AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON JANUARY 18, 2000
REGISTRATION NO. 333--

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-1

REGISTRATION STATEMENT

UNDER
THE SECURITIES ACT OF 1933

SILICON LABORATORIES INC.

(Exact name of registrant as specified in its charter)

DELAWARE	3674	74-2793174
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

4635 BOSTON LANE
AUSTIN, TX 78735
TELEPHONE: (512) 416-8500
FACSIMILE: (512) 464-9404

(Address, including zip code, and telephone number, including area code, of the registrant's principal executive offices)

NAVDEEP S. SOOCH
CHIEF EXECUTIVE OFFICER AND CHAIRMAN OF THE BOARD
4635 BOSTON LANE
AUSTIN, TX 78735
TELEPHONE: (512) 416-8500
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(Name, address, including zip code, and telephone number, including area code, of agent for service)

COPIES TO:

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APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC:
As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended, check the following box. / /

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. / /

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE(1)	AMOUNT OF REGISTRATION FEE
Common Stock, $0.0001 par value.....	$80,000,000	$21,120

(1) Estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457(o).

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933, AS AMENDED, OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SUCH SECTION 8(A), MAY DETERMINE.

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THE INFORMATION IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. WE MAY NOT SELL THESE SECURITIES UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL THESE SECURITIES AND WE ARE NOT SOLICITING OFFERS TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.

PROSPECTUS (SUBJECT TO COMPLETION)
ISSUED JANUARY 18, 2000

SHARES

[LOGO]

SILICON LABORATORIES INC.

COMMON STOCK

SILICON LABORATORIES INC. IS OFFERING SHARES OF ITS COMMON STOCK AND THE SELLING STOCKHOLDERS ARE SELLING SHARES OF COMMON STOCK. SILICON LABORATORIES WILL NOT RECEIVE ANY PROCEEDS FROM THE SALE OF SHARES OF COMMON STOCK BY THE SELLING STOCKHOLDERS. THIS IS OUR INITIAL PUBLIC OFFERING AND NO PUBLIC MARKET CURRENTLY EXISTS FOR OUR SHARES. WE ANTICIPATE THAT THE INITIAL PUBLIC OFFERING PRICE WILL BE BETWEEN $ AND $ PER SHARE.

WE HAVE APPLIED TO LIST OUR COMMON STOCK ON THE NASDAQ NATIONAL MARKET UNDER THE SYMBOL "SLAB."

INVESTING IN OUR COMMON STOCK INVOLVES SIGNIFICANT RISKS. SEE "RISK FACTORS" BEGINNING ON PAGE 6.

PRICE $ A SHARE

	PRICE TO PUBLIC	UNDERWRITING DISCOUNTS AND COMMISSIONS	PROCEEDS TO SILICON LABORATORIES	PROCEEDS TO SELLING STOCKHOLDERS
PER SHARE.....	$	$	$	$
TOTAL.....	$	$	$	$

SILICON LABORATORIES INC. HAS GRANTED THE UNDERWRITERS THE RIGHT TO PURCHASE UP TO AN ADDITIONAL SHARES OF COMMON STOCK TO COVER OVER-ALLOTMENTS.

THE SECURITIES AND EXCHANGE COMMISSION AND STATE SECURITIES REGULATORS HAVE NOT APPROVED OR DISAPPROVED THESE SECURITIES, OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

MORGAN STANLEY & CO. INCORPORATED EXPECTS TO DELIVER THE SHARES OF COMMON STOCK TO PURCHASERS ON , 2000.

MORGAN STANLEY DEAN WITTER
LEHMAN BROTHERS
SALOMON SMITH BARNEY

, 2000

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You should rely only on the information contained in this prospectus. We and the selling stockholders have not authorized anyone to provide you with information that is different from that contained in this prospectus. We and the selling stockholders are offering to sell, and seeking offers to buy, shares of common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of our common stock.

Until , 2000, all dealers that buy, sell or trade shares, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

PROSPECTUS SUMMARY

YOU SHOULD READ THE FOLLOWING SUMMARY TOGETHER WITH THE MORE DETAILED INFORMATION REGARDING OUR COMPANY AND THE COMMON STOCK BEING SOLD IN THIS OFFERING, ESPECIALLY THE RISKS OF INVESTING IN OUR COMMON STOCK DISCUSSED UNDER THE CAPTION "RISK FACTORS" AND OUR FINANCIAL STATEMENTS AND NOTES THERETO APPEARING ELSEWHERE IN THIS PROSPECTUS.

SILICON LABORATORIES

We are a leader in the design and development of proprietary, analog-intensive, mixed-signal integrated circuits, or ICs, for the rapidly growing communications industry. Mixed-signal ICs are electronic components that are capable of processing both digital signals and real-world analog signals, such as sound and radio waves. Mixed-signal ICs are critical components of numerous communications products, including cellular telephones, cable and satellite set-top boxes, modems and fax machines. Our IC solutions can dramatically reduce the cost, size and system power requirements of these communications products. To develop our business rapidly, we initially focused our efforts on developing IC solutions for the personal computer modem market. We are now applying our mixed-signal and communications expertise to the development of innovative IC solutions for other communications markets with high growth potential, such as cellular telephones and network access applications. Our significant customers include Intel, Lucent, Motorola, PC-Tel, SmartLink and 3Com.

Within the semiconductor industry, we are known as a "fabless" company, meaning that we do not fabricate the semiconductors that we design and develop, but instead rely on third parties to manufacture our products. We design our solutions to be manufactured using standard complementary metal oxide semiconductor, or CMOS, technology, which involves less cost and complexity in the manufacturing process than competing technologies. As a result, our IC solutions can be reliably manufactured at a reduced cost and in high volume at semiconductor foundries around the world.

Demand for communications services has increased at a rapid rate in recent years due to a number of factors, including the growth of Internet usage, development of new communications technologies, availability of improved communications services at lower costs and remote access requirements for corporate networks. This demand has fueled tremendous growth in the number of wireline and wireless communications devices used to access these services.

Digital communications devices typically require mixed-signal circuits to access the communications networks to which they are connected. In order to improve their competitive position, communications device manufacturers need advanced mixed-signal IC solutions to create smaller products with improved price/performance characteristics. Manufacturers of communications devices face accelerating time-to-market demands and must adapt to evolving industry standards and new technologies. Because analog-intensive, mixed-signal IC design expertise is difficult to find, these manufacturers increasingly are turning to third parties, such as Silicon Laboratories with its world-class design talent, to provide advanced mixed-signal IC solutions. This expertise is even more important when designing within the limitations of standard CMOS manufacturing processes rather than alternative semiconductor processes, which are typically more expensive and not as widely available.

Our mixed-signal IC solutions provide our customers with the following benefits:

- DRAMATICALLY IMPROVED SIZE AND PRICE/PERFORMANCE CHARACTERISTICS. By significantly reducing the number of discrete components used in communications devices, our solutions enable our customers to offer products with smaller sizes, lower costs, reduced power consumption and with increased performance and reliability.

- IMPROVED TIME-TO-MARKET. We design our mixed-signal solutions to be integrated with the products of multiple manufacturers and conduct extensive research and development to ensure that they conform to our customers' evolving technical standards. As a result, our customers are able to quickly integrate our solutions into their designs and reduce the time-to-market for their products.

- ATTRACTIVE NEW PRODUCT OPPORTUNITIES. Our space-saving and cost-efficient IC solutions allow our customers to create smaller and more cost-effective products for use in many evolving markets for communications devices.

THE OFFERING

Common stock offered by:	
Silicon Laboratories	shares
Selling stockholders	shares
Total	shares
Common stock to be outstanding after this offering	shares
Use of proceeds	For working capital and other general corporate purposes. See "Use of Proceeds."
Proposed Nasdaq National Market symbol	SLAB

The number of shares of common stock to be outstanding after this offering is based on the pro forma number of shares outstanding as of January 1, 2000 and reflects the conversion of all shares of our outstanding convertible preferred stock into common stock. This information excludes:

- 2,380,226 shares subject to outstanding options with a weighted average exercise price of $2.52 per share; and
- 143,182 shares subject to outstanding warrants with a weighted average exercise price of $1.17 per share.

In addition, the underwriters have a 30-day option to purchase up to additional shares from us to cover over-allotments. Some of the disclosures in this prospectus would be different if the underwriters exercise the over-allotment option. Unless we tell you otherwise, the information in this prospectus:

- assumes that the underwriters will not exercise the over-allotment option;
- reflects a 2-for-1 split of our common stock effected as of November 3, 1999; and
- reflects the conversion of each share of our outstanding convertible preferred stock into two shares of common stock upon the closing of this offering.

You should note that our fiscal year ends on the Saturday closest to December 31st. A reference to "fiscal 1997" is to our fiscal year ended January 3, 1998; a reference to "fiscal 1998" is to our fiscal year ended January 2, 1999; and a reference to "fiscal 1999" is to our fiscal year ended January 1, 2000.

Our principal executive offices are located at 4635 Boston Lane, Austin, Texas 78735. Our telephone number is (512) 416-8500. Our Web site address is WWW.SILABS.COM. THE INFORMATION CONTAINED ON OUR WEB SITE IS NOT INCORPORATED BY REFERENCE INTO THIS PROSPECTUS.

	PERIOD FROM INCEPTION (AUGUST 19, 1996) THROUGH DECEMBER 31, 1996	FISCAL YEAR 1997	FISCAL YEAR 1998	FISCAL YEAR 1999
	(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)			
CONSOLIDATED STATEMENTS OF OPERATIONS DATA:				
Sales	$ --	$ --	$ 5,609	$46,911
Cost of goods sold	--	--	2,371	15,770
Gross profit	--	--	3,238	31,141
Operating expenses	20	1,991	6,690	16,480
Operating income (loss)	(20)	(1,991)	(3,452)	14,661
Net income (loss)	$ (20)	$(1,835)	$(3,397)	$11,040
Basic net income (loss) per share	$ --	$ (1.04)	$ (.37)	$ .73
Diluted net income (loss) per share	$ --	$ (1.04)	$ (.37)	$ .25
Shares used in calculating basic net income (loss) per share	--	1,760	9,129	15,152
Shares used in calculating diluted net income (loss) per share	--	1,760	9,129	43,657
Pro forma basic net income per share				$ .30
Pro forma diluted net income per share				$ .25
Shares used in calculating pro forma basic net income per share				36,461
Shares used in calculating pro forma diluted net income (loss) per share				43,657

The following table contains a summary of our balance sheet:

- on an actual basis at January 1, 2000;

- on a pro forma basis to reflect the conversion of all outstanding shares of convertible preferred stock into 13,842,174 shares of common stock; and

- on a pro forma as adjusted basis to additionally reflect the sale of shares of common stock in this offering at an assumed initial public offering price of $ per share, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

	AS OF JANUARY 1, 2000		
	ACTUAL	PRO FORMA	PRO FORMA AS ADJUSTED
	(IN THOUSANDS)		
CONSOLIDATED BALANCE SHEET DATA:			
Cash, cash equivalents and short-term investments	$14,706	$14,706	$
Working capital	14,281	14,281	
Total assets	41,958	41,958	
Long-term obligations, net of current maturities	6,081	6,081	
Redeemable convertible preferred stock	12,750	--	
Total stockholders' equity	$ 8,003	$20,753	$

RISK FACTORS

THIS OFFERING AND AN INVESTMENT IN OUR COMMON STOCK INVOLVE A HIGH DEGREE OF RISK. YOU SHOULD CONSIDER CAREFULLY THE RISKS DESCRIBED BELOW BEFORE YOU DECIDE TO BUY OUR COMMON STOCK.

RISKS RELATED TO OUR BUSINESS

WE DEPEND ON A LIMITED NUMBER OF CUSTOMERS FOR THE VAST MAJORITY OF OUR SALES, AND THE LOSS OF, OR A SIGNIFICANT REDUCTION IN ORDERS FROM, ANY KEY CUSTOMER COULD SIGNIFICANTLY REDUCE OUR SALES

In fiscal 1999, our four largest customers, in the aggregate, accounted for approximately 92% of our sales. Of these customers, PC-Tel accounted for 62%, SmartLink for 12%, 3Com for 10% and Motorola for 8% of our fiscal 1999 sales. Our operating results in the foreseeable future will continue to depend on sales to a relatively small number of customers, as well as the ability of these customers to sell products that use our integrated circuit, or IC, solutions. In the future, these customers may decide not to purchase our IC solutions at all, purchase fewer IC solutions than they did in the past or alter their purchasing patterns, particularly because:

- we do not have any material long-term purchase arrangements or contracts with these or any of our other customers;

- substantially all of our sales to date have been made on a purchase order basis, which permits our customers to cancel, change or delay product purchase commitments with little or no notice to us and without penalty; and

- some of our customers have sought or are seeking relationships with current or potential competitors which may affect our customers' purchasing decisions.

For example, PC-Tel recently announced that, while Silicon Laboratories is currently the sole supplier of the direct access arrangement, or DAA, IC solution used in PC-Tel's products, PC-Tel is in the process of qualifying a second source for its DAA IC requirements. If PC-Tel qualifies a second source, we believe that this could have an adverse effect on the prices we are able to charge PC-Tel and the volume of DAA IC solutions that we sell to PC-Tel, which would negatively affect our sales and operating results.

On January 12, 2000, we filed a lawsuit against Analog Devices and 3Com claiming that Analog Devices has infringed, and is continuing to infringe, our issued U.S. patent with respect to our DAA technology and that Analog Devices and 3Com have misappropriated our confidential information, know-how and trade secrets. Analog Devices and 3Com have not yet filed responses to this lawsuit. Although 3Com, which is one of our key customers, may decide to cease purchasing direct access arrangement ICs from Analog Devices as a result of this suit, it is possible that 3Com may respond by ceasing its purchase of our DAA solution. The loss of sales to 3Com could have a material adverse effect on our sales and operating results.

The loss of any of our key customers, or a significant reduction in sales to any one of them, would significantly reduce our sales and adversely affect our business.

WE HAVE DEPENDED ON OUR DIRECT ACCESS ARRANGEMENT, OR DAA, FAMILY OF SOLUTIONS FOR SUBSTANTIALLY ALL OF OUR SALES TO DATE, AND SIGNIFICANT REDUCTIONS IN ORDERS FOR DAA SOLUTIONS, OR THE MODEMS INTO WHICH SUCH SOLUTIONS ARE INCORPORATED, WOULD SIGNIFICANTLY REDUCE OUR SALES

Substantially all of our sales to date have been derived from sales of our DAA family of IC solutions. Until we are able to diversify our sales through the introduction of new products, we will continue to rely on sales of our DAA solutions. Reduced market acceptance of our DAA solutions or the introduction of products with superior price/performance characteristics by our competitors could significantly reduce our sales.

Our DAA solutions are currently used by our customers to produce modems for the personal computer market. We rely on our customers to provide software and other technical support for the modems that use our DAA solutions. If our customers' software does not provide the required functionality or if our customers do not provide satisfactory support for their modem products, the demand for modems that incorporate our DAA solutions may diminish. Additionally, any reduction in the demand for modems would significantly reduce our sales.

IF WE ARE UNABLE TO DEVELOP NEW AND ENHANCED SOLUTIONS THAT ACHIEVE MARKET ACCEPTANCE IN A TIMELY MANNER, OUR OPERATING RESULTS AND COMPETITIVE POSITION COULD BE HARMED

We currently sell only our DAA solutions in commercial quantities. Our future success will depend on our ability to reduce our dependence on our DAA solutions by developing new IC solutions and product enhancements that achieve market acceptance in a timely and cost-effective manner. The development of mixed-signal IC solutions is highly complex, and we occasionally have experienced delays in completing the development and introduction of new solutions and product enhancements. Successful product development and market acceptance of our solutions depend on a number of factors, including:

- changing requirements of customers within the wireline and wireless communications markets;
- accurate prediction of market requirements;
- timely completion and introduction of new solution designs;
- timely qualification and certification of our IC solutions for use in our customers' products;
- commercial acceptance and volume production of the products into which our IC solutions will be incorporated;
- availability of foundry and assembly capacity;
- achievement of high manufacturing yields;
- quality, price, performance, power use and size of our solutions;
- availability, quality, price and performance of competing products and technologies;
- our customer service and support capabilities and responsiveness;
- successful development of our relationships with existing and potential customers; and
- changes in technology, industry standards or end-user preferences.

There can be no assurance that new solutions that we develop will achieve market acceptance. We have recently introduced our RF synthesizer, ISOmodem and ProSLIC solutions and we are actively developing other IC solutions. If these solutions fail to achieve market acceptance, our operating results and competitive position could be adversely affected.

DUE TO OUR LIMITED OPERATING HISTORY, WE MAY HAVE DIFFICULTY BOTH IN ACCURATELY PREDICTING OUR FUTURE SALES AND APPROPRIATELY BUDGETING FOR OUR EXPENSES

We were incorporated in 1996 and did not begin generating sales until the second quarter of 1998. As a result, we have only a short history from which to predict future sales. This limited operating experience combined with the rapidly evolving nature of the markets in which we sell our solutions, as well as other factors which are beyond our control, reduce our ability to accurately forecast quarterly or annual sales. Additionally, because most of our expenses are fixed in the short term or incurred in advance of anticipated sales, we may not be able to decrease our expenses in a timely manner to offset any shortfall of sales. We are currently expanding our staffing and increasing our expense levels in anticipation of future sales growth. If our sales do not increase as anticipated, significant losses could result due to our higher expense levels.

THE LOSS OR FAILURE TO QUALIFY OUR SEMICONDUCTOR MANUFACTURERS AND ASSEMBLERS, OR THE FAILURE TO FORECAST DEMAND ACCURATELY FOR OUR SOLUTIONS, OR TO MANAGE OUR RELATIONSHIPS WITH OUR MANUFACTURERS AND ASSEMBLERS SUCCESSFULLY, WOULD NEGATIVELY IMPACT OUR ABILITY TO MANUFACTURE AND SELL OUR SOLUTIONS

We do not have our own manufacturing facilities. Therefore, we must rely on third-party vendors to manufacture the ICs we design. From inception through fiscal 1999, all product shipped by us was manufactured by Taiwan Semiconductor Manufacturing Co. We are in the process of qualifying Vanguard International Semiconductor, an affiliate of Taiwan Semiconductor Manufacturing Co., as an additional semiconductor fabricator, but such qualification is not complete. In anticipation of successfully qualifying Vanguard, Vanguard is currently producing on our behalf a majority of our current work in progress. If such qualification does not occur, we may not be able to sell the materials produced by Vanguard and we might not be able to fulfill demand for our solutions, which would adversely affect our operating results. Additionally, the resulting write-off of unusable inventories would contribute to a decline in earnings. We also currently rely on two third-party assembly contractors, Advanced Semiconductor Engineering and Amkor, to assemble and package the silicon chips extracted from the wafers for use in final products. Additionally, we rely on third-party vendors for a portion of the testing requirements of our solutions prior to shipping.

There are significant risks associated with relying on these third-party contractors, including:

- failure by us, our customers or their end customers to qualify a selected supplier;

- capacity shortages during periods of high demand;

- potentially inadequate manufacturing yields and excessive costs;

- reduced control over delivery schedules and quality;

- limited warranties on wafers or products supplied to us; and

- potential increases in prices.

We currently do not have long-term supply contracts with any of our third-party vendors, and therefore, they are not obligated to perform services or supply products to us for any specific period, or in any specific quantities, except as may be provided in a particular purchase order. Although we believe that other semiconductor foundries or assembly contractors can adequately address our needs, we expect that it would take approximately two to six months to transition performance of these services from our current providers to new providers. Such a transition may also require a qualification process by our customers or their customers. We generally place orders for products with some of our suppliers approximately four months prior to the anticipated delivery date, with order volumes based on our forecasts of demand from our customers. Accordingly, if we inaccurately forecast demand for our solutions, we may be unable to obtain adequate foundry or assembly capacity from our third-party contractors to meet our customers' delivery requirements, or we may accumulate excess inventories. On occasion, we have been unable to adequately respond to unexpected increases in customer purchase orders, and therefore, were unable to benefit from this incremental demand. None of our third-party foundry or assembly contractors have provided assurances to us that adequate capacity will be available to us within the time required to meet additional demand for our products.

In addition, the manufacture of our products is a highly complex and technologically demanding process. Although we work closely with our foundries to minimize the likelihood of reduced manufacturing yields, our foundries have from time to time experienced lower than anticipated manufacturing yields. Changes in manufacturing processes or the inadvertent use of defective or contaminated materials by our foundries could result in lower than anticipated manufacturing yields or unacceptable performance deficiencies.

OUR CURRENT MANUFACTURERS AND ASSEMBLERS ARE CONCENTRATED IN THE SAME GEOGRAPHIC REGION WHICH INCREASES THE RISK THAT A NATURAL DISASTER, LABOR STRIKE OR POLITICAL UNREST COULD DISRUPT OUR OPERATIONS

Our current semiconductor manufacturers are located in the same region within Taiwan and our assembly contractors are located in the Pacific Rim region. The risk of earthquakes in Taiwan and the Pacific Rim region is significant due to the proximity of major earthquake fault lines in the area. In September 1999, our current semiconductor manufacturers' principal facilities were affected by a significant earthquake in Taiwan. As a consequence of this earthquake, these manufacturers suffered power outages and disruption that impaired their production capacity. We have filed an insurance claim under our contingent business interruption insurance policy for the business disruption that we sustained as a result of this earthquake. However, we do not know whether this claim will be paid in full or at all in order to compensate us for this disruption. Earthquakes, fire, flooding or other natural disasters in Taiwan or the Pacific Rim region, or political unrest, labor strikes or work stoppages in countries where our semiconductor manufacturers' and assemblers' facilities are located likely would result in the disruption of our foundry or assembly capacity. Any disruption resulting from such events could cause significant delays in shipments of our solutions until we are able to shift our manufacturing or assembling from the affected contractor to another third-party vendor. There can be no assurance that such alternate capacity could be obtained on favorable terms, if at all.

WE ARE SUBJECT TO INCREASED INVENTORY RISKS AND COSTS BECAUSE WE BUILD OUR PRODUCTS BASED ON FORECASTS PROVIDED BY CUSTOMERS BEFORE RECEIVING PURCHASE ORDERS FOR THE SOLUTIONS

In order to assure availability of our solutions for some of our largest customers, we start the manufacturing of our solutions in advance of receiving purchase orders based on forecasts provided by these customers. However, these forecasts do not represent binding purchase commitments and we do not recognize sales for such solutions until they are shipped to the customer. As a result, we incur inventory and manufacturing costs in advance of anticipated sales. Because demand for our solutions may not materialize, our delivery method subjects us to increased risks of high inventory carrying costs and increased obsolescence and may increase our operating costs.

WE MAY EXPERIENCE SIGNIFICANT PERIOD-TO-PERIOD QUARTERLY AND ANNUAL FLUCTUATIONS IN OUR SALES AND OPERATING RESULTS, WHICH MAY RESULT IN VOLATILITY IN OUR STOCK PRICE, AND WE MAY NOT BE ABLE TO MAINTAIN OUR EXISTING GROWTH RATE

We may experience significant period-to-period fluctuations in our sales and operating results in the future due to a number of factors, and any such variations may cause our stock price to fluctuate. Although we have experienced sales and earnings growth in prior quarterly and annual periods, we may not be able to sustain these growth rates. In particular, we may gain significant market share in a relatively short period of time following the introduction of a new solution, resulting in sales growth. However, incremental gains in market share for these newly introduced solutions may not occur. Accordingly, you should not rely on the results of any prior quarterly or annual periods as an indication of our future performance. It is likely that in some future period our operating results will be below the expectations of public market analysts or investors. If this occurs, our stock price may drop, perhaps significantly.

A number of factors may contribute to fluctuations in our sales and operating results, including:

- the timing and volume of orders from our customers;
- the rate of acceptance of our solutions by our customers, including the acceptance of new solutions we may develop for integration in the products manufactured by such customers, which we refer to as "design wins";
- the demand for and life cycles of the products incorporating our IC solutions;
- our ability to develop, introduce, ship and support new solutions and product enhancements;

- the rate of adoption of mixed-signal ICs in the markets we target;

- deferrals of customer orders in anticipation of new solutions or product enhancements from us or our competitors or other providers of ICs;

- the loss of one or more of our major customers;

- fluctuations in our manufacturing yields;

- changes in product mix;

- the introduction of competing products;

- the availability of capacity at our semiconductor manufacturers and the prices they charge us for their services;

- the rate at which new markets emerge for solutions we are currently developing or for which our design expertise can be utilized to develop solutions for such markets;

- transition of our markets to new technology or standards; and

- departures of key personnel.

WE ARE A RELATIVELY SMALL COMPANY WITH LIMITED RESOURCES COMPARED TO SOME OF OUR CURRENT AND POTENTIAL COMPETITORS AND WE MAY NOT BE ABLE TO COMPETE EFFECTIVELY AND INCREASE MARKET SHARE

Some of our current and potential competitors have longer operating histories, significantly greater resources and name recognition and a larger base of customers than we have. As a result, these competitors may have greater credibility with our existing and potential customers. They also may be able to adopt more aggressive pricing policies and devote greater resources to the development, promotion and sale of their products than we can to ours, which would allow them to respond more quickly than us to new or emerging technologies or changes in customer requirements. In addition, some of our current and potential competitors have already established supplier or joint development relationships with the decision makers at our current or potential customers. These competitors may be able to leverage their existing relationships to discourage their customers from purchasing solutions from us or persuade them to replace our solutions with their products. Our competitors may also offer bundled chipset kit arrangements offering a more complete solution despite the technical merits or advantages of our solutions. These competitors may elect not to support our solutions which could complicate our sales efforts. Increased competition could decrease our prices, reduce our sales, lower our margins or decrease our market share. These and other competitive pressures may prevent us from competing successfully against current or future competitors, and may materially harm our business.

WE DEPEND ON OUR KEY PERSONNEL TO MANAGE OUR BUSINESS EFFECTIVELY IN A RAPIDLY CHANGING MARKET, AND IF WE ARE UNABLE TO RETAIN OUR CURRENT PERSONNEL AND HIRE ADDITIONAL PERSONNEL, OUR ABILITY TO DEVELOP AND SUCCESSFULLY MARKET OUR SOLUTIONS COULD BE HARMED

We believe our future success will depend in large part upon our ability to attract and retain highly skilled managerial, engineering and sales and marketing personnel. Specifically, due to the relatively early stage of our company's business, we believe that our future success is highly dependent on Navdeep Sooch, our co-founder, Chief Executive Officer and Chairman of the Board, Jeffrey Scott, our co-founder and Vice President of Engineering, and David Welland, our co-founder and Vice President of Technology. We do not have employment contracts with these or any other key personnel. There is currently a shortage of qualified personnel with significant experience in the design, development, manufacturing, marketing and sales of analog and mixed-signal communications ICs. In particular, there is a shortage of engineers who are familiar with the intricacies of the design and manufacturability of analog elements, and competition for such personnel is intense. Our key technical personnel represent a significant asset and serve as the source of our technological and product innovations. We may not be successful in attracting and retaining

sufficient numbers of technical personnel to support our anticipated growth. The loss of any of our key employees or the inability to attract or retain qualified personnel, including engineers and sales and marketing personnel, could delay the development and introduction of, and negatively impact our ability to sell, our solutions.

OUR RESEARCH AND DEVELOPMENT EFFORTS ARE FOCUSED ON A LIMITED NUMBER OF NEW TECHNOLOGIES AND PRODUCTS, AND ANY DELAY IN THE DEVELOPMENT, OR ABANDONMENT, OF THESE TECHNOLOGIES OR PRODUCTS BY INDUSTRY PARTICIPANTS, OR THEIR FAILURE TO ACHIEVE MARKET ACCEPTANCE, COULD COMPROMISE OUR COMPETITIVE POSITION

Our solutions are used as components in communications devices in the wireline and wireless markets. As a result, we have devoted and expect to continue to devote a large amount of resources to develop solutions based on new and emerging technologies and standards that will be commercially introduced in the future. A number of large companies in the wireline and wireless communications industries are actively involved in the development of these new technologies and standards. Should any of these companies delay or abandon their efforts to develop commercially available products based on new technologies and standards, our research and development efforts with respect to such technologies and standards likely would have no appreciable value. In addition, if we do not correctly anticipate new technologies and standards, or if the solutions that we develop based on these new technologies and standards fail to achieve market acceptance, our competitors may be better able to address market demand than would we. Furthermore, if markets for these new technologies and standards develop later than we anticipate, or do not develop at all, demand for our solutions that are currently in development would suffer, resulting in lower sales of these solutions than we currently anticipate. We recently introduced a RF synthesizer product for use in cellular phones operating on the Global System for Mobile Communications, or GSM, standard. The RF synthesizer is also compatible with General Packet Radio Service, which is the emerging data communications protocol for GSM based cellular phones. We cannot be certain whether manufacturers of cellular phones using these standards will incorporate our RF synthesizer or that these standards will not change, thereby making our solutions unsuitable or impractical.

OUR SOLUTIONS ARE COMPLEX AND MAY REQUIRE MODIFICATIONS TO RESOLVE UNDETECTED ERRORS WHICH COULD LEAD TO AN INCREASE IN OUR COSTS OR A REDUCTION IN OUR SALES

Our solutions are complex and may contain errors when first introduced or as new versions are released. We rely primarily on our in-house testing personnel to design test operations and procedures to detect any errors prior to delivery of our solutions to our customers. Because our solutions are manufactured by third parties, should problems occur in the operation or performance of our ICs, we may experience delays in meeting key introduction dates or scheduled delivery dates to our customers. These errors also could cause us to incur significant re-engineering costs, divert the attention of our engineering personnel from our product development efforts and cause significant customer relations and business reputation problems.

THE PERFORMANCE OF OUR DIRECT ACCESS ARRANGEMENT SOLUTIONS MAY BE ADVERSELY AFFECTED BY SEVERE ENVIRONMENTAL CONDITIONS THAT MAY REQUIRE MODIFICATIONS, WHICH COULD LEAD TO AN INCREASE IN OUR COSTS OR A REDUCTION IN OUR SALES

Although our direct access arrangement solutions are compliant with published specifications, these established specifications might not adequately address all conditions that must be satisfied in order to operate in harsh environments. This includes environments where there are wide variations in electrical quality, telephone line quality, static electricity and operating temperatures or that may be affected by lightning or improper handling by customers and end users. Our solutions have had a limited period of time in the field under operation, and such environmental factors may result in unanticipated returns of our solutions. Any necessary modifications could cause us to incur significant re-engineering costs, divert the attention of our engineering personnel from our product development efforts and cause significant customer relations and business reputation problems.

A SUBSTANTIAL PORTION OF THE FINAL TESTING OF OUR SOLUTIONS IS PERFORMED INTERNALLY BY US, WHICH INCREASES OUR FIXED COSTS

In 1999, we performed a substantial portion of our final product test operations in-house. The balance of the final testing of our solutions is provided by our contract manufacturers or other third parties. While we believe performing such testing in-house provides us with certain advantages in terms of quality control and time-to-market efficiencies, we may encounter difficulties and delays in maintaining or expanding our internal test capabilities. In addition, final testing of complex semiconductors requires substantial resources to acquire state-of-the-art testing equipment and hiring additional qualified personnel, which has increased our fixed costs. If demand for our solutions does not support the effective utilization of these employees and additional equipment, we may not realize any benefit from replacing our outside vendors with internal final testing. Any decrease in the demand for our solutions could result in the underutilization of our testing equipment and personnel. If our internal test operations are underused or mismanaged, we may incur significant costs that could adversely affect our operating results.

WE PLAN TO INCREASE OUR INTERNATIONAL SALES ACTIVITIES SIGNIFICANTLY, WHICH WILL SUBJECT US TO ADDITIONAL BUSINESS RISKS INCLUDING INCREASED LOGISTICAL COMPLEXITY, POLITICAL INSTABILITY AND CURRENCY FLUCTUATIONS

We intend to open sales offices in international markets to expand our international sales activities in Europe and the Pacific Rim region. Our planned international sales growth will be limited if we are unable to hire additional personnel and develop relationships with international distributors. We may not be able to maintain or increase international market demand for our solutions. Our international operations are subject to a number of risks, including:

- increased complexity and costs of managing international operations;

- protectionist laws and business practices that favor local competition in some countries;

- multiple, conflicting and changing laws, regulations and tax schemes;

- longer sales cycles;

- greater difficulty in accounts receivable collection and longer collection periods; and

- political and economic instability.

To date, all of our sales to international customers and purchases of components from international suppliers, have been denominated in U.S. dollars. As a result, an increase in the value of the U.S. dollar relative to foreign currencies could make our solutions more expensive for our international customers to purchase, thus rendering them less competitive.

OUR INABILITY TO MANAGE GROWTH COULD MATERIALLY AND ADVERSELY AFFECT OUR BUSINESS

During the past year, we have significantly increased the scope of our operations and expanded our workforce from 42 employees at January 2, 1999 to 148 employees at January 1, 2000. This growth has placed, and any future growth of our operations will continue to place, a significant strain on our management personnel, systems and resources. We anticipate that we will need to implement a variety of new and upgraded operational and financial systems, procedures and controls, including the improvement of our accounting and other internal management systems. We also expect that we will need to continue to expand, train, manage and motivate our workforce. All of these endeavors will require substantial management effort. If we are unable to effectively manage our expanding operations, our business could be materially and adversely affected.

WE MAY BE UNABLE TO PROTECT OUR INTELLECTUAL PROPERTY, WHICH WOULD NEGATIVELY AFFECT OUR ABILITY TO COMPETE

Our solutions rely on our proprietary technology, and we expect that future technological advances made by us will be critical to sustain market acceptance of our solutions. Therefore, we believe that the protection of our intellectual property rights is and will continue to be important to the success of our business. We rely on a combination of patent, copyright, trademark and trade secret laws and restrictions on disclosure to protect our intellectual property rights. We also enter into confidentiality or license agreements with our employees, consultants and business partners, and control access to and distribution of our documentation and other proprietary information. Despite these efforts, unauthorized parties may attempt to copy or otherwise obtain and use our solutions or proprietary technology. Monitoring unauthorized use of our technology is difficult, and we cannot be certain that the steps we have taken will prevent unauthorized use of our technology, particularly in foreign countries where the laws may not protect our proprietary rights as fully as in the United States. We cannot be certain that patents will be issued as a result of our pending applications nor can we be certain that any issued patents would protect or benefit us or give us adequate protection from competing products. For example, issued patents may be circumvented or challenged and declared invalid or unenforceable. We also cannot be certain that others will not develop our unpatented proprietary technology or effective competing technologies on their own.

SIGNIFICANT LITIGATION OVER INTELLECTUAL PROPERTY IN OUR INDUSTRY MAY CAUSE US TO BECOME INVOLVED IN COSTLY AND LENGTHY LITIGATION WHICH COULD SERIOUSLY HARM OUR BUSINESS

In recent years, there has been significant litigation in the United States involving patents and other intellectual property rights. From time to time, we receive letters from various industry participants alleging infringement of patents or trade secrets. The exploratory nature of these inquiries has become relatively common in the semiconductor industry. We typically respond when appropriate and as advised by legal counsel. We may become involved in litigation to protect our intellectual property rights or to defend allegations of infringement asserted by others. Legal proceedings could subject us to significant liability for damages or invalidate our proprietary rights. Legal proceedings initiated by us to protect our intellectual property rights could also result in counterclaims or countersuits against us. Any litigation, regardless of its outcome, would likely be time consuming and expensive to resolve and would divert our management's time and attention. Any potential intellectual property litigation also could force us to take specific actions, including:

- cease selling solutions that use the challenged intellectual property;

- obtain from the owner of the infringed intellectual property right a license to sell or use the relevant technology, which license may not be available on reasonable terms, or at all; or

- redesign those solutions that use infringing intellectual property.

On January 12, 2000, we filed a lawsuit against Analog Devices and 3Com claiming that Analog Devices has infringed, and is continuing to infringe, our issued U.S. patent with respect to our DAA technology and that Analog Devices and 3Com have misappropriated our confidential information, know-how and trade secrets. Analog Devices and 3Com have not yet filed responses to our lawsuit. As a result, we do not know what defenses may be raised or whether counterclaims or countersuits may be brought. Analog Devices may challenge the validity, enforceability or scope of our patent. In addition, Analog Devices and 3Com may claim that they have not misappropriated our confidential information, know-how and trade secrets. Our lawsuit will involve significant expense and divert our management's time and attention from other aspects of our business. The lawsuit may also damage our business relationship with 3Com which accounted for 10% of our sales in fiscal 1999 and 20% of our sales in fiscal 1998. Due to the inherent uncertainties of litigation, we cannot be certain of the outcome of this lawsuit.

ANY ACQUISITIONS WE MAKE COULD DISRUPT OUR BUSINESS AND HARM OUR FINANCIAL CONDITION

As part of our growth strategy, we may consider opportunities to acquire other businesses or technologies that would complement our current solution offerings, expand the breadth of our markets or enhance our technical capabilities. To date, we have not made any acquisitions and we are currently not subject to any agreement or letter of intent with respect to potential acquisitions. Acquisitions entail a number of risks that could materially and adversely affect our business and operating results, including:

- problems integrating the acquired operations, technologies or products with our existing business and solutions;
- diversion of management's time and attention from our core business;
- difficulties in retaining business relationships with suppliers and customers of the acquired company;
- risks associated with entering markets in which we lack prior experience; and
- potential loss of key employees of the acquired company.

FAILURE TO EXPAND OUR DISTRIBUTION CHANNELS AND MANAGE OUR DISTRIBUTION RELATIONSHIPS COULD IMPEDE OUR FUTURE GROWTH

The future growth of our business will depend in part on our ability to expand our existing relationships with distributors and sales representatives, develop additional channels for the distribution and sale of our solutions and manage these relationships. As part of our channel sales strategy, we intend to expand our relationships with distributors and sales representatives. As we develop our indirect sales capabilities, we will need to manage the potential conflicts that may arise with our direct sales efforts. The inability to successfully execute or manage a multi-channel sales strategy could impede our future growth.

RISKS RELATED TO OUR INDUSTRY

COMPETITION WITHIN THE NUMEROUS MARKETS WE TARGET MAY REDUCE SALES OF OUR SOLUTIONS AND REDUCE MARKET SHARE

The markets for semiconductors in general, and for mixed-signal ICs in particular, are intensely competitive. We expect that the market for our solutions will continually evolve and will be subject to rapid technological change. In addition, as we target and supply products to numerous markets and applications, including wireline, wireless and other communications markets, we face competition from a relatively large number of competitors. Across all of our product areas, we compete with Advanced Micro Devices, Analog Devices, Conexant, Delta Integration, Fujitsu, Infineon Technologies, Krypton Isolation, National Semiconductor, Philips and Texas Instruments, among others. We expect to face competition in the future from our current competitors, other manufacturers and designers of semiconductors, and innovative start-up semiconductor design companies. Some of our customers, such as Intel, Lucent and Motorola, are also large, established semiconductor suppliers. Our sales to and support of such customers may enable them to become a source of competition to us, despite our efforts to protect our intellectual property rights. As the markets for communications products grow, we also may face competition from traditional communication device companies. These companies may enter the mixed-signal semiconductor market by introducing their own ICs or by entering into strategic relationships with or acquiring other existing providers of semiconductor solutions.

THE AVERAGE SELLING PRICES OF OUR SOLUTIONS COULD DECREASE RAPIDLY WHICH MAY NEGATIVELY IMPACT OUR GROSS MARGINS AND SALES

We may experience substantial period-to-period fluctuations in future operating results due to the erosion of our average selling prices. We have reduced the average unit price of our solutions in anticipation of future competitive pricing pressures, new product introductions by us or our competitors and other factors. We expect that we will have to do so again in the future. If we are unable to offset any such reductions in our average selling prices by increasing our sales volumes, our gross profits and sales

will suffer. To maintain gross margins, we will need to develop and introduce new solutions and product enhancements on a timely basis and continually reduce our costs. Our failure to do so would cause our sales and gross margins to decline.

OUR CUSTOMERS REQUIRE OUR SOLUTIONS TO UNDERGO A LENGTHY AND EXPENSIVE QUALIFICATION PROCESS WHICH DOES NOT ASSURE PRODUCT SALES

Prior to purchasing our solutions, our customers require that our solutions undergo an extensive qualification process, which involves testing of the solution in the customer's system as well as rigorous reliability testing. This qualification process may continue for six months or longer. However, qualification of a solution by a customer does not assure any sales of the solution to that customer. Even after successful qualification and sales of a product to a customer, a subsequent revision to the IC, changes in its manufacturing process or the selection of a new supplier by us may require a new qualification process, which may result in delays and in us holding excess or obsolete inventory. After our solutions are qualified, it can take an additional six months or more before the customer commences volume production of products that incorporate our solutions. Despite these uncertainties, we devote substantial resources, including identification, design, engineering, sales, marketing and management efforts, toward qualifying our solutions with customers in anticipation of sales. If we are unsuccessful or delayed in qualifying any of our solutions with a customer, such failure or delay would preclude or delay sales of such solution to the customer, which may impede our growth and cause our business to suffer.

WE ARE SUBJECT TO THE CYCLICAL NATURE OF THE SEMICONDUCTOR INDUSTRY

The semiconductor industry is highly cyclical and is characterized by constant and rapid technological change, rapid product obsolescence and price erosion, evolving standards, short product life cycles and wide fluctuations in product supply and demand. The industry has experienced significant downturns, often connected with, or in anticipation of, maturing product cycles of both semiconductor companies' and their customers' products and declines in general economic conditions. These downturns have been characterized by diminished product demand, production overcapacity, high inventory levels and accelerated erosion of average selling prices. Any future downturns could have a material adverse effect on our business and operating results. Furthermore, any upturn in the semiconductor industry could result in increased competition for access to third-party foundry and assembly capacity. We are dependent on the availability of such capacity to manufacture and assemble our IC solutions. None of our third-party foundry or assembly contractors have provided assurances that adequate capacity will be available to us.

OUR PRODUCTS MUST CONFORM TO INDUSTRY STANDARDS IN ORDER TO BE ACCEPTED BY END USERS IN OUR MARKETS

Generally, our solutions comprise only a part of a communications device. All components of such devices must uniformly comply with industry standards in order to operate efficiently together. We depend on companies that provide other components of the devices to support prevailing industry standards. Many of these companies are significantly larger and more influential in effecting industry standards than we are. Some industry standards may not be widely adopted or implemented uniformly, and competing standards may emerge that may be preferred by our customers or end users. If larger companies do not support the same industry standards that we do, or if competing standards emerge, market acceptance of our solutions could be adversely affected which would harm our business.

Products for communications applications are based on industry standards that are continually evolving. Our ability to compete in the future will depend on our ability to identify and ensure compliance with these evolving industry standards. The emergence of new industry standards could render our solutions incompatible with products developed by other suppliers. As a result, we could be required to invest significant time and effort and to incur significant expense to redesign our solutions to ensure compliance with relevant standards. If our solutions are not in compliance with prevailing industry standards for a significant period of time, we could miss opportunities to achieve crucial design wins. We may not be successful in developing or using new technologies or in developing new solutions or product

enhancements that achieve market acceptance. Our pursuit of necessary technological advances may require substantial time and expense.

RISKS RELATED TO THIS OFFERING

OUR MANAGEMENT MAY APPLY THE PROCEEDS OF THIS OFFERING TO USES THAT OUR STOCKHOLDERS MAY NOT AGREE WITH AND IN WAYS THAT DO NOT INCREASE OUR PROFITS OR INCREASE OUR STOCK PRICE

Our management will have considerable discretion in the application of the net proceeds received by us from this offering, and you will not have the opportunity, as part of your investment decision, to assess whether the proceeds are being used appropriately. You must rely on the judgment of our management regarding the application of the proceeds of this offering. The net proceeds may be used for corporate purposes that do not increase our profitability or increase our stock price. Pending application of the net proceeds of this offering, such proceeds may be placed in investments that fail to produce income or that could lose value.

INSIDERS WILL CONTINUE TO HAVE SUBSTANTIAL CONTROL OVER OUR COMPANY AFTER THIS OFFERING AND COULD DELAY OR PREVENT A CHANGE IN CORPORATE CONTROL

Upon completion of this offering, our executive officers and directors, and their respective affiliates, will beneficially own, in the aggregate, approximately % of our outstanding common stock. As a result, these stockholders will be able to exert significant control over all matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions. This voting power could delay or prevent an acquisition of our company on terms that other stockholders may desire.

PROVISIONS IN OUR CHARTER DOCUMENTS AND DELAWARE LAW COULD PREVENT, DELAY OR IMPEDE A CHANGE IN CONTROL OF US AND MAY REDUCE THE MARKET PRICE OF OUR COMMON STOCK

Provisions of our certificate of incorporation and bylaws could have the effect of discouraging, delaying or preventing a merger or acquisition that a stockholder may consider favorable. We also are subject to the anti-takeover laws of Delaware which may discourage, delay or prevent someone from acquiring or merging with us, which may adversely affect the market price of our common stock. Please see "Description of Capital Stock-Anti-Takeover Effects" for more information concerning these anti-takeover provisions.

OUR STOCK PRICE MAY BE VOLATILE, AND YOU MAY NOT BE ABLE TO RESELL YOUR SHARES AT OR ABOVE THE INITIAL PUBLIC OFFERING PRICE

There has been no public market for our common stock prior to this offering. The initial public offering price for our common stock will be determined through negotiations among the underwriters, the selling stockholders and us. This initial public offering price may vary from the market price of our common stock after the offering. If you purchase shares of common stock, you may not be able to resell those shares at or above the initial public offering price. The market price of our common stock may fluctuate significantly in response to numerous factors, many of which are beyond our control, including the following:

- actual or anticipated fluctuations in our operating results;
- changes in financial estimates by securities analysts or our failure to perform in line with such estimates;
- changes in market valuations of other technology companies, particularly those that design, manufacture and/or sell semiconductors;
- announcements by us or our competitors of significant technical innovations, acquisitions, strategic partnerships, joint ventures or capital commitments;
- introduction of technologies or product enhancements that reduce the need for our solutions;
- the loss of one or more key customers;

- departures of key personnel; and

- sales of our common stock in the future.

The stock market has experienced extreme volatility that often has been unrelated to the performance of particular companies. These market fluctuations may cause our stock price to fall regardless of our performance.

OF OUR TOTAL OUTSTANDING SHARES AFTER THIS OFFERING, , OR %, WILL BE RESTRICTED FROM IMMEDIATE RESALE BUT MAY BE SOLD INTO THE MARKET IN THE NEAR FUTURE. THIS COULD CAUSE THE MARKET PRICE OF OUR COMMON STOCK TO DROP SIGNIFICANTLY, EVEN IF OUR BUSINESS IS DOING WELL

After this offering, we will have outstanding shares of common stock, based on the number of shares outstanding at January 1, 2000. This includes the shares we are selling in this offering, which may be resold in the public market immediately. The remaining shares will become available for resale in the public market as shown in the chart below:

NUMBER OF SHARES	% OF TOTAL SHARES OUTSTANDING	DATE OF AVAILABILITY FOR RESALE INTO THE PUBLIC MARKET
		Immediately.
		120 days after the date of this prospectus due to a release of 30% of the shares, and shares underlying the options, held by each stockholder from lock-up agreements with the underwriters. This release will occur if the last reported sale price of our common stock is at least two times the initial public offering price per share for each of the 20 consecutive trading days preceding the 120th day after the date of this prospectus. This early release shall occur: (a) on the 120th day after the date of this prospectus if we make a public release of our quarterly or annual results during the period beginning on the eleventh trading day after the date of this prospectus and ending on the day prior to the 120th day after the date of this prospectus, or (b) otherwise, on the second trading day after the first public release of our quarterly or annual results occurring on or after the 120th day after the date of this prospectus.
		181 days after the date of this prospectus upon the expiration of the lock-up agreements with the underwriters (plus any shares not already released from the lock-up agreements).
		At various times after 181 days following the date of this prospectus, subject to compliance with federal securities laws and upon the lapse of any applicable vesting restrictions.

The underwriters can waive the restrictions of the lock-up agreements at an earlier time without prior notice or announcement and allow stockholders to sell their shares. As restrictions on resale end, the market price of our stock could drop significantly if the holders of restricted shares sell them or are perceived by the market as intending to sell them. In addition, the sale of these shares could impair our ability to raise capital through the sale of additional stock. For more detailed information, see "Shares Eligible for Future Sale."

YOU WILL EXPERIENCE IMMEDIATE AND SUBSTANTIAL DILUTION IN THE NET TANGIBLE BOOK VALUE OF YOUR SHARES

The initial public offering price is expected to be substantially higher than the book value per share of our outstanding common stock immediately after this offering. Accordingly, at the assumed initial public offering price of $ per share, purchasers of common stock in this offering will incur immediate dilution of approximately $ the net tangible book value per share of our common stock from the price you pay for our common stock. Please see "Dilution" for information regarding the dilution you will experience.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that involve substantial risks and uncertainties. You can identify these statements by forward-looking words such as "may," "will," "expect," "intend," "anticipate," "believe," "estimate" and "continue" and other similar words. You should read statements that contain these words carefully because they discuss our future expectations, make projections of our future results of operations or of our financial condition or state other "forward-looking" information. We believe that it is important to communicate our future expectations to our investors. However, there may be events in the future that we are not able to accurately predict or control. The factors listed in the sections captioned "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," as well as any cautionary language in this prospectus, provide examples of risks, uncertainties and events that may cause our actual results to differ materially from the expectations we describe in our forward-looking statements. Before you invest in our common stock, you should be aware that the occurrence of the events described in the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections and elsewhere in this prospectus could have a material adverse effect on our business, operating results and financial condition.

USE OF PROCEEDS

Assuming an initial public offering price of $ per share, we will receive approximately $ million from our sale of shares of common stock and the selling stockholders in this offering will receive approximately $ million from their sale of shares of common stock, net of estimated offering expenses payable by us and estimated underwriting discounts and commissions. We will not receive any portion of the net proceeds received by the selling stockholders from the sale of their shares. If the underwriters exercise their over-allotment option in full, we will receive an additional $ million in net proceeds. See "Principal and Selling Stockholders."

The principal purposes of this offering are to increase our equity capital, create a public market for our common stock, facilitate future access by us to public capital markets and provide us with increased visibility in our markets. We intend to use the net proceeds for this offering for working capital and other general corporate purposes, including capital expenditures and research and development. Although we may use a portion of the net proceeds to acquire businesses, products or technologies that are complementary to our current or future business and product lines, we currently have no specific acquisitions planned. Our management will have significant flexibility in applying the net proceeds of this offering. Pending such uses, we will invest the net proceeds of this offering in investment grade, interest-bearing securities.

DIVIDEND POLICY

We have never declared or paid any cash dividends on our common stock and we do not intend to pay cash dividends in the foreseeable future. We currently expect to retain any future earnings to fund the operation and expansion of our business. In addition, our credit agreements with our bank lender prohibit us from paying cash dividends on our capital stock without the prior consent of the lender.

CAPITALIZATION

The following table sets forth our capitalization as of January 1, 2000:

- On an actual basis;

- On a pro forma basis to reflect the conversion of all shares of our outstanding convertible preferred stock into 13,842,174 shares of common stock; and

- On a pro forma as adjusted basis to additionally reflect our sale of shares of common stock in this offering at an assumed initial public offering price of $ per share, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

You should read the following table in conjunction with the section captioned "Management's Discussion and Analysis of Financial Condition and Results of Operation" of this prospectus and our consolidated financial statements and the notes to those statements included at the end of this prospectus.

	AS OF JANUARY 1, 2000		
	ACTUAL	PRO FORMA	PRO FORMA AS ADJUSTED
	(IN THOUSANDS, EXCEPT PER SHARE DATA)		
Long-term obligations, net of current maturities	6,081	6,081	
Redeemable convertible preferred stock:			
Series A convertible preferred stock, $0.0001 par value; 5,391,267 shares designated, 5,345,449 shares issued and outstanding actual; none designated, issued and outstanding pro forma and pro forma as adjusted	5,250	--	--
Series B convertible preferred stock, $0.0001 par value; 1,610,638 shares designated, 1,575,638 shares issued and outstanding actual; none designated, issued and outstanding pro forma and pro forma as adjusted	7,500	--	--
Stockholders' equity:			
Common stock, $0.0001 par value, 52,000,000 shares authorized, 30,015,944 shares issued and outstanding, actual; 250,000,000 shares authorized, 43,858,118 shares issued and outstanding, pro forma; 250,000,000 shares authorized, shares issued and outstanding, pro forma as adjusted	3	4	
Preferred stock, $0.0001 par value, 8,000,000 shares authorized, none issued and outstanding actual; 8,000,000 shares authorized, none issued and outstanding, pro forma; and 10,000,000 shares authorized, none issued and outstanding pro forma as adjusted	--	--	--
Additional paid-in capital	19,014	31,763	
Notes receivable from stockholders	(1,472)	(1,472)	
Deferred stock compensation	(15,330)	(15,330)	
Retained earnings	5,788	5,788	
Total stockholders' equity	8,003	20,753	
Total capitalization	$26,834	$26,834	$

The number of shares of common stock to be outstanding after this offering is based on the pro forma number of shares outstanding as of January 1, 2000. This information excludes:

- 2,380,226 shares subject to outstanding options; and

- 143,182 shares subject to outstanding warrants.

DILUTION

Our pro forma net tangible book value as of January 1, 2000 was approximately $20.8 million, or $.47 per share of common stock. Pro forma net tangible book value per share represents the amount of our total tangible assets reduced by the amount of our total liabilities, divided by 43,858,118 shares of common stock outstanding on a pro forma basis as of January 1, 2000. These pro forma numbers reflect the conversion of all shares of our outstanding convertible preferred stock into common stock.

Dilution in pro forma net tangible book value per share to new investors represents the difference between the amount per share paid by purchasers of shares of common stock in this offering and the pro forma net tangible book value per share of common stock immediately after the completion of this offering. After giving effect to our sale of shares of common stock in this offering at an assumed initial public offering price of $ per share and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, our adjusted pro forma net tangible book value as of January 1, 2000 would have been $ million, or $ per share. This amount represents an immediate increase in pro forma net tangible book value to our existing stockholders of $ per share and an immediate dilution to new investors of $ per share. The following table illustrates this per share dilution:

Assumed initial public offering price per share		$
Pro forma net tangible book value per share at January 1, 2000	$ .47	
Increase in pro forma net tangible book value per share attributable to new investors		
Pro forma net tangible book value per share after this offering		
Dilution per share to new investors		

If the underwriters exercise their over-allotment option in full, our adjusted pro forma net tangible book value at January 1, 2000 would have been $ million, or $ per share, representing an immediate increase in pro forma net tangible book value to our existing stockholders of $ per share and an immediate dilution to new investors of $ per share.

The following table summarizes, on a pro forma basis as of January 1, 2000, the differences between the number of shares of common stock purchased from us, the aggregate cash consideration paid to us and the average price per share paid by our existing stockholders and by new investors purchasing shares of common stock in this offering. These pro forma numbers reflect the conversion of all of our outstanding convertible preferred stock into common stock. The calculation below is based on an assumed initial public offering price of $ per share, before deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us:

	SHARES PURCHASED		TOTAL CONSIDERATION		AVERAGE PRICE PER SHARE
	NUMBER	PERCENT	AMOUNT	PERCENT	
Existing stockholders	43,858,118	100.0%	$15,096,695	100.0%	$ .34
New investors					
Total		100.0%	$	100.0%	

This discussion and table assume no exercise of any stock options or warrants outstanding as of January 1, 2000. As of January 1, 2000, there were options outstanding to purchase a total of 2,380,226 shares of common stock with a weighted average exercise price of $2.52 per share and warrants outstanding to purchase a total of 143,182 shares of common stock with a weighted average exercise price of $1.17 per share. To the extent that any of these options or warrants are exercised, there will be further dilution to new investors. If the underwriters' over-allotment option is exercised in full, the number of shares held by new investors will increase to shares, or % of the total number of shares of common stock outstanding after this offering.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The selected consolidated balance sheet data as of fiscal year end 1998 and 1999 and the selected consolidated statement of operations data for fiscal 1997, 1998 and 1999 have been derived from audited consolidated financial statements included in this prospectus. The selected consolidated balance sheet data as of December 31, 1996 and fiscal year end 1997 and the selected consolidated statement of operations data for the period from inception (August 19, 1996) to December 31, 1996 have been derived from audited consolidated financial statements not included in this prospectus. You should read this selected consolidated financial data in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations," our consolidated financial statements and the notes to those statements included in this prospectus.

	PERIOD FROM INCEPTION (AUGUST 19, 1996) THROUGH DECEMBER 31, 1996	FISCAL YEAR 1997	FISCAL YEAR 1998	FISCAL YEAR 1999
	(IN THOUSANDS, EXCEPT PER SHARE DATA)			
CONSOLIDATED STATEMENT OF OPERATIONS DATA:				
Sales	$ --	$ --	$ 5,609	$46,911
Cost of goods sold	--	--	2,371	15,770
Gross profit	--	--	3,238	31,141
Operating expenses:				
Research and development	10	1,364	4,587	8,297
Selling, general and administrative	10	627	2,095	7,207
Amortization of deferred stock compensation	--	--	8	976
Total operating expenses	(20)	1,991	6,690	16,480
Operating income (loss)	(20)	(1,991)	(3,452)	14,661
Interest income	--	(178)	(261)	(402)
Interest expense	--	22	206	699
Income (loss) before tax expense	(20)	(1,835)	(3,397)	14,364
Income tax expense	--	--	--	3,324
Net income (loss)	$ (20)	$(1,835)	$(3,397)	$11,040
Basic net income (loss) per share	$ --	$ (1.04)	$ (.37)	$ .73
Diluted net income (loss) per share	$ --	$ (1.04)	$ (.37)	$ .25
Shares used in computing basic net income (loss) per share	--	1,760	9,129	15,152
Shares used in computing diluted net income (loss) per share	--	1,760	9,129	43,657
Pro forma basic net income (loss) per share				$ .30
Pro forma diluted net income per share				$ .25
Shares used in computing pro forma basic net income per share				36,461
Shares used in computing pro forma diluted net income per share				43,657

	AS OF FISCAL YEAR END DECEMBER 31, 1996	1997	1998	1999
		(IN THOUSANDS)		
CONSOLIDATED BALANCE SHEET DATA:				
Cash, cash equivalents and short-term investments	$ 132	$ 3,778	$ 5,824	$14,706
Working capital	(62)	2,045	5,209	14,281
Total assets	181	6,023	14,014	41,958
Long-term obligations, net of current maturities	--	747	2,153	6,081
Redeemable convertible preferred stock	--	5,250	12,750	12,750
Total stockholders' equity (deficit)	$ (19)	$(1,776)	$(5,149)	$ 8,003

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

THE FOLLOWING DISCUSSION SHOULD BE READ IN CONJUNCTION WITH THE CONSOLIDATED FINANCIAL STATEMENTS AND RELATED NOTES WHICH APPEAR ELSEWHERE IN THIS PROSPECTUS. THE FOLLOWING DISCUSSION CONTAINS FORWARD-LOOKING STATEMENTS THAT INVOLVE RISKS AND UNCERTAINTIES. OUR ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE ANTICIPATED IN THESE FORWARD-LOOKING STATEMENTS AS A RESULT OF CERTAIN FACTORS, INCLUDING THOSE DISCUSSED BELOW AND ELSEWHERE IN THIS PROSPECTUS, PARTICULARLY UNDER THE HEADING "RISK FACTORS." PLEASE ALSO SEE "SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS." OUR FISCAL YEAR-END FINANCIAL REPORTING PERIODS ARE A 52- OR 53- WEEK YEAR ENDING ON THE SATURDAY CLOSEST TO DECEMBER 31ST. FISCAL 1997 HAD 53 WEEKS AND ENDED ON JANUARY 3, 1998. FISCAL 1998 HAD 52 WEEKS AND ENDED ON JANUARY 2, 1999. FISCAL 1999 HAD 52 WEEKS AND ENDED ON JANUARY 1, 2000. ALL OF THE QUARTERLY PERIODS REPORTED IN THIS PROSPECTUS HAD THIRTEEN WEEKS.

OVERVIEW

We design and develop proprietary, analog-intensive, mixed-signal ICs for the rapidly growing communications industry. Our innovative IC solutions can dramatically reduce the cost, size and system power requirements of the products that our customers sell to their end-user customers. We currently offer solutions that can be incorporated into communications devices, such as modems and cellular phones, as well as cable and satellite set-top boxes, credit card verification machines, automated teller machines, network access equipment and remote gaming devices. Our significant customers include Intel, Lucent, Motorola, PC-Tel, SmartLink and 3Com.

Our company was founded in 1996. Our business has grown rapidly since our inception, as reflected by our employee headcount, which increased to 148 at the end of fiscal 1999, from 42 at the end of fiscal 1998 and 17 at the end of fiscal 1997. As a "fabless" semiconductor company, we rely on third-party semiconductor fabricators to manufacture the silicon wafers that reflect our IC solution designs. Each wafer contains numerous die, which are cut from the wafer to create a chip for an IC solution. We also rely on third-party assemblers to assemble and package these die prior to final product testing and shipping.

Our company is organized into two principal divisions, the Wireline Products Division and the Wireless Products Division. Our Wireline Products Division commenced research and development for our first IC solution, the direct access arrangement, or DAA, in October 1996. We introduced our DAA solution in the first quarter of fiscal 1998, and first received acceptance of this solution for inclusion in a customer's device, which we refer to as a "design win", in March 1998. The first commercial shipment of our DAA solution was made in April 1998. In September 1998, we introduced an international version of our first DAA product. Based on the success of our DAA solution, we became profitable in the fourth quarter of fiscal 1998 and have been profitable in each succeeding quarter through the quarter ended January 1, 2000. Substantially all of our sales to date have been derived from sales of our various DAA solutions and we expect to remain dependent on continued sales of DAA solutions for a majority of our sales until we are able to diversify sales with new solutions. In fiscal 1999, our Wireline Products Division introduced two additional IC solutions, the voice codec and ISOmodem solutions, and our Wireless Products Division introduced our RF synthesizer solution. In January 2000, our Wireline Products Division introduced our ProSLIC product. We will be less dependent on our DAA solution for future sales to the extent that these solutions, or other solutions that we may introduce, are incorporated into devices sold by our customers. For a further description of our solutions, please see "Business--Products."

Since our inception, a few customers have accounted for a substantial portion of our sales. During fiscal 1999, our three largest customers accounted for 84% of our sales, including 62% for PC-Tel, 12% for SmartLink and 10% for 3Com. In fiscal 1998, PC-Tel accounted for 78% and 3Com accounted for 20% of our sales. No other customer accounted for more than 10% of our sales in either of these years. To date, substantially all of our sales have been generated through our direct sales force. In fiscal 1998, we began to establish a network of independent sales representatives and distributors worldwide to support our sales and marketing activities. We anticipate that sales to these representatives and distributors will increase as a

percentage of our sales in future periods. However, we expect to continue to experience significant customer concentration in direct sales to key customer accounts until we are able to diversify sales with new customers.

The percentage of our sales to customers located outside of the United States was 7% in fiscal 1999 and insignificant in fiscal 1998. All of our sales to date have been denominated in U.S. dollars. We believe that a greater percentage of our sales will be made to customers outside of the United States as our solutions receive greater acceptance in international markets.

The sales cycle for the test and evaluation of our IC solutions can range from 1 to 12 months or more. An additional 3 to 6 months or more may be required before a customer ships a significant volume of devices that incorporate our IC solution. Due to this lengthy sales cycle, we may experience a significant delay between incurring expenses for research and development and selling, general and administrative efforts, and the generation of corresponding sales, if any. We intend to continue to increase our investment in research and development, selling, general and administrative functions and inventory as we expand our operations in the future. Consequently, if sales in any quarter do not occur when expected, expenses and inventory levels could be disproportionately high, and our operating results for that quarter and, potentially, future quarters would be adversely affected.

Our limited operating history and rapid growth makes it difficult for us to assess the impact of seasonal factors on our business. Because many of our IC solutions are designed for use in consumer products such as PCs and cellular telephones, we expect that the demand for our solutions will be subject to seasonal demand resulting in increased sales in the third and fourth quarters of each year when customers place orders to meet holiday demand. We expect to experience seasonal fluctuations in the demand for our solutions as customer demand increases in greater volume across our solutions offerings.

The following describes the line items set forth in our consolidated statements of income:

SALES. Sales consists of revenue generated principally by sales of our IC solutions. Generally, we recognize sales at the time of shipment to our customers. Sales are deferred on shipments to distributors until they are resold by such distributors. Our solutions typically carry a one-year warranty. Since our inception, product returns and warranty costs have been immaterial. Our sales are subject to variation from period to period due to the volume of shipments made within a period and the prices we charge for our solutions. As a product matures, we expect that the average selling price for that product will decline. Therefore, our ability to increase sales in the future is dependent on increased demand for our established solutions and our ability to ship larger volumes of solutions in response to such demand, as well as customer acceptance of newly introduced solutions.

COST OF GOODS SOLD. Cost of goods sold includes the cost of purchasing finished silicon wafers processed by independent foundries; costs associated with assembly, test and shipping of those products; costs of personnel and equipment associated with manufacturing support, logistics and quality assurance; an allocated portion of our occupancy costs; and allocable depreciation of testing equipment. Generally, we depreciate equipment over four years on a straight line basis. We also depreciate our leasehold improvements over the applicable lease term. Recently introduced solutions tend to have higher cost of goods sold per unit due to initially low production volumes required by our customers and higher costs associated with new package variations. Generally, as production volumes for a solution increase, unit production costs tend to decrease as our semiconductor fabricators and assemblers achieve greater economies of scale for that solution. Additionally, the cost of wafer procurement, which is a significant component of cost of goods sold, varies cyclically with overall demand for semiconductors. The semiconductor industry has recently experienced a period of high demand, resulting in higher wafer procurement costs.

RESEARCH AND DEVELOPMENT. Research and development expense consists primarily of compensation and related costs of employees engaged in research and development activities, as well as an allocated portion of our occupancy costs for such operations. We depreciate our research and development

equipment over four years and amortize our purchased software from computer-aided design tool vendors over four years. Development activities include the creation of test methodologies to assure compliance with required specifications. We have granted stock options or directly issued stock to patent attorneys and outside technical consultants for services previously rendered. We recognize stock-based compensation expense for these non-employees based on the deemed fair value of the options or stock at the date of grant.

SELLING, GENERAL AND ADMINISTRATIVE. Selling, general and administrative expense consists primarily of personnel-related expenses, related allocable portion of our occupancy costs, sales commissions to independent sales representatives, professional fees, other promotional and marketing expenses and reserves for bad debt. Write-offs of bad debt have been insignificant to date. We awarded non-employee sales persons with stock in connection with a sales incentive program that ended on January 1, 2000. We recognize stock-based compensation expense based on the deemed fair value of the stock at the date of grant.

AMORTIZATION OF DEFERRED STOCK COMPENSATION. In connection with the grant of stock options and direct issuances of stock to our employees, we recorded deferred stock compensation of approximately $16.3 million, representing, for accounting purposes, the difference between the deemed fair value of the common stock and the respective exercise prices at the date of grant in the case of stock options and the fair market value of the stock at the date of grant in the case of direct issuances of stock. The difference is amortized over the vesting period of the applicable option or share, generally five to eight years, resulting in amortization expense of $975,000 and $8,000 for fiscal 1999 and 1998, respectively. The amortization of deferred stock compensation is recorded as an operating expense.

INTEREST INCOME. Interest income reflects interest earned on average cash and cash equivalents and investment balances.

INTEREST EXPENSE. Interest expense consists of interest on our long-term debt and capital lease obligations.

INCOME TAX EXPENSE. We accrue a provision for federal and state income tax at the applicable statutory rates.

RESULTS OF OPERATIONS

The following table sets forth our statement of income data as a percentage of sales for fiscal 1998 and 1999. We have not presented percentage data for fiscal 1997 since we had no sales in fiscal 1997.

	FISCAL 1998	FISCAL 1999
Sales	100.0 %	100.0%
Cost of goods sold	42.3	33.6
Gross profit	57.7	66.4
Operating expenses:		
Research and development	81.8	17.7
Selling, general and administrative	37.4	15.4
Amortization of deferred stock compensation	.1	2.1
Total operating expenses	119.3	35.1
Operating income (loss)	(61.5)	31.3
Interest income	4.7	.9
Interest expense	3.7	1.5
Income (loss) before tax expense	(60.6)	30.6
Income tax expense	--	7.1
Net income (loss)	(60.6)%	23.5%

COMPARISON OF FISCAL 1999 TO FISCAL 1998

SALES. Sales increased $41.3 million, or 736.4%, to $46.9 million in fiscal 1999 from $5.6 million in fiscal 1998. The increase was attributable to the strong acceptance of our DAA family of solutions, including our international DAA and MC-97 DAA. This increase reflected an increase in the number of customers that purchased our IC solutions and an increase in the volume that those customers bought.

GROSS PROFIT. Cost of goods sold increased $13.4 million, or 565.1%, to $15.8 million in fiscal 1999 from $2.4 million in fiscal 1998, and represented 33.6% of sales in fiscal 1999 and 42.3% of sales in fiscal 1998, respectively. Gross profit increased $27.9 million, or 861.7%, to $31.1 million in fiscal 1999 from $3.2 million in fiscal 1998. Gross margins improved to 66.4% in fiscal 1999 from 57.7% in fiscal 1998. The increase in gross profit was primarily due to the substantial increase in sales volume. The improvement in gross margin from fiscal 1998 to 1999 was due to volume discounts on wafer purchases that resulted from substantial increases in our production and attractive pricing conditions for silicon wafers due to the availability of capacity within the semiconductor manufacturing industry during the period. Our gross margins may decline due to the expected introduction of products competitive to our solutions and increased demand for silicon wafer capacity within the semiconductor industry generally.

RESEARCH AND DEVELOPMENT. Research and development expense increased $3.7 million or 80.9%, to $8.3 million in fiscal 1999 from $4.6 million in fiscal 1998, and represented 17.7% of sales in fiscal 1999 and 81.8% of sales in fiscal 1998. The increased research and development expense was principally due to continued product development activities in the Wireline Division, as well as significant increases in product development activity in the Wireless Division. Both divisions increased spending to develop test methodologies for new solutions. The substantial decrease in research and development expense as a percentage of sales reflected our emergence from the development stage with modest fiscal 1998 sales compared to substantial sales growth in fiscal 1999. We expect that research and development expense will increase in absolute dollars in future periods as we develop new IC solutions, and may fluctuate as a percentage of sales due to significant changes in our sales volume and new product development initiatives. During fiscal 1999, we recorded approximately $196,000 of stock-based compensation expense in

connection with grants of stock options and direct issuances to outside patent attorneys and technical consultants.

SELLING, GENERAL AND ADMINISTRATIVE. Selling, general and administrative expense increased $5.1 million or 244.0%, to $7.2 million in fiscal 1999 from $2.1 million in fiscal 1998, and represented 15.4% of sales in fiscal 1999 and 37.4% of sales in fiscal 1998. The increase in the dollar amount of selling, general and administrative expense was principally attributable to increased staffing. The decrease in selling, general and administrative expense as a percentage of sales was due to substantially higher sales levels in fiscal 1999. We expect that selling, general and administrative expense will increase in absolute dollars in future periods as we expand our sales channels, marketing efforts and administrative infrastructure. We also expect our legal expenses to increase as a result of the infringement lawsuit we filed against Analog Devices and 3Com in January 2000. This lawsuit may also cause our sales to 3Com to decline. In addition, we expect selling, general and administrative expenses to fluctuate as a percentage of sales because of (1) the likelihood that indirect distribution channels, which entail the payment of commissions, will account for a larger portion of our sales in future periods; (2) fluctuating usage of advertising to promote our solutions and, in particular, our newly introduced solutions; and (3) potential significant variability in our future sales volume. During fiscal 1999, we recorded approximately $70,000 of stock-based compensation expense for awards of stock to non-employee sales persons in connection with a sales incentive program that ended January 1, 2000.

AMORTIZATION OF DEFERRED STOCK COMPENSATION. We have recorded deferred stock compensation for the difference between the exercise price of certain option grants, or the issuance price of certain direct issuances of stock, and the deemed fair value of our common stock at the time of such grants or issuances. We are amortizing this amount over the vesting periods of the applicable options or restricted stock, which resulted in amortization expense of $975,000 for fiscal 1999 and $8,000 for fiscal 1998. Our amortization expense increased in fiscal 1999 due to an increase in deferred stock compensation recorded in fiscal 1999 for options and restricted stock issued in fiscal 1999.

INTEREST INCOME. Interest income was $402,000 in fiscal 1999 as compared to $261,000 in fiscal 1998. The increase in interest income was primarily due to higher cash balances invested in short-term investments.

INTEREST EXPENSE. Interest expense was $699,000 in fiscal 1999 as compared to $206,000 in fiscal 1998. The increase in interest expense was primarily due to higher levels of debt and lease financing used to finance capital expenditures, relating to the acquisition of IC testing equipment and leasehold improvements.

INCOME TAX EXPENSE. Our effective tax rate was 23.1% for fiscal 1999. We had sufficient net operating loss tax carryforwards available from our development stage operations to offset any tax liability during fiscal 1998. For fiscal 1999, utilization of the remaining net operating loss carryforward and, to a lesser extent, full utilization of prior and current year research and development tax credits reduced our effective tax rates from full corporate rates. We expect to pay a full corporate income tax rate of approximately 38% during future periods.

COMPARISON OF FISCAL 1998 TO FISCAL 1997

SALES. Sales were $5.6 million in fiscal 1998. We did not have any sales in fiscal 1997. Sales in fiscal 1998 were attributable to the introduction of our first DAA product in March 1998.

GROSS PROFIT. Cost of goods sold was $2.4 million in fiscal 1998 and gross profit was $3.2 million in 1998. Gross margins were 57.7% in fiscal 1998.

RESEARCH AND DEVELOPMENT. Research and development expense increased $3.2 million, or 236.3%, to $4.6 million in fiscal 1998 from $1.4 million in fiscal 1997, and represented 81.8% of sales in fiscal 1998.

The increase in the dollar amount of research and development expense was primarily due to increased engineering staffing from 10 to 20 people, in addition to product development expenses related to the release of our first IC solutions.

SELLING, GENERAL AND ADMINISTRATIVE. Selling, general and administrative expense increased $1.5 million, or 234.1%, to $2.1 million in fiscal 1998 from $627,000 in fiscal 1997, and represented 37.4% of sales in fiscal 1998. The increase in the dollar amount of selling, general and administrative expense was principally attributable to increased staffing, moving and relocation expenses and provisions for bad debt reserves on initial product shipments.

AMORTIZATION OF DEFERRED STOCK COMPENSATION. Amortization of deferred stock compensation expense was $8,000 in fiscal 1998. No deferred stock compensation expense was recorded in fiscal 1997.

INTEREST INCOME. Interest income was $261,000 in fiscal 1998 as compared to $178,000 in fiscal 1997. The increase in interest income was primarily due to higher invested cash balances on average during the period.

INTEREST EXPENSE. Interest expense was $206,000 in fiscal 1998, compared to $22,000 in fiscal 1997. The increase in interest expense was primarily due to higher levels of debt and lease financing related to the various financing lines. The proceeds of such lines were used to finance capital expenditures, consisting principally of acquisitions of IC testing equipment, computer-aided design software tools and leasehold improvements.

INCOME TAX EXPENSE. We did not incur liabilities for income taxes in fiscal 1997 or fiscal 1998 due primarily to operating losses incurred in each of those years.

QUARTERLY RESULTS OF OPERATIONS

The following tables set forth our unaudited statement of operations data for each of the eight quarters in the period ended January 1, 2000, as well as such data expressed as a percentage of our sales for the quarters presented. This unaudited quarterly information has been prepared on the same basis as our audited financial statements and, in the opinion of our management, reflects all normal recurring adjustments that we consider necessary for a fair presentation of the information for the periods presented. Operating results for any quarter are not necessarily indicative of results for any future period. Because our sales during the first and second quarters of fiscal 1998 were immaterial, data regarding quarterly operations for such periods as a percentage of sales has been excluded from the table below.

	FISCAL 1998				FISCAL 1999			
	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
	(DOLLARS IN THOUSANDS)							
CONSOLIDATED STATEMENT OF OPERATIONS DATA:								
Sales	$ --	$ 161	$ 1,099	$4,349	$6,320	$7,543	$14,574	$18,474
Cost of goods sold	--	127	581	1,663	2,415	2,866	4,582	5,907
Gross profit	--	34	518	2,686	3,905	4,677	9,992	12,567
Operating expenses:								
Research and development	788	1,270	1,276	1,253	1,293	1,597	2,109	3,298
Selling, general and administrative	286	490	551	768	1,132	1,500	2,105	2,470
Amortization of deferred stock compensation	--	--	1	7	33	116	254	573
Total operating expenses	1,074	1,760	1,828	2,028	2,458	3,213	4,468	6,341
Operating income (loss)	(1,074)	(1,726)	(1,310)	658	1,447	1,464	5,524	6,226
Interest income	(41)	(52)	(93)	(75)	(63)	(75)	(98)	(166)
Interest expense	33	49	55	69	120	140	217	222
Income (loss) before tax expense	(1,066)	(1,723)	(1,272)	664	1,390	1,399	5,405	6,170
Income tax expense	--	--	--	--	322	323	1,251	1,428
Net income (loss)	$(1,066)	$(1,723)	$(1,272)	$ 664	$1,068	$1,076	$ 4,154	$ 4,742

AS A PERCENTAGE OF SALES:

	FISCAL 1998		FISCAL 1999			
	THIRD QUARTER	FOURTH QUARTER	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of goods sold	52.9	38.3	38.2	38.0	31.4	32.0
Gross profit	47.1	61.7	61.8	62.0	68.6	68.0
Operating expenses:						
Research and development	116.1	28.8	20.5	21.2	14.5	17.9
Selling, general and administrative	50.1	17.7	17.9	19.9	14.5	13.4
Amortization of deferred stock compensation	.1	.1	.5	1.5	1.7	3.1
Total operating expenses	166.3	46.7	38.9	42.6	30.7	34.4
Operating income (loss)	(119.2)	15.1	22.9	19.4	38.0	33.7
Interest income	8.5	1.7	1.0	1.0	.7	.9
Interest expense	5.0	1.6	1.9	1.9	1.5	1.2
Income (loss) before tax expense	(115.7)	15.3	22.0	18.5	37.1	33.4
Income tax expense	--	--	5.1	4.3	8.6	7.7
Net income (loss)	(115.7)%	15.3%	16.9%	14.3%	28.6%	25.7%

Our quarterly results of operations have varied from quarter-to-quarter in the past and we expect them to vary from quarter-to-quarter in future periods. These changes are principally due to (1) the timing and volume of orders from our customers, (2) the timing of volume production of the products into which our IC solutions are incorporated and (3) the capacity and cost environment in the semiconductor industry applicable to our procurement of services from third-party foundries and assembly contractors. We have experienced declining average selling prices for our products while the costs of third-party foundries and assembly contractors have increased or decreased based on relative market demand for capacity in the semiconductor manufacturing industry.

Beginning in the fourth quarter of fiscal 1998, and continuing through the first and second quarter of fiscal 1999, our sales have increased due to greater market acceptance of our DAA IC solutions. In the third quarter of fiscal 1999, our sales increased significantly due to an increase in demand for our international DAA IC solution. Additionally, personal computer manufacturers began to adopt the Modem Codec 97, or MC-97, standard developed by Intel for connecting modem interface circuitry to microprocessors during this time frame. We experienced rapid sales increase in our MC-97 modem solution during the third quarter of fiscal 1999 due to the adoption of this emerging standard. Such market technical standards rarely are introduced with any quarter-to-quarter regularity and can contribute to significant changes in operating results.

Research and development expenses increased by $1.2 million, or 56.4%, to $3.3 million in the fourth quarter of fiscal 1999 from $2.1 million in the third quarter of fiscal 1999. This increase was principally due to new product development activity in the Wireless Division, and, to a lesser extent, continued product development in the Wireline Division. The number of employees involved in research and development increased from 41 employees at the end of the third quarter of fiscal 1999 to 62 employees at the end of the fourth quarter, representing a 51.2% increase in staffing. An active recruiting effort was underway during the quarter to increase staffing for new product development activities. This increase in research and development spending also increased as a percent of sales to 17.9% in the fourth quarter of fiscal 1999 from 14.5% of sales in the third quarter of fiscal 1999. We believe that this rapid increase in research and development staffing may not be sustainable in future quarterly periods due to the limited availability of qualified mixed-signal circuit design engineers and test development engineers.

LIQUIDITY AND CAPITAL RESOURCES

Our principal sources of liquidity as of January 1, 2000 consisted of $14.7 million in cash, cash equivalents and short-term investments, our bank credit facilities and equipment financing facilities with three institutional lenders.

Our bank credit facilities include a revolving line of credit available for borrowings and letters of credit of up to the lesser of $3.0 million or 80% of eligible accounts receivable, a separate letter of credit facility for $454,000 related to a building lease, equipment loans which provided for initial equipment financing of up to $2.5 million and new loan facilities totaling $4.0 million for new equipment, leasehold improvements and computer-aided design software. At January 1, 2000, a letter of credit for $500,000 related to a building lease was outstanding under the revolving line of credit, with no other amounts outstanding thereunder, and $1.5 million was outstanding under the equipment loans.

Borrowings under the revolving line of credit bear interest at the bank's prime rate, which was 8.5% at January 1, 2000, and are payable at annual renewal of the line. Borrowings under the equipment loan agreement bear interest at the bank's prime rate, and are payable through January 2002. The new $4.0 million loan facilities have no amounts outstanding as of January 1, 2000. We intend to use these facilities for financing principally during the first quarter of fiscal 2000. All bank facilities are secured by our accounts receivable, inventories, capital equipment and all other unsecured assets (excluding intellectual property). The line of credit, the separate letter of credit facility and equipment loans contain provisions that prohibit the payment of cash dividends and require the maintenance of specified levels of

tangible net worth and certain financial ratios measured on a monthly basis. Any default on one of the bank facilities will cause all of the bank facilities to be in default under these agreements. The bank has received warrants as consideration for providing portions of this financing.

We also have entered into agreements with three institutional lenders for equipment financing. Under these agreements, we may borrow up to an aggregate of $8.5 million to purchase or lease equipment, leasehold improvements and software. At January 1, 2000, borrowings under these agreements were $8.2 million. This indebtedness bears effective interest rates (including end of term interest payments of $1.1 million) ranging from 12.5% to 14.6% per annum and is secured by a security interest in specific items, principally comprised of test equipment, and is repayable over approximately the next four years. See Note 4 of the notes to our consolidated financial statements.

We have funded our operations to date primarily through sales of preferred stock which have resulted in gross aggregate proceeds to us of approximately $12.8 million, and debt financing under the credit and lease obligations described above and cash from operations. During fiscal 1999, cash provided by operating activities was $12.3 million, compared to $4.5 million in fiscal 1998 and $219,000 in cash utilized by operating activities in fiscal 1998 and 1997.

Capital expenditures were $9.9 million in fiscal 1999, $3.1 million in fiscal 1998 and $2.3 million in fiscal 1997. These expenditures were incurred to purchase semiconductor test equipment, design software and engineering tools, and other computer equipment and software to support our business expansion. In addition, we relocated our operations to a new facility in Austin, Texas in 1999 and incurred approximately $1.0 million in capital expenditures and leasehold improvement expenses in connection with the build-out of this new location. We anticipate further capital expenditures in fiscal 2000 of approximately $14.0 million to fund test floor operations and expanded engineering product development activities.

We believe the net proceeds of this offering, together with our existing cash balances, credit facilities and cash generated by our operations, will be sufficient to meet our capital requirements through at least the next 12 months, although we could be required, or could elect, to seek additional funding prior to that time. Our future capital requirements will depend on many factors, including the rate of sales growth, market acceptance of our solutions, the timing and extent of research and development projects and the expansion of our sales and marketing activities. Although we are currently not a party to any agreement or letter of intent with respect to a potential acquisition or strategic arrangement, we may enter into acquisitions or strategic arrangements in the future which also could require us to seek additional equity or debt financing. There can be no assurances that additional equity or debt financing, if required, will be available to us on acceptable terms or at all.

RECENT ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities. SFAS No. 133 is effective for fiscal years beginning after June 15, 2000. SFAS No. 133 requires that all derivative instruments be recorded on the balance sheet at their fair value. Changes in the fair value of derivatives are recorded each period in current earnings or other comprehensive income. We do not expect that the adoption of SFAS No. 133 will have a material impact on our financial statements because we do not currently hold any derivative instruments.

