

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 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):
November 1, 2012

MONOLITHIC POWER SYSTEMS, INC.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

000-51026
(Commission
File Number)

77-0466789
(I.R.S. Employer
Identification Number)

79 Great Oaks Boulevard, San Jose, CA 95119
(Address of principal executive offices) (Zip Code)

(408) 826-0600
(Registrant's telephone number, including area code)

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:

- ☐ 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))
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Item 2.02 Results of Operations and Financial Condition.

On November 1, 2012, Monolithic Power Systems, Inc. ("MPS"), a Delaware corporation, issued a press release regarding its financial results for the quarter and nine months ended September 30, 2012. A copy of the press release is attached hereto as Exhibit 99.1.

The information under this Item 2.02 of this Current Report on Form 8-K and the exhibit attached hereto are being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "1934 Act"), nor shall they be deemed incorporated by reference in any filing with the Securities and Exchange Commission under the 1934 Act or the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit	Description
99.1	Press Release issued on November 1, 2012, announcing the financial results for the quarter and nine months ended September 30, 2012.

Index to Exhibits

Exhibit	Description
99.1	Press Release issued on November 1, 2012, announcing the financial results for the quarter and nine months ended September 30, 2012.

SIGNATURES

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

Date: November 1, 2012

By: /s/ Meera Rao

Meera Rao
Chief Financial Officer
(Principal Financial and Accounting Officer and
Duly Authorized Officer)



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PRESS RELEASE
For Immediate Release

Monolithic Power Systems Announces Results for the Third Quarter and Nine Months Ended September 30, 2012

SAN JOSE, Calif. November 1, 2012—Monolithic Power Systems (MPS) (Nasdaq: MPWR), a leading fabless manufacturer of high-performance analog and mixed-signal semiconductors, today announced financial results for the quarter and nine months ended September 30, 2012.

The results for the quarter ended September 30, 2012 are as follows:

- Net revenue was \$56.5 million, a 3.6% decrease from \$58.6 million in the second quarter of 2012 and a 6.7% increase from \$53.0 million in the third quarter of 2011.
- Gross margin was 53.1% compared with 53.2% in the second quarter of 2012 and 52.5% in the third quarter of 2011.
- GAAP operating expenses were \$23.7 million, including \$23.9 million for research and development (R&D) and selling, general and administrative (SG&A) expenses, which include \$4.1 million for stock-based compensation, and (\$0.2) million for litigation benefit. Comparatively, for the three months ended September 30, 2011, GAAP operating expenses were \$22.8 million, including \$22.1 million for research and development and selling, general and administrative expenses, which included \$3.3 million for stock-based compensation and \$0.7 million for litigation expenses.
- Non-GAAP(1) operating expenses were \$19.6 million, excluding \$4.1 million for stock-based compensation, compared with \$19.5 million, excluding \$3.3 million for stock-based compensation, for the quarter ended September 30, 2011.
- GAAP net income was \$5.9 million and GAAP earnings per share were \$0.16 per diluted share. Comparatively, GAAP net income was \$5.5 million and GAAP earnings per share were \$0.16 per diluted share for the quarter ended September 30, 2011.
- Non-GAAP(1) net income was \$9.9 million and non-GAAP earnings per share were \$0.27 per diluted share, excluding stock-based compensation and related tax effects, compared to non-GAAP net income of \$7.8 million and non-GAAP earnings per share of \$0.23 per diluted share, excluding stock-based compensation and related tax effects, for the quarter ended September 30, 2011.

The results for the nine months ended September 30, 2012 are as follows:

- Net revenue was \$165.6 million compared with \$149.1 million for the nine months ended September 30, 2011, an increase of 11.1%.
 - Gross margin was 52.9% compared with 51.4% for the nine months ended September 30, 2011.
 - GAAP operating expenses were \$71.3 million, including \$71.6 million for research and development and selling, general and administrative expenses, which include \$11.0 million for stock-based compensation, and (\$0.3) million for litigation benefit. Comparatively, GAAP operating expenses were \$65.7 million, including \$63.2 million for research and development and selling, general and administrative expenses, which included \$9.8 million for stock-based compensation and \$2.5 million for litigation expenses for the nine months ended September 30, 2011.
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- Non-GAAP(1) operating expenses were \$60.3 million, excluding \$11.0 million for stock-based compensation, compared with \$55.9 million, excluding \$9.8 million for stock-based compensation for the nine months ended September 30, 2011.
- GAAP net income was \$15.5 million, with GAAP earnings per share of \$0.43 per diluted share, compared with GAAP net income was \$10.8 million, and GAAP earnings per share of \$0.31 per diluted share for the nine months ended September 30, 2011.
- Non-GAAP(1) net income was \$26.1 million, with non-GAAP earnings per share of \$0.73 per diluted share, excluding stock-based compensation and related tax effects, compared to non-GAAP net income of \$19.7 million, with non-GAAP earnings per share of \$0.56 per diluted share, excluding stock-based compensation and related tax effects, for the nine months ended September 30, 2011.

