockholders absent extraordinary circumstances. All our directors attended the Company's 2018 annual meeting of stockholders.

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, including, with respect to members of the Audit and Compensation Committees, the heightened requirements applicable to members of those committees. The same is true for each of our former directors throughout the fiscal-year period they served. Each Committee has a written charter that has been approved by the Board; the Committee charters are available under the Corporate Governance section of our "Investors" page on our website at investor.cirrus.com.

The composition of the Board and each Committee is identified in the following table, and the function of each Committee is described below. During fiscal year 2019, Christine King and William Sherman departed from our Board, and Deirdre Hanford was appointed as a Board member in December, 2018. On occasion, the Board may appoint special committees or designate directors to undertake special assignments on behalf of the Board.

Current Directors	Independent	Audit	Compensation	Governance and Nominating
John C. Carter	Yes	X	X	
Alexander M. Davern	Yes	Chair		X
Timothy R. Dehne	Yes	X	Chair	
Deirdre Hanford	Yes			
Jason P. Rhode	No			
Alan R. Schuele, Chair	Yes			X
David J. Tupman	Yes		X	Chair
Former Directors (served during fiscal year)				
Christine King	Yes		X	Chair
William D. Sherman	Yes	X		
Number of Meetings Held in Fiscal Year 2019		8	7	4

Audit Committee

The Audit Committee is currently composed of three independent 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;

- 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;
- 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;
- discussing policies with respect to risk assessment and risk management, including appropriate guidelines and policies to govern the process; and
- reviewing with management the Company’s major financial and regulatory risk exposures, including cybersecurity-related risks, and the steps management has taken to monitor and control such exposures.

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 also determined that each member is an “audit committee financial expert” as defined under applicable SEC rules.

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

Compensation Committee

The Compensation Committee is currently composed of three independent directors. The Compensation Committee reviews and approves salaries and other matters relating to executive compensation; reviews the Company’s leadership development initiatives and succession planning process for our Chief Executive Officer and other executive officers; 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 available under the Corporate Governance section of our “Investors” page on our website at 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 currently composed of three independent directors. The Governance and Nominating Committee provides counsel to the Board with respect to corporate governance matters and Board organization, membership, and function, as well as committee structure and membership. The Governance and Nominating Committee is 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. Additionally, this committee oversees and monitors the Company’s development and disclosure of policies and programs relating to corporate responsibility and sustainability, including environmental and social matters. For more information relating to the

Governance and Nominating Committee, see the Governance and Nominating Committee Charter, which is available under the Corporate Governance section of our “Investors” page on our website at 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. 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 believes it is important to consider diversity of gender, race, ethnicity, age, education, cultural background, and professional experiences and seeks to include candidates with such diversity in the pool from which nominees are identified. The Board’s objective is to nominate a diverse group of directors who can best ensure the continuing success of our business and represent stockholder interests through the exercise of sound judgment and constructive working relationships.

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. 6th 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 are available under the Corporate Governance section of our “Investors” page on our website at investor.cirrus.com.

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 the section of this proxy statement entitled, “*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 nominees Carter, Davern, Dehne, Hanford, Schuele, and Tupman qualify as independent directors under these standards. In addition, former directors Christine King and William Sherman were determined to qualify as independent directors throughout the fiscal-year period they served on the Board under these standards.

In determining the independence of Mr. Davern – who is the Chief Executive Officer of National Instruments Corporation – the Governance and Nominating Committee and the Board reviewed the Company’s transactions with National Instruments and determined that the transactions do not interfere with Mr. Davern’s exercise of independent judgment in carrying out the responsibilities of a director. These transactions included the purchase of certain test equipment and software, along with associated support and maintenance services, for equipment used in the development and testing of our products.

In determining the independence of Ms. Hanford – who is Chief Strategy Officer and Member of Corporate Staff of Synopsys, Inc. – the Governance and Nominating Committee and the Board reviewed the Company’s transactions with Synopsys and determined that the transactions do not interfere with Ms. Hanford’s exercise of independent judgment in carrying out the responsibilities of a director. These transactions included software tool licenses, software maintenance, training, and related consulting.

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 Chair of the Board is not an independent director, the Board will designate a “lead independent director.”
- Directors shall retire at the first stockholders’ meeting in which directors will be elected following the director’s 75th birthday.
- Stock Ownership Guidelines require our Chief Executive Officer, non-employee directors, and officers of the Company to accumulate and maintain, after a phase-in period, an ownership position in the Company’s stock to more closely link their interests with those of other Company stockholders.
- 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 under the Corporate Governance section of our “Investors” page on our website at 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 separate the roles of our Chief Executive Officer (“CEO”), Jason P. Rhode, and Chair of the Board, Alan R. 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 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.

Each of the Committees also considers risk within the Committee’s area of responsibility. Our Audit Committee discusses risk assessment and risk management policies and regularly reviews with management the Company’s major financial and regulatory risk exposures, including cybersecurity-related risks, 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.

Corporate Social Responsibility

Our Company is committed to creating a responsible and sustainable business environment that drives value for our key stakeholders including employees, investors, customers, suppliers, and our global communities. Pursuant to its charter, our Governance and Nominating Committee is charged with oversight of the Company's development and disclosure of policies and programs relating to corporate responsibility and sustainability, including environmental and social matters.

The Company is taking measures to ensure our products are produced in a sustainable and responsible manner. As an Affiliate Member, we are committed to adopting the approach of the Responsible Business Alliance (RBA), a non-profit organization that sets the standards for supply chain compliance issues related to labor, health and safety, the environment, ethics, and management systems. We have adopted a Supplier Code of Conduct (the "Supplier Code") and aligned our operations to comply with the Supplier Code. To support our efforts, we work closely with our third-party suppliers to encourage and ensure their compliance with our Supplier Code.

As part of our corporate social responsibility efforts, we work to attract and retain top talent in our diverse, global workforce through programs based on competitive compensation, benefits, and a first-rate corporate culture based on respect and fairness for all employees. We adhere to core principles of human rights by complying with international standards and by establishing a safe, healthy working environment based on respect and fairness for all employees, regardless of gender, nationality, or ethnicity. We are committed to promoting equality in the workforce and developing the STEM pipeline of all students through volunteer activities and financial resources.

For more information about our corporate responsibility efforts, please refer to the Corporate Social Responsibility section of our website at <https://www.cirrus.com/company/csr/>.

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. 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.

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. Non-employee 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 30, 2019:

Director Compensation Retainers

Quarterly Director Retainer	\$15,000
Board Chair Quarterly Retainer	\$18,750
Audit Chair Quarterly Retainer	\$ 6,250
Audit Committee Member Quarterly Retainer	\$ 2,500
Compensation Committee Chair Quarterly Retainer	\$ 6,250
Compensation Committee Member Quarterly Retainer	\$ 1,875
Governance and Nominating Committee Chair Quarterly Retainer	\$ 2,500
Governance and Nominating Committee Member Quarterly Retainer	\$ 1,250
Lead Independent Director Quarterly Retainer	\$ 2,500

Directors receive cash payments for each retainer category applying to him or her. 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 2019, the total number of shares subject to this award granted to each non-employee director had a fair market value up to \$190,000 as estimated on the date of grant. For any director who is re-elected after having been appointed to the Board since the previous year's annual meeting, his or her grant upon re-election is prorated to reflect the actual duration of service as a director since his or her appointment.

For newly appointed or 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 stock options granted to newly appointed or elected non-employee directors has a fair market value of \$225,000 as estimated on the date of grant.

Our 2018 Long Term Incentive Plan provides that, in a calendar year, the aggregate value of all compensation paid to or granted to any non-employee member of the Board, including equity awards (valued on the grant date pursuant to FASB ASC Topic 718) and cash compensation, shall not exceed \$750,000.

The following table sets forth 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 2019.

Note that throughout this proxy statement, amounts may not compute across individual lines of a table, and such differences are due to rounding to the nearest dollar.

DIRECTOR COMPENSATION TABLE FOR FISCAL YEAR 2019

Name (a)	Fees Earned or Paid in Cash ⁽¹⁾ (\$) (b)	Stock Awards ⁽²⁾ (\$) (c)	Option Awards ⁽³⁾ (\$) (d)	Total (\$) (h)
John Carter ⁽⁴⁾	\$ 77,500	\$189,965		\$267,465
Alex Davern ⁽⁵⁾	\$ 97,948	\$189,965		\$287,914
Tim Dehne ⁽⁶⁾	\$ 98,397	\$189,965		\$288,362
Deirdre Hanford ⁽⁷⁾	\$ 15,000		\$238,934	\$253,934
Christine King ⁽⁸⁾	\$ 31,508	\$189,965		\$221,474
Al Schuele ⁽⁹⁾	\$140,000	\$189,965		\$329,965
William D. Sherman ⁽¹⁰⁾	\$ 23,967	\$ —		\$ 23,967
David Tupman ⁽¹¹⁾	\$ 75,829	\$189,965		\$265,794

- (1) Represents fees earned or paid in cash for services as a director during the fiscal year ended March 30, 2019, including quarterly retainer fees and Committee chair and membership retainer fees.
- (2) On August 3, 2018, upon their re-election as directors at the Company's 2018 annual meeting of stockholders, directors Carter, Davern, Dehne, King, Schuele, and Tupman received a full value stock award that vested immediately upon re-election to the Board having a fair market value of up to \$190,000 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 2019, computed in accordance with FASB ASC Topic 718. See Note 10, Equity Compensation, in our Annual Report on Form 10-K for the fiscal year ended March 30, 2019 for additional detail regarding the assumptions underlying the value of these awards.
- (3) On December 12, 2018, upon her appointment as a director, Ms. Hanford 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. Prior to the grant, the Company estimated that 15,515 options had an approximate fair market value of \$225,000. The actual aggregate grant date fair value of these options shown in this column reflects changes in the assumptions used by the Company to compute the actual grant date fair value in accordance with FASB ASC Topic 718. See Note 10, Equity Compensation, in our Annual Report on Form 10-K for the fiscal year ended March 30, 2019 for additional detail regarding the assumptions underlying the value of these awards.
- (4) At the end of fiscal year 2019, Mr. Carter had no options outstanding.
- (5) At the end of fiscal year 2019, Mr. Davern had 15,231 options outstanding.
- (6) At the end of fiscal year 2019, Mr. Dehne had no options outstanding.
- (7) At the end of fiscal year 2019, Ms. Hanford had 15,515 options outstanding.
- (8) At the end of fiscal year 2019, Ms. King had no options outstanding.
- (9) At the end of fiscal year 2019, Mr. Schuele had 19,447 options outstanding.
- (10) At the end of fiscal year 2019, Mr. Sherman had no options outstanding.
- (11) At the end of fiscal year 2019, Mr. Tupman had 25,346 options outstanding.

PROPOSALS TO BE VOTED ON

Proposal No. 1:

Election of Directors

The Board 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 64, 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, California, and a Master's in Electrical Engineering from Massachusetts Institute of Technology.

The Governance and Nominating Committee believes that Mr. Carter's extensive management experience with companies in the consumer audio market and 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.

ALEXANDER M. DAVERN

Director since 2015

Mr. Davern, age 52, is currently the Chief Executive Officer of National Instruments Corporation (“NI”), an Austin-based supplier of measurement and automation products used by engineers and scientists in a wide range of industries. He joined NI in February 1994 and, prior to his current role, served in numerous leadership positions, including as NI’s Chief Operating Officer, Executive Vice President, Chief Financial Officer, Senior Vice President, IT and Manufacturing Operations and Treasurer from December 2002 to December 2016. Prior to joining NI, Mr. Davern worked both in Europe and in the United States for the international accounting firm of Price Waterhouse, LLP. Mr. Davern received his bachelor’s degree in Commerce and a diploma in professional accounting from University College in Dublin, Ireland.

The Governance and Nominating Committee believes that Mr. Davern 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. In addition, Mr. Davern has extensive international finance experience within the technology industry. The Governance and Nominating Committee further believes that his experiences, along with his financial expertise, his familiarity with acquisitions and integrations, and his international tax experience make him 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.

TIMOTHY R. DEHNE

Director since 2009

Mr. Dehne, age 53, is currently a consultant for technology-based companies. Most recently, he was the Chief Operating Officer of Xplore Technologies, a public company that was acquired by Zebra Technologies in August of 2018. Prior to that role, he served as Vice President of Engineering for Briggo, Inc., a privately held corporation in Austin, Texas from November 2013 until January 2018. 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 Chair 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.

