CIRRUS LOGIC INC
Form 10-Q
January 26, 2012
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended December 31, 2011

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

For the Transition Period from to

Commission File Number 0-17795

CIRRUS LOGIC, INC.

DELAWARE	**2901 Via Fortuna, Austin, TX 78746**	**77-0024818**
(State of incorporation)		**(I.R.S. ID)**

Registrant s telephone number, including area code:

(512) 851-4000

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 x 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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

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

Large accelerated filer	x	Accelerated filer	¨
Non-accelerated filer	¨	Smaller reporting company	¨

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

The number of shares of the registrant s common stock, $0.001 par value, outstanding as of January 23, 2012 was 64,096,001.

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CIRRUS LOGIC, INC.

FORM 10-Q QUARTERLY REPORT

QUARTERLY PERIOD ENDED DECEMBER 31, 2011

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Part I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CIRRUS LOGIC, INC.

CONSOLIDATED CONDENSED BALANCE SHEETS

(in thousands)

	September 30, December 31, 2011 (unaudited)	September 30, March 26, 2011
Assets		
Current assets:		
Cash and cash equivalents	$ 38,010	$ 37,039
Restricted investments	2,898	5,786
Marketable securities	99,342	159,528
Accounts receivable, net	54,512	39,098
Inventories	58,079	40,497
Deferred tax assets	30,798	30,797
Other current assets	16,116	6,725
Total current assets	299,755	319,470
Long-term marketable securities	20,092	12,702
Property and equipment, net	57,263	34,563
Goodwill and intangibles, net	24,623	26,152
Deferred tax assets	82,071	102,136
Other assets	10,813	1,598
Total assets	$ 494,617	$ 496,621
Liabilities and Stockholders Equity		
Current liabilities:		
Accounts payable	$ 45,104	$ 27,639
Accrued salaries and benefits	11,539	12,402
Other accrued liabilities	14,259	5,169
Deferred income	8,511	6,844
Total current liabilities	79,413	52,054
Long-term obligations	6,494	6,188
Stockholders equity:		
Capital stock	1,001,967	991,947
Accumulated deficit	(592,436)	(552,814)
Accumulated other comprehensive loss	(821)	(754)
Total stockholders equity	408,710	438,379

Total liabilities and stockholders equity	$	494,617	$	496,621

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

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CIRRUS LOGIC, INC.

CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS

(in thousands, except per share amounts; unaudited)

	September 30, Three Months Ended December 31, 2011	September 30, December 25, 2010	September 30, Nine Months Ended December 31, 2011	September 30, December 25, 2010
Net sales	$ 122,368	$ 95,625	$ 316,212	$ 278,138
Cost of sales	56,338	43,163	148,118	122,161
Gross margin	66,030	52,462	168,094	155,977
Operating expenses:				
Research and development	23,143	16,348	61,592	46,890
Selling, general and administrative	16,488	13,431	47,854	42,814
Restructuring and other costs, net		(395)		6
Impairment of non-marketable securities				500
Provision for litigation expenses and settlements		(30)		105
Patent agreement, net				(4,000)
Total operating expenses	39,631	29,354	109,446	86,315
Income from operations	26,399	23,108	58,648	69,662
Interest income, net	112	212	378	673
Other income (expense), net	(71)	(31)	(115)	(13)
Income before income taxes	26,440	23,289	58,911	70,322
Provision (benefit) for income taxes	9,709	(1,332)	21,755	(2,775)
Net income	$ 16,731	$ 24,621	$ 37,156	$ 73,097
Basic income per share:	$ 0.26	$ 0.36	$ 0.57	$ 1.08
Diluted income per share:	$ 0.25	$ 0.34	$ 0.55	$ 1.02
Basic weighted average common shares outstanding:	63,957	68,074	65,161	67,731
Diluted weighted average common shares outstanding:	66,989	71,695	68,099	71,868

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

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CIRRUS LOGIC, INC.

