

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

	<b>Three Months Ended</b>	
	<b>April 2, 2016</b>	<b>April 4, 2015</b>
Revenues	\$162,025	\$163,705
Cost of revenues	66,494	67,336
Gross margin	95,531	96,369
Operating expenses:		
Research and development	49,046	46,857
Selling, general and administrative	39,637	42,300
Operating expenses	88,683	89,157
Operating income	6,848	7,212
Other income (expense):		
Interest income	271	192
Interest expense	(655)	(745)
Other income (expense), net	(391)	408
Income before income taxes	6,073	7,067
Provision for income taxes	265	689
Net income	<u>\$ 5,808</u>	<u>\$ 6,378</u>
Earnings per share:		
Basic	\$ 0.14	\$ 0.15
Diluted	\$ 0.14	\$ 0.15
Weighted-average common shares outstanding:		
Basic	41,629	42,412
Diluted	42,199	43,149

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

	<b>April 2, 2016</b>	<b>January 2, 2016</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$126,690	\$ 114,085
Short-term investments	126,824	128,901
Accounts receivable, net of allowances for doubtful accounts of \$657 at April 2, 2016 and \$671 at January 2, 2016	74,591	73,601
Inventories	48,923	53,895
Prepaid expenses and other current assets	44,222	52,658
Total current assets	421,250	423,140
Long-term investments	6,845	7,126
Property and equipment, net	130,099	131,132
Goodwill	272,722	272,722
Other intangible assets, net	113,800	121,354
Other assets, net	53,566	55,989
Total assets	\$998,282	\$1,011,463
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 42,579	\$ 42,127
Current portion of long-term debt	10,000	10,000
Accrued expenses	58,391	52,131
Deferred income on shipments to distributors	41,042	35,448
Income taxes	3,084	2,615
Total current liabilities	155,096	142,321
Long-term debt	65,000	67,500
Other non-current liabilities	28,739	40,528
Total liabilities	248,835	250,349
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; 41,743 and 41,727 shares issued and outstanding at April 2, 2016 and January 2, 2016, respectively	4	4
Additional paid-in capital	--	13,868
Retained earnings	750,256	747,749
Accumulated other comprehensive loss	(813)	(507)
Total stockholders' equity	749,447	761,114
Total liabilities and stockholders' equity	\$998,282	\$1,011,463

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

	<b>Three Months Ended</b>	
	<b>April 2, 2016</b>	<b>April 4, 2015</b>
<b>Operating Activities</b>		
Net income	\$ 5,808	\$ 6,378
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation of property and equipment	3,310	2,987
Amortization of other intangible assets and other assets	7,980	6,521
Stock-based compensation expense	10,344	10,519
Income tax benefit (shortfall) from stock-based awards	(1,025)	1,773
Excess income tax benefit from stock-based awards	(6)	(1,785)
Deferred income taxes	(38)	6,844
Changes in operating assets and liabilities:		
Accounts receivable	(990)	6,564
Inventories	4,580	(6,424)
Prepaid expenses and other assets	9,159	8,584
Accounts payable	1,559	447
Accrued expenses	6,260	(5,046)
Deferred income on shipments to distributors	5,558	(1,049)
Income taxes	494	(8,409)
Other non-current liabilities	(10,584)	(3,816)
Net cash provided by operating activities	<u>42,409</u>	<u>24,088</u>
<b>Investing Activities</b>		
Purchases of available-for-sale investments	(44,547)	(13,037)
Proceeds from sales and maturities of available-for-sale investments	46,654	57,739
Purchases of property and equipment	(2,303)	(1,991)
Purchases of other assets	(1,107)	(935)
Acquisition of business, net of cash acquired	--	(76,899)
Net cash used in investing activities	<u>(1,303)</u>	<u>(35,123)</u>
<b>Financing Activities</b>		
Payment of taxes withheld for vested stock awards, net of proceeds from the issuance of common stock	(7,523)	(2,561)
Excess income tax benefit from stock-based awards	6	1,785
Repurchases of common stock	(18,484)	(10,138)
Payment of acquisition-related contingent consideration	--	(4,464)
Payments on debt	(2,500)	(2,583)
Net cash used in financing activities	<u>(28,501)</u>	<u>(17,961)</u>
Increase (decrease) in cash and cash equivalents	12,605	(28,996)
Cash and cash equivalents at beginning of period	114,085	141,706
Cash and cash equivalents at end of period	<u>\$126,690</u>	<u>\$112,710</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 April 2, 2016							
	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	\$162,025							
Gross margin	95,531	59.0%	\$ 266	\$ 390	\$426	\$ --	\$96,613	59.6%
Research and development	49,046	30.3%	4,910	5,616	--	--	38,520	23.8%
Selling, general and administrative	39,637	24.5%	5,168	1,419	(24)	104	32,970	20.3%
Operating expenses	88,683	54.8%	10,078	7,035	(24)	104	71,490	44.1%
Operating income	6,848	4.2%	10,344	7,425	402	104	25,123	15.5%

Non-GAAP Earnings Per Share and Income Tax Rate	Three Months Ended April 2, 2016								
	GAAP Measure	GAAP Tax Percentage Rate	Stock Compensation Expense	Intangible Asset Amortization	Acquisition Related Items	Termination Costs	Income Tax Adjustments	Non-GAAP Measure	Non-GAAP Tax Percentage Rate
Income before income taxes	\$6,073		\$10,344	\$7,425	\$402	\$104	\$ --	\$24,348	
Provision for income taxes	265	4.4%					2,618	2,883	11.8%
Net income	\$ 5,808							\$21,465	
Diluted shares outstanding	42,199							42,199	
Diluted earnings per share	\$ 0.14							\$ 0.51	

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

<b>Business Outlook</b>	<b>Three Months Ending</b>	
	<b>July 2, 2016</b>	
	<b>High</b>	<b>Low</b>
Estimated GAAP diluted earnings per share	\$0.29	\$0.23
Estimated non-GAAP charges	0.38	0.38
Estimated non-GAAP diluted earnings per share	\$0.67	\$0.61

\*\* 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; cyber-attacks against our products and our networks; 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.