DEIRDRE HANFORD

Director since December, 2018

Ms. Hanford, age 56, is currently Chief Strategy Officer and Member of Corporate Staff of Synopsys, Inc., a leading company in the fields of electronic design automation, semiconductor intellectual property, and software security. In this role, Ms. Hanford leads efforts to enable secure hardware, software, and semiconductor design. Previously, from December 2016 through May 2019, Ms. Hanford held the title of Co-General Manager, Design Group for Synopsys where she co-led the development and deployment of Synopsys's analog/mixed-signal product lines, digital implementation product lines and professional design services organization. Previously, from 2003-2016, Ms. Hanford was the Executive Vice President of Customer Engagement for Synopsys where she led global technical services. Ms. Hanford earned a B.S. in Engineering with a concentration in Electrical Engineering from Brown University and an M.S. in Electrical Engineering from the University of California, Berkeley. Ms. Hanford currently chairs Brown University's Engineering Advisory Committee and serves on the Engineering Advisory Board for University of California Berkeley's College of Engineering. In December 2017 she was named to VLSI Research's 2017 All Stars of the Semiconductor Industry.

The Governance and Nominating Committee believes that Ms. Hanford is well qualified to be on the Board based on her extensive leadership skills and engineering and technology experience in the semiconductor, semiconductor tools, and software fields, including her business and technical experience with analog and mixed-signal products.

JASON P. RHODE

Director since 2007

Dr. Rhode, age 49, 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 73, 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 Benchmark

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 previously a director at Vidyo, Inc., which provides a scalable software-based solution for video conferencing. 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 Mr. Schuele's 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.

DAVID J. TUPMAN

Director since 2015

Dr. Tupman, age 56, is currently the CEO of Details Lab Inc., an advisory firm focusing on scaling organizations for high-growth, technology development and new product introduction. From 2001 to 2011, Dr. Tupman rose from manager to Vice President of hardware engineering at Apple, Inc., where he led the hardware engineering and technology teams for multiple mobile devices. Prior to Apple, Dr. Tupman worked at Psion Computers in London, England, from 1995 to 2001 as a hardware-engineering manager, developing a number of personal digital assistant products. From 1988 to 1995, Dr. Tupman was a Principal Design Engineer at Schlumberger in Farnborough, England, where he developed low power, high precision sensors for the gas, fuel and aerospace industries. Dr. Tupman holds a Bachelor's degree in Electronics Engineering and an honorary doctorate (D.Sc.) from the University of Salford, England. Dr. Tupman is named as an inventor on more than 30 U.S. patents. Dr. Tupman has also served, since April 2014, as a director of Pixelworks, Inc., a company that develops video display processing technology.

The Governance and Nominating Committee believes that Dr. Tupman is well qualified to be on the Board based on his extensive engineering and technology experience in the consumer electronics and industrial markets.

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, 2020. During the fiscal year that ended March 30, 2019, 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 section of this proxy statement entitled, “*Report of the Audit Committee of the Board,*” as well as the Audit Committee Charter, which is available under the Corporate Governance section of our “Investors” page on our website at 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.

The Board recommends a vote “FOR” Proposal No. 2.

If the appointment is not ratified, the Audit Committee retains the discretion to select other auditors for the following fiscal year or to determine that Ernst & Young will continue to serve as the independent auditor. Ratification of the appointment of Ernst & Young as the Company’s independent registered public accounting firm for the fiscal year ending March 28, 2020, 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 Executive Compensation

Section 14A of the Securities Exchange Act of 1934 and related rules of the SEC enable our stockholders to vote to approve, on an advisory, non-binding basis, the compensation of our CEO, our Chief Financial Officer (“CFO”), and our three other most highly compensated executive officers (collectively, our “Named Executive Officers”) as disclosed in this proxy statement. 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, 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 in the section of this proxy statement entitled, “*Compensation Discussion and Analysis,*” 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 2019.

By way of this proposal, commonly known as a “Say-on-Pay” proposal, we are asking our stockholders to indicate their support for the compensation of the Named Executive Officers as described in this proxy statement. 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.

The stockholders are being asked to approve 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” Proposal No. 3.

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.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table contains information regarding the beneficial ownership of common stock as of May 14, 2019, 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. In addition, unless otherwise indicated in the footnotes, the beneficial owner's address is 800 W. 6th Street, Austin, Texas 78701.

<u>Beneficial Owner</u>	<u>Shares</u> <u>Beneficially Owned</u>	
	<u>Number</u>	<u>Percent⁽¹⁾</u>
<i>5% or Greater Stockholders:</i>		
Blackrock, Inc. ⁽²⁾	7,663,899	12.9955%
The Vanguard Group, Inc. ⁽³⁾	5,712,207	9.6861%
LSV Asset Management ⁽⁴⁾	3,271,838	5.5480%
<i>Directors and Named Executive Officers:</i>		
Jason P. Rhode, President, Chief Executive Officer and Director ⁽⁵⁾	995,829	1.6670%
Gregory Scott Thomas, Senior Vice President, General Counsel and Corporate Secretary ⁽⁶⁾	119,996	*
Jo-Dee M. Benson, Vice President and Chief Culture Officer ⁽⁷⁾	117,619	*
Thurman K. Case, Vice President, Chief Financial Officer and Principal Accounting Officer ⁽⁸⁾	93,867	*
Alan R. Schuele, Director ⁽⁹⁾	36,195	*
David J. Tupman, Director ⁽¹⁰⁾	36,562	*
Alexander M. Davern, Director ⁽¹¹⁾	31,534	*
John C. Carter, Director ⁽¹²⁾	30,683	*
Andrew Brannan, Vice President of Worldwide Sales ⁽¹³⁾	31,072	*
Timothy R. Dehne, Director ⁽¹⁴⁾	16,380	*
Deirdre Hanford, Director ⁽¹⁵⁾	0	*
<i>All directors and executive officers as a group (14 persons)</i> ⁽¹⁶⁾	1,677,965	2.7860%

* Less than 1% of the outstanding common stock

(1) Percentage ownership is based on 58,973,527 shares of common stock issued and outstanding on May 14, 2019. Shares of common stock issuable under stock options that are currently exercisable or will become exercisable within 60 days after May 14, 2019, and shares of common stock subject to restricted stock units ("RSUs") and performance-based RSUs ("PBRs") that will vest and be issued within 60 days after May 14, 2019, are deemed to be outstanding and beneficially owned by the person holding such options or RSUs or PBRs for the purpose of computing the number of shares beneficially owned and the percentage ownership of such person, but are not deemed outstanding for the purpose of computing the percentage of any other person. This table does not include options, PBRs, or RSUs that vest more than 60 days after May 14, 2019.

- (2) Based on a Schedule 13G filed with the SEC on January 24, 2019, Blackrock Inc., 55 East 52nd Street, New York, NY 10055, is the beneficial owner of 7,663,899 shares, with sole voting power as to 7,368,533 shares, and sole dispositive power as to 7,663,899 shares.
- (3) Based on a Schedule 13G filed with the SEC on February 11, 2019, The Vanguard Group Inc., 100 Vanguard Blvd., Malvern, PA 19355, is the beneficial owner of 5,712,207 shares, with sole voting power as to 63,718 shares, sole dispositive power as to 5,647,552 shares, shared dispositive power as to 64,655 shares, and shared voting power as to 7,855 shares.
- (4) Based on a Schedule 13G filed with the SEC on February 13, 2019, LSV Asset Management, 155 N. Wacker Drive, Suite 4600, Chicago, IL 60606, is the beneficial owner of 3,271,838 shares, with sole voting power as to 1,990,907 shares, and sole dispositive power as to 3,271,838 shares.
- (5) Includes 762,626 shares issuable upon exercise of options held by Dr. Rhode and 233,203 shares held directly.
- (6) Includes 100,457 shares issuable upon exercise of options held by Mr. Thomas and 19,539 shares held directly.
- (7) Includes 82,985 shares issuable upon exercise of options held by Ms. Benson and 34,634 shares held directly.
- (8) Includes 75,908 shares issuable upon exercise of options held by Mr. Case and 17,959 shares held directly.
- (9) Includes 19,447 shares issuable upon exercise of options held by Mr. Schuele and 16,748 shares held directly.
- (10) Includes 24,817 shares issuable upon exercise of options held by Mr. Tupman and 11,745 shares held directly.
- (11) Includes 15,231 shares issuable upon exercise of options held by Mr. Davern and 16,303 shares held directly.
- (12) Includes 0 shares issuable upon exercise of options held by Mr. Carter and 30,683 shares held directly.
- (13) Includes 27,429 shares issuable upon exercise of options held by Mr. Brannan and 3,643 shares held directly.
- (14) Includes 0 shares issuable upon exercise of options held by Mr. Dehne and 16,380 shares held directly.
- (15) Includes 0 shares issuable upon exercise of options held by Ms. Hanford and 0 shares held directly.
- (16) Includes options held by all executive officers and directors to purchase an aggregate of 1,253,001 shares of common stock that are exercisable within 60 days of May 14, 2019.

EXECUTIVE OFFICERS

Scott A. Anderson – Senior Vice President, Supply Chain and Engineering Operations

Mr. Anderson, age 65, was appointed Senior Vice President, Supply Chain and Engineering Operations in March 2019. Previously, since October 2007, he was Senior Vice President and General Manager, Mixed-Signal Audio Division. 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 59, 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 between July 2005 and July 2011, and as Vice President, Corporate Marketing Communications between January 2001 and July 2005.

Andrew Brannan – Vice President Worldwide Sales

Mr. Brannan, age 52, joined Cirrus Logic as part of the Wolfson Microelectronics plc (“Wolfson”) acquisition in August 2014. Mr. Brannan had worked at Wolfson since 2009, where he was Chief Commercial Officer. Immediately before joining Wolfson, Mr. Brannan served as a board member and Executive Vice President of Sales and Customer Operations at Symbian Software Limited.

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

Mr. Case, age 62, was appointed CFO in February 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. Mr. Case currently serves as a Director, Audit Committee Chairman, and Corporate Governance Committee member of Helen of Troy (Nasdaq: HELE), a consumer products company based in El Paso, Texas.

Brad Fluke – Vice President and General Manager, MEMS Division

Mr. Fluke, age 57, was appointed Vice President and General Manager, MEMS Division in May, 2015. He joined the company in 2013, originally serving as Vice President of Strategy. Previously, from 2008 to 2013, Mr. Fluke served as the President, Chief Executive Officer, and the Chair of the Board at Javelin Semiconductor, Inc.

Allan Hughes – Vice President Cirrus Logic International

Mr. Hughes, age 58, joined Cirrus Logic as part of the Wolfson acquisition in August 2014. Mr. Hughes joined Wolfson in March 2009 as Vice President Marketing and Applications. In 2013, he assumed the role of Chief Operating Officer.

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

Dr. Rhode, age 49, 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.

Gregory Scott Thomas – Senior Vice President, General Counsel and Corporate Secretary
 Mr. Thomas, age 53, 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.

COMPENSATION DISCUSSION AND ANALYSIS

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I. Purpose

The purpose of this Compensation Discussion and Analysis is to explain the Compensation Committee’s philosophy for determining the compensation program for our Chief Executive Officer (“CEO”), our Chief Financial Officer (“CFO”), and the three other most highly compensated executive officers (collectively, the “Named Executive Officers”) for fiscal year 2019 and to discuss why and how the fiscal year 2019 compensation decisions for these executives were reached. As used in this Compensation Discussion and Analysis, all references to the 2019 fiscal year are applicable to the time period that began on April 1, 2018, and ended on March 30, 2019. Following this discussion are tables that include compensation information for the Named Executive Officers. This Compensation Discussion and 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 Annual Report on Form 10-K for fiscal year 2019.

The Named Executive Officers for fiscal year 2019 were as follows:

- Jason P. Rhode, President and CEO;
- Thurman K. Case, Vice President, Chief Financial Officer and Principal Accounting Officer;
- Gregory S. Thomas, Senior Vice President, General Counsel and Corporate Secretary;
- Jo-Dee M. Benson, Vice President and Chief Culture Officer; and
- Andrew Brannan, Vice President of Worldwide Sales.

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.

II. Executive Summary

Listed below are select business highlights for fiscal year 2019 and significant actions taken by our Compensation Committee in fiscal year 2019. Additional details are described in the discussion and analysis that follows.

Business Highlights

- **Revenue.** For fiscal year 2019, we reported revenue of \$1.19 billion, which was down 23% from the prior year. The decline in revenue was largely due to a reduction in sales of portable products shipping in smartphones, digital headsets, and adaptors;
- **Cash Generation.** Cash from operations was approximately \$206.7 million for the fiscal year. In fiscal year 2019, we used \$160 million to repurchase roughly 4 million shares at an average price of \$40.30;
- **Product Momentum.** In fiscal year 2019, we expanded our penetration of the Android market as sales of boosted amplifiers accelerated, and we gained momentum with our haptic driver product line as we continue to move beyond audio and voice into adjacent markets;
- **Expanded Customer Base.** We continued to develop strong relationships with many of the leading OEMs in the markets we target. Our components are now shipping in six of the top 10 smartphone manufacturers, including four in China; and
- **End-to-End Solutions.** Our ability to provide "best in class" components that span the complete audio signal chain continued to place us at a competitive advantage.