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS

(in thousands; unaudited)

	September 30, Nine Months Ended December 31, 2011	September 30, December 25, 2010
Cash flows from operating activities:		
Net income	$ 37,156	$ 73,097
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	7,262	5,935
Stock compensation expense	8,725	5,848
Deferred income taxes	20,064	(4,082)
Loss (gain) on retirement or writeoff of long-lived assets	10	(24)
Impairment of non-marketable securities		500
Net change in operating assets and liabilities:		
Accounts receivable, net	(15,414)	(13,303)
Inventories	(17,582)	(4,800)
Other assets	(4,405)	(899)
Accounts payable and other accrued liabilities	14,188	3,044
Deferred income	1,667	620
Income taxes payable	240	618
Net cash provided by operating activities	51,911	66,554
Cash flows from investing activities:		
Additions to property, equipment and software	(25,667)	(17,719)
Investments in technology	(6,011)	(1,210)
Purchase of marketable securities	(122,506)	(176,626)
Proceeds from sale and maturity of marketable securities	175,234	140,165
Decrease in restricted investments	2,888	100
Decrease (increase) in deposits and other assets	604	(77)
Net cash provided by (used in) investing activities	24,542	(55,367)
Cash flows from financing activities:		
Repurchase and retirement of common stock	(76,782)	(22,767)
Net proceeds from the issuance of common stock	1,300	23,962
Net cash provided by (used in) financing activities	(75,482)	1,195
Net increase in cash and cash equivalents	971	12,382
Cash and cash equivalents at beginning of period	37,039	16,109
Cash and cash equivalents at end of period	$ 38,010	$ 28,491

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

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CIRRUS LOGIC, INC.

NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

(unaudited)

1. Basis of Presentation

The consolidated condensed financial statements have been prepared by Cirrus Logic, Inc. (we, us, our, or the Company) pursuant to the rules and regulations of the Securities and Exchange Commission (Commission). The accompanying unaudited consolidated condensed financial statements do not include complete footnotes and financial presentations. As a result, these financial statements should be read along with the audited consolidated financial statements and notes thereto for the year ended March 26, 2011, included in our Annual Report on Form 10-K filed with the Commission on May 25, 2011. In our opinion, the financial statements reflect all adjustments, including normal recurring adjustments, necessary for a fair presentation of the financial position, operating results and cash flows for those periods presented. The preparation of financial statements in conformity with United States (U.S.) generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect reported assets, liabilities, revenues and expenses, as well as disclosure of contingent assets and liabilities. Actual results could differ from those estimates and assumptions. Moreover, the results of operations for the interim periods presented are not necessarily indicative of the results that may be expected for the entire year. Certain reclassifications have been made to the fiscal year 2011 presentation to conform to the fiscal year 2012 presentation. This reclassification had no effect on the results of operations or stockholders equity. We prepare financial statements on a 13- or 14-week quarter, with a fiscal year end that ends on the last Saturday in March. The third fiscal quarter of 2012 was a 14-week quarter compared to a 13-week quarter for the prior comparable period.

2. Recently Issued Accounting Pronouncements

In May 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2011-04, *Fair Value Measurement (Accounting Standards Codification (ASC) Topic 820) Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs*. The amendments in this ASU result in common fair value measurement and disclosure requirements in U.S. GAAP and international financial reporting standards (IFRS). Consequently, the amendments change the wording used to describe many of the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements. To improve consistency in application across jurisdictions some changes in wording are necessary to ensure that U.S. GAAP and IFRS fair value measurement and disclosure requirements are described in the same way. The ASU also provides for certain changes in current GAAP disclosure requirements, for example with respect to the measurement of level 3 assets and for measuring the fair value of an instrument classified in a reporting entity s shareholders equity. The amendments in this ASU are to be applied prospectively, and are effective during interim and annual periods beginning after December 15, 2011. The adoption of this guidance is not anticipated to have a material impact on our consolidated financial position, results of operations or cash flows.

