

CIRRUS LOGIC INC  
Form DEF 14A  
June 01, 2010

**Table of Contents**

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934  
(Amendment No. \_\_\_\_)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Section 240.14a-12

**Cirrus Logic, Inc.**

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

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

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11

(Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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**Table of Contents**

**JASON P. RHODE**

President and Chief Executive Officer

June 1, 2010

To our Stockholders:

I am pleased to invite you to attend the annual meeting of stockholders of Cirrus Logic, Inc. to be held on Friday, July 23, 2010, at 1:00 p.m. at Cirrus Logic, Inc., 2901 Via Fortuna, Austin, Texas 78746.

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

We are also pleased to be furnishing proxy materials to our stockholders using the Internet. We believe this process expedites stockholders' receipt of proxy materials and lowers the cost of our annual meeting. Instead of mailing a paper copy of our proxy materials to our stockholders, we are mailing a notice with instructions for accessing the proxy materials and voting via the Internet. The notice also provides information on how stockholders may obtain paper copies of our proxy materials if they so choose.

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

Jason P. Rhode

President and Chief Executive Officer

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## TABLE OF CONTENTS

	<b>Page</b>
<u>Notice</u>	1
<u>Questions and Answers about the Proxy Materials, the Annual Meeting, and Voting Procedures</u>	2
<u>Corporate Governance</u>	6
<u>Director Compensation Arrangements</u>	11
<u>Proposals to be Voted on:</u>	
<u>Proposal No. 1: Election of Directors</u>	13
<u>Proposal No. 2: Ratification of Appointment of Independent Registered Public Accounting Firm</u>	16
<u>Other Matters</u>	16
<u>Ownership of Securities</u>	17
<u>Executive Officers</u>	19
<u>Compensation Discussion and Analysis</u>	20
<u>Compensation Committee Report</u>	31
<u>Summary of Executive Compensation</u>	32
<u>Equity Compensation Plan Information</u>	41
<u>Report of the Audit Committee of the Board of Directors</u>	42
<u>Audit and Non-Audit Fees and Services</u>	43
<u>Certain Relationships and Related Transactions</u>	44
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	45
<u>Householding</u>	45
<u>Communicating with Us</u>	45

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

*Cirrus Logic Investor Relations  
2901 Via Fortuna, Austin, Texas 78746  
telephone: (512) 851-4125; email: [InvestorRelations@cirrus.com](mailto:InvestorRelations@cirrus.com)*

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**Table of Contents**

**Annual Stockholders Meeting**

**July 23, 2010**

**YOUR VOTE IS IMPORTANT**

**Notice**

Cirrus Logic, Inc. (the Company) will hold its 2010 Annual Meeting of Stockholders as follows:

*Friday, July 23, 2010*

*1:00 P.M. (Central Daylight Time)*

*Cirrus Logic, Inc.*

*2901 Via Fortuna*

*Austin, Texas 78746*

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

- (i) the election of seven Company directors for one-year terms;
- (ii) the ratification of the appointment of Ernst & Young LLP (Ernst & Young) as our independent registered public accounting firm; and
- (iii) such other business as may properly come before the meeting.

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

Stockholders of record at the close of business on May 26, 2010 (the Record Date), are entitled to vote. On that day, approximately 67.2 million shares of the Company common stock were outstanding. Each share entitles the holder to one vote.

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

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

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**Table of Contents**

**PROXY STATEMENT**

**2010 ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held Friday, July 23, 2010**

**Cirrus Logic, Inc.  
2901 Via Fortuna  
Austin, Texas 78746  
[www.cirrus.com](http://www.cirrus.com)**

These proxy materials are furnished to you in connection with the solicitation of proxies by the Board of Directors ( Board ) of Cirrus Logic, Inc. for use at our 2010 Annual Meeting of Stockholders and any adjournments or postponements of the meeting (the Annual Meeting ). The Annual Meeting will be held on July 23, 2010, at 1:00 p.m., central time, at our principal executive offices, 2901 Via Fortuna, Austin, Texas 78746.

Beginning on or about June 7, 2010, Cirrus has made available on the Internet or delivered paper copies of these proxy materials by mail in connection with the solicitation of proxies by the Board of Cirrus for proposals to be voted on at the Company s Annual Meeting.

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

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

A: Our Board, on behalf of the Company, is soliciting your proxy for the annual meeting of stockholders to take place on July 23, 2010. As a stockholder, you are invited to attend the meeting and are entitled to and requested to vote on the proposals described in this proxy statement.

***Q: What information is contained in these materials?***

A: The information included in this proxy statement relates to the proposals to be voted on at the meeting, the voting process, the compensation of directors and our most highly paid executive officers, and certain other required information. Our 2010 Annual Report to Stockholders on Form 10-K for the fiscal year ended March 27, 2010, is also included.

