

Silicon Laboratories Inc.
Condensed Consolidated Statements of Operations
(In thousands, except per share data)
(Unaudited)

	<u>Three Months Ended</u>	
	<u>March 31,</u>	<u>April 2,</u>
	<u>2012</u>	<u>2011</u>
Revenues	\$125,702	\$119,636
Cost of revenues	<u>50,606</u>	<u>47,478</u>
Gross margin	75,096	72,158
Operating expenses:		
Research and development	32,930	35,359
Selling, general and administrative	<u>25,402</u>	<u>31,860</u>
Operating expenses	<u>58,332</u>	<u>67,219</u>
Operating income	16,764	4,939
Other income (expense):		
Interest income	497	571
Interest expense	(33)	(5)
Other income (expense), net	<u>(111)</u>	<u>209</u>
Income before income taxes	17,117	5,714
Provision for income taxes	<u>2,797</u>	<u>7,674</u>
Net income (loss)	<u>\$ 14,320</u>	<u>\$ (1,960)</u>
Earnings (loss) per share:		
Basic	\$ 0.34	\$ (0.04)
Diluted	\$ 0.33	\$ (0.04)
Weighted-average common shares outstanding:		
Basic	42,458	44,269
Diluted	43,850	44,269

Silicon Laboratories Inc.
Condensed Consolidated Balance Sheets
(In thousands, except per share data)
(Unaudited)

	March 31, 2012	December 31, 2011
Assets		
Current assets:		
Cash and cash equivalents	\$ 98,038	\$ 94,964
Short-term investments	235,299	212,526
Accounts receivable, net of allowances for doubtful accounts of \$925 at March 31, 2012 and \$725 at December 31, 2011	61,425	55,351
Inventories	34,295	34,778
Deferred income taxes	4,941	11,563
Prepaid expenses and other current assets	47,527	43,867
Total current assets	481,525	453,049
Long-term investments	17,729	17,477
Property and equipment, net	24,008	25,141
Goodwill	115,489	115,489
Other intangible assets, net	57,725	60,005
Other assets, net	36,334	34,830
Total assets	\$732,810	\$705,991
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 29,965	\$ 26,354
Accrued expenses	30,810	30,857
Deferred income on shipments to distributors	28,269	24,962
Income taxes	1,302	665
Total current liabilities	90,346	82,838
Long-term obligations and other liabilities	19,053	24,214
Total liabilities	109,399	107,052
Commitments and contingencies		
Stockholders' equity:		
Preferred stock--\$0.0001 par value; 10,000 shares authorized; no shares issued and outstanding	--	--
Common stock--\$0.0001 par value; 250,000 shares authorized; 42,835 and 42,068 shares issued and outstanding at March 31, 2012 and December 31, 2011, respectively	4	4
Additional paid-in capital	24,251	14,749
Retained earnings	600,973	586,653
Accumulated other comprehensive loss	(1,817)	(2,467)
Total stockholders' equity	623,411	598,939
Total liabilities and stockholders' equity	\$732,810	\$705,991

Silicon Laboratories Inc.
Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Three Months Ended	
	March 31, 2012	April 2, 2011
Operating Activities		
Net income (loss)	\$14,320	\$ (1,960)
Adjustments to reconcile net income (loss) to cash provided by (used in) operating activities:		
Depreciation of property and equipment	3,543	3,253
Amortization of other intangible assets and other assets	2,280	3,057
Stock-based compensation expense	6,693	9,473
Income tax benefit from employee stock-based awards	2,656	1,184
Excess income tax benefit from employee stock-based awards	(2,426)	(1,142)
Deferred income taxes	3,101	1,366
Changes in operating assets and liabilities:		
Accounts receivable	(6,074)	(11,704)
Inventories	447	(759)
Prepaid expenses and other assets	4,581	(4,499)
Accounts payable	4,209	(4,787)
Accrued expenses	(5,087)	(1,634)
Deferred income on shipments to distributors	3,307	2,293
Income taxes	(5,403)	3,233
Net cash provided by (used in) operating activities	26,147	(2,626)
Investing Activities		
Purchases of available-for-sale investments	(82,845)	(31,492)
Proceeds from sales and maturities of marketable securities	60,518	55,092
Purchases of property and equipment	(2,428)	(2,697)
Purchases of other assets	(850)	(584)
Acquisition of business, net of cash acquired	--	(27,546)
Net cash used in investing activities	(25,605)	(7,227)
Financing Activities		
Proceeds from issuance of common stock, net of shares withheld for taxes	106	(3,580)
Excess income tax benefit from employee stock-based awards	2,426	1,142
Repurchases of common stock	--	(606)
Payments on debt	--	(7,174)
Net cash provided by (used in) financing activities	2,532	(10,218)
Increase (decrease) in cash and cash equivalents	3,074	(20,071)
Cash and cash equivalents at beginning of period	94,964	138,567
Cash and cash equivalents at end of period	\$98,038	\$118,496

Non-GAAP Financial Measurements

In addition to the GAAP results provided throughout this document, Silicon Laboratories has provided non-GAAP financial measurements on a basis excluding non-cash and other one-time charges and benefits. Details of these excluded items are presented in the tables below, which reconcile the GAAP results to non-GAAP financial measurements.

