



an  
inside  
look

QLOGIC CORPORATION | 2001 ANNUAL REPORT





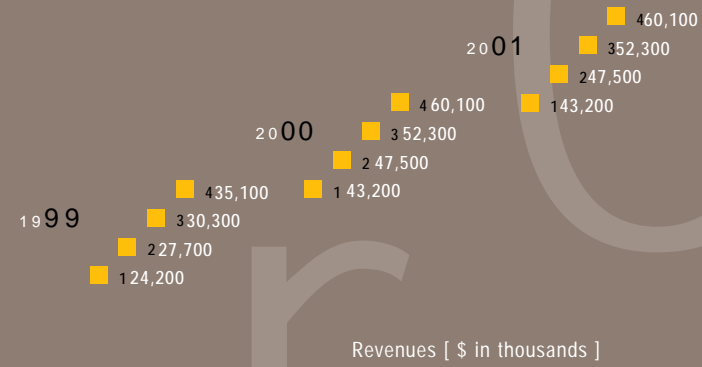
an  
inside  
look

Join us for an inside look at the world's **( fastest-growing )** storage networking company

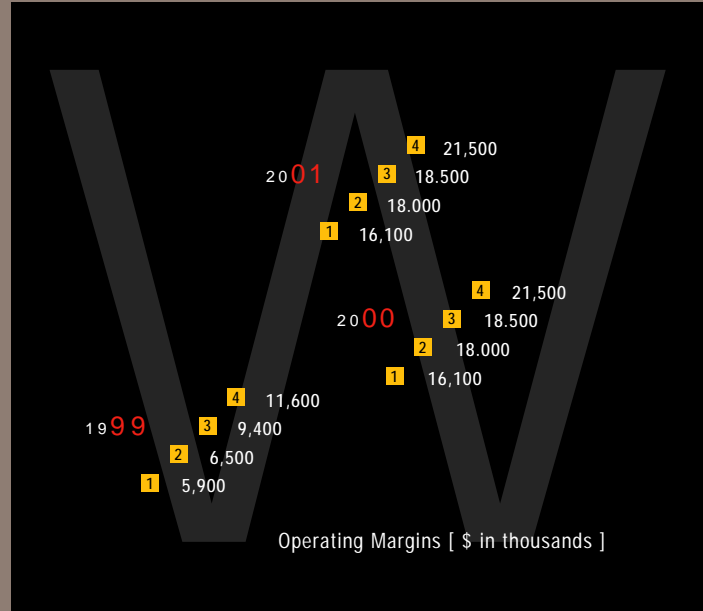


QLogic manufactures a broad range of storage components from semiconductors to network switches for the world's largest computing companies. As the only organization in the storage marketplace to offer complete end-to-end storage area network solutions, QLogic has no competitor that covers its breadth of products. QLogic's profitability and financial strength are reflected in its rankings as #4 in *Forbes'* "Best 200 Small Companies," #5 on *Barron's* "500 List," #22 on *Fortune's* "100 Fastest Growing Companies" list, and membership in the NASDAQ 100 and S&P 500 Index.