In December 1999, the Securities and Exchange Commission staff released Staff Accounting Bulletin No. 101, Revenue Recognition in Financial Statements, which provides guidance on the recognition, presentation and disclosure of revenue in financial statements. The application of SAB No. 101 did not have a material impact on our financial statements.

On March 31, 1999, the FASB issued an exposure draft entitled "Accounting for Certain Transactions Involving Stock Compensation," which is a proposed interpretation of APB Opinion No. 25 which has an effective date for certain transactions of December 15, 1998. However, the exposure draft has not been

finalized. Once finalized and issued, the current accounting practices for transactions involving stock compensation may need to change and such changes could affect our future earnings.

QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT MARKET RISK

Our interest income is sensitive to changes in the general level of U.S. interest rates, particularly since the majority of our investments are in short-term instruments. Due to the nature of our short-term investments, we have concluded that there is no material market risk exposure.

We are a leader in the design and development of proprietary, analog-intensive, mixed-signal integrated circuits, or ICs, for the rapidly growing global communications industry. Mixed-signal ICs are electronic components that are capable of processing both digital signals and real-world analog signals, such as sound and radio waves. Therefore, mixed-signal ICs are critical components of numerous communications products, including cellular phones, cable and satellite set-top boxes, modems and fax machines. To develop our business rapidly, we initially focused our efforts on developing IC solutions for the personal computer modem market. We are now applying our mixed-signal and communications expertise to the development of IC solutions for other high growth communications devices such as cellular telephones and network access applications. Our world-class, mixed-signal design engineers use standard complementary metal oxide semiconductor, or CMOS, technology to create innovative IC solutions that can dramatically reduce the cost, size and system power requirements of devices that our customers sell to their end-user customers. Our expertise in analog CMOS and mixed-signal IC design allows us to develop new and innovative products rapidly, which enables our customers to improve their time-to-market with end products that respond to consumer demand in the communications industry. Our significant customers include Intel, Lucent, Motorola, PC-Tel, SmartLink and 3Com.

INDUSTRY BACKGROUND

According to Dataquest, the overall worldwide analog and mixed-signal IC market, which includes as a subset the mixed-signal communications IC markets that we target, surpassed $21.2 billion in 1998 and is expected to grow to more than $39.1 billion by 2003. This growth is being driven in part by the demand for communications services, which has increased at a rapid rate in recent years due to a number of factors, including the growth of Internet usage, development of new communications technologies, availability of improved communications services at lower costs and remote access requirements for corporate networks. This demand has fueled tremendous growth in the number of wireless and wireline communications devices used to access these services. For example, in wireless markets, the demand for cellular phones and other wireless devices, such as pagers and personal digital assistants, has grown rapidly as digital wireless services have become increasingly popular and affordable. In wireline markets, demand has increased for communications capabilities in a wide range of products, including personal computers, cable set-top boxes, fax machines, credit card verification machines, automated teller machines and remote gaming systems.

Digital communications devices typically require mixed-signal circuits that provide analog-to-digital functionality to access the communications networks to which they are connected. Traditional designs for communications devices have used mixed-signal circuits built with numerous discrete analog and digital components. While these traditional designs provide the required functionality, they can be inefficient and inadequate for use in markets where size, price and performance are increasingly important product differentiators. In order to improve their competitive position, communications device manufacturers need advanced mixed-signal IC solutions that reduce the number of discrete components and required board space to create smaller products with improved price/performance characteristics. Additionally, these manufacturers require programmable ICs that can be reconfigured to comply with numerous and constantly evolving international communications standards without altering the fundamental design of a product.

Manufacturers of communications devices face accelerating time-to-market demands and must adapt to evolving industry standards and new technologies. Because analog-intensive, mixed-signal IC design expertise is difficult to find, these manufacturers increasingly are turning to third parties to provide advanced mixed-signal IC solutions. Designing the analog component of a mixed-signal IC involves great complexity and difficulty, because the performance of an analog IC depends on the creative analog expertise of engineers to maximize speed, power, amplitude and resolution within the constraints of standard manufacturing processes. The development of analog design expertise typically requires years of

practical analog design experience under the guidance of a senior engineer, and engineers with the required level of skill and expertise are in short supply. Many third-party IC providers lack sufficient analog expertise to develop compelling mixed-signal IC solutions. As a result, manufacturers of communications devices are often faced with inadequate mixed-signal solutions and are challenged to find third-party providers that can supply them with mixed-signal ICs with greater functionality, smaller size and lower power requirements all at a reduced cost and time-to-market.

THE SILICON LABORATORIES SOLUTION

Our engineers apply their expertise in analog and mixed-signal IC design to create analog-intensive, mixed-signal IC solutions that communications device manufacturers use in numerous leading-edge applications. We combine this analog and mixed-signal expertise with standard CMOS manufacturing process technology to develop innovative mixed-signal IC solutions for our customers. We are a fabless semiconductor company and rely on leading semiconductor foundries to produce our IC solutions, which allows us to focus our resources on enhancing and extending our core design capabilities.

Our IC solutions provide our customers with the following benefits:

DRAMATICALLY IMPROVED SIZE AND PRICE/PERFORMANCE CHARACTERISTICS. Our solutions are highly integrated, typically replacing existing alternatives that use multiple costly discrete components, and use standard CMOS manufacturing process technology, which typically is less expensive than other competing technologies. As a result, we can offer competitively priced solutions that allow our customers to reduce the number of discrete components used in their products while offering increased reliability, lower power consumption, and smaller sizes. Additionally, some of our IC solutions can be programmed to accommodate emerging and differing global standards.

IMPROVED TIME-TO-MARKET. We enable our customers to rapidly meet the demand for their end-user communications devices by providing them with outsourced mixed-signal solutions that incorporate our industry-leading designs. Because we design our IC solutions to be integrated into the products of multiple manufacturers and we conduct extensive research and development to ensure that our products conform to evolving technical standards, our customers are able to quickly integrate our solutions into their designs. By reducing the number of discrete components, our customers can also reduce the number of outside suppliers required for their products. As a result, our customers can reduce the time-to-market for their end-user communications devices. Furthermore, our IC solutions are tested prior to customer delivery to ensure their compliance with applicable specifications of the Federal Communications Commission, or FCC, and international regulators, minimizing complications and delays for our customers throughout their internal testing process.

ATTRACTIVE NEW PRODUCT OPPORTUNITIES. Our space-saving and cost-efficient IC solutions allow our customers to create smaller and more cost-effective products for use in numerous emerging communications markets. Our IC solutions provide enhanced communication capabilities at lower costs and with smaller form factors for numerous evolving applications, including cellular communications, Internet telephony and remote monitoring systems. For example, due to the dramatically reduced size and cost of our silicon DAA IC solutions, our customers are able to cost-effectively incorporate modems into multiple new applications such as remote gaming systems, smart vending machines and set-top boxes.

STRATEGY

Our objective is to be a leading supplier of proprietary analog-intensive mixed-signal IC solutions for the communications industry. To achieve this goal, we are pursuing the following strategies:

TARGET MULTIPLE HIGH-GROWTH COMMUNICATIONS MARKETS. We intend to continue to identify large and sustainable opportunities in emerging high-growth communications markets and develop mixed-signal IC solutions that address the needs of suppliers of communications devices in those markets. We strive to

develop creative IC solutions that require complex analog design in order to address opportunities with high revenue and profit potential and relatively long life-cycles. Our core technological capabilities were initially focused on the PC modem market and we are currently applying these capabilities to expand into other high growth communications markets such as cellular phones, set-top boxes, central office lines, interactive gaming systems and personal digital assistants.

LEVERAGE OUR EXISTING DESIGNS TO OFFER COMPELLING SOLUTIONS. We consider our ability to leverage our proprietary IC designs a competitive advantage. Many of our designs are reusable in the development of new mixed-signal solutions. By leveraging these designs and our extensive experience, we are able to rapidly introduce new analog-intensive, mixed-signal IC solutions that are smaller in size and require less power in the final device than traditional solutions. We enable our customers to reduce production costs, board space and the number of processes required for the manufacture of their devices while improving yields, performance and reliability. For example, our silicon direct access arrangement solution was introduced in 1998, and has already been modified for use in our ISOmodems and adapted for use with our voice codec solutions. We intend to continue to use our existing IC designs and methodologies as building blocks for new IC solutions to rapidly address new and emerging market opportunities.

ATTRACT AND RETAIN TOP MIXED-SIGNAL TECHNICAL TALENT. We are committed to recruiting and retaining technical personnel who possess the expertise necessary to identify compelling market opportunities for highly innovative mixed-signal ICs and to design, develop and market these IC solutions to capitalize on those opportunities. We believe we have assembled a world-class team of engineers with the exceptional analog design expertise required to provide our customers with solutions that offer superior price/ performance characteristics. We believe our senior engineer expertise, combined with our focus on leading-edge technology and innovative solutions to complex problems, enhances our attractive and highly stimulating collaborative work environment. We believe this appealing work environment provides us with a competitive advantage in recruiting. We intend to continue to promote this attractive work environment and to offer competitive compensation to attract and retain the best mixed-signal IC technical talent available.

CAPITALIZE ON STANDARD MANUFACTURING PROCESSES AND FABLESS SEMICONDUCTOR MODEL. High volume CMOS manufacturing process technology is widely available at semiconductor foundries around the world. We intend to continue to utilize standard CMOS manufacturing process technology to develop advanced mixed-signal IC solutions that can be reliably manufactured in volume and decrease the time-to-market of our new products at a significant cost advantage. Our fabless model allows us to focus our resources on the development of proprietary and innovative mixed-signal designs, while minimizing capital and operating infrastructure requirements.

EXTEND TECHNOLOGICAL LEADERSHIP. We believe that we have established a reputation as a technological leader in the design and development of analog-intensive mixed-signal ICs. We are actively extending our intellectual property position by aggressively investing in research and development and utilizing our mixed-signal expertise to create innovative IC solutions. We currently hold one U.S. patent, with 56 U.S. patent applications pending, and we continue to actively pursue the filing of additional patent applications to cover our intellectual property advancements. We intend to leverage our talent pool of engineers, and continue to invest significant resources in recruiting and developing expertise in mixed-signal IC design to extend our proprietary intellectual property portfolio.

EXPAND GLOBAL SALES EFFORTS. We plan to aggressively pursue a global multi-channel distribution strategy. We believe there are significant international opportunities for both our wireline and wireless IC solutions and we intend to continue to expand our global marketing and distribution efforts to address the range of markets and applications for our innovative mixed-signal solutions. While substantially all of our sales in fiscal 1999 were made to customers based in the United States, we intend to increase our international sales through our international direct sales office and our network of independent sales representatives and distributors.

PRODUCTS

We provide mixed-signal ICs for use in both wireline and wireless communications devices and applications. Our products integrate the numerous discrete components required by most existing mixed-signal circuits for communications devices into single chips or chipsets. By doing so, we are able to create products that:

- require less board space;
- can offer superior performance;
- provide increased reliability;
- reduce system power requirements; and
- reduce costs.

WIRELINE PRODUCTS

Many of our wireline products are designed for use in analog modems, which enable the transmission of digital data signals over wireline telephone networks and are used in the vast majority of Internet connections. Three fundamental components of the modem provide the requisite functionality: software algorithms; a direct access arrangement, or DAA; and an analog/digital converter, or codec. Complex software algorithms mitigate the impairments found in the telephone network, such as noise interference and echoes. Since the telephone lines fundamentally transmit analog signals, and computers use digital transmissions, modems require analog-to-digital and digital-to-analog converters, or coders/decoders, that are referred to as codecs. A modem transmits analog signals from a codec to the telephone line through a DAA. We offer a variety of modem products which include the DAA and codec functions and which are software programmable to meet international regulatory specifications.

- DAA. Government regulation requires electrical isolation between the telephone line and the local electrical power system. Isolation is required for safety, superior sound quality, and to prevent harm to the telephone network from electrical surges. With the introduction of telecommunications deregulation, consumers were allowed to connect directly to the telephone network. However, they were required to use a device that met FCC part 68 specifications, which govern all electronic products sold in the United States intended for connection to the telephone network. Traditional DAA solutions met FCC requirements, but were designed inefficiently and contained a variety of discrete components. Our silicon DAA is the first to integrate the bulky transformer, relays, and opto-isolators traditionally found in a modem's isolation circuitry, and achieve FCC part 68 compliance. We were able to design our solution in CMOS, creating a DAA solution with attractive process characteristics for our customers. Our DAA solution is lower in cost, uses substantially less board space than alternative solutions, and is programmable to meet international standards.

- CODEC. Traditionally, analog modems included specialized hardware chips known as a digital signal processor, or DSP, which contained a modem's software algorithms. The DSP is typically the most expensive hardware component in traditional analog modems. In an effort to reduce costs, a new generation of modems, known as soft modems, has evolved which enable the main microprocessor in a personal computer to run the software algorithms, thus eliminating the need for a DSP chip. The software modem's digital interface between the codec and the personal computer in a soft modem can take one of two forms. The first and most popular is the PCI interface standard. Soft modems using a PCI interface typically require an additional chip to make the digital codec interface compatible with a PCI interface. Alternatively, the MC-97, a new modem interface standard promoted by Intel, eliminates the need for this additional chip. With an MC-97 compliant codec, soft modem hardware can interface directly with a microprocessor, further reducing costs.

Our DAA products, which include codecs, can be used with either the PCI or MC-97 interface standards.

We also design innovative products for network access applications. In January 2000, we announced the ProSLIC, our first solution targeting this market.

- SUBSCRIBER LINE INTERFACE CIRCUIT, OR SLIC. SLICs provide the analog telephone interface on the source end of the telephone line. The primary functions of a SLIC are to ring and provide power and signaling (such as caller ID, dial tone and busy tone) to the telephone. Traditionally, SLICs have been produced with an expensive high voltage IC accompanied by a CMOS codec IC and requiring as many as five voltage sources. Our ProSLIC has been designed as one integrated CMOS chip, eliminating the need for a high voltage IC and requiring only two voltage sources. The result is a smaller, more reliable and less expensive solution.

The following table summarizes the IC solutions for the wireline market that we currently offer to customers:

WIRELINE PRODUCTS (INTRODUCTION DATE)	DESCRIPTION	APPLICATIONS
Direct Access Arrangement (DAA) (First Quarter 1998)	Provides both the functionality of a DAA and a codec. A DAA provides electrical isolation between a wireline device, such as a modem, and the telephone line to guard against power surges in the telephone line, while a codec provides analog-to-digital and digital-to-analog conversion. Traditional DAA products contain as many as 35 discrete components to provide functionality comparable to that which we provide in a single chipset.	- personal computer modems - fax machines - host modems - phone-line interface systems - handheld organizers - set-top boxes
International DAA (Third Quarter 1998)	Provides the same functionality as our DAA, but is programmable for differing international telephone standards, which enables manufacturers to distribute their products globally without costly country-specific design modifications.	- same as DAA
MC-97 International DAA (First Quarter 1999)	Provides the same functionality as our International DAA, but features a MC-97 (Modem Codec 97) interface.	- personal computer modems - embedded modems
Voice Codec (Second Quarter 1999)	Encodes analog signals within the voice frequency range into digital signals and decodes digital voice signals back into analog signals. When combined with the DAA chipset, the Voice Codec permits voice communications to be digitized and carried simultaneously with data traffic.	- data/fax/voice modems - speaker phones - fax machines - voice recognition systems - Web telephony products - video conferencing systems

WIRELINE PRODUCTS (INTRODUCTION DESCRIPTIONTE)		APPLICATIONS
ISOmodem (Third Quarter 1999)	The ISOmodem is a miniaturized modem that uses our DAA technology and operates at a speed of up to 2400 bits per second. The ISOmodem is designed to provide quick network access for devices with limited data transmission requirements. For such devices, a low access transmission speed of 2400 bits per second is generally sufficient to sustain performance while also providing more rapid connect times. The ISOmodem contains a programmable line interface that meets global telephone line requirements.	- credit card verification systems - set-top boxes - smart vending machines - pay-per-view systems - postage meters - pay phones - industrial power meters - security systems
ProSLIC (1st Quarter 2000)	The ProSLIC provides the analog telephone interface on the source end of the telephone which provides dial tone, busy tone, caller ID and ring signal. It is programmable to meet international telephone standards, which enables manufacturers to distribute their products globally without costly country-specific design modifications. Our ProSLIC solution is currently designed for short-haul applications.	- PBX systems - cable telephony - wireless local loop applications - voice over Internet protocol - digital broadband to analog telephone adapters - voice over digital subscriber lines

WIRELESS PRODUCTS

A variety of cellular communications standards are employed around the world. The most popular standard used today is the Global System for Mobile Communications, or GSM, standard, which was first deployed in Europe and is now available in several countries throughout the world. Manufacturers continue to introduce new cellular phone models that offer smaller form factors and longer battery life at lower costs. These market dynamics drive a need for new highly integrated electronics that reduce component count and consume less power. Our products are designed to serve this need.

The following table summarizes the IC solutions for the wireless market that we currently offer to customers:

WIRELESS PRODUCTS (INTRODUCTION DATE)	DESCRIPTION	APPLICATIONS
RF Synthesizer for General Application (Fourth Quarter 1999)	A frequency synthesizer generates high fidelity frequency signals that are used in wireless communications systems to select a particular radio channel. Existing frequency synthesizers contain discrete voltage control modules and as many as 30 discrete electronic components to provide functionality comparable to what we provide in a monolithic IC. Our general purpose synthesizer can be programmed to address multiple wireless communications applications.	- wireless local area networking - wireless modems - wireless meter readers - handheld point-of-sale terminals
RF Synthesizer for GSM (Fourth Quarter 1999)	Provides the same functionality as the RF Synthesizer for General Application but has been optimized for cellular phones operating on the GSM standard. This synthesizer is capable of providing dual-band synthesis and very fast settling times, allowing the phone to quickly lock to a desired channel. This RF synthesizer is compatible with General Packet Radio Service, or GPRS standard, which is the data communications protocol employed by the GSM standard. GPRS brings wireless Internet access to GSM users through data transfer and signaling over GSM radio networks.	- GSM cellular phones - GPRS data communications devices

CUSTOMERS, SALES AND MARKETING

We market our products to original equipment manufacturers and other solutions providers for applications in both the wireline and wireless communications markets. The following is a list of customers that have purchased our solutions and incorporated them into products or devices offered to their customers:

Ambient	Motorola	3Com
Intel	PC-Tel	Topic
Lucent	SmartLink	Zyxel

To date, we have sold substantially all of our IC solutions through our direct sales force. We maintain three sales offices in North America and conduct European direct sales through our United Kingdom subsidiary. Our direct sales force includes regional sales managers in the field and area business managers at our headquarters to further support customer communications. Many of these managers have engineering degrees. Our password-protected field sales organization Web site, which includes technical documentation, backlog information, order status, product availability and new product introduction information, supports communications with our field sales organization. Additionally, we provide direct communication to all field sales personnel as part of a structured sales communications program.

We also utilize independent sales representatives and distributors to generate sales of our products. We have relationships with many independent sales representatives and distributors worldwide whom we have selected based on their understanding of the mixed-signal IC marketplace and their ability to provide effective field sales support for our products. To date, sales to these representatives and distributors have accounted for a small portion of our sales.

Our marketing efforts are targeted at both identified industry leaders and emerging market participants. Marketing activities are supported by a focused communications effort that targets editorial coverage in leading trade and business publications. Our external Web site includes data sheets and supporting product information, press releases and a company overview. These activities, in conjunction with customer contacts, help prompt requests for evaluation boards and sample products, which are fulfilled through our corporate headquarters as an integrated part of our sales efforts.

Due to the complex and innovative nature of our IC solutions, we employ experienced applications engineers who work closely with each customer to support the design-win process, and can significantly accelerate the customer's time-to-market. A design-win occurs when a customer has designed our IC solution into its product architecture. A considerable amount of effort to assist the customer in incorporating our IC solutions into its products typically is required prior to any sale. In many cases, our innovative IC solutions require significantly different implementations than existing approaches and, therefore, successful implementations may require extensive communication with potential customers. The amount of time required to achieve a design-win can vary substantially depending on a customer's development cycle, which can be relatively short (such as three months) or very long (such as two years) based on a wide variety of customer factors. Due to this extensive design-win process, once a completed design architecture has been implemented and produced in high volumes, our customers are reluctant to significantly alter their designs. We believe this promotes relatively long product life cycles for our ICs and high barriers to entry for competitive products, even at lower price levels for such competing products. Finally, our close collaboration with our customers provides us with knowledge of derivative product ideas or completely new product line offerings that may not otherwise arise in other new product discussions.

RESEARCH AND DEVELOPMENT

Through our research and development efforts, we apply our world-class analog and mixed-signal engineering talent and expertise to create new IC solutions that integrate functions typically performed inefficiently by multiple discrete components. This integration generally results in lower costs, smaller die sizes, lower power demands and enhanced price/performance characteristics. We attempt to reuse successful techniques for integration in new applications where similar benefits can be realized. Reliable and precise analog and mixed-signal IC solutions can only be developed by teams of engineers under the direction of senior engineers with significant analog experience who are familiar with the intricacies of designing these ICs for commercial volume production. The development of test methodologies is a critical activity in releasing a new product for commercial success. We believe that we have attracted some of the best engineers in our industry. As of January 1, 2000, we had 62 employees involved in research and development.

TECHNOLOGY

Our product development process facilitates the design of highly innovative mixed-signal IC solutions. Our senior engineers start the product development process by forming an understanding of our customers' products and then design alternatives for decreasing power, size and cost requirements. Our engineers' deep knowledge of existing and emerging communications standards and performance requirements help us to assess the technical feasibility of a particular IC solution. We target solutions where Silicon Laboratories can provide compelling product improvements. Once we have solved the primary challenges, our field engineers continue to work closely with our customers' design teams to maintain and develop an understanding of our customers' needs, allowing us to formulate derivative products and features.

In providing mixed-signal solutions for our customers, we believe our key competitive advantages are: (1) analog CMOS design expertise; (2) digital signal processing design expertise; and (3) our broad

understanding of communication systems technology and trends. To fully capitalize on these advantages, we have assembled a world-class development team with exceptional analog and mixed-signal design expertise led by accomplished senior engineers.

ANALOG CMOS DESIGN EXPERTISE

We believe that our most significant core competency is our world-class analog design capability. Additionally, we strive to design all of our IC solutions in CMOS processes. There are several modern process technologies for manufacturing semiconductors including CMOS, Bipolar, BiCMOS, silicon germanium and gallium arsenide. While it is significantly more difficult to design analog ICs in CMOS, CMOS provides multiple benefits versus existing alternatives including significantly reduced cost, reduced technology risk and greater worldwide foundry capacity. CMOS is the most commonly used process technology for manufacturing digital ICs and as a result is most likely to be used for the manufacturing of ICs with finer line geometries, which enable smaller and faster IC solutions. By designing our ICs in CMOS, we enable our solutions to benefit from this trend towards finer line geometries, which lowers the cost of the digital circuitry in our solutions.

Designing analog ICs is significantly more complicated than designing digital ICs. While advanced software tools exist to help automate digital IC design, there are far fewer tools for advanced analog IC design. In many cases, our pioneering efforts in analog circuit design begin at the fundamental transistor level. We believe that we have a demonstrated ability to design the most difficult analog and RF circuits using standard CMOS technologies. For example, our DAA product family replaces expensive, discrete modem components, such as transformers, relays and opto-isolators, with highly integrated CMOS mixed-signal IC solutions. Similarly, expensive cellular phone components such as oscillators are replaced by our integrated CMOS frequency synthesizer products.

DIGITAL SIGNAL PROCESSING DESIGN EXPERTISE

We consider the partitioning of a circuit's functionality to be a proprietary and creative design technique. Our digital signal processing design expertise maximizes the price/performance characteristics of both the analog and digital functions and allows our ICs to work in an optimized manner to accomplish particular tasks. Generally, we surround core analog circuitry with inexpensive digital CMOS transistors, which allows our ICs to perform the required analog functions with increased digital capabilities. For example, our ProSLIC product is designed to function more efficiently than traditional solutions for the source end of the telephone line which involve a two chip combination requiring more board space and numerous external components. The ProSLIC product is partitioned by combining a core analog design that provides analog-to-digital conversion and digital-to-analog conversion with optimized digital signal processing functions such as data compression, data expansion, filtering and tone generation. In this manner, we can isolate the higher voltage required to ring a telephone in low-cost, off-chip high voltage transistors, thereby enabling us to fulfill the remaining core functions with a single chip.

UNDERSTANDING OF COMMUNICATION SYSTEMS TECHNOLOGY AND TRENDS

Our expertise and focus on communications IC solutions is rooted in our founders' previous experience at AT&T Bell Labs working in CMOS design for communications applications. This expertise, which we consider a competitive advantage, is the foundation of our in-depth understanding of the technology and trends that impact communications systems and markets. Therefore, we believe we have a unique ability to predict product evolution and design compelling IC solutions for communications manufacturers. Our understanding of the role of analog/digital interfaces within communications systems and the key domestic and international telecommunications standards that must be supported are particular areas of expertise.

MANUFACTURING

As a fabless IC manufacturer, we conduct IC design and development in our facilities in the United States and electronically transfer our proprietary IC designs to third-party semiconductor fabricators who process silicon wafers to produce the ICs that we design. Our IC designs use industry-standard complementary metal oxide semiconductor, or CMOS, manufacturing process technology to achieve a

level of performance normally associated with more expensive special purpose IC fabrication technology. We believe the use of CMOS technology facilitates the rapid production of our IC solutions within a lower cost framework. Our IC production employs submicron process geometries which are readily available from leading foundry suppliers worldwide, thus ensuring the availability of manufacturing capability over our products' life cycles. We currently rely solely on Taiwan Semiconductor Manufacturing Co. to manufacture all of our semiconductor wafers. We are in the process of qualifying Vanguard International Semiconductor, an affiliate of Taiwan Semiconductor Manufacturing Co., as an additional semiconductor fabricator and such qualification is not complete. In anticipation of successfully qualifying Vanguard, Vanguard is currently producing a majority of our current work in progress.

Once the silicon wafers have been produced, they are shipped directly to our third-party assembly subcontractors. The assembled ICs are then forwarded for final testing, either at our facilities or through outsourced testing vendors, prior to shipping to our customers. We believe that our fabless manufacturing model significantly reduces our capital requirements and allows us to focus our resources on the design, development and marketing of our IC solutions.

COMPETITION

The markets for semiconductors generally, and for analog and mixed-signal ICs in particular, are intensely competitive. We believe the principal competitive factors in our industry are:

- level of integration;
- product capabilities;
- reliability;
- price;
- intellectual property;
- customer support;
- reputation; and
- time-to-market.

We anticipate that the market for our products will continually evolve and will be subject to rapid technological change. In addition, as we target and supply products to numerous wireline and wireless communications markets and applications, we face competition from a relatively large number of competitors. Across our product offerings, we compete with Advanced Micro Devices, Analog Devices, Conexant, Delta Integration, Fujitsu, Infineon Technologies, Krypton Isolation, National Semiconductor, Philips and Texas Instruments, among others. We expect to face competition in the future from our current competitors, other manufacturers and designers of semiconductors, and innovative start-up semiconductor design companies. In addition, our customers could develop products or technologies internally that would replace their need for our products and would become a source of competition. As the markets for communications products grow, we also may face competition from traditional communication device companies. These companies may enter the mixed-signal semiconductor market by introducing their own products, including components within their products that would eliminate the need for our IC solutions, or entering into strategic relationships with or acquiring other existing IC providers.

Many of our competitors and potential competitors have longer operating histories, greater name recognition, access to larger customer bases and significantly greater financial, sales and marketing, manufacturing, distribution, technical and other resources than us. Current and potential competitors have established or may establish financial and strategic relationships between themselves or with existing or potential customers, resellers or other third parties. Accordingly, it is possible that new competitors or alliances among competitors could emerge and rapidly acquire significant market share.

INTELLECTUAL PROPERTY

Our future success depends in part upon our proprietary technology. We seek to protect our technology through a combination of patents, copyrights, trade secrets, trademarks and confidentiality procedures. As of January 1, 2000, we had been granted one United States patent in the IC field. We have also filed 56 additional U.S. patent applications. There can be no assurance that patents will ever be issued for these applications. Furthermore, it is possible that any patents held by us may be invalidated,

circumvented, challenged or licensed to others. In addition, there can be no assurance that such patents will provide us with competitive advantages or adequately safeguard our proprietary rights.

In addition, we claim copyright protection for proprietary documentation used in our products. We register the visual image of each IC that we manufacture in commercial quantities with the United States Copyright Office. We have registered the Silicon Laboratories logo as a trademark in the United States. All other trademarks, service marks or trade names appearing in this prospectus are the property of their respective owners. We also attempt to protect our trade secrets and other proprietary information through agreements with our customers, suppliers, employees and consultants, and through other security measures. We intend to protect our rights vigorously, but there can be no assurance that our efforts will be successful. In addition, the laws of certain countries in which our products are sold may not protect our products and intellectual property rights to the same extent as the laws of the United States.

While our ability to effectively compete depends in large part on our ability to protect our intellectual property, we believe that our technical expertise and ability to introduce new products in a timely manner will be an important factor in maintaining our competitive position.

Many participants in the semiconductor and communications industries have a significant number of patents and have frequently demonstrated a readiness to commence litigation based on allegations of patent and other intellectual property infringement. From time to time, third parties may assert infringement claims against us. We may not prevail in any such litigation or may not be able to license any valid and infringed patents from third parties on commercially reasonable terms, if at all. Litigation, regardless of the outcome, is likely to result in substantial cost and diversion of our resources, including our management's time. Any such litigation could materially adversely affect us.

EMPLOYEES

As of January 1, 2000, we employed 148 people, including 34 in manufacturing, 62 in engineering development, 30 in marketing, 12 in sales and 10 in administration. Our success depends on the continued service of our key technical and senior management personnel and on our ability to continue to attract, retain and motivate highly skilled analog and mixed-signal engineers. The competition for such personnel is intense. We have never had a work stoppage and none of our employees are represented by a labor organization. We consider our employee relations to be good.

FACILITIES

Our main executive, administrative and technical offices occupy approximately 37,800 square feet in Austin, Texas under a lease that expires in April 2006, with one five year renewal option. We have an additional lease commitment in Austin, Texas for supplemental office space for approximately 34,000 square feet with expected occupancy to commence in February 2000. This lease's term is for 76 months after initial occupancy with one five year renewal option. We believe that these facilities are sufficient to meet our needs through December 2000. We also lease sales offices in Atlanta, Georgia and San Jose, California.

LEGAL PROCEEDINGS

On January 12, 2000, we filed a lawsuit against Analog Devices and 3Com in the United States District Court for the Western District of Texas (Austin Division). The complaint asserts that Analog Devices has infringed, and is continuing to infringe, our U.S. Patent 5,870,046, entitled "Analog Isolation System With Digital Communication Across A Capacitive Barrier," by making, using, selling, offering to sell and/or importing silicon DAAs that embody or use inventions claimed by our patent. The complaint also asserts, among other things, that Analog Devices and 3Com have misappropriated our confidential information, know-how and trade secrets relating to our DAA technology, tortiously interfered with our business relations with our existing and prospective customers, and been unjustly enriched by this misappropriation. The suit seeks unspecified damages from Analog Devices, including damages for willful infringement of our patent, and an injunction prohibiting Analog Devices from infringing our patent. In

addition, the suit seeks unspecified damages, including punitive damages and attorneys' fees arising, among other things, out of the misappropriation, tortious interference and unjust enrichment, and an injunction prohibiting designing, manufacturing, reproducing, using or selling any ICs, modems or other products the conception, design or development of which was based on our confidential information, know-how and trade secrets. Analog Devices and 3Com have not yet filed responses to this lawsuit. For a description of risks associated with this pending lawsuit, please see "Risk Factors--We depend on a limited number of customers for the vast majority of our sales, and the loss of, or a significant reduction in orders from, any key customer could significantly reduce our sales" and "--Significant litigation over intellectual property in our industry may cause us to become involved in costly and lengthy litigation which could seriously harm our business."

We are not currently involved in any other material legal proceedings.

EXECUTIVE OFFICERS AND DIRECTORS

Set forth below is certain information regarding the executive officers and directors of Silicon Laboratories as of January 1, 2000.

NAME	AGE	POSITION
Navdeep S. Sooch	37	Chief Executive Officer and Chairman of the Board
Jeffrey W. Scott	38	Vice President of Engineering and Director
David R. Welland	44	Vice President of Technology and Director
John W. McGovern	44	Vice President and Chief Financial Officer
Bradley J. Fluke	38	Vice President/General Manager Wireline Products Division
Edmund G. Healy	45	Vice President/General Manager Wireless Products Division
Gary R. Gay	49	Vice President of Sales
Jonathan D. Ivester	44	Vice President of Operations
William P. Wood	44	Director
H. Berry Cash	61	Director

NAVDEEP S. SOOCH co-founded Silicon Laboratories in August 1996 and has served as our Chief Executive Officer and Chairman of the Board since its inception. From March 1985 until founding Silicon Laboratories, Mr. Sooch held various positions at Crystal Semiconductor/Cirrus Logic, a designer and manufacturer of integrated circuits, including Vice President of Engineering, as well as Product Planning Manager of Strategic Marketing and Design Engineer. From May 1982 to March 1985, Mr. Sooch was a Design Engineer with AT&T Bell Labs, a communications company. Mr. Sooch holds a B.S. in electrical engineering from the University of Michigan and a M.S. in electrical engineering from Stanford University.

JEFFREY W. SCOTT co-founded Silicon Laboratories in August 1996 and has served as our Vice President of Engineering and as a director since its inception. From October 1989 until founding Silicon Laboratories, Mr. Scott held various positions at Crystal Semiconductor/Cirrus Logic, including Vice President of Engineering (Computer Products), Design Manager and Design Engineer. From 1985 until 1989, Mr. Scott served as a Design Engineer with AT&T Bell Labs. Mr. Scott holds a B.S. in electrical engineering from Lehigh University and a M.S. in electrical engineering from the Massachusetts Institute of Technology.

DAVID R. WELLAND co-founded Silicon Laboratories in August 1996 and has served as our Vice President of Technology and as a director since its inception. From November 1991 until founding Silicon Laboratories, Mr. Welland held various positions at Crystal Semiconductor/Cirrus Logic, including Senior Design Engineer. Mr. Welland holds a B.S. in electrical engineering from the Massachusetts Institute of Technology.

JOHN W. MCGOVERN joined Silicon Laboratories in December 1996 as our Vice President and Chief Financial Officer. From February 1985 to September 1996, Mr. McGovern held various positions at Crystal Semiconductor/Cirrus Logic including Vice President of Finance and Division Controller. Mr. McGovern holds a B.B.A. in accounting from the University of Texas and is a licensed Certified Public Accountant.

BRADLEY J. FLUKE has served as our Vice President and General Manager of our Wireline Products Division since January 1999 and as our Vice President of Marketing from April 1997 to December 1998. Previously, he served as the Director of Marketing of the Computer Products Division of Crystal Semiconductor/Cirrus Logic from June 1990 to April 1997. From 1984 to 1990, Mr. Fluke held various marketing positions in the Data Converter Group for Analog Devices, a designer and manufacturer of

integrated circuits. Mr. Fluke holds a B.S. in electrical engineering from the Rochester Institute of Technology.

EDMUND G. HEALY has served as Vice President and General Manager of our Wireless Products Division since June 1998. From September 1992 to June 1998, Mr. Healy worked as General Manager of the Magnetic Storage Division at Crystal Semiconductor/Cirrus Logic. Mr. Healy held various Senior Marketing and Product Planning positions for Zilog, a designer and manufacturer of application specific standard products, and GEC Plessey Semiconductor, from 1987 to 1992. From 1983 to 1987, Mr. Healy was an Assistant Professor of Electrical Engineering at the United States Military Academy after serving as an Infantry Officer from 1976 to 1981. Mr. Healy holds a B.S. in electrical engineering from the United States Military Academy, a M.S. in electrical engineering from Georgia Institute of Technology and a M.S. in management from Stanford University.

GARY R. GAY joined Silicon Laboratories in October 1997 as our Vice President of Sales. Previously, Mr. Gay was with Crystal Semiconductor/Cirrus Logic from 1985 to September 1997 where he most recently served as Vice President of North American Sales. From 1979 to 1985, Mr. Gay was International Sales Manager and Asia Pacific Sales Manager with Burr-Brown Corporation, a designer and manufacturer of semiconductor components. Mr. Gay holds a B.S. in electrical engineering from the Rochester Institute of Technology.

JONATHAN D. IVESTER joined Silicon Laboratories in September 1997 as Vice President of Manufacturing. From March 1992 to September 1997, Mr. Ivester was with Applied Materials and served as Director of Manufacturing and Director of U.S. Procurement in addition to various engineering management positions. Mr. Ivester was a scientist at Bechtel Corporation, an engineering and construction company, from 1980 to 1982 and at Abcor, Inc., an ultrafiltration company and subsidiary of Koch Industries, from 1978 to 1980. Mr. Ivester holds a B.S. in chemistry from the Massachusetts Institute of Technology and a M.B.A. from Stanford University.

WILLIAM P. WOOD has served as a director of Silicon Laboratories since March 1997. Since 1984, Mr. Wood has been a general partner, and for funds created since 1996, a special limited partner, of various funds associated with Austin Ventures, a venture capital firm located in Austin, Texas. Mr. Wood serves on the board of directors of Crossroads Systems, a provider of storage routers for storage area networks, and several private companies. Mr. Wood holds an A.B. in history from Brown University and a M.B.A. from Harvard University.

H. BERRY CASH has served as a director of Silicon Laboratories since June 1997. Mr. Cash has served as general partner of InterWest Partners, a venture capital firm, since 1986. Mr. Cash currently serves on the board of directors of the following public companies: AMX Corporation, a manufacturer of remote control systems; Ciena Corporation, a designer and manufacturer of multiplexing systems for fiber optic networks; and Liberte Investors Inc., an investment company. In addition, Mr. Cash is a director of several privately held companies. Mr. Cash holds a B.S. in electrical engineering from Texas A&M University and a M.B.A. from Western Michigan University.

CLASSIFIED BOARD OF DIRECTORS

At the first annual meeting of stockholders following the closing of our initial public offering, our board of directors will be divided into three classes of directors, as nearly equal in size as is practicable, to serve staggered three-year terms:

- Class I, whose term will expire at the annual meeting of stockholders to be held in 2002;

- Class II, whose term will expire at the annual meeting of stockholders to be held in 2003; and

- Class III, whose term will expire at the annual meeting of stockholders to be held in 2004.

Upon expiration of the term of a class of directors, directors for that class will be elected for three-year terms at the annual meeting of stockholders in the year in which such term expires. Each director's term is subject to the election and qualification of his successor, or his earlier death, resignation or removal.

COMMITTEES OF THE BOARD OF DIRECTORS

Our board of directors established an audit committee in March 1999. The members of the audit committee are Messrs. Wood and Cash. The audit committee reports to the board of directors with regard to the selection of our independent auditors, the scope and methods of our annual audits, the fees to be paid to the independent auditors, the performance of our independent auditors, compliance with our accounting and financial policies, and management's procedures and policies relative to the adequacy of our internal accounting controls.

Our board of directors established a compensation committee in December 1998. The members of the compensation committee are Messrs. Sooch, Wood and Cash. The compensation committee reviews and makes recommendations to the board regarding our compensation policies and all forms of compensation to be provided to our executive officers and certain other employees. In addition, the compensation committee has authority to administer our stock option and stock purchase plans. Prior to this offering, the entire board of directors administered our stock option plan.

DIRECTOR COMPENSATION

Non-employee directors will receive option grants at periodic intervals under the automatic option grant program of our 2000 Stock Incentive Plan, and non-employee directors will be eligible to receive option grants under the discretionary option grant program of that plan. We reimburse directors for all reasonable out-of-pocket expenses incurred in attending meetings of the board of directors.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

None of our executive officers serves as a member of the board of directors or compensation committee of any entity that has one or more of its executive officers serving as a member of our board of directors or compensation committee. Of the members of the compensation committee, Mr. Sooch has served as our Chief Executive Officer and Chairman of the Board since August 1996 and neither Mr. Wood nor Mr. Cash serves or has previously served as an officer or employee of Silicon Laboratories. For a description of investments in our company made by Mr. Wood and Mr. Cash, and their respective affiliates, see "Certain Transactions" below.

LIMITATION OF LIABILITY AND INDEMNIFICATION

Our certificate of incorporation limits the personal liability of our board members for breaches by the directors of their fiduciary duties. Our bylaws require us to indemnify our directors and executive officers to the fullest extent permitted by Delaware law. We have entered into indemnification agreements with all of our directors and executive officers and have purchased directors' and officers' liability insurance.

EXECUTIVE COMPENSATION

The following table provides the total compensation paid to our chief executive officer and our next four most highly-compensated executive officers in fiscal 1999.

SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION	ANNUAL COMPENSATION			LONG TERM COMPENSATION
	SALARY	BONUS	OTHER ANNUAL COMPENSATION	SECURITIES UNDERLYING OPTIONS
Navdeep S. Sooch..... Chief Executive Officer and Chairman of the Board	$170,000	$43,932	$175	--
Jeffrey W. Scott..... Vice President of Engineering	140,000	29,000	148	--
David R. Welland..... Vice President of Technology	140,000	29,000	148	--
Bradley J. Fluke..... Vice President/General Manager Wireline Products Division	140,000	29,000	148	18,000
Gary R. Gay..... Vice President of Sales	150,000	46,019	157	20,000

OPTION GRANTS IN LAST FISCAL YEAR

The following table provides information concerning individual grants of stock options made during fiscal 1999 to each of our executive officers named in the Summary Compensation Table. The percentage of total options granted to our employees in the last fiscal year is based on options granted to purchase an aggregate of 2,484,200 shares of common stock during fiscal 1999. We have never granted any stock appreciation rights.

The exercise prices represent our board's estimate of the fair market value of the common stock on the grant date. In establishing these prices, our board considered many factors, including our financial condition and operating results, transactions involving the issuances of shares of our preferred stock, the senior rights and preferences accorded issued shares of preferred stock, and the market for comparable stocks.

We granted these options under our 1997 Stock Option/Stock Issuance Plan. Each option has a maximum term of ten years, subject to earlier termination if the optionee's services are terminated. Except as otherwise noted, these options are immediately exercisable, but we have the right to repurchase at the exercise price any shares that have not vested. If we are acquired in a stockholder-approved transaction by merger, consolidation or asset sale, the option shares will accelerate in full unless the option is assumed by the successor corporation and our repurchase rights with respect to the unvested option shares are assigned to such corporation. In the event that the option is so assumed by, and our repurchase rights with respect to unvested shares are assigned to, the successor corporation and, within 18 months following the acquisition, the optionee's position is reduced to a lesser position or the optionee's employment is involuntarily terminated, the option shares will accelerate and become fully vested.

The amounts shown as potential realizable value represent hypothetical gains that could be achieved for the respective options if exercised at the end of the option term. These amounts represent certain assumed rates of appreciation in the value of our common stock from the fair market value on the date of

grant. The 5% and 10% assumed annual rates of compounded stock price appreciation are mandated by rules of the Securities and Exchange Commission and do not represent our estimate or projection of the future price of our common stock. Actual gains, if any, on stock option exercises depend on the future performance of the trading price of our common stock. The amounts reflected in the table may not necessarily be achieved.

The following table sets forth information concerning the individual grants of stock options to each of our named executive officers in fiscal 1999.

OPTION GRANTS IN FISCAL 1999

	INDIVIDUAL GRANTS				POTENTIAL REALIZABLE VALUE AT ASSUMED ANNUAL RATES OF STOCK PRICE APPRECIATION FOR OPTION TERM	
	NUMBER OF SECURITIES UNDERLYING OPTIONS GRANTED(1)	PERCENT OF TOTAL OPTIONS GRANTED TO EMPLOYEES IN FISCAL 1999	EXERCISE PRICE PER SHARE	EXPIRATION DATE	5%	10%
Navdeep S. Sooch	--	--%	$ --	--	$ --	$ --
Jeffrey W. Scott	--	--	--	--	--	--
David R. Welland	--	--	--	--	--	--
Bradley J. Fluke	18,000	0.73	1.75	7/19/09	19,811	50,203
Gary R. Gay	20,000	0.81	1.75	7/19/09	22,012	55,781

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(1) These options are fully exercisable on the date of grant but if the employee leaves us before he has vested in his option shares, we have the right to repurchase, at the exercise price, any shares that have not vested. These options vest as to 20% on the first anniversary of the date of grant and vest as to the remaining 80% in equal monthly installments over the following 48 months.

FISCAL YEAR-END OPTION VALUES

The following table provides information about stock options held as of January 1, 2000 by each of our executive officers named in the Summary Compensation Table. The value realized by Mr. Gay is based on the difference between the fair market value of the shares on the date of purchase, as determined by our board of directors, and the price paid for such shares. There was no public trading market for our common stock as of January 1, 2000. Accordingly, we have based the value of unexercised in-the-money options at January 1, 2000 on an assumed initial public offering price of $ per share, less the applicable exercise price per share, multiplied by the number of shares underlying the options. Actual gains on exercise, if any, will depend on the value of our common stock on the date on which the shares are sold.

FISCAL 1999 OPTION VALUES

	SHARES ACQUIRED ON EXERCISE	VALUE REALIZED	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS AT JANUARY 1, 2000		VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS AT JANUARY 1, 2000	
			EXERCISABLE	UNEXERCISABLE	EXERCISABLE	UNEXERCISABLE
Navdeep S. Sooch	--	$ --	--	--	$ --	
Jeffrey W. Scott	--	--	--	--	--	
David R. Welland	--	--	--	--	--	
Bradley J. Fluke	--	--	60,000	--		
Gary R. Gay	52,000	59,000	28,000	--		

	VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS AT JANUARY 1, 2000
	UNEXERCISABLE
Navdeep S. Sooch	--
Jeffrey W. Scott	--
David R. Welland	--
Bradley J. Fluke	--
Gary R. Gay	--

2000 STOCK INCENTIVE PLAN

The 2000 Stock Incentive Plan is intended to serve as the successor equity incentive program to our 1997 Stock Option/Stock Issuance Plan. The 2000 Stock Incentive Plan became effective upon its adoption by the board of directors on January 5, 2000; it will be approved by the stockholders prior to the date of this offering.

We have reserved 5,389,498 shares of our common stock for issuance under the 2000 Stock Incentive Plan. This share reserve consists of the shares which were available for issuance under the predecessor plan on the effective date of the 2000 Stock Incentive Plan plus an additional increase of 2,000,000 shares. The share reserve will automatically be increased on the first trading day of January each calendar year, beginning in January 2001, by a number of shares equal to 2% of the total number of shares of our common stock outstanding on the last trading day of the immediately preceding calendar year, but no such annual increase will exceed 1,000,000 shares. The share reserve will also increase by the number of shares repurchased by the Company, at the original exercise or issue price, pursuant to its repurchase rights under the predecessor plan but such increase will not exceed 3,357,204 shares. In no event may any one participant in the 2000 Stock Incentive Plan receive option grants or direct stock issuances for more than 1,000,000 shares in the aggregate per calendar year.

Outstanding options under the predecessor plan will be incorporated into the 2000 Stock Incentive Plan upon the date of this offering, and no further option grants will be made under that plan. The incorporated options will continue to be governed by their existing terms, unless the compensation committee extends one or more features of the 2000 Stock Incentive Plan to those options. However, except as otherwise noted below, the outstanding options under the predecessor plan contain substantially the same terms and conditions summarized below for the discretionary option grant program under the 2000 Stock Incentive Plan.

The 2000 Stock Incentive Plan has four separate programs:

- the discretionary option grant program under which eligible individuals in our employ or service (including officers, non-employee board members and consultants) may be granted options to purchase shares of our common stock;

- the stock issuance program under which such individuals may be issued shares of common stock directly, through the purchase of such shares or as a bonus tied to the performance of services;

- the salary investment option grant program under which executive officers and other highly compensated employees may elect to apply a portion of their base salary to the acquisition of special below-market stock option grants; and

- the automatic option grant program under which option grants will automatically be made at periodic intervals to eligible non-employee board members.

The discretionary option grant and stock issuance programs will be administered by our compensation committee. This committee will determine which eligible individuals are to receive option grants or stock issuances, the time or times when such option grants or stock issuances are to be made, the number of shares subject to each such grant or issuance, the exercise or purchase price for each such grant or issuance (which may be less than, equal to or greater than the fair market value of the shares), the status of any granted option as either an incentive stock option or a non-statutory stock option under the federal tax laws, the vesting schedule to be in effect for the option grant or stock issuance and the maximum term for which any granted option is to remain outstanding. The committee will also select the executive officers and other highly compensated employees who may participate in the salary investment option grant program in the event that program is activated for one or more calendar years. Neither the compensation committee nor the board will exercise any administrative discretion with respect to option grants made

under the salary investment option grant program or under the automatic option grant program for the non-employee board members.

The exercise price for the options may be paid in cash or in shares of our common stock valued at fair market value on the exercise date. The option also may be exercised through a same-day sale program without any cash outlay by the optionee. In addition, the compensation committee may allow a participant to pay the option exercise price or direct issue price (and any associated withholding taxes incurred in connection with the acquisition of shares) with a full-recourse, interest-bearing promissory note.

In the event that the company is acquired, whether by merger or asset sale or board-approved sale by the stockholders of more than 50% of our voting stock, each outstanding option under the discretionary option grant program which is not to be assumed by the successor corporation or otherwise continued will automatically accelerate in full, and all unvested shares under the discretionary option grant and stock issuance programs will immediately vest, except to the extent the repurchase rights with respect to those shares are to be assigned to the successor corporation or otherwise continued in effect. The compensation committee may grant options and issue shares which will accelerate (1) in the acquisition even if the options are assumed and repurchase rights assigned, (2) in connection with a hostile change in control (effected through a successful tender offer for more than 50% of our outstanding voting stock or by proxy contest for the election of board members), or (3) upon a termination of the individual's service following a change in control or hostile take-over.

In the event of an acquisition of the company (by merger or asset sale), options currently outstanding under the 1997 plan will accelerate unless assumed by the successor corporation; and all assumed options will accelerate upon the optionee's involuntary termination (including a forced resignation) within 18 months following the acquisition. Such options are not by their terms subject to acceleration in connection with any other change in control or hostile take-over.

Stock appreciation rights may be issued under the discretionary option grant program which will provide the holders with the election to surrender their outstanding options for an appreciation distribution from the company equal to the fair market value of the vested shares subject to the surrendered option less the aggregate exercise price payable for such shares. Such appreciation distribution may be made in cash or in shares of common stock. There are currently no outstanding stock appreciation rights under the predecessor plan.

The compensation committee has the authority to cancel outstanding options under the discretionary option grant program (including options incorporated from predecessor plan) in return for the grant of new options for the same or different number of option shares with an exercise price per share based upon the fair market value of the common stock on the new grant date.

In the event the compensation committee elects to activate the salary investment option grant program for one or more calendar years, each executive officer and each other highly compensated employee selected for participation may elect to reduce his or her base salary for that calendar year by a specified dollar amount not less than $5,000 nor more than $50,000. In return, the individual will automatically be granted, on the first trading day in the calendar year for which the salary reduction is to be in effect, a non-statutory option to purchase that number of shares of common stock determined by dividing the salary reduction amount by two-thirds of the fair market value per share of our common stock on the grant date. The option exercise price will be equal to one-third of the fair market value of the option shares on the grant date. As a result, the fair market value of the option shares on the grant date less the exercise price payable for those shares will be equal to the salary reduction amount. The option will become exercisable in a series of 12 equal monthly installments over the calendar year for which the salary reduction is to be in effect and will be subject to full and immediate vesting in the event of an acquisition or change in control of the company.

Under the automatic option grant program, each individual who is serving as a non-employee member of our board of directors on the date the underwriting agreement for this offering is executed will receive an option for 30,000 shares of our common stock with an exercise price equal to the price at which shares are sold in this offering, provided such individual has not been in our prior employ. Each individual who first joins the board after the effective date of this offering as a non-employee board member will automatically be granted an option for 30,000 shares of our common stock at the time of his or her commencement of board service; provided such individual has not been in our prior employ. In addition, on the date of each annual stockholders meeting, beginning with the 2001 meeting, each individual who has served as a non-employee board member for at least six months and is to continue to do so will receive an option grant to purchase 5,000 shares of common stock. Each automatic grant will have an exercise price equal to the fair market value per share of our common stock on the grant date and will have a maximum term of 10 years, subject to earlier termination following the optionee's cessation of board service. Each option will be immediately exercisable, subject to our right to repurchase any unvested shares, at the original exercise price, at the time of the board member's cessation of service. Each 30,000-share option grant will vest, and the repurchase right will lapse, in a series of four equal successive annual installments upon the optionee's completion of each year of board service over the four-year period measured from the grant date. Each 5,000-share option grant will vest, and the repurchase right will lapse, upon the optionee's completion of one year of board service measured from the grant date. However, each such outstanding option will immediately vest upon a change in control, a hostile take-over or the death or disability of the optionee while serving as a board member.

Limited stock appreciation rights will automatically be included as part of each grant made under the automatic option grant and salary investment option grant programs and may be granted to one or more officers as part of their option grants under the discretionary option grant program. Options with such a limited stock appreciation right may be surrendered to us upon the successful completion of a hostile tender offer for more than 50% of our outstanding voting stock. In return for the surrendered option, the optionee will be entitled to a cash distribution from us in an amount per surrendered option share equal to the highest price per share of common stock paid in connection with the tender offer less the exercise price payable for such share.

The board may amend of modify the 2000 Stock Incentive Plan at any time, subject to any required stockholder approval. The 2000 Stock Incentive Plan will terminate no later than January 4, 2010.

EMPLOYEE STOCK PURCHASE PLAN

Our Employee Stock Purchase Plan was adopted by the board on January 5, 2000 and will be approved by the stockholders prior to the date of this offering. The plan will become effective immediately upon the execution of the underwriting agreement for this offering. The plan is designed to allow eligible employees to purchase shares of common stock, at semi-annual intervals, through their periodic payroll deductions. A total of 400,000 shares of our common stock will initially be issued under the plan. The share reserve will automatically increase on the first trading day of January each year beginning in January 2001, by 0.5% of the total shares of common stock outstanding on the last trading day of the immediately preceding calendar year, but no such annual increase will exceed 250,000 shares. In no event, however, may any participant purchase more than 200 shares, nor may all participants in the aggregate purchase more than 75,000 shares on any one semi-annual purchase date.

The plan will have a series of successive offering periods, each with a maximum duration of 24 months. However, the initial offering period will begin on the day the underwriting agreement is executed in connection with this offering and will end on the last business day in April 2002. The next offering period will begin on the first business day in May 2002, and subsequent offering periods will be set by the compensation committee. Shares will be purchased for the participants semi-annually (the last business day of April and October each year) during the offering period. The first purchase date will occur on October 31, 2000. Should the fair market value of the common stock on any semi-annual purchase date

be less than the fair market value on the first day of the offering period, then the current offering period will automatically end and a new offering period will begin, based on the lower fair market value.

Individuals who are eligible employees on the start date of any offering period may enter the plan on that start date or on any subsequent semi-annual entry date (generally May 1 or November 1 each year). Individuals who become eligible employees after the start date of the offering period may join the plan on any subsequent semi-annual entry date within that period.

A participant may contribute up to 15% of his or her base salary through payroll deductions and the accumulated payroll deductions will be applied to the purchase of shares on the participant's behalf on each semi-annual purchase date. The purchase price per share will be 85% of the lower of the fair market value of our common stock on the participant's entry date into the offering period or the fair market value on the semi-annual purchase date.

The board may at any time amend or modify the plan. The plan will terminate no later than the last business day in April 2010.

CERTAIN TRANSACTIONS

PRIVATE PLACEMENTS OF EQUITY

5% STOCKHOLDERS. Since our inception in August 1996, we have raised capital primarily through the sale of our securities, including the following sales to holders of more than 5% of our outstanding common stock:

- In March 1997, we sold an aggregate of 3,818,177 shares of our Series A preferred stock to funds affiliated with Austin Ventures and 254,545 shares of our Series A preferred stock to Silverton Partners at a price of $0.98214425 per share. Concurrently with the closing of the financing, investment funds affiliated with Austin Ventures became a 5% stockholder and William P. Wood, a general partner of Silverton Partners and certain investment funds affiliated with Austin Ventures, and a special limited partner of other funds associated with Austin Ventures, became a director on our board of directors. In June 1997, we sold 254,545 shares of our Series A preferred stock at a price of $0.98214425 per share to H. Berry Cash at which time Mr. Cash became a member of our board of directors. Although the number of shares of Series A preferred stock outstanding was not affected by the 2-for-1 split of our common stock, as a result of this stock split, each share of Series A preferred stock automatically adjusted and became convertible into two shares of our common stock.

- In June 1998, we sold an aggregate of 423,451 shares of our Series B preferred stock to funds affiliated with Austin Ventures, 28,230 shares of our Series B preferred stock to Silverton Partners, 21,009 shares of our Series B preferred stock to H. Berry Cash, 42,017 shares of our Series B preferred stock to the Berry and Dianne Cash Grandchildrens' Trust and 52,522 shares of our Series B preferred stock to Jonathan D. Ivester, our Vice President of Manufacturing, at a price of $4.76 per share. Although the number of shares of Series B preferred stock outstanding was not affected by the 2-for-1 split of our common stock, as a result of this stock split, each share of Series B preferred stock automatically adjusted and became convertible into two shares of our common stock.

OTHER TRANSACTIONS

REGISTRATION RIGHTS. For more information on registration rights we have granted to our 5% stockholders and certain of our other stockholders, please see "Description of Capital Stock--Registration Rights."

LOANS TO EXECUTIVE OFFICERS. In June 1998, we loaned $56,500 to Edmund G. Healy, our Vice President/General Manager Wireless Products Division, to allow him to purchase shares of our common stock. Mr. Healy delivered a full-recourse promissory note to us with respect to his loan and the promissory note is secured by the purchased shares and accrues interest at a rate of 5.69% per annum, compounded semi-annually. As of January 1, 2000, the outstanding indebtedness on such note was $61,406, which was the largest aggregate amount of indebtedness outstanding during fiscal 1999. This promissory note becomes due in June 2003.

STOCK OPTIONS GRANTED TO DIRECTORS AND EXECUTIVE OFFICERS. For more information regarding the grant of stock options to directors and executive officers, please see "Management--Director Compensation" and "--Executive Compensation."

INDEMNIFICATION AND INSURANCE. Our bylaws require us to indemnify our directors and executive officers to the fullest extent permitted by Delaware law. We have entered into indemnification agreements with all of our directors and executive officers and have purchased directors' and officers' liability insurance. In addition, our certificate of incorporation limits the personal liability of our board members for breaches by the directors of their fiduciary duties.

PRINCIPAL AND SELLING STOCKHOLDERS

The following table sets forth information regarding the beneficial ownership of our common stock as of January 1, 2000, and as adjusted to reflect the sale of common stock offered by us and by selling stockholders in this offering, for:

- each person known by us to beneficially own more than 5% of our outstanding shares of common stock;
- each executive officer named in the Summary Compensation Table;
- each of our directors;
- all of our executive officers and directors as a group; and
- each selling stockholder.

Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and includes voting and investment power with respect to the securities. Unless otherwise indicated below and except to the extent authority is shared by spouses under applicable law, to our knowledge, the persons named in the table have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them. The number of shares of common stock used to calculate the percentage ownership of each listed person includes the shares of common stock underlying options or warrants held by such persons that are exercisable within 60 days of this offering. The percentage of beneficial ownership before the offering is based on 43,858,118 shares, consisting of 30,015,944 shares of common stock outstanding as of January 1, 2000, and 13,842,174 shares issuable upon the conversion of our outstanding convertible preferred stock. The percentage of beneficial ownership after the offering is based on shares, including shares sold by us in this offering.

Unless otherwise indicated, the address of each person owning more than 5% of the outstanding shares of common stock is c/o Silicon Laboratories Inc., 4635 Boston Lane, Austin, Texas 78735:

	SHARES BENEFICIALLY OWNED PRIOR TO OFFERING		SHARES BEING	SHARES BENEFICIALLY OWNED AFTER OFFERING	
NAME OF BENEFICIAL OWNER	NUMBER	PERCENT	OFFERED	NUMBER	PERCENT
EXECUTIVE OFFICERS AND DIRECTORS:					
Navdeep S. Sooch(1)	9,013,028	20.6%			
Jeffrey W. Scott	5,766,664	13.1			
David R. Welland	6,966,664	15.9			
Bradley J. Fluke(2)	446,000	1.0			
Gary R. Gay(3)	280,000	*			
William P. Wood(4)	4,007,878	9.1			
H. Berry Cash(5)	903,106	2.1			
OTHER 5% STOCKHOLDERS:					
Funds affiliated with Austin Ventures(6)	10,083,204	23.0			
All directors and executive officers as a group (10 persons)	28,590,790	64.8			

* Represents beneficial ownership of less than one percent.

(1) Includes 300,000 shares held in trust for the benefit of Mr. Sooch's children. Mr. Sooch disclaims beneficial ownership of the 300,000 shares held in trust for the benefit of his children.

(2) Includes 60,000 shares issuable upon exercise of stock options.

(3) Includes 28,000 shares issuable upon exercise of stock options.

(4) Includes 614,576 shares held by Silverton Partners and 3,393,302 shares held by funds affiliated with Austin Ventures. Mr. Wood is a general partner of Silverton Partners. Mr. Wood also is a general partner of AV Partners IV, L.P., and a general partner of Austin Ventures IV-A, L.P. and Austin Ventures IV-B, L.P. Mr. Wood disclaims beneficial ownership of the shares held by Austin Ventures IV-A, L.P., and Austin Ventures IV-B, L.P., except to the extent of his pecuniary interest in such shares arising from his general partnership interest in AV Partners IV, L.P. Mr. Wood is a special limited partner of AV Partners V, L.P., which is a general partner of Austin Ventures V, L.P. and Austin Ventures V Affiliates Fund, LP, and as such Mr. Wood does not have beneficial ownership of any of the 6,689,902 shares owned by Austin Ventures V, L.P. and Austin Ventures V Affiliates Fund, L.P. Mr. Wood's address is c/o Austin Ventures, 114 West Seventh Street, Suite 1300, Austin, Texas 78701.

(5) Includes 99,346 shares held in trust for the benefit of Mr. Cash's grandchildren. Mr. Cash disclaims beneficial ownership of the 99,346 shares held in trust for the benefit of his grandchildren.

(6) Includes 1,095,324 shares held by Austin Ventures IV-A, L.P.; 2,297,978 shares held by Austin Ventures IV-B, L.P.; 6,371,334 shares held by Austin Ventures V, L.P.; and 318,568 shares held by Austin Ventures V Affiliates Fund, L.P. These partnerships may be deemed to beneficially own each other's shares because the general partners of each partnership are affiliated. Each partnership, however, disclaims beneficial ownership of the others' shares. The address of the investment funds affiliated with Austin Ventures is 114 West Seventh Street, Suite 1300, Austin, Texas 78701.

DESCRIPTION OF CAPITAL STOCK

Upon completion of this offering, our authorized capital stock will consist of 250,000,000 shares of common stock, par value $0.0001 per share, and 10,000,000 shares of preferred stock, par value $0.0001 per share, the rights and preferences of which may be established from time to time by our board of directors. The following summary is qualified in its entirety by reference to our certificate of incorporation and bylaws, copies of which are filed as exhibits to the registration statement of which this prospectus is a part.

COMMON STOCK

As of January 1, 2000, there were 30,015,944 shares of common stock outstanding that were held of record by 116 stockholders. As of January 1, 2000, there were also 2,380,226 shares of common stock subject to outstanding options, all of which were immediately exercisable, and 143,182 shares subject to outstanding warrants. Holders of our common stock are entitled to one vote per share on all matters to be voted upon by the stockholders. The holders of common stock are not entitled to cumulative voting rights with respect to the election of directors, and as a result, minority stockholders will not be able to elect directors on the basis of their votes alone. Subject to limitations under Delaware law and preferences that may apply to any outstanding shares of preferred stock, holders of common stock are entitled to receive ratably such dividends or other distributions, if any, as may be declared by our board of directors out of funds legally available therefor. In the event of our liquidation, dissolution or winding up, holders of common stock are entitled to share ratably in all assets remaining after payment of liabilities, subject to the liquidation preference of any outstanding preferred stock. The common stock has no preemptive, conversion or other rights to subscribe for additional securities of Silicon Laboratories. There are no redemption or sinking fund provisions applicable to the common stock. All outstanding shares of common stock are, and all shares of common stock to be outstanding upon completion of the offering will be, validly issued, fully paid and nonassessable. The rights, preferences and privileges of holders of common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of preferred stock that we may designate and issue in the future.

PREFERRED STOCK

As of January 1, 2000, there were 6,921,087 shares of preferred stock outstanding. Upon the closing of this offering, all outstanding shares of preferred stock will automatically convert into 13,842,174 shares of common stock. Our board of directors will have the authority, without further action by the stockholders, to issue up to 10,000,000 shares of preferred stock in one or more series and to designate the rights, preferences, privileges and restrictions of each such series. The issuance of preferred stock could have the effect of restricting dividends on the common stock, diluting the voting power of the common stock, impairing the liquidation rights of the common stock or delaying or preventing our change in control without further action by the stockholders. At present, we have no plans to issue any shares of preferred stock.

REGISTRATION RIGHTS

According to the terms of an investors' rights agreement among us and certain of our stockholders, at any time after March 21, 2002, investors in our preferred stock holding an aggregate of at least two-thirds of the shares of common stock issued upon conversion of the preferred stock will be entitled to demand that we file a registration statement with respect to the registration of their shares under the Securities Act of 1933, provided that those investors request that such registration statement register the resale of at least half of the outstanding shares held by them. We are not required to effect more than two such registrations or more than one such registration during any 365 day period.

In addition, the holders of up to 38,503,632 shares of common stock, including Messrs. Sooch, Scott, Welland, McGovern, Cash, Silverton Partners and entities affiliated with Austin Ventures and certain other stockholders and warrant holders, have piggyback registration rights with respect to the future registration of shares of our common stock under the Securities Act. If we propose to register any shares of common stock under the Securities Act, the holders of shares having piggyback registration rights are entitled to receive notice of such registration and are entitled to include their shares in the registration.

At any time after we become eligible to file a registration statement on Form S-3, holders of registration rights may require us to file up to three registration statements on Form S-3 under the Securities Act with respect to their shares of common stock.

These registration rights are subject to conditions and limitations, including the right of the underwriters of an offering to limit the number of shares of common stock to be included in the registration. We are generally required to bear all of the expenses of all registrations under the investors' rights agreement, except underwriting discounts and commissions. The investors' rights agreement also contains our commitment to indemnify the holders of registration rights for certain losses they may incur in connection with registrations under the agreement. Registration of any of the shares of common stock held by security holders with registration rights would result in those shares becoming freely tradeable without restriction under the Securities Act.

ANTI-TAKEOVER EFFECTS

Provisions of Delaware law, our certificate of incorporation, our bylaws and certain contracts to which we are a party, could have the effect of delaying or preventing a third party from acquiring us, even if the acquisition would benefit our stockholders. These provisions are intended to enhance the likelihood of continuity and stability in the composition of our board of directors and in the policies formulated by the board of directors and to discourage certain types of transactions that may involve an actual or threatened change of control of Silicon Laboratories. These provisions are designed to reduce our vulnerability to an unsolicited proposal for a takeover that does not contemplate the acquisition of all of our outstanding shares, or an unsolicited proposal for the restructuring or sale of all or part of Silicon Laboratories.

DELAWARE ANTI-TAKEOVER STATUTE. We are subject to the provisions of Section 203 of the Delaware General Corporation Law, an anti-takeover law. Subject to certain exceptions, the statute prohibits a publicly-held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which the person became an interested stockholder, unless:

- Prior to such date, the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;

- Upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares outstanding, those shares owned (1) by persons who are directors and also officers and (2) by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or

- On or after such date, the business combination is approved by the board of directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock which is not owned by the interested stockholder.

For purposes of Section 203, a "business combination" includes a merger, asset sale or other transaction resulting in a financial benefit to the interested stockholder, with an "interested stockholder" being defined as a person who, together with affiliates and associates, owns, or within three years prior to the date of determination whether the person is an "interested stockholder," did own, 15% or more of the corporation's voting stock.

In addition, provisions of our certificate of incorporation and bylaws may have an anti-takeover effect. These provisions may delay, defer or prevent a tender offer or takeover attempt of our company that a stockholder might consider in his or her best interest, including those attempts that might result in a premium over the market price for the shares held by our stockholders. The following summarizes these provisions.

CLASSIFIED BOARD OF DIRECTORS. Our certificate of incorporation provides that at the first annual meeting following the closing of our initial public offering, our board of directors will be divided into three classes of directors, as nearly equal in size as is practicable, serving staggered three-year terms. As a result, approximately one-third of the board of directors will be elected each year. These provisions, when coupled with the provisions of our certificate of incorporation and bylaws authorizing our board of directors to fill vacant directorships or increase the size of our board, may deter a stockholder from removing incumbent directors and simultaneously gaining control of the board of directors.

STOCKHOLDER ACTION; SPECIAL MEETING OF STOCKHOLDERS. Our certificate of incorporation eliminates the ability of stockholders to act by written consent. Our bylaws provide that special meetings of our stockholders may be called only by a majority of our board of directors.

ADVANCE NOTICE REQUIREMENTS FOR STOCKHOLDERS PROPOSALS AND DIRECTORS NOMINATIONS. Our bylaws provide that stockholders seeking to bring business before an annual meeting of stockholders, or to nominate candidates for election as directors at an annual meeting of stockholders, must provide us with timely written notice of their proposal. To be timely, a stockholder's notice must be delivered to or mailed and received at our principal executive offices not less than 120 days before the date in the current year that corresponds to the date we released the notice of annual meeting to stockholders in connection with the previous year's annual meeting. If, however, no meeting was held in the prior year or the date of the annual meeting has been changed by more than 30 days from the date contemplated in the notice of annual meeting, notice by the stockholder in order to be timely must be received a reasonable time before we release the notice of annual meeting to stockholders. Our bylaws also specify certain requirements as to the form and content of a stockholder's notice. These provisions may preclude stockholders from bringing matters before an annual meeting of stockholders or from making nominations for directors at an annual meeting of stockholders.

AUTHORIZED BUT UNISSUED SHARES. Our authorized but unissued shares of common stock and preferred stock are available for our board to issue without stockholder approval. We may use these additional shares for a variety of corporate purposes, including future public offerings to raise additional capital, corporate acquisitions and employee benefit plans. The existence of our authorized but unissued shares of common stock and preferred stock could render more difficult or discourage an attempt to obtain control of our company by means of a proxy context, tender offer, merger or other transaction.

SUPERMAJORITY VOTE PROVISIONS. The Delaware General Corporate Law provides generally that the affirmative vote of a majority of the shares entitled to vote on any matter is required to amend a corporation's certificate of incorporation or bylaws, unless a corporation's certificate of incorporation or bylaws, as the case may be, requires a greater percentage. Our certificate of incorporation imposes supermajority vote requirements in connection with the amendment of certain provisions of our certificate of incorporation, including the provisions relating to the classified board of directors and action by written consent of stockholders.

INDEMNIFICATION. Our bylaws require us to indemnify our directors and officers to the fullest extent permitted by Delaware law. We have entered into indemnification agreements with all of our directors and executive officers and have purchased directors' and executive officers' liability insurance. In addition, our certificate of incorporation limits the personal liability of our board members for breaches by the directors of their fiduciary duties to the fullest extent permitted under Delaware law.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for our common stock is EquiServe Trust Company and its address is 150 Royall Street, Canton, MA 02021.

NASDAQ NATIONAL MARKET LISTING

We have applied to list our stock on the Nasdaq National Market under the trading symbol "SLAB."

SHARES ELIGIBLE FOR FUTURE SALE

If our stockholders sell substantial amounts of our common stock in the public market following this offering, the prevailing market price of our common stock could decline. Furthermore, because we do not expect any shares will be available for sale for at least 120 days after the date of this prospectus as a result of certain contractual and legal restrictions on resale described below, sales of substantial amounts of our common stock in the public market after these restrictions lapse could adversely affect the prevailing market price and our ability to raise equity capital in the future.

Upon the closing of this offering, we will have outstanding an aggregate of shares of our common stock, based upon the number of shares outstanding at January 1, 2000 and assuming no exercise of the underwriters' over-allotment option and no exercise of outstanding options and warrants and no grant of additional options or warrants. Of these shares, all shares sold in this offering will be freely tradeable without restriction or further registration under the Securities Act unless they are purchased by our "affiliates," as that term is defined in Rule 144 under the Securities Act. The remaining shares will be eligible for sale in the public market as follows:

NUMBER OF SHARES	DATE
.....	Immediately.
.....	120 days after the date of this prospectus due to a release of 30% of the shares, and shares underlying options, held by each stockholder from lock-up agreements with the underwriters. This release will occur if the last reported sale price of our common stock is at least two times the initial public offering price per share for each of the 20 trading days preceding the 120th day after the date of this prospectus. This early release shall occur: (a) on the 120th day after the date of this prospectus if we make a public release of our quarterly or annual results during the period beginning on the eleventh trading day after the date of this prospectus and ending on the day prior to the 120th day after the date of this prospectus, or (b) otherwise, on the second trading day after the first public release of our quarterly or annual results occurring on or after the 120th day after the date of this prospectus.
.....	181 days after the date of this prospectus upon the expiration of the lock-up agreements with the underwriters (plus any shares not already released from the lock-up agreements).
.....	At various times after 181 days following the date of this prospectus, subject to compliance with securities laws and upon the lapse of any applicable vesting restrictions.

LOCK-UP AGREEMENTS. All of our directors, officers, stockholders, option holders and warrant holders have signed lock-up agreements under which they have agreed not to transfer or dispose of, directly or indirectly, any shares of our common stock or any securities convertible into or exercisable or exchangeable for shares of our common stock for 180 days after the date of this prospectus. If the last reported sale price of our common stock is at least two times the initial public offering price per share for each of the 20 trading days preceding the 120th day after the date of this prospectus, then 30% of the shares, and shares underlying options, held by each stockholder on the date of this prospectus shall be released from the 180 day restrictions. This early release shall occur: (a) on the 120th day after the date of this prospectus if we make a public release of our quarterly or annual results during the period beginning on the eleventh trading day after the date of this prospectus and ending on the day prior to the 120th day

after the date of this prospectus, or (b) otherwise, on the second trading day after the first public release of our quarterly or annual results occurring on or after the 120th day after the date of this prospectus. Morgan Stanley & Co. Incorporated may, in its sole discretion, at any time and without prior notice or announcement, release all or any portion of shares subject to the lock-up agreements.

RULE 144. In general, under Rule 144 as currently in effect, beginning 90 days after the date of this prospectus, a person who has beneficially owned shares of our common stock for at least one year, including the holding period of certain prior owners other than affiliates, is entitled to sell within any three-month period a number of shares that does not exceed the greater of (a) 1% of the number of shares of our common stock then outstanding, which will equal approximately shares immediately after the offering, or (b) the average weekly trading volume of our common stock on the Nasdaq National Market during the four calendar weeks preceding the filing of a notice on Form 144 with respect to that sale. Sales under Rule 144 are also subject to certain manner-of-sale provisions, notice requirements and the availability of current public information about us.

RULE 144(K). Under Rule 144(k), a person who is not deemed to have been one of our affiliates at any time during the three months preceding a sale and who has beneficially owned shares for at least two years, including the holding period of certain prior owners other than affiliates, is entitled to sell those shares without complying with the manner of sale, public information, volume limitation or notice provisions of Rule 144. Therefore, unless otherwise restricted, Rule 144(k) shares may be sold immediately upon the closing of this offering.

RULE 701. In general, under Rule 701 of the Securities Act as currently in effect, each of our directors, officers, employees, consultants or advisors who purchased shares from us before the date of this prospectus in connection with a compensatory stock plan or other written compensatory agreement is eligible to resell such shares 90 days after the effective date of this offering in reliance on Rule 144, but without compliance with certain restrictions, including the holding period, contained in Rule 144.

REGISTRATION RIGHTS. After this offering, certain holders of shares of our common stock will be entitled to certain rights with respect to the registration of those shares under the Securities Act. See "Description of Capital Stock--Registration Rights." After any such registration of these shares, such shares will be freely tradeable without restriction under the Securities Act. These sales could cause the market price of our common stock to decline.

STOCK PLANS. As of January 1, 2000, options to purchase 2,380,226 shares of common stock were outstanding under our stock option and incentive plans. After this offering, we intend to file a registration statement on Form S-8 under the Securities Act of 1933 covering shares of common stock reserved for issuance under our stock incentive plan and our employee stock purchase plan. Based on the number of options outstanding and shares reserved for issuance under our stock incentive plan and our employee stock purchase plan, the Form S-8 registration statement would cover 5,789,498 shares. The Form S-8 registration statement will become effective immediately upon filing. At that point, subject to the satisfaction of applicable exercisability periods, Rule 144 volume limitations applicable to affiliates and the agreements with the underwriters referred to above, shares of common stock to be issued upon exercise of outstanding options granted pursuant to our stock incentive plan and shares of common stock issued pursuant to our employee stock purchase plan (to the extent that such shares are not held by affiliates) will be available for immediate resale in the public market.

UNDERWRITERS

Under the terms and subject to the conditions contained in the underwriting agreement dated the date of this prospectus, the underwriters named below, for whom Morgan Stanley & Co. Incorporated, Lehman Brothers Inc. and Salomon Smith Barney Inc. are acting as representatives, have severally agreed to purchase, and we and the selling stockholders have severally agreed to sell to them, the respective number of shares of our common stock indicated:

NAME	NUMBER OF SHARES
Morgan Stanley & Co. Incorporated.....	
Lehman Brothers Inc.....	
Salomon Smith Barney Inc.....	
Total.....	

The underwriters are offering the shares subject to their acceptance of the shares from us and the selling stockholders and subject to prior sale. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the shares of common stock offered by this prospectus are subject to the approval of certain legal matters by their counsel and to certain other conditions. The underwriters are obligated to take and pay for all of the shares of common stock offered by this prospectus if any shares are taken. However, the underwriters are not required to take or pay for the shares covered by the over-allotment option described below.

The underwriters initially propose to offer part of the shares of common stock directly to the public at the public offering price set forth on the cover page of this prospectus and part to certain dealers at a price that represents a concession not in excess of $ a share under the public offering price. Any underwriter may allow, and such dealers may reallow, a concession not in excess of $ a share to other underwriters or to certain other dealers. After the initial offering of the shares of common stock, the offering price and other selling terms may from time to time be varied by the representatives of the underwriters.

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to an aggregate of additional shares of common stock at the public offering price listed on the cover page of this prospectus, less underwriting discounts and commissions. The underwriters may exercise such option solely for the purpose of covering over-allotments, if any, made in connection with this offering. To the extent such option is exercised, each underwriter will become obligated, subject to certain conditions, to purchase approximately the same percentage of such additional shares of common stock as the number listed next to the underwriter's name in the preceding table bears to the total number of shares of common stock listed next to the names of all underwriters in the preceding table. If the underwriter's over-allotment option is exercised in full, the total price to public would be $, the total underwriters' discounts and commissions would be $ and the total proceeds to us would be $ before deducting estimated offering expenses of $.

Silicon Laboratories and our directors, officers and certain other stockholders have each agreed that, without the prior written consent of Morgan Stanley & Co. Incorporated on behalf of the underwriters, during the period ending 180 days after the date of this prospectus, each of us will not, directly or indirectly:

- Offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any shares of common stock or any securities convertible into or exercisable or exchangeable for common stock; or

- Enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of common stock, whether any such transaction described above is to be settled by delivery of common stock or such other securities, in cash or otherwise.

If the last reported sale price of our common stock on the Nasdaq National Market is at least twice the initial public offering per share for the 20 consecutive trading days ending on the last trading day preceding the 120th day after the date of this prospectus, 30% of the shares of our common stock subject to the 180-day restriction described above will be released from these restrictions. This early release shall occur: (a) on the 120th day after the date of this prospectus if we make a public release of our quarterly or annual results during the period beginning on the eleventh trading day after the date of this prospectus and ending on the day prior to the 120th day after the date of this prospectus, or (b) otherwise, on the second trading day after the first public release of our quarterly or annual results occurring on or after the 120th day after the date of this prospectus.

The restrictions described in the previous paragraph do not apply to:

- The sale of shares to the underwriters;

- The issuance by Silicon Laboratories of shares of common stock upon the exercise of an option or a warrant or the conversion of a security outstanding on the date of this prospectus of which the underwriters have been advised in writing; or

- Transactions by any person other than Silicon Laboratories relating to shares of common stock or other securities acquired in open market transactions after the completion of the offering of the shares of common stock.

The underwriters have informed us that they do not intend sales to discretionary accounts to exceed five percent of the total number of shares of common stock offered by them.

We have submitted an application to have our common stock approved for quotation on the Nasdaq National Market under the symbol "SLAB."

In order to facilitate the offering of the common stock, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the common stock. Specifically, the underwriters may over-allot in connection with the offering, creating a short position in the common stock for their own account. In addition, to cover over-allotments or to stabilize the price of the common stock, the underwriters may bid for, and purchase, shares of common stock in the open market. Finally, the underwriting syndicate may reclaim selling concessions allowed to an underwriter or a dealer for distributing the common stock in the offering if the syndicate repurchases previously distributed shares of common stock in transactions to cover syndicate short positions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the market price of the common stock above independent market levels. The underwriters are not required to engage in these activities and may end any of these activities at any time.

We and the selling stockholders and the underwriters have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act.

DIRECTED SHARE PROGRAM

At our request, the underwriters have reserved up to shares of common stock to be sold in this offering, at the public offering price, to our customers, vendors, business associates and related persons. The number of shares of common stock available for sale to the general public will be reduced to the extent such individuals and entities purchase such reserved shares. Any reserved shares which are not so purchased will be offered by the underwriters to the general public on the same basis as the other shares.

PRICING OF THE OFFERING

Prior to this offering, there has been no public market for the shares of common stock. Consequently, the public offering price for the shares of common stock will be determined by negotiations among us, the selling stockholders and the representatives of the underwriters. Among the factors to be considered in determining the public offering price are our record of operations, our current financial position and future prospects, the industry in general, the experience of our management, our sales, earnings and other financial and operating information in recent periods, the price-earnings ratios, price-sales ratios, market prices of securities and financial and operating information of companies engaged in activities similar to ours. The estimated initial public offering range listed on the cover page of this prospectus is subject to change as a result of market conditions and other factors.

LEGAL MATTERS

The validity of the common stock offered hereby will be passed upon for us by Brobeck, Phleger & Harrison LLP, Austin, Texas. Certain legal matters in connection with this offering will be passed upon for the underwriters by Davis Polk & Wardwell, New York, New York.

EXPERTS

Ernst & Young LLP, independent auditors, have audited our consolidated financial statements at January 2, 1999 and January 1, 2000, and for each of the three years in the period ending January 1, 2000, as set forth in their report. We've included our financial statements in the prospectus and elsewhere in the registration statement in reliance on Ernst & Young LLP's report, given on their authority as experts in accounting and auditing.

WHERE YOU CAN FIND ADDITIONAL INFORMATION ABOUT SILICON LABORATORIES

We have filed with the Securities and Exchange Commission a registration statement on Form S-1, including exhibits, schedules and amendments, under the Securities Act with respect to the shares of common stock to be sold in this offering. This prospectus does not contain all the information included in the registration statement. For further information about us and the shares of our common stock to be sold in this offering, please refer to this registration statement. Complete exhibits have been filed with our registration statement on Form S-1.

You may read and copy any contract, agreement or other document that we have filed as an exhibit to our registration statement or any other portion of our registration statement or any other information from our filings at the Securities and Exchange Commission's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. You can request copies of these documents, upon payment of a duplicating fee, by writing to the Securities and Exchange Commission. Please call the Securities and Exchange Commission at 1-800-SEC-0330 for further information about the public reference room. Our filings with the Securities and Exchange Commission, including our registration statement, are also available to you on the Securities and Exchange Commission's Web site, HTTP://WWW.SEC.GOV.

As a result of this offering, we will become subject to the information and reporting requirements of the Securities Exchange Act of 1934, and will file and furnish to our stockholders annual reports containing financial statements audited by our independent auditors, make available to our stockholders quarterly reports containing unaudited financial data for the first three quarters of each fiscal year, proxy statements and other information with the Securities and Exchange Commission.

