

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

	Three Months Ended		Nine Months Ended	
	October 2, 2010	October 3, 2009	October 2, 2010	October 3, 2009
Revenues	\$120,154	\$125,913	\$381,450	\$313,830
Cost of revenues	41,484	44,878	128,297	117,336
Gross margin	78,670	81,035	253,153	196,494
Operating expenses:				
Research and development	30,769	25,904	91,200	77,841
Selling, general and administrative	28,556	28,592	86,296	78,221
Operating expenses	59,325	54,496	177,496	156,062
Operating income	19,345	26,539	75,657	40,432
Other income (expense):				
Interest income	540	546	1,839	2,083
Interest expense	(21)	(51)	(66)	(154)
Other income (expense), net	(394)	8	(1,277)	298
Income before income taxes	19,470	27,042	76,153	42,659
Provision for income taxes	1,237	4,603	15,794	9,819
Net income	\$ 18,233	\$ 22,439	\$ 60,359	\$ 32,840
Earnings per share:				
Basic	\$ 0.41	\$ 0.50	\$ 1.34	\$ 0.73
Diluted	\$ 0.40	\$ 0.47	\$ 1.28	\$ 0.71
Weighted-average common shares outstanding:				
Basic	44,341	45,170	45,182	44,814
Diluted	46,009	47,322	47,103	46,127

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

	October 2, 2010	January 2, 2010
Assets		
Current assets:		
Cash and cash equivalents	\$107,651	\$195,737
Short-term investments	238,341	214,486
Accounts receivable, net of allowance for doubtful accounts of \$771 at October 2, 2010 and \$567 at January 2, 2010	63,801	56,128
Inventories	38,140	31,512
Deferred income taxes	10,318	7,620
Prepaid expenses and other current assets	29,960	18,515
Total current assets	488,211	523,998
Long-term investments	19,313	24,676
Property and equipment, net	25,910	27,785
Goodwill	109,222	105,109
Other intangible assets, net	46,156	41,886
Other assets, net	21,328	19,384
Total assets	\$710,140	\$742,838
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 26,837	\$ 28,759
Accrued expenses	27,751	25,399
Deferred income on shipments to distributors	33,193	28,470
Income taxes	298	6,011
Total current liabilities	88,079	88,639
Long-term obligations and other liabilities	21,661	24,403
Total liabilities	109,740	113,042
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; 43,720 and 45,772 shares issued and outstanding at October 2, 2010 and January 2, 2010, respectively	4	5
Additional paid-in capital	37,175	128,262
Retained earnings	566,244	505,885
Accumulated other comprehensive loss	(3,023)	(4,356)
Total stockholders' equity	600,400	629,796
Total liabilities and stockholders' equity	\$710,140	\$742,838

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 October 2, 2010					
	GAAP Measure	GAAP Percent of Revenue	Stock Compensation Expense	Acquisition Tax Reversal	Non-GAAP Measure	Non-GAAP Percent of Revenue
Revenues	\$120,154					
Gross margin	78,670	65.5%	\$ 368	\$ --	\$79,038	65.8%
Research and development	30,769	25.6%	4,371	--	26,398	22.0%
Selling, general and administrative	28,556	23.8%	5,591	--	22,965	19.1%
Operating expenses	59,325	49.4%	9,962	--	49,363	41.1%
Operating income	19,345	16.1%	10,330	--	29,675	24.7%
Net income	18,233	15.2%	9,009	(2,713)	24,529	20.4%
Non-GAAP Diluted Earnings Per Share	Three Months Ended October 2, 2010					
	GAAP Measure	Stock Compensation Expense	Acquisition Tax Reversal	Non-GAAP Measure		
Net income	\$18,233	\$9,009	\$(2,713)	\$24,529		
Diluted shares outstanding	46,009	--	--	46,009		
Diluted earnings per share	\$ 0.40			\$ 0.53		
Non-GAAP Income Tax Rate	Three Months Ended October 2, 2010					
	GAAP Measure	Stock Compensation Expense	Acquisition Tax Reversal	Non-GAAP Measure		
Income before income taxes	\$19,470	\$10,330	\$ --	\$29,800		
Provision for income taxes	1,237	1,321	2,713	5,271		
Tax rate percentage	6.4%			17.7%		

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

Business Outlook	Three Months Ending January 1, 2011	
	High	Low
Estimated GAAP diluted earnings per share	\$0.21	\$0.15
Estimated non-cash charges	0.18	0.18
Estimated non-GAAP diluted earnings per share	\$0.39	\$0.33

* 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.