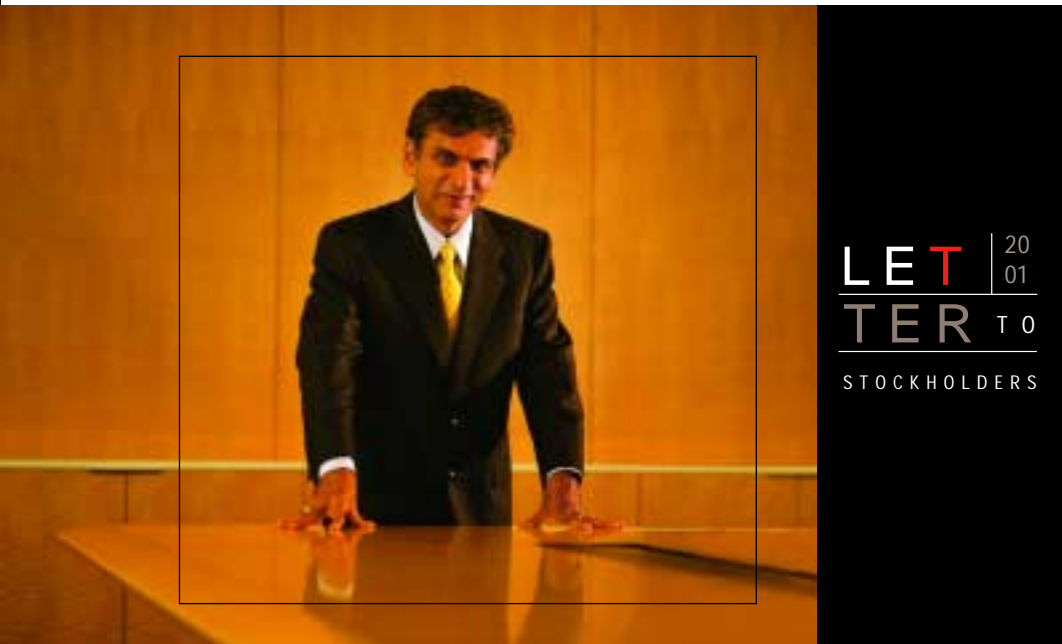
## Financial Highlights



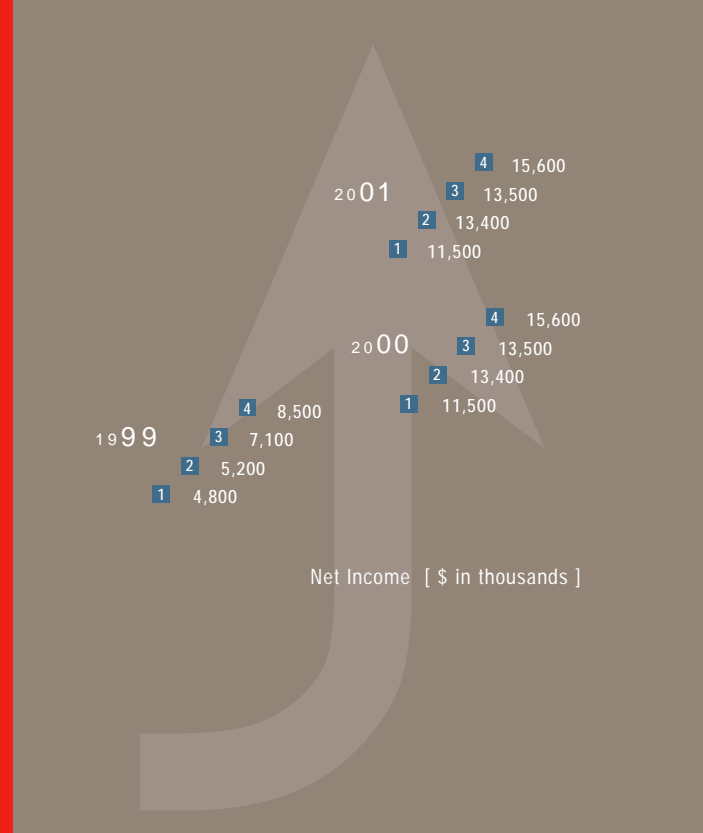
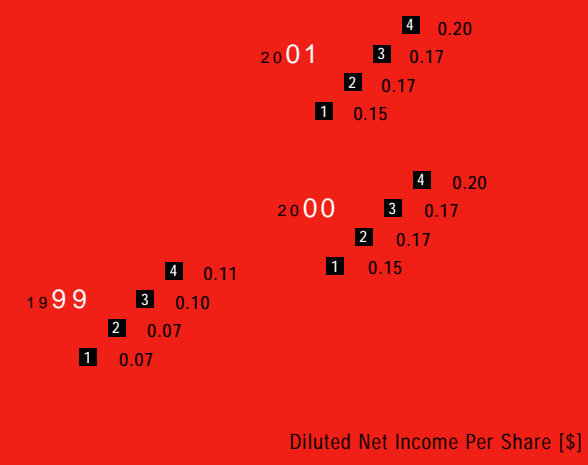
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inside  
QLOGIC



67%

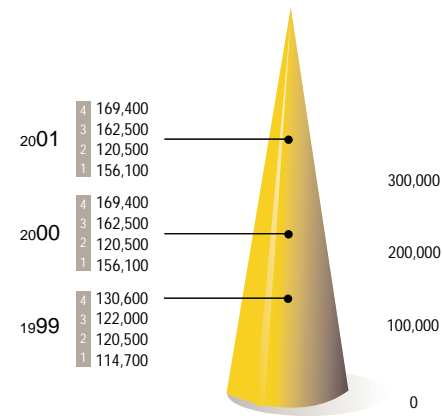


over the past 12 months we made our

### To Our Stockholders:

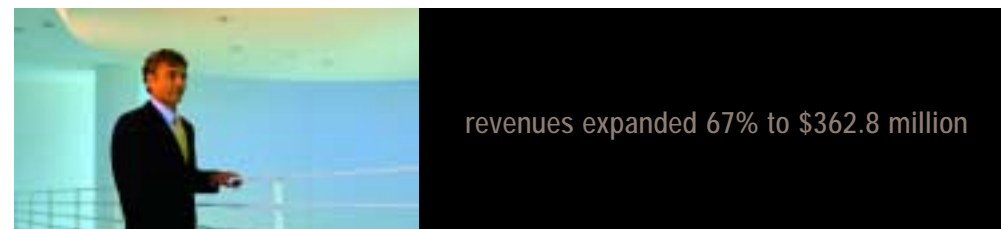
Fiscal 2001 was the strongest and most successful year in QLogic's history. We are continuing to align our business around common computer storage markets as we diversify our product offerings. Our principal focus is to continue to identify customer needs and develop unique, highly integrated, low-cost solutions in response to those needs.

(point)



While the current economic climate remains challenging for us in the near-term, the overall long-term demand for our products continues to be encouraging. The key to our achievement in this environment is our diversity and ability to maintain our competitive balance as new technologies emerge and stronger economic growth trends return.