The following is a summary of revenue by end market for the periods indicated, estimated based on the Company's assessment of available end market data. Certain amounts reported in previous periods have been updated and reclassified (in millions):

End Market	Q3-2012	Q2-2012	Q1-2012	Q4-2011	Q3-2011	Q2-2011	Q1-2011
Communication	\$ 12.8	\$ 14.1	\$ 11.8	\$ 10.8	\$ 12.0	\$ 12.1	\$ 9.9
Computing	10.8	10.4	10.0	8.6	9.0	7.2	5.7
Consumer	26.0	26.2	23.9	24.6	27.8	29.2	26.4
Industrial	6.9	7.9	4.8	3.4	4.2	3.1	2.5
Total	<u>\$ 56.5</u>	<u>\$ 58.6</u>	<u>\$ 50.5</u>	<u>\$ 47.4</u>	<u>\$ 53.0</u>	<u>\$ 51.6</u>	<u>\$ 44.5</u>

The following is a summary of revenue by product family for the periods indicated (in millions):

Product Family	Three months ended September 30,		Nine months ended September 30,	
	2012	2011*	2012	2011*
DC to DC Converters	\$ 49.7	\$ 44.9	\$ 145.2	\$ 128.3
Lighting Control Products	6.8	8.1	20.4	20.8
Total	<u>\$ 56.5</u>	<u>\$ 53.0</u>	<u>\$ 165.6</u>	<u>\$ 149.1</u>

* 2011 Revenue associated with Audio Amplifiers has been included with DC to DC Converters to conform with current year presentation.

"MPS has delivered 11% growth year to date, well above the market. The current slowdown in our revenue growth is transitory," said Michael Hsing, CEO and founder of MPS. "With the breadth of our newly released products and our strong pipeline, MPS expects to accelerate its growth in 2013."

Business Outlook

The following are MPS' financial targets for the fourth quarter ending December 31, 2012:

- Revenue in the range of \$46.0 million to \$50.0 million.
- Gross margin between 52.5% and 53.5%.

- GAAP research and development and selling, general and administrative expenses between \$23.5 million and \$25.5 million. Non-GAAP(1) research and development and selling, general and administrative expenses between \$19.5 million and \$21.0 million. This excludes an estimate of stock-based compensation expense in the range of \$4.0 million to \$4.5 million.
- We expect to record a \$2.5 million legal judgment as a benefit to fourth quarter litigation expense.

(1) Non-GAAP net income, non-GAAP earnings per share, non-GAAP operating expenses and non-GAAP research and development and selling, general and administrative expenses differ from net income, earnings per share, operating expenses, and research and development and selling, general and administrative expenses determined in accordance with GAAP (Generally Accepted Accounting Principles in the United States). Non-GAAP net income and non-GAAP earnings per share for the quarter and nine months ended September 30, 2012 and 2011 exclude the effect of stock-based compensation expense and its related tax effect. Non-GAAP operating expenses for the quarter and nine months ended September 30, 2012 and 2011 exclude the effect of stock-based compensation expense. Projected non-GAAP research and development and selling, general and administrative expenses exclude the effect of stock-based compensation expense. These non-GAAP financial measures are not prepared in accordance with GAAP and should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. A schedule reconciling non-GAAP financial measures is included at the end of this press release. MPS utilizes both GAAP and non-GAAP financial measures to assess what it believes to be its core operating performance and to evaluate and manage its internal business and assist in making financial operating decisions. MPS believes that the inclusion of non-GAAP financial measures, together with GAAP measures, provides investors with an alternative presentation useful to investors' understanding of MPS' core operating results and trends. Additionally, MPS believes that the inclusion of non-GAAP measures, together with GAAP measures, provides investors with an additional dimension of comparability to similar companies. However, investors should be aware that non-GAAP financial measures utilized by other companies are not likely to be comparable in most cases to the non-GAAP financial measures used by MPS.

Conference Call

MPS plans to conduct an investor teleconference covering its quarter and nine months ended September 30, 2012 results at 2:00 p.m. PT / 5:00 p.m. ET today, November 1, 2012. To access the conference call and the following replay of the conference call, go to <http://ir.monolithicpower.com> and click on the webcast link. From this site, you can listen to the teleconference, assuming that your computer system is configured properly. In addition to the webcast replay, which will be archived for all investors for one year on the MPS website, a phone replay will be available for seven days after the live call at 404-537-3406, code number 41664359. This press release and any other information related to the call will also be posted on the website.