You may read and copy any reports, statements or other information on file at the public reference rooms. You can also request copies of these documents, for a copying fee, by writing to the Commission.

SILICON LABORATORIES INC.

FINANCIAL STATEMENTS

REPORT OF INDEPENDENT AUDITORS

The Board of Directors
Silicon Laboratories Inc.

We have audited the accompanying consolidated balance sheets of Silicon Laboratories Inc. as of January 2, 1999 and January 1, 2000, and the related consolidated statements of operations, redeemable convertible preferred stock and stockholders' equity, and cash flows for each of the three years in the period ended January 1, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Silicon Laboratories Inc. at January 2, 1999 and January 1, 2000, and the consolidated results of their operations and their cash flows for each of the three years in the period ended January 1, 2000 in conformity with accounting principles generally accepted in the United States.

Austin, Texas
January 11, 2000

SILICON LABORATORIES INC.

CONSOLIDATED BALANCE SHEETS

(IN THOUSANDS, EXCEPT PER SHARE DATA)

	JANUARY 2, 1999	JANUARY 1, 2000	UNAUDITED PRO FORMA REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY AT JANUARY 1, 2000
ASSETS			
Current assets:			
Cash and cash equivalents	$ 2,867	$ 8,197	
Short-term investments	2,957	6,509	
Accounts receivable, net of allowance for doubtful accounts of $56 and $569 at January 2, 1999 and January 1, 2000, respectively	2,875	10,322	
Inventories	635	2,837	
Deferred income taxes	--	963	
Prepaid expenses and other	135	435	
Total current assets	9,469	29,263	
Property, equipment and software, net	4,418	12,350	
Other assets	127	345	
Total assets	$14,014	$41,958	
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)			
Current liabilities:			
Accounts payable	$ 3,142	$ 7,374	
Accrued expenses	229	1,083	
Deferred revenue	--	1,006	
Current portion of long-term debt and leases	889	2,697	
Income taxes payable	--	2,822	
Total current liabilities	4,260	14,982	
Long-term debt and leases, less current portion	2,153	6,081	
Other long-term obligations	--	142	
Total liabilities	6,413	21,205	
Redeemable Convertible Preferred Stock	12,750	12,750	--
Stockholders' equity (deficit):			
Common Stock--$.0001 par value; 52,000 shares authorized; 28,642 and 30,016 shares issued and outstanding in fiscal 1998 and 1999 respectively, 43,858 shares on a pro forma basis	3	3	4
Additional paid-in capital	721	19,014	31,763
Stockholder notes receivable	(215)	(1,472)	(1,472)
Deferred stock compensation	(406)	(15,330)	(15,330)
Retained earnings (deficit)	(5,252)	5,788	5,788
Total stockholders' equity (deficit)	(5,149)	8,003	20,753
Total liabilities and stockholders' equity (deficit)	$14,014	$41,958	$ 41,958

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

SILICON LABORATORIES INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(IN THOUSANDS, EXCEPT PER SHARE DATA)

	YEAR ENDED		
	JANUARY 3, 1998	JANUARY 2, 1999	JANUARY 1, 2000
Sales	$ --	$ 5,609	$46,911
Cost of goods sold	--	2,371	15,770
Gross profit	--	3,238	31,141
Operating expenses:			
Research and development	1,364	4,587	8,297
Selling, general and administrative	627	2,095	7,207
Amortization of deferred stock compensation	--	8	976
Operating expenses	1,991	6,690	16,480
Operating income (loss)	(1,991)	(3,452)	14,661
Other (income) and expenses:			
Interest income	(178)	(261)	(402)
Interest expense	22	206	699
Income (loss) before provision for income taxes	(1,835)	(3,397)	14,364
Provision for income taxes	--	--	3,324
Net income (loss)	$(1,835)	$(3,397)	$11,040
Net income (loss) per share:			
Basic	$ (1.04)	$ (.37)	$ .73
Diluted	$ (1.04)	$ (.37)	$ .25
Weighted average common shares outstanding:			
Basic	1,760	9,129	15,152
Diluted	1,760	9,129	43,657
Pro forma net income per share			
Basic			$ .30
Diluted			$ .25
Pro forma weighted average common shares outstanding:			
Basic			36,461
Diluted			43,657

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

SILICON LABORATORIES INC.

STATEMENTS OF CHANGES IN REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)

(IN THOUSANDS)

	REDEEMABLE CONVERTIBLE PREFERRED STOCK		COMMON STOCK			
	NUMBER OF SHARES	VALUE	NUMBER OF SHARES	PAR VALUE	ADDITIONAL PAID-IN CAPITAL	STOCKHOLDER NOTES RECEIVABLE
Balance as of January 1, 1997	--	$ --	22,600	$ 2	$ --	$ --
Issuance of Series A convertible preferred stock	5,345	5,250	--	--	--	--
Exercises of stock options	--	--	5,511	1	143	(77)
Payments received on stockholder notes	--	--	--	--	--	10
Repurchase and cancellation of common stock	--	--	(407)	--	--	--
Net loss	--	--	--	--	--	--
Balance as of January 3, 1998	5,345	5,250	27,704	3	143	(67)
Issuance of Series B convertible preferred stock	1,576	7,500	--	--	--	--
Exercises of stock options	--	--	938	--	164	(148)
Deferred stock compensation	--	--	--	--	414	--
Amortization of deferred stock compensation	--	--	--	--	--	--
Net loss	--	--	--	--	--	--
Balance as of January 2, 1999	6,921	12,750	28,642	3	721	(215)
Exercises of stock options	--	--	1,411	--	2,047	(1,267)
Income tax benefit from exercise of stock options	--	--	--	--	91	--
Repurchase and cancellation of unvested shares	--	--	(37)	--	(10)	10
Compensation expense related to stock options and direct stock issuances to non-employees	--	--	--	--	266	--
Deferred stock compensation	--	--	--	--	15,899	--
Amortization of deferred stock compensation	--	--	--	--	--	--
Net income	--	--	--	--	--	--
Balance as of January 1, 2000	6,921	$12,750	30,016	$ 3	$19,014	$(1,472)

	DEFERRED STOCK COMPENSATION	RETAINED EARNINGS (DEFICIT)	TOTAL REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)
Balance as of January 1, 1997	$ --	$ (20)	$ (18)
Issuance of Series A convertible preferred stock	--	--	5,250
Exercises of stock options	--	--	67
Payments received on stockholder notes	--	--	10
Repurchase and cancellation of common stock	--	--	--
Net loss	--	(1,835)	(1,835)
Balance as of January 3, 1998	--	(1,855)	3,474
Issuance of Series B convertible preferred stock	--	--	7,500
Exercises of stock options	--	--	16
Deferred stock compensation	(414)	--	--
Amortization of deferred stock compensation	8	--	8
Net loss	--	(3,397)	(3,397)
Balance as of January 2, 1999	(406)	(5,252)	7,601
Exercises of stock options	--	--	780
Income tax benefit from exercise of stock options	--	--	91
Repurchase and cancellation of unvested shares	--	--	
Compensation expense related to stock options and direct stock issuances to non-employees	--	--	266
Deferred stock compensation	(15,899)	--	--

Amortization of deferred stock compensation	975	--	975
Net income	--	11,040	11,040
Balance as of January 1, 2000	$(15,330)	$ 5,788	$20,753

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

SILICON LABORATORIES INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(IN THOUSANDS)

	YEAR ENDED		
	JANUARY 3, 1998	JANUARY 2, 1999	JANUARY 1, 2000
OPERATING ACTIVITIES			
Net income (loss)	$(1,835)	$(3,397)	$11,040
Adjustment to reconcile net income (loss) to cash provided by (used in) operating activities:			
Depreciation and amortization expense	133	816	1,972
Amortization of deferred stock compensation	--	8	975
Amortization of note/lease end-of-term interest payments	--	--	142
Compensation expense related to stock options and direct stock issuance to non-employees	--	--	266
Income tax benefit for stock option exercise	--	--	91
Changes in operating assets and liabilities:			
Prepaid expenses and other	(64)	(65)	(300)
Accounts receivable	--	(2,875)	(7,447)
Inventories	--	(635)	(2,202)
Other assets	(7)	(120)	(218)
Accounts payable	1,499	1,643	4,232
Accrued expenses	55	175	854
Deferred revenue	--	--	1,006
Deferred income taxes	--	--	(963)
Income taxes payable	--	--	2,822
Net cash provided by (used in) operating activities	(219)	(4,450)	12,270
INVESTING ACTIVITIES			
Purchases of short-term investments	(6,152)	(5,616)	(9,385)
Maturities of short-term investments	3,083	5,728	5,833
Purchases of property and equipment	(2,258)	(3,066)	(9,904)
Net cash used in investing activities	(5,327)	(2,954)	(13,456)
FINANCING ACTIVITIES			
Proceeds from long-term debt	996	1,499	6,424
Payments on long-term debt	--	(249)	(1,274)
Repayment of note	(200)	--	--
Proceeds from equipment lease financing	--	825	976
Payments on capital leases	--	(30)	(390)
Net proceeds from issuances of convertible preferred stock	5,250	7,500	--
Net proceeds from exercises of stock options	77	17	780
Net cash provided by financing activities	6,123	9,562	6,516
Increase in cash and cash equivalents	577	2,158	5,330
Cash and cash equivalents at beginning of year	132	709	2,867
Cash and cash equivalents at end of year	$ 709	$ 2,867	$ 8,197
Supplemental disclosure of cash flow information:			
Interest paid	$ 22	$ 199	$ 593
Income taxes paid	--	--	1,489

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

1. ORGANIZATION

Silicon Laboratories Inc. (the "Company"), a Delaware corporation, develops and markets mixed-signal analog/intensive integrated circuits or ICs. The Company's products serve both the wireline and wireless communications markets. Within the semiconductor industry, the Company is known as a "fabless" company meaning that the ICs are manufactured by third-party semiconductor companies. The Company was incorporated in 1996, and emerged from the development stage in fiscal 1998.

2. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

As of January 1, 1997, the Company prepares financial statements on a 52-53 week year that ends on the Saturday closest to December 31. Fiscal year 1997 ended on January 3, 1998, fiscal year 1998 ended on January 2, 1999, and fiscal year 1999 ended on January 1, 2000.

PRINCIPLES OF CONSOLIDATION AND FOREIGN CURRENCY TRANSLATION

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Silicon Laboratories UK Limited. All significant intercompany balances and accounts have been eliminated. The functional currency of the Company's subsidiary is the U.S. dollar, accordingly, all translation gains and losses resulting from transactions denominated in currencies other than U.S. dollars are included in net income.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash deposits and investments with a maturity of three months or less when purchased.

SHORT-TERM INVESTMENTS

Cash investments in highly liquid financial instruments with original maturities greater than three months that mature within one year are classified as short-term investments. The Company's short-term investments consist of U.S. Government backed securities, which are classified as held-to-maturity and reported at amortized cost.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's financial instruments consist principally of cash and cash equivalents, short-term investments, receivables, accounts payable, and borrowings. The Company believes all of the financial instruments' recorded values approximate current market values.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVENTORIES

Inventories are stated at the lower of cost, determined using the first-in, first-out method, or market. Inventories consist of the following (in thousands):

	JANUARY 2, 1999	JANUARY 1, 2000
Work in progress	$511	$1,902
Finished goods	124	935
	$635	$2,837

PROPERTY, EQUIPMENT, AND SOFTWARE

Property, equipment, and software are stated at cost, net of accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line method over the useful lives of the assets (generally four to five years). Amortization of assets recorded under capital leases is computed using the straight-line method over the shorter of the asset's useful life or the term of the lease and such amortization is included with depreciation expense. See also Note 4. Leasehold improvements are depreciated over the contractual obligation of the lease period or their useful life, whichever is shorter. Property, equipment and software consist of the following (in thousands):

	JANUARY 2, 1999	JANUARY 1, 2000
Equipment	$3,221	$10,014
Computers and purchased software	1,854	3,779
Furniture and fixtures	86	326
Leasehold improvements	209	1,155
	5,370	15,274
Accumulated depreciation and amortization	(952)	(2,924)
	$4,418	$12,350

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates, and such differences could be material to the financial statements.

RISKS AND UNCERTAINTIES

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash, cash equivalents, short-term investments and accounts receivable. The Company places its cash, cash equivalents and short-term investments primarily in market rate accounts and U.S. Treasury bills. The Company performs ongoing credit evaluations of its customers' financial condition and generally requires no collateral from its customers. The Company provides an allowance for doubtful

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

accounts receivable based upon the expected collectibility of such receivables. The following table summarizes the changes in the allowance for doubtful accounts receivable (in thousands):

Balance at January 1, 1997	$
Additions charged to costs and expenses	--
Write-off of uncollectible accounts	--
Balance at January 3, 1998	$ --
Additions charged to costs and expenses	56
Write-off of uncollectible accounts	--
Balance at January 2, 1999	$ 56
Additions charged to costs and expenses	513
Write-off of uncollectible accounts	--
Balance at January 1, 2000	$569

All of the Company's products are currently manufactured by two companies in Taiwan. A manufacturing disruption experienced by either of the Company's manufacturing partners could impact the production of the Company's products for a substantial period of time, which could have a material adverse effect on the Company's business, financial condition and results of operations.

The following is a detail of customers that accounted for greater than 10% of gross revenue in the respective fiscal years:

	YEAR ENDED		
	JANUARY 3, 1998	JANUARY 2, 1999	JANUARY 1, 2000
Customer A	--%	78%	62%
Customer B	--	--	12
Customer C	--	20	10

INCOME TAXES

The Company accounts for income taxes in accordance with Statement of Financial Accounting Standards (SFAS) No. 109, ACCOUNTING FOR INCOME TAXES. This statement requires the use of the liability method whereby deferred tax asset and liability account balances are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse.

REVENUE RECOGNITION

Revenue from product sales direct to customers is recognized upon shipment. Certain of the Company's sales are made to distributors under agreements allowing certain rights of return and price protection on products unsold by distributors. Accordingly, the Company defers revenue and gross profit on such sales until the product is sold by the distributors.

ADVERTISING

Advertising costs are expensed as incurred. Advertising expenses were $4,269, $66,804 and $296,692 in the fiscal years ended January 3, 1998, January 2, 1999, and January 1, 2000, respectively.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

STOCK-BASED COMPENSATION

Financial Accounting Standards Board's ("FASB") SFAS No. 123, ACCOUNTING FOR STOCK-BASED COMPENSATION, prescribes accounting and reporting standards for all stock-based compensation plans, including employee stock options. As allowed by SFAS No. 123, the Company has elected to continue to account for its employee stock-based compensation in accordance with Accounting Principles Board Opinion No. 25, ACCOUNTING FOR STOCK ISSUED TO EMPLOYEES.

OTHER COMPREHENSIVE INCOME (LOSS)

In June 1997, the FASB issued SFAS No. 130, REPORTING COMPREHENSIVE INCOME, which establishes standards for reporting and display of comprehensive income and its components in the financial statements. There were no differences between net income (loss) and comprehensive income (loss) during any of the periods presented.

SEGMENT INFORMATION

Effective April 1, 1998, the Company adopted SFAS No. 131, DISCLOSURES ABOUT SEGMENTS OF AN ENTERPRISE AND RELATED INFORMATION. The adoption of SFAS No. 131 did not have a significant effect on the disclosure of segment information as the Company continues to consider its business activities as a single segment. The Company has one operating segment with two product divisions (the Wireline and Wireless Divisions). The chief operating decision maker allocates resources and assesses performance of the business and other activities at the operating segment level. The Wireline Division accounted for substantially all of the sales in all periods.

Approximately $0, $3,994, and $3,371,722 of the Company's revenues were from export sales for the fiscal years ended January 3, 1998, January 2, 1999, and January 1, 2000, respectively. The operations and assets of Silicon Laboratories UK Limited were immaterial in all periods presented.

NET INCOME PER SHARE

The Company computes net income (loss) per share in accordance with SFAS No. 128, EARNINGS PER SHARE. Under SFAS No. 128, basic net income (loss) per share is computed by dividing net income (loss) by the weighted average number of shares outstanding. Diluted net income (loss) per share is computed by dividing net income (loss) by the weighted average number of common shares and dilutive common share equivalents outstanding.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following table sets forth the computation of basic and diluted net income (loss) per share (in thousands, except per share amounts):

	YEAR ENDED		
	JANUARY 3, 1998	JANUARY 2, 1999	JANUARY 1, 2000
Net income (loss)	$ (1,835)	$ (3,397)	$ 11,040
Basic:			
Weighted-average shares of common stock outstanding	25,730	28,245	29,177
Weighted-average shares of common stock subject to repurchase	(23,970)	(19,116)	(14,025)
Shares used in computing basic net income (loss) per share	1,760	9,129	15,152
Effect of dilutive securities:			
Weighted-average shares of common stock subject to repurchase	--	--	13,370
Convertible preferred stock and warrants	--	--	13,965
Stock options	--	--	1,170
Shares used in computing diluted net income (loss) per share	1,760	9,129	43,657
Basic net income (loss) per share	$ (1.04)	$ (.37)	$ .73
Diluted net income (loss) per share	$ (1.04)	$ (.37)	$ .25
Pro forma:			
Basic:			
Shares used above			15,152
Pro forma adjustment to reflect weighted effect of assumed conversion of convertible preferred stock			13,842
Pro forma adjustment to reflect weighted average effect of shares subject to repurchase which vest upon an initial public offering			7,467
Shares used in computing pro forma basic net income per share			36,461
Pro forma basic net income per share			$ .30

RECLASSIFICATIONS

Certain reclassifications have been made to prior year financial statements to conform with current year presentation.

NEW ACCOUNTING PRONOUNCEMENTS

In June 1998, the FASB issued SFAS No. 133, ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES ("SFAS No. 133"). SFAS No. 133 is effective for fiscal years beginning after June 15, 2000. SFAS No. 133 requires that all derivative instruments be recorded on the balance sheet at their fair value. Changes in the fair value of derivatives are recorded each period in current earnings or other comprehensive income. The Company does not expect that the adoption of SFAS No. 133 will have a material impact on its financial statements because the Company does not believe it currently holds any derivative instruments.

In December 1999, the Securities and Exchange Commission staff released Staff Accounting Bulletin No. 101, Revenue Recognition in Financial Statements ("SAB No. 101"), which provides guidance on the

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

recognition, presentation and disclosure of revenue in financial statements. The application of SAB No. 101 did not have a material impact on the financial statements of the Company.

On March 31, 1999, the FASB issued an exposure draft entitled "Accounting for Certain Transactions Involving Stock Compensation," which is a proposed interpretation of APB Opinion No. 25. However, the exposure draft has not been finalized. Once finalized and issued, the current accounting practices for transactions involving stock compensation may need to change and such changes could affect the Company's future earnings.

3. SHORT-TERM INVESTMENTS

The Company's short-term investments consist of U.S. Treasury bills with interest rates ranging from 4.72% to 5.10% which mature at varying dates through May 25, 2000 and are considered to be held-to-maturity. Securities classified as held-to-maturity, which consist of securities that management has both the ability and positive intent to hold to maturity, are carried at amortized cost which approximates fair value.

4. LONG-TERM OBLIGATIONS

Long-term obligations consist of the following:

	JANUARY 2, 1999	JANUARY 1, 2000
	(IN THOUSANDS)	
Bank term loans due in monthly installments of $27,669 and $41,645 plus interest at bank prime (8.5% at January 1, 2000) through March 31, 2001 and January 31, 2002, respectively	$2,246	$1,456
Note payable, at 9.08%, payable in monthly installments of $24,810 through March 1, 2003 with a $200,600 interest payment due at maturity	--	835
Note payable, at 9.77%, payable in monthly installments of $4,113 through June 1, 2003	--	146
Note payable, at 9.91%, payable in monthly installments of $14,050 through September 1, 2003	--	526
Note payable, at 10.22%, payable in monthly installments of $5,829 through December 1, 2003	--	231
Note payable, at 6.71%, payable in monthly installments of $30,635 through February 28, 2003 with a $243,000 interest payment due at maturity	--	1,046
Note payable, at 6.92%, payable in monthly installments of $19,340 through July 31, 2003 with a $152,900 interest payment due at maturity	--	719
Note payable, at 7.13%, payable in monthly installments of $40,017 to $46,005 through April 30, 2004 with a $399,200 interest payment due at maturity	--	1,956
Note payable, at 7.5%, payable in monthly installments of $9,912 to $11,399 through April 30, 2004 with a $98,116 interest payment due at maturity	--	481
Capital lease obligations	796	1,382
	3,042	8,778
Current portion	(889)	(2,697)
Long-term portion	$2,153	$6,081

4. LONG-TERM OBLIGATIONS (CONTINUED)

The amounts outstanding under the above term loans are in connection with a $2.5 million loan facility (see Note 5 for discussion of warrants issued). In addition, the Company obtained new loan facilities in December 1999 totaling $4 million, of which no amounts were outstanding as of January 1, 2000. These additional facilities also bear interest at bank prime (8.5% as of January 1, 2000). The collateral for these loans includes a blanket lien on all otherwise unsecured tangible property, inventory, and accounts receivable. These loans and the letter of credit (See Note 6) are cross-collateralized and cross-defaulted. There are covenants related to net worth and liquidity associated with these financing lines, with which the company is in compliance as of January 1, 2000.

The Company has a revolving line of credit agreement (the Agreement) with a bank that is collateralized by certain assets of the company. Under the provisions of the Agreement, the line of credit allows for borrowings of up to $3 million or 80% of eligible accounts receivable at bank prime (8.5% as of January 1, 2000). There were no amounts outstanding under this facility as of January 2, 1999 and January 1, 2000.

The notes payable and capital lease obligations are borrowings with three institutional financing providers for equipment financing. The indebtedness is secured by a security interest in the underlying equipment.

Periodically, the Company will purchase or make advance deposits toward the purchase of machinery and equipment; and within one to three months enter into leasing arrangements to finance these assets. These leasing arrangements result in the reimbursement of the amounts initially paid by the Company and do not result in any gains or losses. Such reimbursements have been reflected in the statement of cash flows as proceeds from equipment lease financings.

The Company has financed the acquisition of certain computers and other equipment under capital lease transactions which are accounted for as financings and mature through fiscal year 2003. As of January 2, 1999 and January 1, 2000, equipment under capital lease included in property, equipment and software was $796,000 and $1,382,000, respectively.

At January 1, 2000, contractual maturities of debt and future minimum annual payments due under capital lease obligations are as follows (in thousands):

FISCAL YEAR	DEBT	CAPITAL LEASES	TOTAL
2000	$ 2,188	$ 646	$ 2,834
2001	2,117	637	2,754
2002	1,740	343	2,083
2003	1,125	12	1,137
2004	226	--	226
	7,396	1,638	9,034
Less amount representing interest	--	(256)	(256)
	7,396	1,382	8,778
Less current portion	(2,188)	(509)	(2,697)
Long-term debt and leases	$ 5,208	$ 873	$ 6,081

5. STOCKHOLDERS' EQUITY

REDEEMABLE CONVERTIBLE PREFERRED STOCK

Redeemable Convertible Preferred Stock is as follows:

SERIES	PAR VALUE	SHARES AUTHORIZED	SHARE ISSUED AND OUTSTANDING JANUARY 3, 1998	JANUARY 2, 1999	JANUARY 1, 2000	LIQUIDATION PREFERENCE
Undesignated	$.0001	998,095	--	--	--	--
A	$.0001	5,391,267	5,345,449	5,345,449	5,345,449	$ 5,250,002
B	$.0001	1,610,638	--	1,575,638	1,575,638	7,500,036
		8,000,000	5,345,449	6,921,087	6,921,087	$12,750,038

The Certificate of Incorporation authorizes the issuance of up to 8,000,000 shares of Convertible Preferred Stock with par value of $0.0001 per share. Each share is convertible at the option of the stockholder into two shares of common stock, subject to certain anti-dilution adjustments. The Convertible Preferred Stockholders are entitled to the number of votes equal to the number of shares of common stock into which each share of Convertible Preferred Stock could be converted on the record date. Conversion is automatic upon the closing of an underwritten public offering of the Company's common stock meeting certain criteria; or if less than one-third of the Convertible Preferred Stock remain outstanding for that series. Additional contractual obligations by and between the holders of Convertible Preferred Stockholders and the holders of common stock exist with regards to registration rights, indemnification, rights of first offer, rights of first refusal and voting of shares.

The stockholders of Series A and Series B Convertible Preferred Stock are entitled to cumulative dividends of $0.0589286 and $0.2856 per share, respectively, beginning January 1, 2002 and continuing thereafter whether or not earned or declared. In the event of conversion to common stock, the preferred stockholders shall receive, when applicable after January 1, 2002, consideration at conversion for all accrued and unpaid dividends. In the event of a liquidation or winding up of the Company, stockholders of Series A and Series B Convertible Preferred Stock shall have a liquidation preference of $0.982144225 and $4.76 per share, respectively, plus declared and unpaid dividends, over holders of common stock. After distributions pursuant to the liquidation preference, holders of Series A and Series B Convertible Preferred Stock shall participate in additional distributions pro rata with other classes of stock until such holders shall have received $2.946432675 and $14.28 per share, respectively.

Series A and Series B Convertible Preferred Stock are convertible at the option of each holder into common stock on a one-for-two basis, subject to certain anti-dilution adjustments.

A majority of the holders of Series A and Series B Convertible Preferred Stock, voting as one group, may elect to require the Company, for an amount per share equal to the liquidation price, to redeem on or after the dates specified below up to a cumulative total of that percentage of the shares on Series A and B Convertible Preferred Stock, net of any shares previously redeemed:

REDEMPTION DATE	CUMULATIVE PERCENTAGE OF SHARES WHICH MAY BE REDEEMED
March 21, 2005	33 1/3%
March 21, 2006	66 2/3%
March 21, 2007	100 %

5. STOCKHOLDERS' EQUITY (CONTINUED)

WARRANTS

A warrant to purchase 45,818 shares of Series A Convertible Preferred Stock at $0.982144225 per share was outstanding at January 1, 2000. The warrant is exercisable at any time before November 20, 2002. The warrant was issued in 1997 to a commercial bank in connection with the extension of debt financing (see Note 4).

A warrant to purchase 21,008 shares of Series B Convertible Preferred Stock at $4.76 per share was outstanding at January 1, 2000. The warrant is exercisable at any time before September 22, 2008. The warrant was issued in 1998 to an equipment lessor in connection with the extension of lease and debt financing (see Notes 4 and 5).

A warrant to purchase 4,765 shares of Series B Convertible Preferred Stock at $4.76 per share was outstanding at January 1, 2000. The warrant is exercisable at any time before September 4, 2003. The warrant was issued in 1998 to a commercial bank in connection with the issuance of a letter of credit facility for leasehold improvements (see Note 5).

No amount was allocated to the value of the above warrants as such amounts were not significant.

COMMON STOCK

The Company had 30,015,944 shares of common stock outstanding as of January 1, 2000. Of these shares, 11,910,298 shares were unvested and are subject to rights of repurchase that lapse according to a time based vesting schedule. Of the shares unvested and subject to rights of repurchase, 7,467,000 shares vest upon an initial public offering of common stock that meet certain criteria.

Common stock reserved at January 1, 2000 consists of the following:

For exercise of Convertible Preferred Stock	13,842,174
For exercise of Convertible Preferred Stock Warrants	143,182
For issuance under the Company's 1997 Stock Option/Stock Issuance Plan	3,389,498
	17,374,854

STOCK SPLIT

On November 3, 1999, the Company effected a two-for-one stock split through a stock dividend of common stock. All references to common stock share and per share amounts including options to purchase common stock have been retroactively restated to reflect the stock split as if such split had taken place at the inception of the Company. Also, the conversion ratio of the redeemable convertible preferred stock has been adjusted from one-for-one to one-for-two.

STOCK OPTION/STOCK ISSUANCE PLAN

The Company has a 1997 Stock Option/Stock Issuance Plan (the "Plan") whereby employees, members of the Board of Directors and independent advisors may be granted options to purchase shares of the Company's common stock or may be issued shares of the Company's common stock ("direct

5. STOCKHOLDERS' EQUITY (CONTINUED)

issuance shares") as a direct purchase or as a bonus for services rendered to the Company. These direct issuances of common stock are usually subject to rights of repurchase. At January 1, 2000, 8,561,808 shares were authorized for issuance under the Plan. The term of each option is no more than ten years from the date of grant. The options generally vest over a five to eight year period, and are immediately exercisable subject to a repurchase agreement which generally lapses in accordance with the vesting schedule. The direct issuance shares are also subject to repurchase rights which generally lapse over a five to eight year period. The repurchase rights provide that upon certain defined events, the Company can repurchase unvested shares at the price paid per share and gives the Company the right of first refusal for any proposed disposition of shares issued under the Plan.

The Company recorded deferred stock compensation expense of $414,000 and $15,899,000 in connection with stock options granted for 355,500 shares and 2,464,200 shares of common stock during fiscal 1998 and 1999, respectively. These amounts represent the difference between the exercise price of the stock option and the subsequently deemed fair value of the Company's common stock. The deferred stock compensation is amortized over the vesting periods of the applicable options, resulting in amortization of $8,000 and $975,000 for the year ended January 2, 1999 and the year ended January 1, 2000, respectively.

During fiscal 1997, 1998 and 1999, the Company made full recourse loans to employees of $77,000, $147,500 and $1,267,500, respectively, in connection with the employees' purchase of shares through exercises of options. These full recourse notes are secured by the shares of stock, are interest bearing at rates ranging from 4.8% to 6.7%, have terms of five years, and must be repaid upon the sale of the underlying shares of stock.

A summary of the Company's stock option and direct issuance activity and related information follows:

	SHARES AVAILABLE FOR GRANT	OPTIONS AND DIRECT ISSUANCES	EXERCISE PRICES	WEIGHTED-AVERAGE EXERCISE PRICE
Plan adopted, March 1997	5,294,536			
Granted	(3,630,000)	3,630,000	$0.05	$0.05
Exercised	--	(2,860,000)	.05	.05
Balance at January 3, 1998	1,664,536	770,000	0.05	0.05
Additional shares reserved	1,067,272			
Granted	(1,542,500)	1,542,500	0.05 - 1.25	0.35
Exercised	--	(938,168)	0.05 - .25	0.18
Cancelled	61,832	(61,832)	0.05	0.05
Balance at January 2, 1999	1,251,140	1,312,500	0.05 - 1.25	0.31
Additional shares reserved	2,200,000			
Granted	(2,484,200)	2,484,200	1.25 - 16.00	3.08
Exercised	--	(1,411,474)	0.05 - 5.00	1.45
Cancelled	5,000	(5,000)	0.25 - 1.75	.77
Repurchase and cancellation of unvested shares	37,332	--	.25	.25
Outstanding at January 1, 2000	1,009,272	2,380,226	$0.05 - $16.00	$2.52

5. STOCKHOLDERS' EQUITY (CONTINUED)

In addition, the following table summarizes information about stock options that were outstanding and exercisable at January 1, 2000.

RANGE OF EXERCISE PRICES	OPTIONS OUTSTANDING AND EXERCISABLE AT JANUARY 1, 2000	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE IN YEARS	WEIGHTED AVERAGE EXERCISE PRICE
$.050 to $.050	457,000	4.85	$ 0.050
.250 to .375	301,626	8.50	0.253
1.250 to 1.250	422,200	9.12	1.250
1.750 to 1.750	401,100	9.53	1.750
2.000 to 2.500	284,800	9.74	2.207
5.000 to 5.000	243,000	9.89	5.000
10.000 to 10.000	250,500	9.95	10.000
16.000 to 16.000	20,000	9.89	16.000
$0.050 to $16.000	2,380,226	8.54	$ 2.520

Pro forma information regarding net income (loss) is required by Statement No. 123, and has been determined as if the Company had accounted for its employee stock options under the fair value method of that Statement. The fair value for these options was estimated at the date of grant using a Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 6%; no expected dividends; an expected life of one year; and no volatility.

The weighted-average fair value of options granted during fiscal 1998 and 1999 was $.61 and $9.55, respectively.

For purposes of pro forma disclosure, the estimated fair value of the options is amortized to expense over the options' vesting period. The Company's pro forma information is as follows:

	YEAR ENDED		
	JANUARY 3, 1998	JANUARY 2, 1999	JANUARY 1, 2000
Pro forma net income (loss)	$(1,835)	$(3,400)	$11,014
Pro forma basic net income (loss) per share	(1.04)	(.37)	.73
Pro forma diluted net income (loss) per share	(1.04)	(.37)	.25

Option valuation models incorporate highly subjective assumptions. Because changes in the subjective assumptions can materially affect the fair value estimate, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's employee stock options. Because the determination of fair value of all employee stock options granted after such time as the Company becomes a public entity will include an expected volatility factor and because, for pro forma disclosure purposes, the estimated fair value of the Company's employee stock options is treated as if amortized to expense over the options' vesting period, the effects of applying SFAS No 123 for pro forma disclosures are not necessarily indicative of future amounts.

6. COMMITMENTS AND CONTINGENCIES

The Company's main executive, administrative and technical offices occupy approximately 37,800 square feet in Austin, Texas under a lease that expires in April 2006, with one five year renewal option. Monthly rental payments increase by $1,575 per month in April 2002 and again in April 2004.

The Company has an additional lease commitment for approximately 34,000 square feet in Austin, Texas for supplemental office space under a 76 month lease with one five year renewal option. The Company expects occupancy to commence in February 2000. Monthly rental payment increase from $22,301 to $48,919 per month at various intervals throughout the term of the lease.

To provide security for the landlord on the main offices, the Company provided a long-term cash deposit of $113,400 and a letter of credit for $453,600. At January 1, 2000, there were no outstanding amounts under the letter of credit. Based on certain financial performance criteria, the letter of credit requirements could be reduced to $255,600. (see also Note 4).

To provide security to the landlord on the additional lease commitment for February 2000 occupancy, the Company provided a long-term cash deposit of $64,800 and a letter of credit for $500,000. At January 1, 2000, no amounts were outstanding under the letter of credit. The letter of credit requirements could be reduced in even annual installments based upon satisfactory performance under the lease or eliminated entirely based on certain financial performance criteria. This letter of credit is provided under the revolving line of credit from a commercial bank (see Note 4).

The minimum annual future rentals under the terms of these leases at January 1, 2000 are as follows (in thousands):

FISCAL YEAR	
2000	$ 832
2001	988
2002	1,033
2003	1,042
2004	1,071
Thereafter	1,487
Total minimum lease payments	$6,453

Rent expense for operating leases was approximately $45,740, $144,784 and $373,983 for the years ended January 3, 1998, January 2, 1999, and January 1, 2000, respectively.

The Company is involved in various legal proceedings that have arisen in the normal course of business. While the ultimate results of these matters cannot be predicted with certainty, management does not expect them to have a material adverse effect on the consolidated financial position and results of operations.

7. INCOME TAXES

Deferred income taxes reflect the net tax effects of temporary differences between the carrying values of assets and liabilities for financial reporting purposes and the values used for income tax purposes.

7. INCOME TAXES (CONTINUED)

Significant components of the Company's deferred taxes as of January 2, 1999 and January 1, 2000 are as follows:

	JANUARY 2, 1999	JANUARY 1, 2000
Deferred tax liabilities:		
Depreciable assets	$ (209)	$ --
Deferred tax assets:		
Depreciable assets	--	$ 28
Reserves and allowances	113	568
Net operating loss and tax credit carryforwards	2,231	--
Deferred revenue	--	381
Deferred compensation	--	46
Accrued liabilities & other	29	55
	2,164	1,078
Net deferred tax assets before valuation allowance	2,164	1,078
Valuation allowance for net deferred tax asset	(2,164)	--
Net deferred taxes	$ --	$1,078

The Company established a valuation allowance of $2,164,000 for the year ended January 2, 1999, due to uncertainties regarding the realization of net deferred tax assets because of the Company's lack of earnings history. The valuation allowance decreased by $2,164,000 for the year ended January 1, 2000, as a result of the increased earnings of the Company during the current year.

Significant components of the provision (benefit) for income taxes attributable to continuing operations are as follows:

	JANUARY 3, 1998	JANUARY 2, 1999	JANUARY 1, 2000
Current:			
Federal	$--	$--	$ 4,009
State	--	--	393
Total Current	--	--	4,402
Deferred:			
Federal	--	--	(993)
State	--	--	(85)
Total Deferred	--	--	(1,078)
	$ 0	$ 0	$ 3,324

7. INCOME TAXES (CONTINUED)

The Company's provision (benefit) for income taxes differs from the expected tax expense (benefit) amount computed by applying the statutory federal income tax rate to income (loss) before income taxes as a result of the following:

	JANUARY 3, 1998	JANUARY 2, 1999	JANUARY 1, 2000
Pre-tax book income (loss) at statutory rate	(34.0)%	(34.0)%	35.0%
State taxes, net of federal benefit	(2.9)	(3.0)	3.0
Permanent items	1.0	0.3	.1
Deferred compensation expense	--	--	2.6
Tax credits	--	--	(2.4)
Change in valuation allowance	35.9	36.7	(15.2)
	0.0%	0.0%	23.1%

The exercise of certain stock options which have been granted under the Company's stock option plan result in compensation which is includable in the taxable income of the exercising option holder and deductible by the Company for federal and state income tax purposes. Such compensation results from increases in the fair market value of the Company's common stock subsequent to the date of grant of the exercised stock options and, in accordance with APB 25, such compensation is not recognized as an expense for financial accounting purposes; however, the related tax benefits are recorded as an addition to Additional Paid-in-Capital.

8. MINIMUM PURCHASE REQUIREMENT

The Company entered into a wafer and mask tooling agreement whereby it has an obligation to pay $100,000 over three years starting in July, 1997. This obligation may be reduced based upon subsequent purchase volume and vendor negotiations. As of January 1, 2000, the Company had accrued $60,000 related to this purchase agreement. The Company is also required to pay a nonrefundable yearly fee of $10,000 through 2000 to such vendor.

9. EMPLOYEE BENEFIT PLAN

During fiscal 1997, the Company established the Silicon Laboratories Inc. 401(k) Plan ("the 401(k) Plan") for the benefit of substantially all employees. The Company is the administrator of the 401(k) Plan. To be eligible for the 401(k) Plan, employees must have reached the age of 21. Participants may elect to contribute up to 15% of their compensation to the 401(k) Plan. The Company may make discretionary matching contributions of up to 10% of a participant's compensation as well as discretionary profit-sharing contributions to the 401(k) Plan. The Company's contributions to the 401(k) Plan vest over four years at a rate of 25% per year. The Company has not contributed to the Plan to date.

10. SUBSEQUENT EVENTS

On January 5, 2000 the Company's Board of Directors authorized management to file a registration statement with the Securities and Exchange Commission to permit the Company to sell shares of its common stock to the public. In connection with this authorization, the Board approved increasing the authorized shares of common stock to 250,000,000.

10. SUBSEQUENT EVENTS (CONTINUED)

On January 5, 2000 the Company's Board of Directors approved The 2000 Stock Incentive Plan ("Plan"). The Plan requires shareholder approval which is expected to occur prior to the effective date of the Company's IPO. The Company has reserved 5,389,498 shares of common stock for issuance under this plan (consisting of the shares available under the predecessor plan on the effective date plus an additional 2,000,000 shares).

Also on January 5, 2000 the Board adopted the Employee Stock Purchase Plan. The plan is expected to be approved prior to the date of the IPO and will become effective upon the execution of the underwriting agreement for the IPO.

[INSIDE BACK COVER GRAPHIC]

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The following table sets forth the costs and expenses, other than the underwriting discount, payable by registrant in connection with the sale of common stock being registered. All amounts are estimates except the SEC registration fee and the NASD filing fee.

SEC registration fee	$21,120
NASD filing fee	8,500
Nasdaq National Market listing fee	*
Printing and engraving expenses	*
Legal fees and expenses	*
Accounting fees and expenses	*
Blue sky fees and expenses	*
Transfer agent fees	*
Miscellaneous	*
Total	$

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* To be provided by amendment.

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Section 145 of the Delaware General Corporation Law (the "DGCL") provides, in effect, that any person made a party to any action by reason of the fact that he is or was a director, officer, employee or agent of Silicon Laboratories may and, in certain cases, must be indemnified by Silicon Laboratories against, in the case of a non-derivative action, judgments, fines, amounts paid in settlement and reasonable expenses (including attorneys' fees) incurred by him as a result of such action, and in the case of a derivative action, against expenses (including attorneys' fees), if in either type of action he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of Silicon Laboratories. This indemnification does not apply, in a derivative action, to matters as to which it is adjudged that the director, officer, employee or agent is liable to Silicon Laboratories, unless upon court order it is determined that, despite such adjudication of liability, but in view of all the circumstances of the case, he is fairly and reasonably entitled to indemnity for expenses, and, in a non-derivative action, to any criminal proceeding in which such person had no reasonable cause to believe his conduct was unlawful.

Our certificate of incorporation, provides that no director shall be liable to us or our stockholders for monetary damages for breach of fiduciary duty as a director to the fullest extent permitted by the DGCL.

Our bylaws require us to indemnify our directors and executive officers to the fullest extent permitted by Delaware law. We have entered into indemnification agreements with all of our directors and executive officers and have purchased directors' and officers' liability insurance.

Reference is made to the underwriting agreement to be filed as Exhibit 1.1 hereto, pursuant to which the underwriters have agreed to indemnify our officers and directors against certain liabilities under the Securities Act.

Silicon Laboratories has entered into Indemnification Agreements with each director and executive officer, a form of which is filed as Exhibit 10.1 to this Registration Statement. Pursuant to such agreements, we will be obligated, to the extent permitted by applicable law, to indemnify such directors and executive officers against all expenses, judgments, fines and penalties incurred in connection with the defense or settlement of any actions brought against them by reason of the fact that they were directors or executive

officers of Silicon Laboratories or assumed certain responsibilities at the direction of Silicon Laboratories. Silicon Laboratories also intends to purchase directors and officers liability insurance in order to limit its exposure to liability for indemnification of directors and executive officers.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES

Since August 1996, we have issued unregistered securities to a limited number of people as described below. These issuances were deemed exempt from registration under the Securities Act in reliance on Rule 701 or Section 4(2) promulgated under the Securities Act.

1. In March, April and June 1997, Silicon Laboratories issued shares of Series A Preferred Stock for $0.98214425 per share, for an aggregate purchase price of $5,250,002. The following stockholders purchased our Series A Preferred Stock: Austin Ventures IV-A, L.P.; Austin Ventures IV-B, L.P.; Austin Ventures V, L.P.; Silverton Partners; Donald Brooks; Dietrich R. Erdmann; and H. Berry Cash. Although the number of shares of Series A preferred stock outstanding was not affected by the 2-for-1 split of our common stock, as a result of this stock split, each share of Series A preferred stock automatically adjusted and became convertible into two shares of our common stock.

2. In June 1998, Silicon Laboratories issued shares of Series B Preferred Stock for $4.76 per share, for an aggregate purchase price of $7,500,037. The following stockholders purchased our Series B Preferred Stock: Austin Ventures IV-A, L.P.; Austin Ventures IV-B, L.P.; Austin Ventures V, L.P.; Austin Ventures V Affiliates Fund, L.P.; Silverton Partners; Donald W. and Theresa Brooks; Drutan Investments, Ltd.; Brooks + Brooks Investments, Ltd.; Current Ventures Group, Ltd.; CenterPoint Venture Partners, L.P.; Thomas M. Brooks; Dietrich R. Erdmann; Berry and Dianne Cash Grandchildren's Trust; Charles H. Cash; H. Berry Cash; KLM Capital Partners Fund; L.J. Sevin; and Jonathan D. Ivester. Although the number of shares of Series B preferred stock outstanding was not affected by the 2-for-1 split of our common stock, as a result of this stock split, each share of Series b preferred stock automatically adjusted and became convertible into two shares of our common stock.

3. Through January 1, 2000, Silicon Laboratories has issued 5,209,642 shares of its common stock to directors, employees and consultants upon the exercise of options granted or directly issued under its 1997 Stock Option/Stock Issuance Plan at a weighted average purchase price of $.45 per share.

4. From time to time Silicon Laboratories has granted stock options to employees, directors and consultants. The following table sets forth information regarding these grants:

DATE OF GRANT OR ISSUANCE	NUMBER OF SHARES	EXERCISE PRICE PER SHARE
May 1997--April 1998	3,946,000	$0.05
June 1998--July 1998	933,000	$0.25
September 1998	27,500	$0.275
October 1998	32,000	$0.325
November 1998	31,000	$0.375
December 1998--April 1999	968,000	$1.25
June 1999--July 1999	526,700	$1.75
September 1999	348,000	$2.00
October 1999	274,000	$2.50
November 1999	288,000	$5.00
November 1999	20,000	$16.00
December 1999	262,500	$10.00

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(A) EXHIBITS.

1.1*	Form of Underwriting Agreement by and among Silicon Laboratories Inc. and the Underwriters
3.1	Form of Fourth Amended and Restated Certificate of Incorporation of Silicon Laboratories Inc.
3.2	Form of Amended and Restated Bylaws of Silicon Laboratories Inc.
4.1*	Specimen certificate for shares of common stock
5.1*	Opinion of Brobeck, Phleger & Harrison LLP
10.1	Form of Indemnification Agreement between Silicon Laboratories Inc. and each of its directors and executive officers
10.2	Silicon Laboratories Inc. 2000 Stock Incentive Plan
10.3	Silicon Laboratories Inc. Employee Stock Purchase Plan
10.4	Amended and Restated Investors' Rights Agreement dated June 2, 1998 by and among the Silicon Laboratories Inc. and certain holders of preferred stock or common stock
10.5	Lease Agreement dated June 26, 1998 by and between Silicon Laboratories Inc. and S.W. Austin Office Building Ltd.
10.6	Lease Agreement dated October 27, 1999 by and between Silicon Laboratories Inc. and Stratus 7000 West Joint Venture
10.7	Master Loan and Security Agreement dated April 22, 1999 by and between Silicon Laboratories Inc. and FINOVA Capital Corporation
10.8	Commitment Letter dated April 19, 1999 by and between Silicon Laboratories and Imperial Bank
10.9	Security and Loan Agreement dated June 25, 1999 by and between Silicon Laboratories Inc. and Imperial Bank
10.10	Letter of Credit Agreement dated July 30, 1999 by and between Silicon Laboratories Inc. and Imperial Bank
10.11	Letter of Credit Agreement dated November 19, 1999 by and between Silicon Laboratories Inc. and Imperial Bank
10.12	Commitment Letter dated December 9, 1999 by and between Silicon Laboratories and Imperial Bank
10.13	First Amendment to Credit Terms and Conditions and Attachment Thereto dated December 16, 1999 by and between Silicon Laboratories Inc. and Imperial Bank
10.14	Promissory Note dated December 16, 1999 by and between Silicon Laboratories and Imperial Bank
10.15	Promissory Note dated December 16, 1999 by and between Silicon Laboratories and Imperial Bank
10.16	Preferred Stock Purchase Warrant dated November 20, 1997 by and between Silicon Laboratories and Imperial Bank
10.17	Preferred Stock Purchase Warrant dated September 4, 1998 by and between Silicon Laboratories and Imperial Bank

10.18	Volume Purchase Agreement dated June 1, 1998 by and between Silicon Laboratories Inc. and PC-Tel, Inc.
23.1	Consent of Ernst & Young LLP, Independent Auditors
23.2*	Consent of Brobeck, Phleger & Harrison LLP. Reference is made to Exhibit 5.1
24.1	Power of Attorney (see page II-5)
27.1	Financial Data Schedule

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* To be included by amendment.

(B) FINANCIAL STATEMENT SCHEDULES.

All schedules have been omitted because the information required to be set forth therein is not applicable or is shown in the consolidated Financial Statements or the related Notes.

ITEM 17. UNDERTAKINGS.

The undersigned hereby undertakes to provide to the underwriter at the closing specified in the underwriting agreements, certificates in such denominations and registered in such names as required by the underwriter to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers and controlling persons pursuant to the DGCL, our Certificate of Incorporation or our Bylaws, the underwriting agreement or otherwise, we have been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act, and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by us of expenses incurred or paid by one of our directors, officers, or controlling persons in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered hereunder, we will, unless in the opinion of our counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

We hereby undertake that:

1. For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by us pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective.

2. For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and this offering of such securities at that time shall be deemed to be the initial BONA FIDE offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, we have duly caused this registration statement to be signed on our behalf by the undersigned, thereunto duly authorized, in Austin, Texas, on January 18, 2000.

SILICON LABORATORIES INC.

By: /s/ NAVDEEP S. SOOCH
Navdeep S. Sooch
CHIEF EXECUTIVE OFFICER AND CHAIRMAN OF THE BOARD

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each individual whose signature appears below constitutes and appoints Navdeep S. Sooch and John W. McGovern, and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement, and to sign any registration statement for the same offering covered by this registration statement that is to be effective upon filing pursuant to Rule 462(b) promulgated under the Securities Act of 1933, and all post-effective amendments thereto, and to file the same, with all exhibits thereto and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or his or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated:

NAME	TITLE	DATE
/s/ NAVDEEP S. SOOCH Navdeep S. Sooch	Chief Executive Officer and Chairman of the Board (principal executive officer)	January 18, 2000
/s/ JOHN W. MCGOVERN John W. McGovern	Vice President and Chief Financial Officer (principal financial and accounting officer)	January 18, 2000
/s/ JEFFREY W. SCOTT Jeffrey W. Scott	Vice President of Engineering and Director	January 18, 2000

NAME	TITLE	DATE
/s/ DAVID R. WELLAND David R. Welland	Vice President of Technology and Director	January 18, 2000
/s/ WILLIAM P. WOOD William P. Wood	Director	January 18, 2000
/s/ H. BERRY CASH H. Berry Cash	Director	January 18, 2000

INDEX TO EXHIBITS

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27.1	Financial Data Schedule

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* To be included by amendment.

FOURTH AMENDED AND RESTATED

CERTIFICATE OF INCORPORATION
OF
SILICON LABORATORIES INC.

Silicon Laboratories Inc., a corporation organized and existing under the Delaware General Corporation Law (the "DGCL") DOES HEREBY CERTIFY:

FIRST: The original Certificate of Incorporation of this corporation was filed with the Secretary of State of Delaware on August 19, 1996 under the name "Silicon Laboratories Inc."

SECOND: The Fourth Amended and Restated Certificate of Incorporation of Silicon Laboratories Inc. in the form attached hereto as ANNEX A has been duly adopted in accordance with the provisions of Sections 245 and 242 of the DGCL by the directors and stockholders of the Corporation.

THIRD: The Fourth Amended and Restated Certificate of Incorporation so adopted reads in full as set forth in ANNEX A attached hereto and is hereby incorporated herein by this reference.

IN WITNESS WHEREOF, Silicon Laboratories Inc. has caused this Fourth Amended and Restated Certificate to be signed by its duly authorized and elected Chairman and Chief Executive Officer this ___ day of January, 2000.

SILICON LABORATORIES INC.

By:

Navdeep S. Sooch
Chairman and Chief Executive Officer

FOURTH AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF SILICON LABORATORIES INC.

ARTICLE I

The name of this Corporation shall be Silicon Laboratories Inc. (the "CORPORATION").

ARTICLE II

The address of the registered office of the Corporation in the State of Delaware is 1209 Orange Street, City of Wilmington, County of New Castle, State of Delaware. The name of the registered agent at that address is The Corporation Trust Company.

ARTICLE III

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the Delaware General Corporation Law.

ARTICLE IV

4.1 Prior to a Qualified Public Offering (as defined in Section B.4(b) of this Section 4.1 of this Article IV hereof), the Corporation's capital stock shall be comprised as follows:

A. CLASSES OF STOCK. The Corporation is authorized to issue two classes of capital stock to be designated, respectively, "Common Stock" and "Preferred Stock." The total number of shares of capital stock authorized to be issued is 60,000,000 shares. 52,000,000 shares shall be Common Stock, par value $0.0001 per share. 8,000,000 shares shall be Preferred Stock, par value $0.0001 per share, of which 5,391,267 shares shall be designated as "Series A Convertible Preferred Stock" (the "Series A Preferred Stock") and 1,610,638 shares shall be designated as "Series B Convertible Preferred Stock" (the "Series B Preferred Stock").

B. RIGHTS, PREFERENCES AND RESTRICTIONS OF PREFERRED STOCK. Undesignated Preferred Stock may be issued from time to time in one or more series. The Corporation's Board of Directors (the "Board of Directors") is hereby authorized to fix or alter the rights, preferences, privileges and restrictions granted to or imposed upon additional series of Preferred Stock, and the number of shares constituting any such series and the designation thereof, or of any of them. Subject to compliance with applicable protective voting rights which may be granted to the Preferred Stock or series thereof in Certificates of Designation or the Corporation's Certificate of Incorporation, as amended and as hereafter may be amended ("Protective Provisions"), but notwithstanding any other rights of the Preferred Stock or any series thereof, the rights, privileges, preferences and restrictions of any such additional series may be subordinated to, pari passu with (including, without limitation, inclusion in provisions with respect to liquidation and

acquisition preferences, redemption and/or approval of matters by vote or written consent), or senior to any of those of any present or future class or series of Preferred Stock or Common Stock. Subject to compliance with applicable Protective Provisions, the Board of Directors is also authorized to increase or decrease the number of shares of any series, prior or subsequent to the issue of that series, but not below the number of shares of such series then outstanding. In case the number of shares of any series shall be so decreased, the shares constituting such decrease shall resume the status that they had prior to the adoption of the resolution originally fixing the number of shares of such series. The rights, preferences, privileges and restrictions granted to and imposed on the Series A Preferred Stock and the Series B Preferred Stock are as set forth below in this Article IV(B).

1. DIVIDEND PROVISIONS.

(a) Subject to the rights of Preferred Stock which may hereafter come into existence, prior to January 1, 2002, the holders of shares of Series A Preferred Stock and Series B Preferred Stock shall be entitled to receive dividends, out of any assets legally available therefor, when, as and if declared by the Board of Directors.

(b) Subject to the rights of Preferred Stock which may hereafter come into existence, beginning January 1, 2002 and continuing thereafter, the holders of shares of Series A Preferred Stock shall be entitled to receive dividends, out of any assets legally available therefor, at the rate of $0.0589286 (as adjusted to reflect stock dividends, stock splits, combinations, recapitalizations or the like with respect to such series after March 21, 1997 (the "Initial Series A Issue Date")) per share of Series A Preferred Stock per annum, payable when, as and if declared by the Board of Directors, and such dividends shall be cumulative and shall accrue on each share from January 1, 2002, from day to day thereafter, whether or not earned or declared. Subject to the rights of Preferred Stock which may hereafter come into existence, beginning January 1, 2002 and continuing thereafter, the holders of shares of Series B Preferred Stock shall be entitled to receive dividends, out of any assets legally available therefor, at the rate of $0.2856 (as adjusted to reflect stock dividends, stock splits, combinations, recapitalizations or the like with respect to such series after the date upon which shares of Series B Preferred Stock were first issued (the "Initial Series B Issue Date")) per share of Series B Preferred Stock per annum, payable when, as and if declared by the Board of Directors, and such dividends shall be cumulative and shall accrue on each share from January 1, 2002, from day to day thereafter, whether or not earned or declared. Any accumulation of dividends on the Series A Preferred Stock or Series B Preferred Stock shall not bear interest. Cumulative dividends with respect to shares of Series A Preferred Stock or Series B Preferred Stock which are accrued, payable and/or in arrears shall, upon conversion of such shares to Common Stock, at the option of the Corporation either: (i) subject to the rights of series of Preferred Stock which may from time to time come into existence, be paid in cash to the extent assets are legally available therefor or (ii) be convertible into such additional shares of Common Stock determined by dividing the amount of such dividends by the fair market value of the Common Stock (as determined by the Corporation's Board of Directors) on the date of such conversion (with any fractional share rounded to the nearest whole share, with 0.5 being rounded upward).

(c) Each share of Series A Preferred Stock and Series B Preferred Stock shall rank equally in all respects with respect to dividends; provided, however, that the

Corporation shall not declare or pay dividends which are insufficient to pay all accrued dividends on each series of Preferred Stock outstanding unless such dividends are declared and paid to each series of Preferred Stock pro rata based on the accrued dividends with respect to such series as a percentage of accrued dividends for all series of Preferred Stock.

(d) Until such time as neither shares of Series A Preferred Stock nor Series B Preferred Stock are outstanding, no dividend whatsoever shall be paid or declared, and no distribution shall be made, on Common Stock (other than a dividend payable solely in Common Stock or other securities and rights convertible into or entitling the holder thereof to receive, directly or indirectly, additional shares of Common Stock).

(e) Any dividend or distribution which is declared by the Corporation and payable with assets of the Corporation, other than cash, shall be deemed to have such value as determined by the Board of Directors.

2. LIQUIDATION PREFERENCE.

(a) In the event of any liquidation, dissolution or winding up of the Corporation, either voluntary or involuntary, subject to the rights of series of Preferred Stock that may from time to time come into existence, (A) each holder of Series A Preferred Stock shall be entitled to receive, prior and in preference to any distribution of any of the assets of the Corporation to the holders of Common Stock by reason of their ownership thereof, an amount per share (the "Series A Liquidation Amount") equal to the sum of: (i) $0.982144225 (the "Original Series A Issue Price") (as adjusted to reflect stock dividends, stock splits, combinations, recapitalizations or the like with respect to such series after the Initial Series A Issue Date) for each outstanding share of Series A Preferred Stock held by such holder and (ii) an amount equal to all accrued but unpaid dividends on the shares of Series A Preferred Stock held by such holder and (B) each holder of Series B Preferred Stock shall be entitled to receive, prior and in preference to any distribution of any of the assets of the Corporation to the holders of Common Stock by reason of their ownership thereof, an amount per share (the "Series B Liquidation Amount") equal to the sum of: (i) $4.76 (the "Original Series B Issue Price") (as adjusted to reflect stock dividends, stock splits, combinations, recapitalizations or the like with respect to such series after the Initial Series B Issue Date) for each outstanding share of Series B Preferred Stock held by such holder and (ii) an amount equal to all accrued but unpaid dividends on the shares of Series B Preferred Stock held by such holder. If upon the occurrence of such event, the assets and funds thus distributed among the holders of the Series A Preferred Stock and Series B Preferred Stock shall be insufficient to permit the payment to such holders of the full aforesaid preferential amounts, then, subject to the rights of series of Preferred Stock that may from time to time come into existence, the entire assets and funds of the Corporation legally available for distribution shall be distributed ratably among the holders of the Series A Preferred Stock and Series B Preferred Stock in proportion to the relative liquidation preference of the shares of Series A Preferred Stock and Series B Preferred Stock then held by them.

(b) After the distribution described in Subsection 2(a) above and any other distribution that may be required with respect to series of Preferred Stock that may from time to time come into existence, the remaining assets of the Corporation available for distribution to stockholders shall be distributed among the holders of the Series A Preferred

Stock, Series B Preferred Stock and Common Stock pro rata based on the number of shares of Common Stock held by each (determined on an as-converted basis with respect to outstanding shares of Series A Preferred Stock and Series B Preferred Stock); provided that the amount which the holders of Series A Preferred Stock and Series B Preferred Stock shall be entitled to receive pursuant to Subsection 2(a) and this Subsection 2(b), if any, in the aggregate shall not exceed (i) $2.946432675 (as adjusted to reflect stock dividends, stock splits, combinations, recapitalizations or the like with respect to such series after the Initial Series A Issue Date) for each outstanding share of Series A Preferred Stock held by such holder and (ii) $14.28 (as adjusted to reflect stock dividends, stock splits, combinations, recapitalizations or the like with respect to such series after the Initial Series B Issue Date) for each outstanding share of Series B Preferred Stock held by such holder.

(c) After the distributions described in Subsections (a) and (b) above have been paid, subject to the rights of series of Preferred Stock that may from time to time come into existence, the remaining assets of the Corporation available for distribution to stockholders shall be distributed among the holders of Common Stock pro rata based on the number of shares of Common Stock held by each.

(d) (i) For purposes of this Section 2, upon the affirmative vote of the holders of at least sixty-seven percent (67%) of the shares of Series A Preferred Stock and Series B Preferred Stock then outstanding, voting together as a single class, a liquidation, dissolution or winding up of the Corporation shall be deemed to be occasioned by, or to include: (A) the acquisition of the Corporation by another entity by means of any transaction or series of related transactions (including, without limitation, any reorganization, merger or consolidation) or (B) a sale of all or substantially all of the assets of the Corporation; unless the Corporation's stockholders of record as constituted immediately prior to such acquisition or sale will, immediately after such acquisition or sale (by virtue of securities issued as consideration for the Corporation's acquisition or sale or otherwise) hold at least fifty percent (50%) of the voting power of the surviving or acquiring entity; provided, however, that shares of the surviving entity held by holders of the capital stock of the Corporation acquired by means other than the exchange or conversion of the capital stock of the Corporation for shares of the surviving entity shall not be used in determining if the stockholders of the Corporation own more than fifty percent (50%) of the voting power of the surviving or acquiring entity, but shall be used for determining the total outstanding voting power of such entity.

(ii) In any of such events, if the consideration received by the Corporation is other than cash, its value will be deemed its fair market value. Any securities to be delivered to the holders of the Series A Preferred Stock, Series B Preferred Stock or Common Stock, as the case may be, shall be valued as follows:

(A) If traded on a securities exchange or through the Nasdaq National Market, the value shall be deemed to be the average of the closing prices of the securities on such exchange over the thirty-day period ending three (3) days prior to the closing;

(B) If actively traded over-the-counter, the value shall be deemed to be the average of the closing bid or sale prices (whichever is applicable) over the thirty-day period ending three (3) days prior to the closing; and

(C) If there is no active public market, the value shall be the fair market value thereof, as mutually determined by the Corporation and the holders of at least a majority of the then outstanding shares of Series A Preferred Stock and Series B Preferred Stock, voting together as a single class.

(iii) In the event the requirements of this Subsection 2(d) are not complied with, the Corporation shall forthwith either:

(A) cause such closing to be postponed until such time as the requirements of this Section 2 have been complied with; or

(B) cancel such transaction, in which event the respective rights, preferences and privileges of the holders of the Series A Preferred Stock and Series B Preferred Stock shall revert to and be the same as such rights, preferences and privileges existing immediately prior to the date of the first notice referred to in Subsection 2(d)(iv) below.

(iv) The Corporation shall give each holder of record of Series A Preferred Stock and Series B Preferred Stock written notice of such impending transaction not later than twenty (20) days prior to the stockholders' meeting called to approve such transaction, or twenty (20) days prior to the closing of such transaction, whichever is earlier, and shall also notify such holders in writing of the final approval of such transaction. The first of such notices shall describe the material terms and conditions of the impending transaction and the provisions of this Section 2, and the Corporation shall thereafter give such holders prompt notice of any material changes. The transaction shall in no event take place sooner than twenty (20) days after the Corporation has given the first notice provided for herein or sooner than ten (10) days after the Corporation has given notice of any material changes provided for herein; provided, however, that such periods may be shortened upon the Corporation's receipt of written consent of the holders of at least a majority of the Series A Preferred Stock and Series B Preferred Stock (voting together as a single class) entitled to such notice rights or similar notice rights.

3. REDEMPTION.

(a) Subject to the rights of series of Preferred Stock that may from time to time come into existence, the holders of not less than a majority of the then outstanding Series A Preferred Stock and Series B Preferred Stock, voting together as a single class, may elect to require the Corporation to redeem (a "Redemption Request") on or after the dates specified below up to a cumulative total of that percentage of the shares of Series A Preferred Stock and Series B Preferred Stock held by each such requesting holder as set forth below opposite such Redemption Date, less the number of shares of Series A Preferred Stock and Series B Preferred Stock redeemed by the Company pursuant to this Subsection 3(a) from such holder (or its predecessors) prior to the date of such election:

Redemption Date	Cumulative Percentage of Shares Which May be Redeemed
March 21, 2005	33 1/3%
March 21, 2006	66 2/3%
March 21, 2007	100%.

In each such event, the Corporation shall, to the extent it may lawfully do so, redeem the shares specified in such Redemption Request within thirty (30) days following the later of the date of receipt of such Redemption Notice or the applicable Redemption Date, upon surrender by the requesting holders of the certificates representing such shares by paying a sum per share of Series A Preferred Stock equal to the Series A Liquidation Amount and a sum per share of Series B Preferred Stock equal to the Series B Liquidation Amount (such sums being the respective "Redemption Price" for the Series A Preferred Stock and Series B Preferred Stock). Any redemption effected pursuant to this Subsection (3)(a) shall be made on a pro rata basis among the requesting holders of the Series A Preferred Stock and Series B Preferred Stock in proportion to the number of shares of Series A Preferred Stock and Series B Preferred Stock then held by such holders. If any date fixed for redemption of shares pursuant to this Subsection 3(a) is a Saturday, Sunday or legal holiday, then such redemption shall occur on the first business day thereafter.

(b) As used herein and in Subsections (3)(a) above and (3)(c) and (3)(d) below, the term "Redemption Date" shall refer to each date on which shares of Series A Preferred Stock or Series B Preferred Stock are requested to be redeemed as provided in Subsection 3(a). Subject to the rights of series of Preferred Stock that may from time to time come into existence, at least fifteen (15) but no more than thirty (30) days prior to each Redemption Date, written notice shall be mailed, first class postage prepaid, to each holder of record (at the close of business on the business day next preceding the day on which notice is given) of the Series A Preferred Stock and Series B Preferred Stock requested to be redeemed, at the address last shown on the records of the Corporation for such holder, notifying such holder of the redemption to be effected, specifying the number of shares to be redeemed from such holder, the Redemption Date, the applicable Redemption Price, the place at which payment may be obtained and calling upon such holder to surrender to the Corporation, in the manner and at the place designated, his, her or its certificate or certificates representing the shares of Series A Preferred Stock and Series B Preferred Stock to be redeemed (the "Redemption Notice"). Except as provided in Subsection (3)(c), on or after the Redemption Date, each holder of Series A Preferred Stock and Series B Preferred Stock to be redeemed shall surrender to the Corporation the certificate or certificates representing such shares, in the manner and at the place designated in the Redemption Notice, and thereupon the applicable Redemption Price of such shares shall be payable to the order of the person whose name appears on such certificate or certificates as the owner thereof and each surrendered certificate shall be canceled. In the event

less than all the shares represented by any such certificate are redeemed, a new certificate shall be issued representing the unredeemed shares.

(c) From and after each Redemption Date, unless there shall have been a default in payment of the applicable Redemption Price, all rights of the holders of shares of Series A Preferred Stock and Series B Preferred Stock designated for redemption in the Redemption Notice as holders of such shares of Series A Preferred Stock and Series B Preferred Stock (except the right to receive the applicable Redemption Price without interest upon surrender of their certificate or certificates) shall cease with respect to such shares, and such shares shall not thereafter be transferred on the books of the Corporation or be deemed to be outstanding for any purpose whatsoever. Subject to the rights of Preferred Stock that may from time to time come into existence, if the funds of the Corporation legally available for redemption of shares of Series A Preferred Stock and Series B Preferred Stock on any Redemption Date are insufficient to redeem the total number of shares of Series A Preferred Stock and Series B Preferred Stock to be redeemed on such date, those funds which are legally available will be used to redeem the maximum possible number of such shares ratably among the holders of such shares to be redeemed on the basis of the relative Redemption Prices of the shares of Series A Preferred Stock and Series B Preferred Stock to be redeemed. The shares of Series A Preferred Stock and Series B Preferred Stock not redeemed shall remain outstanding and entitled to all the rights and preferences provided herein. Subject to the rights of Preferred Stock that may from time to time come into existence, at any time thereafter when additional funds of the Corporation are legally available for the redemption of shares of Series A Preferred Stock and Series B Preferred Stock, such funds will immediately be used to redeem the balance of the shares which the Corporation has become obliged to redeem on any Redemption Date but which it has not redeemed.

(d) On or prior to each Redemption Date, the Corporation may deposit the applicable Redemption Price of all shares of Series A Preferred Stock and Series B Preferred Stock designated for redemption in the Redemption Notice, and not yet redeemed or converted, with a bank or trust corporation having aggregate capital and surplus in excess of $100,000,000 as a trust fund for the benefit of the respective holders of the shares designated for redemption and not yet redeemed, with irrevocable instructions and authority to the bank or trust corporation to publish the notice of redemption thereof and pay the applicable Redemption Price for such shares to their respective holders on or after the Redemption Date, upon receipt of notification from the Corporation that such holder has surrendered his, her or its share certificate to the Corporation pursuant to Subsection (3)(b) above. As of the date of such deposit (even if prior to the Redemption Date), the deposit shall constitute full payment of the shares to their holders. From and after the date of such deposit the shares so called for redemption shall be redeemed and shall be deemed to be no longer outstanding, and the holders thereof shall cease to be stockholders with respect to such shares and shall have no rights with respect thereto, except the rights to receive from the bank or trust corporation payment of the applicable Redemption Price of the shares, without interest, upon surrender of their certificates therefor and the right to convert such shares as provided in Article IV(B)(4) below. Such instructions shall also provide that any monies deposited by the Corporation pursuant to this Subsection (3)(d) for the redemption of shares thereafter converted into shares of Common Stock pursuant to Article IV(B)(4) below prior to the Redemption Date shall be returned to the Corporation forthwith upon such conversion. The balance of any monies deposited by the Corporation pursuant to this

Subsection (3)(d) remaining unclaimed at the expiration of two (2) years followingthe final Redemption Date shall thereafter be returned to the Corporation upon its request expressed in a resolution of its Board of Directors.

4. CONVERSION. The holders of the Series A Preferred Stock and Series B Preferred Stock shall have conversion rights as follows (the "Conversion Rights"):

(a) RIGHT TO CONVERT. Each share of Series A Preferred Stock and Series B Preferred Stock shall be convertible, at the option of the holder thereof, at any time after the date of issuance of such share, at the office of the Corporation or any transfer agent for such stock, into such number of fully paid and nonassessable shares of Common Stock as is determined, (i) with respect to each share of Series A Preferred Stock, by dividing the Original Series A Issue Price plus any accrued but unpaid dividends by the "Series A Conversion Price" in effect on the date the certificate therefor is surrendered for conversion and (ii) with respect to each share of Series B Preferred Stock, by dividing the Original Series B Issue Price plus any accrued but unpaid dividends by the "Series B Conversion Price" in effect on the date the certificate therefor is surrendered for conversion. The initial Series A Conversion Price shall be equal to the Original Series A Issue Price and the initial Series B Conversion Price shall be equal to the Original Series B Issue Price; provided, however, that such Series A Conversion Price and Series B Conversion Price shall be subject to adjustment as set forth in Subsections 4(d), (e) and (f) below.

(b) AUTOMATIC CONVERSION. Each share of Series A Preferred Stock shall automatically be converted into shares of Common Stock at the Series A Conversion Price at the time in effect immediately upon the earlier of: (i) except as provided below in Subsection 4(c), the sale of Common Stock in a firm commitment underwritten public offering pursuant to a registration statement under the Securities Act of 1933, as amended (the "Securities Act"), the public offering price per share of which is not less than $9.52 (as adjusted to reflect stock dividends, stock splits, combinations, recapitalizations or the like with respect to the Common Stock after the Initial Series A Issue Date) and with gross proceeds to the Corporation and selling stockholders therein of at least $10,000,000 in the aggregate (a "Qualified Public Offering") or (ii) the date that, through the conversion or redemption of the Series A Preferred Stock, fewer than 1,781,816 shares (as adjusted to reflect stock dividends, stock splits, combinations, recapitalizations or the like with respect to such series after the Initial Series A Issue Date) of the Series A Preferred Stock remain outstanding. Each share of Series B Preferred Stock shall automatically be converted into shares of Common Stock at the Series B Conversion Price at the time in effect immediately upon the earlier of: (i) except as provided below in Subsection 4(c), the sale of Common Stock in a firm commitment underwritten public offering pursuant to a registration statement under the Securities Act the public offering price per share of which is not less than $9.52 (as adjusted to reflect stock dividends, stock splits, combinations, recapitalizations or the like with respect to the Common Stock after the Initial Series B Issue Date) and with gross proceeds to the Corporation and selling stockholders therein of at least $10,000,000 in the aggregate or (ii) the date that, through the conversion or redemption of the Series B Preferred Stock, fewer than 525,213 shares (as adjusted to reflect stock dividends, stock splits, combinations, recapitalizations or the like with respect to such series after the Initial Series B Issue Date) of Series B Preferred Stock remain outstanding.

(c) MECHANICS OF CONVERSION. Before any holder of Series A Preferred Stock or Series B Preferred Stock shall be entitled to convert the same into shares of Common Stock, such holder shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Corporation or of any transfer agent for the Series A Preferred Stock or Series B Preferred Stock, as the case may be, and shall give written notice to the Corporation at its principal corporate office, of the election to convert the same and shall state therein the name or names in which the certificate or certificates for shares of Common Stock are to be issued. The Corporation shall, as soon as practicable thereafter, issue and deliver at such office to such holder of Series A Preferred Stock or Series B Preferred Stock, as the case may be, or to the nominee or nominees of such holder, a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled as aforesaid. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the shares of Series A Preferred Stock or Series B Preferred Stock to be converted, and the person or persons entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock as of such date. If the conversion is in connection with an underwritten offering of securities registered pursuant to the Securities Act, the conversion shall be conditioned upon the closing with the underwriters of the sale of securities pursuant to such offering, in which event the person(s) entitled to receive the Common Stock upon conversion of such Preferred Stock shall not be deemed to have converted such Preferred Stock until immediately prior to the closing of such sale of securities.

(d) SERIES A AND SERIES B CONVERSION PRICE ADJUSTMENTS. The Series A Conversion Price and Series B Conversion Price shall be subject to adjustment from time to time as follows:

(i) (A) If the Corporation shall issue, after the Initial Series A Issue Date, any Additional Stock (as defined below) without consideration or for a consideration per share less than the Series A Conversion Price in effect immediately prior to the issuance of such Additional Stock, the Series A Conversion Price in effect immediately prior to each such issuance shall forthwith (except as otherwise provided in this clause (i)) be adjusted to a price determined by multiplying such Series A Conversion Price by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to such issuance plus the number of shares of Common Stock that the aggregate consideration received by the Corporation for such issuance would purchase at such Series A Conversion Price; and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such issuance plus the number of shares of such Additional Stock. If the Corporation shall issue, after the Initial Series B Issue Date, any Additional Stock without consideration or for a consideration per share less than the Series B Conversion Price in effect immediately prior to the issuance of such Additional Stock, the Series B Conversion Price in effect immediately prior to each such issuance shall forthwith (except as otherwise provided in this clause (i)) be adjusted to a price determined by multiplying such Series B Conversion Price by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to such issuance plus the number of shares of Common Stock that the aggregate consideration received by the Corporation for such issuance would purchase at such Series B Conversion Price; and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such issuance plus the number of shares of such Additional

Stock. For the purposes of this subsection, the number of shares of Common Stock outstanding immediately prior to suh issuance shall be calculated on a fully diluted basis, as if all shares of Series A Preferred Stock and Series B Preferred Stock and all Convertible Securities (as defined below) had been fully converted into shares of Common Stock immediately prior to such issuance and any outstanding Options (as defined below) had been fully exercised immediately prior to such issuance (and the resulting securities fully converted into shares of Common Stock, if so convertible) as of such date, but not including in such calculation any additional shares of Common Stock issuable with respect to shares of Series A Preferred Stock, Series B Preferred Stock and Convertible Securities or Options, solely as a result of the adjustment of the Series A Conversion Price or Series B Conversion Price resulting from the issuance of Additional Stock causing such adjustment. "Options" shall mean rights, options or warrants to subscribe for, purchase or otherwise acquire either Common Stock or Convertible Securities. "Convertible Securities" shall mean any evidences of indebtedness, shares (other than Common Stock, Series A Preferred Stock and Series B Preferred Stock) or other securities convertible into or exchangeable for Common Stock.

(B) No adjustment of the Series A Conversion Price or Series B Conversion Price shall be made in an amount less than one cent per share, provided that any adjustments which are not required to be made by reason of this sentence shall be carried forward and shall be either taken into account in any subsequent adjustment made prior to three (3) years from the date of the event giving rise to the adjustment being carried forward, or shall be made at the end of three (3) years from the date of the event giving rise to the adjustment being carried forward. Except to the limited extent provided for in Subsections 4(d)(i)(E)(3) and 4(d)(i)(E)(4) below, no adjustment of such Series A Conversion Price or Series B Conversion Price pursuant to this Subsection 4(d)(i) shall have the effect of increasing the Series A Conversion Price above the Series A Conversion Price in effect immediately prior to such adjustment and no adjustment of such Series B Conversion Price pursuant to this subsection 4(d)(i) shall have the effect of increasing the Series B Conversion Price above the Series B Conversion Price in effect immediately prior to such adjustment.

(C) In the case of the issuance of Common Stock for cash, the consideration shall be deemed to be the amount of cash paid therefor before deducting any reasonable discounts, commissions or other expenses allowed, paid or incurred by the Corporation for any underwriting or otherwise in connection with the issuance and sale thereof.

(D) In the case of the issuance of the Common Stock for a consideration in whole or in part other than cash, the consideration other than cash shall be deemed to be the fair value thereof as determined by the Board of Directors irrespective of any accounting treatment.

(E) In the case of the issuance (whether before, on or after the Initial Series A Issue Date or the Initial Series B Issue Date) of options to purchase or rights to subscribe for Common Stock, securities by their terms convertible into or exchangeable for Common Stock or options to purchase or rights to subscribe for such convertible or exchangeable securities, the following provisions shall apply for all purposes of this Subsection 4(d)(i):

(1) The aggregate maximum number of shares of Common Stock deliverable upon exercise (assuming the satisfaction of any conditions to exercisability, including without limitation, the passage of time, but without taking into account potential antidilution adjustments) of such options to purchase or rights to subscribe for Common Stock shall be deemed to have been issued at the time such options or rights were issued and for a consideration equal to the consideration (determined in the manner provided in Subsections 4(d)(i)(C) and 4(d)(i)(D)), if any, received by the Corporation upon the issuance of such options or rights plus the minimum exercise price provided in such options or rights (without taking into account potential antidilution adjustments) for the Common Stock covered thereby.

(2) The aggregate maximum number of shares of Common Stock deliverable upon conversion of or in exchange (assuming the satisfaction of any conditions to convertibility or exchangeability, including, without limitation, the passage of time, but without taking into account potential antidilution adjustments) for any such convertible or exchangeable securities or upon the exercise of options to purchase or rights to subscribe for such convertible or exchangeable securities and subsequent conversion or exchange thereof shall be deemed to have been issued at the time such securities were issued or such options or rights were issued and for a consideration equal to the consideration, if any, received by the Corporation for any such securities and related options or rights (excluding any cash received on account of accrued interest or accrued dividends), plus the minimum additional consideration, if any, to be received by the Corporation (without taking into account potential antidilution adjustments) upon the conversion or exchange of such securities or the exercise of any related options or rights (the consideration in each case to be determined in the manner provided in Subsections 4(d)(i)(C) and 4(d)(i)(D)).

(3) In the event of any change in the number of shares of Common Stock deliverable or in the consideration payable to the Corporation upon exercise of such options or rights or upon conversion of or in exchange for such convertible or exchangeable securities, including, but not limited to, a change resulting from the antidilution provisions thereof, the Series A Conversion Price and the Series B Conversion Price, to the extent in any way affected by or computed using such options, rights or securities, shall be recomputed to reflect such change, but no further adjustment shall be made for the actual issuance of Common Stock or any payment of such consideration upon the exercise of any such options or rights or the conversion or exchange of such securities.

(4) Upon the expiration of any such options or rights, the termination of any such rights to convert or exchange or the expiration of any options or rights related to such convertible or

exchangeable securities, the Series A Conversion Price and the Series B Conversion Price, to the extent in any way affected by or computed using such options, rights or securities or options or rights related to such securities, shall be recomputed to reflect the issuance of only the number of shares of Common Stock (and convertible or exchangeable securities which remain in effect) actually issued upon the exercise of such options or rights, upon the conversion or exchange of such securities or upon the exercise of the options or rights related to such securities.

(5) The number of shares of Common Stock deemed issued and the consideration deemed paid therefor pursuant to Subsections 4(d)(i)(E)(1) and (2) shall be appropriately adjusted to reflect any change, termination or expiration of the type described in either Subsection 4(d)(i)(E)(3) or (4).

(F) "Additional Stock" shall mean any shares of Common Stock issued (or deemed to have been issued pursuant to Subsection 4(d)(i)(E)) by the Corporation after the Initial Series A Issue Date with respect to the Series A Conversion Price or after the Initial Series B Issue Date with respect to the Series B Conversion Price other than:

(1) Common Stock issued pursuant to a transaction described in Subsection 4(d)(iii) hereof,

(2) Common Stock issuable or issued to employees, consultants, directors or vendors (if in transactions with primarily non-financing purposes) of the Corporation directly or pursuant to a stock option plan or restricted stock plan approved by the Board of Directors,

(3) Common Stock issuable in connection with lease lines, bank financings, acquisitions of companies or product lines or other similar transactions with a non-cash raising purpose approved by the Board of Directors (including, without limitation, the warrants to purchase 45,818 shares of Series A Preferred Stock issued to Imperial Bancorp in November 1997),

(4) Common Stock issued upon conversion of the Preferred Stock, and

(5) Common Stock issued or issuable: (i) in a public offering before or in connection with which all outstanding shares of Series A Preferred Stock and Series B Preferred Stock will be converted to Common Stock or (ii) upon exercise of warrants or rights granted to underwriters in connection with such a public offering.

(ii) If the Corporation does not attain gross product revenues (on a full accrual basis) of at least $10,000,000 for its fiscal year 1999 ("1999 Gross Product Revenues") and upon publication by the Corporation of audited financial statements indicating

that such minimum 1999 Gross Product Revenues were not attained, the Series A Conversion Price (but not the Series B Conversion Price) shall forthwith be adjusted to a price equal to 70.83325% of the Series A Conversion Price in effect immediately preceding such publication.

(iii) In the event the Corporation should at any time or from time to time, after the Initial Series B Issue Date, fix a record date for the effectuation of a split or subdivision of the outstanding shares of Common Stock or the determination of holders of Common Stock entitled to receive a dividend or other distribution payable in additional shares of Common Stock or other securities or rights convertible into, or entitling the holder thereof to receive directly or indirectly, additional shares of Common Stock (hereinafter referred to as "Common Stock Equivalents") without payment of any consideration by such holder for the additional shares of Common Stock or the Common Stock Equivalents (including the additional shares of Common Stock issuable upon conversion or exercise thereof), then, as of such record date (or the date of such dividend distribution, split or subdivision if no record date is fixed), the Series A Conversion Price and Series B Conversion Price shall be appropriately decreased so that the number of shares of Common Stock issuable on conversion of each share of Series A Preferred Stock and Series B Preferred Stock shall be increased in proportion to such increase of the aggregate of shares of Common Stock outstanding and those issuable with respect to such Common Stock Equivalents.

(iv) If the number of shares of Common Stock outstanding at any time, after the Initial Series B Issue Date, is decreased by a reverse split or combination of the outstanding shares of Common Stock, then, following the record date of such reverse split or combination, the Series A Conversion Price and Series B Conversion Price shall be appropriately increased so that the number of shares of Common Stock issuable on conversion of each share of each such series shall be decreased in proportion to such decrease in outstanding shares.

(e) OTHER DISTRIBUTIONS. In the event the Corporation shall declare a dividend or distribution payable in securities of other persons, evidences of indebtedness issued by the Corporation or other persons, assets (excluding cash dividends) or Common Stock Equivalents, then, in each such case, the holders of the Series A Preferred Stock and Series B Preferred Stock shall be entitled to a proportionate share of any such distribution as though they were the holders of the number of shares of Common Stock of the Corporation into which their respective shares of Series A Preferred Stock and Series B Preferred Stock are convertible as of the record date fixed for the determination of the holders of Common Stock of the Corporation entitled to receive such dividend or distribution.

(f) RECAPITALIZATIONS. If at any time or from time to time after the Initial Series B Issue Date, there shall be a recapitalization of the Corporation (other than a subdivision, combination or merger or sale of assets transaction provided for elsewhere in this Section 4 or in Section 2 above), provision shall be made so that the holders of the Series A Preferred Stock and Series B Preferred Stock shall thereafter be entitled to receive, upon conversion of their respective shares of Series A Preferred Stock and Series B Preferred Stock, the number of shares of stock or other securities or property of the Corporation or otherwise, to which a holder of Common Stock deliverable upon conversion would have been entitled on such recapitalization. In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 4 with respect to the rights of the holders of the Series A Preferred

Stock and Series B Preferred Stock after the recapitalization to the end that the provisions of this Section 4 (including adjustment of the Series A Conversion Price and Series B Conversion Price then in effect and the number of shares issuable to such holders upon conversion of the Series A Preferred Stock and Series B Preferred Stock) shall be applicable after that event as nearly equivalent as may be practicable.