The healthy momentum in QLogic's financial performance continued this past year. For the full fiscal year our gross revenues expanded 67% to \$362.8 million,



→ we have made significant technology breakthroughs and key

# acquisitions

to position ourselves for the future

compared to \$216.9 million a year ago, a new annual record. Pro forma net income grew 79% to \$97.7 million, or \$1.03 per share on a diluted basis, compared to \$54.4 million, or \$0.59 per share recorded on a pro forma basis a year ago. At the end of the fiscal year, we had over \$355 million in cash on hand, a very valuable asset in times of economic uncertainty.

QLogic began Fibre Channel development very early. This development was driven by our strategy to invest in new technologies. That investment has enabled us to achieve our current industry-leading position in the delivery of end-to-end storage area network (SAN) infrastructure components.

We believe that we have established a culture and orientation that capitalizes on change. The current storage environment – with Fibre Channel rapidly gaining broad acceptance and the emergence of promising new technologies – provides many opportunities for QLogic to excel.

Fibre Channel SANs enabled the industry to take the first significant step from direct attached storage to networked storage. The benefits of a cost-effective, easily scaleable and manageable storage resource for high-performance I/O has caught the attention of information technology professionals. These benefits are difficult to ignore, as evidenced by Fibre Channel's rapid adoption over the past two years.

We now see two new technologies gaining attention, both of which augment and expand the evolution of storage networking. These are iSCSI and Infiniband. We are making significant investments in both of these new technologies to ensure that we remain competitive for the long-term.

momentum

In January, we acquired Little Mountain Group (LMG), a start-up iSCSI company in Sacramento, to supplement our development of this technology in our Computer Systems Group. The LMG iSCSI solution includes innovative, hardware-based TCP/IP acceleration, which has broad application in a variety of networking markets.



We have also begun to deliver Infiniband switches and have made considerable progress toward the development of effective silicon solutions for this technology. Initially, Infiniband is targeted at providing a cost-effective, standard interconnect for server clusters.

QLogic had an excellent, record-setting year. Although the economy impacted the industry at the end of the year, the long-term prospects for our company remain very strong. It is during economic uncertainty that the strategic decisions of the past spotlight companies like QLogic that manage for continuous success.

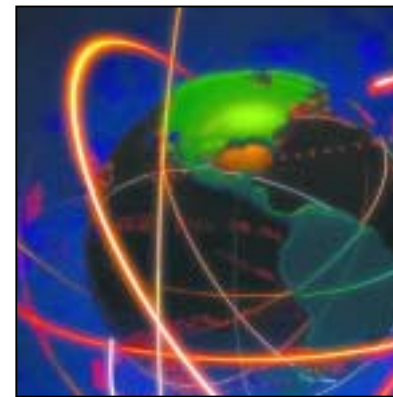
H.K.Desai

Chairman, President and Chief Executive Officer

QLogic is the  
**technology leader**  
 in delivering information on time, every time



Manager requests mission-critical information



Inquiry travels over high-speed network through QLogic host adapters and switches



Server transmits data from disk and tape devices via embedded QLogic chips

INSIDE		story
QLOGIC	PRODUCT SPOTLIGHT	
FIBRE CHANNEL SWITCHES		
<p>QLogic enterprise-class Fibre Channel switches reduce the complexity of managing many components within a storage network.</p>		

**QLogic everywhere . . .** QLogic's management software, controller chips, host adapter cards and network switches are found inside corporate data centers, in the world's fastest computers, built into extreme performance disk and tape drives, located throughout high-speed data networks and at the source of eBusiness. QLogic offers the most reliable and broadest array of storage networking components. That's why the world's leading technology corporations – including Compaq, Dell, EMC, Fujitsu, Hitachi, HP, IBM, Quantum, Seagate, Sony, Sun and Unisys – depend on QLogic innovations.

**QLogic's technical acumen . . .** With more than 15 years of storage industry experience, QLogic delivers new storage networking products faster and more reliably than anyone in the storage industry. For example, QLogic was the first to produce controller chips that pack the functionality of a network card into a component the size of postage stamp for increased reliability, speed and power efficiency. Moreover, QLogic's underlying product architecture was designed for interoperability and change, ensuring that its products remain compatible with emerging technology. QLogic is always at the forefront of network technologies and has embraced new initiatives such as iSCSI and InfiniBand through major investments. For example, QLogic acquired the LMG to develop iSCSI solutions and Ancor Communications to offer advanced switch products that will take advantage of Fibre Channel and InfiniBand.

