

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

	<u>Three Months Ended</u>	
	<u>April 2, 2011</u>	<u>April 3, 2010</u>
Revenues	\$119,636	\$126,719
Cost of revenues	47,478	43,129
Gross margin	72,158	83,590
Operating expenses:		
Research and development	35,359	29,922
Selling, general and administrative	31,860	28,003
Operating expenses	67,219	57,925
Operating income	4,939	25,665
Other income (expense):		
Interest income	571	666
Interest expense	(5)	(23)
Other income (expense), net	209	(297)
Income before income taxes	5,714	26,011
Provision for income taxes	7,674	4,932
Net income (loss)	<u>\$ (1,960)</u>	<u>\$ 21,079</u>
Earnings (loss) per share:		
Basic	\$ (0.04)	\$ 0.46
Diluted	\$ (0.04)	\$ 0.44
Weighted-average common shares outstanding:		
Basic	44,269	45,816
Diluted	44,269	47,926

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

	April 2, 2011	January 1, 2011
Assets		
Current assets:		
Cash and cash equivalents	\$118,496	\$138,567
Short-term investments	203,785	227,295
Accounts receivable, net of allowance for doubtful accounts of \$724 at April 2, 2011 and \$772 at January 1, 2011	58,493	45,030
Inventories	41,057	39,450
Deferred income taxes	9,461	9,140
Prepaid expenses and other current assets	39,922	34,447
Total current assets	471,214	493,929
Long-term investments	16,965	17,500
Property and equipment, net	29,464	29,945
Goodwill	117,215	112,296
Other intangible assets, net	68,836	53,242
Other assets, net	29,816	20,746
Total assets	\$733,510	\$727,658
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 20,371	\$ 24,433
Accrued expenses	26,492	25,604
Deferred income on shipments to distributors	28,896	26,127
Income taxes	3,922	3,692
Total current liabilities	79,681	79,856
Long-term obligations and other liabilities	23,540	22,372
Total liabilities	103,221	102,228
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; 44,513 and 43,933 shares issued and outstanding at April 2, 2011 and January 1, 2011, respectively	4	4
Additional paid-in capital	56,534	49,947
Retained earnings	577,167	579,127
Accumulated other comprehensive loss	(3,416)	(3,648)
Total stockholders' equity	630,289	625,430
Total liabilities and stockholders' equity	\$733,510	\$727,658

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

	Three Months Ended	
	April 2, 2011	April 3, 2010
Operating Activities		
Net income (loss)	\$ (1,960)	\$ 21,079
Adjustments to reconcile net income (loss) to cash provided by (used in) operating activities:		
Depreciation of property and equipment	3,253	2,879
Amortization of other intangible assets and other assets	3,057	1,849
Stock-based compensation expense	9,473	10,256
Income tax benefit from employee stock-based awards	1,184	1,286
Excess income tax benefit from employee stock-based awards	(1,142)	(800)
Deferred income taxes	1,366	616
Changes in operating assets and liabilities:		
Accounts receivable	(11,704)	(804)
Inventories	(759)	3,832
Prepaid expenses and other assets	(4,499)	(973)
Accounts payable	(4,787)	1,046
Accrued expenses	(1,634)	(1,110)
Deferred income on shipments to distributors	2,293	(50)
Income taxes	3,233	(7,991)
Net cash provided by (used in) operating activities	(2,626)	31,115
Investing Activities		
Purchases of available-for-sale investments	(31,492)	(121,357)
Proceeds from sales and maturities of marketable securities	55,092	67,697
Purchases of property and equipment	(2,697)	(1,747)
Purchases of other assets	(584)	(3,436)
Acquisition of business, net of cash acquired	(27,546)	--
Net cash used in investing activities	(7,227)	(58,843)
Financing Activities		
Proceeds from issuance of common stock, net of shares withheld for taxes	(3,580)	7,483
Excess income tax benefit from employee stock-based awards	1,142	800
Repurchases of common stock	(606)	(24,092)
Payments on debt	(7,174)	--
Net cash used in financing activities	(10,218)	(15,809)
Decrease in cash and cash equivalents	(20,071)	(43,537)
Cash and cash equivalents at beginning of period	138,567	195,737
Cash and cash equivalents at end of period	<u>\$118,496</u>	<u>\$152,200</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, 2011					
	GAAP Measure	GAAP Percent of Revenue	Stock Compensation Expense	Acquisition Related Costs	Non-GAAP Measure	Non-GAAP Percent of Revenue
Revenues	\$119,636					
Gross margin	72,158	60.3%	\$ 338	\$1,149	\$73,645	61.6%
Research and development	35,359	29.6%	3,994	1,618	29,747	24.9%
Selling, general and administrative	31,860	26.6%	5,141	3,526	23,193	19.4%
Operating income	4,939	4.1%	9,473	6,293	20,705	17.3%
Provision for income taxes	7,674		1,027	(5,425)	3,276	
Net income (loss)	(1,960)	(1.6)%	8,446	11,718	18,204	15.2%

Non-GAAP Diluted Earnings Per Share	Three Months Ended April 2, 2011			
	GAAP Measure	Stock Compensation Expense	Acquisition Related Costs	Non-GAAP Measure
Net income (loss)	\$(1,960)	\$8,446	\$11,718	\$18,204

Diluted shares outstanding	GAAP Measure	Dilutive Securities Excluded Due to Net Loss	Non-GAAP Measure
		44,269	1,776

Diluted earnings (loss) per share	\$ (0.04)		\$ 0.40
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Unaudited Reconciliation of GAAP to Non-GAAP Financial Measures
(In thousands, except per share data)
(Continued)

Non-GAAP Income Tax Rate	Three Months Ended April 2, 2011			
	GAAP Measure	Stock Compensation Expense	Acquisition Related Costs	Non-GAAP Measure
Income before income taxes	\$5,714	\$9,473	\$6,293	\$21,480
Provision for income taxes	7,674	1,027	(5,425)	3,276
Tax rate percentage	134.3%			15.3%

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

Business Outlook	Three Months Ending July 2, 2011	
	High	Low
Estimated GAAP diluted earnings per share	\$0.30	\$0.24
Estimated non-cash charges	0.19	0.19
Estimated non-GAAP diluted earnings per share	\$0.49	\$0.43

* 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.