(g) NO IMPAIRMENT. The Corporation will not, by amendment of its Certificate of Incorporation, as amended, or through any reorganization, recapitalization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Corporation, but will at all times in good faith assist in the carrying out of all the provisions of this Section 4 and in the taking of all such action as may be necessary or appropriate in order to protect the Conversion Rights of the holders of the Series A Preferred Stock and Series B Preferred Stock against impairment.

(h) NO FRACTIONAL SHARES AND CERTIFICATE AS TO ADJUSTMENTS.

(i) No fractional shares shall be issued upon the conversion of any share or shares of the Series A Preferred Stock or Series B Preferred Stock, and the number of shares of Common Stock to be issued shall be rounded to the nearest whole share. Whether or not fractional shares are issuable upon such conversion shall be determined on the basis of the total number of shares of Series A Preferred Stock and Series B Preferred Stock which the holder is at the time converting into Common Stock and the number of shares of Common Stock issuable upon such aggregate conversion.

(ii) Upon the occurrence of each adjustment or readjustment of the Series A Conversion Price or Series B Conversion Price pursuant to this Section 4, the Corporation, at its expense, shall promptly compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to each holder of such series of Preferred Stock for which the Conversion Price has been so adjusted a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, upon the written request at any time of any holder of Series A Preferred Stock or Series B Preferred Stock, furnish or cause to be furnished to such holder a like certificate setting forth: (A) such adjustment and readjustment, (B) the Conversion Price for such series at the time in effect and (C) the number of shares of Common Stock and the amount, if any, of other property which at the time would be received upon the conversion of a share of such series of Preferred Stock.

(i) NOTICES OF RECORD DATE. In the event of any taking by the Corporation of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend (other than a cash dividend) or other distribution, any right to subscribe for, purchase or otherwise acquire any shares of stock of any class or any other securities or property, or to receive any other right, the Corporation shall mail to each holder of Series A Preferred Stock and Series B Preferred Stock, at least twenty (20) days prior to the date specified therein, a notice specifying the date on which any such record is to be taken for the purpose of such dividend, distribution or right, and the amount and character of such dividend, distribution or right.

(j) RESERVATION OF STOCK ISSUABLE UPON CONVERSION. The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of the shares of Series A Preferred Stock and Series B Preferred Stock, such number of its shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of Series A Preferred Stock and Series B Preferred Stock; and if at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of Series A Preferred Stock and Series B Preferred Stock, in addition to such other remedies as shall be available to the holder of such Series A Preferred Stock and Series B Preferred Stock, the Corporation will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes, including, without limitation, engaging in best efforts to obtain the requisite stockholder approval of any necessary amendment to its Certificate of Incorporation, as amended.

(k) NOTICES. Any notice required by the provisions of this Section 4 to be given to the holders of shares of Series A Preferred Stock or Series B Preferred Stock shall be deemed given if deposited in the United States mail, postage prepaid, and addressed to each holder of record at such holder's address appearing on the books of the Corporation.

5. VOTING RIGHTS. Each holder of shares of Series A Preferred Stock and Series B Preferred Stock shall have the right to one (1) vote for each share of Common Stock into which such holder's respective shares of Series A Preferred Stock and Series B Preferred Stock could then be converted, with full voting rights and powers equal to the voting rights and powers of the holders of Common Stock, except as required by law or as expressly provided herein, including the Protective Provisions in Section 6 below; shall be entitled, notwithstanding any provision hereof, to notice of any stockholders' meeting in accordance with the Bylaws of the Corporation; and shall be entitled to vote, together with holders of Common Stock, with respect to any question upon which holders of Common Stock have the right to vote, except as expressly provided herein. Fractional votes shall not, however, be permitted and any fractional voting rights available on an as-converted basis (after aggregating all shares into which shares of Series A Preferred Stock and Series B Preferred Stock held by each holder could be converted) shall be rounded to the nearest whole number (with 0.5 being rounded upward).

6. PROTECTIVE PROVISIONS. So long as any shares of Series A Preferred Stock or Series B Preferred Stock are outstanding, the Corporation shall not, without first obtaining the approval (by vote or written consent, as permitted by law) of the holders of at least sixty-seven percent (67%) of the then outstanding shares of Series A Preferred Stock and Series B Preferred Stock, voting or acting, as the case may be, as a single class:

(a) sell, convey or otherwise dispose of all or substantially all of its property or business; liquidate, dissolve or wind up the Corporation's business; or merge into or consolidate with any other corporation (other than a wholly-owned subsidiary corporation); or effect any transaction or series of related transactions in which more than fifty percent (50%) of the voting power of the Corporation is disposed of (a "Corporate Transaction"), unless the Corporation's stockholders of record as constituted immediately prior to such Corporate Transaction will, immediately after such Corporate Transaction, hold at least fifty percent (50%)

of the voting power of the surviving or acquiring entity; provided, however, that shares of the surviving entity held by holders of the capital stock of the Corporation acquired by means other than the exchange or conversion of the capital stock of the Corporation for shares of the surviving entity shall not be used in determining if the stockholders of the Corporation own more than fifty percent (50%) of the voting power of the surviving or acquiring entity, but shall be used for determining the total outstanding voting power of such entity;

(b) purchase, redeem or acquire any shares of Common Stock or options to purchase Common Stock or pay funds into or set aside or make available a sinking fund for the purchase, redemption or acquisition of shares of Common Stock or options to purchase Common Stock; provided, however, the foregoing restrictions shall not apply to the repurchase of shares of Common Stock held by employees, officers, directors, consultants or other persons performing services for the Corporation or any wholly owned subsidiary of the Corporation (including, but not by way of limitation, distributors and sales representatives) that are subject to restrictive agreements under which the Corporation has the option to repurchase such shares upon the occurrence of certain events, such as the proposed sale of such shares;

(c) amend or modify any provision of the Corporation's Certificate of Incorporation, as amended, or Bylaws so as to affect adversely the rights, preferences or privileges of the Series A Preferred Stock or the Series B Preferred Stock;

(d) amend the Bylaws of the Corporation to increase, or otherwise take any action that would have the effect of increasing, the authorized number of directors of the Corporation to more than five (5);

(e) increase or decrease (other than by redemption or conversion) the total number of authorized shares of Series A Preferred Stock or Series B Preferred Stock;

(f) authorize or issue, or authorize or effect any reclassification of, or obligate itself to issue, any equity security (other than the Series A Preferred Stock or Series B Preferred Stock), including any other security convertible into or exercisable for any equity security, so as to cause such security to have a preference over, or be on a parity with, the Series A Preferred Stock or the Series B Preferred Stock with respect to dividends or upon liquidation;

(g) authorize or issue, or obligate itself to issue, any equity security, including any other security convertible into or exercisable for any equity security, of the Corporation to any employee of the Corporation, other than up to 10,561,808 shares of Common Stock (as adjusted to reflect stock dividends, stock splits, combinations, recapitalizations or the like after the date hereof) that may be reserved for issuance or otherwise issued under any stock option or other plan or agreement of the Corporation, together with options granted thereunder to purchase such shares; or

(h) amend any of the provisions set forth in this Subsection 6.

7. STATUS OF CONVERTED OR REDEEMED STOCK. In the event any shares of Series A Preferred Stock or Series B Preferred Stock shall be converted pursuant to Section 4 above, or in the event any shares of Series A Preferred Stock or Series B Preferred Stock shall be redeemed pursuant to Section 3 above, the shares so converted or redeemed shall be canceled

and shall not be issuable by the Corporation. The Certificate of Incorporation, as amended, of the Corporation shall be amended at such time or times as the Corporation deems it reasonably practicable to effect the corresponding reduction in the Corporation's authorized capital stock.

C. COMMON STOCK.

1. DIVIDEND RIGHTS. Subject to the provisions of Section 1 of Division (B) of this Article IV, the holders of the Common Stock shall be entitled to receive, when and as declared by the Board of Directors, out of any assets of the Corporation legally available therefor, such dividends as may be declared from time to time by the Board of Directors.

2. LIQUIDATION RIGHTS. Upon the liquidation, dissolution or winding up of the Corporation, the assets of the Corporation shall be distributed as provided in Section 2 of Division (B) of this Article IV.

3. REDEMPTION. The Common Stock is not redeemable hereunder.

4. VOTING RIGHTS. The holder of each share of Common Stock shall have the right to one vote, and shall be entitled to notice of any stockholders' meeting in accordance with the Bylaws of the Corporation, and shall be entitled to vote upon such matters and in such manner as may be provided by law.

4.2 Effective as of a Qualified Public Offering (as defined in Section B.8 of Section 4.1 above), the Corporation's capital stock shall be comprised as follows:

A. AUTHORIZED SHARES. The aggregate number of shares that the Corporation shall have authority to issue is 260,000,000, (a) 250,000,000 shares of which shall be Common Stock, par value $0.0001 per share, and (b) 10,000,000 of which shall be Preferred Stock, par value $0.0001 per share.

B. COMMON STOCK. Each share of Common Stock shall have one vote on each matter submitted to a vote of the stockholders of the Corporation. Subject to the provisions of applicable law and the rights of the holders of the outstanding shares of Preferred Stock, if any, the holders of shares of Common Stock shall be entitled to receive, when and as declared by the Board of Directors of the Corporation, out of the assets of the Corporation legally available therefor, dividends or other distributions, whether payable in cash, property or securities of the Corporation. The holders of shares of Common Stock shall be entitled to receive, in proportion to the number of shares of Common Stock held, the net assets of the Corporation upon dissolution after any preferential amounts required to be paid or distributed to holders of outstanding shares of Preferred Stock, if any, are so paid or distributed.

C. PREFERRED STOCK.

1. SERIES. The Preferred Stock may be issued from time to time by the Board of Directors as shares of one or more series. The description of shares of each additional series of Preferred Stock, including any designations, preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends, qualifications, and terms and conditions of redemption shall be as set forth in resolutions adopted by the Board of Directors.

2. RIGHTS AND PREFERENCES. The Board of Directors is expressly authorized, at any time, by adopting resolutions providing for the issuance of, or providing for a change in the number of, shares of any particular series of Preferred Stock and, if and to the extent from time to time required by law, by filing certificates of amendment or designation which are effective without stockholder action, to increase or decrease the number of shares included in each series of Preferred Stock, but not below the number of shares then issued, and to set in any one or more respects the designations, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends, qualifications, or terms and conditions of redemption relating to the shares of each such series. The authority of the Board of Directors with respect to each series of Preferred Stock shall include, but not be limited to, setting or changing the following:

(a) the dividend rate, if any, on shares of such series, the times of payment and the date from which dividends shall be accumulated, if dividends are to be cumulative;

(b) whether the shares of such series shall be redeemable and, if so, the redemption price and the terms and conditions of such redemption;

(c) the obligation, if any, of the Corporation to redeem shares of such series pursuant to a sinking fund;

(d) whether shares of such series shall be convertible into, or exchangeable for, shares of stock of any other class of classes and, if so, the terms and conditions of such conversion or exchange, including the price or prices or the rate or rates of conversion or exchange and the terms of adjustment, if any;

(e) whether the shares of such series shall have voting rights, in addition to the voting rights provided by law, and, if so, the extent of such voting rights;

(f) the rights of the shares of such series in the event of voluntary or involuntary liquidation, dissolution or winding-up of the Corporation; and

(g) any other relative rights, powers, preferences, qualifications, limitations or restrictions thereof relating to such series.

ARTICLE V

A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (a) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (c) under Section 174 of the Delaware General Corporation Law or (d) for any transaction from which the director derived any improper personal benefit. If the Delaware General Corporation Law is amended after approval by the stockholders of this Article to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law as so amended.

ARTICLE VI

The management of the business and the conduct of the affairs of the Corporation shall be vested in its Board of Directors. The number of directors which shall constitute the whole Board of Directors shall be fixed by, or in the manner provided in, the Bylaws of the Corporation.

ARTICLE VII

Meetings of stockholders may be held within or without the State of Delaware, as the Bylaws may provide. The books of the Corporation may be kept (subject to any provision contained in the statutes) outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the Bylaws of the Corporation.

ARTICLE VIII

Election of directors at an annual or special meeting of stockholders need not be by written ballot unless the Bylaws of the Corporation shall so provide.

ARTICLE IX

A. At each annual meeting of stockholders, directors of the Corporation shall be elected to hold office until the expiration of the term for which they are elected, and until their successors have been duly elected and qualified. At the first annual meeting of stockholders following the closing of the initial public offering (the "FIRST PUBLIC COMPANY ANNUAL MEETING") of the Corporation's capital stock pursuant to an effective registration statement filed under the Securities Act of 1933, as amended (the "INITIAL PUBLIC OFFERING"), the directors of the Corporation shall be divided into three classes as nearly equal in size as is practicable, hereby designated as Class I, Class II and Class III. The term of office of the initial Class I directors shall expire at the next succeeding annual meeting of stockholders, the term of office of the initial Class II directors shall expire at the second succeeding annual meeting of stockholders and the term of office of the initial Class III directors shall expire at the third succeeding annual meeting of stockholders. For the purposes hereof, the initial Class I, Class II and Class III directors shall be those directors designated and elected at the First Public Company Annual Meeting. At each annual meeting after the First Public Company Annual Meeting, directors to replace those of a Class whose terms expire at such annual meeting shall be elected to hold office until the third succeeding annual meeting and until their respective successors shall have been duly elected and qualified. If the number of directors is hereafter changed, any newly created directorships or decrease in directorships shall be so apportioned among the classes as to make all classes as nearly equal in number as is practicable.

B. Vacancies occurring on the Board of Directors for any reason may be filled by vote of a majority of the remaining members of the Board of Directors, although less than a quorum, at a meeting of the Board of Directors. A person so elected by the Board of Directors to fill a vacancy shall hold office until the next succeeding annual meeting of stockholders of the Corporation and until his or her successor shall have been duly elected and qualified.

ARTICLE X

In furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized to make, alter, amend or repeal the Bylaws of the Corporation.

ARTICLE XI

Effective upon the closing of the Initial Public Offering, stockholders of the Corporation may not take action by written consent in lieu of a meeting but must take any actions at a duly called annual or special meeting.

ARTICLE XII

Notwithstanding any other provisions of this Certificate of Incorporation or any provision of law which might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote of the holders of the capital stock required by law or this Certificate of Incorporation, the affirmative vote of the holders of at least two-thirds (2/3) of the combined voting power of all of the then-outstanding shares of the Corporation entitled to vote shall be required to alter, amend or repeal Articles X, XII or XIII, or any provisions thereof.

ARTICLE XIII

The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred on stockholders herein are granted subject to this reservation.

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AMENDED AND RESTATED BYLAWS

OF

SILICON LABORATORIES INC., A DELAWARE CORPORATION

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AMENDED AND RESTATED
BYLAWS
OF
SILICON LABORATORIES INC.,
A DELAWARE CORPORATION

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ARTICLE I.
OFFICES

Section 1.1 REGISTERED OFFICE. The registered office of the corporation shall be the registered office named in the certificate of incorporation of the corporation, or such other office as may be designated from time to time by the Board of Directors in the manner provided by law.

Section 1.2 OTHER OFFICES. The corporation may have offices at such other places both within and without the State of Delaware as the Board of Directors may from time to time determine or the business of the corporation may require. The books of the corporation may be kept (subject to any provision contained in the Delaware General Corporation Law) outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in these Bylaws.

ARTICLE II.

CORPORATE SEAL

The corporate seal shall consist of a die bearing the name of the corporation. Said seal may be used by causing it, or a facsimile thereof, to be impressed, affixed or reproduced.

ARTICLE III.

STOCKHOLDERS' MEETINGS

Section 3.1 PLACE OF MEETINGS. Meetings of the stockholders of the corporation shall be held at such place, either within or without the State of Delaware, as may be designated from time to time by the Board of Directors, or, if not so designated, then at the principal executive offices of the corporation.

Section 3.2 ANNUAL MEETING.

(a) The annual meeting of the stockholders of the corporation, for the purpose of election of Directors and for such other business as may lawfully come before it, shall be held on such date and at such time as may be designated from time to time by the Board of Directors.

(b) At an annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be: (A) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors; (B) otherwise properly brought before the meeting by or at the direction of the Board of Directors; or (C) otherwise properly brought before the meeting by a stockholder. For business to be properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary of the corporation. To be timely, a stockholder's notice must be delivered to or mailed and received by the Secretary of the corporation not later than the close of business on the one hundred twentieth (120th) day prior to the first anniversary of the date of the proxy statement delivered to stockholders in connection with the preceding year's annual meeting; provided, however, that if either (i) the date of the annual meeting is advanced more than thirty (30) days or delayed (other than as a result of adjournment) more than sixty (60) days from such an anniversary date or (ii) no proxy statement was delivered to stockholders in connection with the preceding year's annual meeting, notice by the stockholder to be timely must be so delivered not earlier than the close of business on the ninetieth (90th) day prior to such annual meeting and not later than the close of business on the later of the sixtieth (60th) day prior to such annual meeting or the close of business on the tenth (10th) day following the day on which public announcement of the date of such meeting is first made by the corporation. To be in proper form, a stockholder's notice to the Secretary shall set forth as to each matter the stockholder proposes to bring before the annual meeting:

(i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting;

(ii) a representation that the stockholder is a holder of record of stock of the corporation entitled to vote at such meeting and, if applicable, intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice or introduce the business specified in the notice;

(iii) the name and address, as they appear on the corporation's books, of the stockholder proposing such business;

(iv) the class and number of shares of the corporation which are beneficially owned by the stockholder;

(v) any material interest of the stockholder in such business; and

(vi) any other information that is required to be provided by the stockholder pursuant to Regulation 14A under the Securities Exchange Act of

1934, as amended (the "Exchange Act"), in such stockholder's capacity as a proponent of a stockholder proposal.

The chairman of the meeting shall determine whether any business proposed to be transacted by the stockholders has been properly brought before the meeting and, if any proposed business has not been properly brought before the meeting, the chairman shall declare that such proposed business shall not be presented for stockholder action at the meeting. For purposes of this Section 3.2, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the corporation with the Securities and Exchange Commission pursuant to Sections 13, 14 or 15(d) of the Exchange Act. Notwithstanding any provision in this Section 3.2 to the contrary, requests for inclusion of proposals in the corporation's proxy statement made pursuant to Rule 14a-8 under the Exchange Act shall be deemed to have been delivered in a timely manner if delivered in accordance with such Rule. Notwithstanding compliance with the requirements of this Section 3.2, the chairman presiding at any meeting of the stockholders may, in his sole discretion, refuse to allow a stockholder or stockholder representative to present any proposal which the corporation would not be required to include in a proxy statement under any rule promulgated by the Securities and Exchange Commission.

(c) Only persons who are nominated in accordance with the procedures set forth in this paragraph shall be eligible for election as Directors. Nominations of persons for election to the Board of Directors of the corporation may be made at a meeting of stockholders by or at the direction of the Board of Directors or by any stockholder of the corporation entitled to vote in the election of Directors at the meeting who complies with the notice procedures set forth in this paragraph. Such nominations, other than those made by or at the direction of the Board of Directors, shall be made pursuant to timely notice in writing to the Secretary of the corporation in accordance with the provisions of paragraph (b) of this Section 3.2. Such stockholder's notice shall set forth (i) as to each person, if any, whom the stockholder proposes to nominate for election or re-election as a Director: (A) the name, age, business address and residence address of such person; (B) the principal occupation or employment of such person; (C) the class and number of shares of the corporation which are beneficially owned by such person; (D) a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nominations are to be made by the stockholder; and (E) any other information relating to such person that is required to be disclosed in solicitations of proxies for election of Directors, or is otherwise required in each case pursuant to Regulation 14A under the 1934 Act (including without limitation such person's written consent to being named in the proxy statement, if any, as a nominee and to serving as a Director if elected); and (ii) as to such stockholder giving notice, the information required to be provided pursuant to paragraph (b) of this Section 3.2. At the request of the Board of Directors, any person nominated by a stockholder for election as a Director shall furnish to the Secretary of the corporation that information required to be set forth in the stockholder's notice of nomination which pertains to the nominee. No person shall be eligible for election as a Director of the corporation unless nominated in accordance with the procedures set forth in this paragraph. The chairman of the meeting shall, if the facts warrant, determine and declare at the meeting that a nomination was not made in accordance with the procedures prescribed by these Bylaws, and if the chairman should so determine, the chairman shall so declare at the meeting, and the defective nomination shall be disregarded.

Section 3.3 SPECIAL MEETINGS.

(a) Special meetings of the stockholders of the corporation may only be called, for any purpose or purposes, by the Board of Directors pursuant to a resolution adopted by a majority of the total number of authorized Directors (whether or not there exist any vacancies in previously authorized directorships at the time any such resolution is presented to the Board of Directors for adoption).

(b) No business may be transacted at such special meeting otherwise than specified in the resolution calling for the meeting. The Board of Directors shall determine the time and place of such special meeting, which shall be held not less than thirty-five (35) nor more than one hundred twenty (120) days after the date of the receipt of the request other than any actions effected prior to an Initial Public Offering (as defined below). Upon determination of the time and place of the meeting, notice shall be given to the stockholders entitled to vote, in accordance with the provisions of Section 3.4 of these Bylaws. If the notice is not given within sixty (60) days after the receipt of the request, the person or persons requesting the meeting may set the time and place of the meeting and give the notice. Nothing contained in this paragraph (b) shall be construed as limiting, fixing or affecting the time when a meeting of stockholders may be held.

Section 3.4 NOTICE OF MEETINGS. Except as otherwise provided by law or the certificate of incorporation of the corporation, as the same may be amended or restated from time to time and including any certificates of designation thereunder (hereinafter, the "Certificate of Incorporation"), and for actions effected prior to an Initial Public Offering (for which no notice need be given) written notice of each meeting of stockholders shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote at such meeting, such notice to specify the place, date, time and purpose or purposes of the meeting. Notice of any meeting of stockholders may be waived in writing, signed by the person entitled to notice thereof, either before or after such meeting, and will be waived by any stockholder by his attendance thereat in person or by proxy, except when the stockholder attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Any stockholder so waiving notice of such meeting shall be bound by the proceedings of any such meeting in all respects as if due notice thereof had been given.

Section 3.5 QUORUM. At all meetings of stockholders, except where otherwise provided by statute or by the Certificate of Incorporation, or by these Bylaws, the presence, in person or by duly authorized proxy, of the holders of a majority of the outstanding shares of stock entitled to vote shall constitute a quorum for the transaction of business. In the absence of a quorum, any meeting of stockholders may be adjourned, from time to time, either by the chairman of the meeting or by vote of the holders of a majority of the shares represented thereat, but no other business shall be transacted at such meeting. The stockholders present at a duly called or convened meeting, at which a quorum is present, may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum. Except as otherwise provided by law, the Certificate of Incorporation or these Bylaws, all actions taken by the holders of a majority of the votes cast, excluding abstentions, at any meeting at which a quorum is present shall be valid and binding upon the corporation; provided,

however, that Directors shall be elected by a plurality of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of Directors. Where a separate vote by a class or classes is required, a majority of the outstanding shares of such class or classes, present in person or represented by proxy, shall constitute a quorum entitled to take action with respect to that vote on that matter and the affirmative vote of the majority (plurality, in the case of the election of Directors) of shares of such class or classes present in person or represented by proxy at the meeting shall be the act of such class.

Section 3.6 ADJOURNMENT AND NOTICE OF ADJOURNED MEETINGS. Any meeting of stockholders, whether annual or special, may be adjourned from time to time either by the chairman of the meeting or by the vote of a majority of the shares casting votes, excluding abstentions. When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 3.7 VOTING RIGHTS. For the purpose of determining those stockholders entitled to vote at any meeting of the stockholders, except as otherwise provided by law, only persons in whose names shares stand on the stock records of the corporation on the record date, as provided in Section 7.5 of these Bylaws, shall be entitled to vote at any meeting of stockholders. Every person entitled to vote or execute consents shall have the right to do so either in person or by an agent or agents authorized by a written proxy executed by such person or his duly authorized agent, which proxy shall be filed with the Secretary at or before the meeting at which it is to be used. An agent so appointed need not be a stockholder. No proxy shall be voted after three (3) years from its date of creation unless the proxy provides for a longer period. Elections of Directors need not be by written ballot, unless otherwise provided in the Certificate of Incorporation.

Section 3.8 JOINT OWNERS OF STOCK. If shares or other securities having voting power stand of record in the names of two (2) or more persons, whether fiduciaries, members of a partnership, joint tenants, tenants in common, tenants by the entirety, or otherwise, or if two (2) or more persons have the same fiduciary relationship respecting the same shares, unless the Secretary is given written notice to the contrary and is furnished with a copy of the instrument or order appointing them or creating the relationship wherein it is so provided, their acts with respect to voting shall have the following effect: (a) if only one (1) votes, his act binds all; (b) if more than one (1) votes, the act of the majority so voting binds all; or (c) if more than one (1) votes, but the vote is evenly split on any particular matter, each faction may vote the securities in question proportionally, or may apply to the Delaware Court of Chancery for relief as provided in the Delaware General Corporation Law, Section 217(b). If the instrument filed with the Secretary shows that any such tenancy is held in unequal interests, a majority or even-split for the purpose of clause (c) shall be a majority or even-split in interest.

Section 3.9 LIST OF STOCKHOLDERS. The Secretary shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to

vote at said meeting, arranged in alphabetical order, showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not specified, at the place where the meeting is to be held. The list shall be produced and kept at the time and place of meeting during the whole time thereof and may be inspected by any stockholder who is present.

Section 3.10 NO ACTION WITHOUT MEETING. Effective upon the closing of the corporation's initial public offering of its capital stock pursuant to an effective registration statement filed under the Securities Act of 1933, as amended (the "Initial Public Offering"), the stockholders of the corporation may not take action by written consent without a meeting and must take any actions at a duly called annual or special meeting.

Section 3.11 ORGANIZATION.

(a) At every meeting of stockholders, unless another officer of the corporation has been appointed by the Board of Directors, the Chairman of the Board of Directors, or, if a Chairman has not been appointed, is absent, or designates the next senior officer present to so act, the President, or, if the President is absent, the most senior Vice President present, or, in the absence of any such officer, a chairman of the meeting chosen by a majority in interest of the stockholders entitled to vote, present in person or by proxy, shall act as chairman. The Secretary, or, in his absence, an Assistant Secretary directed to do so by the President, shall act as secretary of the meeting.

(b) The Board of Directors of the corporation shall be entitled to make such rules or regulations for the conduct of meetings of stockholders as it shall deem necessary, appropriate or convenient. Subject to such rules and regulations of the Board of Directors, if any, the chairman of the meeting shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairman, are necessary, appropriate or convenient for the proper conduct of the meeting, including, without limitation, establishing an agenda or order of business for the meeting, rules and procedures for maintaining order at the meeting and the safety of those present, limitations on participation in such meeting to stockholders of record of the corporation and their duly authorized and constituted proxies and such other persons as the chairman shall permit, restrictions on entry to the meeting after the time fixed for the commencement thereof, limitations on the time allotted to questions or comments by participants and regulation of the opening and closing of the polls for balloting on matters which are to be voted on by ballot. Unless and to the extent determined by the Board of Directors or the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with rules of parliamentary procedure.

ARTICLE IV.

DIRECTORS

Section 4.1 NUMBER AND TERM OF OFFICE; CLASSIFICATION.

(a) The number of directors which shall constitute the whole Board of Directors shall be determined from time to time by the Board of Directors (provided that no decrease in the number of directors which would have the effect of shortening the term of an incumbent director may be made by the Board of Directors), provided that the number of directors shall be not less than one (1). At each annual meeting of stockholders, Directors of the corporation shall be elected to hold office until the expiration of the term for which they are elected, and until their successors have been duly elected and qualified or until such Director's earlier death, resignation or due removal; except that if any such election shall not be so held, such election shall take place at a stockholders' meeting called and held in accordance with the Delaware General Corporation Law. Directors need not be stockholders unless so required by the Certificate of Incorporation. If, for any reason, the Directors shall not have been elected at an annual meeting, they may be elected as soon thereafter as convenient at a special meeting of the stockholders called for that purpose in the manner provided in these Bylaws.

(b) At the first annual meeting of stockholders following the closing of the Initial Public Offering (the "First Public Company Annual Meeting"), the Directors of the corporation shall be divided into three classes as nearly equal in size as is practicable, hereby designated Class I, Class II and Class III. The initial Class I, Class II and Class III directors shall be those directors designated and elected at the First Public Company Annual Meeting. The term of office of the initial Class I directors shall expire at the next succeeding annual meeting of stockholders, the term of office of the initial Class II directors shall expire at the second succeeding annual meeting of stockholders, and the term of office of the initial Class III directors shall expire at the third succeeding annual meeting of stockholders. At each annual meeting of stockholders following the First Public Company Annual Meeting, Directors to replace those of the Class whose terms expire at such annual meeting shall be elected to hold office until the third succeeding annual meeting and until their respective successors shall have been duly elected and qualified. If the number of directors is hereafter changed, any newly created directorships or decrease in directorships shall be so apportioned among the classes as to make all classes as nearly equal in number as is practicable.

Section 4.2 POWERS. The powers of the corporation shall be exercised, its business conducted and its property controlled by the Board of Directors, except as may be otherwise provided by statute or by the Certificate of Incorporation.

Section 4.3 VACANCIES. Vacancies occurring on the Board of Directors may be filled by vote of a majority of the remaining members of the Board of Directors, although less than a quorum. Each Director so elected shall hold office for the unexpired portion of the term of the Director or newly created directorship whose place shall be vacant and until his or her successor shall have been duly elected and qualified or until such Director's earlier death, resignation or due removal. A vacancy in the Board of Directors shall be deemed to exist under this Section 4.3 in the case of (i) the death, removal or resignation of any Director; (ii) an

increase in the authorized number of Directors pursuant to Section 4.1(a) above; or (iii) if the stockholders fail at any meeting of stockholders at which Directors are to be elected (including any meeting referred to in Section 4.6 below) to elect the number of Directors then constituting the whole Board of Directors.

Section 4.4 RESIGNATION. Any Director may resign at any time by delivering his or her written resignation to the Secretary, such resignation to specify whether it will be effective at a particular time, upon receipt by the Secretary or at the pleasure of the Board of Directors. If no such specification is made, it shall be deemed effective at the pleasure of the Board of Directors. When one or more Directors shall resign from the Board of Directors, effective at a future date, a majority of the Directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective, and each Director so chosen shall hold office for the unexpired portion of the term of the Director whose place shall be vacated and until his successor shall have been duly elected and qualified.

Section 4.5 REMOVAL. At a special meeting of stockholders called for such purpose and in the manner provided herein, subject to any limitations imposed by law or the Certificate of Incorporation, the Board of Directors, or any individual Director, may only be removed from office for cause, and a new Director or Directors shall be elected by a vote of stockholders holding a majority of the outstanding shares entitled to vote at an election of Directors.

Section 4.6 MEETINGS.

(a) ANNUAL MEETINGS. Unless the Board shall determine otherwise, the annual meeting of the Board of Directors shall be held immediately before or after the annual meeting of stockholders and at the place where such meeting is held. No notice of an annual meeting of the Board of Directors shall be necessary and such meeting shall be held for the purpose of electing officers and transacting such other business as may lawfully come before it.

(b) REGULAR MEETINGS. Except as hereinafter otherwise provided, regular meetings of the Board of Directors shall be held in the principal executive offices of the corporation. Unless otherwise restricted by the Certificate of Incorporation, regular meetings of the Board of Directors may also be held at any place within or without the State of Delaware which has been designated by resolution of the Board of Directors or the written consent of all directors.

(c) SPECIAL MEETINGS. Unless otherwise restricted by the Certificate of Incorporation, and subject to the notice requirements contained herein, special meetings of the Board of Directors may be held at any time and place within or without the State of Delaware whenever called by the Chairman of the Board, the President or any two of the Directors.

(d) TELEPHONE MEETINGS. Any member of the Board of Directors, or of any committee thereof, may participate in a meeting by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear

each other, and participation in a meeting by such means shall constitute presence in person at such meeting.

(e) NOTICE OF MEETINGS. Written notice of the time and place of all special meetings of the Board of Directors shall be given at least one (1) day before the date of the meeting. Such notice need not state the purpose or purposes of such meeting, except as may otherwise be required by law or provided for in the Certificate of Incorporation or these Bylaws. Notice of any meeting may be waived in writing at any time before or after the meeting and will be deemed waived by any Director by attendance thereat, except when the Director attends the meeting solely for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

(f) WAIVER OF NOTICE. The transaction of all business at any meeting of the Board of Directors, or any committee thereof, however called or noticed, or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present and if, either before or after meeting, each of the Directors not present shall sign a written waiver of notice, or a consent to holding such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 4.7 QUORUM AND VOTING.

(a) Unless the Certificate of Incorporation requires a greater number and except with respect to indemnification questions arising under Article XI hereof, for which a quorum shall be one-third of the exact number of Directors fixed from time to time in accordance with Section 4.1 hereof, but not less than one (1), a quorum of the Board of Directors shall consist of a majority of the exact number of directors fixed from time to time in accordance with Section 4.1 of these Bylaws, but not less than one (1); provided, however, at any meeting whether a quorum be present or otherwise, a majority of the Directors present may adjourn from time to time until the time fixed for the next regular meeting of the Board of Directors, without notice other than by announcement at the meeting.

(b) At each meeting of the Board of Directors at which a quorum is present, all questions and business shall be determined by a vote of the majority of the Directors present, unless a different vote is required by law, the Certificate of Incorporation or these Bylaws.

Section 4.8 ACTION WITHOUT MEETING. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the Board of Directors or committee, as the case may be, consent thereto in writing, and such writing or writings are filed with the minutes of proceedings of the Board of Directors or committee.

Section 4.9 FEES AND COMPENSATION. Directors shall be entitled to such compensation for their services as may be approved by the Board of Directors, including, if so approved, by resolution of the Board of Directors, a fixed sum and expenses of attendance, if any, for attendance at each regular or special meeting of the Board of Directors and at any

meeting of a committee of the Board of Directors. Nothing herein contained shall be construed to preclude any Director from serving the corporation in any other capacity as an officer, agent, employee, or otherwise and receiving compensation therefor.

Section 4.10 COMMITTEES.

(a) EXECUTIVE COMMITTEE. The Board of Directors may by resolution passed by a majority of the whole Board of Directors appoint an Executive Committee to consist of one (1) or more members of the Board of Directors. The Executive Committee, to the extent permitted by law and specifically granted by the Board of Directors, shall have, and may exercise when the Board of Directors is not in session, all powers of the Board of Directors in the management of the business and affairs of the corporation except such committee shall not have the power or authority to amend the Certificate of Incorporation, to adopt an agreement of merger or consolidation, to recommend to the stockholders the sale, lease or exchange of all or substantially all of the corporation's property and assets, to recommend to the stockholders of the corporation a dissolution of the corporation or a revocation of a dissolution, or to amend these Bylaws.

(b) OTHER COMMITTEES. The Board of Directors may, by resolution passed by a majority of the whole Board of Directors, from time to time appoint such other committees as may be permitted by law. Such other committees appointed by the Board of Directors shall consist of one (1) or more members of the Board of Directors and shall have such powers and perform such duties as may be prescribed by the resolution or resolutions creating such committees, but in no event shall such committee have the powers denied to the Executive Committee in these Bylaws.

(c) TERM. Each member of a committee of the Board of Directors shall serve a term on the committee coexistent with such member's term on the Board of Directors. The Board of Directors, subject to the provisions of paragraphs (a) and (b) of this Section 4.10 may at any time increase or decrease the number of members of a committee or terminate the existence of a committee. The membership of a committee member shall terminate on the date of his or her death or voluntary resignation from the committee or from the Board of Directors. The Board of Directors may at any time for any reason remove any individual committee member and the Board of Directors may fill any committee vacancy created by death, resignation, removal or increase in the number of members of the committee. The Board of Directors may designate one or more Directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee, and, in addition, in the absence or disqualification of any member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member.

(d) MEETINGS. Unless the Board of Directors shall otherwise provide, regular meetings of the Executive Committee or any other committee appointed pursuant to this Section 4.10 shall be held at such times and places as are determined by the Board of Directors, or by any such committee, and when notice thereof has been given to each member of such committee, no further notice of such regular meetings need be given thereafter. Special meetings

of any such committee may be held at any place which has been determined from time to time by such committee, and may be called by any Director who is a member of such committee, upon written notice to the members of such committee of the time and place of such special meeting given in the manner provided for the giving of written notice to members of the Board of Directors of the time and place of special meetings of the Board of Directors. Notice of any special meeting of any committee may be waived in writing at any time before or after the meeting and will be waived by any Director by attendance thereat, except when the Director attends such special meeting solely for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. A majority of the authorized number of members of any such committee shall constitute a quorum for the transaction of business, and the act of a majority of those present at any meeting at which a quorum is present shall be the act of such committee.

(e) ORGANIZATION. The Chairman of the Board shall preside at every meeting of the Board of Directors, if present. In the case of any meeting, if there is no Chairman of the Board or if the Chairman is not present, the Vice Chairman (if there be one) shall preside, or if there be no Vice Chairman or if the Vice Chairman is not present, a chairman chosen by a majority of the Directors present shall act as chairman of such meeting. The Secretary of the corporation or, in the absence of the Secretary, any person appointed by the Chairman shall act as secretary of the meeting.

ARTICLE V.

OFFICERS

Section 5.1 OFFICERS DESIGNATED. The officers of the corporation shall include a President and a Secretary, and, if and when designated by the Board of Directors, Chairman of the Board of Directors, one or more executive and non-executive Vice Presidents (any one or more of which executive Vice Presidents may be designated as Executive Vice President or Senior Vice President or a similar title), and a Treasurer. The Board of Directors also may, at its discretion, create additional officers and assign such duties to those offices as it may deem appropriate from time to time, which offices may include a Vice Chairman of the Board of Directors, a Chief Executive Officer, a Chief Operating Officer, a Chief Financial Officer, one or more Assistant Secretaries and Assistant Treasurers, and one or more other officers which may be created at the discretion of the Board of Directors. Any one person may hold any number of offices of the corporation at any one time unless specifically prohibited therefrom by law. The salaries and other compensation of the officers of the corporation shall be fixed by or in the manner designated by the Board of Directors.

Section 5.2 TENURE AND DUTIES OF OFFICERS.

(a) GENERAL. All officers shall hold office at the pleasure of the Board of Directors and until their successors shall have been duly elected and qualified, unless sooner removed. Any officer elected or appointed by the Board of Directors may be removed at any time by the Board of Directors. If the office of any officer becomes vacant for any reason, the

vacancy may be filled by the Board of Directors. Except for the Chairman of the Board and the Vice Chairman of the Board, no officer need be a director.

(b) DUTIES OF CHAIRMAN OF THE BOARD OF DIRECTORS. The Chairman of the Board of Directors, when present, shall preside at all meetings of the Board of Directors and, unless the Chairman has designated the next senior officer to so preside, at all meetings of the stockholders. The Chairman of the Board of Directors shall perform other duties commonly incident to such office and shall also perform such other duties and have such other powers as the Board of Directors shall designate from time to time.

(c) POWERS AND DUTIES OF THE VICE CHAIRMAN OF THE BOARD. The Board of Directors may but is not required to assign areas of responsibility to a Vice Chairman of the Board, and, in such event, and subject to the overall direction of the Chairman of the Board and the Board of Directors, the Vice Chairman of the Board shall be responsible for supervising the management of the affairs of the corporation and its subsidiaries within the area or areas assigned and shall monitor and review on behalf of the Board of Directors all functions within such corresponding area or areas of the corporation and each such subsidiary of the corporation. In the absence of the President, or in the event of the President's inability or refusal to act, the Vice Chairman of the Board shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President. Further, the Vice Chairman of the Board shall have such other powers and duties as designated in accordance with these Bylaws and as from time to time may be assigned to the Vice Chairman of the Board by the Board of Directors or the Chairman of the Board.

(d) DUTIES OF PRESIDENT. Unless the Board of Directors otherwise determines (including by election of Chief Executive Officer) and subject to the provisions of paragraph (e) below, the President shall be the chief executive and chief operating officer of the corporation. Unless the Board of Directors otherwise determines, he shall, in the absence of the Chairman of the Board or Vice Chairman of the Board or if there be no Chairman of the Board or Vice Chairman of the Board, preside at all meetings of the stockholders and (should he be a director) of the Board of Directors. The President shall have such other powers and duties as designated in accordance with these Bylaws and as from time to time may be assigned to him by the Board of Directors.

(e) DUTIES OF THE CHIEF EXECUTIVE AND CHIEF OPERATING OFFICERS. Subject to the control of the Board of Directors, the chief executive officer shall have general executive charge, management and control, of the properties, business and operations of the corporation with all such powers as may be reasonably incident to such responsibilities and shall perform the duties of the President at such times as a President is not in office; and subject to the control of the chief executive officer, the chief operating officer shall have general operating charge, management and control, of the properties, business and operations of the corporation with all such powers as may be reasonably incident to such responsibilities.

(f) DUTIES OF VICE PRESIDENTS. Vice Presidents, by virtue of their appointment as such, shall not necessarily be deemed to be executive officers of the corporation, such status as an executive officer only being conferred if and to the extent such Vice President is placed in charge of a principal business unit, division or function (E.G., sales, administration or finance) or

performs a policy-making function for the corporation (within the meaning of Section 16 of the 1934 Act and the rules and regulations promulgated thereunder). Each executive Vice President shall at all times possess, and upon the authority of the President or the chief executive officer any non-executive Vice President shall from time to time possess, power to sign all certificates, contracts and other instruments of the corporation, except as otherwise limited pursuant to Article VI hereof or by the Chairman of the Board, the President, chief executive officer or the Vice Chairman of the Board. The Vice Presidents shall perform other duties commonly incident to their office and shall also perform such other duties and have such other powers as the Board of Directors or the President shall designate from time to time.

(g) DUTIES OF SECRETARY. The Secretary shall keep the minutes of all meetings of the Board of Directors, committees of the Board of Directors and the stockholders, in books provided for that purpose; shall attend to the giving and serving of all notices; may in the name of the corporation affix the seal of the corporation to all contracts and attest the affixation of the seal of the corporation thereto; may sign with the other appointed officers all certificates for shares of capital stock of the corporation; and shall have charge of the certificate books, transfer books and stock ledgers, and such other books and papers as the Board of Directors may direct, all of which shall at all reasonable times be open to inspection of any director upon application at the office of the corporation during business hours. The Secretary shall perform all other duties given in these Bylaws and other duties commonly incident to such office and shall also perform such other duties and have such other powers as the Board of Directors shall designate from time to time. The chief executive officer may direct any Assistant Secretary to assume and perform the duties of the Secretary in the absence or disability of the Secretary, and each Assistant Secretary shall perform other duties commonly incident to such office and shall also perform such other duties and have such other powers as the Board of Directors or the chief executive officer, shall designate from time to time.

(h) ASSISTANT SECRETARIES. Each Assistant Secretary shall have the usual powers and duties pertaining to such offices, together with such other powers and duties as designated in these Bylaws and as from time to time may be assigned to an Assistant Secretary by the Board of Directors, the Chairman of the Board, the President, the Vice Chairman of the Board, or the Secretary. The Assistant Secretaries shall exercise the powers of the Secretary during that officer's absence or inability or refusal to act.

(i) DUTIES OF TREASURER.

(i) The Treasurer shall keep or cause to be kept the books of account of the corporation in a thorough and proper manner and shall render statements of the financial affairs of the corporation in such form and as often as required by the Board of Directors, the Chairman of the Board, the Vice Chairman of the Board, chief executive officer, if one be designated, the Chief Financial Officer. The Treasurer, subject to the order of the Board of Directors, shall have the custody of all funds and securities of the corporation. The Treasurer shall perform other duties commonly incident to such office and shall also perform such other duties and have such other powers as the Board of Directors, the Chairman of the Board, the Vice Chairman of the Board or the President shall designate from time to time.

(ii) In absence of a designated Chief Financial Officer, unless otherwise determined by the Board of Directors or chief executive officer, the Treasurer shall serve as the chief financial officer subject to control of the chief executive officer.

(iii) The Chief Financial Officer, if any be designated, may, but need not serve as the Treasurer.

(j) ASSISTANT TREASURERS. Each Assistant Treasurer shall have the usual powers and duties pertaining to such office, together with such other powers and duties as designated in these Bylaws and as from time to time may be assigned to each Assistant Treasurer by the Board of Directors, the Chairman of the Board, the President, the Vice Chairman of the Board, or the Treasurer. The Assistant Treasurers shall exercise the powers of the Treasurer during that officer's absence or inability or refusal to act.

Section 5.3 DELEGATION OF AUTHORITY. For any reason that the Board of Directors may deem sufficient, the Board of Directors may, except where otherwise provided by statute, delegate the powers or duties of any officer to any other person, and may authorize any officer to delegate specified duties of such office to any other person. Any such delegation or authorization by the Board shall be effected from time to time by resolution of the Board of Directors.

Section 5.4 RESIGNATIONS. Any officer may resign at any time by giving written notice to the Board of Directors or to the President or to the Secretary. Any such resignation shall be effective when received by the person or persons to whom such notice is given, unless a later time is specified therein, in which event the resignation shall become effective at such later time. Unless otherwise specified in such notice, the acceptance of any such resignation shall not be necessary to make it effective. Any resignation shall be without prejudice to the rights, if any, of the corporation under any contract with the resigning officer.

Section 5.5 REMOVAL. Any officer may be removed from office at any time, either with or without cause, by the vote or written consent of a majority of the Directors in office at the time, or by any committee or superior officers upon whom such power of removal may have been conferred by the Board of Directors.

ARTICLE VI.

EXECUTION OF CORPORATE INSTRUMENTS AND VOTING OF SECURITIES OWNED BY THE CORPORATION

Section 6.1 EXECUTION OF CORPORATE INSTRUMENTS. The Board of Directors may, in its discretion, determine the method and designate the signatory officer or officers, or other person or persons, to execute on behalf of the corporation any corporate instrument or document, or to sign on behalf of the corporation the corporate name without limitation, or to enter into contracts on behalf of the corporation, except where otherwise provided by law or these Bylaws, and such execution or signature shall be binding upon the corporation.

Unless otherwise specifically determined by the Board of Directors or otherwise required by law, promissory notes, deeds of trust, mortgages and other evidences of indebtedness of the corporation, and other corporate instruments or documents requiring the corporate seal, and certificates of shares of stock owned by the corporation, shall be executed, signed or endorsed by the Chairman of the Board of Directors, the President, Chief Executive Officer or any executive Vice President and if any be designated, Chief Financial Officer, Treasurer, Assistant Secretary or Assistant Treasurer, and upon the authority conferred by the Board of Directors, President or Chief Executive Officer, any non-executive Vice President, and by the Secretary. All other instruments and documents requiring the corporate signature, but not requiring the corporate seal, may be executed as aforesaid or in such other manner as may be directed by the Board of Directors.

All checks and drafts drawn on banks or other depositaries on funds to the credit of the corporation or in special accounts of the corporation shall be signed by such person or persons as the Board of Directors shall authorize so to do.

Unless authorized or ratified by the Board of Directors or within the agency power of an officer, no officer, agent or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

Section 6.2 VOTING OF SECURITIES OWNED BY THE CORPORATION. All stock and other securities of other corporations owned or held by the corporation for itself, or for other parties in any capacity, shall be voted, and all proxies with respect thereto shall be executed, by the person authorized so to do by resolution of the Board of Directors, or, in the absence of such authorization, by the Chairman or Vice Chairman of the Board of Directors, Chief Executive Officer, the President, or any executive Vice President.

ARTICLE VII.

SHARES OF STOCK

Section 7.1 FORM AND EXECUTION OF CERTIFICATES. Certificates for the shares of stock of the corporation shall be in such form as is consistent with the Certificate of Incorporation and applicable law. Every holder of stock in the corporation shall be entitled to have a certificate signed by or in the name of the corporation by the Chairman or Vice Chairman of the Board of Directors, the Chief Executive Officer, the President or any executive Vice President and by the Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer, certifying the number of shares and the class or series owned by him in the corporation. Where such certificate is countersigned by a transfer agent other than the corporation or its employee, or by a registrar other than the corporation or its employee, any other signature on the certificate may be a facsimile. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent, or registrar before such certificate is issued, it may

be issued with the same effect as if he were such officer, transfer agent, or registrar at the date of issue.

Section 7.2 LOST CERTIFICATES. A new certificate or certificates shall be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen, or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen, or destroyed. The corporation may require, as a condition precedent to the issuance of a new certificate or certificates, the owner of such lost, stolen, or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require or to give the corporation a surety bond in such form and amount as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

Section 7.3 TRANSFERS.

(a) Transfers of record of shares of stock of the corporation shall be made only on its books by the holders thereof, in person or by attorney duly authorized and upon the surrender of a properly endorsed certificate or certificates for a like number of shares. Upon surrender to the corporation or a transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books. The Board of Directors shall have the power and authority to make all such other rules and regulations as they may deem expedient concerning the issue, transfer and registration or the replacement of certificates for shares of capital stock of the corporation.

(b) The corporation shall have power to enter into and perform any agreement with any number of stockholders of any one or more classes of stock of the corporation to restrict the transfer of shares of stock of the corporation of any one or more classes owned by such stockholders in any manner not prohibited by the Delaware General Corporation Law.

Section 7.4 FIXING RECORD DATES.

(a) In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors may fix, in advance, a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

(b) In order that the corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty (60) days prior to such action. If no record date is fixed by the Board of Directors, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 7.5 REGISTERED STOCKHOLDERS. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

ARTICLE VIII.

OTHER SECURITIES OF THE CORPORATION

Section 8.1 EXECUTION OF OTHER SECURITIES. All bonds, debentures and other corporate Securities of the corporation, other than stock certificates (covered in Section 7.1), may be signed by the Chairman or Vice Chairman of the Board of Directors, the Chief Executive Officer, the President or any executive Vice President, or such other person as may be authorized by the Board of Directors, and the corporate seal impressed thereon or a facsimile of such seal imprinted thereon and attested by the signature of the Secretary or an Assistant Secretary, or the Treasurer or an Assistant Treasurer; provided, however, that where any such bond, debenture or other corporate security shall be authenticated by the manual signature of a trustee under an indenture pursuant to which such bond, debenture or other corporate security shall be issued, the signatures of the persons signing and attesting the corporate seal on such bond, debenture or other corporate security may be the imprinted facsimile of the signatures of such persons. Interest coupons appertaining to any such bond, debenture or other corporate security, authenticated by a trustee as aforesaid, shall be signed by the Treasurer or an Assistant Treasurer of the corporation or such other person as may be authorized by the Board of Directors, or bear imprinted thereon the facsimile signature of such person. In case any officer who shall have signed or attested any bond, debenture or other corporate security, or whose facsimile signature shall appear thereon or on any such interest coupon, shall have ceased to be such officer before any bond, debenture or other corporate security so signed or attested shall have been delivered, such bond, debenture or other corporate security nevertheless may be adopted by the corporation and issued and delivered as though the person who signed the same or whose facsimile signature shall have been used thereon had not ceased to be such officer of the corporation.

ARTICLE IX.

DIVIDENDS

Section 9.1 DECLARATION OF DIVIDENDS. Dividends upon the capital stock of the corporation, subject to the provisions of the Certificate of Incorporation, if any, may be declared by the Board of Directors pursuant to law at any regular or special meeting. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the Certificate of Incorporation.

Section 9.2 DIVIDEND RESERVE. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the Board of Directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the Board of Directors shall think conducive to the interests of the corporation, and the Board of Directors may modify or abolish any such reserve in the manner in which it was created.

ARTICLE X.

FISCAL YEAR

The fiscal year of the corporation shall end on the closest Saturday to December 31st, unless otherwise fixed by resolution of the Board of Directors.

ARTICLE XI.

INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES AND OTHER AGENTS

Section 11.1 DIRECTORS AND EXECUTIVE OFFICERS. The corporation shall indemnify its Directors and executive officers to the fullest extent not prohibited by the Delaware General Corporation Law; PROVIDED, HOWEVER, that the corporation may limit the extent of such indemnification by individual contracts with its Directors and executive officers; and, PROVIDED, FURTHER, that the corporation shall not be required to indemnify any Director or executive officer in connection with any proceeding (or part thereof) initiated by such person or any proceeding by such person against the corporation or its Directors, officers, employees or other agents unless (i) such indemnification is expressly required to be made by law, (ii) the proceeding was authorized by the Board of Directors of the corporation, or (iii) such indemnification is provided by the corporation, in its sole discretion, pursuant to the powers vested in the corporation under the Delaware General Corporation Law.

Section 11.2 OTHER OFFICERS, EMPLOYEES AND OTHER AGENTS. The corporation shall have power to indemnify its other officers, employees and other agents as set forth in the Delaware General Corporation Law.

Section 11.3 GOOD FAITH.

(a) For purposes of any determination under this Article XI, a Director or executive officer shall be deemed to have acted in good faith and in a manner such officer reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, to have had no reasonable cause to believe that such officer's conduct was unlawful, if such officer's action is based on information, opinions, reports and statements, including financial statements and other financial data, in each case prepared or presented by:

(i) one or more officers or employees of the corporation whom the Director or executive officer believed to be reliable and competent in the matters presented;

(ii) counsel, independent accountants or other persons as to matters which the Director or executive officer believed to be within such person's professional competence; and

(iii) with respect to a Director, a committee of the Board upon which such Director does not serve, as to matters within such committee's designated authority, which committee the Director believes to merit confidence; so long as, in each case, the Director or executive officer acts without knowledge that would cause such reliance to be unwarranted.

(b) The termination of any proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal proceeding, that such person had reasonable cause to believe that his conduct was unlawful.

(c) The provisions of this Section 11.3 shall not be deemed to be exclusive or to limit in any way the circumstances in which a person may be deemed to have met the applicable standard of conduct set forth by the Delaware General Corporation Law.

Section 11.4 EXPENSES. The corporation shall advance, prior to the final disposition of any proceeding, promptly following request therefor, all expenses incurred by any Director or executive officer in connection with such proceeding upon receipt of an undertaking by or on behalf of such person to repay said amounts if it should be determined ultimately that such person is not entitled to be indemnified under this Article XI or otherwise.

Notwithstanding the foregoing, unless otherwise determined pursuant to Section 11.5 of this Article XI, no advance shall be made by the corporation if a determination is reasonably and

promptly made (i) by the Board of Directors by a majority vote of a quorum consisting of Directors who were not parties to the proceeding, or (ii) if such quorum is not obtainable, or, even if obtainable, a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, that the facts known to the decision-making party at the time such determination is made demonstrate clearly and convincingly that such person acted in bad faith or in a manner that such person did not believe to be in or not opposed to the best interests of the corporation.

Section 11.5 ENFORCEMENT. Without the necessity of entering into an express contract, all rights to indemnification and advances to Directors and executive officers under this Article XI shall be deemed to be contractual rights and be effective to the same extent and as if provided for in a contract between the corporation and the Director or executive officer. Any right to indemnification or advances granted by this Article XI to a Director or executive officer shall be enforceable by or on behalf of the person holding such right in any court of competent jurisdiction if (i) the claim for indemnification or advances is denied, in whole or in part, or (ii) no disposition of such claim is made within ninety (90) days of request therefor. The claimant in such enforcement action, if successful in whole or in part, also shall be entitled to be paid the expense of prosecuting his claim. The corporation shall be entitled to raise as a defense to any such action that the claimant has not met the standards of conduct that make it permissible under the Delaware General Corporation Law for the corporation to indemnify the claimant for the amount claimed. Neither the failure of the corporation (including its Board of Directors, independent legal counsel or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because such person has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the corporation (including its Board of Directors, independent legal counsel or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that claimant has not met the applicable standard of conduct.

Section 11.6 NON-EXCLUSIVITY OF RIGHTS. The rights conferred on any person by this Article XI shall not be exclusive of any other right which such person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, Bylaws, agreement, vote of stockholders or disinterested Directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding office. The corporation is specifically authorized to enter into individual contracts with any or all of its Directors, officers, employees or agents respecting indemnification and advances, to the fullest extent not prohibited by the Delaware General Corporation Law.

Section 11.7 SURVIVAL OF RIGHTS. The rights conferred on any person by this Article XI shall continue as to a person who has ceased to be a Director, officer, employee or other agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 11.8 INSURANCE. To the fullest extent permitted by the Delaware General Corporation Law, the corporation, upon approval by the Board of Directors, may purchase insurance on behalf of any person required or permitted to be indemnified pursuant to this Article XI.

Section 11.9 AMENDMENTS. Any repeal or modification of this Article XI shall only be prospective and shall not affect the rights under this Article XI in effect at the time of the alleged occurrence of any action or omission to act that is the cause of any proceeding against any agent of the corporation.

Section 11.10 SAVINGS CLAUSE. If this Article XI or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the corporation shall nevertheless indemnify each Director and executive officer to the full extent not prohibited by any applicable portion of this Article XI that shall not have been invalidated, or by any other applicable law.

Section 11.11 CERTAIN DEFINITIONS. For the purposes of this Article XI, the following definitions shall apply:

(a) The term "proceeding" shall be broadly construed and shall include, without limitation, the investigation, preparation, prosecution, defense, settlement, arbitration and appeal of, and the giving of testimony in, any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative.

(b) The term "expenses" shall be broadly construed and shall include, without limitation, court costs, attorneys' fees, witness fees, fines, amounts paid in settlement or judgment and any other costs and expenses of any nature or kind incurred in connection with any proceeding.

(c) The term the "corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Article XI with respect to the resulting or surviving corporation as he would have with respect to such constituent corporation if its separate existence had continued.

(d) References to a "director," "officer," "employee," or "agent" of the corporation shall include without limitation, situations where such person is serving at the request of the corporation as a director, officer, employee, trustee or agent of another corporation, partnership, joint venture, trust or other enterprise.

(e) References to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "serving at the request of the corporation" shall include any service as a director, officer, employee or agent of the corporation which imposes duties on, or involves services by, such director, officer, employee, or agent with respect to an employee benefit plan, its participants, or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the interest of the participants and beneficiaries of an

employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the corporation" as referred to in this Article XI.

ARTICLE XII.

NOTICES

Section 12.1 NOTICE TO STOCKHOLDERS. Unless the Certificate of Incorporation requires otherwise, whenever, under any provisions of these Bylaws, notice is required to be given to any stockholder, it shall be given in writing, timely and duly deposited in the United States mail, postage prepaid, and addressed to such stockholder's last known post office address as shown by the stock record of the corporation or its transfer agent.

Section 12.2 NOTICE TO DIRECTORS. Any notice required to be given to any Director may be given by the method stated in Section 12.1, or by facsimile, telex or telegram, except that such notice other than one which is delivered personally shall be sent to such address as such Director shall have filed in writing with the Secretary, or, in the absence of such filing, to the last known post office address of such Director. It shall not be necessary that the same method of giving notice be employed in respect of all Directors, but one permissible method may be employed in respect of any one or more, and any other permissible method or methods may be employed in respect of any other or others.

Section 12.3 ADDRESS UNKNOWN. If no address of a stockholder or Director be known, notice may be sent to the principal executive officer of the corporation.

Section 12.4 AFFIDAVIT OF MAILING. An affidavit of mailing, executed by a duly authorized and competent employee of the corporation or its transfer agent appointed with respect to the class of stock affected, specifying the name and address or the names and addresses of the stockholder or stockholders, or Director or Directors, to whom any such notice or notices was or were given, and the time and method of giving the same, shall be conclusive evidence of the statements therein contained.

Section 12.5 TIME NOTICES DEEMED GIVEN. All notices given by mail, as above provided, shall be deemed to have been given as at the time of mailing, and all notices given by facsimile, telex or telegram shall be deemed to have been given as of the sending time recorded at the time of transmission.

Section 12.6 FAILURE TO RECEIVE NOTICE. The period or limitation of time within which any stockholder may exercise any option or right, or enjoy any privilege or benefit, or be required to act, or within which any Director may exercise any power or right, or enjoy any privilege, pursuant to any notice sent such person in the manner above provided, shall not be affected or extended in any manner by the failure of such stockholder or such Director to receive such notice.

Section 12.7 NOTICE TO PERSON WITH WHOM COMMUNICATION IS UNLAWFUL. Whenever notice is required to be given, under any provision of law or of the Certificate of

Incorporation or Bylaws of the corporation, to any person with whom communication is unlawful, the giving of such notice to such person shall not be required and there shall be no duty to apply to any governmental authority or agency for a license or permit to give such notice to such person. Any action or meeting which shall be taken or held without notice to any such person with whom communication is unlawful shall have the same force and effect as if such notice had been duly given. In the event that the action taken by the corporation is such as to require the filing of a certificate under any provision of the Delaware General Corporation Law, the certificate shall state, if such is the fact and if notice is required, that notice was given to all persons entitled to receive notice except such persons with whom communication is unlawful.

Section 12.8 NOTICE TO PERSON WITH UNDELIVERABLE ADDRESS. Whenever notice is required to be given, under any provision of law or the Certificate of Incorporation or Bylaws of the corporation, to any stockholder to whom (i) notice of two consecutive annual meetings, and all notices of meetings to such person during the period between such two consecutive annual meetings, or (ii) all, and at least two, payments (if sent by first class mail) of dividends or interest on securities during a twelve-month period, have been mailed addressed to such person at such person's address as shown on the records of the corporation and have been returned undeliverable, the giving of such notice to such person shall not be required. Any action or meeting which shall be taken or held without notice to such person shall have the same force and effect as if such notice had been duly given. If any such person shall deliver to the corporation a written notice setting forth such person's then current address, the requirement that notice be given to such person shall be reinstated. In the event that the action taken by the corporation is such as to require the filing of a certificate under any provision of the Delaware General Corporation Law, the certificate need not state that notice was not given to persons to whom notice was not required to be given pursuant to this paragraph.

ARTICLE XIII.

AMENDMENTS

Section 13.1 AMENDMENTS. Except as otherwise provided in the Certificate of Incorporation, these Bylaws may be altered, amended or repealed, or new Bylaws may be adopted, by the holders of a majority of the outstanding voting shares or by the Board of Directors, when such power is conferred upon the Board of Directors by the Certificate of Incorporation, at any regular meeting of the stockholders or of the Board of Directors or at any special meeting of the stockholders or of the Board of Directors if notice of such alteration, amendment, repeal or adoption of new Bylaws be contained in the notice of such special meeting. If the power to adopt, amend or repeal Bylaws is conferred upon the Board of Directors by the Certificate of Incorporation, it shall not divest or limit the power of the stockholders to adopt, amend or repeal Bylaws.

Section 13.2 APPLICATION OF BYLAWS. In the event that any provisions of these Bylaws is or may be in conflict with any law of the United States, of the state of incorporation of the corporation or of any other governmental body or power having jurisdiction over this corporation, or over the subject matter to which such provision of these Bylaws applies, or may apply, such provision of these Bylaws shall be inoperative to the extent only that the operation

thereof unavoidably conflicts with such law, and shall in all other respects be in full force and effect.

ARTICLE XIV.

LOANS TO OFFICERS

The corporation may lend money to, or guarantee any obligation of, or otherwise assist any officer or other employee of the corporation or of its subsidiaries, including any officer or employee who is a Director of the corporation or its subsidiaries, whenever, in the judgment of the Board of Directors, such loan, guarantee or assistance may reasonably be expected to benefit the corporation. The loan, guarantee or other assistance may be with or without interest and may be unsecured, or secured in such manner as the Board of Directors shall approve, including, without limitation, a pledge of shares of stock of the corporation. Nothing in this Bylaw shall be deemed to deny, limit or restrict the powers of guaranty or warranty of the corporation at common law or under statute.

INDEMNIFICATION AGREEMENT

THIS INDEMNIFICATION AGREEMENT (the "Agreement") is made and entered into this ____ day of January, 2000 by and between Silicon Laboratories Inc., a Delaware corporation ("Corporation"), and _____ ("Indemnitee").

RECITALS

A. Indemnitee, an executive officer and/or a member of the Board of Directors of Corporation, performs a valuable service in such capacity for Corporation.

B. The stockholders of Corporation have adopted Bylaws (the "Bylaws") providing for the indemnification of the officers, directors, agents and employees of Corporation to the maximum extent authorized by Section 145 of the Delaware General Corporation Law, as amended ("DGCL").

C. The Bylaws and the DGCL, by their non-exclusive nature, permit contracts between Corporation and its officers and the members of its Board of Directors with respect to indemnification of such officers and directors.

D. In order to induce Indemnitee to serve as an executive officer and/or a member of the Board of Directors of Corporation, Corporation has determined and agreed to enter into this contract with Indemnitee.

NOW, THEREFORE, in consideration of Director's continued service as an executive officer or a director after the date hereof, the parties hereto agree as follows:

1. INDEMNITY OF INDEMNITEE. Corporation hereby agrees to hold harmless and indemnify Indemnitee to the fullest extent authorized or permitted by the provisions of the DGCL, as may be amended from time to time.

2. ADDITIONAL INDEMNITY. Subject only to the exclusions set forth in Section 3 hereof, Corporation hereby further agrees to hold harmless and indemnify Indemnitee and any partnership, corporation, trust or other entity of which Indemnitee is or was a partner, shareholder, trustee, director, officer, employee or agent (Indemnitee and each such partnership, corporation, trust or other entity being referred to as an "Indemnitee"):

a. against any and all expenses (including attorneys' fees), witness fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by Indemnitee in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (including an action by or in the right of Corporation) to which Indemnitee is, was or at any time becomes a party, or is threatened to be made a party, by reason of the fact that Indemnitee is, was or at any time becomes a director, officer, employee or agent of Corporation, or is or was serving or at any time serves at the request of Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise; and

b. otherwise to the fullest extent as may be provided to Indemnitee by Corporation under the non-exclusivity provisions of the Bylaws of Corporation and the DGCL.

3. LIMITATIONS ON ADDITIONAL INDEMNITY.

a. No indemnity pursuant to Section 2 hereof shall be paid by Corporation:

(i) except to the extent the aggregate of losses to be indemnified thereunder exceeds the sum of such losses for which Indemnitee is indemnified pursuant to Section 1 hereof or pursuant to any director and officer liability insurance purchased and maintained by Corporation;

(ii) in respect to remuneration paid to Indemnitee if it shall be determined by a final judgment or other final adjudication that such remuneration was in violation of law;

(iii) on account of any suit in which judgment is rendered against Indemnitee for an accounting of profits made from the purchase or sale by Indemnitee of securities of Corporation pursuant to the provisions of Section 16(b) of the Securities Exchange Act of 1934 and amendments thereto or similar provisions of any federal, state or local statutory law;

(iv) on account of Indemnitee's conduct which is finally adjudged to have been knowingly fraudulent or deliberately dishonest, or to constitute willful misconduct;

(v) on account of Indemnitee's conduct which is the subject of an action, suit or proceeding described in Section 7(c)(ii) hereof;

(vi) on account of any action, claim or proceeding (other than a proceeding referred to in Section 8(b) hereof) initiated by the Indemnitee unless such action, claim or proceeding was authorized in the specific case by action of the Board of Directors; and

(vii) if a final decision by a Court having jurisdiction in the matter shall determine that such indemnification is not lawful (and, in this respect, both Corporation and Indemnitee have been advised that the Securities and Exchange Commission believes that indemnification for liabilities arising under the federal securities laws is against public policy and is, therefore, unenforceable and that claims for indemnification should be submitted to appropriate courts for adjudication).

b. No indemnity pursuant to Section 1 or 2 hereof shall be paid by Corporation if the action, suit or proceeding with respect to which a claim for indemnity hereunder is made arose from or is based upon any of the following:

(i) any solicitation of proxies by Indemnitee, or by a group of which Indemnitee was or became a member consisting of two or more persons that had agreed (whether formally or informally and whether or not in writing) to act together for the purpose of soliciting proxies, in opposition to any solicitation of proxies approved by the Board of Directors; or

(ii) any activities by Indemnitee that constitute a breach of or default under any agreement between Indemnitee and Corporation.

4. CONTRIBUTION. If the indemnification provided in Sections 1 and 2 hereof is unavailable by reason of a Court decision described in Section 3(a)(vii) hereof based on grounds other than any of those set forth in subparagraphs (ii) through (vii) of Section 3 hereof, then in respect of any threatened, pending or completed action, suit or proceeding in which Corporation is jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), Corporation shall contribute to the amount of expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred and paid or payable by Indemnitee in such proportion as is appropriate to reflect (i) the relative benefits received by Corporation on the one hand and Indemnitee on the other hand from the transaction from which such action, suit or proceeding arose, and (ii) the relative fault of Corporation on the one hand and of Indemnitee on the other in connection with the events which resulted in such expenses, judgments, fines or settlement amounts, as well as any other relevant equitable considerations. The relative fault of Corporation on the one hand and of Indemnitee on the other shall be determined by reference to, among other things, the parties' relative intent, knowledge, access to information and opportunity to correct or prevent the circumstances resulting in such expenses, judgments, fines or settlement amounts. Corporation agrees that it would not be just and equitable if contribution pursuant to this Section 4 were determined by pro rata allocation or any other method of allocation which does not take account of the foregoing equitable considerations.

5. CONTINUATION OF OBLIGATIONS. All agreements and obligations of Corporation contained herein shall continue during the period Indemnitee is a director, officer, employee or agent of Corporation (or is or was serving at the request of Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise) and shall continue thereafter so long as Indemnitee shall be subject to any possible claim or threatened, pending or completed action, suit or proceeding, whether civil, criminal or investigative, by reason of the fact that Indemnitee was a director of Corporation or serving in any other capacity referred to herein.

6. NOTIFICATION AND DEFENSE OF CLAIM. Not later than thirty (30) days after receipt by Indemnitee of notice of the commencement of any action, suit or proceeding, Indemnitee will, if a claim in respect thereof is to be made against Corporation under this Agreement, notify Corporation of the commencement thereof; but the omission so to notify Corporation will not relieve it from any liability which it may have to Indemnitee otherwise than under this Agreement. With respect to any such action, suit or proceeding as to which Indemnitee notifies Corporation of the commencement thereof:

a. Corporation will be entitled to participate therein at its own expense;

b. except as otherwise provided below, to the extent that it may wish, Corporation jointly with any other indemnifying party similarly notified will be entitled to assume the defense thereof, with counsel reasonably satisfactory to Indemnitee. After notice from Corporation to Indemnitee of its election so as to assume the defense thereof, Corporation will not be liable to Indemnitee under this Agreement for any legal or other expenses subsequently incurred by Indemnitee in connection with the defense thereof other than reasonable costs of investigation or as otherwise provided below. Indemnitee shall have the right to employ its counsel in such action, suit or proceeding but the fees and expenses of such counsel incurred after notice from Corporation of its assumption of the defense thereof shall be at the expense of Indemnitee unless (i) the employment of counsel by Indemnitee has been authorized by Corporation, (ii) Indemnitee shall have reasonably concluded that there may be a conflict of interest between Corporation and Indemnitee in the conduct of the defense of such action or (iii) Corporation shall not in fact have employed counsel to assume the defense of such action, in each of which cases the fees and expenses of Indemnitee's separate counsel shall be at the expense of Corporation. Corporation shall not be entitled to assume the defense of any action, suit or proceeding brought by or on behalf of Corporation or as to which Indemnitee shall have made the conclusion provided for in (ii) above; and

c. Corporation shall not be liable to indemnify Indemnitee under this Agreement for any amounts paid in settlement of any action or claim effected without its written consent. Corporation shall be permitted to settle any action except that it shall not settle any action or claim in any manner which would impose any penalty or limitation on Indemnitee without Indemnitee's written consent. Neither Corporation nor Indemnitee will unreasonably withhold its or his consent to any proposed settlement.

7. ADVANCEMENT AND REPAYMENT OF EXPENSES.

a. In the event that Indemnitee employs its or his own counsel pursuant to Section 6(b)(i) through (iii) above, Corporation shall advance to Indemnitee, prior to any final disposition of any threatened or pending action, suit or proceeding, whether civil, criminal, administrative or investigative, any and all reasonable expenses (including legal fees and expenses) incurred in investigating or defending any such action, suit or proceeding within ten (10) days after receiving copies of invoices presented to Indemnitee for such expenses.

b. Indemnitee agrees that Indemnitee will reimburse Corporation for all reasonable expenses paid by Corporation in defending any civil or criminal action, suit or proceeding against Indemnitee in the event and only to the extent it shall be ultimately determined by a final judicial decision (from which there is no right of appeal) that Indemnitee is not entitled, under the provisions of the DGCL, the Bylaws, this Agreement or otherwise, to be indemnified by Corporation for such expenses.

c. Notwithstanding the foregoing, Corporation shall not be required to advance such expenses to Indemnitee in respect of any action arising from or based upon any of the matters set forth in subsection (b) of Section 3 or if Indemnitee (i) commences any action, suit or proceeding as a plaintiff unless such advance is specifically approved

by a majority of the Board of Directors or (ii) is a party to an action, suit or proceeding brought by Corporation and approved by a majority of the Board which alleges willful misappropriation of corporate assets by Indemnitee, disclosure of confidential information in violation of Indemnitee's fiduciary or contractual obligations to Corporation, or any other willful and deliberate breach in bad faith of Indemnitee's duty to Corporation or its shareholders.

8. ENFORCEMENT.

a. Corporation expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on Corporation hereby in order to induce Indemnitee to continue as an executive officer and/or director of Corporation, and acknowledges that Indemnitee is relying upon this Agreement in continuing in such capacity.

b. In the event Indemnitee is required to bring any action to enforce rights or to collect moneys due under this Agreement and is successful in such action, the Corporation shall reimburse Indemnitee for all Indemnitee's reasonable fees and expenses in bringing and pursuing such action.

9. SUBROGATION. In the event of payment under this Agreement, Corporation shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all documents required and shall do all acts that may be necessary to secure such rights and to enable Corporation effectively to bring suit to enforce such rights.

10. NON-EXCLUSIVITY OF RIGHTS. The rights conferred on Indemnitee by this Agreement shall not be exclusive of any other right which Indemnitee may have or hereafter acquire under any statute, provision of Corporation's Certificate of Incorporation or Bylaws, agreement, vote of stockholders or directors, or otherwise, both as to action in his official capacity and as to action in another capacity while holding office.

11. SURVIVAL OF RIGHTS. The rights conferred on Indemnitee by this Agreement shall continue after Indemnitee has ceased to be a director, officer, employee or other agent of Corporation and shall inure to the benefit of Indemnitee's heirs, executors, administrators, successors and assigns.

12. SEPARABILITY. Each of the provisions of this Agreement is a separate and distinct agreement and independent of the others, so that if any or all of the provisions hereof shall be held to be invalid or unenforceable for any reason, such invalidity or unenforceability shall not affect the validity or enforceability of the other provisions hereof or the obligation of the Corporation to indemnify the Indemnitee to the full extent provided by the Bylaws or the DGCL.

13. GOVERNING LAW. This Agreement shall be interpreted and enforced in accordance with the laws of the State of Delaware.

14. BINDING EFFECT. This Agreement shall be binding upon Indemnitee and upon Corporation, its successors and assigns, and shall inure to the benefit of Indemnitee, its or

his heirs, personal representatives, successors and assigns and to the benefit of Corporation, its successors and assigns.

15. AMENDMENT AND TERMINATION. No amendment, modification, termination or cancellation of this Agreement shall be effective unless in writing signed by both parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on and as of the day and year first above written.

CORPORATION:

SILICON LABORATORIES INC.

By:

Navdeep S. Sooch,
Chairman and Chief Executive Officer

INDEMNITEE:

Name:

SILICON LABORATORIES INC.
2000 STOCK INCENTIVE PLAN

ARTICLE ONE

GENERAL PROVISIONS

I. PURPOSE OF THE PLAN

This 2000 Stock Incentive Plan is intended to promote the interests of Silicon Laboratories Inc., a Delaware corporation, by providing eligible persons with the opportunity to acquire a proprietary interest, or otherwise increase their proprietary interest, in the Corporation as an incentive for them to remain in the service of the Corporation.

Capitalized terms shall have the meanings assigned to such terms in the attached Appendix.

II. STRUCTURE OF THE PLAN

A. The Plan shall be divided into four separate equity programs:

(i) the Discretionary Option Grant Program under which eligible persons may, at the discretion of the Plan Administrator, be granted options to purchase shares of Common Stock,

(ii) the Salary Investment Option Grant Program under which eligible employees may elect to have a portion of their base salary invested each year in special options,

(iii) the Stock Issuance Program under which eligible persons may, at the discretion of the Plan Administrator, be issued shares of Common Stock directly, either through the immediate purchase of such shares or as a bonus for services rendered the Corporation (or any Parent or Subsidiary), and

(iv) the Automatic Option Grant Program under which eligible non-employee Board members shall automatically receive options at periodic intervals to purchase shares of Common Stock.

B. The provisions of Articles One and Six shall apply to all equity programs under the Plan and shall govern the interests of all persons under the Plan.

III. ADMINISTRATION OF THE PLAN

A. Prior to the Section 12 Registration Date, the Discretionary Option Grant and Stock Issuance Programs shall be administered by the Board unless otherwise determined by

the Board. Beginning with the Section 12 Registration Date, the following provisions shall govern the administration of the Plan:

(i) The Board shall have the authority to administer the Discretionary Option Grant and Stock Issuance Programs with respect to Section 16 Insiders but may delegate such authority in whole or in part to the Primary Committee.

(ii) Administration of the Discretionary Option Grant and Stock Issuance Programs with respect to all other persons eligible to participate in those programs may, at the Board's discretion, be vested in the Primary Committee or a Secondary Committee, or the Board may retain the power to administer those programs with respect to all such persons.

(iii) The Board shall have the authority to determine which Section 16 Insiders and other highly compensated Employees shall be eligible to participate in the Salary Investment Program for one or more calendar years but may delegate such authority to the Primary Committee. However, all option grants under that program shall be made in accordance with the terms of that program.

(iv) Administration of the Automatic Option Grant Program shall be self-executing in accordance with the terms of that program.

B. Each Plan Administrator shall, within the scope of its administrative jurisdiction under the Plan, have full power and authority subject to the provisions of the Plan:

(i) to establish such rules as it may deem appropriate for proper administration of the Plan, to make all factual determinations, to construe and interpret the provisions of the Plan and the awards thereunder and to resolve any and all ambiguities thereunder;

(ii) to determine, with respect to awards made under the Discretionary Option Grant and Stock Issuance Programs, which eligible persons are to receive such awards, the time or times when such awards are to be made, the number of shares to be covered by each such award, the vesting schedule (if any) applicable to the award, the status of a granted option as either an Incentive Option or a Non-Statutory Option and the maximum term for which the option is to remain outstanding;

(iii) to amend, modify or cancel any outstanding award with the consent of the holder or accelerate the vesting of such award; and

(iv) to take such other discretionary actions as permitted pursuant to the terms of the applicable program.

Decisions of each Plan Administrator within the scope of its administrative functions under the Plan shall be final and binding on all parties.

C. Members of the Primary Committee or any Secondary Committee shall serve for such period of time as the Board may determine and may be removed by the Board at

any time. The Board may also at any time terminate the functions of any Secondary Committee and reassume all powers and authority previously delegated to such committee.

D. Service on the Primary Committee or the Secondary Committee shall constitute service as a Board member, and members of each such committee shall accordingly be entitled to full indemnification and reimbursement as Board members for their service on such committee. No member of the Primary Committee or the Secondary Committee shall be liable for any act or omission made in good faith with respect to the Plan or any options or stock issuances under the Plan.

IV. ELIGIBILITY

A. The persons eligible to participate in the Discretionary Option Grant and Stock Issuance Programs are as follows:

(i) Employees,

(ii) non-employee members of the Board or the board of directors of any Parent or Subsidiary, and

(iii) consultants and other independent advisors who provide services to the Corporation (or any Parent or Subsidiary).

B. Only Employees who are Section 16 Insiders or other highly compensated individuals shall be eligible to participate in the Salary Investment Option Grant Program.

C. Only non-employee Board members shall be eligible to participate in the Automatic Option Grant Program.

V. STOCK SUBJECT TO THE PLAN

A. The stock issuable under the Plan shall be shares of authorized but unissued or reacquired Common Stock, including shares repurchased by the Corporation on the open market. The maximum number of shares of Common Stock initially reserved for issuance over the term of the Plan shall not exceed 5,389,498 shares. Such authorized share reserve consists of (i) the number of shares which remain available for issuance, as of the Section 12 Registration Date, under the Predecessor Plan, including the shares subject to the outstanding options to be incorporated into the Plan and the additional shares which would otherwise be available for future grant (collectively estimated to be 3,389,498 shares), plus (ii) an increase of 2,000,000 shares authorized by the Board subject to stockholder approval prior to the Section 12 Registration Date.

B. The number of shares of Common Stock available for issuance under the Plan shall automatically increase on the first trading day of each calendar year during the term of the Plan, beginning with the 2001 calendar year, by an amount equal to two percent (2%) of the shares of Common Stock outstanding on the last trading day of the immediately preceding calendar year, but in no event shall such annual increase exceed One Million (1,000,000) shares.

C. No one person participating in the Plan may receive options, separately exercisable stock appreciation rights and direct stock issuances for more than One Million (1,000,000) shares of Common Stock in the aggregate per calendar year, beginning with the 2000 calendar year.

D. Shares of Common Stock subject to outstanding options (including options incorporated into this Plan from the Predecessor Plan) shall be available for subsequent issuance under the Plan to the extent those options expire, terminate or are cancelled for any reason prior to exercise in full. Unvested shares issued under the Plan and subsequently repurchased by the Corporation, at the original exercise or issue price paid per share, pursuant to the Corporation's repurchase rights under the Plan shall be added back to the number of shares of Common Stock reserved for issuance under the Plan and shall accordingly be available for reissuance through one or more subsequent options or direct stock issuances under the Plan. Unvested shares issued under the Predecessor Plan and subsequently repurchased by the Corporation, at the original exercise price or issue price paid per share, pursuant to the Corporation's repurchase rights under the Predecessor Plan shall also be added back to the number of shares of Common Stock reserved for issuance under the Plan but in no event shall such number exceed in the aggregate 3,357,204 shares. However, should the exercise price of an option under the Plan be paid with shares of Common Stock or should shares of Common Stock otherwise issuable under the Plan be withheld by the Corporation in satisfaction of the withholding taxes incurred in connection with the exercise of an option or the vesting of a stock issuance under the Plan, then the number of shares of Common Stock available for issuance under the Plan shall be reduced by the gross number of shares for which the option is exercised or which vest under the stock issuance, and not by the net number of shares of Common Stock issued to the holder of such option or stock issuance. Shares of Common Stock underlying one or more stock appreciation rights exercised under the Plan shall NOT be available for subsequent issuance.

E. If any change is made to the Common Stock by reason of any stock split, stock dividend, recapitalization, combination of shares, exchange of shares or other change affecting the outstanding Common Stock as a class without the Corporation's receipt of consideration, appropriate adjustments shall be made to (i) the maximum number and/or class of securities issuable under the Plan, (ii) the number and/or class of securities by which the share reserve is to increase each calendar year pursuant to the automatic share increase provisions of the Plan, (iii) the number and/or class of securities for which any one person may be granted options, separately exercisable stock appreciation rights and direct stock issuances under the Plan per calendar year, (iv) the number and/or class of securities for which grants are subsequently to be made under the Automatic Option Grant Program to new and continuing non-employee Board members, (v) the number and/or class of securities and the exercise price per share in effect under each outstanding option under the Plan and (vi) the number and/or class of securities and price per share in effect under each outstanding option incorporated into this Plan from the Predecessor Plan. Such adjustments to the outstanding options are to be effected in a manner which shall preclude the enlargement or dilution of rights and benefits under such options. The adjustments determined by the Plan Administrator shall be final, binding and conclusive.

ARTICLE TWO

DISCRETIONARY OPTION GRANT PROGRAM

I. OPTION TERMS

Each option shall be evidenced by one or more documents in the form approved by the Plan Administrator; PROVIDED, however, that each such document shall comply with the terms specified below. Each document evidencing an Incentive Option shall, in addition, be subject to the provisions of the Plan applicable to such options.

A. EXERCISE PRICE.

1. The exercise price per share shall be fixed by the Plan Administrator at the time of the option grant and may be less than, equal to or greater than the Fair Market Value per share of Common Stock on the option grant date.