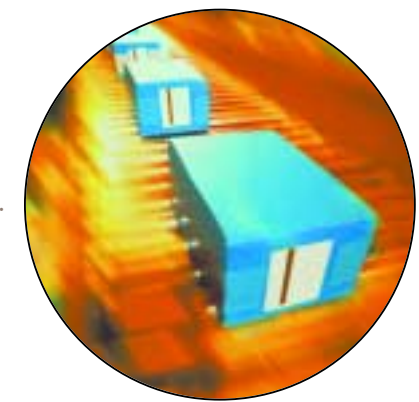
QLogic  
is responsive  
to its customers' needs



A manufacturer meets with QLogic to map out a new storage networking product requirement



QLogic develops and tests a robust solution for the customer



The customer meets its time to market objective

INSIDE		story
QLOGIC	APPLICATION	
GOING THE DISTANCE		
<p>QLogic and the customer, team up to tackle big problems. Together, QLogic and the customer score big, delivering a victory early in the game.</p>		

**QLogic delivers . . .** In the storage business, disk, tape and computer manufacturers have tight windows of opportunity to deliver storage network solutions to their customers. QLogic works closely with its customers, just like an extension of their engineering team, to reduce the time it takes to launch new solutions. QLogic's world-class storage laboratories test and validate products so they work flawlessly right from the moment they are shipped. QLogic continues to provide direct support to its clients throughout the lifecycle of each product. For the past seven years, QLogic has worked to meet the market window demands of its customers.

**QLogic partners . . .** At QLogic, listening to the ideas and concerns of its customers is a top priority. Working as a team, QLogic and its customers map out future requirements based on the unique needs of each customer. The customer connection is critical at QLogic. Building strong and lasting partnerships has been key to QLogic's success, enabling it to remain highly responsive to its customers, and proactive to changing market requirements.

QLogic  
**simplifies the process**  
 of implementing a storage network



Storage networking is like a complex highway interchange



Customers often don't know where to turn



QLogic makes the choice obvious

INSIDE		story
QLOGIC	APPLICATION	
THE EASY ROAD		
<p>The paths of change are many. For a clear and direct route, take the road to QLogic, the only avenue to a complete storage network solution. QLogic simplifies storage networking.</p>		

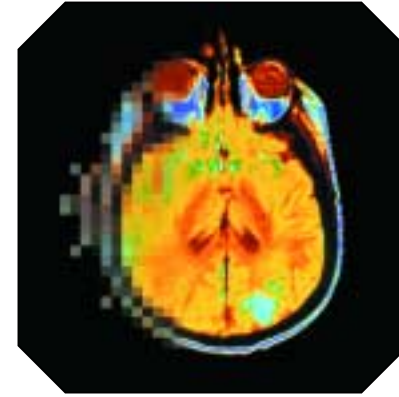
**QLogic simplifies the network . . .** QLogic is the only total solution storage networking provider, making it easy to acquire, install and maintain a complete storage network. Extensive testing ensures that QLogic's products play well together and with other devices on the network. QLogic's management software ties everything together by monitoring and configuring the complete storage network universe to maintain healthy levels of performance and data availability.

**QLogic makes change easy . . .** QLogic solutions are built for the ever-changing face of the storage marketplace. With an agile underlying product architecture and a corporate culture that embraces change, QLogic minimizes the resources needed for its customers to adopt new technology. Having successfully transitioned from SCSI to Fibre Channel, QLogic is experienced at embracing change. In addition, QLogic works closely with every customer to validate new products, assure interoperability and become an extension of that customer's development efforts. The strong bond between QLogic and its customers has enabled QLogic to become a trusted partner for many of the world's largest technology corporations.

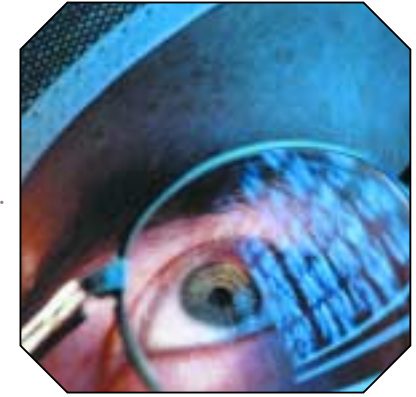
When customers  
**need reliability**  
 they turn to QLogic



CAT scan is processed through QLogic controller chips and stored to disk



QLogic host adapters enable transmission of the digital scan over the network



Doctor receives the digital image transferred through QLogic switches

INSIDE		story
QLOGIC	APPLICATION	
DIGITAL IMAGING		
<p>Suspected head injury. An emergency brain scan must be immediately transmitted to an offsite specialist. The process is critical to the patient's life.</p>		

**QLogic delivers, as expected . . .** In the world of storage, information loss is unacceptable. Every QLogic product is designed with no-loss data integrity in mind. That's why millions of disk and tape devices use QLogic controller chips to deliver some of the world's most important data. Demanding applications such as data warehouses, eCommerce, broadcasting and clusters rely on QLogic to deliver data continuously and with extreme integrity.

