

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

	Three Months Ended		Year Ended	
	January 3, 2015	December 28, 2013	January 3, 2015	December 28, 2013
Revenues	\$161,951	\$146,236	\$620,704	\$580,087
Cost of revenues	65,279	57,638	242,153	227,183
Gross margin	96,672	88,598	378,551	352,904
Operating expenses:				
Research and development	46,139	42,168	172,985	157,799
Selling, general and administrative	39,527	32,276	154,145	130,795
Operating expenses	85,666	74,444	327,130	288,594
Operating income	11,006	14,154	51,421	64,310
Other income (expense):				
Interest income	274	237	1,007	853
Interest expense	(808)	(807)	(3,154)	(3,293)
Other income (expense), net	(337)	118	(234)	157
Income before income taxes	10,135	13,702	49,040	62,027
Provision for income taxes	111	3,060	11,019	12,208
Net income	\$ 10,024	\$ 10,642	\$ 38,021	\$ 49,819
Earnings per share:				
Basic	\$ 0.24	\$ 0.25	\$ 0.88	\$ 1.17
Diluted	\$ 0.23	\$ 0.24	\$ 0.87	\$ 1.14
Weighted-average common shares outstanding:				
Basic	42,279	42,972	42,970	42,715
Diluted	43,137	43,847	43,793	43,537

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

	<b>January 3, 2015</b>	<b>December 28, 2013</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 141,706	\$ 95,800
Short-term investments	193,489	179,593
Accounts receivable, net of allowances for doubtful accounts of \$786 at January 3, 2015 and \$797 at December 28, 2013	70,367	72,124
Inventories	52,631	45,271
Deferred income taxes	21,173	18,878
Prepaid expenses and other current assets	49,171	47,651
Total current assets	528,537	459,317
Long-term investments	7,419	10,632
Property and equipment, net	132,820	132,445
Goodwill	228,781	228,781
Other intangible assets, net	115,021	131,593
Other assets, net	29,983	28,382
Total assets	<u>\$1,042,561</u>	<u>\$991,150</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 38,922	\$ 22,126
Current portion of long-term debt	10,000	7,500
Accrued expenses	73,646	45,975
Deferred income on shipments to distributors	38,662	30,853
Income taxes	2,084	2,693
Total current liabilities	163,314	109,147
Long-term debt	77,500	87,500
Other non-current liabilities	43,691	55,941
Total liabilities	284,505	252,588
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; 42,225 and 42,779 shares issued and outstanding at January 3, 2015 and December 28, 2013, respectively	4	4
Additional paid-in capital	29,501	48,630
Retained earnings	728,633	690,612
Accumulated other comprehensive loss	(82)	(684)
Total stockholders' equity	758,056	738,562
Total liabilities and stockholders' equity	<u>\$1,042,561</u>	<u>\$991,150</u>

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

	<b>Year Ended</b>	
	<b>January 3, 2015</b>	<b>December 28, 2013</b>
<b>Operating Activities</b>		
Net income	\$ 38,021	\$ 49,819
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation of property and equipment	12,561	13,491
Amortization of other intangible assets and other assets	17,923	15,911
Stock-based compensation expense	39,067	30,800
Income tax benefit (shortfall) from stock-based awards	489	(606)
Excess income tax benefit from stock-based awards	(632)	(290)
Deferred income taxes	3,054	3,319
Changes in operating assets and liabilities:		
Accounts receivable	1,757	8,972
Inventories	(7,170)	5,588
Prepaid expenses and other assets	9,332	(2,514)
Accounts payable	11,475	(3,979)
Accrued expenses	27,671	463
Deferred income on shipments to distributors	7,809	(2,381)
Income taxes	(3,371)	5,189
Other non-current liabilities	(20,543)	(3,632)
Net cash provided by operating activities	<u>137,443</u>	<u>120,150</u>
<b>Investing Activities</b>		
Purchases of available-for-sale investments	(166,094)	(213,883)
Proceeds from sales and maturities of available-for-sale investments	156,520	210,824
Purchases of property and equipment	(11,225)	(10,472)
Purchases of other assets	(5,514)	(5,939)
Acquisitions of businesses, net of cash acquired	--	(86,441)
Net cash used in investing activities	<u>(26,313)</u>	<u>(105,911)</u>
<b>Financing Activities</b>		
Proceeds from issuance of common stock, net of shares withheld for taxes	13,320	15,301
Excess income tax benefit from stock-based awards	632	290
Repurchases of common stock	(71,676)	(26,022)
Payments on debt	(7,500)	(13,434)
Net cash used in financing activities	<u>(65,224)</u>	<u>(23,865)</u>
Increase (decrease) in cash and cash equivalents	45,906	(9,626)
Cash and cash equivalents at beginning of period	95,800	105,426
Cash and cash equivalents at end of period	<u>\$141,706</u>	<u>\$ 95,800</u>

## 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)

<b>Non-GAAP Income Statement Items</b>	<b>Three Months Ended January 3, 2015</b>							<b>Non- GAAP Measure</b>	<b>Non-GAAP Percent of Revenue</b>
	<b>GAAP Measure</b>	<b>GAAP Percent of Revenue</b>	<b>Stock Compensation Expense</b>	<b>Intangible Asset Amortization</b>	<b>Acquisition Related Items</b>	<b>Termination Costs</b>	<b>Non- GAAP Measure</b>		
Revenues	\$161,951								
Gross margin	96,672	59.7%	\$ 200	\$ 390	\$ --	\$ 37	\$97,299		60.1%
Research and development	46,139	28.5%	5,240	3,589	--	85	37,225		23.0%
Selling, general and administrative	39,527	24.4%	5,454	729	1,047	3	32,294		19.9%
Operating expenses	85,666	52.9%	10,694	4,318	1,047	88	69,519		42.9%
Operating income	11,006	6.8%	10,894	4,708	1,047	125	27,780		17.2%
Net income	10,024	6.2%	9,927	3,335	1,047	125	24,458		15.1%
<b>Non-GAAP Diluted Earnings Per Share</b>	<b>Three Months Ended January 3, 2015</b>								
	<b>GAAP Measure</b>	<b>Stock Compensation Expense</b>	<b>Intangible Asset Amortization</b>	<b>Acquisition Related Items</b>	<b>Termination Costs</b>	<b>Non- GAAP Measure</b>			
Net income	\$10,024	\$9,927	\$3,335	\$1,047	\$125	\$24,458			
Diluted shares outstanding	43,137	--	--	--	--	43,137			
Diluted earnings per share	\$ 0.23					\$ 0.57			

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

<b>Non-GAAP Income Tax Rate</b>	<b>Three Months Ended January 3, 2015</b>					
	<b>GAAP Measure</b>	<b>Stock Compensation Expense</b>	<b>Intangible Asset Amortization</b>	<b>Acquisition Related Items</b>	<b>Termination Costs</b>	<b>Non- GAAP Measure</b>
Income before income taxes	\$10,135	\$10,894	\$4,708	\$1,047	\$125	\$26,909
Provision for income taxes	111	967	1,373	--	--	2,451
Tax rate percentage	1.1%					9.1%

**Unaudited Forward-Looking Statements Regarding Business Outlook \*\***

<b>Business Outlook</b>	<b>Three Months Ending April 4, 2015</b>	
	<b>High</b>	<b>Low</b>
Estimated GAAP diluted earnings per share	\$0.14	\$0.08
Estimated non-GAAP charges	0.34	0.34
Estimated non-GAAP diluted earnings per share	<u>\$0.48</u>	<u>\$0.42</u>

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