

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): **August 30, 2005**

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 1.01. ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT

On August 30, 2005, Silicon Laboratories Inc. ("Silicon Laboratories") entered into an employment agreement (the "Employment Agreement") with Necip Sayiner in connection with his appointment as president and chief executive officer.

Under the Employment Agreement, Dr. Sayiner will receive an annual base salary of \$408,000. The Employment Agreement also provides that Dr. Sayiner will be eligible to participate in Silicon Laboratories' 2006 Bonus Plan, with an annual target payout of \$475,000. Upon his commencement of services on September 14, 2005 (the "Start Date"), Dr. Sayiner will be granted a nonstatutory stock option to purchase 500,000 shares of Silicon Laboratories Common Stock under the 2000 Stock Incentive Plan, with an exercise price per share equal to the closing price as reported on the Nasdaq National Market on the Start Date. The options will be subject to a five-year vesting schedule. In addition, Dr. Sayiner will be granted an award of 150,000 restricted stock units under the 2000 Stock Incentive Plan which will vest in five annual installments on each anniversary of the Start Date. Also on the Start Date, Dr. Sayiner will be paid a reporting bonus of \$300,000. The Employment Agreement provides for the reimbursement of relocation and temporary living expenses along with other benefits. In the event of Dr. Sayiner's Involuntary Termination for reasons other than Misconduct (as such terms are defined in the Employment Agreement), Dr. Sayiner would be entitled to severance equal to his annual salary and bonus following his execution of a full general release of claims against Silicon Laboratories. If such Involuntary Termination for reasons other than Misconduct were to occur following a Change in Control (as defined in the 2000 Stock Incentive Plan), Dr. Sayiner would become fully vested with respect to the options and restricted stock units.

The foregoing description is subject to, and qualified in its entirety by, the Employment Agreement. The Employment Agreement is attached hereto as Exhibit 10.1 and the terms thereof are incorporated herein by reference.

ITEM 5.02. DEPARTURE OF DIRECTORS OR PRINCIPAL OFFICERS; ELECTION OF DIRECTORS; APPOINTMENT OF PRINCIPAL OFFICERS

On September 12, 2005, Silicon Laboratories issued a press release announcing the appointment of Necip Sayiner as president and chief executive officer effective as of September 14, 2005. Prior to joining Silicon Laboratories, Dr. Sayiner held various leadership roles at Agere Systems Inc. ("Agere"), since joining them in 1993. From August 2004 to September 2005, Dr. Sayiner was vice president and general manager of the enterprise and networking division. From March 2002 to August 2004, Dr. Sayiner served as vice president and general manager of the networking IC division. Prior to March 2002, Dr. Sayiner held several senior design management roles in the storage division. Dr. Sayiner is 40 years old and holds a bachelor's degree in electrical engineering and physics from Bosphorus University in Turkey, a master's degree in electrical engineering from Southern Illinois University and a doctorate in electrical engineering from the University of Pennsylvania.

As chief executive officer, Dr. Sayiner has been appointed as a member of Silicon Laboratories' board of directors effective as of September 14, 2005. Dr. Sayiner has also been appointed as a member and as Chairman of the Equity Award Committee.

Navdeep S. Sooch, chairman of the board of directors, has resigned as interim chief executive officer effective as of the end of the day on September 13, 2005. Mr. Sooch will continue to serve as chairman of the board of directors.

The press release announcing the appointment of Dr. Sayiner is attached hereto as Exhibit 99.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(c) Exhibits.

- 10.1 Employment Agreement dated August 30, 2005 between Silicon Laboratories Inc. and Necip Sayiner.
- 99 Press Release of Silicon Laboratories Inc. dated September 12, 2005.

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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)

September 12, 2005
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>
10.1	Employment Agreement dated August 30, 2005 between Silicon Laboratories Inc. and Dr. Necip Sayiner.
99	Press release of Silicon Laboratories Inc. dated September 12, 2005.