**QLogic means reliable . . .** QLogic's extends its background in the storage industry – a market with extremely high reliability standards – to its storage network products. Through meticulous design and exhaustive testing before releasing a product, QLogic has come to be known as a company that ships products that work the first time. Customers have learned to trust that when QLogic announces a product, the product is ready and it works. This is made possible through significant investments in quality labs, testing equipment and detailed failure analysis. QLogic delivers.

year | 20  
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IN REVIEW  
ACCOMPLISHMENTS

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2001

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aim high

QLOGIC

2000

4.04.00  
IDC declared QLogic is  
Fibre Channel host adapter  
market-share leader

5.09.00  
Introduced world's largest  
Fibre Channel switch

5.11.00  
Reported fiscal year 2000  
revenue up 73%

5.30.00  
Dataquest declared QLogic  
is Fibre Channel host  
adapter market-share  
leader

6.14.00  
Sun Microsystems  
selected QLogic Fibre  
Channel solutions for  
high-end RAID  
products

7.14.00  
QLogic and IBM to  
Provide Fibre Channel  
Products for SAN  
Initiative

10.11.00  
Compaq selected QLogic  
Enclosure Management  
Solutions

10.16.00  
EMC qualified QLogic's  
SANbox switches

10.17.00  
Ranked fourth in  
*Forbes*' "Best 200 Small  
Companies"

10.19.00  
Toshiba Selects QLogic  
Fibre Channel Technology  
for Magnia Servers and  
Storage Subsystems

8.01.00  
Merged with Ancor  
Communications, Inc. to  
expand Fibre Channel  
switch development

8.07.00  
Hitachi Data Systems  
qualified QLogic SANbox  
switches

11.09.00  
Introduced first end-to-end  
2 gigabit Fibre Channel  
infrastructure

11.14.00  
Introduced first  
quad-port Fibre Channel  
host adapter

12.06.00  
Joined the  
S&P 500  
Index

1.23.01  
Acquired Little  
Mountain Group, Inc.  
to expand iSCSI  
development

1.23.01  
Sun Microsystems  
selected QLogic for  
SBus-to-Fibre Channel  
host adapters

1.23.01  
Compaq selected  
QLogic Fibre Channel  
products for Linux OS  
environments

2.27.01  
Showcased one of the  
industry's first  
InfiniBand switches

2.26.01  
Sun Microsystems shipped  
QLogic's end-to-end storage  
area network infrastructure  
solution

1.23.01  
QLogic Fibre Channel  
Technology to be  
Used in Compaq's Linux  
Operating System  
Environments

3.22.01  
Compaq selected QLogic's  
2 gigabit Fibre Channel  
products for VersaStor™  
Technology

inside

Q L O G I C | 20  
01

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**FINANCIAL**

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REVIEW

Pro Forma **18**   Independent Auditors' Report **19**   Condensed Balance Sheets **20**   Condensed Statements of Income **21**  
Condensed Statements of Stockholders' Equity **22**   Condensed Statements of Cash Flows **23**   Corporate Information **24**

PRO FORMA CONDENSED STATEMENTS OF INCOME (UNAUDITED)  
(in thousands, except per share data)

QLogic is providing the below unaudited pro forma (see notes (a) through (d) below) condensed financial results so that investors can compare our results from regular ongoing operations with and without non-recurring charges. Pro forma earnings differ from reported earnings, which are presented in accordance with generally accepted accounting principals.

	April 1, 2001 Reported	Adjustments	April 1, 2001 Pro Forma	April 2, 2000 Pro Forma	% Change
Revenues	\$ 357,542	\$ 5,239 <sup>(a)</sup>	\$ 362,781	\$ 216,860	67%
Cost of revenues	128,739	-	128,739	70,982	81%
Gross profit	<u>228,803</u>	<u>5,239</u>	<u>234,042</u>	<u>145,878</u>	<u>60%</u>
Operating expenses:					
Engineering and development	56,315	(1,323) <sup>(b)(c)</sup>	54,992	39,357	40%
Selling and marketing	36,482	-	36,482	22,623	61%
General and administrative	14,828	(935) <sup>(b)</sup>	13,893	10,771	29%
Merger and related expenses	22,947	(22,947) <sup>(d)</sup>	-	-	-
Total operating expenses	<u>130,572</u>	<u>(25,205)</u>	<u>105,367</u>	<u>72,751</u>	<u>45%</u>
Operating income	98,231	30,444	128,675	73,127	76%
Interest and other income, net	18,706	-	18,706	9,181	104%
Income before income taxes	116,937	30,444	147,381	82,308	79%
Income tax provision	48,168	1,544	49,712	27,847	79%
Net income	\$ 68,769	28,900	97,669	54,461	79%
Accretion on convertible preferred stock	-	-	-	12	-
Net income attributable to common stockholders	<u>\$ 68,769</u>	<u>\$ 28,900</u>	<u>\$ 97,669</u>	<u>\$ 54,449</u>	<u>79%</u>
Net income per share :					
Basic	\$ 0.76				
Diluted	\$ 0.72		\$ 1.03	\$ 0.59	75%
Number of shares used in per share computations:					
Basic	91,073				
Diluted	<u>95,139</u>		<u>95,139</u>	<u>92,533</u>	

There are four categories of adjustments made to arrive at the pro forma results. Notes (a) through (d) below explain the adjustments made.