2. The exercise price shall become immediately due upon exercise of the option and shall, subject to the provisions of Section II of Article Six and the documents evidencing the option, be payable in one or more of the following forms:

(i) in cash or check made payable to the Corporation;

(ii) shares of Common Stock held for the requisite period necessary to avoid a charge to the Corporation's earnings for financial reporting purposes and valued at Fair Market Value on the Exercise Date, or

(iii) to the extent the option is exercised for vested shares, through a special sale and remittance procedure pursuant to which the Optionee shall concurrently provide irrevocable instructions to (a) a Corporation-approved brokerage firm to effect the immediate sale of the purchased shares and remit to the Corporation, out of the sale proceeds available on the settlement date, sufficient funds to cover the aggregate exercise price payable for the purchased shares plus all applicable Federal, state and local income and employment taxes required to be withheld by the Corporation by reason of such exercise and (b) the Corporation to deliver the certificates for the purchased shares directly to such brokerage firm in order to complete the sale.

Except to the extent such sale and remittance procedure is utilized, payment of the exercise price for the purchased shares must be made on the Exercise Date.

B. EXERCISE AND TERM OF OPTIONS. Each option shall be exercisable at such time or times, during such period and for such number of shares as shall be determined by the Plan Administrator and set forth in the documents evidencing the option. However, no option shall have a term in excess of ten (10) years measured from the option grant date.

C. CESSATION OF SERVICE.

1. The following provisions shall govern the exercise of any options outstanding at the time of the Optionee's cessation of Service or death:

(i) Any option outstanding at the time of the Optionee's cessation of Service for any reason shall remain exercisable for such period of time thereafter as shall be determined by the Plan Administrator and set forth in the documents evidencing the option, but no such option shall be exercisable after the expiration of the option term.

(ii) Any option exercisable in whole or in part by the Optionee at the time of death may be subsequently exercised by his or her Beneficiary.

(iii) During the applicable post-Service exercise period, the option may not be exercised in the aggregate for more than the number of vested shares for which the option is exercisable on the date of the Optionee's cessation of Service. Upon the expiration of the applicable exercise period or (if earlier) upon the expiration of the option term, the option shall terminate and cease to be outstanding for any vested shares for which the option has not been exercised. However, the option shall, immediately upon the Optionee's cessation of Service, terminate and cease to be outstanding to the extent the option is not otherwise at that time exercisable for vested shares.

(iv) Should the Optionee's Service be terminated for Misconduct or should the Optionee engage in Misconduct while his or her options are outstanding, then all such options shall terminate immediately and cease to be outstanding.

2. The Plan Administrator shall have complete discretion, exercisable either at the time an option is granted or at any time while the option remains outstanding:

(i) to extend the period of time for which the option is to remain exercisable following the Optionee's cessation of Service to such period of time as the Plan Administrator shall deem appropriate, but in no event beyond the expiration of the option term, and/or

(ii) to permit the option to be exercised, during the applicable post-Service exercise period, for one or more additional installments in which the Optionee would have vested had the Optionee continued in Service.

D. STOCKHOLDER RIGHTS. The holder of an option shall have no stockholder rights with respect to the shares subject to the option until such person shall have exercised the option, paid the exercise price and become a holder of record of the purchased shares.

E. REPURCHASE RIGHTS. The Plan Administrator shall have the discretion to grant options which are exercisable for unvested shares of Common Stock. Should the Optionee cease Service while holding such unvested shares, the Corporation shall have the right to

repurchase, at the exercise price paid per share, any or all of those unvested shares. The terms upon which such repurchase right shall be exercisable (including the period and procedure for exercise and the appropriate vesting schedule for the purchased shares) shall be established by the Plan Administrator and set forth in the document evidencing such repurchase right.

F. LIMITED TRANSFERABILITY OF OPTIONS. During the lifetime of the Optionee, Incentive Options shall be exercisable only by the Optionee and shall not be assignable or transferable other than by will or by the laws of descent and distribution following the Optionee's death. Non-Statutory Options shall be subject to the same restrictions, except that a Non-Statutory Option may, to the extent permitted by the Plan Administrator, be assigned in whole or in part during the Optionee's lifetime (i) as a gift to one or more members of the Optionee's immediate family, to a trust in which Optionee and/or one or more such family members hold more than fifty percent (50%) of the beneficial interest or to an entity in which more than fifty percent (50%) of the voting interests are owned by one or more such family members or (ii) pursuant to a domestic relations order. The terms applicable to the assigned portion shall be the same as those in effect for the option immediately prior to such assignment and shall be set forth in such documents issued to the assignee as the Plan Administrator may deem appropriate.

II. INCENTIVE OPTIONS

The terms specified below shall be applicable to all Incentive Options. Except as modified by the provisions of this Section II, all the provisions of Articles One, Two and Six shall be applicable to Incentive Options. Options which are specifically designated as Non-Statutory Options when issued under the Plan shall NOT be subject to the terms of this Section II.

A. ELIGIBILITY. Incentive Options may only be granted to Employees.

B. EXERCISE PRICE. The exercise price per share shall not be less than one hundred percent (100%) of the Fair Market Value per share of Common Stock on the option grant date.

C. DOLLAR LIMITATION. The aggregate Fair Market Value of the shares of Common Stock (determined as of the respective date or dates of grant) for which one or more options granted to any Employee under the Plan (or any other option plan of the Corporation or any Parent or Subsidiary) may for the first time become exercisable as Incentive Options during any one calendar year shall not exceed the sum of One Hundred Thousand Dollars ($100,000). To the extent the Employee holds two (2) or more such options which become exercisable for the first time in the same calendar year, the foregoing limitation on the exercisability of such options as Incentive Options shall be applied on the basis of the order in which such options are granted.

D. 10% STOCKHOLDER. If any Employee to whom an Incentive Option is granted is a 10% Stockholder, then the exercise price per share shall not be less than one hundred ten percent (110%) of the Fair Market Value per share of Common Stock on the option grant date, and the option term shall not exceed five (5) years measured from the option grant date.

III. CHANGE IN CONTROL/HOSTILE TAKE-OVER

A. Each option outstanding at the time of a Change in Control but not otherwise fully-vested shall automatically accelerate so that each such option shall, immediately prior to the effective date of the Change in Control, become exercisable for all of the shares of Common Stock at the time subject to that option and may be exercised for any or all of those shares as fully-vested shares of Common Stock. However, an outstanding option shall not so accelerate if and to the extent: (i) such option is, in connection with the Change in Control, assumed or otherwise continued in full force and effect by the successor corporation (or parent thereof) pursuant to the terms of the Change in Control, (ii) such option is replaced with a cash incentive program of the successor corporation which preserves the spread existing at the time of the Change in Control on the shares of Common Stock for which the option is not otherwise at that time exercisable and provides for subsequent payout in accordance with the same vesting schedule applicable to those option shares or (iii) the acceleration of such option is subject to other limitations imposed by the Plan Administrator at the time of the option grant. Each option outstanding at the time of the Change in Control shall terminate as provided in Section III.C. of this Article Two.

B. All outstanding repurchase rights shall also terminate automatically, and the shares of Common Stock subject to those terminated rights shall immediately vest in full, in the event of any Change in Control, except to the extent: (i) those repurchase rights are assigned to the successor corporation (or parent thereof) or otherwise continue in full force and effect pursuant to the terms of the Change in Control or (ii) such accelerated vesting is precluded by other limitations imposed by the Plan Administrator at the time the repurchase right is issued.

C. Immediately following the consummation of the Change in Control, all outstanding options shall terminate and cease to be outstanding, except to the extent assumed by the successor corporation (or parent thereof) or otherwise expressly continued in full force and effect pursuant to the terms of the Change in Control.

D. Each option which is assumed in connection with a Change in Control shall be appropriately adjusted, immediately after such Change in Control, to apply to the number and class of securities which would have been issuable to the Optionee in consummation of such Change in Control had the option been exercised immediately prior to such Change in Control. Appropriate adjustments to reflect such Change in Control shall also be made to (i) the exercise price payable per share under each outstanding option, PROVIDED the aggregate exercise price payable for such securities shall remain the same, (ii) the maximum number and/or class of securities available for issuance over the remaining term of the Plan and (iii) the maximum number and/or class of securities for which any one person may be granted options, separately exercisable stock appreciation rights and direct stock issuances under the Plan per calendar year. To the extent the actual holders of the Corporation's outstanding Common Stock receive cash consideration for their Common Stock in consummation of the Change in Control, the successor corporation may, in connection with the assumption of the outstanding options under the Discretionary Option Grant Program, substitute one or more shares of its own common stock with a fair market value equivalent to the cash consideration paid per share of Common Stock in such Change in Control.

E. The Plan Administrator may at any time provide that one or more options will automatically accelerate in connection with a Change in Control, whether or not those options are assumed or otherwise continued in full force and effect pursuant to the terms of the Change in Control. Any such option shall accordingly become exercisable, immediately prior to the effective date of such Change in Control, for all of the shares of Common Stock at the time subject to that option and may be exercised for any or all of those shares as fully-vested shares of Common Stock. In addition, the Plan Administrator may at any time provide that one or more of the Corporation's repurchase rights shall not be assignable in connection with such Change in Control and shall terminate upon the consummation of such Change in Control.

F. The Plan Administrator may at any time provide that one or more options will automatically accelerate upon an Involuntary Termination of the Optionee's Service within a designated period (not to exceed eighteen (18) months) following the effective date of any Change in Control in which those options do not otherwise accelerate. Any options so accelerated shall remain exercisable for fully-vested shares until the EARLIER of (i) the expiration of the option term or (ii) the expiration of the one (1) year period measured from the effective date of the Involuntary Termination. In addition, the Plan Administrator may at any time provide that one or more of the Corporation's repurchase rights shall immediately terminate upon such Involuntary Termination.

G. The Plan Administrator may at any time provide that one or more options will automatically accelerate in connection with a Hostile Take-Over. Any such option shall become exercisable, immediately prior to the effective date of such Hostile Take-Over, for all of the shares of Common Stock at the time subject to that option and may be exercised for any or all of those shares as fully-vested shares of Common Stock. In addition, the Plan Administrator may at any time provide that one or more of the Corporation's repurchase rights shall terminate automatically upon the consummation of such Hostile Take-Over. Alternatively, the Plan Administrator may condition such automatic acceleration and termination upon an Involuntary Termination of the Optionee's Service within a designated period (not to exceed eighteen (18) months) following the effective date of such Hostile Take-Over. Each option so accelerated shall remain exercisable for fully-vested shares until the expiration or sooner termination of the option term.

H. The portion of any Incentive Option accelerated in connection with a Change in Control or Hostile Take Over shall remain exercisable as an Incentive Option only to the extent the applicable One Hundred Thousand Dollar ($100,000) limitation is not exceeded. To the extent such dollar limitation is exceeded, the accelerated portion of such option shall be exercisable as a Non-Statutory Option under the Federal tax laws.

IV. STOCK APPRECIATION RIGHTS

The Plan Administrator may, subject to such conditions as it may determine, grant to selected Optionees stock appreciation rights which will allow the holders of those rights to elect between the exercise of the underlying option for shares of Common Stock and the surrender of that option in exchange for a distribution from the Corporation in an amount equal to the excess of (a) the Option Surrender Value of the number of shares for which the option is surrendered over (b) the aggregate exercise price payable for such shares. The distribution may

be made in shares of Common Stock valued at Fair Market Value on the option surrender date, in cash, or partly in shares and partly in cash, as the Plan Administrator shall in its sole discretion deem appropriate.

ARTICLE THREE

SALARY INVESTMENT OPTION GRANT PROGRAM

I. OPTION GRANTS

The Primary Committee may implement the Salary Investment Option Grant Program for one or more calendar years beginning after the Underwriting Date and select the Section 16 Insiders and other highly compensated Employees eligible to participate in the Salary Investment Option Grant Program for each such calendar year. Each selected individual who elects to participate in the Salary Investment Option Grant Program must, prior to the start of each calendar year of participation, file with the Plan Administrator (or its designate) an irrevocable authorization directing the Corporation to reduce his or her base salary for that calendar year by an amount not less than Five Thousand Dollars ($5,000.00) nor more than Fifty Thousand Dollars ($50,000.00). The Primary Committee shall have complete discretion to determine whether to approve the filed authorization in whole or in part. To the extent the Primary Committee approves the authorization, the individual who filed that authorization shall be granted an option under the Salary Investment Grant Program on the first trading day in January for the calendar year for which the salary reduction is to be in effect.

II. OPTION TERMS

Each option shall be a Non-Statutory Option evidenced by one or more documents in the form approved by the Plan Administrator; PROVIDED, however, that each such document shall comply with the terms specified below.

A. EXERCISE PRICE.

1. The exercise price per share shall be thirty-three and one-third percent (33-1/3%) of the Fair Market Value per share of Common Stock on the option grant date.

2. The exercise price shall become immediately due upon exercise of the option and shall be payable in one or more of the alternative forms authorized under the Discretionary Option Grant Program. Except to the extent the sale and remittance procedure specified thereunder is utilized, payment of the exercise price for the purchased shares must be made on the Exercise Date.

B. NUMBER OF OPTION SHARES. The number of shares of Common Stock subject to the option shall be determined pursuant to the following formula (rounded down to the nearest whole number):

X = A DIVIDED BY (B x 66-2/3%), where

X is the number of option shares,

A is the dollar amount of the approved reduction in the Optionee's base salary for the calendar year, and

B is the Fair Market Value per share of Common Stock on the option grant date.

C. EXERCISE AND TERM OF OPTIONS. The option shall become exercisable in a series of twelve (12) successive equal monthly installments upon the Optionee's completion of each calendar month of Service in the calendar year for which the salary reduction is in effect. Each option shall have a maximum term of ten (10) years measured from the option grant date.

D. CESSATION OF SERVICE. Each option outstanding at the time of the Optionee's cessation of Service shall remain exercisable, for any or all of the shares for which the option is exercisable at the time of such cessation of Service, until the EARLIER of (i) the expiration of the option term or (ii) the expiration of the three (3)-year period following the Optionee's cessation of Service. To the extent the option is held by the Optionee at the time of his or her death, the option may be exercised by his or her Beneficiary. However, the option shall, immediately upon the Optionee's cessation of Service, terminate and cease to remain outstanding with respect to any and all shares of Common Stock for which the option is not otherwise at that time exercisable.

III. CHANGE IN CONTROL/HOSTILE TAKE-OVER

A. In the event of any Change in Control or Hostile Take-Over while the Optionee remains in Service, each outstanding option shall automatically accelerate so that each such option shall, immediately prior to the effective date of the Change in Control or Hostile Take-Over, become fully exercisable with respect to the total number of shares of Common Stock at the time subject to such option and may be exercised for any or all of those shares as fully-vested shares of Common Stock. Each such option accelerated in connection with a Change in Control shall terminate upon the Change in Control, except to the extent assumed by the successor corporation (or parent thereof) or otherwise continued in full force and effect pursuant to the terms of the Change in Control. Each such option accelerated in connection with a Hostile Take-Over shall remain exercisable until the expiration or sooner termination of the option term.

B. Each option which is assumed in connection with a Change in Control shall be appropriately adjusted to apply to the number and class of securities which would have been issuable to the Optionee in consummation of such Change in Control had the option been exercised immediately prior to such Change in Control. Appropriate adjustments shall also be made to the exercise price payable per share under each outstanding option, PROVIDED the aggregate exercise price payable for such securities shall remain the same. To the extent the actual holders of the Corporation's outstanding Common Stock receive cash consideration for their Common Stock in consummation of the Change in Control, the successor corporation may, in connection with the assumption of the outstanding options under the Salary Investment Option Grant Program, substitute one or more shares of its own common stock with a fair market value equivalent to the cash consideration paid per share of Common Stock in such Change in Control.

C. Upon the occurrence of a Hostile Take-Over, the Optionee shall have a thirty (30)-day period in which to surrender to the Corporation each of his or her outstanding options. The Optionee shall in return be entitled to a cash distribution from the Corporation in an

amount equal to the excess of (i) the Option Surrender Value of the shares of Common Stock at the time subject to each surrendered option (whether or not the Optionee is otherwise at the time vested in those shares) over (ii) the aggregate exercise price payable for such shares. Such cash distribution shall be paid within five (5) days following the surrender of the option to the Corporation.

IV. REMAINING TERMS

The remaining terms of each option granted under the Salary Investment Option Grant Program shall be the same as the terms in effect for options made under the Discretionary Option Grant Program.

ARTICLE FOUR

STOCK ISSUANCE PROGRAM

I. STOCK ISSUANCE TERMS

Shares of Common Stock may be issued under the Stock Issuance Program through direct and immediate issuances without any intervening options. Shares of Common Stock may also be issued under the Stock Issuance Program pursuant to share right awards which entitle the recipients to receive those shares upon the attainment of designated performance goals or Service requirements. Each such award shall be evidenced by one or more documents which comply with the terms specified below.

A. PURCHASE PRICE.

1. The purchase price per share of Common Stock subject to direct issuance shall be fixed by the Plan Administrator and may be less than, equal to or greater than the Fair Market Value per share of Common Stock on the issue date.

2. Subject to the provisions of Section II of Article Six, shares of Common Stock may be issued under the Stock Issuance Program for any of the following items of consideration which the Plan Administrator may deem appropriate in each individual instance:

(i) cash or check made payable to the Corporation, or

(ii) past services rendered to the Corporation (or any Parent or Subsidiary).

B. VESTING/ISSUANCE PROVISIONS.

1. The Plan Administrator may issue shares of Common Stock which are fully and immediately vested upon issuance or which are to vest in one or more installments over the Participant's period of Service or upon attainment of specified performance objectives. Alternatively, the Plan Administrator may issue share right awards which shall entitle the recipient to receive a specified number of vested shares of Common Stock upon the attainment of one or more performance goals or Service requirements established by the Plan Administrator.

2. Any new, substituted or additional securities or other property (including money paid other than as a regular cash dividend) which the Participant may have the right to receive with respect to his or her unvested shares of Common Stock by reason of any stock dividend, stock split, recapitalization, combination of shares, exchange of shares or other change affecting the outstanding Common Stock as a class without the Corporation's receipt of consideration shall be issued subject to (i) the same vesting requirements applicable to the Participant's unvested shares of Common Stock and (ii) such escrow arrangements as the Plan Administrator shall deem appropriate.

3. The Participant shall have full stockholder rights with respect to the issued shares of Common Stock, whether or not the Participant's interest in those shares is vested. Accordingly, the Participant shall have the right to vote such shares and to receive any regular cash dividends paid on such shares.

4. Should the Participant cease to remain in Service while holding one or more unvested shares of Common Stock, or should the performance objectives not be attained with respect to one or more such unvested shares of Common Stock, then those shares shall be immediately surrendered to the Corporation for cancellation, and the Participant shall have no further stockholder rights with respect to those shares. To the extent the surrendered shares were previously issued to the Participant for consideration paid in cash or cash equivalent (including the Participant's purchase-money indebtedness), the Corporation shall repay to the Participant the cash consideration paid for the surrendered shares and shall cancel the unpaid principal balance of any outstanding purchase-money note of the Participant attributable to the surrendered shares.

5. The Plan Administrator may waive the surrender and cancellation of one or more unvested shares of Common Stock (or other assets attributable thereto) which would otherwise occur upon the cessation of the Participant's Service or the non-attainment of the performance objectives applicable to those shares. Such waiver shall result in the immediate vesting of the Participant's interest in the shares of Common Stock as to which the waiver applies. Such waiver may be effected at any time, whether before or after the Participant's cessation of Service or the attainment or non-attainment of the applicable performance objectives.

6. Outstanding share right awards shall automatically terminate, and no shares of Common Stock shall actually be issued in satisfaction of those awards, if the performance goals or Service requirements established for such awards are not attained. The Plan Administrator, however, shall have the authority to issue shares of Common Stock in satisfaction of one or more outstanding share right awards as to which the designated performance goals or Service requirements are not attained.

II. CHANGE IN CONTROL/HOSTILE TAKE-OVER

A. All of the Corporation's outstanding repurchase rights shall terminate automatically, and all the shares of Common Stock subject to those terminated rights shall immediately vest in full, in the event of any Change in Control, except to the extent (i) those repurchase rights are assigned to the successor corporation (or parent thereof) or otherwise continue in full force and effect pursuant to the terms of the Change in Control or (ii) such accelerated vesting is precluded by other limitations imposed by the Plan Administrator at the time the repurchase right is issued.

B. The Plan Administrator may at any time provide for the automatic termination of one or more of those outstanding repurchase rights and the immediate vesting of the shares of Common Stock subject to those terminated rights upon (i) a Change in Control or Hostile Take-Over or (ii) an Involuntary Termination of the Participant's Service within a designated period (not to exceed eighteen (18) months) following the effective date of any

Change in Control or Hostile Take-Over in which those repurchase rights are assigned to the successor corporation (or parent thereof) or otherwise continue in full force and effect.

III. SHARE ESCROW/LEGENDS

Unvested shares may, in the Plan Administrator's discretion, be held in escrow by the Corporation until the Participant's interest in such shares vests or may be issued directly to the Participant with restrictive legends on the certificates evidencing those unvested shares.

ARTICLE FIVE

AUTOMATIC OPTION GRANT PROGRAM

I. OPTION TERMS

A. GRANT DATES. Options shall be made on the dates specified below:

1. Each individual who is serving as a non-employee Board member on the Underwriting Date shall automatically be granted on that date a Non-Statutory Option to purchase 30,000 shares of Common Stock, provided that individual has not previously been in the employ of the Corporation (or any Parent or Subsidiary).

2. Each individual who is first elected or appointed as a non-employee Board member at any time after the Underwriting Date shall automatically be granted, on the date of such initial election or appointment, a Non-Statutory Option to purchase 30,000 shares of Common Stock, provided that individual has not previously been in the employ of the Corporation (or any Parent or Subsidiary).

3. On the date of each Annual Stockholders Meeting beginning with the 2001 Annual Stockholder Meeting, each individual who is to continue to serve as a non-employee Board member shall automatically be granted a Non-Statutory Option to purchase Five Thousand (5,000) shares of Common Stock, provided such individual has served as a non-employee Board member for at least six (6) months.

B. EXERCISE PRICE.

1. The exercise price per share shall be equal to one hundred percent (100%) of the Fair Market Value per share of Common Stock on the option grant date.

2. The exercise price shall be payable in one or more of the alternative forms authorized under the Discretionary Option Grant Program. Except to the extent the sale and remittance procedure specified thereunder is utilized, payment of the exercise price for the purchased shares must be made on the Exercise Date.

C. OPTION TERM. Each option shall have a term of ten (10) years measured from the option grant date.

D. EXERCISE AND VESTING OF OPTIONS. Each option shall be immediately exercisable for any or all of the option shares. However, any shares purchased under the option shall be subject to repurchase by the Corporation, at the exercise price paid per share, upon the Optionee's cessation of Board service prior to vesting in those shares. Each initial 30,000-share option shall vest, and the Corporation's repurchase right shall lapse, in a series of four (4) successive equal annual installments over the Optionee's period of continued service as a Board member, with the first such installment to vest upon the Optionee's completion of one (1) year of Board service measured from the option grant date. Each annual 5,000-share option shall vest,

and the Corporation's repurchase right shall lapse, upon the Optionee's completion of one (1) year of Board service measured from the option grant date.

E. CESSATION OF BOARD SERVICE. The following provisions shall govern the exercise of any options outstanding at the time of the Optionee's cessation of Board service:

(i) Any option outstanding at the time of the Optionee's cessation of Board service for any reason shall remain exercisable for a twelve (12)-month period following the date of such cessation of Board service, but in no event shall such option be exercisable after the expiration of the option term.

(ii) Any option exercisable in whole or in part by the Optionee at the time of death may be subsequently exercised by his or her Beneficiary.

(iii) Following the Optionee's cessation of Board service, the option may not be exercised in the aggregate for more than the number of shares for which the option was exercisable on the date of such cessation of Board service. Upon the expiration of the applicable exercise period or (if earlier) upon the expiration of the option term, the option shall terminate and cease to be outstanding for any vested shares for which the option has not been exercised. However, the option shall, immediately upon the Optionee's cessation of Board service, terminate and cease to be outstanding for any and all shares for which the option is not otherwise at that time exercisable.

(iv) However, should the Optionee cease to serve as a Board member by reason of death or Permanent Disability, then all shares at the time subject to the option shall immediately vest so that such option may, during the twelve (12)-month exercise period following such cessation of Board service, be exercised for all or any portion of those shares as fully-vested shares of Common Stock.

II. CHANGE IN CONTROL/HOSTILE TAKE-OVER

A. In the event of any Change in Control or Hostile Take-Over, the shares of Common Stock at the time subject to each outstanding option but not otherwise vested shall automatically vest in full so that each such option may, immediately prior to the effective date of such Change in Control or Hostile Take-Over, became fully exercisable for all of the shares of Common Stock at the time subject to such option and maybe exercised for all or any of those shares as fully-vested shares of Common Stock. Each such option accelerated in connection with a Change in Control shall terminate upon the Change in Control, except to the extent assumed by the successor corporation (or parent thereof) or otherwise continued in full force and effect pursuant to the terms of the Change in Control. Each such option accelerated in connection with a Hostile Take-Over shall remain exercisable until the expiration or sooner termination of the option term.

B. All outstanding repurchase rights shall automatically terminate and the shares of Common Stock subject to those terminated rights shall immediately vest in full, in the event of any Change in Control or Hostile Take-Over.

C. Upon the occurrence of a Hostile Take-Over, the Optionee shall have a thirty (30)-day period in which to surrender to the Corporation each of his or her outstanding options. The Optionee shall in return be entitled to a cash distribution from the Corporation in an amount equal to the excess of (i) the Option Surrender Value of the shares of Common Stock at the time subject to each surrendered option (whether or not the option is otherwise at the time exercisable for those shares) over (ii) the aggregate exercise price payable for such shares. Such cash distribution shall be paid within five (5) days following the surrender of the option to the Corporation.

D. Each option which is assumed in connection with a Change in Control shall be appropriately adjusted to apply to the number and class of securities which would have been issuable to the Optionee in consummation of such Change in Control had the option been exercised immediately prior to such Change in Control. Appropriate adjustments shall also be made to the exercise price payable per share under each outstanding option, PROVIDED the aggregate exercise price payable for such securities shall remain the same. To the extent the actual holders of the Corporation's outstanding Common Stock receive cash consideration for their Common Stock in consummation of the Change in Control, the successor corporation may, in connection with the assumption of the outstanding options under the Automatic Option Grant Program, substitute one or more shares of its own common stock with a fair market value equivalent to the cash consideration paid per share of Common Stock in such Change in Control.

III. REMAINING TERMS

The remaining terms of each option granted under the Automatic Option Grant Program shall be the same as the terms in effect for options made under the Discretionary Option Grant Program.

ARTICLE SIX

MISCELLANEOUS

I. NO IMPAIRMENT OF AUTHORITY

Outstanding awards shall in no way affect the right of the Corporation to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

II. FINANCING

The Plan Administrator may permit any Optionee or Participant to pay the option exercise price under the Discretionary Option Grant Program or the purchase price of shares issued under the Stock Issuance Program by delivering a full-recourse, interest bearing promissory note payable in one or more installments. The terms of any such promissory note (including the interest rate and the terms of repayment) shall be established by the Plan Administrator in its sole discretion. In no event may the maximum credit available to the Optionee or Participant exceed the sum of (i) the aggregate option exercise price or purchase price payable for the purchased shares plus (ii) any Federal, state and local income and employment tax liability incurred by the Optionee or the Participant in connection with the option exercise or share purchase.

III. TAX WITHHOLDING

A. The Corporation's obligation to deliver shares of Common Stock upon the exercise of options or the issuance or vesting of such shares under the Plan shall be subject to the satisfaction of all applicable Federal, state and local income and employment tax withholding requirements.

B. The Plan Administrator may, in its discretion, provide any or all holders of Non-Statutory Options or unvested shares of Common Stock under the Plan with the right to use shares of Common Stock in satisfaction of all or part of the Withholding Taxes incurred by such holders in connection with the exercise of their options or the vesting of their shares. Such right may be provided to any such holder in either or both of the following formats:

STOCK WITHHOLDING: The election to have the Corporation withhold, from the shares of Common Stock otherwise issuable upon the exercise of such Non-Statutory Option or the vesting of such shares, a portion of those shares with an aggregate Fair Market Value equal to the percentage of the Withholding Taxes (not to exceed one hundred percent (100%)) designated by the holder.

STOCK DELIVERY: The election to deliver to the Corporation, at the time the Non-Statutory Option is exercised or the shares vest, one or more shares of Common Stock previously acquired by such holder (other than in connection with the option exercise or share vesting triggering the Withholding Taxes) with an aggregate Fair Market Value equal to the percentage of the Taxes (not to exceed one hundred percent (100%)) designated by the holder.

IV. EFFECTIVE DATE AND TERM OF THE PLAN

A. The Plan shall become effective immediately upon the Plan Effective Date. However, the Salary Investment Option Grant Program shall not be implemented until such time as the Primary Committee may deem appropriate. Options may be granted under the Discretionary Option Grant Program at any time on or after the Plan Effective Date. However, no options granted under the Plan may be exercised, and no shares shall be issued under the Plan, until the Plan is approved by the Corporation's stockholders. If such stockholder approval is not obtained within twelve (12) months after the Plan Effective Date, then all options previously granted under this Plan shall terminate and cease to be outstanding, and no further options shall be granted and no shares shall be issued under the Plan.

B. The Plan shall serve as the successor to the Predecessor Plan, and no further options or direct stock issuances shall be made under the Predecessor Plan after the Section 12 Registration Date. All options outstanding under the Predecessor Plan on the Section 12 Registration Date shall be incorporated into the Plan at that time and shall be treated as outstanding options under the Plan. However, each outstanding option so incorporated shall continue to be governed solely by the terms of the documents evidencing such option, and no provision of the Plan shall be deemed to affect or otherwise modify the rights or obligations of the holders of such incorporated options with respect to their acquisition of shares of Common Stock.

C. One or more provisions of the Plan, including (without limitation) the option/vesting acceleration provisions of Article Two relating to Change in Control, may, in the Plan Administrator's discretion, be extended to one or more options incorporated from the Predecessor Plan which do not otherwise contain such provisions.

D. The Plan shall terminate upon the EARLIEST of (i) January 4, 2010, (ii) the date on which all shares available for issuance under the Plan shall have been issued as fully-vested shares or (iii) the termination of all outstanding options in connection with a Change in Control. Upon such plan termination, all outstanding options and unvested stock issuances shall thereafter continue to have force and effect in accordance with the provisions of the documents evidencing such grants or issuances.

V. AMENDMENT OF THE PLAN

A. The Board shall have complete and exclusive power and authority to amend or modify the Plan in any or all respects. However, no such amendment or modification shall adversely affect the rights and obligations with respect to stock options or unvested stock issuances at the time outstanding under the Plan unless the Optionee or the Participant consents to such amendment or modification. In addition, certain amendments may require stockholder approval pursuant to applicable laws or regulations.

B. Options to purchase shares of Common Stock may be granted under the Discretionary Option Grant and Salary Investment Option Grant Programs and shares of Common Stock may be issued under the Stock Issuance Program that are in each instance in excess of the number of shares then available for issuance under the Plan, provided any excess

shares actually issued under those programs shall be held in escrow until there is obtained stockholder approval of an amendment sufficiently increasing the number of shares of Common Stock available for issuance under the Plan. If such stockholder approval is not obtained within twelve (12) months after the date the first such excess issuances are made, then (i) any unexercised options granted on the basis of such excess shares shall terminate and cease to be outstanding and (ii) the Corporation shall promptly refund to the Optionees and the Participants the exercise or purchase price paid for any excess shares issued under the Plan and held in escrow, together with interest (at the applicable Short Term Federal Rate) for the period the shares were held in escrow, and such shares shall thereupon be automatically cancelled and cease to be outstanding.

VI. USE OF PROCEEDS

Any cash proceeds received by the Corporation from the sale of shares of Common Stock under the Plan shall be used for general corporate purposes.

VII. REGULATORY APPROVALS

A. The implementation of the Plan, the granting of any stock option under the Plan and the issuance of any shares of Common Stock (i) upon the exercise of any granted option or (ii) under the Stock Issuance Program shall be subject to the Corporation's procurement of all approvals and permits required by regulatory authorities having jurisdiction over the Plan, the stock options granted under it and the shares of Common Stock issued pursuant to it.

B. No shares of Common Stock or other assets shall be issued or delivered under the Plan unless and until there shall have been compliance with all applicable requirements of Federal and state securities laws, including the filing and effectiveness of the Form S-8 registration statement for the shares of Common Stock issuable under the Plan, and all applicable listing requirements of any stock exchange (or the Nasdaq National Market, if applicable) on which Common Stock is then listed for trading.

VIII. NO EMPLOYMENT/SERVICE RIGHTS

Nothing in the Plan shall confer upon the Optionee or the Participant any right to continue in Service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Corporation (or any Parent or Subsidiary employing or retaining such person) or of the Optionee or the Participant, which rights are hereby expressly reserved by each, to terminate such person's Service at any time for any reason, with or without cause.

APPENDIX

The following definitions shall be in effect under the Plan:

A. AUTOMATIC OPTION GRANT PROGRAM shall mean the automatic option grant program in effect under the Plan.

B. BENEFICIARY shall mean, in the event the Plan Administrator implements a beneficiary designation procedure, the person designated by an Optionee or Participant, pursuant to such procedure, to succeed to such person's rights under any outstanding awards held by him or her at the time of death. In the absence of such designation or procedure, the Beneficiary shall be the personal representative of the estate of the Optionee or Participant or the person or persons to whom the award is transferred by will or the laws of descent and distribution.

C. BOARD shall mean the Corporation's Board of Directors.

D. CHANGE IN CONTROL shall mean a change in ownership or control of the Corporation effected through any of the following transactions:

(i) a merger, consolidation or reorganization approved by the Corporation's stockholders, UNLESS securities representing more than fifty percent (50%) of the total combined voting power of the voting securities of the successor corporation are immediately thereafter beneficially owned, directly or indirectly and in substantially the same proportion, by the persons who beneficially owned the Corporation's outstanding voting securities immediately prior to such transaction,

(ii) any stockholder-approved transfer or other disposition of all or substantially all of the Corporation's assets, or

(iii) the acquisition, directly or indirectly by any person or related group of persons (other than the Corporation or a person that directly or indirectly controls, is controlled by, or is under common control with, the Corporation), of beneficial ownership (within the meaning of Rule 13d-3 of the 1934 Act) of securities possessing more than fifty percent (50%) of the total combined voting power of the Corporation's outstanding securities pursuant to a tender or exchange offer made directly to the Corporation's stockholders which the Board recommends such stockholders accept.

E. CODE shall mean the Internal Revenue Code of 1986, as amended.

F. COMMON STOCK shall mean the Corporation's common stock.

G. CORPORATION shall mean Silicon Laboratories Inc., a Delaware corporation, and any corporate successor to all or substantially all of the assets or voting stock of Silicon Laboratories Inc. which shall by appropriate action adopt the Plan.

H. DISCRETIONARY OPTION GRANT PROGRAM shall mean the discretionary option grant program in effect under the Plan.

I. EMPLOYEE shall mean an individual who is in the employ of the Corporation (or any Parent or Subsidiary), subject to the control and direction of the employer entity as to both the work to be performed and the manner and method of performance.

J. EXERCISE DATE shall mean the date on which the Corporation shall have received written notice of the option exercise.

K. FAIR MARKET VALUE per share of Common Stock on any relevant date shall be determined in accordance with the following provisions:

(i) If the Common Stock is at the time traded on the Nasdaq National Market, then the Fair Market Value shall be the closing selling price per share of Common Stock on the date in question, as such price is reported on the Nasdaq National Market or any successor system. If there is no closing selling price for the Common Stock on the date in question, then the Fair Market Value shall be the closing selling price on the last preceding date for which such quotation exists.

(ii) If the Common Stock is at the time listed on any Stock Exchange, then the Fair Market Value shall be the closing selling price per share of Common Stock on the date in question on the Stock Exchange determined by the Plan Administrator to be the primary market for the Common Stock, as such price is officially quoted in the composite tape of transactions on such exchange. If there is no closing selling price for the Common Stock on the date in question, then the Fair Market Value shall be the closing selling price on the last preceding date for which such quotation exists.

(iii) For purposes of any option grants made on the Underwriting Date, the Fair Market Value shall be deemed to be equal to the price per share at which the Common Stock is to be sold in the initial public offering pursuant to the Underwriting Agreement.

(iv) For purposes of any options made prior to the Underwriting Date, the Fair Market Value shall be determined by the Plan Administrator, after taking into account such factors as it deems appropriate.

L. HOSTILE TAKE-OVER shall mean:

(i) the acquisition, directly or indirectly, by any person or related group of persons (other than the Corporation or a person that directly or indirectly controls, is controlled by, or is under common control with, the Corporation) of beneficial ownership (within the meaning of Rule 13d-3 of the 1934 Act) of securities possessing more than fifty percent (50%) of the total combined voting power of the Corporation's outstanding securities pursuant to a tender or exchange offer made directly to the Corporation's stockholders which the Board does not recommend such stockholders to accept, or

(ii) a change in the composition of the Board over a period of thirty-six (36) consecutive months or less such that a majority of the Board members

ceases, by reason of one or more contested elections for Board membership, to be comprised of individuals who either (A) have been Board members continuously since the beginning of such period or (B) have been elected or nominated for election as Board members during such period by at least a majority of the Board members described in clause (A) who were still in office at the time the Board approved such election or nomination.

M. INCENTIVE OPTION shall mean an option which satisfies the requirements of Code Section 422.

N. INVOLUNTARY TERMINATION shall mean the termination of the Service of any individual which occurs by reason of:

(i) such individual's involuntary dismissal or discharge by the Corporation for reasons other than Misconduct, or

(ii) such individual's voluntary resignation following (A) a change in his or her position with the Corporation or Parent or Subsidiary employing the individual which materially reduces his or her duties and responsibilities or the level of management to which he or she reports, (B) a reduction in his or her level of compensation (including base salary, fringe benefits and target bonus under any corporate-performance based bonus or incentive programs) by more than fifteen percent (15%) or (C) a relocation of such individual's place of employment by more than fifty (50) miles, provided and only if such change, reduction or relocation is effected by the Corporation without the individual's consent.

O. MISCONDUCT shall mean the commission of any act of fraud, embezzlement or dishonesty by the Optionee or Participant, any unauthorized use or disclosure by such person of confidential information or trade secrets of the Corporation (or any Parent or Subsidiary), or any intentional wrongdoing by such person, whether by omission or commission, which adversely affects the business or affairs of the Corporation (or any Parent or Subsidiary) in a material manner. This shall not limit the grounds for the dismissal or discharge of any person in the Service of the Corporation (or any Parent or Subsidiary).

P. 1934 ACT shall mean the Securities Exchange Act of 1934, as amended.

Q. NON-STATUTORY OPTION shall mean an option not intended to satisfy the requirements of Code Section 422.

R. OPTION SURRENDER VALUE shall mean the Fair Market Value per share of Common Stock on the date the option is surrendered to the Corporation or, in the event of a Hostile Take-Over, effected through a tender offer, the highest reported price per share of Common Stock paid by the tender offeror in effecting such Hostile Take-Over, if greater. However, if the surrendered option is an Incentive Option, the Option Surrender Value shall not exceed the Fair Market Value per share.

S. OPTIONEE shall mean any person to whom an option is granted under the Discretionary Option Grant, Salary Investment Option Grant or Automatic Option Grant.

T. PARENT shall mean any corporation (other than the Corporation) in an unbroken chain of corporations ending with the Corporation, provided each corporation in the unbroken chain (other than the Corporation) owns, at the time of the determination, stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

U. PARTICIPANT shall mean any person who is issued shares of Common Stock under the Stock Issuance Program.

V. PERMANENT DISABILITY OR PERMANENTLY DISABLED shall mean the inability of the Optionee or the Participant to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment expected to result in death or to be of continuous duration of twelve (12) months or more. However, solely for purposes of the Automatic Option Grant Program, Permanent Disability or Permanently Disabled shall mean the inability of the non-employee Board member to perform his or her usual duties as a Board member by reason of any medically determinable physical or mental impairment expected to result in death or to be of continuous duration of twelve (12) months or more.

W. PLAN shall mean the Corporation's 2000 Stock Incentive Plan, as set forth in this document.

X. PLAN ADMINISTRATOR shall mean the particular entity, whether the Primary Committee, the Board or the Secondary Committee, which is authorized to administer the Discretionary Option Grant, Salary Investment Option Grant and Stock Issuance Programs with respect to one or more classes of eligible persons, to the extent such entity is carrying out its administrative functions under those programs with respect to the persons under its jurisdiction. However, the Primary Committee shall have the plenary authority to make all factual determinations and to construe and interpret any and all ambiguities under the Plan to the extent such authority is not otherwise expressly delegated to any other Plan Administrator.

Y. PLAN EFFECTIVE DATE shall mean January 5, 2000, the date on which the Plan was adopted by the Board.

Z. PREDECESSOR PLAN shall mean the Corporation's pre-existing 1997 Stock Option/Stock Issuance Plan in effect immediately prior to the Plan Effective Date hereunder.

AA. PRIMARY COMMITTEE shall mean the committee of two (2) or more non-employee Board members appointed by the Board to administer the Discretionary Option Grant and Stock Issuance Programs with respect to Section 16 Insiders and to administer the Salary Investment Option Grant Program with respect to all eligible individuals.

BB. SALARY INVESTMENT OPTION GRANT PROGRAM shall mean the salary investment grant program in effect under the Plan.

CC. SECONDARY COMMITTEE shall mean a committee of one (1) or more Board members appointed by the Board to administer the Discretionary Option Grant and Stock Issuance Programs with respect to eligible persons other than Section 16 Insiders.

DD. SECTION 12 REGISTRATION DATE shall mean the date on which the Common Stock is first registered under Section 12(g) of the 1934 Act.

EE. SECTION 16 INSIDER shall mean an officer or director of the Corporation subject to the short-swing profit liabilities of Section 16 of the 1934 Act.

FF. SERVICE shall mean the performance of services for the Corporation (or any Parent or Subsidiary) by a person in the capacity of an Employee, a non-employee member of the board of directors or a consultant or independent advisor, except to the extent otherwise specifically provided in the documents evidencing the option grant or stock issuance.

GG. STOCK EXCHANGE shall mean either the American Stock Exchange or the New York Stock Exchange.

HH. STOCK ISSUANCE PROGRAM shall mean the stock issuance program in effect under the Plan.

II. SUBSIDIARY shall mean any corporation (other than the Corporation) in an unbroken chain of corporations beginning with the Corporation, provided each corporation (other than the last corporation) in the unbroken chain owns, at the time of the determination, stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

JJ. 10% STOCKHOLDER shall mean the owner of stock (as determined under Code Section 424(d)) possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Corporation (or any Parent or Subsidiary).

KK. UNDERWRITING AGREEMENT shall mean the agreement between the Corporation and the underwriter or underwriters managing the initial public offering of the Common Stock.

LL. UNDERWRITING DATE shall mean the date on which the Underwriting Agreement is executed and priced in connection with an initial public offering of the Common Stock.

MM. WITHHOLDING TAXES shall mean the Federal, state and local income and employment withholding tax liabilities to which the holder of Non-Statutory Options or unvested shares of Common Stock may become subject in connection with the exercise of those options or the vesting of those shares.

SILICON LABORATORIES INC.
EMPLOYEE STOCK PURCHASE PLAN

I. PURPOSE OF THE PLAN

This Employee Stock Purchase Plan is intended to promote the interests of Silicon Laboratories Inc., a Delaware corporation, by providing eligible employees with the opportunity to acquire a proprietary interest in the Corporation through participation in a payroll-deduction based employee stock purchase plan designed to qualify under Section 423 of the Code.

Capitalized terms herein shall have the meanings assigned to such terms in the attached Appendix.

II. ADMINISTRATION OF THE PLAN

The Plan Administrator shall have full authority to interpret and construe any provision of the Plan and to adopt such rules and regulations for administering the Plan as it may deem necessary in order to comply with the requirements of Section 423 of the Code. Decisions of the Plan Administrator shall be final and binding on all parties having an interest in the Plan.

III. STOCK SUBJECT TO PLAN

A. The stock purchasable under the Plan shall be shares of authorized but unissued or reacquired Common Stock, including shares of Common Stock purchased on the open market. The maximum number of shares of Common Stock which may be issued in the aggregate under the Plan shall not exceed Four Hundred Thousand (400,000) shares.

B. The number of shares of Common Stock available for issuance under the Plan shall automatically increase on the first trading day of each calendar year during the term of the Plan, beginning with the 2001 calendar year, by an amount equal to one-half percent (0.5%) of the shares of Common Stock outstanding on the last trading day of the immediately preceding calendar year, but in no event shall such annual increase exceed Two Hundred Fifty Thousand (250,000) shares.

C. Should any change be made to the Common Stock by reason of any stock split, stock dividend, recapitalization, combination of shares, exchange of shares or other change affecting the outstanding Common Stock as a class without the Corporation's receipt of consideration, appropriate adjustments shall be made to the maximum number and class of securities issuable in the aggregate under the Plan, (ii) the maximum number and class of securities purchasable per Participant and in the aggregate on any one Purchase Date and (iii) the number and class of securities and the price per share in effect under each outstanding purchase right in order to prevent the dilution or enlargement of benefits thereunder.

IV. OFFERING PERIODS

A. Shares of Common Stock shall be offered for purchase under the Plan through a series of successive offering periods until such time as (i) the maximum number of shares of Common Stock available for issuance under the Plan shall have been purchased or (ii) the Plan shall have been sooner terminated.

B. Each offering period shall be of such duration (not to exceed twenty-four (24) months) as determined by the Plan Administrator prior to the start date of such offering period. However, the initial offering period shall commence at the Effective Time and terminate on the last business day in April 2002. Subsequent offering periods shall commence as designated by the Plan Administrator.

C. Each offering period shall be comprised of a series of one or more successive Purchase Intervals. Purchase Intervals shall run from the first business day in May each year to the last business day in October of the same year and from the first business day in November each year to the last business day in April of the following year. However, the first Purchase Interval in effect under the initial offering period shall commence at the Effective Time and terminate on the last business day in October 2000.

D. Should the Fair Market Value per share of Common Stock on any Purchase Date within an offering period be less than the Fair Market Value per share of Common Stock on the start date of that offering period, then that offering period shall automatically terminate immediately after the purchase of shares of Common Stock on such Purchase Date, and a new offering period shall commence on the next business day following such Purchase Date. The new offering period shall have a duration of twenty (24) months, unless a shorter duration is established by the Plan Administrator within five (5) business days following the start date of that offering period.

V. ELIGIBILITY

A. Each individual who is an Eligible Employee on the start date of an offering period under the Plan may enter that offering period on such start date or on any subsequent Semi-Annual Entry Date within that offering period, provided he or she remains an Eligible Employee.

B. Each individual who first becomes an Eligible Employee after the start date of an offering period may enter that offering period on any subsequent Semi-Annual Entry Date within that offering period on which he or she is an Eligible Employee.

C. The date an individual enters an offering period shall be designated his or her Entry Date for purposes of that offering period.

D. To participate in the Plan for a particular offering period, the Eligible Employee must complete the enrollment forms prescribed by the Plan Administrator (including a stock purchase agreement and a payroll deduction authorization) and file such forms with the Plan Administrator (or its designate) on or before his or her scheduled Entry Date.

VI. PAYROLL DEDUCTIONS

A. The payroll deduction authorized by the Participant for purposes of acquiring shares of Common Stock during an offering period may be any multiple of one percent (1%) of the Base Salary paid to the Participant during each Purchase Interval within that offering period, up to a maximum of fifteen percent (15%). The deduction rate so authorized shall continue in effect throughout the offering period, except to the extent such rate is changed in accordance with the following guidelines:

(i) The Participant may, at any time during the offering period, reduce his or her rate of payroll deduction to become effective as soon as possible after filing the appropriate form with the Plan Administrator. The Participant may not, however, effect more than one (1) such reduction per Purchase Interval.

(ii) The Participant may, prior to the commencement of any new Purchase Interval within the offering period, increase the rate of his or her payroll deduction by filing the appropriate form with the Plan Administrator. The new rate (which may not exceed the fifteen percent (15%) maximum) shall become effective on the start date of the first Purchase Interval following the filing of such form.

B. Payroll deductions shall begin on the first pay day following the Participant's Entry Date into the offering period and shall (unless sooner terminated by the Participant) continue through the pay day ending with or immediately prior to the last day of that offering period. The amounts so collected shall be credited to the Participant's book account under the Plan, but no interest shall be paid on the balance from time to time outstanding in such account. The amounts collected from the Participant shall not be required to be held in any segregated account or trust fund and may be commingled with the general assets of the Corporation and used for general corporate purposes.

C. Payroll deductions shall automatically cease upon the termination of the Participant's purchase right in accordance with the provisions of the Plan.

D. The Participant's acquisition of Common Stock under the Plan on any Purchase Date shall neither limit nor require the Participant's acquisition of Common Stock on any subsequent Purchase Date, whether within the same or a different offering period.

VII. PURCHASE RIGHTS

A. GRANT OF PURCHASE RIGHT. A Participant shall be granted a separate purchase right for each offering period in which he or she participates. The purchase right shall be granted on the Participant's Entry Date into the offering period and shall provide the Participant with the right to purchase shares of Common Stock, in a series of successive installments over the remainder of such offering period, upon the terms set forth below. The Participant shall execute a stock purchase agreement embodying such terms and such other provisions (not inconsistent with the Plan) as the Plan Administrator may deem advisable.

Under no circumstances shall purchase rights be granted under the Plan to any Eligible Employee if such individual would, immediately after the grant, own (within the meaning of Code Section 424(d)) or hold outstanding options or other rights to purchase, stock possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of the Corporation or any Corporate Affiliate.

B. EXERCISE OF THE PURCHASE RIGHT. Each purchase right shall be automatically exercised in installments on each successive Purchase Date within the offering period, and shares of Common Stock shall accordingly be purchased on behalf of each Participant (other than Participants whose payroll deductions have previously been refunded pursuant to the Termination of Purchase Right provisions below) on each such Purchase Date. The purchase shall be effected by applying the Participant's payroll deductions for the Purchase Interval ending on such Purchase Date to the purchase of whole shares of Common Stock at the purchase price in effect for the Participant for that Purchase Date.

C. PURCHASE PRICE. The purchase price per share at which Common Stock will be purchased on the Participant's behalf on each Purchase Date within the offering period shall be equal to eighty-five percent (85%) of the LOWER of (i) the Fair Market Value per share of Common Stock on the Participant's Entry Date into that offering period or (ii) the Fair Market Value per share of Common Stock on that Purchase Date.

D. NUMBER OF PURCHASABLE SHARES. The number of shares of Common Stock purchasable by a Participant on each Purchase Date during the offering period shall be the number of whole shares obtained by dividing the amount collected from the Participant through payroll deductions during the Purchase Interval ending with that Purchase Date by the purchase price in effect for the Participant for that Purchase Date. However, the maximum number of shares of Common Stock purchasable per Participant on any one Purchase Date shall not exceed Two Hundred (200) shares, subject to periodic adjustments in the event of certain changes in the Corporation's capitalization. In addition, the maximum number of shares of Common Stock purchasable in the aggregate by all Participants on any one Purchase Date under the Plan and the International Plan shall not exceed Fifty Thousand (50,000) shares (or such other number designated by the Plan Administrator), subject to periodic adjustments in the event of certain changes in the corporation's capitalization.

E. EXCESS PAYROLL DEDUCTIONS. Any payroll deductions not applied to the purchase of shares of Common Stock on any Purchase Date because they are not sufficient to purchase a whole share of Common Stock shall be held for the purchase of Common Stock on the next Purchase Date. However, any payroll deductions not applied to the purchase of Common Stock by reason of the limitation on the maximum number of shares purchasable on the Purchase Date shall be promptly refunded.

F. TERMINATION OF PURCHASE RIGHT. The following provisions shall govern the termination of outstanding purchase rights:

(i) A Participant may, at any time prior to the next scheduled Purchase Date in the offering period, terminate his or her outstanding purchase right by filing the appropriate form with the Plan Administrator (or its designate),

and no further payroll deductions shall be collected from the Participant with respect to the terminated purchase right. Any payroll deductions collected during the Purchase Interval in which such termination occurs shall, at the Participant's election, be immediately refunded or held for the purchase of shares on the next Purchase Date. If no such election is made at the time such purchase right is terminated, then the payroll deductions collected with respect to the terminated right shall be refunded as soon as possible.

(ii) The termination of such purchase right shall be irrevocable, and the Participant may not subsequently rejoin the offering period for which the terminated purchase right was granted. In order to resume participation in any subsequent offering period, such individual must re-enroll in the Plan (by making a timely filing of the prescribed enrollment forms) on or before his or her scheduled Entry Date into that offering period.

(iii) Should the Participant cease to remain an Eligible Employee for any reason (including death, disability or change in status) while his or her purchase right remains outstanding, then that purchase right shall immediately terminate, and all of the Participant's payroll deductions for the Purchase Interval in which the purchase right so terminates shall be immediately refunded. However, should the Participant cease to remain in active service by reason of an approved unpaid leave of absence, then the Participant shall have the right, exercisable up until the last business day of the Purchase Interval in which such leave commences, to (a) withdraw all the payroll deductions collected to date on his or her behalf for that Purchase Interval or (b) have such funds held for the purchase of shares on his or her behalf on the next scheduled Purchase Date. In no event, however, shall any further payroll deductions be collected on the Participant's behalf during such leave. Upon the Participant's return to active service (i) within ninety (90) days following the commencement of such leave or, (ii) prior to the expiration of any longer period for which such Participant's right to reemployment with the Corporation is guaranteed by either statute or contract, his or her payroll deductions under the Plan shall automatically resume at the rate in effect at the time the leave began. However, should the Participant's leave of absence exceed ninety (90) days and his or her re-employment rights not be guaranteed by either statute or contract, then the Participant's status as an Eligible Employee will be deemed to terminate on the ninety-first (91st) day of that leave, and such Participant's purchase right for the offering period in which that leave began shall thereupon terminate. An individual who returns to active employment following such a leave shall be treated as a new Employee for purposes of the Plan and must, in order to resume participation in the Plan, re-enroll in the Plan (by making a timely filing of the prescribed enrollment forms) on or before his or her scheduled Entry Date into the offering period.

G. CHANGE OF CONTROL. Each outstanding purchase right shall automatically be exercised, immediately prior to the effective date of any Change of Control, by applying the payroll deductions of each Participant for the Purchase Interval in which such Change of Control occurs to the purchase of whole shares of Common Stock at a purchase price per share equal to

eighty-five percent (85%) of the LOWER of (i) the Fair Market Value per share of Common Stock on the Participant's Entry Date into the offering period in which such Change of Control occurs or (ii) the Fair Market Value per share of Common Stock immediately prior to the effective date of such Change of Control. However, the applicable limitation on the number of shares of Common Stock purchasable by all Participants in the aggregate shall not apply to any such purchase.

The Corporation shall use its best efforts to provide at least ten (10)-days prior written notice of the occurrence of any Change of Control, and Participants shall, following the receipt of such notice, have the right to terminate their outstanding purchase rights prior to the effective date of the Change of Control.

H. PRORATION OF PURCHASE RIGHTS. Should the total number of shares of Common Stock to be purchased pursuant to outstanding purchase rights on any particular date exceed the number of shares then available for issuance under the Plan, the Plan Administrator shall make a pro-rata allocation of the available shares on a uniform and nondiscriminatory basis, and the payroll deductions of each Participant, to the extent in excess of the aggregate purchase price payable for the Common Stock pro-rated to such individual, shall be refunded.

I. ASSIGNABILITY. The purchase right shall be exercisable only by the Participant and shall not be assignable or transferable by the Participant.

J. STOCKHOLDER RIGHTS. A Participant shall have no stockholder rights with respect to the shares subject to his or her outstanding purchase right until the shares are purchased on the Participant's behalf in accordance with the provisions of the Plan and the Participant has become a holder of record of the purchased shares.

VIII. ACCRUAL LIMITATIONS

A. No Participant shall be entitled to accrue rights to acquire Common Stock pursuant to any purchase right outstanding under this Plan if and to the extent such accrual, when aggregated with (i) rights to purchase Common Stock accrued under any other purchase right granted under this Plan and (ii) similar rights accrued under other employee stock purchase plans (within the meaning of Code Section 423) of the Corporation or any Corporate Affiliate, would otherwise permit such Participant to purchase more than Twenty-Five Thousand Dollars ($25,000) worth of stock of the Corporation or any Corporate Affiliate (determined on the basis of the Fair Market Value per share on the date or dates such rights are granted) for each calendar year such rights are at any time outstanding.

B. For purposes of applying such accrual limitations to the purchase rights granted under the Plan, the following provisions shall be in effect:

(i) The right to acquire Common Stock under each outstanding purchase right shall accrue in a series of installments on each successive Purchase Date during the offering period on which such right remains outstanding.

(ii) No right to acquire Common Stock under any outstanding purchase right shall accrue to the extent the Participant has already accrued in the

same calendar year the right to acquire Common Stock under one (1) or more other purchase rights at a rate equal to Twenty-Five Thousand Dollars ($25,000) worth of Common Stock (determined on the basis of the Fair Market Value per share on the date or dates of grant) for each calendar year such rights were at any time outstanding.

C. If by reason of such accrual limitations, any purchase right of a Participant does not accrue for a particular Purchase Interval, then the payroll deductions which the Participant made during that Purchase Interval with respect to such purchase right shall be promptly refunded.

D. In the event there is any conflict between the provisions of this Article and one or more provisions of the Plan or any instrument issued thereunder, the provisions of this Article shall be controlling.

IX. EFFECTIVE DATE AND TERM OF THE PLAN

A. The Plan was adopted by the Board on January 5, 2000 and shall become effective at the Effective Time, PROVIDED no purchase rights granted under the Plan shall be exercised, and no shares of Common Stock shall be issued hereunder, until (i) the Plan shall have been approved by the stockholders of the Corporation and (ii) the Corporation shall have complied with all applicable requirements of the 1933 Act (including the registration of the shares of Common Stock issuable under the Plan on a Form S-8 registration statement filed with the Securities and Exchange Commission), all applicable listing requirements of any stock exchange (or the Nasdaq National Market, if applicable) on which the Common Stock is listed for trading and all other applicable requirements established by law or regulation. In the event such stockholder approval is not obtained, or such compliance is not effected, within twelve (12) months after the date on which the Plan is adopted by the Board, the Plan shall terminate and have no further force or effect, and all sums collected from Participants during the initial offering period hereunder shall be refunded.

B. Unless sooner terminated by the Board, the Plan shall terminate upon the EARLIEST of (i) the last business day in April 2010, (ii) the date on which all shares available for issuance under the Plan shall have been sold pursuant to purchase rights exercised under the Plan or (iii) the date on which all purchase rights are exercised in connection with a Corporate Transaction. No further purchase rights shall be granted or exercised, and no further payroll deductions shall be collected, under the Plan following such termination.

X. AMENDMENT/TERMINATION OF THE PLAN

A. The Board may alter, amend, suspend or terminate the Plan at any time to become effective immediately following the close of any Purchase Interval. However, the Plan may be amended or terminated immediately upon Board action, if and to the extent necessary to assure that the Corporation will not recognize, for financial reporting purposes, any compensation expense in connection with the shares of Common Stock offered for purchase under the Plan, should the financial accounting rules applicable to the Plan at the Effective Time

be subsequently revised so as to require the recognition of compensation expense in the absence of such amendment or termination.

B. In no event may the Board effect any of the following amendments or revisions to the Plan without the approval of the Corporation's stockholders: (i) increase the number of shares of Common Stock issuable under the Plan, except for permissible adjustments in the event of certain changes in the Corporation's capitalization, (ii) alter the purchase price formula so as to reduce the purchase price payable for the shares of Common Stock purchasable under the Plan or (iii) modify eligibility requirements for participation in the Plan.

XI. GENERAL PROVISIONS

A. Nothing in the Plan shall confer upon the Participant any right to continue in the employ of the Corporation or any Corporate Affiliate for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Corporation (or any Corporate Affiliate employing such person) or of the Participant, which rights are hereby expressly reserved by each, to terminate such person's employment at any time for any reason, with or without cause.

B. All costs and expenses incurred in the administration of the Plan shall be paid by the Corporation; however, each Plan Participant shall bear all costs and expenses incurred by such individual in the sale or other disposition of any shares purchased under the Plan.

C. The provisions of the Plan shall be governed by the laws of the State of Texas without regard to that State's conflict-of-laws rules.

SCHEDULE A

CORPORATIONS PARTICIPATING IN
EMPLOYEE STOCK PURCHASE PLAN
AS OF THE EFFECTIVE TIME

Silicon Laboratories Inc.

APPENDIX

The following definitions shall be in effect under the Plan:

A. BASE SALARY shall mean the regular base salary paid to a Participant by one or more Participating Companies during such individual's period of participation in one or more offering periods under the Plan and shall be calculated before deduction of (i) any income or employment tax withholdings or (ii) any contributions made by the Participant to any Code Section 401(k) salary deferral plan or any Code Section 125 cafeteria benefit program now or hereafter established by the Corporation or any Corporate Affiliate. Base Salary shall NOT include (i) any overtime payments, bonuses, commissions, profit-sharing distributions or other incentive-type payments or (ii) any contributions made by the Corporation or any Corporate Affiliate on the Participant's behalf to any employee benefit or welfare plan now or hereafter established (other than Code Section 401(k) or Code Section 125 contributions deducted from such Base Salary).

B. BOARD shall mean the Corporation's Board of Directors.

C. CHANGE OF CONTROL shall mean a change of ownership of the Corporation pursuant to any of the following transactions:

(i) a merger or consolidation in which securities possessing more than fifty percent (50%) of the total combined voting power of the Corporation's outstanding securities are transferred to a person or persons different from the persons holding those securities immediately prior to such transaction, or

(ii) the sale, transfer or other disposition of all or substantially all of the assets of the Corporation in complete liquidation or dissolution of the Corporation, or

(iii) the acquisition, directly or indirectly, by a person or related group of persons (other than the Corporation or a person that directly or indirectly controls, is controlled by or is under common control with the Corporation) of beneficial ownership (within the meaning of Rule 13d-3 of the 1934 Act) of securities possessing more than fifty percent (50%) of the total combined voting power of the Corporation's outstanding securities pursuant to a tender or exchange offer made directly to the Corporation's stockholders.

D. CODE shall mean the Internal Revenue Code of 1986, as amended.

E. COMMON STOCK shall mean the Corporation's common stock.

F. CORPORATE AFFILIATE shall mean any parent or subsidiary corporation of the Corporation (as determined in accordance with Code Section 424), whether now existing or subsequently established.

G. CORPORATION shall mean Silicon Laboratories Inc., a Delaware corporation, and any corporate successor to all or substantially all of the assets or voting stock of Silicon Laboratories Inc. which shall by appropriate action adopt the Plan.

H. EFFECTIVE TIME shall mean the time at which the Underwriting Agreement is executed. Any Corporate Affiliate which becomes a Participating Corporation after such Effective Time shall designate a subsequent Effective Time with respect to its employee-Participants.

I. ELIGIBLE EMPLOYEE shall mean any person who is employed by a Participating Corporation on a basis under which he or she is regularly expected to render more than twenty (20) hours of service per week for more than five (5) months per calendar year for earnings considered wages under Code Section 3401(a).

J. ENTRY DATE shall mean the date an Eligible Employee first commences participation in the offering period in effect under the Plan. The earliest Entry Date under the Plan shall be the Effective Time.

K. FAIR MARKET VALUE per share of Common Stock on any relevant date shall be determined in accordance with the following provisions:

(i) If the Common Stock is at the time traded on the Nasdaq National Market, then the Fair Market Value shall be the closing selling price per share of Common Stock on the date in question, as such price is reported by the National Association of Securities Dealers on the Nasdaq National Market or any successor system. If there is no closing selling price for the Common Stock on the date in question, then the Fair Market Value shall be the closing selling price on the last preceding date for which such quotation exists.

(ii) If the Common Stock is at the time listed on any Stock Exchange, then the Fair Market Value shall be the closing selling price per share of Common Stock on the date in question on the Stock Exchange determined by the Plan Administrator to be the primary market for the Common Stock, as such price is officially quoted in the composite tape of transactions on such exchange. If there is no closing selling price for the Common Stock on the date in question, then the Fair Market Value shall be the closing selling price on the last preceding date for which such quotation exists.

(iii) For purposes of the initial offering period which begins at the Effective Time, the Fair Market Value shall be deemed to be equal to the price per share at which the Common Stock is sold in the initial public offering pursuant to the Underwriting Agreement.

L. 1933 ACT shall mean the Securities Act of 1933, as amended.

M. PARTICIPANT shall mean any Eligible Employee of a Participating Corporation who is actively participating in the Plan.

N. PARTICIPATING CORPORATION shall mean the Corporation and such Corporate Affiliate or Affiliates as may be authorized from time to time by the Board to extend the benefits of the Plan to their Eligible Employees. The Participating Corporations in the Plan are listed in attached Schedule A.

O. PLAN shall mean the Corporation's Employee Stock Purchase Plan, as set forth in this document.

P. PLAN ADMINISTRATOR shall mean the committee of two (2) or more Board members appointed by the Board to administer the Plan.

Q. PURCHASE DATE shall mean the last business day of each Purchase Interval. The initial Purchase Date shall be October 31, 2000.

R. PURCHASE INTERVAL shall mean each successive six (6)-month period within the offering period at the end of which there shall be purchased shares of Common Stock on behalf of each Participant.

S. SEMI-ANNUAL ENTRY DATE shall mean the first business day in May and November each year on which an Eligible Employee may first enter an offering period.

T. STOCK EXCHANGE shall mean either the American Stock Exchange or the New York Stock Exchange.

U. UNDERWRITING AGREEMENT shall mean the agreement between the Corporation and the underwriter or underwriters managing the Corporation's initial public offering of its Common Stock.

SILICON LABORATORIES INC.

AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

June 2, 1998

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AMENDED AND RESTATED
INVESTORS' RIGHTS AGREEMENT

THIS AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT (the "AGREEMENT") is entered into as of June ___, 1998, by and among Silicon Laboratories Inc., a Delaware corporation (the "CORPORATION"), the holders of the Corporation's Series A Convertible Preferred Stock (the "SERIES A PREFERRED STOCK") and Series B Convertible Preferred Stock (the "SERIES B PREFERRED STOCK") listed on SCHEDULE A attached hereto (the "INVESTORS") (PROVIDED that neither Imperial Bancorp nor any of its assignees shall be deemed an "INVESTOR" for purposes of Section 2.4 hereof), and the persons listed on SCHEDULE B attached hereto (the "FOUNDERS").

RECITALS

WHEREAS, the Corporation and certain of the Investors are parties to a certain Investors' Rights Agreement, dated March 21, 1997, as amended by a certain Amendment Agreement dated June 20, 1997 (as amended, the "ORIGINAL INVESTORS' RIGHTS AGREEMENT");

WHEREAS, the Corporation and certain of the Investors are parties to a certain Series B Preferred Stock Purchase Agreement of even date herewith (the "PURCHASE AGREEMENT"); and

WHEREAS, in order to induce the Corporation to enter into the Purchase Agreement and to induce certain Investors to invest funds in the Corporation pursuant to the Purchase Agreement, the Investors, the Founders and the Corporation hereby amend and restate the Original Investors' Rights Agreement and agree that this Agreement shall govern the rights of the Investors and the Founders to cause the Corporation to register shares of capital stock issued and issuable to the Investors and the Founders and certain other matters as set forth herein.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. REGISTRATION RIGHTS. The Corporation covenants and agrees as follows:

1.1 DEFINITIONS. For purposes of this Section 1:

(a) The term "ACT" means the Securities Act of 1933, as amended.

(b) The term "FORM S-3" means such form under the Act as in effect on the date hereof or any registration form under the Act subsequently adopted by the SEC which

permits inclusion or incorporation of substantial information by reference to other documents filed by the Corporation with the SEC.

(c) The term "HOLDER" means any person owning or having the right to acquire Registrable Securities or any assignee thereof in accordance with Section 1.13 hereof.

(d) The term "1934 ACT" shall mean the Securities Exchange Act of 1934, as amended.

(e) The term "REGISTER", "REGISTERED" and "REGISTRATION" refer to a registration effected by preparing and filing a registration statement or similar document in compliance with the Act, and the declaration or ordering of effectiveness of such registration statement or document.

(f) The term "REGISTRABLE SECURITIES" means: (i) the Series A Preferred Stock and Series B Preferred Stock, (ii) the Corporation's Common Stock (the "COMMON STOCK") issued upon conversion of the Series A Preferred Stock and Series B Preferred Stock, (iii) the shares of Common Stock issued to the Holders of Common Stock as set forth on SCHEDULE B attached hereto; PROVIDED, HOWEVER, that the shares of Common Stock described in this clause (iii) shall not be deemed Registrable Securities and the aforementioned individuals shall not be deemed Holders for the purposes of Section 1.2 and 1.14 and (iv) any Common Stock issued as (or issuable upon the conversion or exercise of any warrant, right or other security which is issued as) a dividend or other distribution with respect to, or in exchange for or in replacement of the shares referenced in (i), (ii) and (iii) above. Notwithstanding the preceding sentence, the Registrable Securities shall not include any securities sold by a person in a transaction in which his rights under this Section 1 are not assigned.

(g) The number of shares of "REGISTRABLE SECURITIES THEN OUTSTANDING" shall be determined by the number of shares of Common Stock outstanding which are, and the number of shares of Common Stock issuable pursuant to then exercisable or convertible securities which are, Registrable Securities.

(h) The term "SEC" shall mean the Securities and Exchange Commission.

1.2 REQUEST FOR REGISTRATION.

(a) If the Corporation shall receive at any time after March 21, 2002, a written request from the Holders of at least sixty-seven percent (67%) of the Registrable Securities then outstanding that the Corporation file a registration statement under the Act covering the registration of at least fifty percent (50%) of the Registrable Securities then outstanding, then the Corporation shall:

(i) within ten (10) days of the receipt hereof, give written notice of such request to all Holders; and

(ii) effect as soon as practicable, and in any event within 60 days of the receipt of such request, the registration under the Act of all Registrable Securities which the Holders request to be registered, subject to the limitations of subsection 1.2(b), within twenty (20) days of the mailing of such notice by the Corporation in accordance with Section 3.5.

(b) If the Holders initiating the registration request hereunder ("INITIATING HOLDERS") intend to distribute the Registrable Securities covered by their request by means of an underwriting, they shall so advise the Corporation as a part of their request made pursuant to subsection 1.2(a) and the Corporation shall include such information in the written notice referred to in subsection 1.2(a). The underwriter will be selected by the Corporation and shall be reasonably acceptable to a majority in interest of the Initiating Holders. In such event, the right of any Holder to include his Registrable Securities in such registration shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting (unless otherwise mutually agreed by a majority in interest of the Initiating Holders and such Holder) to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall (together with the Corporation as provided in subsection 1.4(e)) enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting. Notwithstanding any other provision of this Section 1.2, if the underwriter advises the Initiating Holders in writing that marketing factors require a limitation of the number of shares to be underwritten, then the Initiating Holders shall so advise all Holders of Registrable Securities which would otherwise be underwritten pursuant hereto, and the number of shares of Registrable Securities that may be included in the underwriting shall be allocated among all Holders thereof, including the Initiating Holders, in proportion (as nearly as practicable) to the amount of Registrable Securities of the Corporation owned by each Holder; PROVIDED, HOWEVER, that the number of shares of Registrable Securities to be included in such underwriting shall not be reduced unless all other securities are first entirely excluded from the underwriting.

(c) Notwithstanding the foregoing, if the Corporation shall furnish to Holders requesting a registration statement pursuant to this Section 1.2, a certificate signed by the Chief Executive Officer of the Corporation stating that in the good faith judgment of the Board of Directors of the Corporation, it would be seriously detrimental to the Corporation and its stockholders for such registration statement to be filed and it is therefore essential to defer the filing of such registration statement, the Corporation shall have the right to defer taking action with respect to such filing for a period of not more than one hundred and eighty (180) days after receipt of the request of the Initiating Holders.

(d) In addition, the Corporation shall not be obligated to effect, or to take any action to effect, any registration pursuant to this Section 1.2:

(i) After the Corporation has effected two registrations pursuant to this Section 1.2 and such registrations have been declared or ordered effective;

(ii) If the Corporation has effected a registration pursuant to this Section 1.2 and such registration has been declared or ordered effective within the previous three hundred and sixty-five days (365) days;

(iii) During the period starting with the date ninety (90) days prior to the Corporation's good faith estimate of the date of filing of, and ending on a date one hundred and eighty (180) days after the effective date of, a registration subject to Section 1.3 below; provided that the Corporation is actively employing in good faith all reasonable efforts to cause such registration statement to become effective; or

(iv) If the Initiating Holders propose to dispose of shares of Registrable Securities that may be immediately registered on Form S-3 pursuant to a request made pursuant to Section 1.12 below.

1.3 CORPORATION REGISTRATION. If (but without any obligation to do so) the Corporation proposes to register (including for this purpose a registration effected by the Corporation for stockholders other than the Holders) any of its stock or other securities under the Act in connection with the public offering of such securities solely for cash (other than a registration relating solely to the sale of securities to participants in a Corporation stock plan, a registration on any form which does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities or a registration in which the only Common Stock being registered is Common Stock issuable upon conversion of debt securities which are also being registered), the Corporation shall, at such time, promptly give each Holder written notice of such registration. Upon the written request of each Holder given within twenty (20) days after mailing of such notice by the Corporation in accordance with Section 3.5, the Corporation shall, subject to the provisions of Section 1.8, cause to be registered under the Act all of the Registrable Securities that each such Holder has requested to be registered.

1.4 OBLIGATIONS OF THE CORPORATION. Whenever required under this Section 1 to effect the registration of any Registrable Securities, the Corporation shall, as expeditiously as reasonably possible:

(a) Prepare and file with the SEC a registration statement with respect to such Registrable Securities and use its best efforts to cause such registration statement to become effective, and, upon the request of the Holders of a majority of the Registrable Securities registered thereunder, keep such registration statement effective for a period of up to one hundred twenty (120) days or until the distribution contemplated in the registration statement has been completed; PROVIDED, HOWEVER, that (i) such 120-day period shall be extended for a period of time equal to the period the Holder refrains from selling any securities included in such registration at the request of an underwriter of Common Stock (or other securities) of the Corporation and (ii) in the case of any registration of Registrable Securities on Form S-3 which are intended to be offered on a continuous or delayed basis, such 120-day period shall be extended, if necessary, to keep the registration statement effective until all such Registrable

Securities are sold, PROVIDED that Rule 415, or any successor rule under the Act, permits an offering on a continuous or delayed basis, and PROVIDED FURTHER that applicable rules under the Act governing the obligation to file a post-effective amendment permit, in lieu of filing a post-effective amendment which (A) includes any prospectus required by Section 10(a)(3) of the Act or (B) reflects facts or events representing a material or fundamental change in the information set forth in the registration statement, the incorporation by reference of information required to be included in (A) and (B) above to be contained in periodic reports filed pursuant to Section 13 or 15(d) of the 1934 Act in the registration statement.

(b) Prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Act with respect to the disposition of all securities covered by such registration statement.

(c) Furnish to the Holders such numbers of copies of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Act, and such other documents as they may reasonably request in order to facilitate the disposition of Registrable Securities owned by them.

(d) Use its best efforts to register and qualify the securities covered by such registration statement under such other securities or Blue Sky laws of such jurisdictions as shall be reasonably requested by the Holders; PROVIDED that the Corporation shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions.

(e) In the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the managing underwriter of such offering. Each Holder participating in such underwriting shall also enter into and perform its obligations under such an agreement.

(f) Notify each Holder of Registrable Securities covered by such registration statement at any time when a prospectus relating thereto is required to be delivered under the Act of the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing.

(g) Cause all such Registrable Securities registered pursuant hereunder to be listed on each securities exchange on which similar securities issued by the Corporation are then listed.

(h) Provide a transfer agent and registrar for all Registrable Securities registered pursuant hereunder and a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such registration.

1.5 FURNISH INFORMATION.

(a) It shall be a condition precedent to the obligations of the Corporation to take any action pursuant to this Section 1 with respect to the Registrable Securities of any selling Holder that such Holder shall furnish to the Corporation such information regarding itself, the Registrable Securities held by it, and the intended method of disposition of such securities as shall be required to effect the registration of such Holder's Registrable Securities.

(b) The Corporation shall have no obligation with respect to any registration requested pursuant to Section 1.2 or Section 1.12 if, due to the operation of subsection 1.5(a), the number of shares or the anticipated aggregate offering price of the Registrable Securities to be included in the registration does not equal or exceed the number of shares or the anticipated aggregate offering price required to originally trigger the Corporation's obligation to initiate such registration as specified in subsection 1.2(a) or subsection 1.12(b)(2), whichever is applicable.

1.6 EXPENSES OF DEMAND REGISTRATION. All expenses (other than legal expenses of the selling Holders, underwriting discounts and commissions) incurred in connection with registrations, filings or qualifications pursuant to Section 1.2, including (without limitation) all registration, filing and qualification fees, printer's and accounting fees, shall be borne by the Corporation; PROVIDED, HOWEVER, that the Corporation shall not be required to pay for any expenses of any registration proceeding begun pursuant to Section 1.2 if the registration request is subsequently withdrawn at the request of the Holders of a majority of the Registrable Securities to be registered (in which case all participating Holders shall bear such expenses), unless the Holders of a majority of the Registrable Securities agree to forfeit their right to one demand registration pursuant to Section 1.2; and PROVIDED FURTHER, HOWEVER, that if at the time of such withdrawal, the Holders shall have learned of a material adverse change in the condition, business or prospects of the Corporation as determined by the managing underwriter(s) of the related offering, if any, or by the Corporation's Board of Directors, if there shall be no underwriters, from that known to the Holders at the time of their request and have withdrawn such request promptly following the disclosure by the Corporation of such material adverse change, then the Holders shall not be required to pay such expenses and shall retain their right to request such registration in the future pursuant to Section 1.2.

1.7 EXPENSES OF CORPORATION REGISTRATION. The Corporation shall bear and pay all expenses incurred in connection with any registration, filing or qualification of Registrable Securities with respect to the registrations pursuant to Section 1.3 for each Holder (which right may be assigned as provided in Section 1.13), including (without limitation) all registration, filing, and qualification fees, fees and disbursements of counsel for the Corporation, printer's and accounting fees relating or apportionable thereto, but excluding legal expenses of selling Holders, underwriting discounts and commissions relating to Registrable Securities.

1.8 UNDERWRITING REQUIREMENTS. In connection with any offering involving an underwriting of shares of the Corporation's capital stock, the Corporation shall not be required under Section 1.3 to include any of the Holders' securities in such underwriting unless they accept the terms of the underwriting as agreed upon between the Corporation and the underwriters selected by it (or by other persons entitled to select the underwriters), and then only in such quantity as the underwriters determine in their sole discretion will not jeopardize the success of the offering by the Corporation. If the total amount of securities, including Registrable Securities, requested by stockholders to be included in such offering exceeds the amount of securities sold other than by the Corporation that the underwriters determine in their sole discretion is compatible with the success of the offering, then the Corporation shall be required to include in the offering only that number of such securities, including Registrable Securities, which the underwriters determine in their sole discretion will not jeopardize the success of the offering (the securities so included to be apportioned pro rata among the selling Holders and other holders of securities of the Corporation entitled to inclusion in such registration according to the total amount of securities owned by each selling Holder and each other holder and entitled to inclusion in such registration). For purposes of the preceding parenthetical concerning apportionment, for any selling Holder which is a partnership or corporation, the partners, retired partners and stockholders of such selling Holder, or the estates and family members of any such partners and retired partners and any trusts for the benefit of any of the foregoing persons shall be deemed to be a single "SELLING HOLDER", and any pro-rata reduction with respect to such "selling Holder" shall be based upon the aggregate amount of shares carrying registration rights owned by all entities and individuals included in such "selling Holder", as defined in this sentence.

1.9 DELAY OF REGISTRATION. No Holder shall have any right to obtain or seek an injunction restraining or otherwise delaying any such registration as the result of any controversy that might arise with respect to the interpretation or implementation of this Section 1.

1.10 INDEMNIFICATION. In the event any Registrable Securities are included in a registration statement under this Section 1:

(a) To the extent permitted by law, the Corporation will indemnify and hold harmless each Holder, any underwriter (as defined in the Act) for such Holder and each person, if any, who controls such Holder or underwriter within the meaning of the Act or the 1934 Act, against any losses, claims, damages, or liabilities (joint or several) to which they may become subject under the Act, or the 1934 Act or other federal or state law, insofar as such losses, claims, damages, or liabilities (or actions in respect thereof) arise out of or are based upon any of the following statements, omissions or violations (collectively a "VIOLATION"): (i) any untrue statement or alleged untrue statement of a material fact contained in such registration statement, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto, (ii) the omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading, or (iii) any violation or alleged violation by the Corporation of the Act, the 1934 Act, any state securities law or any rule or regulation promulgated under the Act, or the 1934 Act or any state securities law; and the Corporation will pay to each such Holder, underwriter or controlling person, as

incurred, any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability, or action; PROVIDED, HOWEVER, that the indemnity agreement contained in this subsection 1.10(a) shall not apply to: (x) amounts paid in settlement of any such loss, claim, damage, liability, or action if such settlement is effected without the consent of the Corporation (which consent shall not be unreasonably withheld), (y) any such loss, claim, damage, liability, or action to the extent that it arises out of or is based upon a Violation which occurs in reliance upon and in conformity with written information furnished expressly for use in connection with such registration by any such Holder, underwriter or controlling person or (z) any such loss, claim, damage, liability or action to the extent that it arises out of or is based upon such Holder's or underwriter's failure to deliver a copy of the registration statement or prospectus or any amendments or supplements thereto.

(b) To the extent permitted by law, each selling Holder will indemnify and hold harmless the Corporation, each of its directors, each of its officers who has signed the registration statement, each person, if any, who controls the Corporation within the meaning of the Act, any underwriter, any other Holder selling securities in such registration statement and any controlling person of any such underwriter or other Holder, against any losses, claims, damages, or liabilities (joint or several) to which any of the foregoing persons may become subject, under the Act, or the 1934 Act or other federal or state law, insofar as such losses, claims, damages, or liabilities (or actions in respect thereto) arise out of or are based upon: (i) any Violation, in each case to the extent (and only to the extent) that such Violation occurs in reliance upon and in conformity with written information furnished by such Holder expressly for use in connection with such registration or (ii) such Holder's failure to deliver a copy of the registration statement or prospectus or any amendment or supplement thereto; and each such Holder will pay, as incurred, any legal or other expenses reasonably incurred by any person intended to be indemnified pursuant to this subsection 1.10(b), in connection with investigating or defending any such loss, claim, damage, liability, or action; PROVIDED, HOWEVER, that the indemnity agreement contained in this subsection 1.10(b) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Holder, which consent shall not be unreasonably withheld; PROVIDED, that, in no event shall any indemnity under this subsection 1.10(b) exceed the gross proceeds from the offering received by such Holder.

(c) Promptly after receipt by an indemnified party under this Section 1.10 of notice of the commencement of any action (including any governmental action), such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section 1.10, deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume the defense thereof with counsel mutually satisfactory to the parties; PROVIDED, HOWEVER, that an indemnified party (together with all other indemnified parties which may be represented without conflict by one counsel) shall have the right to retain one separate counsel, with the fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential

differing interests between such indemnified party and any other party represented by such counsel in such proceeding. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action, if prejudicial to its ability to defend such action, shall relieve such indemnifying party of any liability to the indemnified party under this Section 1.10, but the omission to so deliver written notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Section 1.10.

(d) If the indemnification provided for in this Section 1.10 is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any loss, liability, claim, damage, or expense referred to therein, then the indemnifying party, in lieu of indemnifying such indemnified party hereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such loss, liability, claim, damage, or expense in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and of the indemnified party on the other in connection with the statements or omissions that resulted in such loss, liability, claim, damage, or expense as well as any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission.

(e) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with an underwritten public offering are in conflict with the foregoing provisions, the provisions in such underwriting agreement shall control.

(f) Except as provided in Subsection 1.10(e), the obligations of the Corporation and the Holders under this Section 1.10 shall survive the completion of any offering of Registrable Securities in a registration statement under this Section 1, and otherwise.