Compensation Highlights

- **Equity Grants and Base Salary Determinations.** Based on a compensation analysis performed in the first half of fiscal year 2019, the Compensation Committee approved restricted stock units ("RSUs"), Performance-Based Restricted Stock Units ("PBRsUs"), and stock option grants to our Named Executive Officers. Although no changes were made to the number of shares underlying awards of RSUs, PBRsUs, and options granted to our Named Executive Officers from the prior year, the Compensation Committee intended those grants to have a lower valuation than last year, proportional to the year-over-year decrease in the Company's stock price. Base salaries were not adjusted from the prior year for our Named Executive Officers;

- **Cash Bonuses.** The reduction in sales in fiscal year 2019 contributed to lower-than-target cash bonuses for our Named Executive Officers;
- **PBRU Performance.** In view of the Company’s three-year stock price performance, the PBRUs granted within fiscal year 2016 had a payout percentage of zero, and therefore no corresponding shares vested within fiscal year 2019; and
- **Total Compensation.** Total compensation for our Named Executive Officers decreased compared to fiscal year 2018, reflecting lower-than-target cash bonuses and lower equity values from the prior fiscal year.

We are committed to paying our executive officers based on Company and individual performance. A significant portion of each executive officer’s compensation is based on the achievement of short- and long-term corporate goals and objectives.

The Compensation Committee believes that the compensation paid to our executive officers as reflected in this proxy statement reflects, and is fully supported by, the Company’s performance over the relevant time periods. For the one-year period preceding our data-gathering efforts in support of the Company’s annual review of executive compensation, our revenue growth placed us at the bottom of the Proxy Group (as defined below in the section of the Compensation Discussion and Analysis entitled, “*The Information We Use for Comparisons*”), which in part contributed to the Compensation Committee’s decision to reduce target total direct compensation for our Named Executive Officers.

Despite these recent challenges, for the three-year period preceding our data gathering, our revenue growth placed us at the 70th percentile of the Proxy Group. Our operating income and net income over the last four quarters at the time of our review placed us at the 75th and 74th percentile, respectively, of the Proxy Group. Over the past five and ten year periods, the Company has experienced strong compound annual revenue growth rates (approximately 11% and 21%, respectively).

III. Advisory Vote on Executive Compensation and Last Year’s Result

We conducted our annual stockholder advisory vote on named executive officer compensation at our 2018 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 statement. 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 our 2018 annual meeting of stockholders, 93% of the votes cast on our 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 specific changes to our executive compensation philosophy or general policies and practices were necessary to address any stockholder concerns.

We provide our stockholders with the opportunity to cast an advisory vote on named executive officer compensation each year. For more information, see “*Proposal No. 3 – Advisory Vote to Approve Executive Compensation*” within this proxy statement.

IV. Our General Philosophy and Overall Compensation Framework

We provide our executive officers with compensation opportunities that are based on their personal performance, the financial performance of the Company, their contribution to that performance, and the Company's total shareholder return relative to certain other semiconductor companies through a mix of base salary, annual cash incentive awards, and equity compensation including RSUs, PBRsUs, and stock options. These opportunities are designed to attract and retain highly skilled individuals and to align their 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 our ability to attract and retain qualified executives through the competitive compensation packages we offer.

A. How We Set 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, relative shareholder return, external pay practices of peer companies, the strategic importance of the executive officer's position, and the history of pay adjustments, as well as internal pay equity and the executive officer's time in the position. The weight given to each of these factors by the Compensation Committee is not preestablished and 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- 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 dependent on the Company's performance, individual performance, and stock price appreciation. Please see the section of this proxy statement entitled, "*The Elements Making Up Compensation and Our Target Compensation Levels*" for additional information regarding the target total direct compensation for our Named Executive Officers.

B. Our 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 compensation for our CEO, executive officers, and directors for fiscal year 2019. 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 2019, the Compensation Committee retained Compensia, Inc. ("Compensia") to provide executive and director compensation consulting services. Compensia has served as the Compensation Committee's independent compensation consultant since fiscal year 2013. At the direction of the Compensation Committee, in fiscal year 2019 Compensia performed a comprehensive review of our CEO's and other executive officers' compensation. In addition to a complete review of executive compensation, in March 2018 Compensia reviewed and recommended changes to our previous compensation peer group to use for purposes of analyzing the competitive market for

executive and director compensation. The Compensation Committee considered the information provided by Compensia in setting executive compensation.

As required by the Nasdaq listing standards, the Compensation Committee performed an independence assessment of Compensia for fiscal year 2019. 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 for calendar year 2018 were less than 1% of Compensia's revenues for that 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
- Compensia has confirmed that none of the advisers from Compensia own any shares of our common stock.

Accordingly, the Compensation Committee determined that the services provided by Compensia to the Compensation Committee for fiscal year 2019 did not give rise to any conflicts of interest.

C. The Information We Use for Comparisons

To aid the Compensation Committee's annual executive compensation review, Compensia prepared and presented a compensation assessment of the Company's executive compensation program. Compensia's assessment was based on (a) publicly available data gathered from a group of specific companies that are considered comparable to the Company (the "Proxy Group") and (b) market data obtained from the Radford Global Technology Survey specific to companies in such Proxy Group (the "Survey Data").

The Proxy Group generally consists of public companies listed on U.S. stock exchanges in the semiconductor industry that are comparable in size (approximately \$515 million – \$4.7 billion in revenue and approximately \$575 million – \$11.2 billion in 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 considered the likelihood that the Company might compete for executive talent with companies selected for the Proxy Group. For example, due in part to the specialized field within which the Company operates, the targeted talent pool from which to attract skilled leadership is narrow, and as such, the Compensation Committee will continue to revisit and revise its peer group in future years to ensure the Company remains competitive in its continuing recruitment and retention efforts.

In March 2018, based on these criteria, and with the direction of the Compensation Committee on companies to consider for inclusion in the Proxy Group, Compensia reviewed the then-existing Proxy Group and made recommendations regarding potential additions and removals.

Specifically, Compensia recommended that the following four companies be added to the Proxy Group: Diodes Incorporated; Marvell Technology Group Ltd.; Monolithic Power Systems, Inc.; and Power Integrations, Inc.

Compensia recommended that ON Semiconductor Corp. be removed from the Proxy Group because its revenue was above the range noted above.

After review, the Compensation Committee approved such recommendations, and the following group of 16 companies was approved for the Proxy Group: (1) Cavium, Inc.; (2) Cree, Inc.; (3) Cypress Semiconductor; (4) Diodes Incorporated; (5) Integrated Device Technology, Inc.; (6) Knowles Corporation; (7) Marvell Technology Group Ltd.; (8) Maxim Integrated Products, Inc.; (9) Microsemi Corp.; (10) Monolithic Power Systems, Inc.; (11) Power Integrations, Inc.; (12) Qorvo, Inc.; (13) Semtech Corp.; (14) Silicon Laboratories, Inc.; (15) Synaptics Incorporated; and (16) Xilinx, Inc.

Compensia developed comparison compensation data for each Cirrus Logic executive officer (“Compensation Market Data”). For our CEO and CFO, the Compensation Market Data consisted solely of data derived from the Proxy Group. For Ms. Benson and Mr. Brannan, where there was insufficient Proxy Group data, the Compensation Market Data consisted solely of Survey Data. For Mr. Thomas, a blend of Survey Data and Proxy Group data was used for his Compensation Market Data.

D. The Role of Our Executive Officers in Establishing Compensation

Our Human Resources and Legal departments support the Compensation Committee’s work related to our compensation programs. This support consists of assistance with providing Survey Data, proposals of potential ranges of various components of compensation for our executive officers, and information regarding the Company’s 2018 Long Term Incentive Plan (“Stock Plan”). Regular meetings of the Compensation Committee are generally attended by our CEO, CFO, Chief Culture Officer, and our General Counsel. Because the Company’s executive officers report directly to the CEO, the Compensation Committee requests input and recommendations from the CEO regarding executive compensation (other than his own). 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.

E. The Elements Making Up Compensation and Our Target Compensation Levels

Each executive officer’s compensation package comprises the following elements: (i) base salary that reflects individual performance and relevant market data, (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 (RSUs and options) designed to strengthen the mutuality of interests between the executive officers and the Company’s stockholders, (iv) additional long-term equity incentives explicitly tied to certain Company performance-based criteria (PBRsUs), (v) other benefits that are generally available to the Company’s employees, including a 401(k) (or other retirement plan) and medical, vision, and dental plans, and (vi) post-employment compensation (see sections of this proxy statement entitled, “*Our Post-Employment Compensation*” and “*Potential Payments upon Termination or Change of Control*”).

In general, the Compensation Committee has attempted to establish a strong relationship between total cash compensation, the Company’s performance, and individual executive performance by typically setting base salaries with reference to the 50th percentile range of the Compensation Market Data and by providing additional incentive opportunities that typically place 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 above the 50th percentile level for higher levels of performance. We also aim to maintain internal pay equity and set the semiannual target bonus percentage (discussed in more detail below) for each executive officer other than our CEO at the same level.

The Compensation Committee also provides equity awards so that an executive officer's target total direct compensation opportunity is set with reference to the 50th percentile level of the applicable Compensation Market Data.

Market-related percentiles are intended only as guidelines for evaluating and establishing each executive officer's compensation and are not applied on a rigid or formulaic basis. Sometimes, depending on the totality of the circumstances for particular executive officers, and as determined by the Compensation Committee based on its discretion, compensation levels may fall above or below the referenced percentile ranges. Other factors such as an executive officer's additional responsibilities, prior work experience, and the number of years of experience with the Company may lead to certain executive officers, particularly our Named Executive Officers, having target total direct compensation above the 50th percentile of the applicable Market Compensation Data.

V. Executive Compensation Review for Fiscal Year 2019

The Compensation Committee reviewed our executive officers' compensation at a regularly scheduled Compensation Committee meeting in September, 2018. At that time, the Compensation Committee also reviewed the Company's performance as compared to the Proxy Group. As part of the review, the Compensation Committee considered any changes to an executive officer's base salary or target amounts for his or her annual cash incentive awards. The Compensation Committee further considered any annual equity awards for our executive officers. Ultimately, any decision to adjust compensation was made in the discretion of the Compensation Committee in view of the numerous factors and circumstances discussed in this proxy statement.

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 occurs in November. See the section of this proxy statement entitled, "*Administrative and Timing Aspects of Our Equity Awards.*"

A. Base Salaries

The base salary for each executive officer is designed to be commensurate with the salary levels for comparable positions within the Compensation Market Data, 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 is not preestablished and may vary as determined by the Compensation Committee. In setting base salaries, the Compensation Committee reviews the Compensation Market Data, the recommendations of our CEO for base salaries other than his own, and each executive officer's individual performance for the year, as well as the factors discussed above in the section entitled, "*How We Set Target Total Direct Compensation.*" The Company's profitability and operational performance and the history of past salary adjustments may also be factors in determining the base salaries of our executive officers. The Compensation Committee looks collectively at all of these factors when making its decisions.

In September 2018, the Compensation Committee made no adjustments to the base salaries of our Named Executive Officers. Specifically, the Compensation Committee:

- Maintained our CEO's annual base salary at \$800,000;
- Maintained our CFO's annual base salary at \$391,300;
- Maintained Ms. Benson's annual base salary at \$357,000;
- Maintained Mr. Brannan's annual base salary at £253,590; and
- Maintained Mr. Thomas's annual base salary at \$367,500.

The Compensation Committee maintained these base salaries in view of the factors noted above in the section entitled “*How We Set Target Total Direct Compensation*,” including the Company’s performance over the prior 12 months, and each individual executive’s performance, and the objective of setting target total cash compensation (including base salary and target incentive plan payments discussed below) with reference to the 50th percentile of applicable Compensation Market Data. The Compensation Committee further factored into its analysis past salary adjustments, and particularly the decision last year to upwardly adjust base salaries.

The base salaries of our Named Executive Officers ranged from below the 25th percentile of the applicable Compensation Market Data (in the case of Mr. Brannan) to above the 75th percentile (in the case of our CEO).

Since the Company’s yearly base salary determinations are made approximately halfway into a given fiscal year, the salary column of the Summary Compensation Table, which totals base salary for an entire fiscal year, reflects a blend of salary amounts before and after any yearly adjustments. Despite the change in salary reflected from year to year for the Named Executive Officers in the Summary Compensation Table, base salaries were not adjusted during the yearly review that occurred in fiscal year 2019.

B. Cash Bonuses

In fiscal year 2019, our Named Executive Officers participated in our 2007 Management and Key Individual Contributor Incentive Plan (“Incentive Plan”), which bases payments on our fiscal year financial performance and provides for semiannual cash bonuses.

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 enhance the Company’s performance through the achievement of pre-established financial goals.