- (a) To exclude the financial effects of stock purchase warrants issued to Sun Microsystems, Inc.
- (b) To exclude the costs associated with the purchase of Silicon Design Resources, Inc. The adjustment column includes \$820 for purchased in-process technology expensed as engineering and development expenses, and \$935 for intangible asset amortization expensed as general and administrative.
- (c) To exclude the deferred compensation, and other related costs, of \$503 related to the Little Mountain Group, Inc. acquisition.
- (d) To exclude merger and other related costs associated with the Ancor Communications, Inc. merger.

INDEPENDENT AUDITORS' REPORT

# auditors' report

INDEPENDENT AUDITORS' REPORT

The Board of Directors  
QLogic Corporation:

The Board of Directors  
QLogic Corporation:

We have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet of QLogic Corporation and subsidiaries as of April 1, 2001, and the related consolidated statements of income, stockholders' equity and cash flows for each of the years in the three-year period then ended included in the Company's annual report on Form 10-K; and in our report dated May 15, 2001, we expressed an unqualified opinion on those consolidated financial statements.

In our opinion, the information set forth in the accompanying condensed consolidated financial statements is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived generally accepted in the United States of America.

KPMG LLP

The logo for KPMG LLP, featuring the letters 'KPMG' in a large, bold, stylized font, followed by 'LLP' in a smaller, simpler font.

Orange County, California  
May 15, 2001

## CONDENSED BALANCE SHEETS

## balance sheets

April 1, 2001 and April 2, 2000 (in thousands, except share data)

ASSETS	2001	2000 (Restated)
Cash and cash equivalents	\$ 128,273	\$ 86,889
Short term investments	227,210	117,762
Accounts and notes receivable, less allowance for doubtful accounts of \$2,372 and \$1,014 as of April 1, 2001 and April 2, 2000, respectively	53,588	27,489
Inventories	46,510	25,092
Deferred income taxes	32,558	28,726
Prepaid expenses and other current assets	2,358	1,716
Total current assets	490,497	287,674
Long term investments	-	39,797
Property and equipment, net	56,843	50,533
Other assets	24,157	16,965
	<u>\$ 571,497</u>	<u>\$ 394,969</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable	\$ 18,017	\$ 7,958
Accrued compensation	15,413	11,091
Accrued warranty	2,887	2,172
Income taxes payable	6,295	207
Other accrued liabilities	5,183	9,119
Total current liabilities	47,795	30,547
Other non-current liabilities	-	5,097
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.001 par value; 1,000,000 shares authorized, (200,000 shares designated as Series A Junior Participating Preferred, \$0.001 par value); none issued and outstanding	-	-
Common stock, \$0.001 par value; 500,000,000 shares authorized, 92,324,042 and 89,715,017 issued and outstanding at April 1, 2001 and April 2, 2000, respectively	92	90
Additional paid-in capital	393,383	293,992
Deferred stock-based compensation	(5,751)	-
Retained earnings	134,254	65,485
Other comprehensive income (loss)	1,724	(242)
Total stockholders' equity	523,702	359,325
	<u>\$ 571,497</u>	<u>\$ 394,969</u>

The condensed financial statements should be read in connection with the full financial statements presented in QLogic's Form 10K.

## CONDENSED STATEMENTS OF INCOME

## statements of income

Years ended April 1, 2001, April 2, 2000, and March 28, 1999 (in thousands, except per share data)

	<u>2001</u>	<u>2000</u> (Restated)	<u>1999</u> (Restated)
Gross revenues	\$ 362,781	\$ 216,860	\$ 121,575
Sales discounts	<u>5,239</u>	<u>767</u>	<u>-</u>
Net revenues	357,542	216,093	121,575
Cost of revenues	<u>128,739</u>	<u>70,982</u>	<u>49,034</u>
Gross profit	<u>228,803</u>	<u>145,111</u>	<u>72,541</u>
Operating expenses:			
Engineering and development	56,315	47,451	29,809
Selling and marketing	36,482	22,623	15,248
General and administrative	14,828	11,202	8,803
Merger and related expenses	<u>22,947</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>130,572</u>	<u>81,276</u>	<u>53,860</u>
Operating income	98,231	63,835	18,681
Interest and other income, net	<u>18,706</u>	<u>9,181</u>	<u>5,759</u>
Income before income taxes	116,937	73,016	24,440
Income tax provision	<u>48,168</u>	<u>24,701</u>	<u>8,310</u>
Net income	68,769	48,315	16,130
Accretion on convertible preferred stock	<u>-</u>	<u>12</u>	<u>762</u>
Net income attributable to common stockholders	<u>\$ 68,769</u>	<u>\$ 48,303</u>	<u>\$ 15,368</u>
Net income per share :			
Basic	\$ <u>0.76</u>	\$ <u>0.56</u>	\$ <u>0.20</u>
Diluted	\$ <u>0.72</u>	\$ <u>0.52</u>	\$ <u>0.18</u>
Number of shares used in per share computations:			
Basic	<u>91,073</u>	<u>86,485</u>	<u>77,823</u>
Diluted	<u>95,139</u>	<u>92,533</u>	<u>87,232</u>

The condensed financial statements should be read in connection with the full financial statements presented in QLogic's Form 10K.