In May 2011, the FASB issued ASU No. 2011-05, *Comprehensive Income (ASC Topic 220) Presentation of Comprehensive Income.* The amendments from this update will result in more converged guidance on how comprehensive income is presented under both U.S. GAAP and IFRS. With this update to ASC 220, an entity has the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In both choices, an entity is required to present each component of net income along with total net income, each component of other comprehensive income along with a total for other comprehensive income, and a total amount for comprehensive income. The amendments in this update do not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income, nor does it affect how earnings per share is calculated or presented. Current U.S. GAAP allows reporting entities three alternatives for presenting other comprehensive income and its components in financial statements. One of those presentation options is to present the components of other comprehensive income as part of the statement of changes in stockholders equity. This update eliminates that option. The amendments in this ASU should be applied retrospectively, and are effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. The adoption of this guidance is not anticipated to have a material impact on our consolidated financial position, results of operations or cash flows.

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3. Fair Value of Financial Instruments

The Company s investments that have original maturities greater than 90 days have been classified as available-for-sale securities in accordance with ASC Topic 320 *Investments Debt and Equity Securities.* Marketable securities are categorized on the consolidated condensed balance sheet as restricted investments and marketable securities, as appropriate.

The following table is a summary of cash and marketable securities at December 31, 2011 (in thousands):

	September 30, Amortized Cost	September 30, Gross Unrealized Gains	September 30, Gross Unrealized Losses	September 30, Estimated Fair Value (Net Carrying Amount)
Cash and Cash Equivalents	$ 11,666	$	$	$ 11,666
Money-Market Funds	27,220			27,220
Corporate Debt Securities	59,694	10	(64)	59,640
U.S. Treasury Securities	24,143	4		24,147
Agency Discount Notes	17,831	8	(1)	17,838
Commercial Paper	19,840	2	(11)	19,831
Total Securities	$ 160,394	$ 24	$ (76)	$ 160,342

The Company s specifically identified gross unrealized losses of $76 thousand relates to 29 different securities with total amortized costs of approximately $62.3 million at December 31, 2011. The securities with gross unrealized losses have been in a continuous unrealized loss position for less than 12 months as of December 31, 2011.

The following table is a summary of cash and marketable securities at March 26, 2011 (in thousands):

	September 30, Amortized Cost	September 30, Gross Unrealized Gains	September 30, Gross Unrealized Losses	September 30, Estimated Fair Value (Net Carrying Amount)
Cash and Cash Equivalents	$ 9,626	$	$	$ 9,626
Money-Market Funds	17,700			17,700
Corporate Debt Securities	64,227	23	(38)	64,212
U.S. Treasury Securities	45,768	13		45,781
Agency Discount Notes	16,588	5	(2)	16,591
Commercial Paper	61,128	24	(7)	61,145
Total Securities	$ 215,037	$ 65	$ (47)	$ 215,055

The Company s specifically identified gross unrealized losses of $47 thousand relates to 28 different securities with total amortized costs of approximately $61.8 million at March 26, 2011. The securities with gross unrealized losses had been in a continuous unrealized loss position for less than 12 months as of March 26, 2011.

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 and investment portfolio assets. 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

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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 investment portfolio assets consist of U.S. Treasury securities, obligations of U.S. government-sponsored enterprises, corporate debt, commercial paper, and money-market funds, and are reflected on our consolidated condensed balance sheet under the headings cash and cash equivalents, restricted investments, 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 portfolio managers 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. The Company began classifying certain of its available-for-sale marketable securities as Level 2 in the second quarter of fiscal year 2012. Prior to the quarterly period ending September 24, 2011, the Company classified all investment portfolio assets as Level 1 inputs. These changes in the disclosed classification had no effect on the reported fair values of these investments. Prior period amounts have been reclassified to be properly presented. The Company has no Level 3 assets. Except as noted above, there were no transfers between Level 1, Level 2, or Level 3 measurements for the three or nine month period ending December 31, 2011.