Each semiannual cash bonus is calculated as the product of three components: (1) an individual’s annual base salary (as measured at the end of the given semiannual performance period), (2) an individual’s semiannual target bonus percentage, and (3) an “Incentive Plan Pay-Out Percentage,” which is a multiplier reflecting whether, and the extent to which, the Company has met or exceeded performance measures concerning Operating Profit Margin and revenue growth for the given semiannual performance period:

Semiannual Cash Bonus = Annual Base Salary × Semiannual Target Bonus Percentage × Incentive Plan Pay-Out Percentage

Prior to the commencement of each semiannual performance period of fiscal year 2019, the Compensation Committee set the formula and performance measures under which the Incentive Plan Pay-Out Percentage was determined.

1. Incentive Plan Pay-Out Percentage

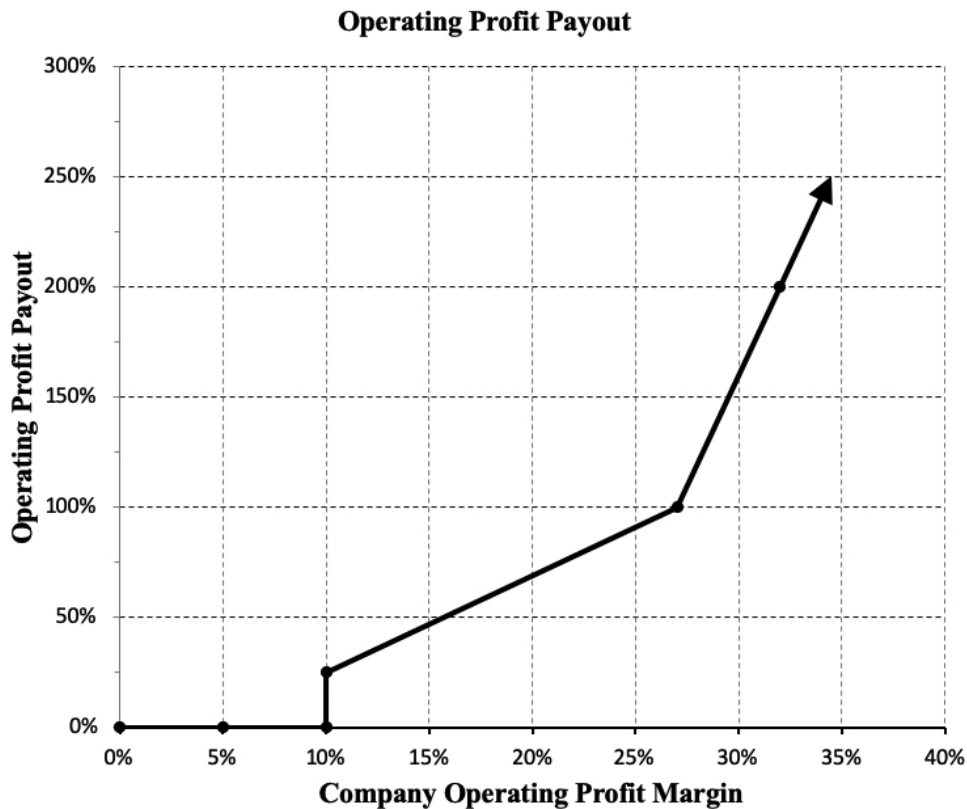
The Operating Profit Margin used in the Incentive Plan Pay-Out Percentage is defined in the Incentive Plan as the Company’s consolidated GAAP operating income excluding (a) Incentive Plan and other bonus accruals and (b) any non-recurring items such as gains on sales of assets not otherwise included in revenue, losses on sales of assets, restructuring charges, merger-related costs including amortization or impairments of acquisition-related intangible assets, 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 (part (b) collectively termed as “Excluded Items”).

For a given semiannual performance period, the Incentive Plan Pay-Out Percentage may range anywhere between 0–250% depending on the Company’s specific Operating Profit Margin and revenue growth.

The Incentive Plan Pay-Out Percentage for each semiannual performance period is calculated as the product of an operating profit payout and a revenue growth multiplier.

$$\text{Incentive Plan Pay-Out Percentage} = \text{Operating Profit Payout} \times \text{Revenue Growth Multiplier}$$

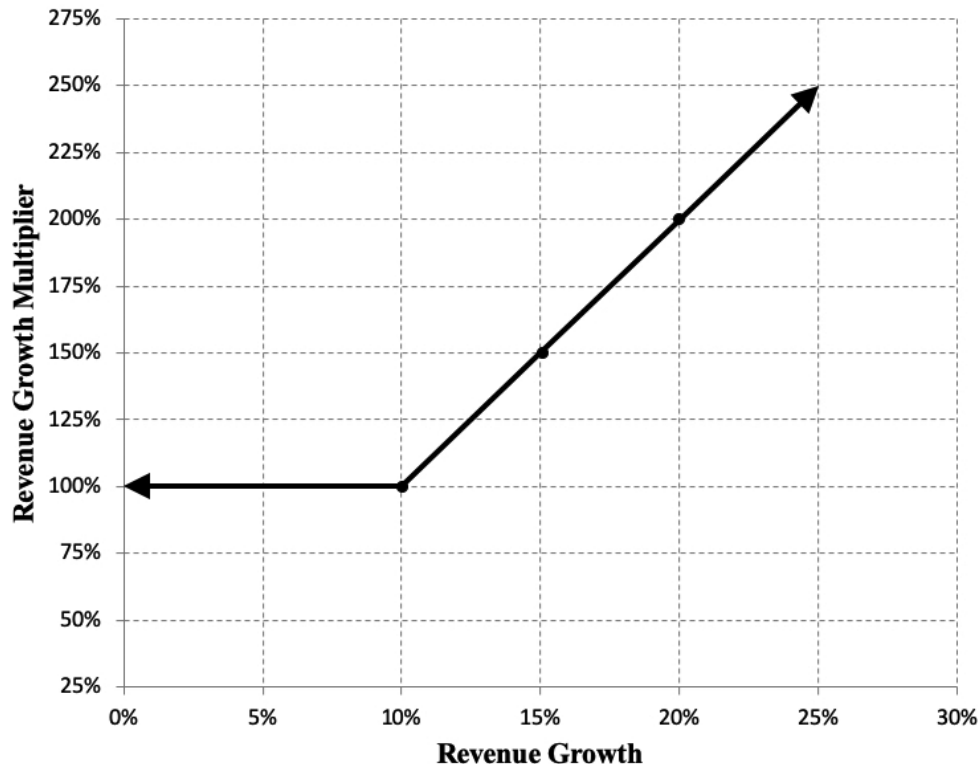
For both semiannual periods of fiscal year 2019, the Compensation Committee determined that the operating profit payout would be determined according to the same methodology as last year:



As shown, the operating profit payout is 0% for Operating Profit Margins less than 10%. The operating profit payout is 25% when the Operating Profit Margin is 10%. The operating profit payout increases linearly from 25–100% as the Operating Profit Margin increases from 10–27%. Finally, the operating profit payout increases linearly from 100–200% as the Operating Profit Margin increases from 27–32%.

For both semiannual periods of fiscal year 2019, the Compensation Committee determined that the revenue growth multiplier would be determined according to the same methodology as last year:

Revenue Growth Multiplier



As shown, the revenue growth multiplier is 100% for revenue growth of 10% or lower. The revenue growth multiplier then increases linearly from 100–200% as revenue growth increases from 10–20%.

With reference to the two graphs above, the Compensation Committee set a *threshold* level corresponding to an Operating Profit Margin of 10%. If that performance level is not met the operating profit payout would be 0% and hence, regardless of the revenue growth multiplier, the corresponding Incentive Plan Pay-Out Percentage would also be 0%, meaning no semiannual cash bonuses would be paid. The Compensation Committee set a *target* level corresponding to an Operating Profit Margin of 27%. At that level, if revenue growth was 10% or less, the operating profit payout and revenue growth multipliers would both be 100%, and the corresponding Incentive Plan Pay-Out Percentage would also be 100%.

Some combinations of Operating Profit Margin and revenue growth would result in Incentive Plan Pay-Out Percentages higher than 100%, which would yield cash bonus payments above target levels. The Incentive Plan, however, provides that its semiannual cash bonuses may not exceed 250% of a participant’s target bonus for any applicable semiannual performance period (i.e., the Incentive Plan Pay-Out Percentage cannot exceed 250%). Further, the semiannual cash bonuses are also 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 instituted a payment cap 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 a period could be paid out as bonuses. The Compensation Committee set the cap at 12% based on its desire to provide a reasonable payout for

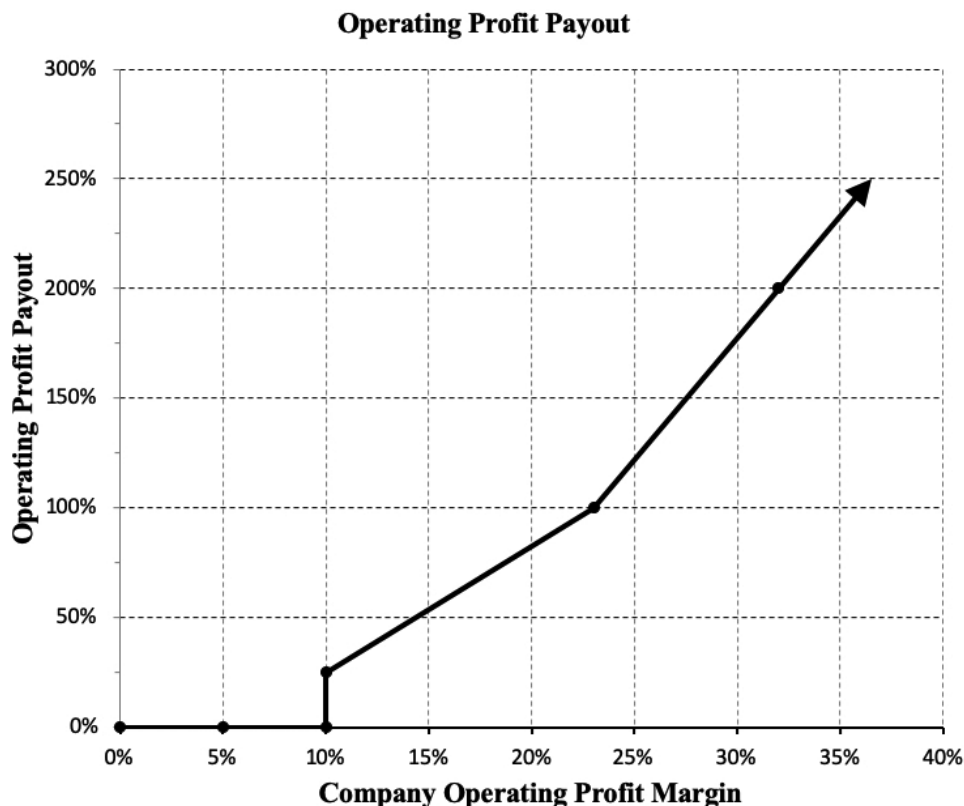
achieving the Company’s performance target levels while maintaining a reasonable cap on payments under all of the Company’s variable compensation plans.

The performance measures reflected in the Incentive Plan are designed to balance short- and long-term financial and strategic objectives for building stockholder value and are further based on a review of the operating results of peer companies and competitors, including the performance of the Proxy Group. As designed, the Operating Profit Margin and revenue growth goals are intended by the Compensation Committee to be based on the Company’s long-term strategic plan, not the Company’s annual operating plan, and to further reflect the Compensation Committee’s belief that the achievement of both of these levels of performance would reflect a level of performance that would be required to outperform the majority of those peer companies and competitors. The Compensation Committee sets the target levels for these performance measures so that participants will earn their target bonuses if the Company’s Operating Profit Margin and revenue growth goals are achieved during the measurement period. In contrast to how it has set the target levels for the Incentive Plan, the Compensation Committee typically 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.

Change to Operating Profit Payout Curve in Fiscal Year 2020

For the first semi-annual performance period of fiscal year 2020, the Compensation Committee has approved a revision to the operating profit payout curve – it has adjusted the Operating Profit Margin target from 27% to 23%. The Compensation Committee maintained (1) the Operating Profit Margin threshold level at 10% and (2) a 200% payout corresponding to an Operating Profit Margin of 32%.

The revised operating payout curve for the first semi-annual performance period of fiscal year 2020 is:



This revision reflects changes to our peer group and the associated level of performance that would be required to outperform the majority of those peers. Updating our profit-margin performance metric also reflects our commitment to continue to invest in core research and development that we expect will drive further revenue growth into adjacent product areas pursuant to our long-term strategic plan, notwithstanding a reduction in sales in fiscal year 2019 of portable audio products shipping in smartphones, digital headsets, and adaptors.

2. *Semiannual Target Bonus Percentages*

For fiscal year 2019, the Incentive Plan maintained our CEO’s semiannual target bonus percentage at 75%, and our other Named Executive Officers’ semiannual target bonus percentage at 37.5%.

