

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): **February 3, 2010**

SILICON LABORATORIES INC.

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

000-29823
(Commission File Number)

74-2793174
(IRS Employer
Identification No.)

400 West Cesar Chavez, Austin, TX
(Address of Principal Executive Offices)

78701
(Zip Code)

Registrant's telephone number, including area code: **(512) 416-8500**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition

On February 3, 2010, Silicon Laboratories Inc. ("Silicon Laboratories") issued a press release describing its results of operations for its fiscal quarter and year ended January 2, 2010. A copy of the press release is attached as Exhibit 99 to this report.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits.

99 Press Release of Silicon Laboratories Inc. dated February 3, 2010.

Use of Non-GAAP Financial Information

From time to time, Silicon Laboratories provides certain non-GAAP financial measures as additional information relating to its operating results. The non-GAAP financial measurements provided in the press release furnished herewith do not replace the presentation of Silicon Laboratories' GAAP financial results. These additional measurements merely provide supplemental information to assist investors in analyzing Silicon Laboratories' financial position and results of operations; however, these measures are not in accordance with, or an alternative to, GAAP and may be different from non-GAAP measures used by other companies. Silicon Laboratories has chosen to provide this information to investors because it believes that such supplemental information enables them to perform meaningful comparisons of past, present and future operating results, and as a means to highlight the results of core ongoing operations.

Pursuant to the requirements of Regulation G, we have provided in the press release furnished with this report a reconciliation of the non-GAAP financial measures to the most directly comparable GAAP financial measures.

The information in this report, including the exhibit hereto, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section. The information contained therein and in the accompanying exhibit shall not be incorporated by reference into any filing with the U.S. Securities and Exchange Commission made by Silicon Laboratories, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SILICON LABORATORIES INC.

February 3, 2010

Date

/s/ Paul V. Walsh, Jr.

Paul V. Walsh, Jr.
Vice President of Finance
(Principal Accounting Officer)

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EXHIBIT INDEX

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|--|
| 99 | Press release dated February 3, 2010 of the Registrant |

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SILICON LABORATORIES REPORTS RECORD RESULTS

—Company Grows Revenue, Earnings and Improves Margins—

AUSTIN, Texas — Feb 3, 2010 — Silicon Laboratories Inc. (Nasdaq: SLAB), a leader in high-performance, analog-intensive, mixed-signal integrated circuits (ICs), today reported fourth quarter revenue of \$127.2 million, which far exceeded the pre-recession peak and represented a 28 percent increase over the same period in 2008. Revenue for the year totaled \$441 million, a six percent increase over 2008, and a very strong result compared to the decline in the overall industry during the same period. Even more notable is the combination of revenue growth, further gross margin improvement and earnings expansion enabling the company to make upward revisions to its financial model.

2009 Highlights

- Year over year growth was driven by record revenue for audio, video, MCU, timing, wireless and power products.
- A record number of new introductions enabled a 40 percent increase in the company's served market and included the addition of new human interface products, new isolation products, a silicon TV tuner, and new low power and automotive MCUs.
- Gross margins on both a GAAP and a non-GAAP basis increased by 190 and 140 basis points, respectively, resulting from improved margins in all three of the company's main product areas.
- The company delivered 15 percent GAAP operating income and 25 percent non-GAAP operating income for the year while maintaining healthy investments in R&D.
- The company ended the year with a cash, cash equivalents and investments balance up more than 30 percent to \$435 million.
- The company continued to repurchase shares and began execution of a new \$150 million share repurchase authorization.

Fourth Quarter Financial Results

Fourth quarter revenue of \$127.2 million represented a record for the company. GAAP results showed significant improvement over the course of the year. Fourth quarter GAAP gross margin increased considerably to 65.5 percent and 63.4 percent for the full year. R&D investment for the fourth quarter was \$26.6 million. SG&A increased to \$30.6 million. Other income, principally interest income on invested cash, was under \$1 million. GAAP operating income was more than 20 percent in the fourth quarter, up from 7 percent in the same period in 2008. Fully diluted earnings per share was 84 cents for the fourth quarter and \$1.57 for the full year, up dramatically from 14 cents and 67 cents, respectively, in 2008.