1.11 REPORTS UNDER THE 1934 ACT. With a view to making available to the Holders the benefits of Rule 144 promulgated under the Act and any other rule or regulation of the SEC that may at any time permit a Holder to sell securities of the Corporation to the public without registration or pursuant to a registration on Form S-3, the Corporation agrees to:

(a) make and keep public information available, as those terms are understood and defined in SEC Rule 144, at all times after ninety (90) days after the effective date of the first registration statement filed by the Corporation for the offering of its securities to the general public;

(b) take such action, including the voluntary registration of its Common Stock under Section 12 of the 1934 Act, as is necessary to enable the Holders to utilize Form S-3 for

the sale of their Registrable Securities, such action to be taken as soon as practicable after the end of the fiscal year in which the first registration statement filed by the Corporation for the offering of its securities to the general public is declared effective;

(c) file with the SEC in a timely manner all reports and other documents required of the Corporation under the Act and the 1934 Act; and

(d) furnish to any Holder, so long as the Holder owns any Registrable Securities, forthwith upon request: (i) a written statement by the Corporation that it has complied with the reporting requirements of SEC Rule 144 (at any time after ninety (90) days after the effective date of the first registration statement filed by the Corporation), the Act and the 1934 Act (at any time after it has become subject to such reporting requirements), or that it qualifies as a registrant whose securities may be resold pursuant to Form S-3 (at any time after it so qualifies), (ii) a copy of the most recent annual or quarterly report of the Corporation and such other reports and documents so filed by the Corporation and (iii) such other information as may be reasonably requested in availing any Holder of any rule or regulation of the SEC which permits the selling of any such securities without registration or pursuant to such form.

1.12 FORM S-3 REGISTRATION. In case the Corporation shall receive a written request from the Holder or Holders of at least 25% of the Registrable Securities then outstanding that the Corporation effect a registration on Form S-3 and any related qualification or compliance with respect to all or a part of the Registrable Securities owned by such Holder or Holders, the Corporation will:

(a) promptly give written notice of the proposed registration, and any related qualification or compliance, to all other Holders; and

(b) as soon as practicable, effect such registration and all such qualifications and compliances as may be so requested and as would permit or facilitate the sale and distribution of all or such portion of such Holder's or Holders' Registrable Securities as are specified in such request, together with all or such portion of the Registrable Securities of any other Holder or Holders joining in such request as are specified in a written request given within fifteen (15) days after receipt of such written notice from the Corporation; PROVIDED, HOWEVER, that the Corporation shall not be obligated to effect any such registration, qualification or compliance, pursuant to this section 1.12: (1) if Form S-3 is not available for such offering by the Holders, (2) if the Holders, together with the Holders of any other securities of the Corporation entitled to inclusion in such registration, propose to sell Registrable Securities and such other securities (if any) at an aggregate price to the public (net of any underwriters' discounts or commissions) of less than $500,000, (3) if the Corporation shall furnish to the Holders a certificate signed by the President of the Corporation stating that in the good faith judgment of the Board of Directors of the Corporation, it would be seriously detrimental to the Corporation and its stockholders for such Form S-3 registration to be effected at such time, in which event the Corporation shall have the right to defer the filing of the Form S-3 registration statement for a period of not more than one hundred and eighty (180) days after receipt of the request of the

Holder or Holders under this Section 1.12; PROVIDED, HOWEVER, that the Corporation shall not utilize this right more than once in any twelve (12) month period, (4) if the Corporation has already effected three (3) registrations on Form S-3 for the Holders pursuant to this Section 1.12, or (5) in any particular jurisdiction in which the Corporation would be required to qualify to do business or to execute a general consent to service of process in effecting such registration, qualification or compliance.

(c) Subject to the foregoing, the Corporation shall file a registration statement covering the Registrable Securities and other securities so requested to be registered as soon as practicable after receipt of the request or requests of the Holders. All expenses incurred in connection with a registration requested pursuant to this Section 1.12, including (without limitation) all registration, filing, qualification, printer's and accounting fees and the reasonable fees and disbursements of one counsel for the selling Holder or Holders and counsel for the Corporation, but excluding any underwriters' discounts or commissions associated with Registrable Securities, shall be borne by the Corporation. Registrations effected pursuant to this Section 1.12 shall not be counted as demands for registration or registrations effected pursuant to Sections 1.2 or 1.3, respectively.

1.13 ASSIGNMENT OF REGISTRATION RIGHTS. The rights to cause the Corporation to register Registrable Securities pursuant to this Section 1 may be assigned (but only with all related obligations) by a Holder to a transferee or assignee of such securities who, after such assignment or transfer, holds at least 500,000 shares of Registrable Securities (subject to appropriate adjustment for stock splits, stock dividends, combinations and other recapitalizations), provided: (a) the Corporation is, within a reasonable time after such transfer, furnished with written notice of the name and address of such transferee or assignee and the securities with respect to which such registration rights are being assigned, (b) such transferee or assignee agrees in writing to be bound by and subject to the terms and conditions of this Agreement, including without limitation the provisions of Section 1.15 below and (c) such assignment shall be effective only if immediately following such transfer the further disposition of such securities by the transferee or assignee is restricted under the Act. For the purposes of determining the number of shares of Registrable Securities held by a transferee or assignee, the holdings of transferees and assignees of a partnership who are partners or retired partners of such partnership (including spouses and ancestors, lineal descendants and siblings of such partners or spouses who acquire Registrable Securities by gift, will or intestate succession) shall be aggregated together and with the partnership; provided that all assignees and transferees who would not qualify individually for assignment of registration rights shall have a single attorney-in-fact for the purpose of exercising any rights, receiving notices or taking any action under this Section 1.

1.14 LIMITATIONS ON SUBSEQUENT REGISTRATION RIGHTS. From and after the date of this Agreement, the Corporation shall not, without the prior written consent of the Holders of a majority of the outstanding Registrable Securities, enter into any agreement with any holder or prospective holder of any securities of the Corporation which would allow such holder or prospective holder: (a) to include such securities in any registration filed under Section 1.2 hereof, unless under the terms of such agreement, such holder or prospective holder may include such securities in any such registration only to the extent that the inclusion of his securities will not reduce the amount of the Registrable Securities of the Holders which is included or (b) to make a demand registration which could result in such registration statement being declared effective prior to the date set forth in subsection 1.2(a) or within one hundred twenty (120) days of the effective date of any registration effected pursuant to Section 1.2.

1.15 "MARKET STAND-OFF" AGREEMENT. Each Investor hereby agrees that, during the period of duration specified by the Corporation and any underwriter of Common Stock or other securities of the Corporation, following the date of the first sale to the public pursuant to a registration statement of the Corporation filed under the Act, it shall not, to the extent requested by the Corporation and such underwriter, directly or indirectly sell, offer to sell, contract to sell (including, without limitation, any short sale), grant any option to purchase or otherwise transfer or dispose of (other than to donees who agree to be similarly bound) any securities of the Corporation held by it at any time during such period except Common Stock or other securities included in such registration; PROVIDED, HOWEVER, that:

(a) such agreement shall be applicable only to the first two such registration statements of the Corporation which covers Common Stock (or other securities) to be sold on its behalf to the public in an underwritten offering;

(b) all executive officers and directors of the Corporation and all other persons with registration rights (whether or not pursuant to this Agreement) enter into similar agreements; and

(c) such market stand-off time period shall not exceed one hundred and eighty (180) days.

In order to enforce the foregoing covenant, the Corporation may impose stop-transfer instructions with respect to the Registrable Securities of each Holder (and the shares or securities of every other person subject to the foregoing restriction) until the end of such period.

Notwithstanding the foregoing, the obligations described in this Section 1.15 shall not apply to a registration relating solely to employee benefit plans on Form S-l or Form S-8 or similar forms which may be promulgated in the future, or a registration relating solely to a SEC Rule 145 transaction on Form S-4 or similar forms which may be promulgated in the future.

1.16 TERMINATION OF REGISTRATION RIGHTS.

(a) No Holder shall be entitled to exercise any right provided for in this Section 1 after three (3) years following the consummation of the sale of securities pursuant to a registration statement filed by the Corporation under the Act in connection with the initial firm commitment underwritten offering of its securities pursuant to a registration statement under the Act, in which the initial price to the public is not less than $9.52 per share (as adjusted to reflect stock dividends, stock splits, combinations, recapitalizations or the like with respect to the Common Stock after the date hereof) and the gross proceeds to the Corporation and selling stockholders are at least $10,000,000 in the aggregate.

(b) In addition, the right of any Holder to request registration or inclusion in any registration shall terminate if all shares of Registrable Securities held or entitled to be held upon conversion by such Holder may immediately be sold under Rule 144 during any 90-day period.

2. COVENANTS OF THE CORPORATION.

2.1 DELIVERY OF FINANCIAL STATEMENTS. The Corporation shall deliver to each Investor so long as it holds at least five percent (5%) of the shares of Common Stock of the Corporation then outstanding (assuming full conversion and exercise of all convertible or exercisable securities):

(a) as soon as practicable, but in any event within ninety (90) days after the end of each fiscal year of the Corporation, an income statement for such fiscal year, a balance

sheet of the Corporation and statement of stockholder's equity as of the end of such year, and a schedule as to the sources and applications of funds for such year, such year-end financial reports to be in reasonable detail, prepared in accordance with generally accepted accounting principles ("GAAP"), and audited and certified by independent public accountants of nationally recognized standing selected by the Corporation;

(b) within thirty (30) days of the end of each month: (i) an unaudited income statement and schedule as to the sources and application of funds and balance sheet for and as of the end of such month (including an instrument executed by the Chief Financial Officer or President of the Corporation certifying that such financials were prepared in accordance with GAAP consistently applied with prior practice for earlier periods (with the exception of footnotes that may be required by GAAP) and fairly present the financial condition of the Corporation and its results of operation for the period specified, subject to year-end audit adjustment) and (ii) a summary of the Corporation's business activities for such month, each in reasonable detail; and

(c) as soon as practicable prior to each fiscal year of the Corporation, a budget and business plan (each approved by the Board of Directors of the Corporation) for such fiscal year, including balance sheets and sources and applications of funds statements and, as soon as prepared, any other budgets or revised budgets prepared by the Corporation.

For purposes of this Section 2.1, "INVESTOR" shall include any general partners of an Investor. The rights set forth in this Section 2.1 shall be assignable only to Investors holding an aggregate of at least 500,000 shares of Series A Preferred Stock or Series B Preferred Stock (subject to appropriate adjustment for stock dividends, stock splits, combinations, recapitalizations or the like with respect to each series after the date hereof).

2.2 INSPECTION. The Corporation shall permit each Investor so long as it holds at least five percent (5%) of the shares of Common Stock of the Corporation then outstanding (assuming full conversion and exercise of all convertible or exercisable securities), at such Investor's expense, to visit and inspect the Corporation's properties, to examine its books of account and records and to discuss the Corporation's affairs, finances and accounts with its officers, all at such reasonable times as may be requested by the Investor; provided, however, that the Corporation shall not be obligated pursuant to this Section 2.2 to provide access to any information which it reasonably considers to be a trade secret or similar confidential information. For the purposes of the Section 2.2, "Investor" shall include any general partners of an Investor. The rights set forth in this Section 2.2 shall be assignable only to Investors holding an aggregate of at least 500,000 shares of Series A Preferred Stock or Series B Preferred Stock (subject to appropriate adjustment for stock dividends, stock splits, combinations, recapitalizations or the like with respect to each series after the date hereof).

2.3 Termination of Information, Inspection and Board of Directors Covenants. The covenants set forth in subsections 2.1(b) and (c), Section 2.2, 2.4, 2.5 and Section 2.6 shall terminate as to Investors and be of no further force or effect when the sale of securities pursuant to a registration statement filed by the Corporation under the Act in connection with the firm commitment underwritten offering of its securities to the general public is consummated or when the Corporation first becomes subject to the periodic reporting requirements of Sections 12(g) or 15(d) of the 1934 Act, whichever event shall first occur.

2.4 RIGHT OF FIRST OFFER. Subject to the terms and conditions specified in this paragraph 2.4, the Corporation hereby grants to each Investor (other than Imperial Bancorp and its assigns) a right of first offer with respect to future sales by the Corporation of its Shares (as hereinafter defined). For purposes of this Section 2.4, "Investor" includes any general partners and affiliates of an Investor. An Investor shall be entitled to apportion the right of first offer hereby granted it among itself and its partners and affiliates in such proportions as it deems appropriate.

Each time the Corporation proposes to offer any shares of, or securities convertible into or exercisable for any shares of, any class of its capital stock ("SHARES"), the Corporation shall first make an offering of such Shares to each Investor in accordance with the following provisions:

(a) The Corporation shall deliver a notice by certified mail ("NOTICE") to the Investors stating: (i) its bona fide intention to offer such Shares, (ii) the number of such Shares to be offered and (iii) the price and terms, if any, upon which it proposes to offer such Shares.

(b) By written notification received by the Corporation, within thirty (30) calendar days after giving of the Notice, the Investor may elect to purchase or obtain, at the price and on the terms specified in the Notice, up to that portion of such Shares which equals the proportion that the number of shares of Common Stock issued and held, or issuable upon conversion of the Series A Preferred Stock and Series B Preferred then held, by such Investor bears to the total number of shares of Common Stock of the Corporation then outstanding

(assuming full conversion and exercise of all convertible or exercisable securities then outstanding). The Corporation shall promptly, in writing, inform each Investor which purchases all the shares available to it ("FULLY-EXERCISING INVESTOR") of any other Investor's failure to do likewise. During the ten-day period commencing after such information is given, each Fully-Exercising Investor shall be entitled to obtain that portion of the Shares for which Investors were entitled to subscribe but which were not subscribed for by the Investors which is equal to the proportion that the number of shares of Common Stock issued and held, or issuable upon conversion of Series A Preferred Stock and Series B Preferred Stock then held, by such Fully-Exercising Investor bears to the total number of shares of Common Stock issued and held, or issuable upon conversion of the Series A Preferred Stock and Series B Preferred Stock then held, by all Fully-Exercising Investors who wish to purchase some of the unsubscribed shares.

(c) If all Shares which Investors are entitled to obtain pursuant to subsection 2.4(b) are not elected to be obtained as provided in subsection 2.4(b) hereof, the Corporation may, during the 30-day period following the expiration of the period provided in subsection 2.4(b) hereof, offer the remaining unsubscribed portion of such Shares to any person or persons at a price not less than, and upon terms no more favorable to the offeree than those specified in the Notice. If the Corporation does not enter into an agreement for the sale of the Shares within such period, or if such agreement is not consummated within thirty (30) days of the execution thereof, the right provided hereunder shall be deemed to be revived and such Shares shall not be offered unless first reoffered to the Investors in accordance herewith.

(d) The right of first offer in this paragraph 2.4 shall not be applicable: (i) to the issuance or sale of shares of Common Stock (or options therefor) to employees, consultants and directors, directly or pursuant to a stock option plan or a restricted stock plan approved by the Board of Directors of the Corporation, for the primary purpose of soliciting or retaining their employment, (ii) to or after consummation of a bona fide, firmly underwritten public offering of shares of Common Stock (and the issuance of warrants to underwriters in connection therewith), registered under the Act pursuant to a registration statement on Form S-1, at an offering price of at least $9.52 per share (appropriately adjusted for any stock split, dividend, combination or other recapitalization with respect to the Common Stock) and $10,000,000 in the aggregate, (iii) the issuance of securities pursuant to the conversion or exercise of convertible or exercisable securities, (iv) the issuance of securities in connection with a bona fide business acquisition of or by the Corporation, whether by merger, consolidation, sale of assets, sale or exchange of stock or otherwise or (v) the issuance of stock, warrants or other securities or rights to persons or entities with which the Corporation has business relationships, PROVIDED such issuances are for other than primarily equity financing purposes.

(e) The right of first refusal set forth in this Section 2.4 may not be assigned or transferred, except that: (i) such right is assignable by each Investor to any wholly-owned subsidiary or parent of, or to any corporation or entity that is, within the meaning of the Act, controlling, controlled by or under common control with, any such Investor, and (ii) such right is assignable between and among any of the Investors.

2.5 KEY-MAN INSURANCE. The Corporation has obtained and will continue to maintain term life insurance policies, in the amount of $3,000,000 per life, from financially sound and reputable insurers on the lives of each of Navdeep S. Sooch, Jeffrey W. Scott and David R. Welland. Such policies shall name the Corporation as loss payee and shall not be cancelable by the Corporation.

2.6 BOARD OF DIRECTORS. Meetings of the Board of Directors shall be held at least quarterly.

3. MISCELLANEOUS.

3.1 SUCCESSORS AND ASSIGNS. Except as otherwise provided herein, the terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and permitted assigns of the parties (including transferees of any shares of Registrable Securities). Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

3.2 GOVERNING LAW. This Agreement shall be governed by and construed under the laws of the State of Texas as applied to agreements among Texas residents entered into and to be performed entirely within Texas.

3.3 COUNTERPARTS. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

3.4 TITLES AND SUBTITLES. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

3.5 NOTICES. All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally or by commercial delivery service, or mailed by registered or certified mail (return receipt requested) or sent via facsimile (with confirmation of receipt) to the parties at the address for such party set forth beneath such party's name on the signature pages hereof (or at such other address for a party as shall be specified by like notice). Notice given by personal delivery, courier service or mail shall be effective upon actual receipt. Notice given by telecopier shall be confirmed by appropriate answer back and shall be effective upon actual receipt if received during the recipient's normal business hours, or at the beginning of the recipient's next business day after receipt if not received during the recipient's normal business hours. All notices by telecopier shall be confirmed promptly after transmission in writing by certified mail or personal delivery. Any party may change any address to which notice is to be given to it by giving notice as provided above of such change of address.

3.6 EXPENSES. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled.

3.7 AMENDMENTS AND WAIVERS. Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Corporation and the holders of a majority of the Registrable Securities then held by the Investors and a majority of the Registrable Securities then held by the Founders. Any amendment or waiver effected in accordance with this paragraph shall be binding upon each Holder of any Registrable Securities then outstanding, each future Holder of all such Registrable Securities, and the Corporation.

3.8 SEVERABILITY. If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provision shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

3.9 AGGREGATION OF STOCK. All shares of Registrable Securities held or acquired by affiliated entities or persons shall be aggregated together for the purpose of determining the availability of any rights under this Agreement.

3.10 ENTIRE AGREEMENT; AMENDMENT; WAIVER. This Agreement (including the Schedules and Exhibits hereto, if any) constitutes the full and entire understanding and agreement between the parties with regard to the subjects hereof and supersedes all other agreements of the parties relating to the subject matter hereof, including, without limitation, the Original Investors' Rights Agreement.

* * *

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investors' Rights Agreement as of the date first above written.

CORPORATION:

SILICON LABORATORIES INC.

Navdeep S. Sooch, President

Address: 2024 E. St. Elmo Road
Austin, Texas 78744-1018
Fax: 512.416.9669

INVESTORS:

AUSTIN VENTURES IV-A, L.P.

By: AV Partners IV, L.P.,
its general partner

William P. Wood,
its general partner

Address: 114 West 7th Street, Suite 1300
Austin, Texas 78701
Fax: 512.476.3952

AUSTIN VENTURES IV-B, L.P.

By: AV Partners IV, L.P.,
its general partner

William P. Wood,
its general partner

Address: 114 West 7th Street, Suite 1300
Austin, Texas 78701
Fax: 512.476.3952

AUSTIN VENTURES V, L.P.

By: AV Partners V, L.P.,
its general partner

Blaine F. Wesner,
its general partner

Address: 114 West 7th Street, Suite 1300
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Fax: 512.476.3952

AUSTIN VENTURES V AFFILIATES
FUND, L.P.

By: AV Partners V, L.P.,
its general partner

Blaine F. Wesner,
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SILVERTON PARTNERS

William P. Wood,
its general partner

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Austin, Texas 78701
Fax: 512.476.3952

DONALD W. BROOKS

Address: 420-B Hi Circle South
P.O. Box 4016
Horseshoe Bay, Texas 78657-4016
Fax: 408.733.8090

DONALD W. AND THERESA BROOKS

Donald W. Brooks

Theresa Brooks

Address: 420-B Hi Circle South
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Horseshoe Bay, Texas 78657-4016
Fax: 408.733.8090

DRUTAN INVESTMENTS, LTD.

Donald W. Brooks,
its general partner

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BROOKS + BROOKS INVESTMENTS, LTD.

Donald W. Brooks,

its general partner

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Horseshoe Bay, Texas 78657-4016
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CURRENT VENTURES GROUP, LTD.

Name:
---
its general partner

Address: P.O. Box 4016
Horseshoe Bay, Texas 78657-4016
Fax: 408.733.8090

DIETRICH R. ERDMANN

Address: c/o Sevin Rosen
Two Galleria Tower
13455 Noel Road, Suite 1670
Dallas, Texas 75240
Fax: 972.702.1103

CENTERPOINT VENTURE PARTNERS, L.P.

By: Paluck Associates, L.P.,
its general partner

Robert J. Paluck,
its general partner

Address: Two Galleria Tower
13455 Noel Road, Suite 1670
Dallas, Texas 75240
Fax: 972.702.1103

THOMAS M. BROOKS

Address: 420-B Hi Circle South
P.O. Box 4016
Horseshoe Bay, Texas 78657-4016
Fax: 408.733.8090

KLM CAPITAL PARTNERS
FUND (A BRITISH VIRGIN
ISLANDS INTERNATIONAL
L.P.)

Peter Mok,
its general partner

Address: 2041 Mission College Blvd., Suite
175
Santa Clara, California 95054
Fax: 408.970.8887

JONATHAN D. IVESTER

Address: 1102 Sprague Lane
Austin, Texas 78746

BERRY AND DIANE CASH GRANDCHILDRENS' TRUST

Harvey B. Cash,
its trustee

Address: c/o Interwest Partners
Two Galleria Tower
13455 Noel Road, Suite 1670
Dallas, Texas 75240
Fax: 972.702.1103

CHARLES H. CASH

Address: c/o Interwest Partners
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HARVEY B. CASH

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L.J. SEVIN

Address: c/o Sevin Rosen
Two Galleria Tower
13455 Noel Road, Suite 1670
Dallas, Texas 75240

FOUNDERS:

NAVDEEP S. SOOCH

Address: 1105 Sprague Lane
Austin, Texas 78746

DAVID R. WELLAND

Address: 4215 Avenue A
Austin, Texas 78751

JEFFREY W. SCOTT

Address: 10904 Beacham Court
Austin, Texas 78739

JOHN W. MCGOVERN

Address: 701 Westbrook Drive
Austin, Texas 78746

SCHEDULE A

Holders of Series A Preferred Stock	Shares of Common Stock (assuming full conversion)
Austin Ventures IV-A, L.P.	492,988
Austin Ventures IV-B, L.P.	1,034,283
Austin Ventures V, L.P.	2,181,815
Austin Ventures V Affiliates Fund, L.P.	109,091
Silverton Partners	254,545
Donald W. Brooks	361,090
Drutan Investments, Ltd.	74,000
Brooks + Brooks Investments, Ltd	74,000
Dietrich R. Erdmann	509,092
Harvey B. Cash	254,545

Holder of Warrants to Purchase Series A Preferred Stock	Shares of Common Stock (assuming full conversion)
Imperial Bancorp	45,818

Holders of Series B Preferred Stock	Shares of Common Stock (assuming full conversion)
Austin Ventures IV-A, L.P.	54,674
Austin Ventures IV-B, L.P.	114,706
Austin Ventures V, L.P.	241,972
Austin Ventures V Affiliates Fund, L.P.	12,099
Silverton Partners	28,230
Donald W. and Theresa Brooks	50,000
Drutan Investments, Ltd.	9,000
Brooks + Brooks Investments, Ltd	9,000
Current Ventures Group, Ltd	142,085
Dietrich R. Erdmann	210,085
Harvey B. Cash	105,043
CenterPoint Venture Partners, L.P.	378,152
Thomas M. Brooks	10,505
KLM CAPITAL PARTNERS FUND	

(a British Virgin Islands International L.P.)............................105,043
L.J. Sevin...52,522
Jonathan D. Ivester..52,522

SCHEDULE B

Founder	Shares of Common Stock Held
Navdeep S. Sooch	4,556,515
David R. Welland	3,683,333
Jeffrey W. Scott	3,733,333
John W. McGovern	203,636

LEASE AGREEMENT

Between

S.W. Austin Office Building Ltd.,

as Landlord,

and

Silicon Laboratories, Inc.
a Delaware corporation,

as Tenant,

Covering approximately 37,800 gross square feet
of the Building known as

Austin Industrial Center

located at

4609 Southwest Parkway
Austin, Texas 78735.

STANDARD INDUSTRIAL LEASE AGREEMENT

Approximately 37,800 gross square feet
1609 Southwest Parkway Suite 100
Austin, Texas 78735

LEASE AGREEMENT

THIS LEASE AGREEMENT is made and entered into by and between S.W. AUSTIN OFFICE BUILDING, LTD., A TEXAS LIMITED PARTNERSHIP, hereinafter referred to as "LANDLORD", and SILICON LABORATORIES, INC., A DELAWARE CORPORATION, hereinafter referred to as "TENANT".

PREAMBLE

Landlord intends to construct an office/warehouse building containing approximately 37,800 square feet of space (the "BUILDING") on the tract of land located at 4609 southwest Parkway, Austin, Texas, legally described on EXHIBIT "A" attached hereto and incorporated herein by reference for all purposes (the "PROPERTY"), together with certain exterior and interior amenities and features (collectively, the "PROJECT"). Landlord intends to construct the Project substantially in accordance with the Plans for the Project (hereinafter defined). The term "PROJECT" shall mean the base building, all parking areas, exterior features and amenities as reflected on the Plans for the Project and all common area interior finishes, as generally set forth on EXHIBIT "B" attached hereto. The term "PROJECT" does not include the finish out or improvements to the tenant spaces in the Building. The completed construction drawings and plans and specifications for the Project shall be referred to herein as the "PLANS FOR THE PROJECT". The Plans for the Project shall be based on the schematic plans and specifications attached hereto as EXHIBIT "B" and by this reference made a part hereof.

1, PREMISES AND TERM. In consideration of the mutual obligations of Landlord and Tenant set forth herein, Landlord leases to Tenant, and Tenant hereby takes from Landlord, certain leased premises situated within the County of Travis, State of Texas, as more particularly described on EXHIBIT "A" attached hereto and incorporated herein by reference (the "PREMISES"), to have and to hold, subject to the terms, covenants and conditions in this Lease. The term of this Lease shall commence on the Commencement Date hereinafter set forth and shall end on the last day of the month that is eighty-four (84) months after the Commencement Date.

A. EXISTING BUILDING AND IMPROVEMENTS. If no material improvements are to be constructed to the Premises, the "COMMENCEMENT DATE" shall be October 1, 1998. In such event, Tenant acknowledges that (i) it has inspected and accepts the Premises in its "as is" condition, (ii) the buildings and improvements comprising the same are suitable for the purpose for which the Premises are leased, (iii) the Premises are in good and satisfactory condition, and (iv) no representations as to the repair of the Premises nor promises to alter, remodel or improve the Premises have been made by Landlord (unless otherwise expressly set forth in this Lease).

B. BUILDING OR IMPROVEMENTS TO BE CONSTRUCTED. If the Premises or part thereof are to be constructed, the Commencement Date shall be deemed to be the earliest of: (i) the date upon which the Interior Improvements (defined on EXHIBIT "C" attached hereto) to Premises which are to be erected in accordance with the Interior Improvements Plans (defined on EXHIBIT "C" attached hereto) have been substantially completed; (ii) the date on which the Interior Improvements to the Premises would have been substantially completed but for delays caused directly or indirectly by Tenant, including Interior Improvements Plans delays or change orders; or (iii) the date on which Tenant occupies any part of the Premises. Landlord and Tenant anticipate that the Premises and the Interior Improvements will be substantially complete by November 18, 1998. As used herein, the term "SUBSTANTIALLY COMPLETED", "SUBSTANTIALLY COMPLETE" and "SUBSTANTIAL COMPLETION" shall mean that, in the opinion of the architect or space planner that prepared the Interior Improvements Plans, such improvements have been completed in accordance with the Interior Improvements Plans, the City of Austin has issued a temporary certificate of occupancy for the Premises and the Premises are in good and satisfactory condition, with the exception of completion of minor details of construction, mechanical adjustments or decorations which do not materially interfere with Tenant's use of the Premises remain to be performed (items normally referred to as "PUNCH LIST" items). Landlord and Tenant shall complete one punch list inspection and Landlord shall complete and/or correct such punch list items within a reasonable period of time after such inspection. As soon as the Interior Improvements have been substantially completed, Landlord shall notify Tenant in writing that the Commencement Date has occurred; provided, however, that in no event will the Commencement Date occur prior to October 1, 1998 (unless Tenant occupies the Premises prior to October 1, 1998), without the written consent of Tenant.

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Date 6/25/98 6/26/98

C. PARKING. Tenant and its employees, customers and licensees, in common with Landlord and Landlord's agents, employees, contractors and subcontractors, shall have the right to use for automobile parking the entirety of the parking areas constructed for the Project, subject to (i) all rules and regulations promulgated by Landlord, and (ii) rights of ingress and egress of others as designated by Landlord. Subject to the foregoing and any applicable laws and ordinances, Tenant may additionally park on any private streets which are included in the Project. Landlord shall not be responsible for enforcing Tenant's parking rights against any third parties and Tenant expressly does not have the right to tow or obstruct improperly parked vehicles. Tenant agrees not to park on any public streets adjacent to or in the vicinity of the Premises.

2. BASE RENT, SECURITY DEPOSIT AND ESCROW DEPOSITS.

A. BASE RENT. Tenant agrees to pay Landlord rent for the Premises, in advance, without demand, deduction or set off, at the rate of thirty-seven thousand eight hundred dollars ($37,800.00) per month during Year 1 of the initial term hereof, thirty-seven thousand eight hundred dollars ($37,800.00) per month during Year 2 of the initial term hereof, thirty-seven thousand eight hundred dollars ($37,800.00) per month during Year 3 of the initial term hereof, thirty-nine thousand three hundred seventy-five and No/100 dollars ($39,375.00) per month during Year 4 of the initial term hereof, thirty-nine thousand three hundred seventy-five and No/100 dollars ($39,375.00) per month during Year 5 of the initial term hereof, forty thousand nine hundred fifty and No/l00 dollars ($40,950.00) per month during Year 6 of the initial term hereof and forty thousand nine hundred fifty and No/100 dollars ($40,950.00) per month during Year 7 of the initial term hereof. One such monthly installment, plus the other monthly charges set forth in Paragraph 2C below, shall be due and payable on the date hereof, and a like monthly installment shall be due and payable on or before the first day of each calendar month succeeding the Commencement Date, except that all payments due hereunder for any fractional calendar month shall be prorated.

B. SECURITY DEPOSIT.

(i) CASH PORTION OF SECURITY DEPOSIT. Tenant agrees to deposit with Landlord on the date of execution hereof the sum of one hundred thirteen thousand four hundred and no/100 dollars ($113,400.00), which shall be held by Landlord, without obligation for interest, as partial security for the performance of Tenant's obligations under this Lease.

(ii) LETTER OF CREDIT PORTION OF SECURITY DEPOSIT. Prior to the commencement of construction of the Interior Improvements, as an additional Security Deposit, Tenant shall provide Landlord with an irrevocable letter of credit (the "LETTER OF CREDIT") in the amount of $453,600.00 issued by a bank acceptable to Landlord, naming Landlord as the Beneficiary thereof. The Letter of Credit shall provide that Landlord may draw the full face amount thereof upon the presentation of the original of the Letter of Credit together with a sworn affidavit by Landlord (or an officer of Landlord) stating that Tenant is in default hereunder and that all cure periods relating to such default have expired. The Letter of Credit shall also provide that it may be drawn in full by Landlord in the same manner if at any time prior to the expiration of this Lease the Letter of Credit is within thirty (30) days of expiring and a replacement or extension thereof has not been furnished to Landlord. The Letter of Credit, including, without limitation, the form thereof, and all extensions and renewals thereof, shall otherwise be acceptable to Landlord in all respects. Tenant covenants to continuously keep the Letter of Credit in full force and effect and failure to do so shall constitute an Event of Default hereunder. The Letter of Credit shall be assignable and transferrable to Landlord's mortgage lender. In the event Landlord ever draws on the Letter of Credit, Landlord may thereafter retain all proceeds thereof in the form of cash in the same manner as the funds deposited with Landlord under paragraph 2B(i) hereof and Landlord shall have no obligation to refund such proceeds in exchange for a replacement Letter of Credit.

(iii) SECURITY DEPOSIT GENERALLY. The term "SECURITY DEPOSIT", when used in this Lease, shall mean the cash portion of the Security Deposit as described in paragraph 2B(i), above and/or the Letter of Credit portion of the Security Deposit as described in paragraph 2B(ii), above. It is expressly understood and agreed that the Security Deposit is not an advance rental deposit or a measure of Landlord's damages in case of Tenant's default. Landlord may commingle the Security Deposit with Landlord's other funds. Upon occurrence of an Event of Default, Landlord may use all or any part of the Security Deposit to pay past due rent or other payments due Landlord under this Lease or the cost of any other damage, injury, expense or liability caused by such Event of Default, without prejudice to any other remedy provided herein or provided by law. On demand after application of any portion of the Security Deposit, Tenant shall pay Landlord the amount that will restore the Security Deposit to its original amount. The Security Deposit shall be deemed the property of Landlord, but any remaining balance of the Security Deposit shall be returned by Landlord to Tenant when all of Tenant's present and future obligations under this Lease have been fulfilled. If Landlord transfers its interest in the Building during the term of this Lease, Landlord shall assign any unforfeited portion of the Security Deposit to the

transferee if the transferee executes and delivers a letter to Tenant acknowledging receipt of the Security Deposit and liability for the same, and expressly assumes all obligations of Landlord under this Lease.

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(iv) REDUCTION OF LETTER OF CREDIT. The following shall be the conditions to a reduction in the amount of the Letter of Credit:

(1) If Tenant achieves four (4) consecutive increasingly profitable quarters that reach an aggregate minimum net profit of $2,500,000.00, based on generally accepted accounting principles, consistently applied (the "MINIMUM PERFORMANCE CRITERIA"), the Letter of Credit may be reduced by $66,600.00;

(2) At such time thereafter as Tenant achieves a minimum aggregate net profit of $2,500,000.00 during four (4) consecutive quarters (not including any of the four quarters used in paragraph 2B(iv)(1), above), based on generally accepted accounting principles, consistently applied, the Letter of Credit may be reduced by an additional $66,600.00; and

(3) At such time thereafter as Tenant achieves a minimum aggregate net profit of $2,500,000.00 during four (4) consecutive quarters (not including any of the four quarters used in paragraph 2B(iv)(2), above), based on generally accepted accounting principles, consistently applied, the Letter of Credit may be reduced by an additional $66,600.00.

(4) The remainder of the Letter of Credit shall not be subject to further reductions.

C. ESCROW DEPOSITS. Without limiting in any way Tenant's other obligations under this Lease, Tenant agrees to pay to Landlord its Proportionate Share (as defined in this Paragraph 2C) of (i) Taxes (hereinafter defined) payable by Landlord pursuant to Paragraph 3A, below, (ii) the cost of utilities payable by Landlord pursuant to Paragraph 3, below, (iii) Landlord's cost of maintaining insurance pursuant to Paragraph 9A, below, and (iv) Landlord's cost of maintaining the Premises pursuant to paragraph 5C, below and any common area charges payable by Tenant in accordance with Paragraph 4B, below (collectively, the "TENANT COSTS"). During each month of the term of this Lease, on the same day that rent is due hereunder, Tenant shall deposit in escrow with Landlord an amount equal to one-twelfth (1/12) of the estimated amount of Tenant's Proportionate Share of the Tenant Costs. Tenant authorizes Landlord to use the funds deposited with Landlord under this Paragraph 2C to pay such Tenant Costs. The initial monthly escrow payments are based upon the estimated amounts for the year in question and shall be increased or decreased annually to reflect the projected actual amounts of all Tenant Costs. If the Tenant's total escrow deposits for any calendar year are less than Tenant's actual Proportionate Share of the Tenant Costs for such calendar year, Tenant shall pay the difference to Landlord within ten (10) days after demand. If the total escrow deposits of Tenant for any calendar year are more than Tenant's actual Proportionate Share of the Tenant Costs for such calendar year, Landlord shall retain such excess and credit it against Tenant's escrow deposits next maturing after such determination. Tenant's "PROPORTIONATE SHARE" with respect to the Building, as used in this Lease, shall mean a fraction, the numerator of which is the gross rentable area contained in the Premises and the denominator of which is the gross rentable area contained in the entire Building. In the event the Premises or the Building is part of a project or business park owned, managed or leased by Landlord or an affiliate of Landlord (the "PROJECT"), Tenant's "PROPORTIONATE SHARE" with respect to the Project, as used in this Lease, shall mean a fraction, the numerator of which is the gross rentable area contained in the Premises and the denominator of which is the gross rentable area contained in all of the buildings (including the Building) within the Project.

3. TAXES

A. REAL PROPERTY TAXES. Subject to reimbursement under Paragraph 2C herein, Landlord agrees to pay all taxes, assessments and governmental charges of any kind and nature (collectively referred to herein as "TAXES") that accrue against the Premises, the Building and/or the Property. If at any time during the term of this Lease there shall be levied, assessed or imposed on Landlord a capital levy or other tax directly on the rents received therefrom and/or a franchise tax, assessment, levy or charge measured by or based, in whole or in part, upon such rents from the Premises and/or the Property, the Building or any other improvements of which the Premises are a part, then all such taxes, assessments, levies or charges, or the part thereof so measured or based shall be deemed to be included in the term "Taxes" for the purposes hereof. The Landlord shall have the right to employ a tax-consulting firm to attempt to assure a fair tax burden on the real property within the applicable taxing jurisdiction. Tenant agrees to pay its Proportionate Share of the cost of such consultant.

B. PERSONAL PROPERTY TAXES. Tenant shall be liable for all taxes levied or assessed against any personal property or fixtures placed in or on the Premises. If any such taxes are levied or assessed against Landlord or Landlord's property and (i) Landlord pays the same or (ii) the assessed value of Landlord's property is increased by inclusion of such personal property and fixtures and Landlord pays the increased taxes, then Tenant shall pay to Landlord, upon demand, the amount of such taxes.

4. LANDLORD'S REPAIRS AND MAINTENANCE.

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Date 6/25/98 6/26/98

A. STRUCTURAL REPAIRS. Landlord, at its own cost and expense, shall maintain the roof, foundation and the structural soundness of the exterior walls of the Building in good repair, reasonable wear and tear excluded. The term "walls" as used herein shall not include windows, glass or plate glass, any doors, special store fronts or office entries, and the term "foundation" as used herein shall not include loading docks. Tenant shall immediately give Landlord written notice of defect or need for repairs, after which Landlord shall have reasonable opportunity to effect such repairs or cure such defect.

B. TENANT'S SHARE OF COMMON AREA CHARGES. Tenant agrees to pay its Proportionate Share of the cost of (i) maintenance and/or landscaping (including both maintenance and replacement of landscaping) of any property that is a part of the Building and/or the Project; (ii) operating, maintaining and repairing any property, facilities or services (including without limitation utilities and insurance therefor) provided for the use or benefit of Tenant or the common use or benefit of Tenant and other lessees of the Project or the Building; and (iii) an administrative fee of fifteen percent (15%) of all common area maintenance charges.

5. TENANT'S REPAIRS.

A. MAINTENANCE OF PREMISES AND APPURTENANCES. Tenant, at its own cost and expense, shall (i) maintain all parts of the Premises and promptly make all necessary repairs and replacements to the Premises (except those for which Landlord is expressly responsible hereunder), and (ii) keep the parking areas, driveways and alleys surrounding the Premises in a clean and sanitary condition. Tenant's obligation to maintain, repair and make replacements to the Premises shall cover, but not be limited to, pest control, trash removal and the maintenance, repair and replacement of all HVAC, electrical, plumbing, sprinkler and other mechanical systems.

B. SYSTEM MAINTENANCE. Tenant, at its own cost and expense, shall enter into a regularly scheduled preventive maintenance/service contract with a maintenance contractor approved by Landlord for servicing all hot water, heating and air conditioning systems and equipment within the Premises. The service contract must include all services suggested by the equipment manufacturer in its operations/maintenance manual and must become effective within thirty (30) days of the date Tenant takes possession of the Premises.

C. OPTION TO MAINTAIN PREMISES. Landlord reserves the right to perform, in whole or in part and without notice to Tenant, maintenance, repairs and replacements to the Premises, paving, common area, landscape, exterior painting, common sewage line plumbing and any other items that are otherwise Tenant's obligations under this Section 5, in which event, Tenant shall be liable for its Proportionate Share of the cost and expense of such repair, replacement, maintenance and other such items.

6. ALTERATIONS.

Tenant shall not make any alterations, additions or improvements to the premises without the prior written consent of Landlord. Tenant at its own cost and expense, may erect such shelves, bins, furniture, machinery, liquid nitrogen piping and associated equipment (including a tank and compressor outside the Building), alternate fire suppression system and other trade fixtures as it desires, provided that (i) such items do not alter the basic character of the Premises or the Building, (ii) such items do not overload or damage the Building or any Building systems, (iii) such items may be removed without injury to the Premises, and (iv) the construction, erection or installation thereof complies with all applicable governmental laws, ordinances, regulations and with Landlord's specifications and requirements. Tenant shall be responsible for the compliance of all of its alterations, additions and improvements to the Premises with the Americans With Disabilities Act of 1990 and the Texas Architectural Barriers Act. Except for removable furniture, fixtures and equipment, raised computer floor(s), cubical furniture, liquid nitrogen piping and associated equipment (including outside tank and compressor), alternate fire suppression system and de-mountable interior wall panels, all alterations, additions, improvements and partitions erected by Tenant shall be and remain the property of Landlord immediately upon installation. All shelves, bins, furniture, machinery, liquid nitrogen piping and associated equipment (including exterior tank and compressor), raised computer floor(s), cubical furniture, alternate fire suppression system(s) and removable trade fixtures installed by Tenant shall be the Property of Tenant and shall be removed by Tenant on or before the earlier to occur of the day of termination or expiration of this Lease or vacating the Premises, at which time Tenant shall restore the Premises to the condition which existed as of the completion of the Interior Improvements [specifically excluding liquid nitrogen piping and associated equipment (including exterior tank and compressor) and alternate fire suppression system(s)], reasonable wear and tear excepted. All alterations, installations, removals and restorations shall be performed in a good and workmanlike manner so as not to damage or alter the primary structure or structural qualities of the Building or other improvements situated on the Premises or of which the Premises are a part.

7. SIGNS.

Any signage Tenant desires shall be subject to Landlord's written approval and shall be submitted to Landlord prior to installation. Tenant shall repair, paint and/or replace the Building fascia surface to which its signs are attached upon Tenant's vacating the Premises or the removal or alteration of its signage. Tenant shall not, without Landlord's

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prior written consent, (i) make any changes to the exterior of the Building or the Premises, such as painting; (ii) install any exterior lights, decorations, balloons, flags, pennants or banners; or (iii) erect or install any signs, windows or door lettering, placards, decorations or advertising media of any type which can be viewed from the exterior of the Premises. All signs, decorations, advertising media, blinds, draperies and other window treatment or bars or other security installations visible from outside the Premises shall conform in all respects to the criteria established by Landlord or shall be otherwise subject to Landlord's prior written consent.

8. UTILITIES.

Landlord agrees to provide water, electricity and wastewater service to the Premises. Electrical service to the Building shall be at least three phase, 480 volt, 1,000 amperes, 20 watts per square foot. Tenant shall pay for all water, gas, heat, light, power, telephone, sewer, sprinkler charges and other utilities and services used on or at the Premises, together with any taxes, penalties, surcharges or the like pertaining to the Tenant's use of the Premises and any maintenance charges for utilities. Landlord shall have the right to cause any of said services to be separately metered to Tenant, at Tenant's expense. Tenant shall pay its prorata share, as reasonably determined by Landlord, of all charges for jointly metered utilities. Landlord shall not be liable for any interruption or failure of utility service on the Premises, and Tenant shall have no rights or claims as a result of any such failure, however, Landlord will use its diligent good faith efforts to restore any such failure of utility service as soon as reasonably practicable. In the event water is not separately metered to Tenant, Tenant agrees that it will not use the water and sewer capacity for uses other than normal domestic restroom and kitchen usage, and Tenant further agrees to reimburse Landlord for the entire amount of common water and sewer costs as additional rental if, in fact, Tenant uses water or sewer capacity for uses other than normal domestic restroom and kitchen uses without first obtaining Landlord's written permission, including but not limited to the cost for acquiring additional sewer capacity to service Tenant's excess sewer use. Furthermore, Tenant agrees in such event to install its own expense a submeter to determine Tenant's usage.

9. INSURANCE.

A. LANDLORD'S INSURANCE. Subject to reimbursement under Paragraph 2C herein, Landlord shall maintain insurance covering the Building in an amount not less than eighty percent (80%) of the "replacement cost" thereof, insuring against the perils of fire, lightning, extended coverage, vandalism and malicious mischief. Landlord, at Landlord's election, may carry insurance in such additional amounts and coverages as Landlord may deem prudent from time to time and the cost of such additional insurance shall likewise be reimbursable under Paragraph 2C hereof.

B. TENANT'S INSURANCE. Tenant, at its own expense, shall maintain during the term of this lease a policy or policies of worker's compensation and comprehensive general liability insurance, including personal injury and property damage, with contractual liability endorsement, in the amount of Five Hundred Thousand Dollars ($500,000.00) for property damage and One Million Dollars ($ 1,000,000.00) per occurrence and One Million Dollars ($1,000,000.00) in the aggregate for personal injuries or deaths of persons occurring in or about the Premises. Tenant, at its own expense, shall also maintain during the term of this Lease fire and extended coverage insurance covering the replacement cost of (i) all alterations, additions, partitions and improvements installed or placed on the Premises by Tenant or by Landlord on behalf of Tenant; and (ii) Tenant's personal property contained within the Premises. Said policies shall (i) name the Landlord as an additional insured and insure Landlord's contingent liability under or in connection with this Lease (except for worker's compensation policy, which instead shall include a waiver of subrogation endorsement in favor of Landlord); (ii) be issued by an insurance company which is acceptable to Landlord; and (iii) provide that said insurance shall not be canceled unless thirty (30) days prior written notice has been given to Landlord. Said policy or policies or certificates thereof shall be delivered to Landlord by Tenant on or before the Commencement Date and upon each renewal of said insurance.

C. PROHIBITED USES. Tenant will not permit the Premises to be used for any purpose or in any manner that would (i) void the insurance thereon, (ii) increase the insurance risk or cost thereof, or (iii) cause the disallowance of any sprinkler credits; including without limitation, use of the Premises for the receipt, storage or handling of any product, material or merchandise that is explosive or highly inflammable. If any increase in the cost of any insurance on the Premises or the Building is caused by Tenant's use of the Premises or because Tenant vacates the Premises, then Tenant shall pay the amount of such increase to Landlord upon demand therefor.

10. FIRE AND CASUALTY DAMAGE.

A. TOTAL OR SUBSTANTIAL DAMAGE AND DESTRUCTION. If the Premises or the Building should be damaged or destroyed by fire or other peril, Tenant shall immediately give written notice to Landlord of such damage or destruction. If the Premises or the Building should be totally destroyed by any peril covered by the insurance to be provided by Landlord under Paragraph 9A above, or if they should be so damaged thereby that, in Landlord's estimation, rebuilding or repairs cannot be completed within one hundred eighty (180) days after the date of such damage or after such completion there would not be enough time remaining under the terms of this Lease to fully

amortize such rebuilding or repairs, then this Lease shall terminate and the rent shall be abated during the unexpired portion of this lease, effective upon the date of the occurrence of such damage.

B. PARTIAL DAMAGE OR DESTRUCTION. If the Premises or the Building should be damaged by any peril covered by the insurance to be provided by Landlord under Paragraph 9A above and, in Landlord's estimation, rebuilding or repairs can be substantially completed within one hundred eighty (180) days after the date of such damage, then this Lease shall not terminate and Landlord shall substantially restore the Premises to its previous condition, except that Landlord shall not be required to rebuild, repair or replace any part of the partitions, fixtures, additions and other improvements that may have been constructed, erected or installed in or about the Premises for the benefit of, by or for Tenant.

C. LIENHOLDERS' RIGHTS IN PROCEEDS. Notwithstanding anything herein to the contrary, in the event the holder of any indebtedness secured by a mortgage or deed of trust covering the Premises requires that the insurance proceeds be applied to such indebtedness, then Landlord shall have the right to terminate this Lease by delivering written notice of termination to Tenant within fifteen (15) days after such requirement is made known to Landlord by any such holder, whereupon all rights and obligations hereunder shall cease and terminate.

D. WAIVER OF SUBROGATION. Notwithstanding anything in this lease to the contrary, Landlord and Tenant hereby waive and release each other of and from any and all rights of recovery, claims, actions or causes of action against each other, or their respective agents, officers and employees, for any loss or damage that may occur to the Premises, improvements to the Building or personal property (Building contents) within the Building and/or Premises, for any reason regardless of cause or origin. Each party to this Lease agrees immediately after execution of this Lease to give written notice of the terms of the mutual waivers contained in this subparagraph to each insurance company that has issued to such party policies of fire and extended coverage insurance and to have the insurance policies properly endorsed to provide that the carriers of such policies waive all rights of recovery under subrogation or otherwise against the other party.

11. LIABILITY AND INDEMNIFICATION.

Except for any claims, rights of recovery and causes of action that Landlord has released, Tenant shall hold Landlord harmless from and defend Landlord against any and all claims or liability for any injury or damage (i) to any person or property whatsoever occurring in, on or about the Premises or any part thereof, the Building and/or other common areas, the use of which Tenant may have in accordance with this Lease, if (and only if) such injury or damage shall be caused in whole or in part by the act, neglect, fault or omission of any duty by Tenant, its agents, servants, employees or invitees; (ii) arising from the conduct or management of any work done by the Tenant in or about the Premises; (iii) arising from transactions of the Tenant; and (iv) all costs, counsel fees, expenses and liabilities incurred in connection with any such claim or action or proceeding brought thereon. The provisions of this Paragraph 11 shall survive the expiration or termination of this Lease. Landlord shall not be liable in any event for personal injury or loss of Tenant's property caused by fire, flood, water leaks, rain, hail, ice, snow, smoke, lightning, wind, explosion, interruption of utilities or other occurrences. LANDLORD STRONGLY RECOMMENDS THAT TENANT SECURE TENANT'S OWN INSURANCE IN EXCESS OF THE AMOUNTS REQUIRED ELSEWHERE IN THIS LEASE TO PROTECT AGAINST THE ABOVE OCCURRENCES IF TENANT DESIRES ADDITIONAL COVERAGE FOR SUCH RISKS. Tenant shall give prompt notice to Landlord of any significant accidents involving injury to persons or property. Furthermore, Landlord shall not be responsible for lost or stolen personal property, equipment, money or jewelry from the Premises or from the public areas of the Building or the Project, regardless of whether such loss occurs when the area is locked against entry. Landlord shall not be liable to Tenant or Tenant's employees, customers or invitees for any damages or losses to persons or property caused by any lessees in the Building or the Project and/or any personal injury or property damage caused thereby. Landlord may, but is not obligated to, enter into agreements with third parties for the provision, monitoring, maintenance and repair of any courtesy patrols or similar services or fire protective systems and equipment and, to the extent same is provided at Landlord's sole discretion, Landlord shall not be liable to Tenant for any damages, costs or expenses which occur for any reason in the event any such system or equipment is not properly installed, monitored or maintained or any such services are not property provided. Landlord shall use reasonable diligence in the maintenance of lighting furnished by Landlord, if any, in the parking garage or parking areas servicing the Premises, and Landlord shall not be responsible for additional lighting or any security measures in the Project, the Premises, the parking garage or other parking areas.

12. USE.

Subject to the other provisions of this Lease, Tenant may use the Premises for the purpose of conducting a manufacturing and testing services facility as permitted under the IP-CO zoning of the Property, together with attendant office areas and dining amenities, and for such other purposes as are permitted by the applicable zoning restrictions of the Property. Outside storage, including without limitation storage of trucks and other vehicles, is prohibited without Landlord's prior written consent. Tenant shall comply with all governmental laws, ordinances and regulations applicable to the use of the Premises and shall promptly comply with all governmental orders and

directives for the correction, prevention and abatement of nuisances in, upon or connected with the Premises, all at Tenant's sole expense. Tenant shall not permit any objectionable or unpleasant odors, smoke, dust, gas, noise or vibrations to emanate from the Premises, nor take any other action that would constitute a nuisance or would disturb, unreasonably interfere with or endanger Landlord or the tenants of other buildings in the vicinity of the Building or the Project.

13. HAZARDOUS SUBSTANCES.

A. REGULATION OF HAZARDOUS SUBSTANCES AND INDEMNITY. The term "HAZARDOUS SUBSTANCES", as used in this Lease, shall mean pollutants, contaminants, toxic or hazardous substances, substances that are reactive, corrosive or ignitable, radioactive materials, asbestos, polychlorobiphenyls, petroleum and petroleum distillates and any other substances, the use and/or the removal of which is required or the use of which is restricted, prohibited or penalized by any "Environmental Law", which term shall mean any federal, state or local statute, ordinance, regulation or other law of a governmental or quasi-governmental authority relating to pollution or protection of the environment or the regulation of the storage or handling of Hazardous Substances. Tenant hereby agrees that: (i) no activity will be conducted on the Premises that will produce any Hazardous Substances, except for such activities that are part of the ordinary course of Tenant's business activities (the "PERMITTED ACTIVITIES"), provided said Permitted Activities are conducted in accordance with all Environmental laws and have been approved in advance in writing by Landlord and, in connection therewith, Tenant shall be responsible for obtaining any required permits or authorizations and paying any fees and providing any testing required by any governmental agency; (ii) the Premises will not be used in any manner for the storage of any Hazardous Substances, except for the temporary storage of such materials that are used in the ordinary course of Tenant's business (the "PERMITTED MATERIALS"), provided such Permitted Materials are properly stored in a manner and location meeting all Environmental Laws and have been approved in advance in writing by Landlord, and, in connection therewith, Tenant shall be responsible for obtaining any required permits or authorizations and paying any fees and providing any testing required by any governmental agency; (iii) no portion of the Premises will be used as a landfill or a dump; (iv) Tenant will not install any underground tanks of any type; (v) Tenant will not allow any surface or subsurface conditions to exist or come into existence that constitute, or with the passage of any time may constitute, a public or private nuisance; and (vi) Tenant will not permit any Hazardous Substances to be brought onto the Premises, except for the Permitted Materials, and if so brought or found located thereon, the same shall be immediately removed, with proper disposal, and all required clean-up procedures shall be diligently undertaken by Tenant at its sole cost pursuant to all Environmental Laws. Landlord and Landlord's representatives shall have the right but not the obligation to enter the Premises for the purpose of inspecting the storage, use and disposal of any Permitted Materials to ensure compliance with all Environmental Laws. Should it be determined, in Landlord's sole opinion, that any Permitted Materials are being improperly stored, used or disposed of, or that any non-Permitted Materials are present on the Premises, then Tenant shall immediately take such corrective action as requested be Landlord. Should Tenant fail to take such corrective action within twenty four (24) hours, Landlord shall have the right to perform such work and Tenant shall reimburse Landlord, on demand, for any and all costs associated with said work. Tenant shall indemnify, defend and hold Landlord harmless from any and all claims, damages, fines, judgments, penalties, costs, liabilities, or losses (including, without limitation, a decrease in value of the Project, damages caused by loss or restriction of rentable or usable space, or any damages caused by adverse impact on marketing of the space, and any and all sums paid for settlement of claims, attorneys' fees, consultant and expert fees) arising during or after the Term hereof and arising as a result of any contamination, Hazardous Substance release or spill by Tenant. This indemnification includes, without limitation, any and all costs incurred because of any investigation of the site or any cleanup, removal, or restoration mandated by a federal, state, or local agency or political subdivision. Without limitation of the foregoing, if Tenant causes or permits the presence of any Hazardous Substance on the Project, including, without limitation, any Permitted Materials, by any of its agents, employees, guests, invitees, contractors, subcontractors or subtenants which results in contamination, Tenant shall promptly, at its sole expense, take any and all necessary actions to return the Project to the condition existing prior to the presence of any such Hazardous Substance on the Project. Tenant shall first obtain Landlord's approval for any such remedial action. The foregoing indemnification and the responsibilities of Tenant shall survive the termination or expiration of this Lease.

B. LANDLORD'S REPRESENTATIONS AND OBLIGATIONS. Landlord hereby represents and warrants to Tenant that, to Landlord's current actual knowledge, and based solely upon that certain Environmental Site Assessment Report, dated June 25, 1998, as of the date hereof there are no Hazardous Substances present or stored on, in or about the Project and there is no Hazardous Substance contamination on the Project or any portion thereof. Landlord shall not cause or permit any Hazardous Substance to be used, stored, generated, or disposed of on or in the Project by Landlord or Landlord's agents, employees, guests, invitees, contractors, or subcontractors. If Hazardous Substances are used, stored, generated or disposed of by Landlord or Landlord's agents, employees, guests, invitees, contractors, or subcontractors (specifically excluding Tenant and Tenant's agents, employees, guests, invitees, contractors, or subcontractors) on or in the Project, or if the Project becomes contaminated in any way by Landlord or Landlord's agents, employees, guests, invitees, contractors, or subcontractors (specifically excluding Tenant and Tenant's agents, employees, guests, invitees, contractors, or subcontractors), Landlord shall indemnify,

defend and hold Tenant harmless from any and all claims, damages, fines, judgments, penalties, costs, liabilities, or losses (including, without limitation, and any and all sums paid for settlement of claims, attorneys' fees, consultant

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and expert fees) arising during or after the Term hereof and arising as a result of Hazardous Substance contamination caused by the use, storage, generation, or disposal of Hazardous Substances on or in the Project by Landlord or Landlord's agents, employees, guests, invitees, contractors, or subcontractors (specifically excluding Tenant and Tenant's agents, guests, invitees, contractors, or subcontractors). This indemnification includes, without limitation, any and all costs incurred because of any investigation of the site or any cleanup, removal, or restoration mandated by a federal, state, or local agency or political subdivision. The foregoing indemnification and the responsibilities of Landlord shall survive the termination or expiration of this Lease.

C. DEFINITION OF "HAZARDOUS SUBSTANCE". As used herein, "Hazardous Substance" means any substance that is toxic, ignitable, reactive, or corrosive and that is regulated by any local government, the state of Texas, or the United States Government. "Hazardous Substance" includes any and all material or substances that are defined as "hazardous waste," "extremely hazardous waste," or a "hazardous substance" pursuant to state, federal, or local government law. "Hazardous Substance" includes but is not restricted to asbestos, polychlorobiphenyls, petroleum and petroleum distillates.

14. ARCHITECTURAL BARRIERS

A. LANDLORD'S OBLIGATIONS. Landlord hereby agrees to design and construct the base building and exterior portions of the Project (but specifically excluding the design or the Interior Improvements and any other Tenant Alterations) in compliance with the requirements of the Americans with Disabilities Act (the "ADA") and the Texas Architectural Barriers Act (the "TABA"). Landlord will indemnify and hold Tenant harmless from any and all claims, actions, causes of action, liability, loss, cost or expense, including court costs and attorneys fees, incurred by Tenant as a result of claims by third parties (including the federal government or the State of Texas but excluding any claims of Tenant or any subtenants of Tenant) based on the failure of the failure of the base building and exterior portions of the Project (but specifically excluding the design or the Premises) to comply with the ADA or the TABA.

B. TENANT'S OBLIGATIONS. Tenant hereby agrees to design the Interior Improvements and all other Alterations by or for Tenant in compliance with the requirements of the ADA and the TABA. Tenant will indemnify and hold Landlord harmless from any and all claims, actions, causes of action, liability, loss, cost or expense, including court costs and attorneys fees, incurred by Landlord as a result of claims by third parties (including the federal government or the State of Texas) based on the failure of the Premises (but specifically excluding the base building and exterior portions of the Project designed and constructed by Landlord) to comply with the ADA or the TABA.

15. INSPECTION.

Landlord's agents and representatives shall have the right to enter the Premises at any reasonable time during business hours (or at any time in case of emergency) (i) to inspect the Premises, (ii) to make such repairs as may be required or permitted pursuant to this Lease, and/or (iii) during the last six (6) months of the Lease term, for the purpose of showing the Premises. In addition, Landlord shall have the right to erect a suitable sign on the Premises stating the Premises are available for lease. Tenant shall notify Landlord in writing at least thirty (30) days prior to vacating the Premises and shall arrange to meet with Landlord for a joint inspection of the Premises prior to vacating. If Tenant fails to give such notice or to arrange for such inspection, then Landlord's inspection of the Premises shall be deemed correct for the purpose of determining Tenant's responsibility for repairs and restoration of the Premises.

16. ASSIGNMENT AND SUBLETTING.

Tenant shall not have the right to sublet, assign or otherwise transfer or encumber this Lease, or any interest therein, without the prior written consent of Landlord, which consent will not be unreasonably withheld so long as (i) the creditworthiness and financial condition of the proposed assignee or sublessee is satisfactory to Landlord, in Landlord's reasonable discretion, and (ii) the proposed use of the Premises by such proposed assignee or sublessee would not, in Landlord's reasonable opinion, be detrimental to the Building, the Project or the other tenants therein. Any attempted assignment, subletting, transfer or encumbrance by Tenant in violation of the terms and covenants of this paragraph shall be void. Any assignee, sublessee or transferee of Tenant's interest in this Lease (all such assignees, sublessees and transferees being hereinafter referred to as "TRANSFEREES"), by assuming Tenant's obligations hereunder, shall assume liability to Landlord for all amounts paid to persons other than Landlord by such Transferees to which Landlord is entitled or is otherwise in contravention of this Paragraph 15. No assignment, subletting or other transfer, whether or not consented to by Landlord or permitted hereunder, shall relieve Tenant of its liability under this Lease. If an Event of Default occurs while the Premises or any part thereof are assigned or sublet, then Landlord, in addition to any other remedies herein provided or provided by law, may collect directly from such Transferee all rents payable to the Tenant and apply such rent against any sums due Landlord hereunder. No such collection shall be construed to constitute a novation or a release of Tenant from the further performance of Tenant's obligations and liabilities hereunder. If Landlord consents to any subletting or assignment by Tenant as hereinabove provided and any category of rent subsequently received by Tenant under any such sublease is

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category of rent payable under this Lease, or any additional consideration is paid to Tenant by the assignee under any such assignment, then Landlord may, at its option, declare such excess rents under any sublease or such additional consideration for any assignment to be due and payable by Tenant to Landlord as additional rent hereunder. The following shall additionally constitute an assignment of this Lease by Tenant for the purposes of this Paragraph 15: (i) if Tenant is a corporation, any merger, consolidation, dissolution or liquidation, or any change in ownership or owner entitled to vote thirty percent (30%) or more of Tenant's outstanding voting stock other than pursuant to (A) a registered public offering of Tenant's stock, (B) a sale of stock or a merger with another company whose stock is listed on a recognized exchange, or (C) a joint venture between Tenant and a third party; (ii) if Tenant is a partnership, joint venture or other entity, any liquidation, dissolution or transfer of ownership of any interests totaling thirty percent (30%) or more of the total interests in such entity; (iii) the sale, transfer, exchange, liquidation or other distribution of more than thirty percent (30%) of Tenant's assets, other than this Lease; or (iv) the mortgage, pledge, hypothecation or other encumbrance of or grant of a security interest by Tenant in this Lease, or any of Tenant's rights hereunder.

17. CONDEMNATION.

If more than eighty percent (80%) of the Premises are taken for any public or quasi-public use under governmental law, ordinance or regulation, or by right of eminent domain or private purchase in lieu thereof, and the taking prevents or materially interferes with the use of the remainder of the Premises for the purpose for which they were leased to Tenant, then this Lease shall terminate and the rent shall be abated for the unexpired portion of this Lease, effective on the date of such taking. If less than eighty percent (80%) of the Premises are taken for any public or quasi-public use under any governmental law, ordinance or regulation, or by right of eminent domain or private purchase in lieu thereof, or if the taking does not prevent or materially interfere with the use of the remainder of the Premises for the purpose for which they were leased to Tenant, then this Lease shall not terminate, but the rent payable hereunder during the unexpired portion of this Lease shall be reduced to such extent as may be fair and reasonable under all circumstances. All compensation awarded in connection with or as a result of any of the foregoing proceedings shall be the property of Landlord, and Tenant hereby assigns any interest in any such award to Landlord; provided, however, Landlord shall have no interest in any award made to Tenant for Tenant's moving expenses or for the taking of Tenant's trade fixtures and personal property, if a separate award for such items is made to Tenant. Notwithstanding the foregoing, Tenant may pursue a separate award in condemnation, at its own expense, so long such award does not operate to reduce the award paid to Landlord.

18. HOLDING OVER.

At the termination of this Lease by its expiration or otherwise, Tenant shall immediately deliver possession of the Premises to Landlord with all repairs and maintenance required herein to be performed by Tenant completed. If for any reason Tenant retains possession of the Premises after the expiration or termination of this Lease, unless the parties hereto otherwise agree in writing, such possession shall be deemed to be a tenancy at will only, and all of the other terms and provisions of this Lease shall be applicable during such period, except that Tenant shall pay Landlord from time to time, upon demand, as rental for the period of such possession, an amount equal to one and one-half (1-1/2) times the rent in effect on the date of such termination of this lease, computed on a daily basis for each day of such period. No holding over by Tenant, whether with or without consent of Landlord, shall operate to extend this Lease except as otherwise expressly provided. The preceding provisions of this Paragraph 18 shall not be construed as consent for Tenant to retain possession of the Premises in the absence of written consent thereto by Landlord.

19. QUIET ENJOYMENT.

Landlord represents that it has the authority to enter into this lease and that, so long as Tenant pays all amounts due hereunder and performs all other covenants and agreements herein set forth, Tenant shall peaceably and quietly have, hold and enjoy the Premises for the term hereof without hindrance or molestation from Landlord, subject to the terms and provisions of this Lease.

20. EVENTS OF DEFAULT.

The following events (herein individually referred to as an "EVENT OF DEFAULT") each shall be deemed to be a default in or breach of Tenant's obligations under this Lease:

A. Tenant shall fail to pay any installment of the rent herein reserved when due, or any other payment or reimbursement to Landlord required herein when due, and such failure shall continue for a period of ten (10) days from the date such payment was due. Notwithstanding the foregoing, Tenant shall be entitled to written notice from Landlord not more than two times during any twelve (12) consecutive month period that Tenant has failed to timely pay any rent or additional rent hereunder before such failure shall constitute an Event of Default. Unless Landlord receives such payment within ten (10) days after such written notice, Tenant's failure shall constitute an Event of Default.

B. Tenant shall (i) vacate or abandon all or a substantial portion of the Premises or (ii) fail to continuously operate its business at the Premises for the permitted use set forth herein, in either event whether or not Tenant is in default of the rental payments due under this lease.

C. Tenant shall fail to discharge any lien placed upon the Premises in violation of Paragraph 23 hereof within twenty (20) days after such lien or encumbrance is filed against the Premises.

D. Tenant shall default in the performance of any of its obligations under any other lease to Tenant from Landlord, or from any person or entity affiliated with or related to Landlord, including, without limitation, the Office Building Owner (as defined in EXHIBIT "E" attached hereto) and same shall remain uncured after the lapsing of any applicable cure periods provided for under such other lease.

E. Tenant shall fail to comply with any term, provision or covenant of this Lease (other than those listed above in this paragraph) and shall not cure such failure within thirty (30) days after written notice thereof from Landlord.

21. REMEDIES.

Upon each occurrence of an Event of Default, Landlord shall have the option to pursue any one or more of the following remedies without any notice or demand:

(a) Terminate this Lease;

(b) Enter upon and take possession of the Premises without terminating this Lease;

(c) Make such payments and/or take such action and pay and/or perform whatever Tenant is obligated to pay or perform under the terms of this Lease, and Tenant agrees that Landlord shall not be liable for any damages resulting to Tenant from such action; and/or

(d) Alter all locks and other security devices at the Premises, with or without terminating this Lease, and pursue, at Landlord's option, one or more remedies pursuant to this Lease, and Tenant hereby expressly agrees that Landlord shall not be required to provide to Tenant the new key to the Premises, regardless of hour, including Tenant's regular business hours;

and in any such event Tenant shall immediately vacate the Premises, and if Tenant fails to do so, Landlord, without waiving any other remedy it may have, may enter upon and take possession of the Premises and expel or remove Tenant and any other person who may be occupying such Premises or any part thereof, without being liable for prosecution or any claim of damages therefore. In the event of any violation of Section 93.002 of the Texas Property Code by Landlord or by any agent or employee of Landlord, Tenant hereby expressly waives any and all rights Tenant may have under Paragraph (g) of such Section 93.002.

A. DAMAGES UPON TERMINATION. If Landlord terminates this Lease at Landlord's option, Tenant shall be liable for and shall pay to Landlord the sum of all rental and other payments owed to Landlord hereunder accrued to the date of such termination, plus, as liquidated damages, an amount equal to (i) the present value of the total rental and other payments owed hereunder for the remaining portion of the Lease term, calculated as if such term expired on the date set forth in Paragraph 1, less (ii) the present value of the then fair market rental for the Premises for such period, provided that, because of the difficulty of ascertaining such value and in order to achieve a reasonable estimate of liquidated damages hereunder, Landlord and Tenant stipulate and agree, for the purposes hereof, that such fair market rental shall in no event exceed seventy five percent (75%) of the rental amount for such period set forth in Paragraph 2A above.

B. DAMAGES UPON REPOSSESSION. If Landlord repossesses the Premises without terminating this Lease, Tenant at Landlord's option, shall be liable for and shall pay Landlord on demand all rental and other payments owed to Landlord hereunder, accrued to the date of such repossession, plus all amounts require to be paid by Tenant to Landlord until the date of expiration of the term as stated in Paragraph 1, diminished by all amounts actually received by Landlord through reletting the premises during such remaining term (but only to the extent of the rent herein reserved). Actions to collect amounts due by Tenant to Landlord under this paragraph may be brought from time to time, on one or more occasions, without the necessity of Landlord's waiting until the expiration of the lease term.

C. COSTS OF RELETTING, REMOVING, REPAIRS AND ENFORCEMENT. Upon an Event of Default, in addition to any sum provided to be paid under this Paragraph 21, Tenant also shall be liable for and shall pay to Landlord (i) broker's fees and all other costs and expenses incurred by Landlord in connection with reletting the whole or any part of the Premises; (ii) the costs of removing, storing or disposing of Tenant's or any other occupant's property; (iii) the costs of repairing, altering, remodeling or otherwise putting the Premises into condition acceptable to a new tenant or tenants; (iv) any and all costs and expenses incurred by Landlord in effecting compliance with Tenant's

obligations under this Lease; and (v) all reasonable expenses incurred by Landlord in enforcing or defending Landlord's rights and/or remedies hereunder, including without limitation all reasonable attorneys' fees and all court costs incurred in connection with such enforcement or defense.

D. LATE CHARGE. In the event Tenant fails to make any payment due hereunder within five (5) days after such payment is due, including without limitation any rental or escrow payment, in order to help defray the additional cost to Landlord for processing such late payments and not as interest, Tenant shall pay to Landlord on demand a late charge in an amount equal to five percent (5%) of such payment. The provision for such late charge shall be in addition to all of Landlord's other rights and remedies hereunder or at law, and shall not be construed as liquidated damages or as limiting Landlord's remedies in any manner.

E. INTEREST ON PAST DUE AMOUNTS. If Tenant fails to pay any sum which at any time becomes due to Landlord under any provision of this Lease as and when the same becomes due hereunder, and such failure continues for ten (10) days after the due date for such payment, then Tenant shall pay to Landlord interest on such overdue amounts from the date due until paid at an annual rate which equals the lesser of (i) eighteen percent (18%) or (ii) the highest rate then permitted by law.

F. NO IMPLIED ACCEPTANCES OR WAIVERS. Exercise by Landlord of any one or more remedies hereunder granted or otherwise available shall not be deemed to be an acceptance by Landlord of Tenant's surrender of the Premises, it being understood that such surrender can be effected only by the written agreement of Landlord. Tenant and Landlord further agree that forbearance by Landlord to enforce any of its rights under this lease or at law or in equity shall not be a waiver of Landlord's right to enforce any one or more of its rights, including any right previously forborne, in connection with any existing or subsequent default. No re-entry or taking possession of the Premises by Landlord shall be construed as an election on its part to terminate this Lease, unless a written notice of such intention is given to Tenant, and, notwithstanding any such reletting or re-entry or taking possession of the Premises, Landlord may at any time thereafter elect to terminate this lease for a previous default. Pursuit of any remedies hereunder shall not preclude the pursuit of any other remedy herein provided or any other remedies provided by law, nor shall pursuit of any remedy herein provided constitute a forfeiture or waiver of any rent due to Landlord hereunder or of any damages occurring to Landlord by reason of the violation of any of the terms, provisions and covenants contained in this Lease. Landlord's acceptance of any rent following an Event of Default hereunder shall not be construed as Landlord's waiver of such Event of Default. No waiver by Landlord of any violation or breach of any of the terms, provisions and covenants of this lease shall be deemed or construed to constitute a waiver of any other violation or default.

G. RELETTING OF PREMISES. In the event of any termination of this Lease and/or repossession of the Premises for an Event of Default, Landlord shall use reasonable efforts to relet the Premises and to collect rental after reletting, with no obligation to accept any lessee that Landlord deems undesirable, to expend any funds in connection with such reletting or collection of rents therefrom, or to lease the Premises in preference to any other space that Landlord may have available for lease at the time. Tenant shall not be entitled to credit for or reimbursement of any proceeds of such reletting in excess of the rental owed hereunder for the period of such reletting. Landlord may relet the whole or any portion of the Premises, for any period, to any tenant and for any use or purpose.

H. LANDLORD'S DEFAULT. If Landlord fails to perform any of its obligations hereunder within thirty (30) days after written notice from Tenant specifying such failure, Tenant's exclusive remedy shall be an action for damages. Unless and until Landlord fails to so cure any default after such notice, Tenant shall not have any remedy or cause of action by reason thereof. All obligations of Landlord hereunder will construed as covenants, not conditions; and all such obligations will be binding upon Landlord only during the period of its possession of the premises and not thereafter. The term "LANDLORD" shall mean only the owner, for the time being, of the Premises and, in the event of the transfer by such owner of its interest in the Premises, such owner shall thereupon be released and discharged from all covenants and obligations of the Landlord thereafter accruing, provided that such covenants and obligations shall be binding during the lease term upon each new owner for the duration of such owner's ownership. Notwithstanding any other provision of this Lease, Landlord shall not have any personal liability hereunder. In the event of any breach or default by Landlord in any term or provision of this Lease, Tenant agrees to look solely to the equity or interest then owned by Landlord in the Premises or the Building; however, in no event shall any deficiency judgment or any money judgment of any kind be sought or obtained against any Landlord.

I. TENANT'S PERSONAL PROPERTY. If Landlord repossesses the Premises pursuant to the authority herein granted, or if Tenant vacates or abandons all or any part of the Premises, then Landlord shall have the right to (i) keep in place and use, or (ii) remove and store, all of the furniture, fixtures and equipment at the Premises, including that which is owned by or leased to Tenant, at all times prior to any foreclosure thereon by Landlord or repossession thereof by any lessor thereof or third party having a lien thereon. In addition to the Landlord's other rights hereunder, Landlord may dispose of the stored property if Tenant does not claim the property within

ten (10) days after the date the property is stored. Landlord shall give Tenant at least ten (10) days prior written notice of such intended disposition. Landlord shall also have the right to relinquish possession of all or any portion of such furniture, fixtures, equipment and other property to any person ("CLAIMANT") who presents to Landlord a copy of any

instrument represented by Claimant to have been executed by Tenant (or any predecessor of Tenant) granting Claimant the right under various circumstances to take possession of such furniture, fixtures, equipment or other property, without the necessity on the part of Landlord to inquire into the authenticity or legality of said instrument. The rights of Landlord herein stated shall be in addition to any and all other rights that Landlord has or may hereafter have at law or in equity, and tenant stipulates and agrees that the rights granted Landlord under this paragraph are commercially reasonable.

22. MORTGAGES.

Subject to Tenant receiving a non-disturbance agreement from the mortgagee of the Property, Tenant accepts this Lease subject and subordinate to any mortgages and/or deeds of trust now or at any time hereafter constituting a lien or charge upon the Premises or the improvements situated thereon or the Building, provided, however, that if the mortgagee, trustee or holder of any such mortgage or deed of trust elects to have Tenant's interest in this Lease superior to any such instrument, then by notice to Tenant from such mortgagee, trustee or holder, this Lease shall be deemed superior to such lien, whether this lease was executed before or after said mortgage or deed of trust. If any mortgage, deed of trust or security agreement is enforced by the mortgagee, the trustee, or the secured party, Tenant shall, upon request, attorn to the mortgagee or purchaser at such foreclosure sale, or any person or party succeeding to the interest of Landlord as a result of such enforcement, as the case may be, and execute instrument(s) confirming such attornment. In the event of such enforcement and upon Tenant's attornment as aforesaid, Tenant will automatically become the tenant of the successor to Landlord's interest without change in the terms or provisions of this Lease; provided, however, that such successor to Landlord's interest shall not be bound by (a) any payment of Rent for more than one month in advance (except prepayments for security deposits, if any), or (b) any amendments or modifications of this Lease made without the prior written consent of such Lessor or mortgagee. Tenant, at any time hereafter on demand, shall execute any instruments, releases or other documents that may be required by any mortgagee, trustee or holder for the purpose of subjecting and subordinating this Lease to the lien of any such mortgage or to confirm Tenant's agreement of attornment. In consideration of Tenant's subordination and attornment agreements set forth above, Landlord shall provide Tenant with a non-disturbance agreement from its lender. Tenant shall not terminate this Lease or pursue any other remedy available to Tenant hereunder for any default on the part of Landlord without first giving written notice by certified or registered mail, return receipt requested, to any mortgagee, trustee or holder of any such mortgage or deed of trust, the name and post office address of which Tenant has received written notice, specifying the default in reasonable detail and affording such mortgagee, trustee or holder a reasonable opportunity (but in no event less than thirty (30) days) to make performance, at its election, for and on behalf of Landlord.

23. MECHANIC'S LIENS.

Tenant has no authority, express or implied to create or place any lien or encumbrance of any kind or nature whatsoever upon, or in any manner to bind, the interest of Landlord or Tenant in the Premises. Tenant will save and hold Landlord harmless from any and all loss, costs expense, including without limitation attorneys' fees, based on or arising out of asserted claims or liens against the leasehold estate or against the right, title and interest of the Landlord in the Premises or under the terms of this Lease.

24. MISCELLANEOUS.

A. INTERPRETATION. The captions inserted in this lease are for convenience only and in no way define, limit or otherwise describe the scope or intent of this Lease, or any provision hereof, or in any way affect the interpretation of this Lease. Any reference in this Lease to rentable area shall mean the gross rentable area as determined by the roofline of the building in question.

B. BINDING EFFECT. Except as otherwise herein expressly provided, the terms, provisions and covenants and conditions in this Lease shall apply to, inure to the benefit of and be binding upon the parties hereto and upon their respective heirs, executors, personal representatives, legal representatives, successors and assigns. Landlord shall have the right to transfer and assign, in whole or in part, its rights and obligations in the Premises and in the Building and other property that are the subject of this Lease.

C. EVIDENCE OF AUTHORITY. Tenant agrees to furnish to Landlord, promptly upon demand, a corporate resolution, proof of due authorization by partners or other appropriate documentation evidencing the due authorization of such party to enter into this Lease.

D. FORCE MAJEURE. Landlord shall not be held responsible for delays in the performance of its obligations hereunder when caused by material shortages, acts of God, labor disputes or other events beyond the control of Landlord.

E. PAYMENTS CONSTITUTE RENT. Notwithstanding anything in this Lease to the contrary, all amounts payable by Tenant to or on behalf of Landlord under this Lease, whether or not expressly denominated as rent, shall constitute rent.

F. ESTOPPEL CERTIFICATES. Tenant agrees from time to time, within ten (10) days after request of Landlord to deliver to Landlord, or Landlord's designee, an estoppel certificate stating that this Lease is in full force and effect, the date to which rent has been paid, the unexpired term of this Lease, any defaults existing under this Lease (or the absence thereof) and such other factual or legal matters pertaining to this Lease as may be requested by Landlord. It is understood and agreed that Tenant's obligation to furnish such estoppel certificates in a timely fashion is a material inducement for Landlord's execution of this Lease. Tenant's failure to timely comply with the requirements of this Paragraph 24F will constitute an Event of Default under this Lease, notwithstanding the existence of any notice and opportunity to cure periods which would otherwise apply to extend the time period within which Tenant may respond.

G. ENTIRE AGREEMENT. This Lease constitutes the entire understanding and agreement of Landlord and Tenant with respect to the subject matter of this Lease, and contains all of the covenants and agreements of Landlord and Tenant with respect thereto. Landlord and Tenant each acknowledge that no representations, inducements, promises or agreements, oral or written, have been made by Landlord or Tenant, or anyone acting on behalf of Landlord or Tenant, which are not contained herein, and any prior agreements, promises, negotiations or representations not expressly set forth in this Lease are of no force or effect. EXCEPT AS SPECIFICALLY PROVIDED IN THIS LEASE, TENANT HEREBY WAIVES THE BENEFIT OF ALL WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE PREMISES, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTY THAT THE PREMISES ARE SUITABLE FOR ANY PARTICULAR PURPOSE. Landlord's agents and employees do not and will not have the authority to make exceptions, changes or amendments to this Lease, or factual representations not expressly contained in this Lease. Under no circumstances shall Landlord or Tenant be considered an agent of the other. This Lease may not be altered, changed or amended except by an instrument in writing signed by both parties hereto.

H. SURVIVAL OF OBLIGATIONS. All obligations of Tenant hereunder not fully performed as of the expiration or earlier termination of the term of this Lease shall survive the expiration or earlier termination of the term hereof, including without limitation all payment obligations with respect to taxes and insurance and all obligations concerning the condition and repair of the Premises. Upon the expiration or earlier termination of the term hereof, and prior to Tenant vacating the Premises, Tenant shall pay to Landlord any amount reasonable estimated by Landlord as necessary to put the Premises in good condition and repair, reasonable wear and tear excluded, including without limitation the cost of repairs to and replacements of all heating and air conditioning systems and equipment therein. Tenant shall also, prior to vacating the Premises, pay to Landlord the amount, as estimated by Landlord, of Tenant's obligation hereunder for real estate taxes and insurance premiums for the year in which the Lease expires or terminates. All such amounts shall be used and held by Landlord for payment of such obligations of Tenant hereunder, with Tenant being liable for any additional costs therefore upon demand by Landlord, or with any excess to be returned to Tenant after all such obligations have been determined and satisfied, as the case may be. Any Security Deposit held by Landlord may, at Landlord's option, be credited against any amounts due from Tenant under this Paragraph 24H.

I. SEVERABILITY OF TERMS. If any clause or provision of this Lease is illegal, invalid or unenforceable under present or future laws effective during the term of this Lease, then, in such event, it is the intention of the parties hereto that the remainder of this Lease shall not be affected thereby, and it is also the intention of the parties to this Lease that in lieu of each clause or provision of this lease that is illegal, invalid or unenforceable, there be added, as a part of this Lease, a clause or provision as similar in terms to such illegal, invalid or unenforceable clause or provision as may be possible and be legal, valid and enforceable.

J. EFFECTIVE DATE. All references in this Lease to "the date hereof" or similar references shall be deemed to refer to the last date, in point of time, on which all parties hereto have executed this Lease.

K. BROKERS' COMMISSION. Tenant represents and warrants that it has dealt with Oxford Commercial and Pyramid Properties, Inc. in connection with this transaction or future related transactions and that no other broker, agent or other person brought about this transaction, and Tenant agrees to indemnify and hold Landlord harmless from and against any claims by any broker, agent or other person claiming a commission or other form of compensation by virtue of having dealt with Tenant with regard to this leasing transaction.

L. AMBIGUITY. Landlord and tenant hereby agree and acknowledge that this Lease has been fully reviewed and negotiated by both Landlord and Tenant, and that Landlord an Tenant have each had the opportunity to have this Lease reviewed by their respective legal counsel, and, accordingly, in the event of any ambiguity herein, Tenant does hereby waive the rule of construction that such ambiguity shall be resolved against the party who prepared this Lease.