The fair value of our financial assets, which are all classified as available-for-sale securities, at December 31, 2011, was determined using the following inputs (in thousands):

Description	September 30, Quoted Prices in Active Markets for Identical Assets Level 1	September 30, Significant Other Observable Inputs Level 2	September 30, Significant Unobservable Inputs Level 3	September 30, Total
Money-Market Funds	$ 27,220	$	$	$ 27,220
Corporate Debt Securities		59,640		59,640
U.S. Treasury Securities	24,147			24,147
Agency Discount Notes		17,838		17,838
Commercial Paper		19,831		19,831
	$ 51,367	$ 97,309	$	$ 148,676

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The fair value of our financial assets, which are all classified as available-for-sale securities, at March 26, 2011, was determined using the following inputs (in thousands):

Description	September 30, Quoted Prices in Active Markets for Identical Assets Level 1	September 30, Significant Other Observable Inputs Level 2	September 30, Significant Unobservable Inputs Level 3	September 30, Total
Money-market funds	$ 17,700	$	$	$ 17,700
Corporate debt securities		64,212		64,212
U.S. Treasury securities	45,781			45,781
Agency discount notes		16,591		16,591
Commercial paper		61,145		61,145
	$ 63,481	$ 141,948	$	$ 205,429

4. Accounts Receivable, net

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

	September 30, December 31, 2011	September 30, March 26, 2011
Gross accounts receivable	$ 55,079	$ 39,519
Allowance for doubtful accounts	(567)	(421)
	$ 54,512	$ 39,098

The net average days sales outstanding calculated as of December 31, 2011, and March 26, 2011, were 37 days and 38 days, respectively.

5. Inventories

Inventories are comprised of the following (in thousands):

	September 30, December 31, 2011	September 30, March 26, 2011
Work in process	$ 31,967	$ 22,048
Finished goods	26,112	18,449
	$ 58,079	$ 40,497

The increase in inventory balances at December 31, 2011, as compared to March 26, 2011, is primarily related to the expected increased demand for our products, and reflects planned inventory builds.

6. Income Taxes

We recorded income tax expense of $9.7 million and $21.8 million for the third quarter and first nine months of fiscal year 2012, both of which were primarily non-cash, on pre-tax income of $26.4 million and $58.9 million, respectively, yielding effective tax rates of 36.7 percent and 36.9 percent, respectively. Our income tax expense for the third quarter and first nine months of fiscal year 2012 is based on estimated effective tax rates derived from an estimate of consolidated earnings before taxes, adjusted for nondeductible expenses and other permanent differences for fiscal year 2012. The estimated effective tax rates were impacted primarily by the worldwide mix of consolidated earnings before taxes. Our income tax expense for the third quarter and first nine months of fiscal year 2012 was slightly above the federal statutory rate primarily due to the effect of state income taxes and nondeductible expenses.

We recorded an income tax benefit of $1.3 million and $2.8 million for the third quarter and first nine months of fiscal year 2011, respectively, yielding an effective tax benefit rate of 5.7 percent and 4.0 percent, respectively. Our income tax benefit for the third quarter and first nine months of fiscal year 2011 is based on an estimated effective tax rate derived from an estimate of consolidated earnings before taxes for fiscal year 2011. The estimated effective tax rate was impacted primarily by the worldwide mix of consolidated earnings before taxes and an assessment regarding the ability to realize our deferred tax assets. This assessment resulted in a $1.8 million and $4.1 million net increase in deferred tax assets for the three and nine month periods ended December 25, 2010, respectively. Our income tax expense for the third quarter and first nine months of fiscal year 2011 was less than the Federal statutory rate primarily as a result of the utilization of a portion of our U.S. deferred tax asset and related valuation allowance.

At December 31, 2011, the Company has a valuation allowance of $68.4 million against deferred tax assets. Of that amount, there is approximately $30.5 million of deferred tax assets that may never be recognized because they pertain to federal or state tax credits that may expire before being utilized. We evaluate our ability to realize our deferred tax assets on a quarterly basis.