The earnings results reflect a 40 cent impact from an Advance Pricing Agreement the company entered into with the IRS that covers historical tax years from 2005 through 2009, allowing the immediate reversal of tax reserves established for each of those periods as well as providing more certainty regarding the company's future effective tax rate.

The following non-GAAP results exclude the impact of stock compensation expense and other one-time charges. Non-GAAP gross margin for the quarter was up again to 65.7 percent. Non-GAAP gross margin for the year was 63.8 percent, an industry-leading result when paired with the company's revenue growth. Non-GAAP operating expenses increased as expected to 36 percent of the company's revenue as R&D investment increased slightly to \$23.2 million and SG&A expense increased to \$22.5 million. Non-GAAP operating income was nearly 30 percent of revenue for the fourth quarter and 25.2 percent for the year. Non-GAAP diluted earnings per share for the fourth quarter was \$1.06 and \$2.40 for the full year, compared to \$1.89 for all of 2008. The reconciling charges are set forth in the financial measures table included below.

Business Summary

Strong performance for the quarter was led by the company's Broad-based products, which were up 12 percent sequentially. The MCU products had another record quarter as demand for high-end precision mixed-signal and small form factor devices continued to rebound. The Timing products had another record quarter as well. Clock and oscillator design wins in the quarter increased by 50 percent sequentially, signaling continued momentum.

The company's Access products were up eight percent sequentially in the fourth quarter. Both embedded modems and SLICs grew quarter to quarter due to strength in demand in set-top boxes and voice over DSL gateways, respectively. And as expected, the Broadcast products were down 10 percent sequentially. Anticipated softness at the company's largest customer was partially offset by ramps at new, major customers.

"We executed well in 2009, making progress on the critical projects and design wins needed to position the business to outperform again in 2010 and beyond," said Necip Sayiner, president and CEO of Silicon Laboratories. "We believe we have visibility into continued gross and operating margin strength as all three of our product groups, Access, Broadcast and Broad-based, deliver solid growth in 2010."

The company guided revenues for the first quarter in the range of \$120 to \$125 million.

Webcast and Conference Call

A conference call discussing the results will follow this press release today at 7:30 a.m. Central Time. An audio webcast will be available simultaneously on Silicon Laboratories' website under Investor Relations (www.silabs.com). A replay will be available after the call at the same website listed above or by calling 1- 888-662-6658 or +1 203-369-2037 (international). Replays will be available through February 17th, 2010.

About Silicon Laboratories Inc.

Silicon Laboratories Inc. is a leading designer of high-performance, analog-intensive, mixed-signal integrated circuits (ICs) for a broad range of applications. Silicon Laboratories' diverse portfolio of highly integrated, patented solutions is developed by a world-class engineering team with expertise in cutting-edge mixed-signal design. The company has design, engineering, marketing, sales and applications offices throughout North America, Europe and Asia. For more information about Silicon Laboratories, please visit www.silabs.com.

Forward Looking Statements

This press release contains 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.

Note to editors: Silicon Laboratories, Silicon Labs and the Silicon Labs logo are trademarks of Silicon Laboratories Inc. All other product names noted herein may be trademarks of their respective holders.

