

**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): **October 25, 2004**

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.)

4635 Boston Lane, Austin, TX 78735
(Address of Principal Executive Offices) (Zip Code)

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

Not Applicable
(Former Name or Former Address, if Changed since Last Report)

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 October 25, 2004, Silicon Laboratories Inc. issued a press release describing its results of operations for its fiscal quarter ended October 2, 2004. A copy of the press release is attached as Exhibit 99 to this report.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(c) Exhibits.

99 Press Release of Silicon Laboratories Inc. dated October 25, 2004.

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 herein 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.
(Registrant)

October 25, 2004

Date

/s/ RUSSELL J. BRENNAN

Russell J. Brennan
VICE PRESIDENT AND
CHIEF FINANCIAL OFFICER
(PRINCIPAL ACCOUNTING OFFICER)

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EXHIBIT INDEX

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|--|
| 99 | Press release dated October 25, 2004 of the Registrant |

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NEWS RELEASE

SILICON LABORATORIES REPORTS THIRD QUARTER RESULTS

AUSTIN, Texas – Oct. 25, 2004 – Silicon Laboratories Inc. (Nasdaq: SLAB), a leader in high-performance, analog-intensive, mixed-signal ICs, today reported revenue of \$121.0 million for the third quarter of 2004 and earnings per share of \$0.39.

Financial Results

Revenue for the third quarter increased 46 percent over \$82.9 million for the same period in 2003. Under generally accepted accounting principles (GAAP), operating income for the third quarter was \$30.4 million, or 25.1 percent of revenues. Third quarter net income was \$21.0 million. Excluding non-cash charges for amortization of deferred stock compensation, adjusted net income for the third quarter was \$22.0 million and adjusted diluted net income per share was \$0.40. The company's cash and short-term investments increased eight percent to \$241 million. The reconciling charges are set forth in the reconciliation of GAAP to non-GAAP financial measures table included below.

Business Summary

"I am very pleased to report that we achieved our target operating model for the ninth consecutive quarter," said Dan Artusi, president and chief executive officer of Silicon Laboratories. "We identified and began addressing changes in the wireless market early in the quarter demonstrating the company's nimbleness. The growing diversity of our product portfolio and customer base also contributed to our business performance."

Silicon Laboratories' broad-based mixed-signal businesses performed well during the quarter, with revenue growing sequentially by 11 percent due to strength in ProSLIC[®] telephony ICs, ISModem[®] embedded modems and microcontroller products. As expected, mobile handset

-more-

revenue declined sequentially. However, handset design win activity hit a record high and included next generation products.

Business Outlook

"We are taking a very cautious view on the industry in the fourth quarter. We believe that uncertainty in the outlook for the world's economy along with an excess of semiconductor supply will result in softness in the major markets we serve," Mr. Artusi added. "We believe that it will take time for our customers to bring the supply chain into balance and for end market demand visibility to improve."

The company anticipates revenue of \$93 to \$97 million in the fourth quarter of 2004.

Conference Call Today

A conference call discussing the third quarter results will follow the release at 4:15 p.m. Eastern 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 866-470-8786 (U.S.) or +1 203-369-1489 (international). These replays will be available through November 25, 2004.

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 decades of cumulative 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.

Cautionary Language

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 rapidly; dependence on a limited number of products and customers; difficulties developing new products that achieve market acceptance; risks that Silicon Labs may not be able to manage strains associated with its growth; difficulties managing our manufacturers and subcontractors; difficulties managing international activities; credit risks associated with our accounts receivable; geographic concentration of manufacturers, assemblers, test service providers and customers in the Pacific Rim that subjects Silicon Laboratories' business and results of operations to risks of natural disasters, epidemics, war and political unrest; product development

risks; inventory-related risks; intellectual property litigation risks; risks associated with acquisitions, including the acquisition of Cygnal Integrated Products; the competitive and cyclical nature of the semiconductor industry and other factors that are detailed in Silicon Laboratories filings with the SEC, including the Form 10-Q that we anticipate will be filed on or about October 25, 2004. 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, ProSLIC, ISModem and the Silicon Laboratories 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 investor.relations@silabs.com

