

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

	<b>Three Months Ended</b>	
	<b>March 29, 2014</b>	<b>March 30, 2013</b>
Revenues	\$145,691	\$145,375
Cost of revenues	58,586	58,003
Gross margin	87,105	87,372
Operating expenses:		
Research and development	42,485	37,582
Selling, general and administrative	34,611	29,153
Operating expenses	77,096	66,735
Operating income	10,009	20,637
Other income (expense):		
Interest income	302	335
Interest expense	(798)	(842)
Other income (expense), net	67	(52)
Income before income taxes	9,580	20,078
Provision for income taxes	1,470	44
Net income	\$ 8,110	\$ 20,034
Earnings per share:		
Basic	\$ 0.19	\$ 0.47
Diluted	\$ 0.18	\$ 0.46
Weighted-average common shares outstanding:		
Basic	43,081	42,186
Diluted	44,056	43,110

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

	<u>March 29, 2014</u>	<u>December 28, 2013</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 128,323	\$ 95,800
Short-term investments	194,765	179,593
Accounts receivable, net of allowances for doubtful accounts of \$767 at March 29, 2014 and \$797 at December 28, 2013	64,672	72,124
Inventories	44,334	45,271
Deferred income taxes	15,203	18,878
Prepaid expenses and other current assets	40,214	47,651
Total current assets	<u>487,511</u>	<u>459,317</u>
Long-term investments	10,997	10,632
Property and equipment, net	130,829	132,445
Goodwill	228,781	228,781
Other intangible assets, net	128,453	131,593
Other assets, net	23,482	28,382
Total assets	<u><u>\$1,010,053</u></u>	<u><u>\$991,150</u></u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 22,707	\$ 22,126
Current portion of long-term debt	8,750	7,500
Accrued expenses	67,745	45,975
Deferred income on shipments to distributors	32,589	30,853
Income taxes	1,330	2,693
Total current liabilities	<u>133,121</u>	<u>109,147</u>
Long-term debt	85,000	87,500
Other non-current liabilities	30,737	55,941
Total liabilities	<u>248,858</u>	<u>252,588</u>
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; 43,433 and 42,779 shares issued and outstanding at March 29, 2014 and December 28, 2013, respectively	4	4
Additional paid-in capital	62,883	48,630
Retained earnings	698,722	690,612
Accumulated other comprehensive loss	(414)	(684)
Total stockholders' equity	<u>761,195</u>	<u>738,562</u>
Total liabilities and stockholders' equity	<u><u>\$1,010,053</u></u>	<u><u>\$991,150</u></u>

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

	<b>Three Months Ended</b>	
	<b>March 29, 2014</b>	<b>March 30, 2013</b>
<b>Operating Activities</b>		
Net income	\$ 8,110	\$ 20,034
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation of property and equipment	3,290	3,297
Amortization of other intangible assets and other assets	4,491	2,840
Stock-based compensation expense	9,277	6,260
Income tax benefit (shortfall) from stock-based awards	45	(363)
Excess income tax benefit from stock-based awards	(235)	(217)
Deferred income taxes	6,784	7,521
Changes in operating assets and liabilities:		
Accounts receivable	7,452	5,256
Inventories	1,083	(7,350)
Prepaid expenses and other assets	14,266	4,620
Accounts payable	1,195	2,356
Accrued expenses	(2,218)	(4,330)
Deferred income on shipments to distributors	1,736	(598)
Income taxes	(8,324)	(9,818)
Net cash provided by operating activities	46,952	29,508
<b>Investing Activities</b>		
Purchases of available-for-sale investments	(43,366)	(78,851)
Proceeds from sales and maturities of available-for-sale investments	28,242	25,674
Purchases of property and equipment	(1,673)	(3,898)
Purchases of other assets	(2,113)	(1,228)
Net cash used in investing activities	(18,910)	(58,303)
<b>Financing Activities</b>		
Proceeds from issuance of common stock, net of shares withheld for taxes	5,496	4,915
Excess income tax benefit from stock-based awards	235	217
Payments on debt	(1,250)	(2,500)
Net cash provided by financing activities	4,481	2,632
Increase (decrease) in cash and cash equivalents	32,523	(26,163)
Cash and cash equivalents at beginning of period	95,800	105,426
Cash and cash equivalents at end of period	<u>\$128,323</u>	<u>\$ 79,263</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)

Non-GAAP Income Statement Items	Three Months Ended March 29, 2014								
	GAAP Measure	GAAP Percent of Revenue	Stock Compensation Expense	Intangible Asset Amortization	Termination Costs	Acquisition Related Items	Release of Unrecognized Tax Benefits	Non-GAAP Measure	Non-GAAP Percent of Revenue
Revenues	\$145,691								
Gross margin	87,105	59.8%	\$ 195	\$ 390	\$ --	\$ --	\$ --	\$87,690	60.2%
Research and development	42,485	29.2%	4,241	3,247	--	--	--	34,997	24.0%
Selling, general and administrative	34,611	23.7%	4,841	729	(267)	816	--	28,492	19.6%
Operating expenses	77,096	52.9%	9,082	3,976	(267)	816	--	63,489	43.6%
Operating income	10,009	6.9%	9,277	4,366	(267)	816	--	24,201	16.6%
Net income	8,110	5.6%	7,966	3,019	(199)	816	(1,292)	18,420	12.6%
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Non-GAAP Diluted Earnings Per Share	Three Months Ended March 29, 2014								
	GAAP Measure	Stock Compensation Expense	Intangible Asset Amortization	Termination Costs	Acquisition Related Items	Release of Unrecognized Tax Benefits	Non-GAAP Measure		
Net income	\$ 8,110	\$7,966	\$3,019	\$(199)	\$816	\$(1,292)	\$18,420		
Diluted shares outstanding	44,056	--	--	--	--	--	44,056		
Diluted earnings per share	\$ 0.18						\$ 0.42		

**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 March 29, 2014</b>						
	<b>GAAP Measure</b>	<b>Stock Compensation Expense</b>	<b>Intangible Asset Amortization</b>	<b>Termination Costs</b>	<b>Acquisition Related Items</b>	<b>Release of Unrecognized Tax Benefits</b>	<b>Non- GAAP Measure</b>
Income before income taxes	\$9,580	\$9,277	\$4,366	\$(267)	\$816	\$ --	\$23,772
Provision for income taxes	1,470	1,311	1,347	(68)	--	1,292	5,352
Tax rate percentage	15.3%						22.5%

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

<b>Business Outlook</b>	<b>Three Months Ending June 28, 2014</b>	
	<b>High</b>	<b>Low</b>
Estimated GAAP diluted earnings per share	\$0.19	\$0.15
Estimated non-GAAP charges	0.28	0.28
Estimated non-GAAP diluted earnings per share	<u>\$0.47</u>	<u>\$0.43</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.