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Federal Express Delivery

August 30, 2005

Necip Sayiner
 1216 Highland Drive
 Orefield, PA 18069

Dear Necip:

Offer

Based on your qualifications and our interviews, we are pleased to offer you the position of President and Chief Executive Officer of Silicon Laboratories Inc. (the "**Company**"), reporting to its board of directors. You will be paid a bi-weekly base salary of \$15,692.31 ("**Base Salary**"), and you will be eligible to participate in the Company's 2006 Bonus Plan, with an annual target payout of \$475,000 (the "**Bonus**"). The criteria for earning a Bonus will be set by the Compensation Committee in accordance with the 2006 Bonus Plan. All payments of Base Salary and Bonus will be made less all applicable deductions and authorized withholdings in accordance with the Company's standard payroll practices.

Option Grant

You will be granted a nonstatutory stock option (the "**Option**") to purchase 500,000 shares of Silicon Laboratories Inc. Common Stock (the "**Option Shares**"). The Option will have an exercise price per share equal to the closing price as reported on the Nasdaq National Market on your start date. The Option Shares will be subject to a five-year vesting schedule such that twenty percent of the Option Shares will vest on the first anniversary of your start date and the remaining Option Shares will vest monthly at a rate of 8,333 option shares per month thereafter, contingent upon your continued service as an employee, consultant or director of the Company, in each case, through such anniversary and the last day of each such month. The Option will be subject to the terms and conditions of the attached Notice of Grant of Stock Option, Stock Option Agreement, Addendum to Stock Option Agreement and 2000 Stock Incentive Plan.

Restricted Stock Units

You will also be granted an award of 150,000 Restricted Stock Units (the "**Award**"). The Award will vest in five annual installments at the rate of 20% of the Restricted Stock Units on each anniversary of your start date, contingent upon your continued service as an employee, consultant or director of the Company through each such date. The Award will be subject to the terms and conditions of the attached Notice of Grant of Restricted Stock Units, Restricted Stock Units Agreement, Addendum to Notice of Grant of Restricted Stock Units and Restricted Stock Units Agreement and the 2000 Stock Incentive Plan.

Indemnification and Director's and Officer's Insurance

The Company and you will enter into an Indemnification Agreement substantially in the form

attached. Promptly upon commencement of your employment, the Company will submit to its insurers all necessary information to provide you coverage under its Directors and Officers Insurance, which coverage will be effective as of your start date.

Severance

In the event of your Involuntary Termination for any reason other than Misconduct, you will be eligible to receive a gross payment equal to your annual Base Salary plus a bonus payment (calculated by doubling the actual bonus amount earned by you under the then applicable Company Bonus Plan for the last two full fiscal quarters prior to your Involuntary Termination) (such Base Salary and bonus are collectively referred to herein as the "**Severance Payment**"), contingent upon your execution of an agreement in a form satisfactory to the Company containing a full general release of any and all potential claims against the Company and its affiliates and agents (generally in a substantially similar form as the attached). Such Severance Payment shall be made less all applicable deductions and authorized withholdings and be paid in a lump sum within 30 days after the effective date of the release agreement. In addition and similarly contingent upon execution of an appropriate release, for the time during which you are unemployed or not eligible for health insurance benefits from a new employer immediately following such Involuntary Termination for any reason other than Misconduct, but not to exceed one year following the "qualifying event" date as determined under COBRA, the Company will pay on your behalf the premium you would be required to pay to maintain COBRA coverage for you and your dependents. In the event of your Misconduct, you shall repay any Severance Payment and COBRA coverage payments previously paid to you.

For purposes of this Agreement, an "**Involuntary Termination**" shall mean the involuntary termination of your employment by the Company or your voluntary resignation following (A) a change in your position with the Company (or parent or subsidiary employing you) which materially reduces your level of authority or responsibility, (B) a reduction in your level of cash compensation (including base salary and target bonus under any performance based bonus or incentive programs) by more than 15% unless pursuant to a reduction that is also applied to substantially all other executive officers of the Company, (C) a relocation of your place of employment by more than 50 miles, provided and only if such change, reduction or relocation is effected by the Company without your consent, or (D) a material breach by the Company of the terms of this letter.

