

CIRRUS LOGIC INC  
Form DEF 14A  
May 29, 2008

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SCHEDULE 14A INFORMATION

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material 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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**JASON P. RHODE**

President and Chief Executive Officer

May 29, 2008

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 25, 2008, at 1:00 p.m. at Cirrus Logic, Inc., 2901 Via Fortuna, Austin, Texas 78746.

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

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

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

Thank you for your prompt response.

Sincerely,

Jason P. Rhode

President and Chief Executive Officer

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*A copy of the Annual Report on Form 10-K, which includes financial statements,  
is being mailed with this Proxy Statement.*

*You may receive an additional copy of these documents at no charge upon request directed to:*

*Cirrus Logic Investor Relations*

*2901 Via Fortuna, Austin, Texas 78746*

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

*Financial reports may also be accessed on our Web site at [www.cirrus.com](http://www.cirrus.com).*

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**Annual Stockholders Meeting**

**July 25, 2008**

**YOUR VOTE IS IMPORTANT**

**Notice**

Cirrus Logic, Inc. (the Company) will hold its 2008 Annual Meeting of Stockholders as follows:

*Friday, July 25, 2008*

*1:00 P.M.*

*Cirrus Logic, Inc.*

*2901 Via Fortuna*

*Austin, Texas 78746*

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

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

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

Stockholders of record at the close of business on May 27, 2008 (the Record Date), are entitled to vote. On that day, approximately 65.0 million shares of the Company's 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 included with this mailing and from documents that we have filed with the Securities and Exchange Commission (the SEC).

This proxy statement and the accompanying proxy card are being distributed on or about June 9, 2008.

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

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

A: Our Board is soliciting your proxy for the annual meeting of stockholders to take place on July 25, 2008. 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 2008 Annual Report to Stockholders on Form 10-K for the fiscal year ended March 29, 2008, is also enclosed.

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

A: There are two proposals scheduled to be voted on at the meeting:  
the election of seven directors; and  
the ratification of the appointment of Ernst & Young, 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: What shares owned by me can be voted?***

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

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

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

**Stockholder of Record**

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

**Beneficial Owner**

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



how to vote your shares.

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

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

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

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

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

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

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

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

***Q: Can I change my vote?***

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

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

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

***Q: How are votes counted?***

A: In the election of directors, you may vote *FOR* all of the nominees or your vote may be *WITHHELD* with respect to one or more of the nominees. For the other proposal, you may vote *FOR*, *AGAINST*, or *ABSTAIN*. If you *ABSTAIN*, it has the same effect as a vote *AGAINST*. If you sign your proxy card or broker voting instruction card with no further instructions, your shares will be voted in accordance with the recommendations of the Board

( FOR all of the Company s nominees to the Board and FOR the ratification of Ernst & Young, LLP to serve as our independent registered public accounting firm).

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

A: In the election of directors, the seven persons receiving the highest number of FOR votes will be elected. All other proposals require the affirmative FOR vote of a majority of those shares present and entitled to vote. If you are a beneficial owner and do not provide the stockholder of record with voting instructions, your shares may constitute broker non-votes, as described in How are abstentions and broker non-votes counted? below. In tabulating the voting results for any particular proposal, shares that constitute broker non-votes are not considered entitled to vote on that proposal.

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

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

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

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

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

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

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

A: We will announce preliminary voting results at the meeting and will publish final results no later than our quarterly report on Form 10-Q for the second fiscal quarter ending September 27, 2008.

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

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

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

A: Each share of our common stock outstanding as of the Record Date is entitled to one vote on each item being voted upon at the annual meeting. On the Record Date, the Company had approximately 65.0 million shares of common stock outstanding.

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

A: No.



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

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

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

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

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

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

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

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

**Stockholder Proposals:** In order for a stockholder proposal to be considered for inclusion in the Company's proxy statement for next year's annual meeting, the written proposal must be received by the Company no later than February 9, 2009. These proposals also will need to comply with Securities and Exchange Commission regulations regarding the inclusion of stockholder proposals in company-sponsored proxy materials. Similarly, in order for a stockholder to nominate any candidate for election as a director or to present any other proposal for consideration at next year's annual meeting, written notice must be received by the Company no later than February 9, 2009, and shall contain the information required by our Bylaws.