If you requested and received a copy of these materials by mail or e-mail, 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 about the Internet availability of the proxy materials instead of a paper copy of the proxy materials. All stockholders receiving the notice will have the ability to access the proxy materials over the Internet and request to receive a copy of the proxy materials by mail or e-mail.

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

A: Your notice about the Internet availability of the proxy materials contains instructions regarding how to:  
view our proxy materials for the Annual Meeting on the Internet;  
request a paper copy of our proxy materials for the Annual Meeting; and



instruct us to send our future proxy materials to you electronically by e-mail.

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

A: Stockholders receiving a notice about the Internet availability of the proxy materials will find instructions regarding how to obtain a paper copy of the proxy materials in their notice.

**Table of Contents**

***Q: What should I do if I receive more than one notice about the Internet availability of the proxy materials or more than one paper copy of the proxy materials?***

A: It means your shares are registered differently or are in more than one account. To vote all your shares by proxy, you must vote for all notices you receive, or for all proxy cards and voting instruction cards you received upon request.

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

A: There are two proposals scheduled to be voted on at the meeting:  
the election of seven directors; and  
the ratification of the appointment of Ernst & Young, LLP as our independent registered public accounting firm.

***Q: What is Cirrus Logic's voting recommendation?***

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

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

A: Stockholders of record at the close of business on May 26, 2010 (the Record Date) are entitled to vote.

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

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

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

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

**Stockholder of Record**

If your shares are registered directly in your name with the Company's transfer agent, Computershare Investor Services, you are considered, with respect to those shares, the *stockholder of record*, and 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 in person 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 broker or nominee is considered, with respect to those shares, the *stockholder of record*. As the beneficial owner, you have the right to direct your broker or nominee how to vote and are also invited to attend the meeting. However, since you are not the *stockholder of record*, you may not vote these shares at the meeting unless you obtain a signed proxy from your broker or nominee giving you the right to vote the shares.

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

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

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

**Table of Contents**

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

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

***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 on the proxy card or voting instruction card.

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

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

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

A: Effective January 1, 2010, your broker no longer is permitted to vote on your behalf on non-routine matters, including the election of directors, if you are a beneficial owner of shares held in street name and you do not transmit your voting instructions before the stockholder meeting to your broker or nominee. On non-routine matters, 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 attending the annual meeting and voting in person. Attendance at the annual meeting will not cause your previously granted proxy to be revoked unless you specifically request it to be revoked. For shares held beneficially by you, you may revoke your proxy by submitting a new proxy to your broker or nominee.

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

A: The quorum requirement for holding the meeting and transacting business is the presence, either in person or represented by proxy, of the holders of a majority of the outstanding shares entitled to be voted at the Annual Meeting. For this year's 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?***

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A: In the election of directors, you may vote FOR all of the nominees or your vote may be WITHHELD with respect to one or more of the nominees. For the proposal to ratify the selection of Ernst & Young, you may vote FOR, AGAINST, or ABSTAIN. If you ABSTAIN, it has the same effect as a vote AGAINST. If you sign your proxy card with no further

**Table of Contents**

instructions, your shares will be voted in accordance with the recommendations of the Board ( FOR all of the Company s nominees to the Board and FOR the ratification of Ernst & Young to serve as our independent registered public accounting firm).

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

A: In the election of directors, the seven persons receiving the highest number of FOR votes will be elected. All other proposals require the affirmative FOR vote of a majority of those shares present, either in person or represented by proxy, and entitled to vote. If you are a beneficial owner and do not provide your broker or 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. In tabulating the voting results for any particular proposal, shares that constitute broker non-votes are not considered entitled to vote on that proposal.

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

A: Abstentions are counted as present for purposes of determining the shares present and entitled to vote. However, an abstention is not a vote cast for purposes of counting votes, and therefore the effect of an abstention will be the same effect as a vote against a proposal as described in How are votes counted? above. Broker non-votes are not counted as shares present and entitled to be voted with respect to a matter on which the beneficial owner has expressly not voted. Generally, broker non-votes occur when shares held by a broker for a beneficial owner are not voted with respect to a particular proposal because the broker has not received voting instructions from the beneficial owner and the broker lacks discretionary voting power to vote the shares.

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

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

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

A: We will announce preliminary voting results at the meeting and will file with the Securities and Exchange Commission via EDGAR a Current Report on Form 8-K within 4 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 vote results at the time of the filing and file an amended 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, 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 our common stock outstanding as of the Record Date is entitled to one vote on each item being voted upon at the annual meeting. On the Record Date, we had approximately 67.2 million shares of common

stock outstanding.

**Table of Contents**

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

A: No.