3. *Target Total Cash Compensation*

Target cash bonuses for each semiannual performance period are calculated using the formula discussed above and by assuming an Incentive Plan Pay-Out Percentage of 100%:

$$\text{Target Semiannual Cash Bonus} = \text{Annual Base Salary} \times \text{Semiannual Target Bonus Percentage} \times 100\%$$

Target total cash compensation is annual base salary plus both target semiannual cash bonuses:

$$\text{Target Total Cash Compensation} = \text{Annual Base Salary} + \text{Target First Half Cash Bonus} + \text{Target Second Half Cash Bonus}$$

For fiscal year 2019, the target total cash compensation for our Named Executive Officers was:

<u>Named Executive Officer</u>	<u>Base Salary</u>	<u>Target First Half FY19 Cash Bonus</u>	<u>Target Second Half FY19 Cash Bonus</u>	<u>FY19 Target Total Cash Compensation</u>
Jason P. Rhode	\$800,000	\$600,000	\$600,000	\$2,000,000
Thurman K. Case	\$391,300	\$146,738	\$146,738	\$ 684,775
Gregory S. Thomas	\$367,500	\$137,813	\$137,813	\$ 643,125
Jo-Dee M. Benson	\$357,000	\$133,875	\$133,875	\$ 624,750
Andrew Brannan	£253,590	£ 95,096	£ 95,096	£ 443,783

Our CEO’s target total cash compensation was above the 75th percentile in the applicable Compensation Market Data, and the other Named Executive Officers fell within a range below the 25th percentile up to approximately the 50th percentile.

4. *Actual Cash Bonuses*

The actual cash bonuses paid for each semiannual performance period for fiscal year 2019 were based on the Incentive Plan Pay-Out Percentages for each semiannual performance period:

$$\text{Actual Semiannual Cash Bonus} = \text{Annual Base Salary} \times \text{Semiannual Target Bonus Percentage} \times \text{Incentive Plan Pay-Out Percentage}$$

As a result of the Company’s performance in the first half of fiscal year 2019, the Incentive Plan Pay-Out Percentage was 58%. For that semiannual performance period, our Operating Profit Margin was 17% (which corresponded to a GAAP operating profit margin of 8%), and revenue growth was -17%.

As a result of the Company’s performance in the second half of fiscal year 2019, the Incentive Plan Pay-Out Percentage was 52%. For that semiannual performance period, our Operating Profit Margin was 16% (which corresponded to a GAAP operating profit margin of 9%), and revenue growth was -28%.

For more details concerning each of these semiannual performance periods, see the section of this proxy statement entitled, “*Annex*,” which includes a reconciliation of the Company’s GAAP operating profit margin to the Operating Profit Margin used in the Incentive Plan calculations.

For fiscal year 2019, the actual cash bonuses and actual total cash compensation for our Named Executive Officers were therefore:

<u>Named Executive Officer</u>	<u>Base Salary</u>	<u>Actual First Half FY19 Cash Bonus</u>	<u>Actual Second Half FY19 Cash Bonus</u>	<u>FY19 Actual Total Cash Compensation</u>
Jason P. Rhode	\$800,000	\$348,034	\$312,210	\$1,460,244
Thurman K. Case	\$391,300	\$ 85,116	\$ 76,355	\$ 552,771
Gregory S. Thomas	\$367,500	\$ 79,939	\$ 71,711	\$ 519,150
Jo-Dee M. Benson	\$357,000	\$ 77,655	\$ 69,662	\$ 504,317
Andrew Brannan	£253,590	£ 55,161	£ 49,483	£ 358,234

The below-target cash bonuses for fiscal year 2019 reflect our lack of revenue growth and decreased operating results from the prior fiscal year, driven by a reduction in sales of portable products shipping in smartphones, digital headsets and adaptors. Actual cash bonuses were down 34% year-over-year for our Named Executive Officers.

C. Equity Grants

We provide long-term incentive opportunities in the form of equity awards to motivate and reward our executive officers for their contributions to achieving our business objectives by tying incentives to the performance of our common stock over the long term. Our equity awards include RSUs, PBRs, and stock options, and the Compensation Committee reviews and determines possible relative value weights that can be assigned to each component to achieve a suitable, overall compensation package for our Named Executive Officers.

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 2018 Long Term Incentive Plan.

1. Stock Options and RSUs

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 a specified number of shares of our common stock at a fixed price per share (the market price of our common stock on the grant date) over a specified period of time (up to 10 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 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.

The use of 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 requirement 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. 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 RSUs.

2. Performance-Based Restricted Stock Units

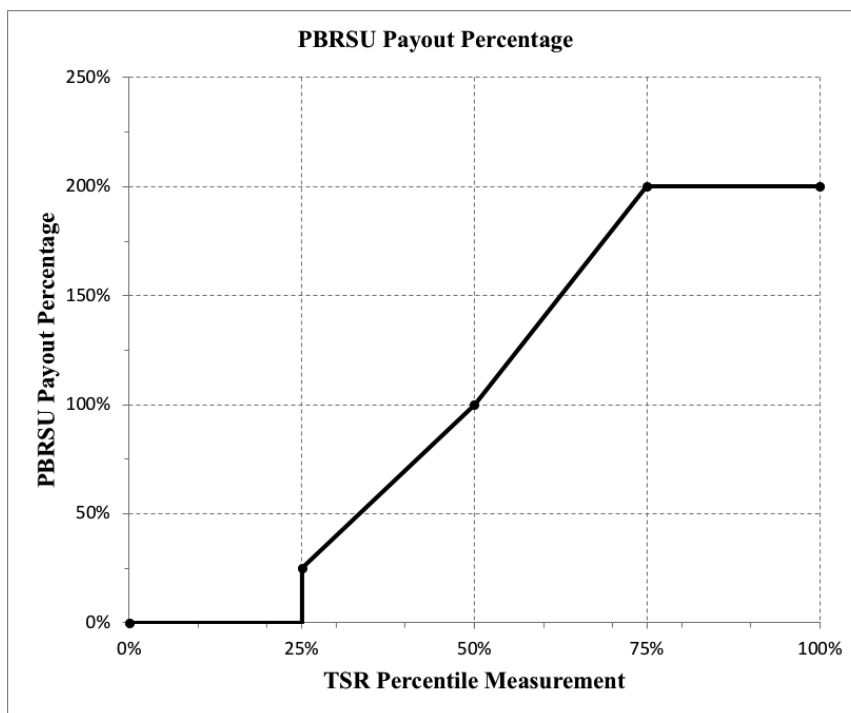
The Compensation Committee believes that the use of PBRsUs further promotes the achievement of our long-term strategic and operational objectives by strengthening the link of our Named Executive Officers' compensation to stockholder value creation.

PBRsU awards for fiscal year 2019 consisted of RSUs subject to a three-year performance period. The number of shares earned, relative to a target number of shares, will be based on the Company's total shareholder return ("TSR") measured relative to the TSR of the component companies of the Philadelphia Semiconductor Index ("Index"). Thus, the measurement entails determining our ranking among the companies that make up the components of the Index. The TSR determines a payout percentage ranging between 0–200%, which is then multiplied by the target number of PBRsUs.

To determine the payout percentage, the Company's TSR for the performance period is compared against that of the companies in the Index to yield a Percentile Measurement (for example, if our Company would rank in the 75th percentile of the performance of companies in the Index during the performance period, our Percentile Measurement would be 75%). The payout percentage is a function of the Percentile Measurement as follows:

- If our Percentile Measurement is less than 25%, the payout percentage is zero;
- Threshold performance: if our Percentile Measurement is 25%, the payout percentage is 25%;
- Target performance: if our Percentile Measurement is 50%, the payout percentage is 100%;
- Maximum performance: if our Percentile Measurement is 75% or higher, the payout percentage is 200%;
- A straight line connects the threshold, target, and maximum performance points; and
- If the Company's TSR is negative during the performance period, the maximum payout percentage is 100%, regardless of the Percentile Measurement.

In graphical form, the PBRsU payout percentage can be summarized as follows:



Within fiscal year 2016 (on November 4, 2015), PBRsUs were provided to our Named Executive Officers. Over the following three-year performance period, the Company’s Percentile Measurement was 17%, leading to a payout percentage of zero. Therefore, no corresponding shares vested during fiscal year 2019. This result comported with the Compensation Committee’s intention of linking PBRsU payout with a relative level of achievement, based on shareholder return. Vesting amounts for PBRsUs granted for fiscal years 2017, 2018 and 2019 have yet to be determined.

For information concerning the number of shares underlying the PBRsUs granted for fiscal year 2019, see the “*Fiscal Year 2019 Grants of Plan-Based Awards Table*” below. For information concerning the value realized during fiscal year 2019 as a result of exercised options and vested stock awards, see the “*Fiscal Year 2019 Options Exercised and Stock Vested Table*” below.

3. *Equity Awards and Comparisons to Compensation Market Data*

As discussed above, the Compensation Committee’s long-term incentive compensation philosophy is typically to grant awards to our executive officers that position their target total direct compensation approximately at the 50th percentile of the applicable Compensation Market Data, subject to other factors considered by the Compensation Committee. For example, the Compensation Committee also takes into account past increases or decreases in overall compensation and the number, and current unrealized value, of outstanding options and unvested RSUs and PBRsUs 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 overall performance, 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 looks collectively at all of these factors when making its decisions.

For fiscal year 2019, based on Compensia’s analysis of competitive market practices and the other relevant factors summarized above, the Compensation Committee approved the grant of a mix of approximately one-third stock options, one-third RSUs, and one-third PBRsUs (all relative to valuation) to our Named Executive Officers. These equity awards were granted in November 2018 on the Company’s Monthly Grant Date (see the section of this proxy statement immediately below entitled, “*Administrative and Timing Aspects of Our Equity Awards*”).

For fiscal year 2019 the target total direct compensation (the base salary plus target annual cash bonus plus the grant date fair value of equity awards) for our Named Executive Officers was:

Named Executive Officer	Base Salary	Target Annual FY19 Cash Bonus	FY19 RSUs	FY19 PBRsUs	FY19 Options	FY19 Target Total Direct Comp.
Jason P. Rhode	\$800,000	\$1,200,000	\$1,037,250	\$1,126,600	\$1,276,439	\$5,440,289
Thurman K. Case	\$391,300	\$ 293,475	\$ 178,407	\$ 180,256	\$ 221,251	\$1,264,689
Gregory S. Thomas	\$367,500	\$ 275,625	\$ 186,705	\$ 191,522	\$ 229,760	\$1,251,112
Jo-Dee M. Benson	\$357,000	\$ 267,750	\$ 178,407	\$ 180,256	\$ 221,251	\$1,204,664
Andrew Brannan	£253,590	£ 190,193	£ 130,472	£ 133,123	£ 162,183	£ 869,561

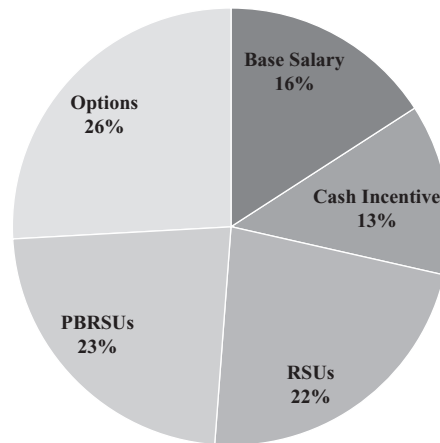
Each of our Named Executive Officers’ target total direct compensation fell below the 25th percentile value in the applicable Compensation Market Data.

The Compensation Committee determined that the size of its equity awards for fiscal year 2019 was warranted and appropriate in view of the totality of circumstances, including the Company’s performance over the 12 months prior to its compensation analysis. While the number of units

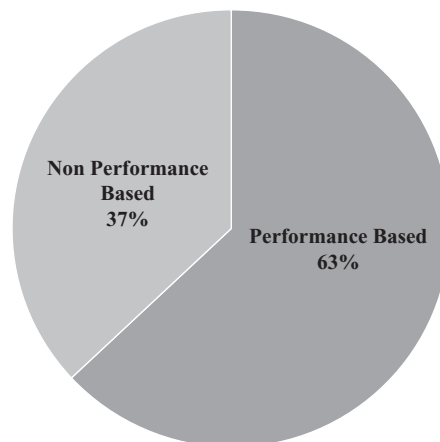
approved for grant to each Named Executive Officer remained unchanged from fiscal year 2018, the Compensation Committee intended those grants to have a lower valuation, proportional to the year-over-year decrease in the Company's stock price. Compared to fiscal year 2018, equity compensation for our Named Executive Officers decreased by about 17%.

The following charts are based on figures presented in the Summary Compensation Table below and show the primary components of our Named Executive Officers' fiscal year 2019 compensation (excluding values listed in the "All Other Compensation" column), along with the performance-based percentage of that compensation.

