

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

	<b>Three Months Ended</b>	
	<b>April 4, 2015</b>	<b>March 29, 2014</b>
Revenues	\$163,705	\$145,691
Cost of revenues	67,336	58,586
Gross margin	96,369	87,105
Operating expenses:		
Research and development	46,857	42,485
Selling, general and administrative	42,300	34,611
Operating expenses	89,157	77,096
Operating income	7,212	10,009
Other income (expense):		
Interest income	192	302
Interest expense	(745)	(798)
Other income (expense), net	408	67
Income before income taxes	7,067	9,580
Provision for income taxes	689	1,470
Net income	<u>\$ 6,378</u>	<u>\$ 8,110</u>
Earnings per share:		
Basic	\$ 0.15	\$ 0.19
Diluted	\$ 0.15	\$ 0.18
Weighted-average common shares outstanding:		
Basic	42,412	43,081
Diluted	43,149	44,056

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

	<b>April 4, 2015</b>	<b>January 3, 2015</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 112,710	\$ 141,706
Short-term investments	148,795	193,489
Accounts receivable, net of allowances for doubtful accounts of \$785 at April 4, 2015 and \$786 at January 3, 2015	66,563	70,367
Inventories	61,078	52,631
Deferred income taxes	17,364	21,173
Prepaid expenses and other current assets	51,301	49,171
Total current assets	457,811	528,537
Long-term investments	7,401	7,419
Property and equipment, net	131,313	132,820
Goodwill	264,687	228,781
Other intangible assets, net	135,049	115,021
Other assets, net	24,965	29,983
Total assets	<b>\$1,021,226</b>	<b>\$1,042,561</b>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 39,295	\$ 38,922
Current portion of long-term debt	10,000	10,000
Accrued expenses	45,391	73,646
Deferred income on shipments to distributors	38,796	38,662
Income taxes	1,340	2,084
Total current liabilities	134,822	163,314
Long-term debt	77,150	77,500
Other non-current liabilities	45,817	43,691
Total liabilities	257,789	284,505
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; 42,689 and 42,225 shares issued and outstanding at April 4, 2015 and January 3, 2015, respectively	4	4
Additional paid-in capital	28,833	29,501
Retained earnings	735,011	728,633
Accumulated other comprehensive loss	(411)	(82)
Total stockholders' equity	763,437	758,056
Total liabilities and stockholders' equity	<b>\$1,021,226</b>	<b>\$1,042,561</b>

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

	<b>Three Months Ended</b>	
	<b>April 4, 2015</b>	<b>March 29, 2014</b>
<b>Operating Activities</b>		
Net income	\$ 6,378	\$ 8,110
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation of property and equipment	2,987	3,290
Amortization of other intangible assets and other assets	6,521	4,491
Stock-based compensation expense	10,519	9,277
Income tax benefit (shortfall) from stock-based awards	1,773	45
Excess income tax benefit from stock-based awards	(1,785)	(235)
Deferred income taxes	6,844	6,784
Changes in operating assets and liabilities:		
Accounts receivable	6,564	7,452
Inventories	(6,424)	1,083
Prepaid expenses and other assets	8,584	14,266
Accounts payable	447	1,195
Accrued expenses	(5,046)	21,367
Deferred income on shipments to distributors	(1,049)	1,736
Income taxes	(8,409)	(8,324)
Other non-current liabilities	(3,816)	(23,585)
Net cash provided by operating activities	24,088	46,952
<b>Investing Activities</b>		
Purchases of available-for-sale investments	(13,037)	(43,366)
Proceeds from sales and maturities of available-for-sale investments	57,739	28,242
Purchases of property and equipment	(1,991)	(1,673)
Purchases of other assets	(935)	(2,113)
Acquisition of business, net of cash acquired	(76,899)	--
Net cash used in investing activities	(35,123)	(18,910)
<b>Financing Activities</b>		
Proceeds from issuance of common stock, net of cash paid for withheld taxes	(2,561)	5,496
Excess income tax benefit from stock-based awards	1,785	235
Repurchases of common stock	(10,138)	--
Payment of acquisition-related contingent consideration	(4,464)	--
Payments on debt	(2,583)	(1,250)
Net cash provided by (used in) financing activities	(17,961)	4,481
Increase (decrease) in cash and cash equivalents	(28,996)	32,523
Cash and cash equivalents at beginning of period	141,706	95,800
Cash and cash equivalents at end of period	<u>\$112,710</u>	<u>\$128,323</u>

**Silicon Laboratories Inc.**  
**Unaudited Revenue by Product Category**  
**(In thousands)**

We group our products into the following categories:

- Internet of Things (IoT) products, which include our microcontroller (MCU), wireless, sensor and analog products;
- Broadcast products, which include our broadcast consumer and automotive products;
- Infrastructure products, which include our timing products (clocks and oscillators), and isolation devices; and
- Access products, which include our Voice over IP (VoIP) products, embedded modems and our Power over Ethernet (PoE) devices.