Safe Harbor Statement

This press release contains forward-looking statements, as that term is defined in the Private Securities Litigation Reform Act of 1995, including, among other things, (i) projected revenues, gross margin, GAAP and non-GAAP research and development and selling, general and administrative expenses, stock-based compensation expense and litigation expense for the quarter ending December 31, 2012, (ii) our outlook for the long-term prospects of the company, including the prospects of our new product families, (iii) our ability to penetrate new markets and expand our market share, (iv) our expected pricing practices in 2012, (v) the seasonality of our business, (vi) our ability to reduce our manufacturing costs, and (vii) statements of the assumptions underlying or relating to any statement described in (i), (ii), (iii), (iv), (v) or (vi). These forward-looking statements are not historical facts or guarantees of future performance or events, are based on current expectations, estimates, beliefs, assumptions, goals, and objectives, and involve significant known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from the results expressed by these statements. Readers of this press release and listeners to the accompanying conference call are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date hereof. Factors that could cause actual results to differ include, but are not limited to, our ability to attract new customers and retain existing customers; acceptance of, or demand for, MPS' products, in particular the new products launched within the past 18 months, being different than expected; competition generally and the increasingly competitive nature of our industry; any market disruptions or interruptions in MPS' schedule of new product release development; adverse changes in production and testing efficiency of our products; adverse changes in government regulations in foreign countries where MPS has offices or operations; the effect of catastrophic events; adequate supply of our products from our third-party manufacturer; the risks, uncertainties and costs of litigation in which we are involved; the outcome of any upcoming trials, hearings, motions and appeals; the adverse impact on MPS' financial performance if its tax and litigation provisions are inadequate; adverse changes or developments in the semiconductor industry generally; difficulty in predicting or budgeting for future customer demand and channel inventories, expenses and financial contingencies; and other important risk factors identified in MPS' Securities and Exchange Commission (SEC) filings, including, but not limited to, its annual report on Form 10-K filed with the SEC on March 12, 2012 and its current report on Form 10-Q filed with the SEC on July 30, 2012.

The forward-looking statements in this press release represent MPS' projections and current expectations, as of the date hereof, not predictions of actual performance. MPS assumes no obligation to update the information in this press release or in the accompanying conference call.

About Monolithic Power Systems, Inc.

Monolithic Power Systems, Inc. (MPS) develops and markets proprietary, advanced analog and mixed-signal semiconductors. The company combines advanced process technology with its highly experienced analog designers to produce high-performance power management integrated circuits (ICs) for DC to DC converters, LED drivers, Cold Cathode Fluorescent Lamp (CCFL) backlight controllers, Class D audio amplifiers, and Linear ICs. MPS products are used extensively in computing and network communications products, LCD monitors and TVs, and a wide variety of consumer and portable electronics products. MPS partners with world-class manufacturing organizations to deliver top quality, ultra-compact, high-performance solutions through the most productive, cost-efficient channels. Founded in 1997 and headquartered in San Jose, California, the company has expanded its global presence with sales offices in Taiwan, China, Korea, Singapore, Japan, and Europe, which operate under MPS International, Ltd.

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Monolithic Power Systems, MPS, and the MPS logo are registered trademarks of Monolithic Power Systems, Inc. in the U.S. and trademarked in certain other countries.

Contact:

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Condensed Consolidated Balance Sheets
(Unaudited, in thousands, except par value and share amounts)

	September 30, 2012	December 31, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 78,247	\$ 96,371
Short-term investments	107,279	77,827
Accounts receivable, net of allowances of \$5 in 2012 and 2011	21,561	15,097
Inventories	32,623	20,104
Deferred income tax assets, net - current	644	421
Prepaid expenses and other current assets	2,214	1,685
Total current assets	<u>242,568</u>	<u>211,505</u>
Property and equipment, net	59,883	47,794
Long-term investments	11,756	13,675
Deferred income tax assets, net - long-term	19	239
Other assets	1,043	654
Total assets	<u>\$ 315,269</u>	<u>\$ 273,867</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 11,405	\$ 8,904
Accrued compensation and related benefits	5,959	9,321
Accrued liabilities	7,500	7,845
Total current liabilities	<u>24,864</u>	<u>26,070</u>
Non-current income tax liabilities	5,341	4,920
Total liabilities	<u>30,205</u>	<u>30,990</u>
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$0.001 par value; shares authorized: 150,000,000; shares issued and outstanding: 35,431,808 and 33,826,032 in 2012 and 2011, respectively	185,583	159,336
Retained earnings	95,456	79,948
Accumulated other comprehensive income	4,025	3,593
Total stockholders' equity	<u>285,064</u>	<u>242,877</u>
Total liabilities and stockholders' equity	<u>\$ 315,269</u>	<u>\$ 273,867</u>