***Q: Who will count the votes?***

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

***Q: Is my vote confidential?***

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

***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 these proxy materials. If you choose to access the proxy materials and/or submit your proxy over the Internet or by telephone, however, you are responsible for Internet access or telephone charges you may incur. In addition to the mailing of these proxy materials, the solicitation of proxies or votes may be made 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 2011 annual meeting of stockholders, in accordance with the regulations of the SEC, must be received by no later than February 7, 2011. 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 2011 annual meeting of stockholders, whether or not the stockholder wishes to include such proposal or nomination in our proxy statement under the applicable SEC rules, must be submitted in accordance with our Bylaws, and must be received at our principal executive offices no later than February 7, 2011. Any such proposal or nomination must comply with the procedures and contain the information set forth in our Bylaws. Proposals and nominations should be addressed to: Corporate Secretary, Cirrus Logic, Inc., 2901 Via Fortuna, Austin, Texas 78746.

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

**CORPORATE GOVERNANCE**

**Board Meetings and Committees**

During the fiscal year ended March 27, 2010, the Board held 6 meetings. Each director is expected to attend each meeting of the Board and the committees on which he serves. No director attended less than 75% of the aggregate of (i) the total number of board meetings; and (ii) the total number of meetings held by all committees of the Board on which he served. Directors are also expected to attend the Company's annual meeting of stockholders absent a valid



reason. All of the directors attended the Company's 2009 annual meeting of stockholders.

**Table of Contents**

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

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

<b>Name of Director</b>	<b>Independent</b>	<b>Audit</b>	<b>Compensation</b>	<b>Governance and Nominating</b>
John C. Carter	Yes	X	X	X
Timothy R. Dehne	Yes		X	X
D. James Guzy	Yes	X		X
Michael L. Hackworth	Yes			
Jason P. Rhode	No			
William D. Sherman	Yes		Chair	Chair
Robert H. Smith	Yes	Chair	X	X
Number of Meetings Held in Fiscal Year Ended March 27, 2010		9	5	2

**Audit Committee**

The Audit Committee is currently composed of three directors, each of whom is independent under applicable Nasdaq listing standards. The responsibilities of the 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; and

**Table of Contents**

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.

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

For additional information relating to the Audit Committee, see the Report of the Audit Committee of the Board on page 42 of this proxy statement and the Audit Committee Charter, which is available under the Corporate Governance section of our Investors page on our Web site [at www.cirrus.com](http://www.cirrus.com).

**Compensation Committee**

The Compensation Committee is composed of four directors, each of whom is independent under applicable Nasdaq listing standards. The Committee reviews and approves salaries and other matters relating to executive compensation, and administers the Company's 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 Web site [at www.cirrus.com](http://www.cirrus.com).

**Governance and Nominating Committee**

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

The Governance and Nominating Committee annually reviews the needs of the Board for various skills, experience, expected contributions, and other characteristics in determining the director candidates to be nominated at the annual meeting. The Governance and Nominating Committee will evaluate candidates for directors proposed by directors, stockholders, or management in light of the Committee's views of the current needs of the Board for certain skills; the candidate's background, skills, experience, or other characteristics; and the expected contributions and the qualification standards established from time to time by the Governance and Nominating Committee. If the Committee believes that the Board requires additional candidates for nomination, the Committee may engage a third party search firm to assist in identifying qualified candidates. All directors and nominees will submit a completed form of directors' and officers' questionnaire as part of the nominating process. The process may also include interviews and additional background and reference checks for non-incumbent nominees, at the discretion of the Governance and Nominating Committee. Although the Board does not have a formal policy specifying how diversity should be considered in making determinations regarding nominations of directors, the Governance and Nominating Committee does take into account the benefits of diverse backgrounds, viewpoints, and experiences, as well as the benefits of a constructive working relationship among directors, when evaluating candidates for the Board.



## **Table of Contents**

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 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 of the Board.

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

Stockholders are able to recommend individuals to the Governance and Nominating Committee for consideration as potential director nominees by submitting their names, together with appropriate biographical information and background materials, and a statement as to whether the stockholder or group of stockholders making the recommendation has beneficially owned more than 5% of the Company's common stock for at least one year as of the date such recommendation is made. An eligible stockholder wishing to recommend a candidate must submit the following not less than 120 calendar days prior to the anniversary of the date the proxy was released to the stockholders in connection with the previous year's annual meeting: (A) a recommendation that identifies the candidate and provides contact information; (B) the written consent of the candidate to serve as a director of the Company, if elected; and (C) documentation establishing that the stockholder making the recommendation is an eligible stockholder. Recommendations should be submitted to:

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

The Committee will consider stockholder-recommended candidates pursuant to the Nominations Process outlined in the Company's Corporate Governance Guidelines.

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

## **Determination of Independence**

The Board, which currently consists of seven directors, has determined that six directors, as indicated in the table on page 7, are independent as defined by The Nasdaq Stock Market, Inc. (the Nasdaq) applicable listing standards.