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

| | THREE MONTHS ENDED | | NINE MONTHS ENDED | |
|---|--------------------|-----------------------|--------------------|-----------------------|
| | OCTOBER 2, 2004 | SEPTEMBER 27, 2003 | OCTOBER 2, 2004 | SEPTEMBER 27, 2003 |
| Revenues | \$ 121,010 | \$ 82,907 | \$ 360,763 | \$ 215,746 |
| Cost of revenues | 53,712 | 38,061 | 163,122 | 111,906* |
| Gross profit | 67,298 | 44,846 | 197,641 | 103,840 |
| Operating expenses: | | | | |
| Research and development | 18,856 | 12,267 | 54,865 | 33,433 |
| Selling, general and administrative | 17,058 | 10,688 | 48,912 | 30,223 |
| Amortization of deferred stock compensation | 983 | 1,196 | 3,383 | 3,686 |
| Operating expenses | 36,897 | 24,151 | 107,160 | 67,342 |
| Operating income | 30,401 | 20,695 | 90,481 | 36,498 |
| Other income (expense): | | | | |
| Interest income | 790 | 281 | 1,860 | 933 |
| Interest expense | (78) | — | (243) | — |
| Other income (expense), net | (29) | 75 | 1,979 | (707) |
| Income before income taxes | 31,084 | 21,051 | 94,077 | 36,724 |
| Provision for income taxes | 10,041 | 7,119 | 30,313 | 12,931 |
| Net income | \$ 21,043 | \$ 13,932 | \$ 63,764 | \$ 23,793 |
| Net income per share: | | | | |
| Basic | \$ 0.41 | \$ 0.28 | \$ 1.25 | \$ 0.49 |
| Diluted | \$ 0.39 | \$ 0.26 | \$ 1.16 | \$ 0.46 |
| Weighted-average common shares outstanding: | | | | |
| Basic | 51,389 | 48,939 | 51,124 | 48,545 |
| Diluted | 54,547 | 52,816 | 54,930 | 51,709 |

* Includes a \$15.3 million charge for a patent infringement litigation settlement

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

| | THREE MONTHS ENDED | | NINE MONTHS ENDED | |
|---|--------------------|-----------------------|--------------------|-----------------------|
| | OCTOBER 2, 2004 | SEPTEMBER 27, 2003 | OCTOBER 2, 2004 | SEPTEMBER 27, 2003 |
| GAAP net income | \$ 21,043 | \$ 13,932 | \$ 63,764 | \$ 23,793 |
| Adjustments: | | | | |
| Settlement of patent infringement lawsuit, net of tax | — | — | — | 10,377 |
| Amortization of deferred stock compensation | 983 | 1,196 | 3,383 | 3,686 |
| Adjusted net income | \$ 22,026 | \$ 15,128 | \$ 67,147 | \$ 37,856 |
| GAAP diluted shares outstanding | 54,547 | 52,816 | 54,930 | 51,709 |
| Adjusted diluted net income per share | \$ 0.40 | \$ 0.29 | \$ 1.22 | \$ 0.73 |

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

| | OCTOBER 2, 2004 | JANUARY 3, 2004 |
|--------|--------------------|--------------------|
| | (UNAUDITED) | |
| ASSETS | | |

Current assets:

| | | | | |
|--|----|---------|----|---------|
| Cash and cash equivalents | \$ | 180,422 | \$ | 151,359 |
| Short-term investments | | 60,324 | | 38,954 |
| Accounts receivable, net of allowance for doubtful accounts of \$1,638 at October 2, 2004 and \$1,079 at January 3, 2004 | | 77,802 | | 47,879 |
| Inventories | | 38,825 | | 34,064 |
| Deferred income taxes | | 5,784 | | 5,784 |
| Prepaid expenses and other | | 4,998 | | 5,600 |
| Total current assets | | 368,155 | | 283,640 |
| Property, equipment and software, net | | 37,026 | | 34,376 |
| Goodwill | | 38,721 | | 38,613 |
| Other intangible assets, net | | 16,021 | | 14,744 |
| Other assets, net | | 10,215 | | 6,722 |
| Total assets | \$ | 470,138 | \$ | 378,095 |

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

| | | | | |
|--|----|--------|----|--------|
| Accounts payable | \$ | 42,360 | \$ | 45,488 |
| Accrued expenses | | 15,492 | | 11,251 |
| Deferred income on shipments to distributors | | 23,914 | | 11,526 |
| Income taxes payable | | 10,320 | | 12,663 |
| Total current liabilities | | 92,086 | | 80,928 |
| Long-term obligations | | 7,561 | | 9,962 |
| Total liabilities | | 99,647 | | 90,890 |

Commitments and contingencies

Stockholders' equity:

| | | | | |
|---|----|---------|----|---------|
| Preferred stock—\$.0001 par value; 10,000 shares authorized; no shares issued and outstanding | | — | | — |
| Common stock—\$.0001 par value; 250,000 shares authorized; 51,935 and 51,237 shares issued and outstanding at October 2, 2004 and January 3, 2004, respectively | | 5 | | 5 |
| Additional paid-in capital | | 272,697 | | 256,792 |
| Deferred stock compensation | | (5,641) | | (9,257) |
| Retained earnings | | 103,430 | | 39,665 |
| Total stockholders' equity | | 370,491 | | 287,205 |
| Total liabilities and stockholders' equity | \$ | 470,138 | \$ | 378,095 |

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