Condensed Consolidated Statement of Operations
(Unaudited, in thousands, except per share amounts)

	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
Revenue	\$ 56,508	\$ 52,962	\$ 165,599	\$ 149,058
Cost of revenue (1)	26,495	25,148	78,004	72,381
Gross profit	30,013	27,814	87,595	76,677
Operating expenses:				
Research and development (2)	11,967	11,792	35,553	33,115
Selling, general and administrative (3)	11,955	10,249	36,088	30,082
Litigation expense (benefit), net	(229)	722	(345)	2,474
Total operating expenses	23,693	22,763	71,296	65,671
Income from operations	6,320	5,051	16,299	11,006
Interest income and other, net	156	3	621	210
Income before income taxes	6,476	5,054	16,920	11,216
Income tax provision (benefit)	555	(419)	1,412	368
Net income	\$ 5,921	\$ 5,473	\$ 15,508	\$ 10,848
Basic net income per share	\$ 0.17	\$ 0.16	\$ 0.45	\$ 0.32
Diluted net income per share	\$ 0.16	\$ 0.16	\$ 0.43	\$ 0.31
Weighted average common shares outstanding:				
Basic	35,145	33,594	34,677	34,149
Diluted	36,438	34,240	36,008	35,275
(1) Includes stock-based compensation expense	\$ 112	\$ 83	\$ 325	\$ 235
(2) Includes stock-based compensation expense	1,465	1,576	4,255	4,553
(3) Includes stock-based compensation expense	2,605	1,715	6,746	5,248
Total stock-based compensation expense	\$ 4,182	\$ 3,374	\$ 11,326	\$ 10,036

Three months ended September 30,		Nine months ended September 30,	
2012	2011	2012	2011

RECONCILIATION OF NET INCOME TO NON-GAAP NET INCOME
(in thousands, except per share amounts)

Net income	\$ 5,921	\$ 5,473	\$ 15,508	\$ 10,848
Net income as a percentage of revenue	10.5%	10.3%	9.4%	7.3%
Adjustments to reconcile net income to non-GAAP net income				
Stock-based compensation	\$ 4,182	\$ 3,374	\$ 11,326	\$ 10,036
Tax effect	(244)	(1,051)	(706)	(1,226)
Non-GAAP net income	\$ 9,859	\$ 7,796	\$ 26,128	\$ 19,658
Non-GAAP net income as a percentage of revenue	17.4%	14.7%	15.8%	13.2%

Non-GAAP earnings per share, excluding stock-based compensation and related tax effects:

Basic	\$ 0.28	\$ 0.23	\$ 0.75	\$ 0.58
Diluted	\$ 0.27	\$ 0.23	\$ 0.73	\$ 0.56

Shares used in the calculation of non-GAAP earnings per share:

Basic	35,145	33,594	34,677	34,149
Diluted	36,438	34,240	36,008	35,275

RECONCILIATION OF OPERATING EXPENSES TO NON-GAAP OPERATING EXPENSES
(in thousands)

Total operating expenses	\$ 23,693	\$ 22,763	\$ 71,296	\$ 65,671
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Adjustments to reconcile total operating expenses to non-GAAP total operating expenses

Stock-based compensation	\$ (4,070)	\$ (3,291)	\$ (11,001)	\$ (9,801)
Non-GAAP operating expenses	\$ 19,623	\$ 19,472	\$ 60,295	\$ 55,870

RECONCILIATION OF OPERATING INCOME TO NON-GAAP OPERATING INCOME
(in thousands)

Total operating income	\$ 6,320	\$ 5,051	\$ 16,299	\$ 11,006
Operating income as a percentage of revenue	11.2%	9.5%	9.8%	7.4%
Adjustments to reconcile total operating income to non-GAAP total operating income				
Stock-based compensation	\$ 4,182	\$ 3,374	\$ 11,326	\$ 10,036
Non-GAAP operating income	\$ 10,502	\$ 8,425	\$ 27,625	\$ 21,042
Non-GAAP operating income as a percentage of revenue	18.6%	15.9%	16.7%	14.1%

2012 FOURTH QUARTER OUTLOOK

RECONCILIATION OF R&D AND SG&A EXPENSES TO NON-GAAP R&D AND SG&A EXPENSES (in thousands)

	Three months ending December 31, 2012	
	Low	High
R&D and SG&A	\$ 23,500	\$ 25,500
Adjustments to reconcile R&D and SG&A to non-GAAP R&D and SG&A		
Stock-based compensation	\$ (4,000)	\$ (4,500)
Non-GAAP R&D and SG&A	\$ 19,500	\$ 21,000