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

## **CORPORATE GOVERNANCE**

### **Board Meetings and Committees**

During the fiscal year ended March 29, 2008, the Board held 11 meetings. All directors are expected to attend each meeting of the Board and the committees on which he serves. No director attended less than 75% of all of the meetings of the Board and the committees on which he served. Directors are expected to attend the Company's annual meeting of stockholders absent a valid reason. All of the directors attended the Company's 2007 annual meeting of stockholders except for Mr. Guzy.

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

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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>
D. James Guzy	Yes	X		X
Michael L. Hackworth	No			
Walden C. Rhines	Yes	X	X	Chair
Jason P. Rhode	No			
William D. Sherman	Yes		Chair	X
Robert H. Smith	Yes	Chair	X	X
Suhas S. Patil	No			
Number of Meetings Held in Fiscal Year Ended March 29, 2008		12	6	2

**Audit Committee**

The Audit Committee is composed of three directors. 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

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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 38 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 three directors, each of whom is independent under applicable Nasdaq listing standards. The Committee reviews and approves salaries and other matters relating to executive compensation, and administers the Company's employee stock purchase plan and stock incentive plans, including reviewing and granting stock incentive awards to executive officers and other employees 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, including any changes to the compensation and benefits of the Company's non-employee directors. For additional information relating to the Compensation Committee, see the Compensation Committee Charter, which is available under the Corporate Governance section of our Investors page on our Web site at [www.cirrus.com](http://www.cirrus.com).

### **Governance and Nominating Committee**

The Governance and Nominating Committee is composed of four directors, each of whom is independent under the applicable Nasdaq listing standards. This Committee provides counsel to the Board with respect to Board organization, membership and function, as well as committee structure and membership. The Committee is also responsible for defining the qualifications for candidates for director positions, evaluating qualified candidates, recommending candidates to the Board for election as directors, and proposing a slate of directors for election by stockholders at each annual meeting. For more information relating to the Governance and Nominating Committee, see the Governance and Nominating Committee Charter, which is available under the Corporate Governance section of our Investors page on our Web site at [www.cirrus.com](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. In making the determinations regarding nominations of directors, the Governance and Nominating Committee may take into account the benefits of diverse viewpoints as well as the benefits of a constructive working relationship among directors.



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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. Recommendations should be submitted to:

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

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

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

### **Determination of Independence**

The Board, which currently consists of seven directors, has determined that four directors, as indicated in the table above, are independent as defined by the applicable Nasdaq Stock Market, Inc. (the "Nasdaq") listing standards. Specifically, the Governance and Nominating Committee has reviewed the independence of each director and determined that Messrs. Guzy, Rhines, Sherman, and Smith qualify as independent directors under this standard. In determining that Dr. Rhines qualified as an independent director, the Board considered payments made to Mentor Graphics Corporation by the Company pursuant to a license agreement, but determined that these payments did not change his status as an independent director.



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**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. A copy of the Company's Corporate Governance Guidelines is available under the Corporate Governance section of our Investors page on our Web site at [www.cirrus.com](http://www.cirrus.com). Among other matters, the Guidelines include the following:

A majority of the members of the Board must be independent directors as defined by applicable Nasdaq listing standards and rules of the SEC.

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, an independent director may be designated by the Board as the lead independent director.

Directors shall retire at the age of 75.

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

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

**Code of Conduct**

The Company has adopted a Code of Conduct, applicable to all employees, including the principal executive officer and senior financial officers. 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 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 compensation for their Board activities. Independent directors may not receive consulting, advisory or other compensatory fees from the Company in addition to their Board compensation. The following tables set forth the quarterly retainer payments paid to non-employee directors for Board service during the fiscal year ended March 29, 2008.

**Director Compensation**

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

In addition, each non-employee director receives an option to purchase 25,000 shares of common stock of the Company at an exercise price equal to fair market value on the date of grant upon

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

The following table sets forth the information regarding the fees and compensation paid to our non-employee directors for services as members of the Board or any committee of the Board during fiscal year 2008.

**DIRECTOR COMPENSATION TABLE FOR FISCAL YEAR 2007**

Name (a)	Fees Earned or Paid in Cash (\$) (b)	Stock Awards (\$) (c)	Option Awards (1) (\$) (d)	All Other Compensation (\$) (g)	Total (\$) (h)
Michael L. Hackworth	\$ 43,750	-	\$ 24,078(3)	\$ 148,656(2)	\$ 216,484
D. James Guzy	\$ 61,000	-	\$ 24,078(4)	-	\$ 85,078
Walden C. Rhines	\$ 71,000	-	\$ 24,078(5)	-	