## CONDENSED STATEMENTS OF STOCKHOLDERS' EQUITY

## stockholders equity

Years ended April 1, 2001, April 2, 2000 and March 28, 1999 (in thousands)

	Preferred Stock Shares	Preferred Stock Amount	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Deferred Stock-Based Comp	Retained Earnings	Other Comprehensive Income	Total Stockholders' Equity
Balance as of March 29, 1998	-	\$ -	75,421	\$ 75	\$135,208	\$ -	\$ 3,972	\$ -	\$139,255
Net income and comprehensive income	-	-	-	-	-	-	16,130	-	16,130
Sales of Series C Preferred Stock (net)	1	-	-	-	10,208	-	-	-	10,208
Warrants issued in connection with license agreement	-	-	-	-	768	-	-	-	768
Conversions of Series A preferred stock	-	-	71	-	-	-	-	-	-
Conversions of Series B preferred stock	-	-	2,110	2	(2)	-	-	-	-
Conversions of Series C preferred stock	(1)	-	3,796	4	(4)	-	-	-	-
Issuance of common stock under employee stock plans (including tax benefit of \$5,769)	-	-	2,719	4	9,345	-	-	-	9,349
Balance as of March 28, 1999	-	\$ -	84,117	\$ 85	\$155,523	\$ -	\$ 20,102	\$ -	\$175,710
Adjustment to conform fiscal year of pooled entity	-	-	385	-	6,410	-	(2,932)	(242)	3,236
Net income and comprehensive income	-	-	-	-	-	-	48,315	-	48,315
Sales of common stock in secondary offering (net of issuance costs of \$4,174)	-	-	1,319	1	64,888	-	-	-	64,889
Sales of common stock	-	-	148	-	14,820	-	-	-	14,820
Warrants issued in connection with product sales and for services rendered	-	-	-	-	798	-	-	-	798
Conversions of Series C preferred stock	-	-	436	1	-	-	-	-	1
Issuance of common stock under employee stock plans (including tax benefit of \$34,007)	-	-	3,310	3	51,553	-	-	-	51,556
Balance as of April 2, 2000	-	\$ -	89,715	\$ 90	\$293,992	\$ -	\$ 65,485	\$ (242)	\$359,325
Net income	-	-	-	-	-	-	68,769	-	68,769
Change in unrealized gain on securities, net of tax	-	-	-	-	-	-	-	1,966	1,966
Total comprehensive income	-	-	-	-	-	-	-	-	70,735
Warrants issued in connection with product sales	-	-	-	-	5,239	-	-	-	5,239
Shares issued for business acquisition	-	-	23	-	11,403	(5,891)	-	-	5,512
Amortization of deferred stock-based compensation	-	-	-	-	-	140	-	-	140
Issuance of common stock under employee stock plans (including tax benefit of \$52,742)	-	-	2,586	2	82,749	-	-	-	82,751
Balance as of April 1, 2001	-	\$ -	92,324	\$ 92	\$393,383	\$(5,751)	\$134,254	\$ 1,724	\$523,702

The condensed financial statements should be read in connection with the full financial statements presented in QLogic's Form 10K.

## CONDENSED STATEMENTS OF CASH FLOWS

## statements of cash flow

Years ended April 1, 2001, April 2, 2000, and March 28, 1999 (in thousands)