The non-GAAP financial measurements do not replace the presentation of Silicon Laboratories' GAAP financial results. These measurements provide supplemental information to assist management and investors in analyzing Silicon Laboratories' financial position and results of operations. Silicon Laboratories has chosen to provide this information to investors to enable them to perform meaningful comparisons of past, present and future operating results and as a means to emphasize the results of core on-going operations.

Unaudited Reconciliation of GAAP to Non-GAAP Financial Measures (In thousands, except per share data)

Non-GAAP Income Statement Items	Three Months Ended March 31, 2012						
	GAAP Measure	GAAP Percent of Revenue	Stock Compensation Expense *	Termination Costs **	Acquisition Related Items	Non- GAAP Measure	Non- GAAP Percent of Revenue
Revenues	\$125,702						
Gross margin	75,096	59.7%	\$ 360	\$ --	\$ --	\$75,456	60.0%
Research and development	32,930	26.2%	3,602	--	--	29,328	23.3%
Selling, general and administrative	25,402	20.2%	3,895	(868)	(949)	23,324	18.6%
Operating expenses	58,332	46.4%	7,497	(868)	(949)	52,652	41.9%
Operating income	16,764	13.3%	7,857	(868)	(949)	22,804	18.1%
Net income	14,320	11.4%	6,470	(1,133)	(949)	18,708	14.9%

Non-GAAP Diluted Earnings Per Share	Three Months Ended March 31, 2012				
	GAAP Measure	Stock Compensation Expense *	Termination Costs **	Acquisition Related Items	Non- GAAP Measure
Net income	\$14,320	\$6,470	\$(1,133)	\$(949)	\$18,708
Diluted shares outstanding	43,850				43,850
Diluted earnings per share	\$ 0.33				\$ 0.43

* Excludes stock compensation recognized in connection with terminations costs.

** Termination costs include the reversal of previously recognized stock compensation for modified stock awards.

Unaudited Reconciliation of GAAP to Non-GAAP Financial Measures
(In thousands, except per share data)
(Continued)

Non-GAAP Income Tax Rate	Three Months Ended March 31, 2012				
	GAAP Measure	Stock Compensation Expense *	Termination Costs **	Acquisition Related Items	Non- GAAP Measure
Income before income taxes	\$17,117	\$7,857	\$(868)	\$(949)	\$23,157
Provision for income taxes	2,797	1,387	265	--	4,449
Tax rate percentage	16.3%				19.2%

* Excludes stock compensation recognized in connection with terminations costs.

** Termination costs include the reversal of previously recognized stock compensation for modified stock awards.

Unaudited Forward-Looking Statements Regarding Business Outlook*
(In thousands, except per share information)

Business Outlook	Three Months Ending June 30, 2012	
	High	Low
Estimated GAAP diluted earnings per share	\$0.29	\$0.24
Estimated non-cash charges	0.21	0.21
Estimated non-GAAP diluted earnings per share	\$0.50	\$0.45

* These financial schedules contain forward-looking statements based on Silicon Laboratories' current expectations. The words "believe," "estimate," "expect," "intend," "anticipate," "plan," "project," "will" and similar phrases as they relate to Silicon Laboratories are intended to identify such forward-looking statements. These forward-looking statements reflect the current views and assumptions of Silicon Laboratories and are subject to various risks and uncertainties that could cause actual results to differ materially from expectations. Among the factors that could cause actual results to differ materially from those in the forward-looking statements are the following: risks that Silicon Laboratories may not be able to maintain its historical growth; quarterly fluctuations in revenues and operating results; volatile stock price; average selling prices of products may decrease significantly and rapidly, difficulties developing new products that achieve market acceptance; dependence on a limited number of products and customers; intellectual property litigation risks; inventory-related risks; risks associated with acquisitions; difficulties managing international activities; difficulties managing our manufacturers and subcontractors; risks that Silicon Laboratories may not be able to manage strains associated with its growth; credit risks associated with our accounts receivable; dependence on key personnel; risks associated with divestitures; geographic concentration of manufacturers, assemblers, test service providers and customers in Asia that subjects Silicon Laboratories' business and results of operations to risks of natural disasters, epidemics, war and political unrest; the competitive and cyclical nature of the semiconductor industry and other factors that are detailed in Silicon Laboratories' filings with the SEC. Silicon Laboratories disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.