CONTACT: Silicon Laboratories Inc., Shannon Pleasant, (512) 464 9254, shannon.pleasant@silabs.com

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

| | Three Months Ended | | Year Ended | |
|---|--------------------|--------------------|--------------------|--------------------|
| | January 2, 2010 | January 3, 2009 | January 2, 2010 | January 3, 2009 |
| Revenues | \$ 127,190 | \$ 99,348 | \$ 441,020 | \$ 415,630 |
| Cost of revenues | 43,930 | 39,252 | 161,267 | 159,845 |
| Gross margin | 83,260 | 60,096 | 279,753 | 255,785 |
| Operating expenses: | | | | |
| Research and development | 26,553 | 27,369 | 104,394 | 101,205 |
| Selling, general and administrative | 30,629 | 25,639 | 108,848 | 100,674 |
| In-process research and development | — | — | — | 10,250 |
| Operating expenses | 57,182 | 53,008 | 213,242 | 212,129 |
| Operating income | 26,078 | 7,088 | 66,511 | 43,656 |
| Other income (expense): | | | | |
| Interest income | 640 | 1,172 | 2,725 | 10,449 |
| Interest expense | (25) | (108) | (180) | (433) |
| Other income (expense), net | (388) | (16) | (90) | (556) |
| Income before income taxes | 26,305 | 8,136 | 68,966 | 53,116 |
| Provision for income taxes | (13,946) | 1,812 | (4,126) | 20,181 |
| Net income | \$ 40,251 | \$ 6,324 | \$ 73,092 | \$ 32,935 |
| Earnings per share: | | | | |
| Basic | \$ 0.88 | \$ 0.14 | \$ 1.62 | \$ 0.68 |
| Diluted | \$ 0.84 | \$ 0.14 | \$ 1.57 | \$ 0.67 |
| Weighted-average common shares outstanding: | | | | |
| Basic | 45,650 | 45,256 | 45,023 | 48,109 |
| Diluted | 47,786 | 45,635 | 46,542 | 48,989 |

Unaudited Reconciliation of GAAP to Non-GAAP Financial Measures
(In thousands, except per share data)

| Non-GAAP Income Statement Items | Three Months Ended January 2, 2010 | | | | | |
|-------------------------------------|------------------------------------|-------------------------|----------------------------|------------------|-----------------------------|--|
| | GAAP Measure | GAAP Percent of Revenue | Stock Compensation Expense | Non-GAAP Measure | Non-GAAP Percent of Revenue | |
| Revenues | \$ 127,190 | | | | | |
| Gross margin | 83,260 | 65.5% | \$ 315 | \$ 83,575 | 65.7% | |
| Research and development | 26,553 | 20.9% | 3,366 | 23,187 | 18.2% | |
| Selling, general and administrative | 30,629 | 24.1% | 8,117 | 22,512 | 17.7% | |
| Operating expenses | 57,182 | 45.0% | 11,483 | 45,699 | 35.9% | |
| Operating income | 26,078 | 20.5% | 11,798 | 37,876 | 29.8% | |

| Non-GAAP Income Statement Items | Year Ended January 2, 2010 | | | | | | |
|---------------------------------|----------------------------|-------------------------|----------------------------|-----------------------------------|------------------|-----------------------------|--|
| | GAAP Measure | GAAP Percent of Revenue | Stock Compensation Expense | Termination Costs and Impairments | Non-GAAP Measure | Non-GAAP Percent of Revenue | |
| Revenues | \$ 441,020 | | | | | | |
| Gross margin | 279,753 | 63.4% | \$ 1,457 | \$ 10 | \$ 281,220 | 63.8% | |
| Operating income | 66,511 | 15.0% | 43,974 | 821 | 111,306 | 25.2% | |

| Non-GAAP Diluted Earnings Per Share | Year Ended January 2, 2010 | | | | |
|-------------------------------------|----------------------------|----------------------------|-----------------------------------|------------------|--|
| | GAAP Measure | Stock Compensation Expense | Termination Costs and Impairments | Non-GAAP Measure | |
| Net income | \$ 73,092 | \$ 37,753 | \$ 732 | \$ 111,577 | |
| Diluted shares outstanding | 46,542 | — | — | 46,542 | |
| Diluted earnings per share | \$ 1.57 | | | \$ 2.40 | |