	<u>2001</u>	<u>2000</u> (Restated)	<u>1999</u> (Restated)
Cash flows from operating activities:			
Net income	\$ 68,769	\$ 48,315	\$ 16,130
Adjustments to reconcile net income to net cash provided by operating activities:			
Provisions for non-cash sales discounts and consulting services	5,239	798	-
Depreciation and amortization	10,806	6,447	4,709
Write-off of acquired in-process technology	554	8,410	1,220
Provision for doubtful accounts	1,358	35	201
Loss on disposal of property and equipment	449	219	189
Benefit from deferred income taxes	(5,829)	(9,359)	(6,283)
Tax benefit from issuance of stock under employee stock plans	52,742	34,007	5,769
Changes in assets and liabilities:			
Accounts and notes receivable	(27,457)	(11,296)	(3,225)
Inventories	(21,418)	(13,313)	(5,340)
Prepaid expenses and other current assets	(642)	41	(1,431)
Other assets	1,389	(137)	(1,158)
Accounts payable	10,059	551	2,152
Accrued compensation	4,322	3,519	2,403
Income taxes payable	6,088	(7,117)	(3,770)
Accrued warranty	715	1,090	-
Other accrued liabilities	(3,907)	4,312	8,072
Other non-current liabilities	(5,097)	-	(466)
Net cash provided by operating activities	<u>98,140</u>	<u>66,522</u>	<u>19,172</u>
Cash flows from investing activities:			
Additions to property and equipment	(16,705)	(42,403)	(7,373)
Purchases of investments	(236,726)	(659,692)	(117,861)
Acquisition of business, net of cash acquired	(2,346)	(8,860)	(1,957)
Maturities of investments	169,041	600,398	78,179
Other, net	-	(347)	(49)
Net cash used in investing activities	<u>(86,736)</u>	<u>(110,904)</u>	<u>(49,061)</u>
Cash flows from financing activities:			
Principal payments on other non-current liabilities	(29)	(358)	(358)
Proceeds from issuance of stock under stock plans	30,009	16,672	3,580
Proceeds from sale of common and preferred stock	-	79,709	10,208
Net cash provided by financing activities	<u>29,980</u>	<u>96,023</u>	<u>13,430</u>
Net increase (decrease) in cash and cash equivalents	41,384	51,641	(16,459)
Adjustment to conform fiscal year end of pooled entity	-	(14,384)	-
Cash and cash equivalents at beginning of year	86,889	49,632	66,091
Cash and cash equivalents at end of year	<u>\$128,273</u>	<u>\$ 86,889</u>	<u>\$ 49,632</u>
Supplemental disclosure of cash flow information:			
Cash paid during the year for:			
Interest	<u>\$ 60</u>	<u>\$ 38</u>	<u>\$ 53</u>
Income taxes	<u>\$ 2,318</u>	<u>\$ 6,068</u>	<u>\$ 6,068</u>
Supplemental schedule of non-cash investing and financing activities:			
Accrual for acquisition performance payment	<u>\$ 1,244</u>	<u>\$ 841</u>	<u>\$ 1,321</u>
Stock option plan assumed in acquisition	<u>\$ 5,891</u>	<u>\$ -</u>	<u>\$ -</u>
Stock issued in connection with business acquisition	<u>\$ 2,010</u>	<u>\$ -</u>	<u>\$ -</u>

The condensed financial statements should be read in connection with the full financial statements presented in QLogic's Form 10K.

**Board of Directors**

H.K. Desai  
Chairman, CEO and President  
QLogic Corporation

Carol Miltner  
CEO  
Global Technology Distribution Council

George D. Wells  
Director  
QLogic Corporation

Larry R. Carter  
Senior Vice President, Finance and  
Administration and Chief Financial Officer  
Cisco Systems, Inc.

Jim Fiebigler, Ph.D.  
Chairman and CEO  
Loveltech, Inc.

**Corporate Officers**

H.K. Desai  
Chairman, CEO and President

Thomas R. Anderson  
Vice President and Chief Financial Officer

Mark K. Edwards  
Sr. Vice President and General Manager  
Systems Groups

Lawrence F. Fortmuller, Jr.  
Vice President, Customer Services

Robert W. Miller  
Vice President, Operations

David M. Race  
Vice President and General Manager  
Management Products Group

David Tovey  
Vice President and General Manager  
Peripheral Products Group

Michael R. Manning  
Secretary and Treasurer

**Corporate Offices**

QLogic Corporation  
26600 Laguna Hills Drive  
Aliso Viejo, CA 92656  
949.389.6000

**Stock Information**

	Sales Prices*	
	High	Low
Fiscal 2001		
First Quarter	\$131.75	\$ 39.69
Second Quarter	119.25	60.25
Third Quarter	130.25	60.44
Fourth Quarter	99.13	21.75

Fiscal 2000		
First Quarter	\$ 34.22	\$ 14.38
Second Quarter	49.75	31.25
Third Quarter	83.75	22.50
Fourth Quarter	203.25	68.06

\* As reported on NASDAQ by the National Quotation Bureau

QLogic's common stock is traded in the over-the-counter market and is quoted in The NASDAQ National Market System under the symbol QLGC. On April 1, 2001 there were approximately 656 stockholders of record and the closing price was \$22.50. QLogic has not declared cash dividends and does not anticipate paying cash dividends in the foreseeable future.

**Company Literature**

A copy of QLogic's annual report on Form 10-K to the Securities and Exchange Commission and other Company literature will be furnished without charge upon request to:

**Investor Relations**

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www.qlogic.com

**Transfer Agent and Registrar**

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Telephone 312.588.4173

**Legal Counsel**

Stradling Yocca Carlson & Rauth  
660 Newport Center Drive, Suite 1600  
Newport Beach, CA 92660

**Independent Accountants**

KPMG LLP  
600 Anton Boulevard, Suite 700  
Costa Mesa, CA 92626

**Safe Harbor Statement**

With the exception of historical information, the statements set forth in this annual report include forward-looking statements that involve risks and uncertainties. The company wishes to caution readers that a number of important factors could cause actual results to differ materially from those in the forward-looking statements. Those factors include the Company's ability to develop and produce new technologies; new and changing technologies and customer acceptance of these technologies; a change in semiconductor foundry conditions; fluctuation in the growth of I/O markets; fluctuations or cancellations in orders from OEM customers; the Company's ability to compete effectively with other companies; and cancellation of OEM products associated with design wins. These and other factors which could cause actual results to differ materially from those in the forward-looking statements are also discussed in the Company's filings with the Securities and Exchange Commission, including its recent filings on Forms S-3, S-4, 10-K and 10-Q.

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