M. THIRD PARTY RIGHTS. Nothing herein expressed or implied is intended, or shall be construed, to confer upon or give to any person or entity, other than the parties hereto, any right or remedy under or by reason of this Lease.

N. EXHIBITS AND ATTACHMENTS. All exhibits, attachments, riders and addenda referred to in this Lease, and the exhibits listed herein below and attached hereto, are incorporated into this lease and made a part hereof for all intents and purposes as if fully set out herein. All capitalized terms used in such documents shall, unless otherwise defined therein, have the same meanings as are set forth herein.

0. APPLICABLE LAW. This Lease has been executed in the State of Texas and shall be governed in all respects by the laws of the State of Texas. It is the intent of Landlord and Tenant to conform strictly to all applicable state and federally usury laws. All agreements between Landlord and Tenant, whether now existing or hereafter arising and whether written or oral, are hereby expressly limited so that in no contingency or event whatsoever shall the amount contracted for, charged or received by Landlord for the use forbearance or retention of money hereunder or otherwise exceed the maximum amount which Landlord is legally entitled to contract for, charge or collect under the applicable state or federal law. If, from any circumstance whatsoever, fulfillment of any provision hereof at the time performance of such provision shall be due shall involve transcending the limit of validity prescribed by law, then the obligation to be fulfilled shall be automatically reduced to the limit of such validity, and if from any such circumstance Landlord shall ever receive as interest or otherwise an amount in excess of the maximum that can be legally collected, then such amount which would be excessive interest shall be applied to the reduction of rent hereunder, and if such amount which would be excessive interest exceeds such rent, then such additional amount shall be refunded to Tenant.

25. NOTICES.

Each provision of this instrument or of any applicable governmental laws, ordinances, regulations and other requirements with reference to the sending, mailing or delivering of notice or the making of any payment by Landlord to Tenant or with reference to the sending, mailing or delivering of any notice or the making of any payment by Tenant to Landlord shall be deemed to be complied with when and if the following steps are taken:

(i) All rent and other payments required to be made by Tenant to Landlord hereunder shall be payable to Landlord at the address for Landlord set forth below or at such other address as Landlord may specify from time to time by written notice delivered in accordance herewith. Tenant's obligation to pay rent and any other amounts to Landlord under the terms of this lease shall not be deemed satisfied until such rent and other amounts have been actually received by Landlord.

(ii) All payments required to be made by Landlord to Tenant hereunder shall be payable to Tenant at the address set forth below, or at such other address within the continental United States as Tenant may specify from time to time by written notice delivered in accordance herewith.

(iii) Except as expressly provided herein, any written notice, document or payment required or permitted to be delivered hereunder shall be deemed to be delivered when received or, whether actually received or not, when deposited in the United States Mail, postage prepaid, Certified or Registered Mail, addressed to the parties hereto at the respective addresses set out below, or at such other address as they have theretofore specified by written notice delivered in accordance herewith.

LANDLORD'S ADDRESS:

S.W. Office Building, Ltd.
c/o Pyramid Properties
1717 West Sixth Street, Suite 380
Austin, Texas 78703

TENANT'S ADDRESS:

(Prior to Commencement Date)

Silicon Laboratories, Inc.

2024 E. St. Elmo Road

Austin TX 78744-1018

(After Commencement Date)

Silicon Laboratories, Inc.
4609 Southwest Parkway
Austin, TX 78735

Silicon Laboratories, Inc.
4609 Southwest Parkway
Austin, Texas 78735

26. EXHIBITS.

EXHIBITS "A", "B" "C" and "D" are attached hereto and are hereby incorporated into this Lease as fully as if herein set forth at length.

27. TENANT'S RIGHT TO OBTAIN FINANCING FOR AND TO LEASE TENANT'S PERSONAL PROPERTY AND EQUIPMENT.

Tenant shall have the right to grant any security interests in Tenant's REMOVABLE furniture, fixtures and equipment located in the Premises for the purpose of securing any indebtedness provided by a third party. Tenant may also lease any such furniture, fixtures and/or equipment from one or more equipment lessors and grant security interests in such furniture, fixtures and/or equipment to such equipment lessors in connection with such leases. Upon request Landlord will execute one or more consent and/or subordination agreements subordinating any landlord's lien rights held by Landlord to any such security interests or leases. Notwithstanding the foregoing, in no event will Tenant have the right to grant any lien, mortgage or security interest in any portion of the Building or in this Lease.

28. LANDLORD'S CONDITIONS TO PERFORMANCE

Notwithstanding anything contained in this Lease to the contrary, Landlord's obligations hereunder are specifically conditioned upon Landlord achieving substantial completion of the Premises not later than March 31, 1999. In the event Landlord does not achieve substantial completion of the Premises by March 31, 1999, Tenant, as Tenant's sole and exclusive remedy, may terminate this Lease in writing at any time after March 31, 1999 and before Landlord achieves substantial completion of the Premises. In the event Tenant terminates this Lease pursuant to this paragraph, Landlord will return all advance payments of rent and Security Deposits theretofore paid to Landlord by Tenant and all Letters of Credit theretofore delivered to Landlord by Tenant and will reimburse and refund Tenant for all moneys theretofore expended by Tenant in connection with the construction of the Interior Improvements pursuant to paragraph 5b of EXHIBIT "C" attached hereto, as well as any moneys remaining in the escrow account for Tenant's Proportionate Share of the cost of the Interior Improvements.

EXECUTED BY LANDLORD, this 26th day of June, 1998.

S.W. AUSTIN OFFICE BUILDING, LTD., A TEXAS LIMITED PARTNERSHIP

By: /s/ [ILLEGIBLE]

Name: [ILLEGIBLE]

Title: Partner

EXECUTED BY TENANT, this 25th day of June, 1998.

SILICON LABORATORIES, INC., A DELAWARE CORPORATION

By: /s/ Navdeep Sooch

Name: NAVDEEP SOOCH

Title: PRESIDENT

ATTACH EXHIBITS:

EXHIBIT "A" - Legal Description of the Property and Floor Plan of the Premises
EXHIBIT "B" - Schematic Plans for the Building
EXHIBIT "C" - Work Letter for Interior Improvements
EXHIBIT "D" - Renewal Option

EXHIBIT "A"
LEGAL DESCRIPTION OF THE PROPERTY

BUILDING: Tech Center Southwest

ADDRESS: 4609 Southwest Parkway, Suite 100
Austin, Texas 78735

LEGAL
DESCRIPTION: Lot 1, Boston 290 Office Park Section Two-A, a subdivision in Travis County, Texas, according to the map or plat of record in Volume 100, Pages 58-59 of the Plat Records of Travis County, Texas.

EXHIBIT "A"
FLOOR PLAN OF THE PROMISES

To be attached prior to execution

[FLOOR PLAN]

EXHIBIT "A"
SITE PLAN OF THE PROJECT

[SITE PLAN]

EXHIBIT "B"
PLANS FOR THE PROJECT

[PHOTO]

EXHIBIT "C"
WORK LETTER

1. INTERIOR IMPROVEMENTS.

Reference herein to "INTERIOR IMPROVEMENTS" shall include all work to be done in the Premises pursuant to the Interior Improvements Plans (defined in paragraph 2 below), including, but not limited to, partitioning, doors, ceilings, floor coverings, wall finishes (including paint, wallpaper, fabric and all other coverings), electrical (including lighting, switching, telephones, outlets, etc.), plumbing, heating, ventilating and air conditioning, fire protection, cabinets, and other millwork, and any other improvements required by Tenant which are not included in the Plans for the Project. Landlord and Tenant hereby agree that unless otherwise agreed to, the design architect for the Interior Improvements will be RTG Partners (the "INTERIOR DESIGN ARCHITECT") and the general contractor for the construction of the Interior Improvements will be Marcon Construction Company (the "CONTRACTOR").

2. INTERIOR IMPROVEMENTS PLANS.

Immediately after execution of the Lease, Tenant shall meet with representatives of the Interior Design Architect for the purpose of promptly preparing a space plan and selecting materials and finishes for the layout and construction of improvements in the Premises. After the preparation of the space plan and after Tenant's written approval thereof, the Interior Design Architect shall prepare final working drawings and specifications for the Interior Improvements based on the space plan and submit the same to Tenant for Tenant's approval. Such final working drawings and specifications are referred to herein as the "INTERIOR IMPROVEMENTS PLANS". A copy of the space plan and the Interior Improvements Plans, and each revised version thereof, shall also be submitted to Landlord for Landlord's reasonable approval simultaneously with submission to Tenant. Tenant shall promptly review each version of the space plan and the Interior Improvements Plans and deliver any comments to the Interior Design Architect expeditiously, and in no event later than five (5) days after receipt of the same, so that the Interior Improvements Plans are finally approved by Tenant within thirty (30) days after the date of this Lease. After approval of the Interior Improvements Plans by Landlord and Tenant, the same shall be submitted to the appropriate governmental body by the Interior Design Architect for plan checking and issuance of a building permit. The Interior Design Architect, with Tenant's cooperation, shall cause to be made to the Interior Improvements Plans any changes necessary to obtain the building permit. Landlord's approval of the Interior Improvements Plans shall create or impose no liability or responsibility on Landlord for their completeness, design sufficiency or compliance with all applicable laws, rules and regulations of governmental agencies or authorities. Tenant shall work together with the Interior Design Architect, Landlord and the Contractor diligently to finally approve the Interior Improvements Plans and the final pricing for the construction of the Interior Improvements not later than sixty (60) days after the date of this Lease.

3. FINAL PRICING AND DRAWING SCHEDULE.

After the approval of the Interior Improvements Plans by Landlord and Tenant, the Interior Improvement Plans shall be submitted to the appropriate governmental body by the Interior Design Architect for plan checking and the issuance of a building permit. Landlord, with Tenant's cooperation, shall cause to be made to Tenant Improvement Plans any changes necessary to obtain the building permit. Concurrently with the plan checking, Landlord shall have prepared a final pricing for Tenant's approval, taking into account any modifications which may be required to reflect changes in Tenant Improvement Plans required by the city or county in which the Premises are located. After final approval of the Tenant Improvement Plans, no further changes may be made thereto without the prior written approval from both Landlord and Tenant, and then only after agreement by Tenant to pay any excess costs resulting from the design and/or construction of such changes.

4. CONSTRUCTION OF INTERIOR IMPROVEMENTS.

After the Interior Improvement Plans have been prepared and approved, the final pricing, based on subcontractors' competitive bids, has been approved, a building permit for the Interior Improvements has been issued, and the construction of the Project has progressed to the point that the Contractor can begin construction of the Interior Improvements, the Contractor shall begin construction and installation of the Interior Improvements in accordance with Interior Improvement Plans. Landlord shall supervise the completion of such work and shall secure substantial completion of the work in a timely manner. The cost of such work shall be paid as provided in Section 5 below. Landlord shall not be liable for any direct or indirect damages as a result of delays in construction beyond Landlord's reasonable control arising as a result of acts of God or delays by Tenant or Tenant's agents or employees.

5. PAYMENT FOR THE INTERIOR IMPROVEMENTS.

a. Tenant shall be responsible for the entire cost of the design, construction and permitting of the Interior Improvements. In order to defray a portion of the cost of the Interior Improvements, however, Landlord hereby grants to Tenant an "INTERIOR IMPROVEMENTS ALLOWANCE" in the amount of Six

Hundred Eighty Thousand Four Hundred Dollars ($680,400.00). The Interior Improvements Allowance shall be used only for:

(1) Payment of the cost of space planning; provided, however, that not more than $0.10 per rentable square foot) of the Interior Improvements Allowance may be used for such planning work.

(2) Payment of the cost of preparing the Interior Improvements Plans, including mechanical, electrical, plumbing and structural drawings, and of all other aspects necessary to complete the Interior Improvements Plans; provided, however, that not more than $0.35 per rentable square foot of the Interior Improvements Allowance may be used for plan preparation.

(3) Payment of plan check, permit, and license fees relating to construction of the Interior Improvements.

(4) Construction of the Interior Improvements including, but not limited to, the following:

(a) Installation within the Premises of all partitioning, doors, cabinets, floor coverings, ceiling, wall coverings and painting, millwork, and similar items;

(b) All electrical wiring, lighting fixtures, outlets and switches, and other electrical work to be installed within the Premises;

(c) The furnishing and installation of all duct work, terminal boxes, diffusers, and accessories required for the completion of the heating, ventilation and air conditioning systems within the Premises;

(d) Any additional Tenant requirements, including, but not limited to, odor control, special heating, ventilation and air conditioning, noise or vibration control, or other special systems;

(e) All fire and life safety control systems such as fire walls, halon, fire alarms, including piping, wiring and accessories installed within the Premises;

(f) All plumbing, fixtures, pipes and accessories to be installed within the Premises;

(g) Testing and inspection costs; and

(h) Contractors' fees, including but not limited to any fees based on general conditions, and supervisory fees.

(5) All other costs to be expended by Landlord in the construction of the Interior Improvements in accordance with the Interior Improvements Plans.

b. In the event that the cost of installing the Interior Improvements, as established by Landlord's final pricing schedule, shall exceed the Interior Improvements Allowance, or if any of the Interior Improvements do not qualify for payment out of the Interior Improvement Allowance as provided in Paragraph 5 a, above, the amount which is in excess of the Interior Improvements Allowance (the "EXCESS") shall be paid by Tenant. Not later than sixty (60) days after the date of this Lease, Tenant shall deposit the Excess in a segregated account (the "ESCROW ACCOUNT") at a bank or savings institution in Austin, Texas acceptable to Landlord and upon which Landlord has sole signatory and withdrawal authority. Upon request by Landlord, Tenant will provide Landlord with evidence of the deposit of the Excess into the Escrow Account. Landlord shall pay Tenant's Proportionate Share of the cost of the construction of the Interior Improvements out of such Escrow Account periodically as such costs are incurred. As the construction of the Interior Improvements proceeds, Landlord will periodically provide Tenant with an invoice for Tenant's Proportionate Share of the cost of the Interior Improvements. "Tenant's Proportionate Share" of such costs from time to time shall be equal to the total cost of the Interior Improvements to the date of such invoice, minus the amount previously paid by Tenant under this paragraph, multiplied by a fraction, the numerator of which is the original amount of the Excess and the denominator of which is the total cost of the Interior Improvements. Simultaneously with delivery to Tenant of the backup invoice for each periodic installment of the cost to construct the Interior Improvements, Landlord will be authorized to draw Tenant's Proportionate Share of such costs out of the Escrow Account. Subject to the foregoing, Landlord will make payment to all suppliers of materials and labor in connection with the construction of the Interior Improvements.

c. In the event that, after the Interior Improvement Plans have been prepared and the final pricing therefor has been agreed to between Landlord and Tenant, Tenant shall require any changes or substitutions to the Interior Improvements Plans, any additional costs related thereto shall be paid by Tenant to Landlord prior to the commencement of construction of the Interior Improvements. Landlord shall have the right to decline Tenant's request for change to the Interior Improvement Plans if, in Landlord's opinion, such changes would unreasonably delay construction of the Interior Improvements.

d. No unused portion of the Interior Improvement Allowance shall be refunded to Tenant or available to Tenant as a credit against any obligations of Tenant under the Lease.

e. No portion of the Interior Improvements Allowance will be disbursed by Landlord until such time as the Interior Improvements Plans have been finalized and agreed to by Landlord and Tenant, the final pricing for the construction and installation of the Interior Improvements has been agreed to by Tenant and any Excess (as such term is defined in paragraph 5 b, above) has been deposited by Tenant into the account referred to in paragraph 5b, above.

6. WARRANTY.

Landlord will provide a one year warranty on the construction and installation of the Interior Improvements. Landlord will pass any

subcontractors' and manufacturers' warranties on all appliances and equipment but Landlord will not provide any warranty with respect to appliances or equipment installed for Tenant.

EXHIBIT "D"
RENEWAL OPTION

1. OPTION TO RENEW TERM.

Landlord grants to Tenant the right (the "RENEWAL OPTION") to renew this Lease with respect to all, but not less than all, of the Premises for one (1) additional term of five (5) years (the "RENEWAL TERM"), such Renewal Term commencing upon the expiration of the initial Term and continuing for five (5) years thereafter. The Renewal Option is granted on the same terms, conditions and covenants set forth in this Lease, except as provided below. The Renewal Option may be exercised only by written notice (the "NOTICE") delivered to Landlord no earlier than two hundred forth (240) days before, and no later than one hundred eighty (180) days before, the expiration of the initial Lease Term. If Tenant fails to deliver Landlord written Notice of the exercise of the Renewal Option within the prescribed time period, the Renewal Option shall lapse, and thereafter shall be null and void and of no further force or effect and Tenant shall be deemed to have waived its right to renew or extend the Lease Term under this EXHIBIT "D". The Renewal Option may only be exercised by Tenant on the express condition that, at the time of the exercise, Tenant is not in default under any of the provisions of this Lease. The Renewal Option is personal to Tenant and may not be exercised by any assignee or subtenant without Landlord's written consent. In addition, Tenant shall not have the right to exercise the Renewal Option of any portion of the Premises is subleased or if any portion of the Lease has been assigned by Tenant.

a. Upon receipt of the Renewal Option Notice, Landlord will deliver Tenant notice of the Base Rent to be in effect for the Renewal Term. In no event shall the Base Rent for the Renewal Term be less than the rate of Base Rent in effect at the expiration of the initial Term. Such Base Rent shall be equal to market rent for comparable space as reasonably determined by Landlord, it being understood that as of the date of this Lease, there is no space which is comparable to the Premises in the vicinity of the Premises. Upon receipt of Landlord's determination of the Base Rent for the Renewal Term, Tenant shall have the right to accept or reject the same. If Tenant specifically rejects Landlord's designation of Base Rent for the Renewal Term in writing within five (5) days after Landlord has notified Tenant of the Base Rent for the Renewal Term then Tenant, as its sole remedy, will be deemed to have revoked its election to renew the term of this Lease, whereupon the Renewal Option will, be deemed to have been waived by Tenant and the Renewal Option shall lapse, and thereafter shall be null and void and of no further force or effect. If Tenant fails to deliver notice of rejection of the Base Rent within the five (5) day period referred to above, Tenant shall be deemed to have accepted Landlord's designation of Base Rent for the Renewal Term and Tenant may not thereafter revoke its election to Renew.

b. Tenant shall pay Base Rent during the Renewal Term to Landlord in monthly installments in the amount or amounts determined pursuant to paragraph a, above, along with all other Rent and other amounts due under the Lease, including without limitation, all rental adjustments pursuant to Paragraph 2C of the Lease.

c. Landlord shall not be obligated to make any alterations or improvements to the Premises during or in connection with the Renewal Term.

d. Except for the Renewal Option described above, Tenant shall have no further right to renew or extend this Lease.

FIRST AMENDMENT TO LEASE AGREEMENT

THIS FIRST AMENDMENT TO LEASE AGREEMENT (this "FIRST AMENDMENT") is entered into by and between S.W. AUSTIN OFFICE BUILDING, LTD., A TEXAS LIMITED PARTNERSHIP ("LANDLORD"), and SILICON LABORATORIES, INC., A DELAWARE CORPORATION ("TENANT") effective as of the 29th day of July, 1998.

RECITALS

A. Landlord and Tenant executed a certain Lease Agreement (the "LEASE") dated June 25, 1998, covering approximately 37,800 square feet of space in a building to be built (the "BUILDING") located at 4635 Boston Lane, Austin, Texas 78735.

B. The Lease and the Ancillary Agreements (hereinafter defined) incorrectly refer to the address of the Building as being 4609 Southwest Parkway instead of 4635 Boston Lane.

C. Landlord and Tenant desire to amend the Lease and the Ancillary Agreements to correct the address of the Building stated therein.

NOW, THEREFORE, in consideration of the premises, and for Ten and No/100 Dollars ($10.00) and other good and valuable consideration, Landlord and Tenant agree as follows:

AGREEMENTS

1. AMENDMENT TO LEASE AND ANCILLARY DOCUMENTS. All references in the Lease and in all documents and instruments executed in connection therewith, including, without limitation, that certain Side Letter Agreement (regarding environmental report), that certain Letter Agreement (regarding approval of the issuer of the Letter of Credit and zoning), that certain Parking Structure Agreement, and that certain Right of First Refusal and Option Agreement (collectively, the "ANCILLARY AGREEMENTS") to the address of the Building as being 4609 Southwest Parkway are hereby amended to provide that the address of the Building is 4635 Boston Lane, Austin, Texas 78735.

2. CAPITALIZED TERMS. All capitalized terms used herein shall have the meaning ascribed to them in the Lease unless specifically defined herein.

3. EFFECT OF AMENDMENT. The Lease and the Ancillary Agreements, as hereby amended, shall continue in full force and effect. All of the other terms of the Lease and the Ancillary Agreements shall remain unchanged and shall continue in full force and effect.

4. COUNTERPARTS. This First Amendment may be executed in several counterparts and all counterparts so executed shall together be deemed to constitute one final agreement as if signed by all parties hereto and all counterparts shall be deemed to be an original.

5. AMENDMENT CONTROLLING. The provisions of this First Amendment shall supersede and control over any conflicting provisions in the Lease and the Ancillary Agreements.

EXECUTED to be effective as of the date first above written.

LANDLORD:

S.W. AUSTIN OFFICE BUILDING, LTD., A TEXAS LIMITED PARTNERSHIP

By: [ILLEGIBLE]

Name:

Title:

TENANT:

SILICON LABORATORIES, INC., A DELAWARE CORPORATION

By: /s/ Navdeep Sooch

Name: Navdeep S. Sooch

Title: President

SECOND AMENDMENT TO LEASE AGREEMENT

THIS SECOND AMENDMENT TO LEASE AGREEMENT (this "SECOND AMENDMENT") is entered into by and between S.W. AUSTIN OFFICE BUILDING, LTD., A TEXAS LIMITED PARTNERSHIP ("LANDLORD"), and SILICON LABORATORIES, INC., A DELAWARE CORPORATION ("TENANT"), effective as of the 20th day of August, 1998.

RECITALS

A. Landlord and Tenant executed a certain Lease Agreement (the "ORIGINAL LEASE") dated June 25, 1998, covering approximately 37,800 square feet of space in a building to be built (the "BUILDING") located at 4635 Boston Lane, Austin, Texas 78735.

B. Landlord and Tenant have heretofore amended the Original Lease pursuant to that certain First Amendment to Lease Agreement dated July 29, 1998 (the "FIRST AMENDMENT").

C. Tenant desires to delay the construction of the Interior Improvements and the Commencement Date of the Lease Term and to provide for an option to terminate the Lease.

D. In order to accommodate the foregoing, Landlord and Tenant now desire to further amend the Lease as hereinafter set forth.

NOW, THEREFORE, in consideration of the premises, and for Ten and No/100 Dollars ($10.00) and other good and valuable consideration, Landlord and Tenant agree as follows:

AGREEMENTS

1. AMENDMENT TO LEASE AND ANCILLARY AGREEMENTS. The Original Lease, as amended by the First Amendment, is hereinafter referred to as the "Lease".

2. PAYMENT FOR BUILDING SHELL CHANGE ORDERS. Prior to the execution hereof, Tenant has remitted payment to Landlord for two change orders to the base building requested by Tenant in the respective amounts of $29,720.00 and $11,950.00. Landlord and Tenant agree that the amounts stated in the foregoing sentence constitute reimbursements to Landlord for the cost of changes to the Building which were requested by Tenant and therefore, such amounts are not refundable to Tenant under any circumstances.

3. REVISED DUE DATE FOR DELIVERY OF LETTER OF CREDIT. The Letter of Credit referenced in SECTION 2 of the Lease shall be delivered to Landlord on or before September 8, 1998.

4. LIMITED RIGHT OF TERMINATION. Landlord hereby grants Tenant a limited right of termination of the Lease as set forth in this paragraph 4. Tenant may exercise the option to terminate the Lease by failing to deliver the Letter of Credit by September 8, 1998, for any

reason. Tenant's failure to deliver the Letter of Credit in the required form by September 8, 1998 will constitute an irrevocable election on Tenant's part to terminate the Lease. In the event the Lease is terminated pursuant to this paragraph, Landlord, as Landlord's sole and exclusive remedy, will retain the $151,200.00 lease termination cash security deposit heretofore tendered by Tenant as a lease termination fee and not as a penalty. It is agreed that the $151,200 fee is a 2 reasonable fee and constitutes just compensation for the right to terminate the Lease as set forth above.

5. OXFORD COMMERCIAL, INC. COMMISSION IN THE EVENT OF TERMINATION OF LEASE. In the event the Lease is terminated pursuant to Paragraph 4, above, Tenant will assume all responsibility for payment of all leasing commissions, if any, due or payable to Oxford Commercial, Inc. in connection with the Lease. Oxford Commercial, Inc. agrees to look only to Tenant for payment of all compensation due or to become due in connection with the Lease. In the event of termination of the Lease in accordance with Paragraph 4, above, Oxford Commercial, Inc. and Tenant will indemnify, defend and hold Landlord harmless from any cost or claim of Oxford Commercial, Inc., or any agent, broker or person claiming a right to a leasing commission or fee by, through or under Oxford Commercial, Inc., by reason of the Lease. The indemnity obligations set forth herein shall survive any termination or cancellation of the Lease notwithstanding any contrary provision contained herein or therein. Oxford Commercial, Inc. hereby joins in the execution of this Second Amendment to confirm its agreement to be bound by the provisions of this Paragraph 5.

6. DELAY OF COMMENCEMENT OF CONSTRUCTION OF INTERIOR IMPROVEMENTS. At Tenant's request, Landlord agrees to delay the commencement of construction of the Interior Improvements until finalization of the Interior Improvements Plans as set forth in paragraph 7, below. It is acknowledged and agreed that Landlord may commence construction of the Interior Improvements at any time after the finalization of the Interior Improvements Plans in order to meet Landlord's construction schedule. Pursuant to paragraph 10, below, Tenant is not required to pay the Excess into the Escrow Account until January 4, 1999. Landlord's election to commence construction of the Interior Improvements prior to January 4, 1999, will not operate to accelerate Tenant's obligation to pay the Excess into the Escrow Account prior to January 4, 1999.

7. FINALIZATION OF INTERIOR IMPROVEMENTS PLANS. In the event the Lease is not terminated as aforesaid, Tenant will proceed to finalize the Interior Improvements Plans not later than November 30, 1998, in order to enable Landlord to achieve substantial completion of the Interior Improvements in a timely manner.

8. DELAY OF COMMENCEMENT DATE AND INTERIM RENT PAYMENTS. The Commencement Date shall be determined as set forth in SECTION 1B of the Lease except that the period from the Effective Date until January 1, 1999 shall not be includible as a Tenant Delay for purposes of SECTION 1B(ii) of the Lease. The Base Rent and other charges provided for in the Lease shall be due and payable in the manner and in the amounts set forth in the Lease, beginning on the Commencement Date. As consideration to Landlord (and provided that the Lease is not

terminated as provided in paragraph 4, above), Tenant will pay Landlord, in advance, without demand, deduction or set off, the sum of $20,000.00 per month as interim rent (the "INTERIM RENT") commencing on October 1, 1998 and continuing through the month of December, 1998, for a total of $60,000.00 in Interim Rent to be paid in $20,000.00 increments on October 1, 1998, November 1, 1998 and December 1, 1998.

9. SUBLEASING. Tenant does not intend to initially occupy the entirety of the Building. In order to defray a portion of the costs associated with leasing the Premises, however, Tenant intends to sublease portions of the Premises to third party users. Nothing in the foregoing sentence will be deemed to modify the provisions of SECTION 16 of the Lease or Landlord's obligations with respect thereto. Specifically, it is hereby confirmed that Landlord has the right to approve any subtenant of a portion of the Premises in accordance with the provisions of SECTION 16 of the Lease and Landlord has no obligation to assist Tenant in locating any acceptable subtenants.

10. CONSTRUCTION OF INTERIOR IMPROVEMENTS. In order to accommodate the foregoing changes, the following modifications will be made to the procedures set forth in EXHIBIT "C" of the Lease regarding the Interior Improvements:

a. The entire 37,800 sq. ft. building will be finished out at a minimum $18.000 per square foot level of finish, or as may be subsequently agreed to in writing between Landlord and Tenant on or before November 30, 1998.

b. The portion of the Premises to be occupied by Tenant may be finished out at a level which is higher than the $18.00 per square foot minimum level provided that the Excess (as such term is defined in SECTION 5b of EXHIBIT "C" attached to the Lease) shall be deposited by Tenant into the Escrow Account (as such term is defined in SECTION 5b of EXHIBIT "C" attached to the Lease) on or before January 4, 1999.

c. Any portion of the Premises not to be initially occupied by Tenant may be finished out on behalf of a subtenant at a level which is higher than the $18.00 per square foot minimum level provided that the Excess related to such portion of the Premises shall also be deposited by Tenant into the Escrow Account on or before January 4, 1999.

11. DELETION OF EXPANSION OPTION. The Expansion Option [as such term is defined in that certain Right of First Refusal and Option Agreement (the "RIGHT OF FIRST REFUSAL AND OPTION AGREEMENT") dated of even date with the Lease and executed by Landlord, Tenant and 290 Office Building, Ltd. regarding space in the office building located 5613 Highway 290 West, Austin, Texas], is hereby deleted in its entirety, is null, void and of no further force or effect, as fully as if the Expansion Option had never been granted in the first place.

12. SUSPENSION OF RIGHT OF FIRST REFUSAL. The Rights of First Refusal granted to Tenant in the Right of First Refusal and Option Agreement are hereby suspended until January

4, 1999. Accordingly, the Office Building Owner is free to lease any and all of the space in the Office Building to any party whatsoever without the obligation to offer any part thereof to Tenant through January 3, 1999, at which time Tenant's rights to the Rights of First Refusal, if any, will be deemed to be revived, but only to the extent provided in the Right of First Refusal and Option Agreement and only as to space leased after January 3, 1999.

13. AMENDMENT TO SECTION 28 OF THE LEASE. SECTION 28 of the Lease is hereby deleted in its entirety and is replaced with the following:

"Notwithstanding anything contained in this Lease to the contrary, Landlord's obligations hereunder are specifically conditioned upon Landlord achieving substantial completion of the Premises not later than June 30, 1999, subject to any extensions for force majeure and delays caused by Tenant (not including the suspension of the commencement of construction of the Interior Improvements until January 4, 1999). In the event Landlord does not achieve substantial completion of the Premises by June 30, 1999, Tenant, as Tenant's sole and exclusive remedy, may terminate this Lease in writing at any time after June 30, 1999 and before Landlord achieves substantial completion of the Premises. In the event Tenant terminates this Lease pursuant to this paragraph, Landlord will return all advance payments of rent and Security Deposits theretofore paid to Landlord by Tenant and all Letters of Credit theretofore delivered to Landlord by Tenant and will reimburse and refund Tenant for all moneys theretofore expended by Tenant in connection with the construction of the Interior Improvements pursuant to paragraph 5b of EXHIBIT "C" attached hereto, as well as any moneys remaining in the escrow account for Tenant's Proportionate Share of the cost of the Interior Improvements."

14. CAPITALIZED TERMS. All capitalized terms used herein shall have the meaning ascribed to them in the Lease unless specifically defined herein.

15. EFFECT OF AMENDMENT. The Lease and the Ancillary Agreements (as defined in the First Amendment), as hereby amended, shall continue in full force and effect. All of the other terms of the Lease and the Ancillary Agreements shall remain unchanged and shall continue in full force and effect.

16. COUNTERPARTS. This Second Amendment may be executed in several counterparts and all counterparts so executed shall together be deemed to constitute one final agreement as if signed by all parties hereto and all counterparts shall be deemed to be an original.

17. AMENDMENT CONTROLLING. The provisions of this Second Amendment shall supersede and control over any conflicting provisions in the Lease and the Ancillary Agreements.

EXECUTED to be effective as of the date first above written.

LANDLORD:

S.W. AUSTIN OFFICE BUILDING, LTD., A TEXAS LIMITED PARTNERSHIP

By: /s/ Manuel Zuniga

Name: MANUEL ZUNIGA

Title: PARTNER

TENANT:

SILICON LABORATORIES, INC., A DELAWARE CORPORATION

By: /s/ Navdeep Sooch

Name: NAVDEEP SOOCH

Title: PRESIDENT

EXECUTED by the undersigned for purposes of Paragraph 5, above.

OXFORD COMMERCIAL, INC., A TEXAS CORPORATION

By: /s/ Michael K. Tipps

Name: Michael K. Tipps

Title: Managing Principal

LEASE AGREEMENT

Between

STRATUS 7000 WEST JOINT VENTURE

as Landlord,

and

SILICON LABORATORIES INC.

as Tenant,

Covering approximately 34,531 rentable square feet
of the Building known (or to be known) as

7000 West at Lantana, Building 1

located at

7000 West William Cannon Drive

Austin, Texas 78735

BASIC LEASE INFORMATION

Lease Date:	October 27, 1999
Tenant:	Silicon Laboratories Inc.
Tenant's Address:	4635 Boston Lane --- Austin Texas 78735 --- --- ---
Contact:	John McGovern
Telephone:	(512) 416-8500 ---
Landlord:	Stratus 7000 West Joint Venture
Landlord's Address:	c/o Stratus Management, L.L.C. 98 San Jacinto, Suite 220 Austin, Texas 78701
Contact:	Rick Lindley
Telephone:	478-5788
Premises:	Suite No. ____ containing approximately 34,531 rentable square feet on the second floor of the Building. The Premises are outlined on the plan attached to the Lease as EXHIBIT A-1. The Premises are measured using 1996 BOMA useable standards multiplied by the Building Factor of 1.0881.
Building:	7000 West at Lantana Building 1, which contains 66,606 of rentable square feet and is located or to be located on the land described on EXHIBIT A attached hereto (the "LAND").
Project:	7000 West at Lantana, which includes the Building, one (1) other office building known (or if not yet constructed, to be known) as Building 2 and related parking facilities and commons areas, as shown on EXHIBIT A-2 attached hereto.
Development:	All improvements within the Project plus all other improvements owned by Landlord and Landlord's affiliates in an area in the Lantana Corporate Center bounded by William Cannon Drive West on the west, Southwest Parkway on the north, and Vega running on the southern boundary.
Term:	Seventy-six (76) months, commencing the later of: i) February 1, 2000 or ii) the date upon which the Work improvements set forth in EXHIBIT D have been Substantially Completed (the "Commencement Date") and ending at 5:00 p.m., May 31, 2006, subject to adjustment based on the date of Substantial Completion and earlier termination as provided in the Lease.
Substantial Completion:	The term "Substantially Completed" or "Substantial Completion" shall mean that, in the opinion of the architect and space planner that prepared the Working Drawings, such Work has been substantially completed in accordance with the Working Drawings, the Premises are in good and satisfactory condition, with the exception of completion of minor details of construction, mechanical adjustments or decorations which do not materially interfere with Tenant's use of the Premises that remain to be performed (items normally referred to as "punch list" items), and the City of Austin has issued a certificate of occupancy for the Premises; provided, however, that if and to the extent Substantial Completion would have occurred earlier but for any Tenant Delays (as defined in Exhibit D), Substantial Completion shall be deemed to have occurred on the date it would have occurred but for those Tenant Delays.

Basic Rental:	(i) for month 1-6, $22,301.27 per month, which is based on an Annual Basic Rental of $15.50 per rentable square foot, but only on 17,265.5 square feet (1/2 of the Premises) (i.e., the rent on 1/2 of the Premises is being abated for six months); provided, however, that, during months 1-6, Tenant shall pay Basic Rent to Landlord for any space occupied by Tenant for office use (as contrasted to storage) over and above 17,265.5 square feet on a per diem basis at a rate of $15.50 per rentable square foot/year; (ii) for months 7-24, $44,602.54 per month, which is based on an annual Basic Rental of $15.50 per rentable square foot on the full 34,531 square feet; (iii) for months 25-48, $47,480.12 per month, which is based on an annual Basic Rental of $16.50 per rentable square foot and (iv) for months 49-76, $48,918.92 per month, which is based on an annual Basic Rental of $17.00 per rentable square foot.
Security Deposit:	$64,745.62 in cash and the Letter of Credit (as defined in Section 6)
Rent:	Basic Rental, Tenant's Proportionate Share of Basic Costs and all other sums that Tenant may owe to Landlord under the Lease.
Permitted Use:	General office use including ancillary uses related to general office use, including the operation of vending machines within the Premises for use by Tenant's employees and visitors.
Tenant's Proportionate Share:	51.84%, which is the percentage obtained by dividing (a) the 34,531 rentable square feet in the Premises by (b) the 66,606 rentable square feet in the Building.
Tenant's Estimated Proportionate Share of Basic Costs:	Costs of $7.00 per rentable square foot ($20,143.08 per month) beginning on the Commencement Date and on the first day of each calendar month thereafter through December 31, 2000; provided, however, that Tenant's Estimated Proportionate Share of Basic Costs shall be abated as to 17,265.5 square feet out of the total 34,531 square feet within the Premises for months 1-6 (I.E., the estimated amount of Tenant's Proportionate Share of Basic Costs for months 1-6 of the Lease is $10,071.54 per month). Notwithstanding the foregoing, during months 1-6, Tenant shall pay Tenant's Estimated Proportionate Share of Basic Costs to Landlord for any space occupied by Tenant over and above 17,265.5 square feet on a per diem basis billed monthly in arrears at a rate of $7.00 per rentable square foot/year. Furthermore, the abatements provided for in this paragraph shall apply to utilities, as described in paragraph 4 of Exhibit C attached hereto, so long as the HVAC system, lighting (except basic and emergency lighting) and all office machinery and equipment is operated during the abatement period only in that certain approximately 17,265.5 square feet of the Premises shown on Exhibit A-1 attached hereto as the "Initial Space". If the HVAC system, lighting (except basic and emergency lighting) or any office machinery or equipment is operated in portions of the Premises other than the Initial Space during months 1-6, Tenant shall pay Tenant's Estimated Proportionate Share of the utility portion of Basic Costs to Landlord for all of the Premises on a per diem basis billed monthly in arrears. Beginning on January 1, 2001 and thereafter, the costs shall be paid by Tenant as set forth in Section 4(c) of the Lease.
Initial Liability Insurance Amount:	$3,000,000.00
Maximum Construction Allowance:	$24.00 per rentable square foot
Building's Proportionate Share:	The percentage obtained by dividing (a) the 66,606 rentable square feet contained within Building by (b) the number of completed rentable square feet contained within the Project; provided that Landlord and Tenant acknowledge that the Building's Proportionate Share be adjusted as additional completed rentable square feet are added to or subtracted from the Project. Currently, the Building's Proportionate Share equals 100%.

The foregoing Basic Lease Information is incorporated into and made a part of the Lease identified above. If any conflict exists between any Basic Lease Information and the Lease, then the Lease shall control.

LANDLORD: STRATUS 7000 WEST JOINT VENTURE
a Texas joint venture

By: OLY LANTANA, L.P., a Texas limited partnership, Joint Venturer

By: OLY LANTANA, GP, L.L.C., a Texas limted liability company, its General Partner

By: /s/ Hal R. Hall

Name:

Title:

By: STRATUS 7000 WEST, LTD., a Texas limited partnership, Joint Venturer

By: STRS, L.L.C., a Delaware limited liability company, its General Partner

By: STRATUS PROPERTIES INC., a Delaware limited liability company, its sole member

By: /s/ William H. Armstrong

William H. Armstrong, III
President and CEO

TENANT: SILICON LABORATORIES INC.

By: /s/ Navdeep S. Sooch

Navdeep S. Sooch
Chairman and CEO

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LIST OF DEFINED TERMS

LEASE

THIS LEASE AGREEMENT (this "LEASE") is entered into as of OCTOBER 27 1999, between Stratus 7000 West Joint Venture, a Texas joint venture ("LANDLORD"), and Silicon Laboratories, Inc. (TENANT").

DEFINITIONS AND BASIC PROVISIONS

1. The definitions and basic provision set forth in the Basic Lease Information (the "BASIC LEASE INFORMATION") executed by Landlord and Tenant contemporaneously herewith are incorporated herein by reference for all purposes.

LEASE GRANT

2. Subject to the terms of this Lease, Landlord leases to Tenant, and Tenant leases from Landlord, the Premises.

TERM

3. If the Commencement Date is not the first day of a calendar month, then the Term shall be extended by the time between the Commencement Date and the first day of the next month. If this Lease is executed before the Premises become available and ready for occupancy by Tenant, then (a) Tenant's obligation to pay Rent hereunder shall be waived until Landlord tenders possession of the Premises to Tenant, (b) the Term shall be extended by the time between the scheduled Commencement Date and the date on which Landlord tenders possession of the Premises to Tenant (which date will then be defined as the Commencement Date), (c) Landlord shall not be in default hereunder or be liable for damages therefor, and (d) Tenant shall accept possession of the Premises when Landlord tenders possession thereof to Tenant. By occupying the Premises, Tenant shall be deemed to have accepted the Premises in their condition as of the date of such occupancy, subject to the performance of punch-list items that remain to be performed by Landlord, if any. Tenant shall execute and deliver to Landlord, within ten days after Landlord has requested same, a letter confirming (1) the Commencement Date, (2) that Tenant has accepted the Premises, and (3) that Landlord has performed all of its obligations with respect to the Premises (except for punch-list items specified in such letter).

RENT

4. (a) PAYMENT. Tenant shall timely pay to Landlord the Basic Rental and all additional sums to be paid by Tenant to Landlord under this Lease, including the amounts set forth in EXHIBIT C, without deduction or set off except as otherwise expressly provided in Section 7(d), at Landlord's Address (or such other address as Landlord may from time to time designate in writing to Tenant). Basic Rental, adjusted as herein provided, shall be payable monthly in advance. The first monthly installment of Basic Rental shall be payable upon the Commencement Date of this Lease; thereafter, monthly installments of Basic Rental shall be due on the first day of the second full calendar month of the Term and continuing on the first day of each succeeding calendar month during the Term. Basic Rental for any fractional month at the beginning of the Term shall be prorated based on 1/365 of the current annual Basic Rental for each day of the partial month this Lease is in effect, and shall be due on the Commencement Date.

(b) CONSUMER PRICE INDEX INCREASES TO BASIC RENTAL. (Intentionally Omitted.)

(c) BASIC COSTS. Beginning on January 1, 2001 and thereafter, Tenant shall pay to Landlord, on the first day of each calendar month, an amount equal to the product of (1) 1/12 of the estimated Basic Costs (as described on EXHIBIT C), multiplied by (2) Tenant's Proportionate Share. From time to time during any calendar year after calendar year 2000, Landlord may in good faith estimate and re-estimate the Proportionate Share of Basic Costs to be due by Tenant for that calendar year and deliver a copy of the estimate or re-estimate to Tenant. Thereafter, the monthly installments of estimated Basic Costs payable by Tenant shall be appropriately adjusted in accordance with the estimations so that, by the end of the calendar year in question, Tenant shall have paid all of its Proportionate Share of Basic Costs as estimated in good faith by Landlord.

(d) ANNUAL COST STATEMENT. By April 1 of each calendar year, or as soon thereafter as practicable, Landlord shall furnish to Tenant a statement of Landlord's actual Basic Costs (the "ANNUAL COST STATEMENT") for the previous year (including calendar year 2000) adjusted as provided in Section 4.(e). If the Annual Cost Statement reveals that Tenant paid more for Basic Costs than

Tenant's Proportionate Share of Basic Costs in the year for which such statement was prepared, then Landlord shall credit Tenant for such excess during the following year; likewise, if Tenant paid less than Tenant's Proportionate Share of Basic Costs, then Tenant shall pay Landlord such deficiency within 30 days after delivery of the Annual Cost Statement in question; provided, however, that in no event shall Tenant's Proportionate Share of Basic Costs in any year (commencing with calendar year 2001) exceed the immediately preceding year's Proportionate Share of Basic Costs by more than six percent (6%) of such preceding year's Proportionate Share of Basic Costs, excluding Tenant's Proportionate Share of Basic Costs for insurance, taxes and utilities (none of which shall be subject to such yearly six percent (6%) maximum increase). Notwithstanding the foregoing, it is hereby acknowledged that the 6% cap on controllable Basic Costs shall be calculated on a cumulative basis (i.e., if the increase in costs in any given year is less than 6% then the difference between the actual percentage increase and 6% may be carried over to be used in subsequent years in which the increase exceeds 6%). Further, the parties acknowledge that for purposes of calculating the cap on Basic Costs in calendar year 2001, adjustments shall be made (subject to the limitations in Section 4(e) below) in order to reflect any abatements of the Basic Costs granted to Tenant for calendar year 2000, as provided in the Basic Lease Information.

(e) ADJUSTMENTS TO BASIC COSTS. With respect to any calendar year or partial calendar year in which the Building is not occupied to the extent of 95% of the rentable area thereof, the Basic Costs for such period shall, for the purposes hereof, be increased to the amount which would have been incurred had the Building been occupied to the extent of 95% of the rentable area thereof.

(f) AUDIT RIGHTS. Tenant and its agents shall have the right, upon ten (10) days' written notice, to audit, inspect and copy the books and records relating to the Basic Costs during normal business hours. If any audit shall accurately reflect a discrepancy between the actual Basic Costs and the amount shown on any Annual Cost Statement previously furnished Tenant, the parties shall reconcile the discrepancy. Tenant shall not be permitted to audit periods earlier than the immediately preceding two (2) years.

DELINQUENT PAYMENT; HANDLING CHARGES

5. All payments required of Tenant hereunder shall bear interest from the date due until paid at the maximum lawful rate. Alternatively, Landlord may charge Tenant a fee equal to 5% of the delinquent payment to reimburse Landlord for its cost and inconvenience incurred as a consequence of Tenant's delinquency. In no event, however, shall the charges permitted under this Section 5 or elsewhere in this Lease, to the extent the same are considered to be interest under applicable law, exceed the maximum lawful rate of interest. The interest and the 5% fee referenced in this Section 5 shall begin to accrue and only be payable by Tenant on the tenth (10th) day following written notice from Landlord notifying Tenant of Tenant's delinquency; provided, however, that in the event Landlord gives to Tenant notice of Tenant's delinquency two (2) times in any calendar year, the interest and the 5% fee referenced in this Section 5 shall begin to accrue and be payable by Tenant immediately (without notice) upon Tenant's third (3rd) delinquency (and any subsequent delinquencies) in such calendar year.

SECURITY DEPOSIT

6. Contemporaneously with the execution of this Lease, Tenant shall pay to Landlord, in immediately available funds, the Security Deposit, which shall be held by Landlord without liability for interest and as security for the performance by Tenant of its obligations under this Lease. The Security Deposit is not an advance payment of Rent or a measure or limit of Landlord's damages upon an Event of Default (defined below). Landlord may, from time to time and without prejudice to any other remedy, use all or a part of the Security Deposit upon and after an Event of Default to perform any obligation which Tenant was obligated, but failed, to perform hereunder. Following any such application of the Security Deposit, Tenant shall pay to Landlord on demand the amount so applied in order to restore the Security Deposit to its original amount. Within a reasonable time after the Term ends, provided Tenant has performed all of its obligations hereunder, Landlord shall return to Tenant the balance of the Security Deposit not applied to satisfy Tenant's obligations. If Landlord transfers its interest in the Premises, then Landlord shall assign the Security Deposit to the transferee and Landlord thereafter shall have no further liability for the return of the Security Deposit.

In addition to the cash Security Deposit above, Tenant shall deposit with Landlord on or before the thirtieth (30th) day after the date hereof, either additional cash or irrevocable stand-by letter(s) of credit in the amount of $500,000.00 (whether one or more, the "LETTER OF CREDIT"), which shall be held and/or applied by Landlord in accordance with this Section 6; however, the Letter of Credit is not

an advance rental deposit or a measure of Landlord's damages for an Event of Default (defined below). The Letter of Credit shall be

issued by a bank reasonably acceptable to Landlord and shall otherwise be in such form and contain such terms as are reasonably acceptable to Landlord. The Letter of Credit will be structured as successive one-year obligations for the entire term with rights to draw on the Letter of Credit of a substitute letter of credit of the proper amount is not in place within twenty (20) business days before expiration of the Letter of Credit. Landlord hereby approves Imperial Bank as the acceptable provider of the Letter of Credit in such form and terms set forth in EXHIBIT I "Letter of Credit Pro Form Wording." The amount of the Letter of Credit shall be decreased by 16.67% on each anniversary of the Commencement Date, so long as no Event of Default exists. Upon an Event of Default, Landlord may, in addition to all other rights and remedies afforded Landlord hereunder or by law, cash the Letter of Credit (as the same may have been reduced) and notify Tenant of such action and use and hold the same as a cash security deposit, which shall include the right to use any portion thereof to satisfy Tenant's unperformed obligations hereunder, without prejudice to any of Landlord's other remedies. If so used, Tenant shall pay Landlord an amount that will restore the Letter of Credit to its then amortized balance upon request. The Letter of Credit will be returned to Tenant within 30 days after the end of the Term, provided that Tenant has fully and timely performed its obligations hereunder throughout the Term. If Landlord sells its interest in the Building, the Letter of Credit shall be transferred to such purchaser, and Tenant hereby agrees to cooperate in effectuating any such transfer. Notwithstanding the foregoing, the Letter of Credit shall be returned to Tenant, so long as no Event of Default exists, if either of the following shall occur: (1) if Tenant is a privately owned company, an audited financial statement is provided to Landlord showing twelve (12) consecutive months' aggregate revenues in excess of $80,000,000.00 and an aggregate net operating income in excess of $8,000,000.00 for such 12 consecutive months; or (2) if Tenant is a publicly owned company, Securities and Exchange Commission filings containing financial statements are provided to Landlord showing four quarters' aggregate revenues in excess of $80,000,000.00 and a net operating income in excess of $8,000,000.00 (such period may include unaudited quarterly periods provided that they are filed with the Securities and Exchange Commission).

LANDLORD'S OBLIGATIONS

7. (a) SERVICES. Provided no Event of Default exists, Landlord shall furnish to Tenant (1) water (hot and cold) at those points of supply provided for general use of tenants of the Building; (2) heated and refrigerated air conditioning as appropriate, during normal business hours, and at such temperatures and in such amounts as are reasonably considered by Landlord to be standard; (3) janitorial service, in compliance with Tenant's confidential and proprietary procedures, to the Premises on weekdays other than holidays for Building-standard installations (Landlord reserves the right to bill Tenant separately for extra janitorial service required for non-standard installations) and such window washing as may from time to time in Landlord's judgment be reasonably required; provided, however, that Landlord, at its option, may decide to cease providing janitorial service to the Premises, in which event Tenant will be responsible for providing its own janitorial service and Tenant's Proportionate share of Basic Costs shall be equitably reduced to reflect the same; (4) elevators for ingress and egress to the floor on which the Premises are located, in common with other tenants, provided that Landlord may reasonably limit the number of elevators to be in operation at times other than during customary business hours and on holidays; (5) replacement of Building-standard light bulbs and fluorescent tubes; and (6) electrical current during normal business hours at a power capacity of 4 watts per rentable space foot for lighting and outlets ("Normal Usage"). Landlord shall maintain the common areas of the Building in reasonably good order and condition, except for damage occasioned by Tenant, or its employees, agents or invitees. If Tenant desires any of the services specified in this Section 7.(a) at any time other than times herein designated, such services shall be supplied to Tenant upon the written request of Tenant delivered to Landlord before 3:00 p.m. on the business day preceding such extra usage (except for heated and refrigerated air conditioning, which shall be immediately available to Tenant through use of an automated "on-demand" system to be installed by Landlord or, in the event such automated "on-demand" system is not available due to system failure, immediately provided by Landlord upon verbal request from Tenant, so long as such request is made during normal business hours), and Tenant shall pay to Landlord the cost of such services, which shall be provided at the same rate charged other tenants in the Building, within ten days after Landlord has delivered to Tenant an invoice therefor. As used herein, the term "normal business hours" shall mean from 7:00 a.m. to 7:00 p.m. Monday through Friday and from 8:00 a.m. to 1:00 p.m. on Saturdays, except for legal holidays. Based on a letter from Southwestern Bell, Landlord has confirmed fiber optics are to be provided to a point adjacent to the outside of the Building or at the telecommunications building at the northwest corner of Rialto and William Cannon. The provider of such fiber optics shall be Southwestern Bell. Tenant, if it so desires at Tenant's cost, shall be responsible and Landlord grants all consents for obtaining fiber

optics telecommunications service to the Premises from a point adjacent to the outside of the building or the telecommunication building (without additional rent for using risers or feeder space or otherwise); provided that in doing so Tenant shall not adversely affect the Building or Building systems or interfere with other tenants or building operations; and provided further that, Landlord has or will designate the Building as a multi-tenant building with Southwestern Bell, thereby making the Premises the point of demarcation for Tenant's fiber optics service.

(b) EXCESS UTILITY USE. Landlord shall use reasonable efforts to furnish electrical current for special lighting, computers and other equipment whose electrical energy consumption exceeds Normal Usage through the then-existing feeders and risers serving the Building and the Premises (not to exceed, however, 6.5 watts per rentable square foot), and Tenant shall pay to Landlord the cost of such service within ten days after Landlord has delivered to Tenant an invoice therefor. Landlord may determine the amount of such additional

consumption and potential consumption by either or both: (1) a survey of standard or average tenant usage of electricity in the Building performed by a reputable consultant selected by Landlord and paid for by Tenant; or (2) a separate meter in the Premises installed, maintained, and read by Landlord, at Tenant's expense. Tenant shall not install any electrical equipment requiring special wiring or requiring electrical current in excess of Normal Usage unless approved in advance by Landlord. The use of electricity in the Premises shall not exceed the capacity of existing feeders and risers to or wiring in the Premises. Any risers or wiring required to meet Tenant's excess electrical requirements shall, upon Tenant's written request, be installed by Landlord, at Tenant's cost, if, in Landlord's sole and absolute judgment, the same are necessary and shall not cause permanent damage or injury to the Building or the Premises, cause or create a dangerous or hazardous condition, entail excessive or unreasonable alterations, repairs, or expenses, or interfere with or disturb other tenants of the Building. If Tenant uses machines or equipment (other than general office machines, personal computers and electronic data processing equipment) in the Premises which affect the temperature otherwise maintained by the air conditioning system or otherwise overload any utility, Landlord may install supplemental air conditioning units or other supplemental equipment in the Premises, and the cost thereof, including the cost of installation, operation, use, and maintenance, shall be paid by Tenant to Landlord within ten days after Landlord has delivered to Tenant an invoice therefor.

(c) DISCONTINUANCE. Landlord's obligation to furnish services under Section 7.(a) shall be subject to the rules and regulations of the supplier of such services and governmental rules and regulations. Landlord may, upon not less than 30-days' prior written notice to Tenant, discontinue any such service to the Premises, provided Landlord first arranges for a fully functioning, equivalent capacity direct connection thereof through the supplier of such service. Tenant shall, however, be responsible for contracting with the supplier of such service and for paying all deposits for, and costs relating to, such service.

(d) RESTORATION OF SERVICES; ABATEMENT. Landlord shall use reasonable efforts to restore any service that becomes unavailable; however, such unavailability shall (i) not render Landlord liable for any damages caused thereby, (ii) be a constructive eviction of Tenant, (iii) constitute a breach of any implied warranty, or, except as provided in the next sentence, or (iv) entitle Tenant to any abatement of Tenant's obligations hereunder. However, if Tenant is prevented from making reasonable use of the Premises for more than 15 consecutive days (or 5 consecutive days if the reason for such unavailability is within the reasonable control of Landlord) because of the unavailability of any such service, Tenant shall, as its exclusive remedy therefor, be entitled to a reasonable abatement of Rent for each consecutive day (after such 15-day or 5-day period, as applicable) that Tenant is so prevented from making reasonable use of the Premises. Notwithstanding the foregoing, Tenant has the right to terminate the Lease effective sixty (60) days after Tenant notifies Landlord in writing of a material utility service (not including fiber optics) discontinuance, unless such utility service is restored within such 60-day period.

8. (a) IMPROVEMENTS: ALTERATIONS. Improvements to the Premises shall be installed at the expense of Tenant only in accordance with plans and specifications which have been previously submitted to and approved in writing by Landlord. After the initial Tenant improvements are made, no alterations or physical additions in or to the Premises may be made without Landlord's prior written consent. Tenant shall not paint or install lighting or decorations, signs, window or door lettering, or advertising media of any type on or about the Premises without the prior written consent of Landlord. All alterations, additions, or improvements (whether temporary or permanent in character, and including without limitation all air-conditioning equipment and all other equipment that is in any manner connected to the Building's plumbing system) made in or upon the Premises, either by Landlord or Tenant, shall be Landlord's property at the end of the Term and shall remain on the premises without compensation to Tenant. Approval by Landlord of any of Tenant's drawings and plans and specifications prepared in connection with any improvements in the Premises shall not constitute a representation or warranty of Landlord as to the adequacy or sufficiency of such drawings, plans and specifications, or the improvements to which they relate, for any use, purpose, or condition, but such approval shall merely be the consent of Landlord as required hereunder. Notwithstanding anything in this Lease to the contrary, Tenant shall be responsible for the cost of all work within the Premises required to comply with the retrofit requirements of the Americans with Disabilities Act of 1990, and all rules, regulations, and guidelines promulgated thereunder, as the same may be amended from time to time (the "ADA"), necessitated by any installations, additions, or alterations made in or to the Premises at the request of or by Tenant or by Tenant's use of the Premises (other than retrofit work whose cost has been particularly identified as being payable by Landlord in an instrument signed by Landlord and Tenant), and Landlord shall be responsible for the cost of all work required to comply with the ADA in connection with other areas of the

Building. Notwithstanding the foregoing, all moveable partitions, cubical furniture and de-mountable wall systems are to be considered personal property of the Tenant (similar to furniture) and may be erected, moved, re-configured and removed, including minor electrical connections, without consent from Landlord provided that the Building is returned to its original or otherwise satisfactory condition after such removal.

(b). REPAIRS; MAINTENANCE. Tenant shall maintain the Premises in a clean, safe, operable, attractive condition, and shall not permit or allow to remain any waste or damage to any portion of the Premises. Tenant shall repair or replace, subject to Landlord's direction and supervision any damage to the Building caused by Tenant or Tenant's agents, contractors, or invitees. If Tenant fails to make such repairs or replacements within 15 days after the occurrence of such damage, then Landlord may make the same at Tenant's cost. In lieu of having Tenant repair any such damage outside of the Premises, Landlord may repair

such damage at Tenant's cost. The cost of any repair or replacement work performed by Landlord under this Section 8 shall be paid by Tenant to Landlord within ten days after Landlord has delivered to Tenant an invoice therefor.

(c). PERFORMANCE OF WORK. All work described in this Section 8 shall be performed only by Landlord or by contractors and subcontractors approved in writing by Landlord. Tenant shall cause all contractors and subcontractors to procure and maintain insurance coverage against risks, in such amounts, and with such companies as Landlord may reasonably require, and to procure payment and performance bonds reasonably satisfactory to Landlord covering the cost of the work. All such work shall be performed in accordance with all legal requirements and in a good and workmanlike manner so as not to damage the Premises, the primary structure or structural qualities of the Building, or plumbing, electrical lines, or other utility transmission facility. All such work which may affect the HVAC, electrical system, or plumbing must be approved by the Building's engineer of record.

(d). MECHANIC'S LIENS. Tenant shall not permit any mechanic's liens to be filed against the Premises or the Building for any work performed, materials furnished or obligation incurred by or at the request of Tenant. If such a lien is filed, then Tenant shall, within ten days after Landlord has delivered notice of the filing to Tenant, either pay the amount of the lien or diligently contest such lien and deliver to Landlord a bond or other security reasonably satisfactory to Landlord. If Tenant fails to timely take either such action, then Landlord may pay the lien claim without inquiry as to the validity thereof, and any amounts so paid, including expenses and interest, shall be paid by Tenant to Landlord within ten days after Landlord has delivered to Tenant an invoice therefor.

USE

9. Tenant shall occupy and use the Premises only for the Permitted Use and shall comply with all laws, orders, rules, and regulations relating to the use, condition, and occupancy of the Premises. The Premises shall not be used for any use which is disreputable or creates extraordinary fire hazards or results in an increased rate of insurance on the Building or its contents or the storage of any hazardous materials or substances. If, because of Tenant's acts, the rate of insurance on the Building or its contents increases, Tenant shall pay to Landlord the amount of such increase on demand, and acceptance of such payment shall not constitute a waiver of any of Landlord's other rights. Tenant shall conduct its business and control its agents, employees, and invitees in such a manner as not to create any nuisance or interfere with other tenants or Landlord in its management of the Building.

ASSIGNMENT AND SUBLETTING

10. (a) TRANSFERS; CONSENT. Tenant shall not, without the prior written consent of Landlord (which shall not be unreasonably withheld, conditioned or delayed), (1) assign, transfer, or encumber this Lease or any estate or interest herein, whether directly or by operation of law, (2) permit any other entity to become Tenant hereunder by merger, consolidation, or other reorganization, (3) if Tenant is an entity other than a corporation whose stock is publicly traded, permit the transfer of an ownership interest in Tenant so as to result in a change in the current control of Tenant, (4) sublet any portion of the Premises, (5) grant any license, concession, or other right of occupancy of any portion of the Premises, or (6) permit the use of the Premises by any parties other than Tenant (any of the events listed in Sections 10.(a)(1) through 10.(a)(6) being a "TRANSFER"). If Tenant requests Landlord's consent to a Transfer, then Tenant shall provide Landlord with a written description of all terms and conditions of the proposed Transfer, copies of the proposed documentation, and the following information about the proposed transferee: name and address; reasonably satisfactory information about its business and business history; its proposed use of the Premises; banking, financial, and other credit information; and general references sufficient to enable landlord to determine the proposed transferee's creditworthiness and character. Tenant shall reimburse Landlord for its reasonable attorneys' fees and other expenses incurred in connection with considering any request for its consent to a Transfer. If Landlord consents to a proposed Transfer, then the proposed transferee shall deliver to Landlord a written agreement whereby it expressly assumes the Tenant's obligations hereunder; however, any transferee of less than all of the space in the Premises shall be liable only for obligations under this Lease that are properly allocable to the space subject to the Transfer, and only to the extent of the rent it has agreed to pay Tenant therefor. Landlord's consent to a Transfer shall not release Tenant from performing its obligations under this Lease, but rather Tenant and its transferee shall be jointly and severally liable therefor. Landlord's consent to any Transfer shall not waive Landlord's rights as to any subsequent Transfers. If an Event of Default occurs while the Premises or any part thereof are subject to a Transfer, then Landlord, in addition to its other remedies, may collect directly from such transferee all rents becoming due to Tenant and apply such rents against Rent. Tenant authorizes its transferees to make payments of rent directly to Landlord upon receipt of notice

from Landlord to do so provided such notice states that an Event of Default has occurred and is continuing. Notwithstanding the foregoing, Tenant may assign the Lease or sublease all or any portion of the Premises without Landlord's consent to any of the following (a "Permitted Transferee"), provided that the Permitted Transferee's financial condition, creditworthiness and business reputation following the transfer are equal to or exceed those of Tenant: (i) any successor corporation or other entity resulting from a merger or consolidation of Tenant; (ii) any purchaser of all or substantially all of Tenant's assets; or (iii) any entity which controls, is controlled by, or is under common control with Tenant; provided further, however, that a Permitted Transferee shall also include a sublessee that is an entity in which Tenant owns or controls greater than fifty percent (50%) of the ownership interests [or the right to vote such

ownership interest] and is in the same or similar business as Tenant without regard to such sublessee's financial condition or creditworthiness. Tenant shall give Landlord thirty (30) days prior written notice of such assignment or sublease. Any Permitted Transferee (other than a sublessee) shall assume in writing all of Tenant's obligations under this Lease. Tenant shall nevertheless at all times remain fully responsible and liable for the payment of rent and the performance and observance of all of Tenant's other obligations under this Lease. Nothing in this paragraph is intended to nor shall permit Tenant to transfer its interest under this Lease as part of a fraud or subterfuge to intentionally avoid its obligations under this Lease (for example, transferring its interest to a shell corporation that subsequently files a bankruptcy), and any such transfer shall constitute a Default hereunder.

(b) CANCELLATION. Landlord may, within ten (10) days after submission of Tenant's written request for Landlord's consent to a Transfer (except to a Permitted Transfer), cancel this Lease (or, as to a subletting or assignment, cancel as to the portion of the Premises proposed to be sublet or assigned) as of the date the proposed Transfer was to be effective. Notwithstanding the foregoing, Landlord shall not have a cancellation right with respect to a sublease that covers less than fifty percent (50%) of the Premises and is for less than three (3) years. If Landlord cancels this Lease as to any portion of the Premises, then this Lease shall cease for such portion of the Premises and Tenant shall pay to Landlord all Rent accrued through the cancellation date relating to the portion of the Premises covered by the proposed Transfer. Thereafter, Landlord may lease such portion of the Premises to the prospective transferee (or to any other person) without liability to Tenant.

(c) ADDITIONAL COMPENSATION. Tenant shall pay to Landlord, immediately upon receipt thereof, one-half (1/2) of all compensation received by Tenant for a Transfer that exceeds the sum of the Basic Rental and Tenant's share of Basic Costs allocable to the portion of the Premises covered thereby; provided, however, that Tenant shall be allowed to recoup its reasonable out of pocket expenses incurred in such Transfer (attorney's fees, brokerage commissions and costs of retrofitting the Premises) from such excess compensation before paying one-half (1/2) of such excess compensation to Landlord. Notwithstanding the foregoing, Tenant shall not be required to pay to Landlord additional compensation received by Tenant for a Transfer if (i) such Transfer is to a Permitted Transferee or (ii) such additional compensation is in the form of non-monetary compensation such as assignment of intellectual properties or warrants for shares of stock.

INSURANCE; WAIVERS; SUBROGATION; INDEMNITY

11. (a) TENANT'S INSURANCE. Tenant shall at its expense procure and maintain throughout the Term the following insurance policies: (1) comprehensive general liability insurance in amounts of not less than a combined single limit of $3,000,000 (the "INITIAL LIABILITY INSURANCE AMOUNT") or such other amounts as Landlord may from time to time reasonably require, insuring Tenant, Landlord, Landlord's agents and their respective affiliates against all liability for injury to or death of a person or persons or damage to property arising from the use and occupancy of the Premises by Tenant, (2) contractual liability insurance coverage sufficient to cover Tenant's indemnity obligations hereunder, (3) insurance covering the full value of Tenant's property and improvements, and other property (including property of others), in the Premises, (4) workman's compensation insurance, containing a waiver of subrogation endorsement reasonably acceptable to Landlord, and (5) business interruption insurance. Tenant's insurance shall provide primary coverage to Landlord when any policy issued to Landlord provides duplicate or similar coverage, and in such circumstance Landlord's policy will be excess over Tenant's policy. Tenant shall furnish certificates of such insurance and such other evidence satisfactory to Landlord of the maintenance of all insurance coverages required hereunder, and Tenant shall obtain a written obligation on the part of each insurance company to notify Landlord at least 30 days before cancellation or a material change of any such insurance. All such insurance policies shall be in form, and issued by companies, reasonably satisfactory to Landlord, The term "AFFILIATE " shall mean any person or entity which, directly or indirectly, controls, is controlled by, or is under common control with the party in question.

(b) LANDLORD'S INSURANCE. Landlord shall, during the term, maintain in full force the following insurance: (i) commercial general liability insurance insuring against any liability due to injury or death to any person or loss of or damage to property arising out of the operations of Landlord at the Building and/or arising out of the common areas, with coverage limits at least three million dollars ($3,000,000.00) per occurrence (which coverage may be through blanket or umbrella policies), and (ii) All-Risk Property insurance, issued by one or more insurance carriers covering the Building to the extent of its full replacement value (exclusive of improvements above building standard and foundation and excavation costs and other uninsurable

parts).

(c) WAIVER OF NEGLIGENCE CLAIMS; NO SUBROGATION. Landlord shall not be liable to Tenant or those claiming by, through, or under Tenant for any injury to or death of any person or persons or the damage to or theft, destruction, loss, or loss of use of any property or inconvenience (a "LOSS") caused by casualty, theft, fire, third parties, or any other matter (including Losses arising through repair or alteration of any part of the Building, or failure to make repairs, or from any other cause), REGARDLESS OF WHETHER THE NEGLIGENCE OF ANY PARTY CAUSED SUCH LOSS IN WHOLE OR IN PART EXCEPT FOR GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF LANDLORD OR ITS AGENTS. Landlord and Tenant each waives any claim it might have against the other for any

damage to or theft, destruction, loss, or loss of use of any property, to the extent the same is insured against under any insurance policy that covers the Building, the Premises, Landlord's or Tenant's fixtures, personal property, leasehold improvements, or business, or, in the case of Tenant's waiver, is required to be insured against under the terms hereof, REGARDLESS OF WHETHER THE NEGLIGENCE OR FAULT OF THE OTHER PARTY CAUSED SUCH LOSS; HOWEVER, LANDLORD'S WAIVER SHALL NOT INCLUDE ANY DEDUCTIBLE AMOUNTS ON INSURANCE POLICIES CARRIED BY LANDLORD OR APPLY TO ANY COINSURANCE PENALTY WHICH LANDLORD MIGHT SUSTAIN. Each party shall cause its insurance carrier to endorse all applicable policies waiving the carrier's rights of recovery under subrogation or otherwise against the other party.

(d) INDEMNITY. Subject to Section 11.(b), Tenant shall defend, indemnify, and hold harmless Landlord and its agents from and against all claims, demands, liabilities, causes of action, suits, judgments, and expenses (including reasonable attorneys' fees) for any Loss arising from any occurrence on the Premises or from Tenant's failure to perform its obligations under this Lease (other than a Loss arising from the sole or gross negligence or willful acts of Landlord or its agents), even though caused or alleged to be caused by the joint, comparative, or concurrent negligence or fault of Landlord or its agents. THIS INDEMNITY PROVISION IS INTENDED TO INDEMNIFY LANDLORD AND ITS AGENTS AGAINST THE CONSEQUENCES OF THEIR OWN NEGLIGENCE OR FAULT AS PROVIDED ABOVE WHEN LANDLORD OR ITS AGENTS ARE JOINTLY, COMPARATIVELY, OR CONCURRENTLY NEGLIGENT WITH TENANT. This indemnity provision shall survive termination or expiration of this Lease.

SUBORDINATION ATTORNMENT; NOTICE TO LANDLORD'S MORTGAGEE

12. (a) SUBORDINATION. This Lease is subordinate to any deed of trust, mortgage, or other security instrument (a "MORTGAGE"), or any ground lease, master lease, or primary lease (a "PRIMARY LEASE"), that now or hereafter covers all or any part of the Premises (the mortgagee under any Mortgage or the lessor under any Primary Lease is referred to herein as "LANDLORD'S MORTGAGEE"). The provisions of this Section 12(a) shall be self-operative, and no further instrument shall be required to effect such subordination; however, Landlord shall deliver to Tenant, and Tenant shall execute from time to time within ten days after delivery to Tenant, an instrument from each Landlord's Mortgagee evidencing the subordination of this Lease to any such Mortgage or Primary Lease (which instrument shall include a non-disturbance provision in favor of Tenant and shall be on Landlord's Mortgagee's standard form). Notwithstanding the foregoing, Landlord, Tenant and Landlord's Mortgagee shall execute and deliver a Subordination, Non-disturbance and Attornment Agreement in the form attached as Exhibit "H" hereto within ten (10) days after the date hereof.

(b) ATTORNMENT. Tenant shall attorn to any party succeeding to Landlord's interest in the Premises, whether by purchase, foreclosure, deed in lieu of foreclosure, power of sale, termination of lease, or otherwise, upon such party's request, and shall execute such agreements confirming such attornment as such party may reasonably request.

(c) NOTICE TO LANDLORD'S MORTGAGEE. Tenant shall not seek to enforce any remedy it may have for any default on the part of the Landlord without first giving written notice by certified mail, return receipt requested, specifying the default in reasonable detail, to any Landlord's Mortgagee whose address has been given to Tenant, and affording such Landlord's Mortgagee the same opportunity as given to Landlord to perform Landlord's obligations hereunder, except as otherwise may be provided in any applicable subordination, non-disturbance and attornment agreement executed by Landlord, Tenant and Landlord's Mortgagee.

RULES AND REGULATIONS

13. Tenant shall comply with the rules and regulations of the Building which are attached hereto as EXHIBIT B. Landlord may, from time to time, change such rules and regulations for the safety, care, or cleanliness of the Building and related facilities, provided that such changes are reasonable, applicable to all tenants of the Building evenly enforced and will not unreasonably interfere with Tenant's use of the Premises. Tenant shall be responsible for the compliance with such rules and regulations by its employees, agents, and invitees.

CONDEMNATION

14. (a) TAKING - LANDLORD'S AND TENANT'S RIGHTS. If any part of the Building is taken by right of eminent domain or conveyed in lieu thereof (a "TAKING"), and such Taking prevents Tenant from conducting its business in the Premises in a manner reasonably comparable to that

conducted immediately before such Taking, then Landlord may, at its expense, relocate Tenant to office space reasonably comparable to the Premises within five miles of Premises, provided that Landlord notifies Tenant of its intention to do so prior to the effective date of the Taking. Such relocation may be for a portion of the remaining Term or the entire Term. Landlord shall complete any such relocation within 180 days after Landlord has notified Tenant of its intention to relocate Tenant. If Landlord does not elect to relocate Tenant following such Taking, then Tenant may terminate this Lease as of the date of such Taking by giving written notice to Landlord within

60 days after the Taking, and Rent shall be apportioned as of the date of such Taking. If Landlord does not relocate Tenant and Tenant does not terminate this Lease, then Rent shall be adjusted on a reasonable basis as to that portion of the Premises rendered untenantable by the Taking. Correspondingly, the Letter of Credit obligation will be adjusted on a reasonable basis in the event of partial Taking or eliminated entirely in the event of Lease termination.

(b) TAKING - LANDLORD'S RIGHTS. If any material portion, but less than all, of the Building becomes subject to a Taking, or if Landlord is required to pay any of the proceeds received for a Taking to Landlord's Mortgagee, then this Lease, at the option of Landlord, exercised by written notice to Tenant within 30 days after such Taking, shall terminate and Rent shall be apportioned as of the date of such Taking. If Landlord does not so terminate this Lease and does not elect to relocate Tenant, then, subject to Tenant's rights under 14(a), this Lease will continue, but if any portion of the Premises has been taken, Basic Rental shall adjust as provided in the last sentence of Section 14.(a).

(c) AWARD. If any Taking occurs, then Landlord shall receive the entire award or other compensation for the Land, the Building, and other improvements taken, and Tenant may separately pursue a claim against the condemner for the value of Tenant's personal property which Tenant is entitled to remove under this Lease, moving costs, loss of business, and other claims it may have.

FIRE OR OTHER CASUALTY

15. (a) REPAIR ESTIMATE. If the Premises or the Building are damaged by fire or other casualty (a "CASUALTY"), Landlord shall, within 60 days after such Casualty, deliver to Tenant a good faith estimate (the "DAMAGE NOTICE") of the time needed to repair the damage caused by such Casualty.

(b) LANDLORD'S AND TENANT'S RIGHTS. If a material portion of the Premises or the Building is damaged by Casualty such that Tenant is prevented from conducting its business in the Premises in a manner reasonably comparable to that conducted immediately before such Casualty and Landlord estimates in good faith that the damage caused thereby cannot be repaired within 270 days after the date of casualty, then Tenant may terminate this Lease by delivering written notice to Landlord of its election to terminate within 30 days after the Damage Notice has been delivered to Tenant. If Tenant does not terminate this Lease, then (subject to Landlord's rights under Section 15.(c)) Landlord shall repair the Building or the Premises, as the case may be, as provided below, and Rent for the portion of the Premises rendered untenantable by the damage shall be adjusted on a reasonable basis from the date of damage until the completion of the repair.

(c) LANDLORD'S RIGHTS. If a Casualty damages a material portion of the Building, and Landlord makes a good faith determination that restoring the Premises would be uneconomical, or if Landlord is required to pay any insurance proceeds arising out of the Casualty to Landlord's Mortgagee (such that Landlord would be required to pay $100,000.00 or more of its own funds to restore the Building), then Landlord may, terminate this Lease by giving written notice of its election to terminate within 30 days after the Damage Notice has been delivered to Tenant, and Basic Rental hereunder shall be abated as of the date of the Casualty.

(d) REPAIR OBLIGATION. If neither party elects to terminate this Lease following a Casualty, then Landlord shall, within a reasonable time after such Casualty, commence to repair the Building and the Premises and shall proceed with reasonable diligence to restore the Building and Premises to substantially the same condition as they existed immediately before such Casualty; however, Landlord shall not be required to repair or replace any part of the furniture, equipment, fixtures, and other improvements which may have been placed by, or at the request of, Tenant or other occupants in the Building or the Premises, except for initial improvements pursuant to Exhibit D, and Landlord's obligation to repair or restore the Building or Premises shall be limited to the extent of the insurance proceeds actually received by Landlord for the Casualty in question. If Landlord fails to substantially complete the rebuilding and repair of the Premises within one (1) year after the date of the casualty, then this Lease shall terminate thirty (30) days after Landlord receives written notice, if any, from Tenant that Tenant has elected to terminate this Lease pursuant to this paragraph; provided that, if Landlord substantially completes such rebuilding and repairs prior to the expiration of thirty (30) days following Landlord's receipt of Tenant's termination notice, this Lease shall not so terminate and shall continue in full force and effect.

TAXES

16. Tenant shall be liable for all taxes levied or assessed against personal property, furniture, or fixtures placed by Tenant in the Premises. If any taxes for which Tenant is liable are levied or assessed against Landlord or Landlord's property and Landlord elects to pay the same, or if the assessed value of Landlord's property is

increased by inclusion of such personal property, furniture or fixtures and Landlord elects to pay the taxes based on such increase, then Tenant shall pay to Landlord, upon demand, that part of such taxes for which Tenant is primarily liable hereunder.

EVENTS OF DEFAULT

17. Each of the following occurrences shall constitute an "EVENT OF DEFAULT":

(a) Tenant's failure to pay Rent, or any other sums due from Tenant to Landlord under the Lease when due and such failure continues for ten (10) days following written notice from Landlord notifying Tenant of Tenant's failure to pay when due; provided, however, that in the event Landlord gives to Tenant notice of Tenant's failure to pay when due two (2) times in any calendar year, Tenant's failure to pay when due the third (3rd) time in such calendar year shall constitute an Event of Default immediately without any notice thereof required from Landlord;

(b) Tenant's failure to perform, comply with, or observe any agreement or obligation of Tenant under this Lease (other than a payment obligation) on or before the thirtieth (30th) day following written notice of such failure or longer time if not curable within thirty (30) days provided Tenant is in diligent pursuit to cure such failure and in any event such cure is commenced within thirty (30), and completed within ninety (90) days, after written notice;

(c) the filing of a petition by or against Tenant in any bankruptcy or other insolvency proceeding; (2) seeking any relief under any state or federal debtor relief law; (3) for the appointment of a liquidator or receiver for all or substantially all of Tenant's property or for Tenant's interest in this Lease; or (4) for the reorganization or modification of Tenant's capital structure; provided that Tenant shall have sixty (60) days following the commencement of an involuntary proceeding to have such proceeding dismissed before such proceeding shall constitute an Event of Default; and

(d) the admission by Tenant that it cannot meet its obligations as they become due or the making by Tenant of an assignment for the benefit of its creditors.

REMEDIES 18. Upon any Event of Default, Landlord may, in addition to all other rights and remedies afforded Landlord hereunder or by law or equity, take any of the following actions:

(a) Terminate this Lease by giving Tenant written notice thereof, in which event, Tenant shall pay to Landlord the sum of (1) all Rent accrued hereunder through the date of termination, (2) all amounts due under Section 19.(a), and (3) an amount equal to (A) the total Rent that Tenant would have been required to pay for the remainder of the Term discounted to present value at a per annum rate equal to the "Prime Rate" as published on the date this Lease is terminated by The Wall Street Journal, Southwest Edition, in its listing of "Money Rates", minus (B) the then present fair rental value of the Premises for such period, similarly discounted; or

(b) Terminate Tenant's right to possession of the Premises without terminating this Lease by giving written notice thereof to Tenant, in which event Tenant shall pay to Landlord (1) all Rent and other amounts accrued hereunder to the date of termination of possession, (2) all amounts due from time to time under Section 19.(a), and (3) all Rent and other sums required hereunder to be paid by Tenant during the remainder of the Term, diminished by any net sums thereafter received by Landlord through reletting the Premises during such period. Landlord shall use reasonable efforts to relet the Premises on such terms and conditions as Landlord in its sole discretion may determine (including a term different from the Term, rental concessions, and alterations to, and improvement of, the Premises); however, Landlord shall not be obligated to relet the Premises before leasing other portions of the Building. Landlord shall not be liable for, nor shall Tenant's obligations hereunder be diminished because of, Landlord's failure to relet the Premises or to collect rent due for such reletting provided Landlord shall use reasonable efforts as set forth herein. Tenant shall not be entitled to the excess of any consideration obtained by reletting over the Rent due hereunder. Reentry by Landlord in the Premises shall not affect Tenant's obligations hereunder for the unexpired Term; rather, Landlord may, from time to time, bring action against Tenant to collect amounts due by Tenant, without the necessity of Landlord's waiting until the expiration of the Term. Unless Landlord delivers written notice to Tenant expressly stating that it has elected to terminate this Lease, all actions taken by Landlord to exclude or dispossess Tenant of the Premises shall be deemed to be taken under this Section 18.(b). If Landlord elects to proceed under this Section 18.(b), it may at any time elect to terminate this Lease under Section 18.(a).

Additionally, without notice, Landlord may alter locks or other security devices at the Premises to deprive Tenant of access thereto, and Landlord shall not be required to provide a new key or right of access to Tenant. Notwithstanding the foregoing, Tenant will be granted access to the premises for the sole purpose of removal of all materials, including documentation, electronic media, computers, computers containing electronic media, diagrams, pictures or any other property that is confidential or proprietary information of the Tenant or of third parties with such access granted to Tenant prior to Landlord re-entering the premises; provided that a representative of Landlord may be present to insure that Tenant does not remove any unauthorized materials. Either party may request such removal within

three (3) business days or earlier based on compelling business reasons by either party for more immediate access.

PAYMENT BY TENANT; NON-WAIVER

19. (a) PAYMENT BY TENANT. Upon any Event of Default, Tenant shall pay to Landlord all costs incurred by Landlord (including court costs and reasonable attorneys' fees and expenses) in (1) obtaining possession of the Premises, (2) removing and storing Tenant's or any other occupant's property, (3) repairing, restoring, altering, remodeling, or otherwise putting the Premises into condition acceptable to a new tenant, (4) if

Tenant is dispossessed of the Premises and this Lease is not terminated, reletting all or any part of the Premises (including brokerage commissions, cost of tenant finish work, and other costs incidental to such reletting), (5) performing Tenant's obligations which Tenant failed to perform, and (6) enforcing, or advising Landlord of, its rights, remedies, and recourses arising out of the Event of Default.

(b) NO WAIVER. Landlord's acceptance of Rent following an Event of Default shall not waive Landlord's rights regarding such Event of Default. No waiver by Landlord of any violation or breach of any of the terms contained herein shall waive Landlord's rights regarding any future violation of such term or violation of any other term.

SURRENDER OF PREMISES

20. No act by Landlord shall be deemed an acceptance of a surrender of the Premises, and no agreement to accept a surrender of the Premises shall be valid unless the same is made in writing and signed by Landlord. At the expiration or termination of this Lease, Tenant shall deliver to Landlord the Premises with all improvements located thereon in good repair and condition, reasonable wear and tear (and condemnation and fire or other casualty damage, as to which Sections 14 and 15 shall control) excepted, and shall deliver to Landlord all keys to the Premises. Provided that Tenant has performed all of its obligations hereunder, Tenant may remove all unattached trade fixtures, furniture, and personal property placed in the Premises by Tenant (but Tenant shall not remove any such item which was paid for, in whole or in part, by Landlord). Additionally, Tenant shall remove such alterations, additions, improvements, trade fixtures, equipment, wiring, and furniture that is installed or placed in the Premises by Tenant as Landlord may request, except for initial improvements pursuant to Exhibit D. Tenant shall repair all damage caused by such removal. All items not so removed shall be deemed to have been abandoned by Tenant and may be appropriated, sold, stored, destroyed, or otherwise disposed of by Landlord without notice to Tenant and without any obligation to account for such items. The provisions of this Section 20 shall survive the end of the Term.