We had no unrecognized tax benefits as of December 31, 2011. We do not expect our unrecognized tax benefits to change significantly over the next 12 months. Our policy is to recognize interest and penalties related to income tax matters in income tax expense. As of December 31, 2011, the balance of accrued interest and penalties was zero. No interest or penalties were incurred during the first nine months of fiscal year 2012.

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 2009 through 2011 remain open to examination by the major taxing jurisdictions to which we are subject.

7. 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 items outstanding.

The weighted average outstanding options excluded from our diluted calculation for the three months ended December 31, 2011, and December 25, 2010, were 1,254,000, and 888,000, respectively, as the strike price of the options exceeded the average market price during the respective periods. The weighted average outstanding options excluded from our diluted calculation for the nine months ended December 31, 2011, and December 25, 2010, were 1,043,000, and 641,000, respectively, as the strike price of the options exceeded the average market price during the respective periods.

8. Restructuring And Other Costs, Net

The Company s remaining restructuring initiative relates to our facilities abandonment activities which commenced in fiscal year 2004. For the quarter ending December 25, 2010, the Company recognized a $0.4 million release for changed assumptions on future rent occupation and sublease income. For the first nine months of fiscal year 2011, we incurred a net reduction in the fiscal year 2004 restructuring accrual in the amount of $0.8 million. The net reduction reflects cash payments of $0.9 million, partially offset by an additional accrual of $0.1 million for recurring accretion activity and a six thousand dollar net charge for changed assumptions on future sublease income. The entries to record the changed sublease assumptions are reflected as a separate line item on the consolidated condensed statement of operations in operating expenses under the heading *Restructuring and other costs, net*.

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As of December 31, 2011, we had a remaining accrual from all of our past restructurings of $0.2 million, primarily related to net lease expenses that will be paid over the lease terms through the summer of calendar year 2012, along with other anticipated lease termination costs. The remaining balance is classified as a short term restructuring accrual.

9. Impairment of Non-Marketable Securities

In the second quarter of fiscal year 2011, the Company recognized a loss on the impairment of an equity investment in the amount of $0.5 million. Our original investment was in the form of a note receivable, which was then converted into an equity security. After the conversion, we determined that an impairment indicator existed related to our cost method investment. We performed a fair value analysis of our cost method investment in accordance with FASB ASC Topic 320 *Investments Debt and Equity Securities.* Based on the results of this analysis as of December 25, 2010, we recognized an impairment of $0.5 million to reduce the carrying value of the cost method investment to zero. The impairment was recorded as a separate line item on the consolidated condensed statement of operations in operating expenses under the caption *Impairment of non-marketable securities.*

10. Patent Agreement, Net

On July 13, 2010, we entered into a Patent Purchase Agreement for the sale of certain Company owned patents. As a result of this agreement, on August 31, 2010, the Company received cash consideration of $4.0 million from the purchaser. The proceeds were recorded as a recovery of costs previously incurred and are reflected as a separate line item on the consolidated condensed statement of operations in operating expenses under the caption *Patent agreement, net.*

11. 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 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, if accruals are not appropriate.

For certain cases described below, management is unable to provide a meaningful estimate of the possible loss or range of possible loss because, among other reasons, (i) the proceedings are in various stages; (ii) damages have not been sought; (iii) damages are unsupported and/or exaggerated; (iv) there is uncertainty as to the outcome of pending appeals or motions; (v) there are significant factual issues to be resolved; and/or (vi) there are novel legal issues or unsettled legal theories to be presented or a large number of parties. For these cases, however, management does not believe, based on currently available information, that the outcomes of these proceedings will have a material adverse effect on our financial condition. However, the ultimate resolutions of these various proceedings and matters are inherently difficult to predict; as such, our operating results could be materially affected by the unfavorable resolution of one or more of these proceedings or matters for any particular period, depending, in part, upon the operating results for such period.

