

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

	Three Months Ended	
	March 30, 2013	March 31, 2012
Revenues	\$145,375	\$125,702
Cost of revenues	58,003	50,606
Gross margin	87,372	75,096
Operating expenses:		
Research and development	37,582	32,930
Selling, general and administrative	29,153	25,402
Operating expenses	66,735	58,332
Operating income	20,637	16,764
Other income (expense):		
Interest income	335	497
Interest expense	(842)	(33)
Other income (expense), net	(52)	(111)
Income before income taxes	20,078	17,117
Provision for income taxes	44	2,797
Net income	<u>\$ 20,034</u>	<u>\$ 14,320</u>
Earnings per share:		
Basic	\$ 0.47	\$ 0.34
Diluted	\$ 0.46	\$ 0.33
Weighted-average common shares outstanding:		
Basic	42,186	42,458
Diluted	43,110	43,850

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

	March 30, 2013	December 29, 2012
Assets		
Current assets:		
Cash and cash equivalents	\$ 79,263	\$105,426
Short-term investments	229,808	176,565
Accounts receivable, net of allowances for doubtful accounts of \$673 at March 30, 2013 and \$670 at December 29, 2012	72,766	78,023
Inventories	56,949	49,579
Deferred income taxes	15,411	16,652
Prepaid expenses and other current assets	48,514	41,437
Total current assets	502,711	467,682
Long-term investments	11,189	11,369
Property and equipment, net	135,761	135,271
Goodwill	130,265	130,265
Other intangible assets, net	87,910	90,750
Other assets, net	28,797	36,629
Total assets	<u>\$896,633</u>	<u>\$871,966</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 31,279	\$ 29,622
Current portion of long-term debt	5,000	5,000
Accrued expenses	36,886	40,410
Deferred income on shipments to distributors	29,661	30,259
Income taxes	978	1,087
Total current liabilities	103,804	106,378
Long-term debt	92,500	95,000
Other non-current liabilities	19,419	20,615
Total liabilities	215,723	221,993
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; 42,401 and 41,879 shares issued and outstanding at March 30, 2013 and December 29, 2012, respectively	4	4
Additional paid-in capital	20,954	10,122
Retained earnings	660,827	640,793
Accumulated other comprehensive loss	(875)	(946)
Total stockholders' equity	680,910	649,973
Total liabilities and stockholders' equity	<u>\$896,633</u>	<u>\$871,966</u>

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

	Three Months Ended	
	March 30, 2013	March 31, 2012
Operating Activities		
Net income	\$ 20,034	\$14,320
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation of property and equipment	3,297	3,543
Amortization of other intangible assets and other assets	2,840	2,280
Stock-based compensation expense	6,260	6,693
Income tax benefit (detriment) from employee stock-based awards	(363)	2,656
Excess income tax benefit from employee stock-based awards	(217)	(2,426)
Deferred income taxes	7,521	3,101
Changes in operating assets and liabilities:		
Accounts receivable	5,256	(6,074)
Inventories	(7,350)	447
Prepaid expenses and other assets	4,620	4,581
Accounts payable	2,356	4,209
Accrued expenses	(4,330)	(5,087)
Deferred income on shipments to distributors	(598)	3,307
Income taxes	(9,818)	(5,403)
Net cash provided by operating activities	29,508	26,147
Investing Activities		
Purchases of available-for-sale investments	(78,851)	(82,845)
Proceeds from sales and maturities of available-for-sale investments	25,674	60,518
Purchases of property and equipment	(3,898)	(2,428)
Purchases of other assets	(1,228)	(850)
Net cash used in investing activities	(58,303)	(25,605)
Financing Activities		
Proceeds from issuance of common stock, net of shares withheld for taxes	4,915	106
Excess income tax benefit from employee stock-based awards	217	2,426
Payments on debt	(2,500)	--
Net cash provided by financing activities	2,632	2,532
Increase (decrease) in cash and cash equivalents	(26,163)	3,074
Cash and cash equivalents at beginning of period	105,426	94,964
Cash and cash equivalents at end of period	<u>\$ 79,263</u>	<u>\$98,038</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 March 30, 2013						
	GAAP Measure	GAAP Percent of Revenue	Stock Compensation Expense	Termination Costs and Impairments	Acquisition Related Items	Non- GAAP Measure	Non- GAAP Percent of Revenue
Revenues	\$145,375						
Gross margin	87,372	60.1%	\$ 253	\$ --	\$ --	\$87,625	60.3%
Research and development	37,582	25.9%	3,339	1,700	--	32,543	22.4%
Selling, general and administrative	29,153	20.0%	2,668	1,187	(2,750)	28,048	19.3%
Operating expenses	66,735	45.9%	6,007	2,887	(2,750)	60,591	41.7%
Operating income	20,637	14.2%	6,260	2,887	(2,750)	27,034	18.6%
Net income	20,034	13.8%	5,512	2,598	(2,750)	25,394	17.5%

Non-GAAP Diluted Earnings Per Share	Three Months Ended March 30, 2013				
	GAAP Measure	Stock Compensation Expense	Termination Costs and Impairments	Acquisition Related Items	Non- GAAP Measure
Net income	\$20,034	\$5,512	\$2,598	\$(2,750)	\$25,394
Diluted shares outstanding	43,110	--	--	--	43,110
Diluted earnings per share	\$ 0.46				\$ 0.59

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

Non-GAAP Income Tax Rate	Three Months Ended March 30, 2013				
	GAAP Measure	Stock Compensation Expense	Termination Costs and Impairments	Acquisition Related Items	Non- GAAP Measure
Income before income taxes	\$20,078	\$6,260	\$2,887	\$(2,750)	\$26,475
Provision for income taxes	44	748	289	--	1,081
Tax rate percentage	0.2%				4.1%

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

Business Outlook	Three Months Ending June 29, 2013	
	High	Low
Estimated GAAP diluted earnings per share	\$0.36	\$0.30
Estimated non-cash charges	0.16	0.16
Estimated non-GAAP diluted earnings per share	<u>\$0.52</u>	<u>\$0.46</u>

** 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; stock price volatility; 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; product liability risks; inventory-related risks; risks associated with acquisitions and divestitures; difficulties managing international activities; difficulties managing our distributors, 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; 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; debt-related risks; capital-raising risks; information technology risks; conflict mineral risks; 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.