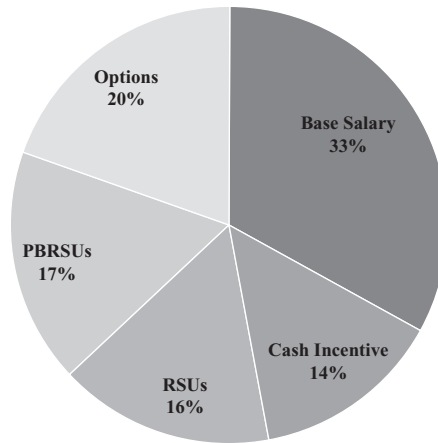
CEO Compensation, FY2019



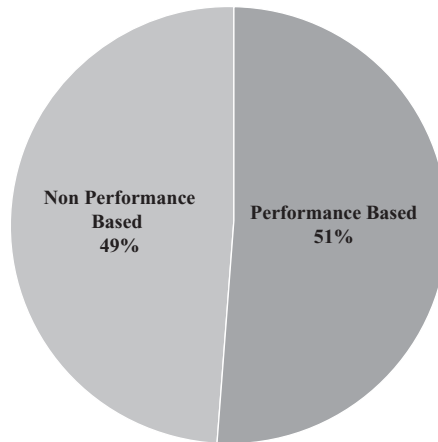
CEO Percentage of Performance-Based Compensation, FY2019



**Named Executive Officer Compensation
Other Than CEO, FY2019**



**Named Executive Officer Other Than CEO
Percentage of Performance-Based
Compensation, FY2019**



In the charts immediately above, the following were considered performance-based compensation: cash incentive awards, stock option awards (which provide a potential return only if the market price of our common stock appreciates over the option term), and PBRsUs.

4. Administrative and Timing Aspects of Our Equity Awards

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.

Annual equity awards to employees and executive officers are granted in November so that the vesting of RSU and PBRSU grants will likely take place during a period after the Company has reported its financial earnings.

5. Stock Ownership Guidelines

Stock ownership guidelines apply to our CEO, non-employee directors, and executive officers to more closely link their interests with those of our other stockholders. Within the later of five years from the 2016 Annual Meeting or five years from his or her appointment as an executive officer or initial election to the Board, each individual subject to the guidelines is expected to accumulate and maintain an ownership position in Company shares that is the lesser of the following:

CEO:	Either three times annual salary or 60,000 shares
Other Executive Officers:	Either one time annual salary or 10,000 shares
Non-employee Directors:	Either three times annual cash retainer or 4,500 shares

Additional details concerning our stock ownership guidelines are provided in the Corporate Governance Guidelines, which are available under the Corporate Governance section of our “Investors” page on our website at investor.cirrus.com.

D. Perquisites and Other Benefits

Our CEO and other executive officers are eligible to participate in our retirement, welfare, and health benefit programs to the same extent as all other salaried employees based in the United States or United Kingdom, as applicable. For example, as applicable to the United States or United Kingdom, we provide medical, dental and vision insurance, a retirement/401(k) plan, life and disability insurance, flexible spending accounts, and other plans and programs. 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.

From time to time, employees may request chartered aircraft services to facilitate travel that is directly and integrally related to the performance of their job duties and where the use of a chartered plane will increase efficiency. Occasionally, a spouse or immediate family members may accompany the employee on these flights. When this occurs, we require the employee to pay the greater of the incremental cost, if any, to accommodate such guests on the flight, or the imputed income amount determined using the IRS Standard Industry Fare Level (SIFL) rate. Accordingly, there is no aggregate incremental cost to the Company for accompaniment on chartered business flights, and no amounts for such guests’ travel are included in our Summary Compensation Table for any Named Executive Officer.

VI. Post-Employment Compensation

We do not maintain separate individual 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, which was amended and restated as of April 1, 2018 (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 originally became effective on October 1, 2007. 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 of 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 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.

VII. Clawback Policy and Prohibition Against Short Selling, Hedging, and Pledging

Effective May 25, 2018, our executive officers became subject to a clawback policy entitled, “Policy Regarding Recoupment of Certain Incentive Compensation” that provides for forfeiture of excess incentive compensation in the event of misconduct resulting in a restatement of financial statements. The clawback policy governs all incentive compensation (cash or equity-based compensation) that is granted, earned, or vested based upon the achievement of financial or stock performance metrics, and which was granted following the adoption of the clawback policy and paid in the preceding three-year period from the time the Company determines that it must restate its financial statements.

The Company prohibits directors, officers, and employees from investing in derivative securities based on or related to the Company’s common stock, engaging in any short sale or hedging transactions involving the Company’s common stock, and pledging any shares of the Company’s common stock as collateral for any margin account or any other similar account or debt instrument where a sale of the Company’s stock could occur. Our policy does not restrict the ownership of Company-granted equity awards, such as stock options, restricted stock, RSUs, PBRsUs, or other equity awards issued by the Company.

VIII. Tax Considerations Related to Compensation

Section 162(m) of the Internal Revenue Code was amended by the Tax Cuts and Jobs Act of 2017 (the “Tax Act”) effective for taxable years beginning after December 31, 2017. Section 162(m) generally disallows a deduction for federal income tax purposes of remuneration in excess of \$1 million paid in any taxable year to its covered employees, which consist of the principal executive officer, principal financial officer and the three other most highly-compensated executive officers for the taxable year. Further, any covered employee for any fiscal year beginning after December 31, 2016 will continue to be treated as a covered employee for all future years. Although the exception for “performance-based compensation” was repealed by the Tax Act, remuneration paid pursuant to a written binding contract in effect on November 2, 2017, and not materially modified after that date, will not be subject to the deduction limitation if specified requirements are met. For all other compensation, amounts in excess of \$1 million paid to any covered employee generally will not be deductible. In fiscal year 2019, the Company had a tax deduction disallowance under Section 162(m) of approximately \$2.4 million related to the compensation received by our CEO.

The Compensation Committee generally sought, so long as it was reasonable and consistent with the Company’s overall business, compensation, and retention objectives, to design our executive compensation program to keep executive compensation deductible by the Company for federal income tax purposes. However, the Compensation Committee maintains its ability to approve compensation to

covered employees that is not tax deductible if it determines that doing so is in the best interests of the Company and cannot guarantee that past compensation, or compensation granted in the future, generally designed to be deductible will in fact be deductible by the Company for federal income tax purposes. The Compensation Committee did not change its overall compensation program in response to the Tax Act.

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 the section of this proxy statement entitled, “Potential Payments Upon Termination or Change of Control.”

IX. Compensation Committee Interlocks and Insider Participation

The Compensation Committee currently consists of Timothy R. Dehne (Chair), John C. Carter, and David J. Tupman. During fiscal year 2019, none of our executive officers served on the board of directors or compensation committee of another company whose executive officer served on our Board or 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 are available under the Corporate Governance section of our “Investors” page on our website at investor.cirrus.com.

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, Chair

John C. Carter

David J. Tupman

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 (e.g., 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.

- We review the short-term performance incentive targets used in our incentive program every six months to ensure alignment with our business plans.
- 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, RSUs, and PBRsUs 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.
- We use performance-based equity based on the Company’s TSR as a means to align a portion of an executive’s compensation with the interests of our stockholders. In addition, we cap the payout of these awards at a 100% payout if the Company’s TSR is negative over the performance period (typically, three years).
- Our CEO, non-employee directors, and executive officers of the Company are obligated to meet certain stock ownership guidelines that require accumulation and maintenance of a prescribed value or number of shares.
- The Compensation Committee retains an independent compensation consultant and uses market data, when available, to inform our focus on pay for performance.
- Our executive officers are subject to a clawback policy (“Policy Regarding Recoupment of Certain Incentive Compensation”) that provides for forfeiture of excess incentive compensation that was awarded on or after May 25, 2018 in the event of misconduct resulting in a restatement of financial statements.

EXECUTIVE COMPENSATION TABLES

Fiscal Year 2019 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 30, 2019; March 31, 2018; and March 25, 2017; as applicable.

A note on foreign currency: For Mr. Brannan, cash compensation (e.g., salary and non-equity incentive plan compensation) is paid in the currency of the United Kingdom – the pound sterling. For purposes of the disclosures and tables in this proxy statement, we have converted pound sterling payment amounts to U.S. dollars by applying the following methodology for fiscal year 2019. We first calculated 12 average monthly exchange rates corresponding to the months April 2018 (the first full month in fiscal year 2019) through March 2019 (the month ending fiscal year 2019). We then averaged those 12 monthly exchange rates to arrive at an overall average exchange rate of 1.3117 U.S. dollars per pound. We used this overall average for conversions.

Name and Principal Position (a)	Year (b)	Salary (\$) (c)	Stock Awards ⁽¹⁾ (\$) (e)	Option Awards ⁽¹⁾ (\$) (f)	Non-Equity Incentive Plan Compensation ⁽²⁾ (\$) (g)	All Other Compensation (\$) (i)	Total (\$) (j)
Jason P. Rhode, President and Chief Executive Officer	2019	\$800,000	\$2,163,850	\$1,276,439	\$ 660,245	\$10,787 ⁽³⁾	\$4,911,321
	2018	775,962	2,660,200	1,490,394	1,003,856	10,792	5,941,204
	2017	721,154	2,877,850	1,712,814	2,009,271	10,838	7,331,927
Thurman K. Case, Vice President, Chief Financial Officer and Principal Accounting Officer	2019	\$391,300	\$ 358,663	\$ 221,251	\$ 161,471	\$14,154 ⁽⁴⁾	\$1,146,839
	2018	378,175	442,348	258,337	245,506	14,180	1,338,546
	2017	351,500	476,851	296,890	487,583	12,448	1,625,272
Gregory S. Thomas, Senior Vice President, General Counsel and Corporate Secretary	2019	\$367,500	\$ 378,227	\$ 229,760	\$ 151,650	\$11,315 ⁽⁵⁾	\$1,138,452
	2018	359,087	466,164	268,272	230,573	11,251	1,335,347
	2017	345,193	502,897	308,309	468,830	11,182	1,636,411
Jo-Dee Benson, Vice President and Chief Culture Officer	2019	\$357,000	\$ 358,663	\$ 221,251	\$ 147,317	\$12,986 ⁽⁶⁾	\$1,097,217
	2018	348,827	442,348	258,337	223,985	12,567	1,286,064
	2017	335,193	476,851	296,890	455,435	12,502	1,576,871
Andrew Brannan, Vice President of Worldwide Sales	2019	\$332,645 ⁽⁸⁾	\$ 345,769	\$ 212,742	\$ 136,379 ⁽⁸⁾	\$22,713 ⁽⁷⁾	\$1,050,248

- (1) The amounts reported in the column entitled “Stock Awards” represent the RSUs and PBRsUs granted to our Named Executive Officers. The amounts reported in the column entitled “Option Awards” represent the stock options granted to our 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, and with respect to PBRsUs this valuation entails a Monte Carlo calculation. The assumptions underlying calculations under FASB ASC Topic 718 are discussed under Note 10, Equity Compensation, in our Annual Report on Form 10-K for the fiscal year ended March 30, 2019.
- (2) This column, entitled “Non-Equity Incentive Plan Compensation,” represents the amounts earned for each fiscal year under the Incentive Plan, which is described in further detail in the “*Compensation Discussion and Analysis*” section of this proxy statement. Payments earned in the second semiannual period of a fiscal year are included in this table for that fiscal year even though they were paid in the following fiscal year.
- (3) This amount includes \$9,250 in matched contributions under our 401(k) plan, \$990 associated with the value of insurance premiums paid with respect to life insurance for the benefit of Dr. Rhode, and \$547 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 \$9,250 in matched contributions under our 401(k) plan, \$4,357 associated with the value of insurance premiums paid with respect to life insurance for the benefit of Mr. Case, and \$547 in tax gross-ups paid to all employees of the Company with respect to the Company's long-term disability plan.
- (5) This amount includes \$9,250 in matched contributions under our 401(k) plan, \$1,518 associated with the value of insurance premiums paid with respect to life insurance for the benefit of Mr. Thomas, and \$547 in tax gross-ups paid to all employees of the Company with respect to the Company's long-term disability plan.
- (6) This amount includes \$9,250 in matched contributions under our 401(k) plan, \$3,189 associated with the value of insurance premiums paid with respect to life insurance for the benefit of Ms. Benson, and \$547 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 \$19,959 in matched contributions under our defined contribution pension scheme in the United Kingdom, and \$2,754 in additional Company contribution (made in return for his individual salary sacrifice) toward that defined contribution pension scheme.
- (8) These amounts were converted from pound sterling to U.S. dollars. See "*A note on foreign currency*" above for details concerning the conversion.

Fiscal Year 2019 Grants of Plan-Based Awards Table

The following table sets forth certain information with respect to grants of plan-based awards for the fiscal year ended March 30, 2019, to our Named Executive Officers. All of the stock options, RSUs, and PBRsUs that are reflected in the table were granted under our 2018 Long Term Incentive Plan.

The amounts reported in the "Estimated Future Payouts Under Non-Equity Incentive Plan Awards" column below set forth potential payouts under the Company's Incentive Plan, which is described further in the "*Compensation Discussion and Analysis*" section of this proxy statement.