On September 1, 2011, HSM Portfolio LLC and Technology Properties Limited LLC (collectively, the Plaintiffs) filed suit against Cirrus Logic and 17 other defendants in the U.S. District Court, District of Delaware. The Plaintiffs allege that Cirrus Logic infringed U.S. Patent No. 5,030,853. In their complaint, the Plaintiffs indicated that they are seeking unspecified monetary damages, including up to treble damages for willful infringement. On November 30, 2011, Cirrus Logic filed a motion to dismiss certain claims of the Plaintiffs suit for failure to state a claim. Until the Court rules on this motion, Cirrus Logic s answer will not be due.

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During the first quarter of fiscal year 2011, the Company incurred $135 thousand in settlement costs related to a dispute with a former distributor of the Company s products. This transaction is reflected as a separate line item on the consolidated condensed statement of operations in operating expenses under the caption Provision for litigation expenses and settlements.

12. Stockholders Equity

Common Stock

The Company issued 102 thousand and 261 thousand shares of common stock, respectively, for the three and nine month periods ending December 31, 2011, in connection with stock option exercises during the current fiscal year, as well as for grants to certain members of our Board of Directors. The Company issued 0.4 million and 3.7 million shares of common stock, respectively, for the three and nine month periods ending December 25, 2010, in connection with stock option exercises during the prior fiscal year.

Comprehensive Income

The components of comprehensive income, net of tax, are as follows (in thousands):

	September 30, Three Months Ended December 31, 2011	September 30, December 25, 2010	September 30, Nine Months Ended December 31, 2011	September 30, December 25, 2010
Net income	$ 16,731	$ 24,621	$ 37,156	$ 73,097
Adjustments to arrive at comprehensive income:				
Change in unrealized gain (loss) on marketable securities	63	(98)	(67)	(71)
Comprehensive income	$ 16,794	$ 24,523	$ 37,089	$ 73,026

Share Repurchase Program

On November 4, 2010, we announced an $80 million share repurchase program had been approved by our Board of Directors. To date, we have repurchased 5.1 million shares at a cost of $79.5 million, or an average price of $15.51 per share. Of this total, during the current fiscal year we have repurchased 4.9 million shares at a cost of $76.8 million, or an average cost of $15.63 per share. As of December 31, 2011, approximately $0.5 million remains available for share repurchases under this $80 million share repurchase program. All shares of our common stock that were repurchased were cancelled and retired.

13. Segment Information

We determine our operating segments in accordance with FASB ASC Topic 280, *Segment Reporting.* Our Chief Executive Officer (CEO) has been identified as the chief operating decision maker as defined by FASB ASC Topic 280.

The Company operates and tracks its results in one reportable segment based on the aggregation of activity from its two product lines under ASC Topic 280. 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.

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Revenue from our product lines are as follows (in thousands):

	Three Months Ended		Nine Months Ended	
	September 30, December 31, 2011	September 30, December 25, 2010	September 30, December 31, 2011	September 30, December 25, 2010
Audio Products	$ 105,418	$ 72,716	$ 260,220	$ 197,875
Energy Products	16,950	22,909	55,992	80,263
	$ 122,368	$ 95,625	$ 316,212	$ 278,138

ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read along with the unaudited consolidated condensed financial statements and notes thereto included in Item 1 of this Quarterly Report on Form 10-Q, as well as the audited consolidated financial statements and notes thereto and Management s Discussion and Analysis of Financial Condition and Results of Operations for the fiscal year ended March 26, 2011, contained in our fiscal year 2011 Annual Report on Form 10-K filed with the Securities and Exchange Commission (Commission) on May 25, 2011. We maintain a web site at investor.cirrus.com, which makes available free of charge our most recent annual report and all other filings we have made with the SEC.

This Management s Discussion and Analysis of Financial Condition and Results of Operations 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 Exchange Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements are based on current expectations, estimates, forecasts and projections and the beliefs and assumptions of our management. In some cases, forward-looking statements are identified by words such as expect, anticipate, target, project, believe, goals, estimates, intend, variations of these types of words and similar expressions which are intended to identify these forward-looking statements. In addition, any statements th