Unaudited Reconciliation of GAAP to Non-GAAP Financial Measures
(In thousands, except per share data)
(Continued)

| Non-GAAP Diluted Earnings Per Share | Three Months Ended January 2, 2010 | | | | |
|--|------------------------------------|----------------------------|------------------|-----------------------------|--|
| | GAAP Measure | Stock Compensation Expense | Non-GAAP Measure | Non-GAAP Percent of Revenue | |
| Net income | \$ 40,251 | \$ 10,234 | \$ 50,485 | | |
| Diluted shares outstanding | 47,786 | — | 47,786 | | |
| Diluted earnings per share | \$ 0.84 | | \$ 1.06 | | |
| Tax impact of prior period adjustments | | | | \$ (0.40) | |
| Diluted earnings per share | | | | \$ 0.66 | |

| Non-GAAP Income Statement Items | Year Ended January 3, 2009 | | | | | | |
|---------------------------------|----------------------------|-------------------------|----------------------------|-------------------------------------|------------------|-----------------------------|--|
| | GAAP Measure | GAAP Percent of Revenue | Stock Compensation Expense | Cost of Sales Fair Value Adjustment | Non-GAAP Measure | Non-GAAP Percent of Revenue | |
| Revenues | \$ 415,630 | | | | | | |
| Gross margin | 255,785 | 61.5% | \$ 1,437 | \$ 2,159 | \$ 259,381 | 62.4% | |

| Non-GAAP Diluted Earnings Per Share | Year Ended January 3, 2009 | | | | | | | |
|-------------------------------------|----------------------------|-----------------------------------|----------------------------|-------------------------------------|-------------------------|-----------|------------------|-----------------------------|
| | GAAP Measure | Termination Costs and Impairments | Stock Compensation Expense | Cost of Sales Fair Value Adjustment | Acquisition Tax Expense | IPR&D | Non-GAAP Measure | Non-GAAP Percent of Revenue |
| Net income | \$ 32,935 | \$ 1,208 | \$ 35,022 | \$ 1,403 | \$ 11,756 | \$ 10,250 | \$ 92,574 | |
| Diluted shares outstanding | 48,989 | — | — | — | — | — | 48,989 | |

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

| | <u>January 2, 2010</u> | <u>January 3, 2009</u> |
|--|----------------------------|----------------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 195,737 | \$ 172,272 |
| Short-term investments | 214,486 | 101,267 |
| Accounts receivable, net of allowance for doubtful accounts of \$567 at January 2, 2010 and \$1,011 at January 3, 2009 | 56,128 | 36,144 |
| Inventories | 31,512 | 28,293 |
| Deferred income taxes | 7,620 | 6,439 |
| Prepaid expenses and other current assets | 18,515 | 18,297 |
| Total current assets | <u>523,998</u> | <u>362,712</u> |
| Long-term investments | 24,676 | 51,821 |
| Property and equipment, net | 27,785 | 30,496 |
| Goodwill | 105,109 | 105,515 |
| Other intangible assets, net | 41,886 | 49,728 |
| Other assets, net | 19,384 | 23,973 |
| Total assets | <u>\$ 742,838</u> | <u>\$ 624,245</u> |
| Liabilities and Stockholders' Equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 28,759 | \$ 22,274 |
| Accrued expenses | 25,399 | 29,119 |
| Deferred income on shipments to distributors | 28,470 | 21,599 |
| Income taxes | 6,011 | 4 |
| Total current liabilities | <u>88,639</u> | <u>72,996</u> |
| Long-term obligations and other liabilities | 24,403 | 48,789 |
| Total liabilities | <u>113,042</u> | <u>121,785</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; 45,772 and 44,613 shares issued and outstanding at January 2, 2010 and January 3, 2009, respectively | 5 | 4 |
| Additional paid-in capital | 128,262 | 75,711 |
| Retained earnings | 505,885 | 432,793 |
| Accumulated other comprehensive loss | (4,356) | (6,048) |
| Total stockholders' equity | <u>629,796</u> | <u>502,460</u> |
| Total liabilities and stockholders' equity | <u>\$ 742,838</u> | <u>\$ 624,245</u> |

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