The amounts reported in the "Estimated Future Payouts Under Equity Incentive Plan Awards" column below set forth potential payouts that are associated with PBRsUs. The PBRsUs will vest as to the number of shares earned on the third anniversary of the grant date. The number of PBRsUs that vest, if any, is based on Company performance during this three-year period and is determined relative to the target number of shares as described further in the "*Compensation Discussion and Analysis*" section of this proxy statement. Holders of PBRsUs are not eligible to receive any dividends or dividend equivalents with respect to outstanding PBRsUs. 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 in the section of this proxy statement entitled, "*Potential Payments Upon Termination or Change of Control*."

Each stock option has a maximum term of 10 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 market price of our common stock as reported on Nasdaq on the date of grant.

The RSUs will vest with respect to 100% of the shares 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 in the section of this proxy statement entitled, “*Potential Payments Upon Termination or Change of Control.*”

Name (a)	Grant Date ⁽¹⁾ (b)	Approval Date ⁽¹⁾ (c)	Estimated Future Payouts Under Non-Equity Incentive Plan Awards ⁽²⁾			Estimated Future Payouts Under Equity Incentive Plan Awards ⁽³⁾			All Other Stock Awards: Number of Shares of Stock or Units (#) (i)	All Other Option Awards: Number of Securities Underlying Options (#) (j)	Exercise or Base Price of Option Awards (\$/Sh) (k)	Grant Date Fair Value of Stock and Option Awards ⁽⁴⁾ (l)
			Threshold (\$) (c)	Target (\$) (d)	Maximum (\$) (e)	Threshold (#) (f)	Target (#) (g)	Maximum (#) (h)				
Jason P. Rhode, President and Chief Executive Officer	11/7/2018 11/7/2018 11/7/2018	11/6/2018 11/6/2018 11/6/2018	\$300,000	\$1,200,000	\$3,000,000	5,000	20,000	40,000	25,000	75,000	\$41.49	\$1,037,250 \$1,126,600 \$1,276,439
Thurman K. Case, Vice President, Chief Financial Officer and Principal Accounting Officer	11/7/2018 11/7/2018 11/7/2018	11/6/2018 11/6/2018 11/6/2018	\$ 73,369	\$ 293,475	\$ 733,688	800	3,200	6,400	4,300	13,000	\$41.49	\$ 178,407 \$ 180,256 \$ 221,251
Gregory S. Thomas, Senior Vice President, General Counsel and Corporate Secretary	11/7/2018 11/7/2018 11/7/2018	11/6/2018 11/6/2018 11/6/2018	\$ 68,906	\$ 275,625	\$ 689,063	850	3,400	6,800	4,500	13,500	\$41.49	\$ 186,705 \$ 191,522 \$ 229,760
Jo-Dee Benson, Vice President and Chief Culture Officer	11/7/2018 11/7/2018 11/7/2018	11/6/2018 11/6/2018 11/6/2018	\$ 66,938	\$ 267,750	\$ 669,375	800	3,200	6,400	4,300	13,000	\$41.49	\$ 178,407 \$ 180,256 \$ 221,251
Andrew Brannan, Vice President of Worldwide Sales	11/7/2018 11/7/2018 11/7/2018	11/6/2018 11/6/2018 11/6/2018	\$ 62,371 ⁽⁵⁾	\$ 249,483 ⁽⁵⁾	\$ 623,709 ⁽⁵⁾	775	3,100	6,200	4,125	12,500	\$41.49	\$ 171,146 \$ 174,623 \$ 212,742

- (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 in this column reflect potential payment amounts under the Incentive Plan. Actual amounts earned under this plan are reported in the “Non-Equity Incentive Plan Compensation” column of the Summary Compensation Table above. Semiannual payments may be made under the Incentive Plan only if certain financial prerequisites, such as operating profit margin thresholds, are achieved, as described further in the “*Compensation Discussion and Analysis*” section of this proxy statement. The threshold amounts reported in this column reflect the minimum amount payable assuming achievement of the applicable financial-result thresholds (25% of the target amount). The target amounts reported above reflect the target amount awarded to each Named Executive Officer. The maximum amounts represent 250% of the target amount.
- (3) The amounts reported in this column reflect the number of shares underlying potential payment amounts for PBRsUs under the Company’s Performance-Based Restricted Stock Unit program. The number of PBRsUs that will actually vest, if any, is based on Company performance during a three-year performance period and is determined as further described in the “*Compensation Discussion and Analysis*” section of this proxy statement.
- (4) Amounts in this column represent the aggregate grant date fair value of the equity awards computed in accordance with FASB ASC Topic 718, excluding the effect of estimated forfeitures, and with respect to PBRsUs this valuation entails a Monte Carlo calculation. The assumptions underlying calculations under FASB ASC Topic 718 are discussed under Note 10, Equity Compensation, in the Company’s Annual Report on Form 10-K for the fiscal year ended March 30, 2019.
- (5) These amounts were converted from pound sterling to U.S. dollars. See “*A note on foreign currency*” above for details concerning the conversion.

Fiscal Year 2019 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 30, 2019.

Name	Option Awards					Stock Awards				
	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable ⁽¹⁾ (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date ⁽²⁾	Stock Award Grant Date	Number of Shares or Units of Stock That Have Not Vested ⁽³⁾ (#)	Market Value of Shares or Units of Stock That Have Not Vested ⁽⁴⁾ (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested ⁽⁵⁾ (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ⁽⁶⁾ (\$)
(a)	(b)	(c)	(d)	(e)	(f)		(g)	(h)	(i)	(j)
Jason P. Rhode, President and Chief Executive Officer	128,847	—		\$16.25	10/6/2020					
	135,000	—		\$15.41	10/5/2021					
	110,000	—		\$38.99	10/3/2022					
	101,789	—		\$23.34	10/2/2023					
	90,000	—		\$20.37	10/1/2024					
	105,218	21,045		\$31.25	11/4/2025					
	43,750	31,250		\$54.65	11/2/2026					
	25,000	50,000		\$55.72	11/1/2027					
	—	75,000		\$41.49	11/7/2028					
						11/2/2016	25,000	\$1,051,750		
						11/2/2016			5,000	\$210,350
						11/1/2017	25,000	\$1,051,750		
						11/1/2017			5,000	\$210,350
					11/7/2018	25,000	\$1,051,750			
					11/7/2018			5,000	\$210,350	
Thurman K. Case, Vice President, Chief Financial Officer and Principal Accounting Officer	5,000	—		\$15.41	10/5/2021					
	15,000	—		\$38.99	10/3/2022					
	6,905	—		\$23.34	10/2/2023					
	14,957	—		\$20.37	10/1/2024					
	18,149	3,631		\$31.25	11/4/2025					
	7,583	5,417		\$54.65	11/2/2026					
	4,333	8,667		\$55.72	11/1/2027					
	—	13,000		\$41.49	11/7/2028					
						11/2/2016	4,300	\$ 180,901		
						11/2/2016			800	\$ 33,656
						11/1/2017	4,300	\$ 180,901		
						11/1/2017			800	\$ 33,656
						11/7/2018	4,300	\$ 180,901		
					11/7/2018			800	\$ 33,656	

Name	Option Awards					Stock Awards				
	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable ⁽¹⁾ (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price (\$)	Option Expiration Date ⁽²⁾	Stock Award Grant Date	Number of Shares or Units of Stock That Have Not Vested ⁽³⁾ (#)	Market Value of Shares or Units of Stock That Have Not Vested ⁽⁴⁾ (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested ⁽⁵⁾ (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ⁽⁶⁾ (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	
Gregory S. Thomas, Senior Vice President, General Counsel and Corporate Secretary	20,000	—		\$38.99	10/3/2022					
	20,000	—		\$23.34	10/2/2023					
	25,000	—		\$20.37	10/1/2024					
	18,938	3,789		\$31.25	11/4/2025					
	7,875	5,625		\$54.65	11/2/2026					
	4,500	9,000		\$55.72	11/1/2027					
	—	13,500		\$41.49	11/7/2028					
						11/2/2016	4,500	\$189,315		
						11/2/2016			850	\$35,760
						11/1/2017	4,500	\$189,315		
						11/1/2017			850	\$35,760
					11/7/2018	4,500	\$189,315			
					11/7/2018			850	\$35,760	
Jo-Dee Benson, Vice President and Chief Culture Officer	18,000	—		\$38.99	10/3/2022					
	18,000	—		\$23.34	10/2/2023					
	12,938	—		\$20.37	10/1/2024					
	18,150	3,630		\$31.25	11/4/2025					
	7,583	5,417		\$54.65	11/2/2026					
	4,333	8,667		\$55.72	11/1/2027					
	—	13,000		\$41.49	11/7/2028					
						11/2/2016	4,300	\$180,901		
						11/2/2016			800	\$33,656
						11/1/2017	4,300	\$180,901		
						11/1/2017			800	\$33,656
					11/7/2018	4,300	\$180,901			
					11/7/2018			800	\$33,656	
Andrew Brannan, Vice President of Worldwide Sales	12,152	3,473		\$31.25	11/4/2025					
	7,291	5,209		\$54.65	11/2/2026					
	4,166	8,334		\$55.72	11/1/2027					
	—	12,500		\$41.49	11/7/2028					
						11/2/2016	4,125	\$173,539		
						11/2/2016			775	\$32,604
						11/1/2017	4,125	\$173,539		
						11/1/2017			775	\$32,604
						11/7/2018	4,125	\$173,539		
						11/7/2018			775	\$32,604

(1) All outstanding 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) Options have a maximum 10-year term. Therefore, the grant date is 10 years prior to the Option Expiration Date listed in this column.
- (3) This column corresponds to RSUs. Outstanding RSUs will vest with respect to 100% of the shares underlying the award on the third anniversary of the grant date.
- (4) 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 29, 2019, (the last trading day of fiscal year 2019), which was \$42.07.
- (5) This column corresponds to threshold numbers of PBRsUs. The number of shares that vest, if any, will be based on Company performance and will be relative to the target number of shares as further described in the “*Compensation Discussion and Analysis*” section of this proxy statement. Such vesting will occur on the third anniversary of the grant date.
- (6) The market value of unvested PBRsUs reported in this column is calculated by multiplying the threshold number of shares subject to each award reported in column (i) by the closing market price of common stock on March 29, 2019, (the last trading day of fiscal year 2019), which was \$42.07.

Fiscal Year 2019 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 fiscal year 2019.

Name (a)	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#) (b)	Value Realized on Exercise ⁽¹⁾ (\$) (c)	Number of Shares Acquired on Vesting (#) (d)	Value Realized on Vesting ⁽²⁾ (\$) (e)
Jason P. Rhode, President and Chief Executive Officer	—	\$—	41,677	\$1,729,181
Thurman K. Case, Vice President, Chief Financial Officer and Principal Accounting Officer	—	\$—	7,188	\$ 298,302
Gregory S. Thomas, Senior Vice President, General Counsel and Corporate Secretary	—	\$—	7,500	\$ 311,250
Jo-Dee Benson, Vice President and Chief Culture Officer	—	\$—	7,188	\$ 298,302
Andrew Brannan, Vice President of Worldwide Sales	—	\$—	6,875	\$ 285,313

- (1) To the extent this column is populated, the value realized on the exercise of stock options is computed by determining the difference between the market price of our common stock underlying each option on the date of exercise and the exercise price of the options for each share exercised.
- (2) 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 our common stock on the date of vesting.

Pension Benefits and Nonqualified Deferred Compensation

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

Potential Payments upon Termination or Change of Control

We do not maintain individual employment, severance, or change of control agreements with our Named Executive Officers; however, we do 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 Named Executive Officers may also receive certain benefits under the Incentive Plan in the event of certain terminations of employment or change of control transactions that occur prior to the payment of the award for the applicable fiscal year.

2007 Severance Plan

Each of our Named Executive Officers is considered an Eligible Executive under the 2007 Severance Plan. We maintain 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 the 2007 Severance Plan provides a level of stability for our executive officers 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” (defined below for purposes of the 2007 Severance Plan) 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” (each term as 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 (24 months in the case of our CEO), (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 termination due to “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 termination due to 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.
- “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 of 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 Eligible Executive.

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.

Incentive Plan

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 of the Company. 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 semiannual performance period and through the date that cash bonuses under the Incentive Plan for such semiannual performance period are actually paid. However, participants whose employment terminates due to death or "disability" during a semiannual 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 semiannual performance period and the Company's actual performance during the semiannual performance period. The pro rata bonus amount will be paid to the terminated participant on or before the 15th day of the third month after the later of (i) the last day of the calendar year in which 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." Payment under the Incentive Plan would no longer be received if a participant's employment was terminated for some other reason during a semiannual performance period.

In addition, if a change of control of the Company 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 semiannual 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 30, 2019, the last day of fiscal year 2019. We also assume that each Named Executive Officer was continuously employed by the Company and under the 2007 Severance Plan and the Incentive Plan throughout at least the second half of fiscal year 2019. The amounts below have been calculated using assumptions, such as these, that we believe to be reasonable, along with further assumptions that are described in more detail below. The actual amounts that would be paid 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.”