We previously grouped IoT products and Infrastructure products under the Broad-based products heading. The following represents revenue by our four product categories.

<b>Revenues</b>	<b>Fiscal 2015</b>
	<b>First Quarter</b>
Internet of Things	\$ 60,921
Broadcast	46,147
Infrastructure	30,132
Access	26,505
<b>Total</b>	<b>\$163,705</b>

<b>Revenues</b>	<b>Fiscal 2014</b>				
	<b>First Quarter</b>	<b>Second Quarter</b>	<b>Third Quarter</b>	<b>Fourth Quarter</b>	<b>Fiscal Year</b>
Internet of Things	\$ 48,176	\$ 51,124	\$ 52,120	\$ 57,585	\$209,005
Broadcast	50,703	50,488	53,055	50,011	204,257
Infrastructure	24,070	28,618	28,136	27,299	108,123
Access	22,742	24,688	24,833	27,056	99,319
<b>Total</b>	<b>\$145,691</b>	<b>\$154,918</b>	<b>\$158,144</b>	<b>\$161,951</b>	<b>\$620,704</b>

<b>Revenues</b>	<b>Fiscal 2013</b>				
	<b>First Quarter</b>	<b>Second Quarter</b>	<b>Third Quarter</b>	<b>Fourth Quarter</b>	<b>Fiscal Year</b>
Internet of Things	\$ 43,474	\$ 42,656	\$ 47,035	\$ 48,089	\$181,254
Broadcast	51,220	48,313	50,743	49,561	199,837
Infrastructure	23,789	26,191	26,253	24,291	100,524
Access	26,892	24,383	22,902	24,295	98,472
<b>Total</b>	<b>\$145,375</b>	<b>\$141,543</b>	<b>\$146,933</b>	<b>\$146,236</b>	<b>\$580,087</b>

<b>Revenues</b>	<b>Fiscal 2012</b>				
	<b>First Quarter</b>	<b>Second Quarter</b>	<b>Third Quarter</b>	<b>Fourth Quarter</b>	<b>Fiscal Year</b>
Internet of Things	\$ 39,723	\$ 40,578	\$ 49,183	\$ 51,580	\$181,064
Broadcast	42,333	45,967	49,753	48,014	186,067
Infrastructure	18,971	22,560	23,194	24,307	89,032
Access	24,675	26,565	27,331	28,560	107,131
<b>Total</b>	<b>\$125,702</b>	<b>\$135,670</b>	<b>\$149,461</b>	<b>\$152,461</b>	<b>\$563,294</b>

## 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 April 4, 2015							
	GAAP Measure	GAAP Percent of Revenue	Stock Compensation Expense	Intangible Asset Amortization	Acquisition Related Items	Termination Costs	Non-GAAP Measure	Non-GAAP Percent of Revenue
Revenues	\$163,705							
Gross margin	96,369	58.9%	\$ 230	\$ 390	\$1,133	\$ 24	\$98,146	60.0%
Research and development	46,857	28.6%	4,795	3,870	--	458	37,734	23.1%
Selling, general and administrative	42,300	25.9%	5,494	1,056	2,836	--	32,914	20.1%
Operating expenses	89,157	54.5%	10,289	4,926	2,836	458	70,648	43.2%
Operating income	7,212	4.4%	10,519	5,316	3,969	482	27,498	16.8%

Non-GAAP Earnings Per Share and Income Tax Rate	Three Months Ended April 4, 2015								
	GAAP Measure	GAAP Tax Percentage Rate	Stock Compensation Expense	Intangible Asset Amortization	Acquisition Related Items	Termination Costs	Tax Impact of Adjustments	Non-GAAP Measure	Non-GAAP Tax Percentage Rate
Income before income taxes	\$7,067		\$10,519	\$5,316	\$3,969	\$482	\$ --	\$27,353	
Provision for income taxes	689	9.7%					3,285	3,974	14.5%
Net income	6,378							23,379	
Diluted shares outstanding	43,149							43,149	
Diluted earnings per share	\$ 0.15							\$ 0.54	

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

<b>Business Outlook</b>	<b>Three Months Ending</b>	
	<b>July 4, 2015</b>	
	<u>High</u>	<u>Low</u>
Estimated GAAP diluted earnings per share	\$0.17	\$0.11
Estimated non-GAAP charges	<u>0.39</u>	<u>0.39</u>
Estimated non-GAAP diluted earnings per share	<u>\$0.56</u>	<u>\$0.50</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.