Specifically, the Governance and Nominating Committee has reviewed

## **Table of Contents**

the independence of each director and determined that Messrs. Carter, Dehne, Guzy, Hackworth, Sherman, and Smith qualify as independent directors under this standard.

### **Corporate Governance Guidelines**

On an annual basis, the Company reviews its corporate governance practices in light of any changes to applicable law, the rules of the SEC, and the Nasdaq listing standards. On May 1, 2009, the Company modified its Corporate Governance Guidelines to include a number of corporate governance changes that the Company agreed to as part of a proposed settlement of derivative lawsuits related to the Company's historic stock option practices. Among other matters, the Guidelines include the following:

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

The positions of Chairman of the Board and Chief Executive Officer ( CEO ) shall be held by separate individuals, and the CEO shall be the only member of the Board who is an executive officer of the Company.

If the Chairman of the Board is not an independent director as defined in Exhibit A to the Company's Corporate Governance Guidelines, the Board will designate a lead independent director.

Directors shall retire at the age of 75.

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

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

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

For additional details, see the Company's Corporate Governance Guidelines, which are available under the Corporate Governance section of our Investors page on our Web site at [www.cirrus.com](http://www.cirrus.com).

### **Board Leadership Structure**

The Board of Directors 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 and Chairman of the Board. In addition, we have appointed a Lead Independent Director, Robert H. Smith, who is responsible for coordinating the activities of the independent directors of the Board. 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 our Board, and encouraging balanced decision making.

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

Although management is responsible for identifying, assessing, and managing the material risks facing the Company, our entire 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. Our Board is involved in the setting of the Company's business strategy, which necessarily entails a determination of what constitutes an appropriate level of risk for the Company. In addition, at least annually, the Board discusses material risks related to the Company's overall business strategy. Further, our CEO



reports to the Board on a quarterly basis the status of management's efforts to manage what the management team believes are the Company's most material risks.

**Table of Contents**

Each of our Board committees also considers risk within the committee's area of responsibility. Our Audit Committee regularly reviews with management the Company's major financial and regulatory risk exposures and the steps management has taken to monitor and control such exposures. Also, in designing our compensation programs and structuring awards, the Compensation Committee considers whether such compensation programs may lead to undue risk taking.

**Code of Conduct**

The Company has adopted a Code of Conduct that applies to all of its directors, officers (including its chief executive officer, chief financial officer, chief accounting officer, controller and any person performing similar functions), and employees. A copy of the Code of Conduct is incorporated as Exhibit 14 to the Company's Annual Report on Form 10-K and is accessible on its Web site at [www.cirrus.com](http://www.cirrus.com). The Code of Conduct, as applied to the Company's senior financial officers, constitutes the Company's code of ethics within the meaning of Section 406 of the Sarbanes-Oxley Act of 2002 and constitutes the Company's code of conduct under the Nasdaq listing standards.

**DIRECTOR COMPENSATION ARRANGEMENTS**

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 activities. Independent directors may not receive consulting, advisory, or other compensatory fees from the Company in addition to their Board compensation.

On May 1, 2009, the independent directors of the Board approved modifications to the retainer fees and equity compensation for the non-employee directors based on the recommendation by the Company's Compensation Committee, which had analyzed the Company's director compensation compared to the Company's Proxy Group (as defined below in the section of this proxy statement entitled *Compensation Discussion and Analysis - Benchmarking Information*). In particular, the independent directors of the Board approved the following modifications:

the Quarterly Director Retainer was reduced from \$12,500 to \$11,250; and

upon reelection to the Board, the number of fully vested options to purchase shares of common stock at a strike price equal to the fair market value on the date of grant that each non-employee director will receive was increased from 10,000 shares to 25,000 shares.

In addition, on May 22, 2009, based on a similar analysis of the Company's initial director grant upon election to the Board compared to the Company's Proxy Group, the independent directors determined that each non-employee director should receive an option to purchase 40,000 shares of common stock of the Company (increased from an option to purchase 25,000 shares of common stock) at an exercise price equal to fair market value on the date of grant upon becoming a director, with 25% vesting after one year and the remainder vesting ratably each month over the following 36 months.

The following table sets forth the quarterly cash payments paid to non-employee directors for Board service during the fiscal year ended March 27, 2010:

**Director Compensation**

Quarterly Director Retainer	\$ 11,250
Board Chairman Quarterly Retainer	\$ 3,750
Audit Chair Quarterly Retainer	\$ 5,000
Audit Committee Member Quarterly Retainer	\$ 2,000

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Compensation Committee Chair Quarterly Retainer	\$ 2,000
Compensation Committee Member Quarterly Retainer	\$ 1,000
Nominating and Governance Committee Chair Quarterly Retainer	\$ 1,500
Nominating and Governance Committee Quarterly Retainer	\$ 750