Conditions Involving Involuntary Termination of Employment or Death/Disability

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 30, 2019 (and was not following a change in control), and in view of the other assumptions above, is set forth in the table below:

Name	Salary Continuation ⁽¹⁾	Health Benefits (up to 3 months) ⁽²⁾	Cash Bonus Under Incentive Plan ⁽³⁾	Total
Jason P. Rhode, President and Chief Executive Officer	\$800,000	\$4,032	\$600,000	\$1,404,032
Thurman K. Case, Vice President, Chief Financial Officer and Principal Accounting Officer	\$195,650	\$1,806	\$146,738	\$ 344,194
Gregory S. Thomas, Senior Vice President, General Counsel and Corporate Secretary	\$183,750	\$5,540	\$137,813	\$ 327,103
Jo-Dee Benson, Vice President and Chief Culture Officer	\$178,500	\$4,032	\$133,875	\$ 316,407
Andrew Brannan, Vice President of Worldwide Sales	\$166,322 ⁽⁴⁾	\$ —	\$124,742 ⁽⁴⁾	\$ 291,064

- (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 30, 2019. 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 30, 2019.
- (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 30, 2019.

- (3) The Named Executive Officers would only receive the payments enumerated in this column in the event of a termination of employment due to death or disability. In the event employment is terminated for any other reason, the noted executive would forfeit these amounts because he or she would not be employed with the Company on the date of payment. On a 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 30, 2019, is the last day of the semiannual performance period, the executive would be entitled to a full payment of the semiannual bonus. As such, we have calculated the cash bonus under the Incentive Plan as the target Incentive Plan Payout Percentage (100%) applied to each individual’s current target bonus under the Incentive Plan for the semiannual performance period ending on March 30, 2019.
- (4) These amounts were converted from pound sterling to U.S. dollars. See “A note on foreign currency” above for details concerning the conversion.

Conditions Additionally Involving a Change of Control

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 Salary Payment ⁽¹⁾	Accelerated Vesting of Unvested Equity ⁽²⁾	Health Benefits (up to 12 months) ⁽³⁾	Cash Bonus Under Incentive Plan ⁽⁴⁾	Total
Jason P. Rhode, President and Chief Executive Officer	\$1,600,000	\$5,950,657	\$16,130	\$600,000	\$8,166,786
Thurman K. Case, Vice President, Chief Financial Officer and Principal Accounting Officer	\$ 391,300	\$ 993,402	\$ 7,226	\$146,738	\$1,538,666
Gregory S. Thomas, Senior Vice President, General Counsel and Corporate Secretary	\$ 367,500	\$1,045,886	\$22,160	\$137,813	\$1,573,359
Jo-Dee Benson, Vice President and Chief Culture Officer	\$ 357,000	\$ 993,392	\$16,130	\$133,875	\$1,500,396
Andrew Brannan, Vice President of Worldwide Sales	\$ 332,645 ⁽⁵⁾	\$ 956,695	\$ —	\$124,742 ⁽⁵⁾	\$1,414,081

- (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 30, 2019. 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 30, 2019.
- (2) The valuation of accelerated vesting of unvested equity awards 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 29, 2019 (the last trading day prior to March 30, 2019), which was \$42.07 per share, and (2) the value of the RSUs and target-level PBRsUs subject to accelerated vesting based on that same closing market price.

- (3) The valuation of healthcare benefits has been computed 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 30, 2019.
- (4) The amounts in this column represent a pro rata cash payment of target bonuses under the Incentive Plan, based on the number of calendar days completed in the semiannual performance period prior to the occurrence of the change of control. Because the change of control is deemed to occur on the last day of the fiscal year, the amounts above represent the target Incentive Plan Payout Percentage (100%) applied to each individual's current target bonus under the Incentive Plan for the semiannual performance period ending on March 30, 2019.
- (5) These amounts were converted from pound sterling to U.S. dollars. See "A note on foreign currency" above for details concerning the conversion.

EQUITY COMPENSATION PLAN INFORMATION

The following table provides information as of March 30, 2019 about shares of our common stock that may be issued upon the exercise of options, warrants, and rights under the Company's 2006 Stock Incentive Plan and the 2018 Long Term Incentive Plan, which was first approved by stockholders on August 3, 2018:

	(A) Number of Securities to be issued upon exercise of outstanding options	(B) Weighted-average exercise price of outstanding options	(C) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (A))
Equity Compensation Plans			
Approved by Security Holders ⁽¹⁾ . .	4,863,758 ⁽²⁾	\$33.89 ⁽³⁾	3,322,784
Equity Compensation Plans Not			
Approved by Security Holders	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	4,863,758	\$ 33.89	3,322,784

- (1) As of March 30, 2019, we were granting equity awards only under the 2018 Long Term Incentive Plan. Under the 2018 Long Term Incentive Plan, a 1.5 full value award multiplier is applied to all RSUs and PBRsUs granted.
- (2) Includes 2,999,188 shares granted under the 2006 Stock Incentive Plan and the 2018 Long Term Incentive Plan that are issuable upon the vesting of the outstanding RSUs and PBRsUs.
- (3) The weighted average exercise price does not take into account the shares issuable upon the vesting of the outstanding RSUs and PBRsUs.

PAY RATIO DISCLOSURE

In accordance with Item 402(u) of Regulation S-K, we are providing the following information about the relationship of the annual total compensation of our employees and the annual total compensation of Dr. Jason Rhode, our CEO. For fiscal year 2019:

- the median of the annual total compensation of all employees of our Company (other than our CEO) was \$119,430; and
- the annual total compensation of our CEO was \$4,911,321.
- based on this information, the annual total compensation of our CEO was estimated to be 41.1 times that of the median of the annual total compensation of all employees (excluding the CEO).

Different companies may use different methodologies in arriving at a pay ratio, and as a result, these ratios are not necessarily designed to facilitate comparisons among different companies. Rather, they allow stockholders to better understand and assess each particular company's internal compensation practices.

Identifying the Median Employee

We identified our median employee by considering an employee population as of the last day of our fiscal year, March 30, 2019. We considered all employees at our consolidated subsidiaries and all worldwide employees other than our CEO, whether employed on a full-time, part-time, temporary, or seasonal basis. For purposes of selecting our median employee, we used a consistently applied compensation measure that included (1) base pay during fiscal year 2019 using salary or base pay rate as of March 30, 2019, (2) all cash bonuses earned during fiscal year 2019, and (3) the aggregate full grant date fair value of equity awards granted during fiscal year 2019, calculated in accordance with FASB ASC Topic 718. Compensation paid in foreign currencies was converted to U.S. dollars based on the average monthly exchange rate for March, 2019. For employees who were employed for less than the full fiscal year, we annualized their base pay. The value of the Company's 401(k) plan and medical benefits provided was excluded, as all employees in a given jurisdiction are offered the same benefits, and we did not make any cost-of-living adjustments. Our employee population was an even number, and we noted that only one of the two midpoint employees was employed by the Company throughout the fiscal year. That individual was selected as our median.

Using this methodology, we determined that the median employee was a full-time engineer within our quality group, located in Austin, Texas.

Calculating the Ratio

After identifying the median employee, we calculated the elements of such employee's annual total compensation for fiscal year 2019 pursuant to Item 402(c)(2)(x) of Regulation S-K: \$119,430. For the annual total compensation of our CEO, we used the amount reported in the "Total" column (column (j)) of our Fiscal Year 2019 Summary Compensation Table included in this proxy statement: \$4,911,321.

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 available under the Corporate Governance section of our “Investors” page on our website at 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 Audit Committee continues to review and assess the adequacy of its charter on an annual basis, and will revise it to comply with 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 fiscal year ended March 30, 2019, 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 1301, *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 applicable PCAOB rules regarding the independent accountant’s communications with the Audit Committee concerning independence, and the Audit Committee discussed with Ernst & Young the firm’s independence. In addition, the Audit Committee has considered whether the provision of non-audit services is compatible with maintaining Ernst & Young’s independence.

Based upon the Audit Committee’s discussions with management and the independent auditors, 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 fiscal year ended March 30, 2019, as filed with the SEC.

Submitted by the Audit Committee of the Board:

Alexander M. Davern, Chair

John C. Carter

Timothy R. Dehne

AUDIT AND NON-AUDIT FEES AND SERVICES

Audit and Related Fees

The following table shows the fees accrued by the Company for the audit and other services provided by Ernst & Young for fiscal years 2019 and 2018. All fees were pre-approved by the Audit Committee.

	<u>2019</u>	<u>2018</u>
Audit Fees	\$1,381,000	\$1,442,221
Audit-Related Fees	\$ 20,000	\$ 67,196
Tax Fees	\$ 742,267	\$ 179,631
All Other Fees	\$ 2,923	\$ 3,004
Total	\$2,146,190	\$1,692,052

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. The fiscal year 2019 tax fees include \$120,000 in tax compliance and tax return preparation services. The remainder of the fiscal year 2019 tax fees relate to technical tax advice and tax planning. The fiscal year 2018 tax fees include \$144,673 in tax compliance and tax return preparation services. The remainder of the fiscal year 2018 tax fees relate to technical fees including technical tax advice and tax planning.

All Other Fees. The other fees correspond to an Ernst & Young research tool.

Pre-Approval Policies and Procedures

The Audit Committee has adopted a written 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 are 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 are approved by the Audit Committee. If the Chair takes any action, the Chair will report such action to the Audit Committee at the next Audit Committee meeting.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

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

Procedures for Review, Approval, and Ratification of Related 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 all potential 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 promote Company decisions that are based on the merits of the transaction and the interests of the Company and its stockholders. While it is the Company's preference to avoid Related Person Transactions, this procedure sets forth a methodology for considering a proposed Related Person Transaction in which the standard to be applied 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 or indirect interest. The Company has not established a materiality limit for purposes of defining a Related Person Transaction under its related person transaction procedures.

Transactions with Related Persons. Dr. Rhode beneficially owns 100% of an aircraft through a limited liability company (the "LLC"), and the LLC makes the aircraft available for lease through an independent aircraft management company. On occasion we lease, through the aircraft management company, the non-exclusive use of the aircraft for business travel for employees, with no required minimum usage, at a rate of \$3,308 per flight hour plus any additional overnight/landing fees and excise taxes. Our agreement with the aircraft management company contains other terms and conditions normal in such transactions and can be canceled with 30 days' notice. Our Board of Directors approved this hourly reimbursement rate based upon a competitive analysis of comparable chartered aircraft rates, which showed that the reimbursement rate is at or below market rates for the charter of similar aircraft. During fiscal year 2019, we incurred approximately \$145,632 in rental fees for the aircraft owned through the LLC. These fees are included in general, administrative, and other expenses in the condensed consolidated statements of operations.

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 2019, all Section 16(a) filing requirements applicable to its officers, directors, and greater than 10% stockholders were met in a timely manner.

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 (866)-540-7095, or by writing to Broadridge ICS, Householding 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 2019 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. 6th 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.

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. 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. 6th 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 visiting their website at www.investorcentre.com (see “contact us” section and other online features).

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 cirruslogic.ethicspoint.com.

ANNUAL REPORT

On May 24, 2019, we filed with the SEC an Annual Report on Form 10-K for the fiscal year ended March 30, 2019. The Annual Report on Form 10-K has been provided concurrently with this proxy statement to all stockholders entitled to notice of, and to vote at, the Annual Meeting.

Stockholders may also obtain a copy of the Annual Report on Form 10-K and any of our other SEC reports, free of charge, (1) from the SEC's website at www.sec.gov, (2) from our website at investor.cirrus.com, or (3) by writing to Investor Relations, Cirrus Logic, Inc., 800 W. 6th 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 5, 2019

ANNEX
INCENTIVE PLAN RECONCILIATION

	6 Months Ended	
	2H'19	1H'19
Net Revenue	\$564,736	\$620,788
Cost of Sales	\$276,917	\$311,110
Gross Profit	\$287,819	\$309,678
Total Operating Expenses	\$236,471	\$260,257
Total Operating Income	\$ 51,348	\$ 49,421
Operating Income Percentage	9%	8%
<i>Operating Income Reconciliation</i>		
GAAP Operating Income	\$ 51,348	\$ 49,421
Amortization of acquisition intangibles	\$ 14,858	\$ 26,133
Stock compensation expense	\$ 23,764	\$ 25,925
Other adjustments **	\$ (4,913)	\$ —
Bonus VCP, Executive, Leadership Plan Exclusion	\$ 6,023	\$ 7,042
Non GAAP Operating Income Used for Bonus Plans	\$ 91,080	\$108,521
Non GAAP Operating Income Percentage Used for Bonus Plans	16%	17%

** *Other adjustments may include certain litigation expenses, facility charges, patent agreements, international sales reorganizations, or other. The noted figure of \$ (4,913) represents the gain on a sale of the Company's former office building in Edinburgh, UK.*

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CORPORATE HEADQUARTERS

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