For purposes of this Agreement, the term "**Misconduct**" shall mean (a) your commission of any act of fraud, embezzlement or dishonesty in any way related to your employment with the Company or that, in the reasonable opinion of the Board, adversely affects the Company's prospects or reputation or your ability to perform your obligations or duties to the Company or any of its subsidiaries, (b) your unauthorized use or disclosure of confidential information or trade secrets of the Company (or any Parent or Subsidiary), (c) your indictment with respect to any crime that could, in the reasonable opinion of the Board, adversely affect the Company's prospects or reputation or your ability to perform your obligations or duties to the Company or any of its subsidiaries, including without limitation any charges of securities fraud, insider trading, or money laundering, (d) any conviction of, or plea of guilty or no contest to, a felony, during your employment with the Company or with respect to an act occurring during your employment with the Company, (e) any intentional wrongdoing on your part, whether by

omission or commission, which adversely affects the business or affairs of the Company (or any parent or subsidiary) in a material manner, or (f) any breach by you of any agreement between you and the Company, including this agreement or the New-Hire Proprietary Information, Inventions, Non-Competition and Non-Solicitation Agreements.

For purposes of this Agreement, a “**Voluntary Termination**” shall mean a voluntary termination that is not an Involuntary Termination.

The foregoing definitions of “Involuntary Termination” and “Misconduct” shall control over conflicting definitions for the same terms in the Notice of Grant of Stock Option, Stock Option Agreement, Addendum to Stock Option Agreement, Notice of Grant of Restricted Stock Units, Restricted Stock Units Agreement, Addendum to Notice of Grant of Restricted Stock Units and Restricted Stock Units Agreement, and 2000 Stock Incentive Plan.

The foregoing definitions shall not affect the Company’s right to terminate your employment at any time or for any reason.

Reporting Bonus

On your first day of employment with the Company, the Company will pay you a gross lump sum of \$300,000 (the “**Reporting Bonus**”) less all applicable deductions and authorized withholdings. You shall repay the Reporting Bonus to the Company in the case of a Voluntary Termination of your employment with the Company within one year from your start date.

Relocation

The Company will reimburse you according to our relocation policy for costs associated with your move to Austin. The relocation policy covers the cost of moving your household goods and the expense of you and your family traveling to the new location. The Company will provide you with temporary housing upon your arrival in Austin and up until you and your immediate family move to Austin. You will also receive reimbursement for travel back and forth between Austin, Texas and Allentown, Pennsylvania until you and your immediate family move to Austin. Additionally, you will receive a reimbursement for certain real estate costs associated with selling your home in Pennsylvania and with purchasing a home in Texas. Typical costs eligible for reimbursement would include sales commissions to broker customary in the local market, survey fees, title search, one-time title insurance policy issuance, mortgage company one-time fees, and filing fees. A copy of the moving and relocation policy is enclosed. To the extent the moving and relocation costs, the temporary housing and the travel back and forth between Austin and Allentown are taxable, the Company will “gross up” the taxable costs in a manner that will effectively pay all the applicable income and employment taxes on your behalf caused by reimbursement of such costs and payment of such taxes. You shall repay the Company for all such moving and relocation expenses and the gross up payments above in the case of a Voluntary Termination of your employment with the Company within one year from your start date.

Benefits

The Company offers a competitive benefits/compensation package including Medical Insurance, Dental Insurance, Vision Care, Short Term Disability, Long Term Disability Life Insurance, and the 125 Cafeteria Plan for Medical and Dependent Care Reimbursements. You will be eligible to participate in the Company’s 401(k) Plan. The Company will match employee 401(k)

contributions dollar-for-dollar to a maximum of \$1,500 annually. You may also enroll in the Company’s employee stock purchase plan on the enrollment date following your start date. You will receive two weeks of paid vacation and 13 paid holidays per year. Vacation will increase to 3 weeks beginning in year 4 of service and 4 weeks in year 6. More information about these benefits can be found in the enclosures accompanying this letter.

Board of Directors

It is anticipated that you will become a member of the Company’s Board of Directors promptly following the commencement of your employment.

Upon termination of your employment for any reason, you will be deemed to have automatically and voluntarily resigned from the Company’s board of directors and from any and all positions with any entities related to the Company, including affiliate, parent or subsidiary corporations. You further agree to assist the Company with respect to such resignations by executing any and all documents necessary to carry out such resignations.

Additional Conditions

- As a condition of employment, you must sign the New-Hire Proprietary Information, Inventions, Non-Competition and Non-Solicitation Agreements on your start date. A copy is enclosed for your review.
- As a condition of employment, you must complete the enclosed Application for Employment and return it as indicated herein.
- All offers of employment are contingent upon your ability to provide proof of eligibility to work in the United States in advance of your start date. Please read and complete the enclosed Employment Eligibility Form.

This sets forth the entire agreement among the parties regarding the terms of your employment. The terms of your employment may not be amended other than pursuant to a written agreement between you and the Company that has been approved by the Board of Directors.

This offer will expire on Tuesday, August 30, 2005.

Your start date is expected to be Wednesday, September 14, 2005.

Sincerely,

/s/ Navdeep S. Sooch

Navdeep S. Sooch
Chairman of the Board

Agreed:

/s/ Necip Sayiner
Necip Sayiner

August 30, 2005
Date:

dc: Enclosures

cc: Russ Brennan



NEWS RELEASE

SILICON LABORATORIES NAMES NECIP SAYINER PRESIDENT AND CHIEF EXECUTIVE OFFICER

—New CEO has Strong Track Record Driving Product Execution and Customer Diversification—

AUSTIN, Texas, Sept. 12, 2005 — Silicon Laboratories Inc. (Nasdaq: SLAB), a leader in high- performance, analog-intensive, mixed-signal ICs, today announced the appointment of Necip Sayiner as president and chief executive officer, effective September 14, 2005. Dr. Sayiner replaces interim chief executive officer Nav Sooch, who will continue to play an active role in the company as chairman of the board of directors.

Dr. Sayiner's appointment follows a rigorous worldwide selection process that included exhaustive review by Silicon Laboratories' board of directors and senior executives. He brings to the role a strong mix of deep technical expertise in mixed-signal technologies and a proven ability to manage and grow large, diversified businesses.

"Necip's background is an excellent match with the skill set needed to guide our business as we expand our portfolio and work towards becoming a billion dollar company," said Mr. Sooch, chairman of the board. "Necip is a thoughtful, methodical and analytical leader who has established a strong track record driving growth in complex, mixed-signal markets. Additionally, we believe his technical depth will be a fit culturally with our world-class engineering team and contribute to our ability to consistently apply our resources to the best possible mixed-signal opportunities."

Prior to joining Silicon Laboratories, Dr. Sayiner held various leadership roles at Agere Systems. Most recently, he was vice president and general manager of the enterprise and networking division where he managed a diverse product portfolio consisting of custom and standard products in networking, computing, networked storage, client access, printing, imaging, home

-more-

networking and satellite radio, while also establishing growth initiatives with aggressive new product introductions.

Dr. Sayiner previously served as the vice president and general manager of the networking IC division where he made significant improvements in operational performance and transformed the business from a mature, telecom-oriented business to a growth-oriented, highly profitable enterprise. While at Agere, Dr. Sayiner also held several senior design management roles in the storage division, driving his organization to achieve a leadership position in hard disk drive electronics.

"I am thrilled to be leading a company of Silicon Laboratories' caliber, and I look forward to working with the board and the management team to build upon the strong foundation of Silicon Laboratories' innovative culture and lead the company to its next phase of growth," said Dr. Sayiner. "The market for mixed-signal ICs and systems is dynamic and growing, and I believe there is no company better positioned to capitalize on this trend than Silicon Laboratories."

Dr. Sayiner holds a bachelor's degree in electrical engineering and physics from Bosphorus University in Turkey, a master's degree in electrical engineering from Southern Illinois University and a doctorate in electrical engineering from the University of Pennsylvania. He has received multiple patents related to data detection schemes.

As CEO, Dr. Sayiner will also serve on Silicon Laboratories' board of directors, which will consist of five independent directors and three non-independent directors under the NASDAQ rules.

Conference Call

A conference call to introduce Necip Sayiner is scheduled for September 14th at 4 pm central time. No update on guidance will be provided. 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 1-888-562-4353 (U.S.) or +1 402-530-7645 (international). These replays will be available through

September 28, 2005.

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 significantly and rapidly, especially for mobile handset products; dependence on a limited number of products and customers; risks associated with shifting market demand from GSM/GPRS to EDGE and WCDMA; difficulties developing new products that achieve market acceptance; risks that Silicon Laboratories may not be able to manage strains associated with its growth; dependence on key personnel; 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; 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.

CONTACT: Silicon Laboratories Inc., Shannon Pleasant, 512/464-9254 investor.relations@silabs.com

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