HOLDING OVER

21. If Tenant fails to vacate the Premises at the end of the Term, then Tenant shall be a tenant at will and, in addition to all other damages and remedies to which Landlord may be entitled for such holding over, Tenant shall pay, in addition to the other Rent, a daily Basic Rental equal to the greater of (a) 150% of the daily Basic Rental payable during the last month of the Term, or (b) the prevailing rental rate in the Building for similar space.

CERTAIN RIGHTS RESERVED BY LANDLORD

22. Provided that the exercise of such rights does not unreasonably interfere with Tenant's occupancy of the Premises, Landlord shall have the following rights:

(a) to decorate and to make inspections, repairs, alterations, additions, changes, or improvements, whether structural or otherwise, in and about the Building, or any part thereof; for such purposes, to enter upon the Premises and, during the continuance of any such work, to temporarily close doors, entryways, public space, and corridors in the Building; to interrupt or temporarily suspend Building services and facilities; and to change the arrangement and location of entrances or passageways, doors, and doorways, corridors, elevators, stairs, restrooms, or other public parts of the Building;

(b) to take such reasonable measures as Landlord deems advisable for the security of the Building and its occupants, including without limitation searching all persons entering or leaving the Building; evacuating the Building for cause, suspected cause, or for drill purposes; temporarily denying access to the Building; and closing the Building after normal business hours and on Saturdays, Sundays, and holidays, subject, however, to Tenant's right to enter when the Building is closed after normal business hours under such reasonable regulations as Landlord may prescribe from time to time which may include by way of example, but not of limitation, that persons entering or leaving the Building, whether or not during normal business hours, identify themselves to a security officer by registration or otherwise and that such persons establish their right to enter or leave the Building;

(c) to change the name by which the Building is designated; and

(d) to enter the Premises accompanied by Tenant at all reasonable hours and upon giving Tenant reasonable notice (except in the case of any emergency) to show the Premises to prospective purchasers, lenders, or tenants (provided the space shall only be shown to prospective tenants in conjunction with reletting the Premises), subject to reasonable Tenant security and

confidentiality procedures.

MISCELLANEOUS 24. (a) LANDLORD TRANSFER. Landlord may transfer, in whole or in part, the Building and any of its rights under this Lease. If Landlord assigns its rights under this lease, and the assignee assumes all Landlord's obligation under this Lease, then Landlord shall thereby be released from any further obligations hereunder arising after the date of such transfer.

(b) LANDLORD'S LIABILITY. The liability of Landlord to Tenant for any default by Landlord under the terms of this Lease shall be limited to Tenant's actual direct, but not consequential, damages therefor and shall be recoverable from the interest of Landlord in the Building and the Land, and Landlord shall not be personally liable for any deficiency. This section shall not be deemed to limit or deny any remedies which Tenant may have in the event of default by Landlord hereunder which do not involve the personal liability of Landlord.

(c) FORCE MAJEURE. Other than for Tenant's monetary obligations under this Lease and obligations which can be cured by the payment of money (e.g., maintaining insurance), whenever a period of time is herein prescribed for action to be taken by either party hereto, such party shall not be liable or responsible for, and there shall be excluded from the computation for any such period of time, any delays due to strikes, riots, acts of God, shortages of labor or materials, war, governmental laws, regulations (including inability to obtain necessary permits due to no fault of Landlord or its contractors or agents), or restrictions, or any other causes of any kind whatsoever which are beyond the control of such party.

(d) BROKERAGE. Landlord and Tenant each warrant to the other that it has not dealt with any broker or agent in connection with the negotiation or execution of this Lease, except for Insignia/ESG of Texas, Inc. (Landlord's exclusive agent) and Colliers Oxford Commercial (Tenant's exclusive agent). Tenant and Landlord shall each indemnify the other against all costs, expenses, reasonable attorneys' fees, and other liability for commissions or other compensation claimed by any broker or agent claiming the same by, through, or under the indemnifying party.

(e) ESTOPPEL CERTIFICATES AND FINANCIAL INFORMATION. From time to time, Tenant shall furnish to any party designated by Landlord, within ten days after Landlord has made a request therefor, a certificate signed by Tenant confirming and containing such factual certifications and representations as to this Lease as Landlord may reasonably request. From time to time, Landlord shall furnish to any party designated by Tenant, within ten days after Tenant has made a request therefor, a certificate signed by Landlord confirming and containing such factual certifications and representations as to this Lease as Tenant may reasonably request. Further, from time to time (but not more often than once in any given six (6) month period), within ten days after Landlord's request therefor, Tenant shall furnish to Landlord or Landlord's Mortgagee the most recent annual financial statements for Tenant.

(f) NOTICES. All notices and other communications given pursuant to this Lease shall be in writing and shall be (1) mailed by first class, United States Mail, postage prepaid, certified, with return receipt requested, and addressed to the parties hereto at the address specified in the Basic Lease Information, (2) hand delivered or delivered by overnight delivery service to the intended address, or (3) sent by prepaid telegram, cable, facsimile transmission, or telex followed by a confirmatory letter. Notice sent by certified mail, postage prepaid, shall be effective three business days after being deposited in the United States Mail; all other notices shall be effective upon delivery to the address of the addressee. The parties hereto may change their addresses by giving notice thereof to the other in conformity with this provision.

(g) SEPARABILITY. If any clause or provision of this Lease is illegal, invalid, or unenforceable under present or future laws, then the remainder of this Lease shall not be affected thereby and in lieu of such clause or provision, there shall be added as a part of this Lease a clause or provision as similar in terms to such illegal, invalid, or unenforceable clause or provision as may be possible and be legal, valid, and enforceable.

(h) AMENDMENTS; AND BINDING EFFECT. This Lease may not be amended except by instrument in writing signed by Landlord and Tenant. No provision of this Lease shall be deemed to have been waived by Landlord unless such waiver is in writing signed by Landlord, and no custom or practice which may evolve between the parties in the administration of the terms hereof shall waive or diminish the right of Landlord to insist upon the performance by Tenant in strict accordance with the terms hereof. The terms and conditions contained in this Lease shall inure to the benefit of and be binding upon the parties hereto, and upon their respective successors in interest and legal representatives, except as otherwise herein expressly provided. This Lease is for the sole benefit of Landlord and Tenant, and, other than Landlord's Mortgagee, no third party shall be deemed a third party beneficiary hereof.

(i) QUIET ENJOYMENT. Provided Tenant has performed all of the terms and conditions of this Lease to be performed by Tenant,

Tenant shall peaceably and quietly hold and enjoy the Premises for the Term, without hindrance from Landlord or any party claiming by, through, or under Landlord, subject to the terms and conditions of this Lease.

(j) JOINT AND SEVERAL LIABILITY. If there is more than one Tenant, then the obligations hereunder imposed upon Tenant shall be joint and several.

(k) CAPTIONS. The captions contained in this Lease are for convenience of reference only, and do not limit or enlarge the terms and conditions of this Lease.

(l) NO MERGER. There shall be no merger of the leasehold estate hereby created with the fee

estate in the Premises or any part thereof if the same person acquires or holds, directly or indirectly, this Lease or any interest in this Lease and the fee estate in the leasehold Premises or any interest in such estate.

(m) NO OFFER. The submission of this Lease to Tenant shall not be construed as an offer, nor shall Tenant have any right under this Lease unless Landlord executes a copy of this Lease and delivers it to Tenant.

(n) EXHIBITS. All exhibits and attachments hereto are incorporated herein by this reference.

Exhibit A	-	Land
Exhibit A-1	-	Outline of Premises
Exhibit A-2	-	Project
Exhibit B	-	Building Rules and Regulation
Exhibit C	-	Basic Costs
Exhibit D	-	Tenant Finish-Work
Exhibit E	-	Parking
Exhibit F	-	Extension Option
Exhibit G	-	Right of First Refusal
Exhibit H	-	Subordination, Non-disturbance and Attornment Agreement
Exhibit I	-	Pro Forma Letter of Credit
Exhibit J	-	Confidentiality Agreement

(o) ENTIRE AGREEMENT. This Lease constitutes the entire agreement between Landlord and Tenant regarding the subject matter hereof and supersedes all oral statements and prior writings relating thereto. Except for those set forth in this Lease, no representations, warranties, or agreements have been made by Landlord or Tenant to the other with respect to this Lease or the obligations of Landlord or Tenant in connection therewith.

HAZARDOUS SUBSTANCES

25. The term "HAZARDOUS SUBSTANCES," as used in this Lease shall mean pollutants, contaminants, toxic or hazardous wastes, or any other substances, the removal of which is required or the use of which is restricted, prohibited or penalized by any "ENVIRONMENTAL LAW," which term shall mean any Law relating to health, pollution, or protection of the environment. Tenant hereby agrees that a). no activity will be conducted on the Premises that will produce any Hazardous Substances, except for such activities that are part of the ordinary course of Tenant's business activities (the "PERMITTED ACTIVITIES") provided such Permitted Activities are conducted in accordance with all Environmental Laws and have been approved in advance in writing by Landlord; b). the Premises will not be used in any manner for the storage of any Hazardous Substances except for any temporary storage of such materials that are used in the ordinary course of Tenant's business (the "PERMITTED MATERIALS") provided such Permitted Materials are properly stored in a manner and location satisfying all Environmental Laws and approved in advance in writing by Landlord; c). no portion of the Premises will be used as a landfill or a dump; d). Tenant will not install any underground tanks of any type; e). Tenant will not cause any surface or subsurface conditions to exist or come into existence that constitute, or with the passage of time may constitute a public or private nuisance; f). Tenant will not permit any Hazardous Substances to be brought onto the Premises, except for the Permitted Materials, and if so brought or found located thereon, the same shall be immediately removed by Tenant, with proper disposal, and all required cleanup procedures shall be diligently undertaken pursuant to all Environmental Laws; g). Tenant will maintain on the Premises a list of all materials stored at the Premises for which a material safety data sheet (an "MSDS") was issued by the producers or manufacturers thereof, together with copies of the MSDS's for such materials, and shall deliver such list and MSDS copies to Landlord upon Landlord's request therefor; and h). Tenant shall remove all Permitted Materials from the Premises in a manner acceptable to Landlord before Tenant's right to possess the Premises is terminated. If at any time during or after the Term, the Premises are found to be so contaminated or subject to such conditions, Tenant shall defend, indemnify and hold Landlord harmless from all claims, demands, actions, liabilities, costs, expenses, damages and obligations of any nature arising from or as a result of the use of the Premises by Tenant, except for any conditions or contamination caused by Landlord. The foregoing indemnity shall survive termination or expiration of this Lease. Unless expressly identified on an addendum to this Lease, as of the date hereof there are no "Permitted Activities" or "Permitted Materials" for purposes of the foregoing provision and none shall exist unless and until approved in writing by the Landlord. Landlord may enter the Premises and conduct environmental inspections and tests therein as it may reasonably require from time to time, provided that Landlord shall use reasonable efforts to minimize the interference with Tenant's business. Such inspections and tests shall be conducted at Landlord's expense, unless they reveal the presence of Hazardous

Substances brought by Tenant or its employees, representatives or agents to the Premises (other than Permitted Materials or those placed in the Premises by Landlord) or that Tenant has not complied with the requirements set forth in this Section 25, in which case Tenant shall reimburse Landlord for the cost thereof within ten days after Landlord's request therefor. In no event shall Tenant be liable for Hazardous Substances on the Premises prior to the Commencement Date, unless brought to the Premises by Tenant or its employees, representatives or agents.

LANDLORD'S LIEN

26. Tenant shall have the right to grant any security interests in Tenant's removable furniture, fixtures and equipment located in the Premises for the purpose of securing any indebtedness provided by a third party. Tenant may also lease such furniture, fixtures and / or equipment from one or more equipment lessors and grant security interests in such furniture, fixtures and/or equipment to such equipment lessors in connection with such leases. Upon request Landlord will execute one or more consent and/or subordination agreements subordinating any landlord's lien rights held by Landlord to any such security interests or leases. Notwithstanding the foregoing, in no event will Tenant have the right to grant any lien, mortgage or security interest in any portion of the Building or in this Lease.

SPECIAL PROVISIONS

27. Landlord agrees that Tenant may, at Tenant's expense, erect and maintain lettering bearing Tenant's name at the top position of the monument sign associated with the Building, such lettering to represent fifty percent (50%) of the graphical portion of such monument sign which is designated for use by tenants (subject to Landlord's reasonable approval of the size, design, form, content and location of such sign). If any other tenant in the Building which leases less space than the Premises is permitted to place signage on the Building, Tenant shall also be permitted to install and maintain a sign bearing Tenant's name on the exterior of the Building [such sign to be (i) larger than such other tenant's sign in proportion to the amount by which the square footage of the Premises exceeds the square footage of such other tenant's premises and (ii) mutually agreed to by Landlord and Tenant as to design, form, content and location]. Tenant shall be solely responsible for all costs of designing, installing and repairing such signage, diligently construct such building signage to completion in a good and workmanlike manner and maintain such signage in an attractive condition, and comply with all governmental codes and regulations. Upon termination or expiration of this Lease, Tenant shall remove such signage and repair any damage to the Building caused thereby at its sole cost and expense. Notwithstanding anything to the contrary contained in this Lease, Tenant hereby indemnifies and holds Landlord harmless against any claims, costs or expenses (including reasonable attorneys fees) in connection with any damages to property or injuries to persons arising out of the installation, removal or maintenance of such building signage.

28. Notwithstanding any thing contained in this Lease to the contrary, Landlord's obligations hereunder are specifically conditioned upon Landlord achieving Substantial Completion of the Premises not later than August 1, 2000, which date shall be extended day-for-day for each day of Tenant Delay (the "Outside Date"). In the event Landlord does not achieve Substantial Completion of the Premises by the Outside Date, Tenant, as Tenant's sole and exclusive remedy, may terminate this Lease in writing at any time after the Outside Date and before Landlord achieves Substantial Completion of the Premises. In the event Tenant terminates this Lease pursuant to this paragraph, Landlord will return all advance payments of rent and Security Deposits theretofore paid to Landlord by Tenant and all Letters of Credit theretofore delivered to Landlord by Tenant and will reimburse and refund Tenant all monies theretofore paid by Tenant to Landlord as part of Total Construction Costs (in accordance with Exhibit D); provided, however, in no event shall such reimbursement of amounts paid for Total Construction Costs exceed an amount equal to the product of $6.00 multiplied by the number of rentable square feet within the Premises.

29. Notwithstanding anything contained in this Lease to the contrary, if Landlord fails to deliver the nondisturbance agreement to Tenant contemplated by Section 12(a) hereof executed by Landlord and Landlords' Mortgagee within thirty (30) days after the date this Lease is signed by Landlord and Tenant, Tenant shall have the right to terminate this Lease upon written notice to Landlord at any time prior to delivery of such agreement.

30. Contemporaneously herewith, Landlord shall execute and deliver to Tenant a Confidentiality Agreement in the form of Exhibit "J" attached hereto.

LANDLORD AND TENANT EXPRESSLY DISCLAIM ANY IMPLIED WARRANTY THAT THE PREMISES ARE SUITABLE FOR TENANT'S INTENDED COMMERCIAL PURPOSE, AND TENANT'S OBLIGATION TO PAY RENT HEREUNDER IS NOT DEPENDENT UPON THE CONDITION OF THE PREMISES OR THE PERFORMANCE BY LANDLORD OF ITS OBLIGATIONS HEREUNDER EXCEPT AS OTHERWISE EXPRESSLY PROVIDED HEREIN, AND, EXCEPT AS OTHERWISE EXPRESSLY PROVIDED HEREIN, TENANT SHALL CONTINUE TO PAY THE RENT, WITHOUT ABATEMENT, SETOFF, DEDUCTION, NOTWITHSTANDING ANY BREACH BY LANDLORD OF ITS DUTIES OR OBLIGATIONS HEREUNDER, WHETHER EXPRESS OR IMPLIED.

DATED as of the date first written above.

LANDLORD:

STRATUS 7000 WEST JOINT VENTURE
a Texas joint venture

By: OLY LANTANA, L.P., a Texas limited partnership, Joint Venturer

By: OLY LANTANA, GP, L.L.C., a Texas limited liability company, its General Partner

By: /s/ Hal R. Hall

Name:

Title:

By: STRATUS 7000 WEST, LTD., a Texas limited partnership, Joint Venturer

By: STRS, L.L.C., a Delaware limited liability company, General Partner

By STRATUS PROPERTIES INC., a Delaware limited liability company, its sole member

By: /s/ William H. Armstrong, III

William H. Armstrong, III
President and CEO

TENANT:

SILICON LABORATORIES, INC.

By: /s/ Navdeep S. Sooch

Navdeep S. Sooch
Chairman and CEO

EXHIBIT A

LAND

PROPERTY DESCRIPTION

Lot 6, Block A, LANTANA LOT 6, BLOCK A, a subdivision in Travis County, Texas, according to the map or plat thereof, recorded in Volume 100, Page(s) 1-2 of the Plat Records of Travis County, Texas, as corrected by instrument recorded in Volume 13064, Page 278 of the Real Property Records of Travis County, Texas.

EXHIBIT A-1

OUTLINE OF PREMISES

[FLOOR PLAN]

LEVEL 2

[FLOOR PLAN]

LEVEL 1

EXHIBIT A-1

PROJECT

[FLOOR PLAN]

LANTANA CORPORATE CENTER
STRATUS PROPERTIES, INC.

A-2-1

EXHIBIT B

BUILDING RULES AND REGULATIONS

The following rules and regulations shall apply to the Premises, the Building, the parking garage associated therewith, the Land and the appurtenances thereto:

1. Sidewalks, doorways, vestibules, halls, stairways, and other similar areas shall not be obstructed by tenants or used by any tenant for purposes other than ingress and egress to and from their respective leased premises and for going from one to another part of the Building.

2. Plumbing, fixtures and appliances shall be used only for the purposes for which designed, and no sweepings, rubbish, rags or other unsuitable material shall be thrown or deposited therein. Damage resulting to any such fixtures or appliances from misuse by a tenant or its agents, employees or invitees, shall be paid by such tenant.

3. No signs, advertisements or notices shall be painted or affixed on or to any windows or doors or other part of the Building without the prior written consent of Landlord. No nails, hooks or screws shall be driven or inserted in any part of the Building except by Building maintenance personnel. No curtains or other window treatments shall be placed between the glass and the Building standard window treatments.

4. Landlord shall provide and maintain an alphabetical directory for all tenants in the main lobby of the Building.

5. Landlord shall provide all door locks in each tenant's leased premises, at the cost of such tenant, and no tenant shall place any additional door locks in its leased premises without Landlord's prior written consent. Landlord shall furnish to each tenant a reasonable number of keys and card keys to such tenant's leased premises, at such tenant's cost, and no tenant shall make a duplicate thereof.

6. Movement in or out of the Building of furniture or office equipment, or dispatch or receipt by tenants of any bulky material, merchandise or materials which require use of elevators or stairways, or movement through the Building entrances or lobby shall be conducted under Landlord's supervision at such times and in such a manner as Landlord may reasonably require. Each tenant assumes all risks of and shall be liable for all damage to articles moved and injury to persons or public engaged or not engaged in such movement, including equipment, property and personnel of Landlord if damaged or injured as a result of acts in connection with carrying out this service for such tenant.

7. Landlord may prescribe weight limitations and determine the locations for safes and other heavy equipment or items, which shall in all cases be placed in the Building so as to distribute weight in a manner acceptable to Landlord which may include the use of such supporting devices as Landlord may require. All damages to the Building caused by the installation or removal of any property of a tenant, or done by a tenant's property while in the Building, shall be repaired at the expense of such tenant.

8. Corridor doors, when not in use, shall be kept closed. Nothing shall be swept or thrown into the corridors, halls, elevator shafts or stairways. No birds or animals shall be brought into or kept in, on or about any tenant's leased premises. No portion of any tenant's leased premises shall at any time be used or occupied as sleeping or lodging quarters.

9. Tenant shall cooperate with Landlord's employees in keeping its leased premises neat and clean. Tenants shall not employ any person for the purpose of such cleaning other than the Building's cleaning and maintenance personnel.

10. Tenant shall not make or permit any improper, objectionable or unpleasant noises or odors in the Building or otherwise interfere in any way with other tenants or persons having business with them.

11. No machinery of any kind (other than normal office equipment) shall be operated by any tenant on its leased area without Landlord's prior written consent, nor shall any tenant use or keep in the Building any flammable or explosive fluid or substance.

12. Landlord will not be responsible for lost or stolen personal property, money or jewelry from tenant's leased premises or public or common areas regardless of whether such loss occurs when the area is locked against entry or not.

13. All mail chutes located in the Building shall be available for use by Landlord and all tenants of the Building according to the rules of the United States Postal Service.

EXHIBIT C

BASIC COSTS

The term "BASIC COST" shall mean all expenses and disbursements of every kind (subject to the limitations set forth below) which Landlord incurs, pays or becomes obligated to pay in connection with the ownership, operation, and maintenance of the Building (including the associated parking facilities), determined in accordance with generally accepted federal income tax basis accounting principles consistently applied, including but not limited to the following:

1. Wages and salaries (including reasonable management fees) of all employees engaged in the operation, repair, replacement, maintenance, and security of the Building, including taxes, insurance and benefits relating thereto;

2. All supplies and materials used in the operation, maintenance, repair, replacement, and security of the Building;

3. Annual cost of all capital improvements made to the Building which although capital in nature can reasonably be expected to reduce the normal operating costs of the Building, as well as all capital improvements made in order to comply with any law hereafter promulgated by any governmental authority, as amortized over the useful economic life of such improvements as determined by Landlord in its reasonable discretion (without regard to the period over which such improvements may be depreciated or amortized for federal income tax purposes);

4. Cost of all utilities, other than the cost of utilities actually reimbursed to Landlord by the Building's tenants (including Tenant under Section 7.(b) of this Lease);

5. Cost of any insurance applicable to the Building and Landlord's personal property used in connection therewith;

6. Cost of repairs, replacements, and general maintenance of the Building; and

7. Cost of service or maintenance contracts with independent contractors for the operation, maintenance, repair, replacement, or security of the Building (including, without limitation, alarm service, window cleaning, and elevator maintenance).

The term "Basic Cost" shall also mean the Building's Proportionate Share of Taxes (described below) and all expenses and disbursements of every kind (subject to the limitations set forth below) which Landlord incurs, pays or becomes obligated to pay in connection with the ownership, operation and maintenance of the common areas of the Project (including the associated parking facilities, driveways and landscaped areas), determined in accordance with generally accepted federal income tax basis accounting principles consistently applied, including but not limited to the following:

(1) Annual cost of all capital improvements made to the common areas which although capital in nature can reasonably be expected to reduce the normal operating costs of the Project, as well as all capital improvements made in order to comply with any law hereafter promulgated by any governmental authority, as amortized over the useful economic life of such improvements as determined by Landlord in its reasonable discretion (without regard to the period over which such improvements may be depreciated or amortized for federal income tax purposes);

(2) Cost of all utilities for the common areas of the Project (including, without limitation, landscape irrigation and parking lot lighting), other than the costs of utilities actually reimbursed to Landlord by the tenants of the Project;

(3) Cost of any insurance applicable to the common areas of the Project and Landlord's personal property used in connection therewith;

(4) Cost of repairs, replacements and general maintenance of the common areas of the Project; and

(5) Cost of service or maintenance contracts with independent contractors for the operation, maintenance, repair and replacement of the common area improvements.

As used herein the term "TAXES" shall mean all taxes and assessments and governmental charges whether federal, state, county or municipal and whether they be by taxing or management districts or authorities presently taxing or by others, subsequently created or otherwise, and any other taxes and assessments attributable to the Project (or its operation), including the buildings and the grounds, parking areas, driveways and alleys around the buildings, excluding, however, federal and state taxes on income and Texas State Franchise Tax. If the present method of taxation changes so that in lieu of the whole or any part of any Taxes levied on the Project, there is levied on Landlord a capital tax directly on the rents received therefrom or a franchise tax, assessment, or charge based, in whole or in part, upon such

rents, then all such taxes, assessments, or charges, or the part thereof so based, shall

be deemed to be included within the term "Taxes" for the purposes hereof.

There are specifically excluded from the definition of the term "Basic Cost" (a) costs for capital improvements made to the Building, other than capital improvements described in subparagraphs 3 and (1) above of this Exhibit and except for items which, though capital for accounting purposes, are properly considered maintenance and repair items, such as painting of common areas, replacement of carpet in elevator lobbies, and the like; for repair, replacements and general maintenance paid by proceeds of insurance or by Tenant or other third parties, and alterations attributable solely to tenants of the Building other than Tenant; for interest, amortization or other payments on loans to Landlord; for depreciation of the Building; for leasing commissions; for legal expenses, other than those incurred for the general benefit of the Building's tenants (e.g., tax disputes); for renovating or otherwise improving space for occupants of the Building or vacant space in the Building; for overtime or other expenses of Landlord in curing defaults or performing work expressly provided in this Lease to be borne at Landlord's expense; for federal income taxes imposed on or measured by the income of Landlord from the operation of the Building for state income taxes, net profits taxes, Texas Franchise taxes, estate and inheritance taxes, any utilities charged directly to and paid by Tenant or any other tenant of the Building or the Project; any amortization costs or rental expenses incurred with respect to machinery, equipment or improvements installed for the exclusive benefit of another tenant in the Project; improvements installed for the exclusive benefit of another tenant of the Project; management fees that exceed customary and standard management fees paid in arms length transactions and leasing and brokerage commissions and legal fees incurred in connection with Landlord's leasing of the Building or the Project or involving disputes with other tenants of the Project; personal property taxes owed by other tenants of any building of the Project; penalties and interest for late payment of taxes due by Landlord and timely paid by Tenant, or due to violation of laws or governmental regulations; costs of work or services furnished or performed on behalf of other tenants at such tenant's costs; fees payable to affiliates of Landlord outside the range of fees payable for similar services in the Austin area in an arms length transaction; capital repairs or improvements made to the Building which are covered by Landlord's warranties under the Lease or which are performed to correct design or structural defects or to bring the Building into conformity with applicable building codes in effect at the time of the construction of the Building; expenses in connection with special services for the exclusive benefit of another tenant in the Project.

EXHIBIT D

TENANT FINISH-WORK

1. Landlord, at its sole cost and expense, shall complete construction of the following components of the Premises: a) 14 VAV tenant boxes installed on each floor (diffusers and duct work not installed), b) perimeter fan-powered boxes installed along with related duct work and diffusers c). mechanically suspended lay-in acoustical tile ceiling grid with acoustical tile inventory stored on the floor of the Premises, d). recessed fluorescent light fixtures, up to a maximum of one fixture per 120 rentable square feet contained within the Premises, stored on the floor of the Premises, and e). sprinkler heads installed pursuant to FBA 13 standards in the Premises and other improvements set forth in Annex 1 to Exhibit D not otherwise set forth in this work letter. All such construction shall be completed by Landlord in a good and workmanlike manner and in accordance with all applicable laws and regulations (including all handicap accessibility laws).

2. On or before November 5, 1999, Tenant, at its sole cost and expense, shall provide to Landlord for its approval final working drawings, prepared by STG Partners, Inc., of all improvements that Tenant proposes to install in the Premises; such working drawings shall include the partition layout, ceiling plan, electrical outlets and switches, telephone outlets, drawings for any modifications to the mechanical and plumbing systems of the Building, and detailed plans and specifications for the construction of the improvements called for under this Exhibit in accordance with all applicable governmental laws, codes, rules, and regulations. Further, if any of Tenant's proposed construction work will affect the Building's HVAC, electrical, mechanical, or plumbing systems, then the working drawings pertaining thereto shall be prepared by or reviewed by the Building's engineer of record, whom Tenant shall at its cost engage for such purpose. As used herein, "WORKING DRAWINGS" shall mean the final working drawings approved by Landlord, as amended from time to time by any approved changes thereto, and "WORK" shall mean all improvements to be constructed in accordance with and as indicated on the Working Drawings. Approval by Landlord of the Working Drawings shall not be a representation or warranty of Landlord that such drawings are adequate for any use, purpose, or condition, or that such drawings comply with any applicable law or code, but shall merely be the consent of Landlord to the performance of the Work. Tenant shall, at Landlord's request, sign the Working Drawings to evidence its review and approval thereof. All changes in the Work must receive the prior written approval of Landlord, and in the event of any such approved change Tenant shall, upon completion of the Work, furnish Landlord with an accurate, reproducible "as-built" plan (e.g., sepia) of the improvements as constructed, which plan shall be incorporated into this Lease by this reference for all purposes. Landlord shall promptly review and approve all such drawings and Landlord's approvals shall not be unreasonably withheld, conditioned or delayed.

3. After the Working Drawings have been approved, Landlord shall cause the Work to be performed in accordance with the Working Drawings and all applicable laws, rules, regulations, permits, required governmental consents and entitlements. The contractor, Tenant and the interior design architect may inspect the Work as it progresses. Landlord shall be available, and cause its subcontractors and architect to be reasonably available, to Tenant or the interior design architect from time to time, on reasonable prior notice, as necessary or desirable to review the Work. Landlord shall submit to Tenant the proposed construction schedule for the Work. Landlord shall promptly inform Tenant of any material delays encountered in completing the Work and shall promptly deliver to Tenant, and consult with Tenant with respect to, all revisions of the construction schedules therefor.

4. Tenant Delays means any delay by Tenant in providing, or change by Tenant to, the Working Drawings, any delay because of any specification by Tenant of materials or installations in addition to or other than Landlord's standard finish-out materials, or any other delays caused by Tenant in completion of the Work. No Tenant Delays pursuant to the immediately preceding sentence shall be deemed to have occurred unless Landlord notifies Tenant in writing within ten (10) days after the initial cause of the delay of the specific delay; provided that the date the Tenant Delay is deemed to commence shall be the date of the initial cause of the delay, not the date of the notice. There shall further be excluded from the number of days of Tenant Delays any days of delay which are caused by any act or omission of Landlord, its agents or contractors, including the failure to timely provide to Tenant and/or its agents and representatives complete information regarding the Building necessary for the preparation of the Working Drawings. Subject to Section 28 of the Lease, if the Premises are not ready for occupancy and the Work is not Substantially Completed on the scheduled Commencement Date for any reason other than Tenant Delays, then the obligations of Landlord and Tenant shall continue in full force and Basic Rental and Tenant's Proportionate Share of Basic Costs shall be abated until the date the Work is Substantially Completed, which date shall be the Commencement Date.

5. Tenant shall bear the entire cost of performing the Work (including, without limitation, costs of design, construction, labor and materials, additional janitorial services, related taxes and insurance costs, all of which costs are herein collectively called the "TOTAL CONSTRUCTION COSTS") in excess of the Construction Allowance (hereinafter defined). Upon

approval of the Working Drawings, Landlord shall obtain bids for the Work from at least three (3) contractors (all of whom shall be approved by Tenant, which approval shall not unreasonably withheld). Tenant hereby acknowledges that Landlord's construction contract with the general contractor for the Work will include a liquidated damages provision whereby the General Contractor will be liable to Landlord for liquidated damages if the Work is not Substantially Complete by February 1, 2000. Such liquidated damages shall be in the

amount of One Thousand and 00/100 Dollars ($1,000.00) per day for each day after February 1, 2000 until the Work is Substantially Complete; provided, however, that the contract may provide that the general contractor shall not be required to pay any such liquidated damages if the reason for the delay is caused by Tenant Delays or inability to obtain necessary governmental permits or approvals. Following selection of a contractor, Tenant shall promptly execute a work order agreement prepared by Landlord which identifies such drawings, itemizes the Total Construction Costs and sets forth the Construction Allowance, and pay to an escrow account in an acceptable financial institution to Landlord 50% of the amount by which the estimated Total Construction Costs exceed the Construction Allowance. Payments from both the escrow account and directly from Tenant will be paid at times and within proportion of construction draws on the Total Construction Costs. Upon Substantial Completion of the Work and before Tenant occupies the Premises to conduct business therein, Tenant shall pay to Landlord an amount equal to the the Total Construction Costs (as adjusted for any approved changes to the Work), less 1). the amount of the payments already made by Tenant, 2). the amount of the Construction Allowance, and 3). the cost reasonably estimated by Landlord for completing all "punch list" items; finally, upon completion of the punch list items, Tenant shall pay to Landlord any additional costs incurred in completing the same.

6. Landlord shall provide to Tenant a construction allowance (the "CONSTRUCTION ALLOWANCE") equal to the lesser of a). $24.00 per rentable square foot in the Premises or b). the Total Construction Costs, as adjusted for any approved changes to the Work.

7. Landlord or its affiliate shall manage the Work, make disbursements required to be made to the contractor, and act as a liaison between the contractor and Tenant and coordinate the relationship between the Work, the Building, and the Building's systems. In consideration for Landlord's construction management services, Tenant shall pay to Landlord a construction management fee equal to three and one-half percent (3-1/2%) of the Total Construction Costs.

8. Except as set forth in this Exhibit, Tenant accepts the Premises in their newly constructed condition on the date that this Lease is entered into.

9. Landlord shall ensure that the right to require work under warranties of all subcontractors, manufacturers and suppliers relating to items for which Tenant is responsible for the maintenance and repair thereof be enforceable by Tenant and, upon Tenant's written request, Landlord shall provide a copy of any such warranty to Tenant.

10. Landlord shall require that the contractor provide a final cleaning of the Premises immediately before Tenant's acceptance of Substantial Completion, consisting of cleaning to a condition expected for a good building cleaning and maintenance program.

- Finished entrance, elevators and elevator lobbies
- Finished restrooms
- Perimeter walls insulated
- Perimeter walls and column enclosures installed and ready for paint
- Ceiling grid installed
- 2 ft. X 2 ft. Tegular ceiling tile stacked on the floor
- Finished stairways
- Public/common area lighting installed
- Tenant space light fixtures stocked on floor, 1:120 RSF
- 14 VAV tenant boxes installed on each floor (diffusers and ductwork are not installed)
- Perimeter fan-powered boxes installed along with related ductwork and diffusers
- Automated "on-demand" systems for after-hours HVAC
- Electrical capacity: (1) 4 watts per RSF available for tenant' use at electrical closet; (2) upgrade capability to 6.5 watts per RSF, provided by City of Austin Power and Light
- Water and Wastewater service provided by City of Austin
- Telephone services provided by Southwestern Bell
- Conduit providing access to fiber optic network at front of property along street right-of-way as well as between buildings.

EXHIBIT E

PARKING

Tenant shall be permitted to use one hundred thirty (130) undesignated vehicular parking spaces (including visitor and handicap) and twenty (20) reserved covered parking spaces in the surface parking lot (the "PARKING FACILITIES") associated with the Building during the Term at no charge and subject to such terms, conditions and regulations as are from time to time applicable to patrons of the Parking Facilities.

EXHIBIT F

EXTENSION OPTION

Provided no Event of Default exists and Tenant is occupying not less than 50% of the Premises at the time of such election, Tenant may renew this Lease for one (1) additional period of five (5) years on the same terms provided in this Lease (except as set forth below), by delivering written notice of the exercise thereof to Landlord not later than two hundred seventy (270) days before the expiration of the Term. On or before the commencement date of the extended Term, Landlord and Tenant shall execute an amendment to this Lease extending the Term on the same terms provided in this Lease, except as follows:

1. The Basic Rental payable for each month during such extended Term shall be the prevailing market rental rate in Austin's suburban office market, at the commencement of such extended Term, for space of equivalent quality, size, utility and location; rental concessions, tenant improvements and refurbishment allowances, moving allowances, architectural allowances, parking rental concessions, brokerage commissions, other inducements, and all other relevant factors, provided each of the foregoing applies to renewals or is adjusted to reflect the fact that the determination of market rent is for a renewal, with the length of the extended Term and the credit standing of Tenant to be taken into account;

2. Tenant shall have no further renewal options unless expressly granted by Landlord in writing; and

3. Landlord shall lease to Tenant the Premises in their then-current condition, and Landlord shall not provide to Tenant any allowances (e.g., moving allowance, construction allowance, and the like) or other tenant inducements.

4. If Landlord and Tenant fail to agree on the fair market rental value of the Leased Premises on or before one hundred eighty (180) days prior to the expiration of the term of this Lease, Landlord and Tenant shall cooperate to appoint an independent appraiser or broker to determine the fair market rental value. If Landlord and Tenant cannot agree upon such an appraiser or broker within one hundred sixty-five (165) days prior to the expiration of the term of the Lease, Landlord and Tenant, respectively, shall, within five (5) days, each appoint an independent appraiser or broker to determine the fair market rental value. If such independent appraisers or brokers cannot agree on upon the fair market rental value within fifteen (15) days after the expiration of such five (5) day period, such independent appraisers or brokers shall appoint a third independent appraiser or broker, whose determination shall be conclusively binding on Landlord and Tenant so long as it is not less than the lower or more than the higher of the determinations of the two other appraisers or brokers.

Tenant's rights under this Exhibit shall terminate if (a) this Lease or Tenant's right to possession of the Premises is terminated, (b) Tenant assigns any of its interest in the Lease or sublets any portion of the Premises (except to a Permitted Transferee) or sublets more than 50% of the Premises (other than to a Permitted Transferee) for the remaining term of the Lease or (c) Tenant fails to timely exercise its option under this Exhibit, time being of the essence with respect to Tenant's exercise thereof.

EXHIBIT G

FIRST RIGHT OF REFUSAL

BUILDING 1

Subject to Subsection B below, Landlord hereby grants to Tenant for the term of the Lease a right of first refusal for certain space in Building 1, Building 2 and Building 3 as described below, to be exercised in accordance with Subsections A-1, A-2 and A-3 below, as applicable.

A-1. At such time as Landlord receives any bona fide offers from a third party to lease all or any one or more of the portions of the Building depicted as "Space A-1," "Space A-2" and "Space A-3" on EXHIBIT A-1 (collectively, the "BUILDING 1 ROFR SPACE"), Landlord shall give Tenant written notice of such offer and such notice shall: (i) specify all material terms and conditions of such third party offer and (ii) contain an offer to Tenant under the same terms and conditions as the third party offer and give Tenant five (5) days (excluding holidays) to accept such offer. Should Tenant fail to exercise its right to lease such available Building 1 ROFR Space within such five (5) day (excluding holidays) period, Landlord shall have the right to lease such Building 1 ROFR Space to such third party. If Landlord shall then fail to lease such Building 1 ROFR Space to such third party or its affiliates on substantially the same terms as contained in the offer within six (6) months, this right of first refusal shall remain in effect with respect to such space. If Tenant exercises its right of first refusal with respect to the Building 1 ROFR Space, such space shall be added to the Premises for all purposes of this Lease, except as provided in C below. Notwithstanding the foregoing, Tenant's right of first refusal for the portions of the Building depicted as "Space A-2" on EXHIBIT A-1 is subordinate and subject to that right of first refusal for such space granted under that certain Lease Agreement dated September 15, 1999 between Landlord and AtOutcome, Inc. and Tenant's rights of first refusal for the portions of the building depicted as "Space A-3" on Exhibit A-1 is subordinate and subject to that renewal option for such space granted under said AtOutcome, Inc. Lease. This right of first refusal contained in this Subsection A-1 is contingent on there being no material adverse changes in Tenant's financial condition at the time of exercise from Tenant's financial condition on August 31, 1999. This First Right of Refusal shall be applicable to any space that becomes available during the term and is intended to be a continuous first right of refusal.

A-2. At such time as Landlord receives any bona fide offers from a third party to lease any portion of Building 2 which would result (either initially or through the exercise of any expansion rights or rights of first refusal contained in such offer) in twenty-five percent (25%) or less of Building 2 remaining unleased (the "BUILDING 2 ROFR SPACE"), Landlord shall give Tenant written notice of such offer and such notice shall (i) specify all material terms and conditions of such third party offer and (ii) contain an offer to Tenant under the same terms and conditions as the third party offer and give Tenant five (5) days (excluding holidays) to accept such offer. Should Tenant fail to exercise its right to lease such available Building 2 ROFR Space within such five (5) day (excluding holidays) period, Landlord shall have the right to lease such Building 2 ROFR Space to such third party and Tenant's right of first refusal under this subsection A-2 shall be subject and subordinate to any right of first refusal, expansion right and/or renewal granted under such lease to such third party (provided such rights were contained in the offer presented to Tenant). If Landlord shall fail to lease such Building 2 ROFR Space to such third party or its affiliates on substantially the same terms as contained in the offer within six (6) months then Tenant's right of first refusal with respect to that Building 2 ROFR Space shall remain in effect with respect to such space. The right of first refusal contained in this Subsection A-2 (i) is contingent on there being no material adverse changes in Tenant's financial condition at the time of exercise from Tenant's financial condition on August 31, 1999 and (ii) shall apply only to the initial lease up of Building 2 (i.e., once a space has been leased, the right of first refusal granted to Tenant shall no longer apply to it).

A-3. At such time as Landlord receives any bona fide offers from a third party to lease any portion (the "BUILDING 3 ROFR SPACE") of the next speculative building for office use built by Landlord in the Development ("BUILDING 3"), Landlord shall give Tenant written notice of such offer and such notice shall (i) specify all material terms and conditions of such third party offer and (ii) contain an offer to Tenant under the same terms and conditions as the third party offer and give Tenant five (5) days (excluding holidays) to accept such offer. Determination of the speculative building status will be as follows: within thirty (30) days after a building permit for shell construction is granted, Landlord shall declare if the building is a build to suit. Should Tenant fail to exercise its right to lease such available Building 3 ROFR Space within such five (5) day (excluding holidays) period, Landlord shall have the right to lease the Building 3 ROFR Space to such third party and Tenant's right of first refusal under this Subsection A-3 shall be subordinate and subject to any right of first refusal, expansion right and/or renewal right granted under such lease to such third party (provided such right was contained in the offer presented to Tenant). If Landlord shall fail to lease such Building 3 ROFR Space to such third party or its affiliates on substantially the same terms as contained in the offer within six (6) months, this right of first refusal shall remain in effect with respect to such space. Notwithstanding the foregoing, Tenant's right of first refusal under this Subsection A-3 shall (x) only be applicable to space in a speculative building built by Landlord for office use

(i.e. shall not apply to any space in a build-to-suit building or building used for non-office uses) (y) be effective only if prior to the date Landlord receives the third party offer in question Tenant provides audited financial statements (if available, and if not, unaudited statements certified by Tenant's chief financial officer) to Landlord showing either total revenues in excess of $40,000,000.00 for the previous two quarters or total revenues in excess of $80,000,000.00 for the previous four quarters, and (z) apply only to the initial lease up of Building 3 (i.e., once a space has been leased, the right of first refusal granted to Tenant shall no longer apply to it).

B. Tenant's rights of first refusal as set forth in Subsections A-1, A-2 and A-3 above are subject to the conditions that: (i) on the date that Tenant delivers its notice exercising its right of first refusal, no Event of Default exists, (ii) Tenant shall not have assigned the Lease, or sublet any portion of the Premises (except to a Permitted Transferee) and (iii) at the time that the third party offer is received by Landlord, Tenant must have provided Landlord with the financial information necessary to meet the respective financial requirements in Subsection A-1, A-2 or A-3 as applicable. Tenant shall be deemed to have met the requirement in (iii) above as it relates to Subsection A-1 or A-2, so long as Tenant delivers to Landlord quarterly financial statements showing no material adverse change in Tenant's financial condition since August 31, 1999.

C. Promptly after Tenant's exercise of any right of first refusal with respect to the Building as provided herein, Landlord shall execute and deliver to Tenant an amendment to the Lease to reflect changes in the Premises, Basic Rental, Tenant's Proportionate Share and any other appropriate terms changed by the addition of the ROFR Space. Within 10 days thereafter, Tenant shall execute and return the amendment; provided that the term for any such Building 1 ROFR Space shall be the same as contained in the offer (i.e., it will not be coterminous with the Lease).

D. Notwithstanding anything to the contrary contained herein, if Tenant exercises its right of first refusal as to space in Building 2 or 3, then within fifteen (15) days after such exercise, Landlord and Tenant shall enter into a new lease for such space on the same form as this Lease except for any changes necessary to reflect the business terms contained in the accepted third party offer and to reflect differences in the Buildings. Each such lease will contain a signage provision similar to Section 27 of this Lease, except that Tenant's rights to monument signage (like building signage) shall only be triggered if another tenant in the building in question (which tenant leases less space than Tenant) is permitted to have monument signage, in which case the size of the respective sign panels shall be based proportionately on the relative square footage of each tenant's space.

E. If any individual employed by Tenant's broker is working on a competing project in southwest Austin (including the Terrace), Tenant agrees to not disclose any terms and conditions of any offer received from Landlord under this Exhibit to that individual for a period of six (6) months after such offer.

F. Tenant shall not disclose the provisions and conditions of this right of first refusal to any person or entity except to persons or entities providing counsel or assistance to Tenant in connection with this Lease, including, without limitation, attorneys, engineers, architects, and brokers, and as required by valid court order or subpoena and disclosures required by the Securities and Exchange Commission, federal securities law, current and future lenders, and current and future investors.

EXHIBIT H

WHEN RECORDED, RETURN TO:

Lynda Zimmerman, Esq.
Winstead Sechrest & Minick P.C.
5400 Renaissance Tower
1201 Elm Street
Dallas, Texas 75270

SUBORDINATION, ATTORNMENT AND NON-DISTURBANCE AGREEMENT

This SUBORDINATION, ATTORNMENT AND NON-DISTURBANCE AGREEMENT ("AGREEMENT") is made and entered into as of October 29, 1999 by and between COMERICA BANK-TEXAS, a state banking association ("BENEFICIARY"); STRATUS 7000 WEST JOINT VENTURE, a Texas joint venture ("LESSOR"); and SILICON LABORATORIES, INC., a Delaware Corporation, ("LESSEE").

WITNESSETH:

WHEREAS, Beneficiary is the owner and holder of that certain Promissory Note ("NOTE") dated April 9, 1999, in the principal sum of SIX MILLION SIX HUNDRED THOUSAND AND NO/100 DOLLARS ($6,600,000.00), secured by that certain Deed of Trust ("DEED OF TRUST"), dated of even date with the Note, executed by Lessor to a trustee in favor of Beneficiary, recorded on April 16, 1999, as Document No. 1999009453 in the Offical Public Records of Travis County, Texas, which Deed of Trust constitutes a lien on the land described in EXHIBIT A attached hereto and incorporated herein by reference for all purposes and the improvements now or hereafter located thereon ("PROPERTY"); and

WHEREAS, Lessee is the holder of a leasehold estate in and to all or a portion of the Property (the property which is the subject of such leasehold estate being referred to as the "DEMISED PREMISES") pursuant to the terms of that certain lease agreement ("LEASE") dated October 27, 1999, and executed by and between Lessee, as the tenant, and Lessor, as the landlord; and

WHEREAS, Lessor, Lessee and Beneficiary desire to confirm their understandings with respect to the Lease and the Deed of Trust.

NOW, THEREFORE, in consideration of the mutual and dependent covenants and agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and confessed, the parties hereto agree and covenant as follows:

1. SUBORDINATION. Subject to the terms of this Agreement, the Lease now is, and shall at all times continue to be, subject, inferior and subordinate in each and every respect to the lien of the Deed of Trust and to any and all renewals, amendments, modifications, extensions, substitutions, replacements, increases and/or consolidations of the Deed of Trust and/or Note, and the lien of the Deed of Trust, and any and all renewals, amendments, modifications, extensions, substitutions, replacements, increases and/or consolidations of the Deed of Trust and/or the Note, shall be and remain, in each and every respect, prior and superior to the Lease. This Agreement shall be the whole and only agreement with regard to the subordination of the Lease to the lien of the Deed of Trust and shall supersede and cancel, insofar as same may affect the priority between the Deed of Trust and the Lease, any prior agreements or provisions relating to the subordination of the Lease to the lien of the Deed of Trust, including, without limitation, those provisions, if any, contained in the Lease which provide for the subordination thereof to the lien of any deed of trust, mortgage or other security agreement. Nothing herein contained shall be deemed or construed as limiting or restricting the enforcement by Beneficiary of any of the terms, covenants, provisions or remedies specified in the Deed of Trust, whether or not consistent with the Lease, including (without

limitation) any rights, remedies, privileges and recourses of Beneficiary with respect to insurance proceeds and condemnation awards with respect to the Demised Premises or the Property. The Lease is herein made subordinate to the aforementioned instruments only and not to any other encumbrances placed upon or against the Demised Premises. This provision is declared by Beneficiary and Lessee to be effective and self-operative, without the execution of any further instruments on the part of any of the parties hereto.

2. PURCHASER. As used herein, the term "PURCHASER" shall be deemed to include Beneficiary and any of its successors and assigns, including anyone who shall have succeeded to Lessor's interest in the Demised Premises by, through or under judicial foreclosure sale, non-judicial foreclosure sale or other similar proceedings brought pursuant to the Deed of Trust, deed in lieu of such foreclosure, other proceedings brought by Beneficiary under or with respect to the Note or Deed of Trust, or otherwise.

3. ATTORNMENT. If the interests of Lessor in and to the Demised Premises become owned by Beneficiary or another Purchaser by reason of judicial foreclosure, non-judicial foreclosure by the trustee under the Deed of Trust, other proceedings brought by Beneficiary or Purchaser or by any other manner, including, but not limited to, Beneficiary's exercise of its rights under any collateral assignment(s) of leases and rents, whereby Purchaser succeeds to the interest of the Lessor under the Lease, Lessee shall be bound to Purchaser in accordance with all of the terms, covenants and conditions of the Lease for the balance of the term thereof and any extension thereof duly exercised by Lessee with the same force and effect as if Purchaser were the lessor under the Lease. Lessee does hereby attorn to Purchaser, as its lessor, which attornment shall be effective and self-operative, without the execution of any further instruments on the part of any of the parties hereto, immediately upon Purchaser's succeeding to the interest of the Lessor under the Lease; provided, however, that Lessee shall be under no obligation to pay rent to Purchaser until Lessee receives written notice from Purchaser that it has succeeded to the interest of the Lessor under the Lease, and upon receipt of such notice, Lessee shall pay to Purchaser all rental and other payments required under the Lease for the duration of the term of the Lease and any extensions thereof duly exercised by Lessee and lessor hereby consents to such payments. The respective rights and obligations of Lessee and Purchaser upon such attornment, to the extent of the then remaining balance of the term of the Lease and any extension thereof duly exercised, shall be and are the same as now set forth therein, it being the intention of the parties hereto for this purpose to incorporate the Lease in this Agreement by reference, with the same force and effect as if expressly set forth herein.

4. NON-DISTURBANCE. In the event of a foreclosure of the lien of the Deed of Trust, so long as Lessee is not in default (beyond any period given in the Lease to Lessee to cure such default) in the payment of rent or in the performance of any of the terms, covenants or conditions of the Lease on Lessee's part to be performed, Lessee's possession, use and occupancy of the Demised Premises pursuant to the Lease shall not be extinguished or terminated by such foreclosure nor interfered with or disturbed by Purchaser during the term of the Lease and any extension thereof duly exercised by Lessee. If at, or subsequent to, the time that Purchaser shall acquire, in whatever manner, title to the Property or Lessor's title or interest in the Demised Premises (subject to the Lease), or from time to time thereafter, any default exists or occurs under the Lease, then Purchaser shall be entitled to exercise or enforce any and all rights, privileges, remedies and recourses which it may have against Lessee under or pursuant to the Lease or other applicable law (including, without limitation, the termination of the Lease, the dispossession of Lessee from the Demised Premises, or the prosecution of an action for breach of the Lease), notwithstanding the provisions of this Agreement.

5. PURCHASER'S OBLIGATIONS. If Purchaser shall succeed to the interest of Lessor under the Lease, Purchaser shall be bound to Lessee under all of the terms, covenants and conditions of the Lease and shall recognize and observe all of Lessee's rights and privileges under this Lease; provided, however, that Purchaser shall not be:

(a) liable for any act or omission of any prior lessor (including Lessor) under the Lease; or

(b) subject to any offsets or defenses which Lessee might have against any prior lessor (including Lessor) under the Lease; or

(c) bound by any rent, additional rent, advance rent or other monetary obligations which Lessee might have paid for more than the current month to any prior lessor (including Lessor) under the Lease and which is not delivered or paid to Purchaser at the time of Purchaser's succession to title to the Demised Premises, and all such rent or other monetary obligations shall remain due and owing, notwithstanding such advance payment, and with respect to which Lessee agrees to look solely to Lessor for refund or reimbursement; or

(d) bound by any security deposit of any type or advance rental deposit made by Lessee under the Lease which is not delivered or paid to Purchaser at the time of Purchaser's succession to title to the Demised Premises, and with respect to which Lessee agrees to look solely to Lessor for refund or reimbursement; or

(e) bound by any amendment, modification, supplementation, termination or cancellation of the Lease made without Beneficiary's or Purchaser's prior written consent and approval; or

(f) required to complete the construction of any improvements or otherwise perform the obligations of Lessor under the Lease in the event that Purchaser acquires title to the Property prior to full completion and acceptance by Lessee of improvements required under the Lease; or

(g) liable or responsible under or pursuant to the terms of the Lease after it ceases to own an interest in or to the Demised Premises.

6. REPRESENTATIONS. Lessor and Lessee represent, warrant and certify to Beneficiary (and Purchaser), as of the date hereof, as follows:

(a) the Lease is presently in full force and effect;

(b) the Lease has not been cancelled, terminated, modified, amended, supplemented, replaced, restated or otherwise changed, either orally or in writing, except as herein expressly provided;

(c) all conditions or requirements specified in the Lease that could have been satisfied as of the date hereof have been fully satisfied;

(d) no rent under the Lease has been paid for more than the current rental period established in the Lease;

(e) no default (or any event, condition or circumstance, which with notice, grace or lapse of time could constitute a default) exists under said Lease;

(f) Lessee, as of this date, has no charge, lien or claim of offset under said Lease or otherwise against rents or other charges due or to become due under the Lease;

(g) the Lease constitutes the entire agreement between the Lessee and Lessor and that Purchaser shall have no liability or responsibility with respect to any security deposit or advance rental deposit made by the Lessee except to the extent actually delivered and paid to Purchaser concurrently with Purchaser's succession in interest to the Demised Premises;

(h) the only persons or entities in possession of the Demised Premises or having any right to the possession, use or occupancy of the Demises Premises (other than the record owner or holders of recorded easements) is Lessee; and

(i) Lessee has no right or interest in or under any contract, option or agreement (other than as shown in the Lease) involving the sale or transfer of the Demised Premises or the expansion of the Demised Premises or extension of the term of the Lease.

Lessor and Lessee further agree to execute and deliver to Beneficiary, promptly upon request of Beneficiary and without charge, a written updated certification of the representations, warranties and

certifications provided in this SECTION 6 to the extent then accurate (or if any are not accurate, an explanation of the circumstances of any inaccuracy).

7. NEGATIVE COVENANTS. In the absence of the prior written consent of Beneficiary (or Purchaser), Lessee agrees not to do any of the following: (a) prepay the rent or other monetary obligations under the Lease for more than one (1) month in advance, (b) enter into any agreement, whether oral or written, with the Lessor to amend, modify, supplement, replace, restate or otherwise change the Lease, (c) voluntarily surrender the Demised Premises or terminate the Lease except as expressly provided for in the Lease to the contrary, and (d) sublease or assign all or any portion of the Demised Premises or the Lease except as expressly provided for in the Lease to the contrary.

8. DEFAULT. In the event Lessor shall fail to perform or observe any of the terms, conditions or agreements in the Lease, Lessee shall, as a condition precedent to any action with respect to such default under the Lease, give written notice thereof to Beneficiary and Beneficiary shall have the right (but not the obligation) to cure such default. Lessee shall not take any action with respect to such default under the Lease, including without limitation any action in order to terminate, rescind or avoid the Lease or to withhold any rent or other monetary obligations thereunder except as expressly provided for in the Lease to the contrary, for a period of thirty (3 0) days after receipt of such written notice by Beneficiary; provided, however, that in the case of any default which cannot with diligence be cured within said thirty (30) day period, if Beneficiary shall proceed promptly to cure such default and thereafter prosecute the curing of such default with diligence and continuity, the time within which such default may be cured shall be extended for such period as may be necessary to complete the curing of such default with diligence and continuity.

9. NOTICES. All notices or other communications required or permitted to be given pursuant to this Agreement shall be in writing and shall be considered as properly given if (i) mailed by first class United States mail, postage prepaid, registered or certified with return receipt requested; (ii) by delivering same in person to the intended addressee; or (iii) by delivery to an independent third party commercial delivery service for same day or next day delivery and providing for evidence of receipt at the address of the intended addressee. Notice so mailed shall be effective upon its deposit with the United States Postal Service or any successor thereto; notice sent by a commercial delivery service shall be effective upon delivery to such commercial delivery service; notice given by personal delivery shall be effective only if and when received by the addressee; and notice given by other means shall be effective only if and when received at the office or designated address of the intended addressee. For purposes of notice, the addresses of the parties shall be as set forth below; provided, however, that either party shall have the right to change its address for notice hereunder to any other location within the continental United States by the giving of thirty (30) days notice to the other party in the manner set forth herein.

Beneficiary: Comerica Bank-Texas
1601 Elm Street, 2nd Floor
Dallas, Texas 75201
Attention: National Real Estate Services

Lessor: Stratus 7000 West Joint Venture
98 San Jacinto Boulevard
Suite 220
Austin, Texas 78701
Attn: William H. Armstrong, III

Lessee: Silicon Laboratories, Inc.
4635 Boston Lane
Austin, Texas 78735

10. COUNTERPARTS. To facilitate execution, this instrument may be executed in as many counterparts as may be convenient or required. It shall not be necessary that the signature or acknowledgment of, or on behalf of, each party, or that the signature of all persons required to bind any party, or the acknowledgment of such party, appear on each counterpart. All counterparts shall collectively constitute a single instrument. It shall not be necessary in making proof of this instrument to produce or account for more than a single counterpart containing the respective

signatures of, or on behalf of, and the respective acknowledgments of, each of the parties hereto. Any signature or acknowledgment page to any counterpart may be detached from such counterpart without impairing the legal effect of the signatures or acknowledgments thereon and thereafter attached to another counterpart identical thereto except having attached to it additional signature or acknowledgment pages.

11. AMENDMENT. This Agreement may not be modified orally or in any manner other than by an agreement, in writing, signed by the parties hereto or their respective successors in interest.

12. SUCCESSORS. This Agreement shall inure to the benefit of and be binding upon the parties hereto, their successors and assigns.

13. REMEDIES CUMULATIVE. All remedies provided for herein are cumulative and shall be in addition to, but not in lieu of, any and all other rights and remedies provided by law and by any and all other agreements between Beneficiary and either Lessor or Lessee.

14. FURTHER ASSURANCES. At the request of Beneficiary, Lessor and Lessee shall execute, acknowledge, and deliver such other documents and/or instruments as may be reasonably required by Beneficiary in order to effectuate the intent and purpose of this Agreement; provided, however, that no such document or instrument shall modify the rights and obligations of Lessor and Lessee as provided herein.

15. ATTORNEYS' FEE. The prevailing party in any action brought against the other parties hereto to enforce any rights, obligations or duties under this Agreement shall be entitled to recover from the nonperforming party the prevailing party's reasonable costs and expenses (including attorneys' fees) incurred in connection with the enforcement hereof

16. TERMINATION. This Agreement shall be of no further force and effect and shall become null and void upon the recording in the applicable records of Beneficiary's written release of the lien of the Deed of Trust.

17. NO ORAL AGREEMENTS. THIS AGREEMENT EMBODIES THE FINAL, ENTIRE AGREEMENT OF THE PARTIES HERETO AND SUPERSEDES ANY AND ALL PRIOR COMMITMENTS, AGREEMENTS, REPRESENTATIONS, AND UNDERSTANDINGS, WHETHER WRITTEN OR ORAL, RELATING TO THE SUBJECT MATTER HEREOF. THIS AGREEMENT IS INTENDED BY THE PARTIES HERETO AS A FINAL AND COMPLETE EXPRESSION OF THE TERMS OF THIS AGREEMENT AND NO COURSE OF DEALING BETWEEN THE PARTIES HERETO, NO COURSE OF PERFORMANCE, NO TRADE PRACTICES, AND NO EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OR OTHER EXTRINSIC EVIDENCE OF ANY NATURE SHALL BE USED TO CONTRADICT, VARY, SUPPLEMENT OR MODIFY ANY TERM OF THIS AGREEMENT. THERE ARE NO ORAL AGREEMENTS BETWEEN THE PARTIES HERETO.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

BENEFICIARY:

COMERICA BANK-TEXAS,
a state banking association

By: /s/ Sherry R. Layne
Name: Sherry R. Layne
Title: Vice President

LESSOR:

STRATUS 7000 WEST JOINT VENTURE,
a Texas joint venture

By: Stratus 7000 West, Ltd.,
a Texas limited partnership,
Joint Venturer

By: STRS L.L.C.,
a Delaware limited liability company,
Its General Partner

By: Stratus Properties, Inc.,
a Delaware corporation,
Its Sole Member

By: /s/ William H. Armstrong, III
Name: William H. Armstrong, III
Title: President and Chief Executive Officer

By: OLY LANTANA, L.P., a Texas limited partnership, Joint Venturer

By: OLY LANTANA, L.P., a Texas limited liability company, its General Partner

By: /s/ Hal R. Hall
Name: Hal R. Hall
Title:_____

LESSEE:

SILICON LABORATORIES, INC.
a Delaware corporation

By: /s/ Navdeep S. Sooch
Name: Navdeep S. Sooch
Title: Chairman & CEO

STATE OF TEXAS

COUNTY OF DALLAS

This instrument was ACKNOWLEDGED before me on the 4th day of November 1999 by Shery R. Layne, the Vice President of COMERICA BANK-TEXAS, a state banking association, on behalf of said association.

[SEAL] /s/ Kristine K. Finn

Notary Public, State of Texas

My Commission Expires:

_____

_____
Printed Name of Notary Public

STATE OF TEXAS Section
Section
COUNTY OF TRAVIS Section

The foregoing instrument was ACKNOWLEDGED before me this 29th day of October, 1999, by William H. Armstrong, III, the President and Chief Executive Officer of STRATUS PROPERTIES, INC., a Delaware corporation and the Sole Member of STRS L.L.C., a Delaware limited liability company and the General Partner of STRATUS 7000 WEST, LTD., a Texas limited partnership and Operating Partner of STRATUS 7000 WEST JOINT VENTURE, a Texas joint venture, on behalf of each of said entities.

[SEAL] /s/ Mary Bradley

Notary Public, State of Texas

My Commission Expires:

MARY BRADLEY

Jan. 16, 2002 (Printed Name of Notary Public)

STATE OF TEXAS Section
Section
COUNTY OF DALLAS Section

The foregoing instrument was ACKNOWLEDGED before me this 2 day of November, 1999, by Hal Hall, the Vice President of OLY Lantana, G.P., L.L.C., general partner of OLY Lantana, L.P, a Texas limited partnership, Joint Venturer, of STRATUS 7000 WEST JOINT VENTURE, on behalf of said entities.

[SEAL] /s/ Kerry A. Nunn

Notary Public, State of Texas

My Commission Expires:

Kerry A. Nunn

October 6, 2002 (Printed Name of Notary Public)

STATE OF TEXAS Section
Section
COUNTY OF TRAVIS Section

This instrument was ACKNOWLEDGED before me on the 29th day of October, 1999, by NAVDEEP S. SOOCH, the Chairman and CEO of SILICON LABORATORIES, INC., a DELAWARE Corporation on behalf of corporation.

[SEAL]

/s/ Lynette L. Herr
Notary Public, State of Texas

My Commission Expires:

Lynette L. Herr
Printed Name of Notary Public

April 27, 2002

EXHIBIT LIST

Exhibit A - Legal Description

EXHIBIT I

LETTER OF CREDIT PRO FORMA WORDING

PAGE ONE OF TWO

(FOR LETTER OF CREDIT ISSUED BY IMPERIAL BANK)

APPLICANT:

BENEFICIARY:

AMOUNT:

EXPIRY DATE AND PLACE FOR PRESENTATION OF DOCUMENTS: [need date] IMPERIAL BANK INTERNATIONAL DIVISION, 2015 MANHATTAN BEACH BLVD., 2ND FLR., REDONDO BEACH, CA 90278

CREDIT IS AVAILABLE WITH IMPERIAL BANK INTERNATIONAL DIVISION AGAINST PAYMENT OF DRAFTS DRAWN AT SIGHT ON IMPERIAL BANK INTERNATIONAL DIVISION, 2015 MANHATTAN BEACH BLVD., 2ND FLR., REDONDO BEACH, CA 90278

DOCUMENTS REQUIRED:

1. THE ORIGINAL OF THIS STANDBY LETTER OF CREDIT AND AMENDMENT(S) IF ANY.

2. BENEFICIARY'S STATEMENT PURPORTEDLY SIGNED BY AN AUTHORIZED OFFICER CERTIFYING THAT [APPLICANT' NAME] IS IN DEFAULT OR THAT AN EVENT OF DEFAULT HAS OCCURRED UNDER ONE OR MORE OF THE TERMS OF THAT CERTAIN LEASE AGREEMENT DATED [GIVE DATE] THAT EXISTS BETWEEN [APPLICANT'S NAME] AND [BENEFICIARY'S NAME] AND THAT ANY APPLICABLE CURE PERIOD HAS LAPSED WITHOUT REMEDY.

SPECIAL CONDITIONS:

ALL INFORMATION REQUIRED UNDER DOCUMENT REQUIREMENT NO. 2 WHETHER INDICATED BY BLANKS, BRACKETS OR OTHERWISE, MUST BE COMPLETED AT THE TIME OF DRAWING.

ALL SIGNATURES MUST BE MANUALLY EXECUTED IN ORIGINALS.

PARTIAL DRAWINGS MAY BE MADE UNDER THIS LETTER OF CREDIT, PROVIDED, HOWEVER, THAT EACH SUCH DEMAND THAT IS PAID BY US SHALL REDUCE THE AMOUNT AVAILABLE UNDER THIS LETTER OF CREDIT.

IT IS A CONDITION OF THIS STANDBY LETTER OF CREDIT THAT IT SHALL BE DEEMED AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR ONE YEAR PERIODS FROM THE PRESENT EXPIRATION DATE HEREOF, UNLESS THIRTY (30) DAYS PRIOR TO ANY SUCH DATE, WE SHALL NOTIFY YOU IN WRITING BY CERTIFIED MAIL OR COURIER SERVICE AT THE ABOVE LISTED ADDRESS THAT WE ELECT NOT TO CONSIDER THIS IRREVOCABLE LETTER OF CREDIT RENEWED FOR ANY SUCH ADDITIONAL PERIOD. UPON RECEIPT BY YOU OF SUCH NOTICE, YOU MAY DRAW HEREUNDER BY MEANS OF YOUR DRAFT(S) ON US AT SIGHT ACCOMPANIED BY YOUR ORIGINAL SIGNED STATEMENT WORDED AS FOLLOWS: [beneficiary] HAS RECEIVED NOTICE FROM IMPERIAL BANK THAT THE EXPIRATION DATE OF LETTER OF CREDIT NO. [INSERT L/C NO.] WILL NOT BE EXTENDED FOR AN ADDITIONAL PERIOD. AS OF THE DATE OF THIS DRAWING, [beneficiary] HAS NOT RECEIVED A SUBSTITUTE LETTER OF CREDIT OR OTHER INSTRUMENT ACCEPTABLE TO [beneficiary] AS SUBSTITUTE FOR IMPERIAL BANK LETTER OF CREDIT NO. [INSERT L/C NO.].

NOTWITHSTANDING THE ABOVE, THE FINAL EXPIRATION DATE SHALL BE MMDDYY.

ALL DRAFTS AND DOCUMENTS REQUIRED UNDER THIS LETTER OF CREDIT MUST BE MARKED: "DRAWN UNDER IMPERIAL BANK LETTER OF CREDIT NO. [INSERT L/C NO.]"

ALL DOCUMENTS ARE TO BE DISPATCHED IN ONE LOT BY COURIER SERVICE TO IMPERIAL BANK INTERNATIONAL DIVISION, 2015 MANHATTAN BEACH BLVD., 2ND FLR., REDONDO BEACH, CA 90278

EXHIBIT I

LETTER OF CREDIT PRO FORMA WORDING

PAGE TWO OF TWO

THIS LETTER OF CREDIT SETS FORTH IN FULL THE TERMS OF OUR UNDERTAKING AND SUCH UNDERTAKING SHALL NOT BE IN ANY WAY MODIFIED, AMENDED OR AMPLIFIED BY REFERENCE TO ANY DOCUMENT, INSTRUMENT OR AGREEMENT REFERRED TO HEREIN OR IN WHICH THIS LETTER OF CREDIT IS REFERRED TO OR TO WHICH THIS LETTER OF CREDIT RELATES, AND ANY SUCH REFERENCE SHALL NOT BE DEEMED TO INCORPORATE HEREIN BY REFERENCE ANY DOCUMENT, INSTRUMENT OR AGREEMENT.

WE HEREBY ENGAGE WITH YOU THAT ALL DRAFTS DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS OF THIS CREDIT WILL BE DULY HONORED IF DRAWN AND PRESENTED FOR PAYMENT AT THIS OFFICE ON OR BEFORE THE EXPIRATION DATE OF THIS CREDIT.

EXCEPT SO FAR AS OTHERWISE EXPRESSLY STATED, THIS CREDIT IS SUBJECT TO THE "UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS" (1993 REVISION) INTERNATIONAL CHAMBER OF COMMERCE (PUBLICATION NO. 500).

EXHIBIT J

CONFIDENTIAL AGREEMENT

DISCLOSURE OF CONFIDENTIAL INFORMATION

This agreement, effective this 27th day of October 1999 by and between Silicon Laboratories Inc., a corporation organized under the laws of the State of Delaware, and having its principal place of business at 4635 Boston Lane, Austin, TX 78735, and Stratus 7000 West Joint Venture, a joint venture organized under the laws of Texas and having its principal place of business at Stratus Properties Inc. 98 San Jacinto, Suite 220 Austin, Texas 78701 hereinafter referred to as the "party" or the "parties." Whereas, the parties desire to discuss with each other information relating to historical financial information, financial forecasts, business plans, staffing levels and future product development activities.

Now, therefore, in consideration of the aforesaid disclosures and further in consideration of the rights and obligations hereinafter set forth, it is hereby agreed as follows:

I. Each party shall hold in confidence any and all confidential information disclosed by the other, with regard to the above part numbers and shall exercise the same degree of diligence with respect to the dissemination of such information as that exercised with respect to their own confidential information which they do not want disclosed.

II. Each party agrees not to disclose to any third party confidential information disclosed by the other or to offer for sale or otherwise dispose of to any third party devices (or information relating to the subject matter) utilizing any of the confidential information (unless otherwise authorized in writing).

Information disclosed hereunder shall not be deemed to be confidential if:

A. The information was generally available to the public at the time of disclosure to the receiving party; or
B. The information hereafter becomes generally available to the public, except as the result of unauthorized disclosure by the receiving party; or
C. The party disclosing the information agrees, in writing, that it can be disclosed, by the receiving party to a third party; or
D. The information is known to the receiving party and documented in writing prior to its receipt, is not subject to a non-disclosure commitment on the part of the receiving party, and the receiving party informs the disclosing party of such facts at the time of the disclosure; or
E. The information is or becomes available on an unrestricted basis to a third party from the disclosing party or from someone acting under its control (except that a corporate subsidiary of either party shall not be deemed a "third party" hereunder).

In the event the receiving party is obligated to produce such information, as a result of court order or pursuant to governmental action and the transmitting party shall have been given notice and an opportunity to appear and object to such disclosure but is unsuccessful, then the receiving party may produce such information as is required by the court order or governmental action to such third party.

III. The disclosing party's confidential information shall be made available only to those employees of the receiving party who have a reasonable need for such information.

IV. The parties agree not to utilize any such confidential information received under this Agreement in the manufacture of articles sold or offered for sale to anyone other than the disclosing party without prior written consent of the disclosing party, subject to the same exceptions set forth in Paragraph II above.

V. Any confidential disclosure, if made orally, shall be identified as confidential prior to disclosure and shall be promptly confirmed in writing by the disclosing party, within 30 days, if the disclosing party wishes to keep such information proprietary under this Agreement.

EXHIBIT J

VI. Nothing in this Agreement shall be construed to grant to either party any right or license under any patent of the other party.

VII. The obligations under paragraphs I, II, III, and IV shall continue for a period of one (1) year after the end of term of a Lease Agreement Between Stratus 7000 West Joint Venture as Landlord and Silicon Laboratories Inc. as Tenant dated OCTOBER 27, 1999.

VIII. It is understood by both parties that such information may relate to products that are under development or planned for development. BOTH PARTIES UNDERSTAND THAT NO WARRANTIES ARE MADE OR IMPLIED REGARDING THE ACCURACY OF THIS INFORMATION. Neither party accepts responsibility for any expense, losses, or action incurred or undertaken by the other as a result of the receipt of this information. It is further understood by both parties that neither party warrants or represents that it will introduce any product to which the information is disclosed herein is related.

IX The adjudication of this agreement shall be governed by the laws of the State of Texas.

X. The existence of this agreement and, the fact that confidential information exists and has been disclosed constitutes confidential information and shall be treated as such under the terms of this agreement.

By	/s/ Navdeep S. Sooch	By	/s/ William H. Armstrong, III
	Signature		Signature
	Navdeep S. Sooch		William H. Armstrong, III
	Chairman and Chief Executive Officer Silicon Laboratories Inc.		President and CEO Stratus Properties Inc., a Delaware limited liability company

FINOVA-Registered Trademark-
FINANCIAL INNOVATORS

FINOVA Capital Corporation
Technology Finance
10 Waterside Drive
Farmington, CT 06032-3065
(860)676-1818

MASTER LOAN AND SECURITY AGREEMENT

Master Loan and Security Agreement No. S7270 Dated April 22, 1999

FINOVA CAPITAL CORPORATION, with its principal place of business located at 1850 N. Central Avenue, Phoenix, AZ 85004 ("we," "us" or "FINOVA") is willing to make a loan (the "Loan") to SILICON LABORATORIES INC. ("you" or "Borrower") under the terms and conditions contained in this Master Loan and Security Agreement (this "Master Agreement"). The Loan will be secured by the Collateral described in any schedule to this Master Agreement (a "Schedule"). The Collateral also includes any replacement parts, additions and accessories that you may add to the Collateral, as well as any proceeds (including without limitation to Insurance proceeds) of sale of the Collateral. We may treat any Schedule as a separate loan and security agreement containing all of the provisions of this Master Agreement.

1. THE CREDIT

We may make the Loan in more than one advance (an "Advance", each of which shall be evidenced by a "Schedule"). All of the Schedules, taken together, will make up the Loan. We will only make the Loan to you if all the conditions in this Master Agreement have been met to our reasonable satisfaction. We will rely on your representations and warranties, contained in this Master Agreement, in making the Loan. The terms of this Agreement will each apply to the Loan.

- - USE OF PROCEEDS. You will use the proceeds of the Loan to pay for the Collateral. We may pay the Supplier (whom you have chosen) of the Collateral directly from the Loan proceeds. The Supplier will deliver the Collateral to you at your expense. You will properly install the Collateral at your expense at the location(s) indicated in the Schedule. If you have already paid for the Collateral, we will pay the Loan proceeds to you or to another person that you may designate in writing.

- - NOTES. Your obligation to repay the Loan and to pay interest on the Loan will be evidenced by Notes. Each Note will be dated the date of the Schedule to which the Advance evidenced by the Note is related.

- - TERM. The Term of each Schedule (and the related Advance) begins upon the date that we make payment for the Collateral covered under each Schedule (the "Closing Date"). The Term continues until you fully perform all of your obligations under this Agreement and each Schedule and the related Note(s). If the Collateral is not delivered, installed and accepted by you by the date indicated in the Schedule, we may terminate this Agreement and the Schedule as to the Collateral that was not delivered, installed and accepted by giving you 10 days written notice of termination. Any advance Loan payment you may have paid us is nonrefundable, even if the Term never starts or if we rightfully terminate this Master Agreement or the Schedule.

- - LOAN ACCOUNT. We will keep a loan account on our books and records (which are computerized) for the Loan. We will record all payments of principal and interest in the loan account. Unless the entries in the loan account are clearly in error, the loan account will definitively indicate the outstanding principal balance and accrued interest on the Loan. We may send you loan account statements from time to time or upon your request.

- - PAYMENTS. The scheduled loan payments (the "Payments") are indicated on the Schedule. The Payments are payable periodically as specified on the Schedule from time to time (for example, monthly). The Schedule also indicates whether the Payments are payable "in advance" or "in arrears." You agree that you owe us the total of all of these Payments over the Term of the Schedule.

- - FIRST PAYMENT. The first Payment is due at the beginning of the Term or at a later date that we agree to in writing. Subsequent Payments are due on the thirtieth day of each successive period (except the next following period if Payments are payable in arrears) until you pay us in full all of the Payments and any other charges or expenses you owe us.

- - INTEREST. Prior to maturity of a Schedule, you will pay us interest on each Schedule at the Interest Rate indicated in the Schedule. "Maturity" means the scheduled maturity or any earlier date on which we accelerate the Loan. The Payment amount indicated in the Schedule includes interest at this Interest Rate. Interest is calculated in advance using a year of 360 days with twelve months of 30 days.

- - DEFAULT INTEREST RATE. After Maturity of the Loan you will pay us interest at a rate of four (4%) percent per year above the Interest Rate. This is referred to as the "Default Rate."

- - INTERIM PAYMENT. If an Advance is made on a day other than the thirtieth or thirty-first day of a period, you will also pay us an interim Payment on the first Payment date. The interim Payment will be for the period from the beginning of the Term until the twenty-ninth day of the period in which the Advance is made, unless the Advance is made on the thirty-first day of a period. If the Advance is made on the thirty-first day of a period, the interim Payment will be for the period from the beginning of the Term through and including the twenty-ninth day of the next following period. The Interim Payment will be calculated on an interest only daily basis for the number of days for which the interim Payment is due.

- - USURY. You and we intend to obey the law. If the Interest Rate charged would exceed the maximum legal rate, you will only have to pay the maximum legal rate. You do not have to pay any excess interest over and above the maximum legal rate of interest. However, if it later becomes legal for you to pay all or part of any excess interest, you will then pay it to us upon our request.

- - PAYMENT DETAILS. You will make all payments due under this Master Agreement by 12:00 P.M., Connecticut time, on the day they are due. You will make all payments in US Dollars (US$) in immediately available funds. We do not have to make or give "presentment, demand, protest or notice" to get paid. You waive "presentment, demand and protest."

- - APPLICATION OF PAYMENTS. Each payment under this Master Agreement is to be applied in the following order: first, to any fees, costs, expenses and charges you may owe us; second, to any interest due; and third to the principal balance.

- - PREPAYMENT. You may not prepay the Loan, in whole or in part, unless this is specifically permitted by Exhibit A to this Agreement. If prepayment is permitted by Exhibit A to this Master Agreement, you will give us at least 30 days advance written notice of prepayment. You will pay us the prepayment premium indicated in the Schedule(s). You will also pay us all accrued and unpaid interest through the date of prepayment, as well as all outstanding fees, costs, expenses and charges then due. Of course, you will also pay the entire outstanding principal balance of the Loan. Once you give us a notice of prepayment, that notice is final and irrevocable. If we accelerate the Loan following an Event of Default, you will also owe us a prepayment premium calculated as if the Loan were prepaid on the date of acceleration. If no prepayment is permitted, the premium due upon acceleration will be five (5%) percent of the outstanding principal balance.

- - YOUR OBLIGATION TO PAY US ALL PAYMENTS IS ABSOLUTE AND UNCONDITIONAL. YOU ARE NOT EXCUSED FROM MAKING THE PAYMENTS, IN FULL, FOR ANY REASON. YOU AGREE THAT YOU HAVE NO DEFENSE FOR FAILURE TO MAKE THE PAYMENTS AND YOU WILL NOT MAKE ANY COUNTERCLAIMS OR SETOFFS TO AVOID MAKING THE PAYMENTS.

2. SECURITY INTEREST

- - You grant us a security interest in the Collateral. The Collateral secures the full and timely payment and performance of all of your obligations to us under this Master Agreement and any other agreement, loan or lease that you may have with us (the "Obligations").

- - If we request, you will put labels supplied by us stating "PROPERTY SUBJECT TO A SECURITY INTEREST HELD BY FINOVA" on the Collateral where they are clearly visible.

- - You give us permission to add to this Master Agreement or any Schedule the serial numbers and other information about the Collateral.

- - You give us permission to file this Master Agreement or a Uniform Commercial Code financing statement, at your expense, in order to perfect our security interest in the Collateral. You also give us permission to sign your name on the Uniform Commercial Code financing statements where this is permitted by law.

- - You will pay our reasonable cost to do searches for other filings or judgments against you or your affiliates. You will also pay any filing, recording or stamp fees or taxes resulting from filing this Agreement or a Uniform Commercial Code financing statement. You will also pay our reasonable fees in effect from time to time for documentation, administration and Termination of this Master Agreement.

- - At your expense, you will defend our first priority security interest in the Collateral against, and keep the Collateral free of, any legal process, liens, other security interests, attachments, levies and executions. You will give us three (3) business days written notice of any legal process, liens, attachments, levies or executions, and you will indemnify us against any loss that results to us from these causes.

- - You will notify us at least 15 days before you change the address of your principal executive office.

- - You will promptly sign and return additional documents that we may reasonably request in order to protect our first priority security interest in the Collateral.

- - Except for the 20% soft cost (which will be allocated as follows: $300,000 for shipping, tax, software and installation and $100,000 for tenant improvements) portion of this Master Agreement the Collateral is personal property and will remain personal property. You will not incorporate it into real estate and will not do anything that will cause the Collateral to become part of real estate or a fixture.

3. CONDITIONS OF LENDING

- - See our Commitment Letter to you dated April 14, 1999, which you and we consider to be a part of this Master Agreement. The terms and conditions of the Commitment Letter continue following the making of the first Advance. However, if there is a conflict between the terms and conditions of this Master Agreement, any Schedule or any Note and the terms and conditions of the Commitment Letter, then you and we agree that the terms and conditions of this Master Agreement, the Schedules and the Notes control over the Commitment Letter terms and conditions.

- - Before we disburse any proceeds of any Advance, we also require the following:

- - That no payment is past due to us under any other agreement, loan or lease that you have with us.

- - That you are complying with all terms of this Master Agreement.

- - That we have received all the documents we requested, including the signed Schedule, Note and Delivery and Acceptance Certificate.

- - That there has been no material adverse change in your financial condition, business, operations or prospects, from the financial condition that you disclosed to us in your application for credit.

4. REPRESENTATIONS AND WARRANTIES

You represent and warrant to us as follows:

- - All financial information and other information that you have given us is true and complete. You have not failed to tell us anything that would make the financial information not misleading. There has been no material adverse change in your financial condition, business, operations or prospects, from the financial condition that you disclosed to us in your application for credit.

- - You have supplied us with information about the Collateral. You promise to us that the amount of our Advance as to each item of Collateral is no more than the fair and usual price for this kind of Collateral, taking into account any discounts, rebates and allowances that you or any affiliate of yours may have been given for the Collateral.

- - You have complied with all "environmental laws" and will continue to comply with all "environmental laws." No "hazardous substances" are used, generated, treated, stored or disposed of by you or at your properties except in compliance with all environmental laws. "Environmental laws" mean all federal, state or local environmental laws and regulations, including the following laws: CERCLA, RCRA. Hazardous Material Transport Act and The Federal Water Pollution Control Act. "Hazardous substances" means all hazardous or toxic wastes, materials or substances, as defined in the environmental laws, as well as oil, flammable substances, asbestos that is or could become friable, urea formaldehyde insulation, polychlorinated biphenyls and radon gas.

5. COVENANTS

You agree to do the following things (or not to do the following things if so stated) until full payment of all amounts due to us under this Master Agreement, the Schedules and the Notes:

CARE, USE, LOCATION AND ALTERATION OF THE COLLATERAL

- - You will make sure that the Collateral is maintained in good operating condition, and that it is serviced, repaired and overhauled when this is necessary to keep the Collateral in good operating condition. All maintenance must be done according to the Supplier's or Manufacturer's requirements or recommendations. All maintenance must also comply with any legal or regulatory requirements.

- - You will maintain service logs for the Collateral and permit us to inspect the Collateral, the service logs and service reports. You give us permission to make copies of the service logs and service reports.

- - We will give you prior notice if we, or our agent, want to inspect the Collateral or the service logs or service reports. We may inspect it during regular business hours. You will pay our travel, meals and lodging costs to inspect the Collateral, but only for one inspection per year. If we find during an inspection that you are not complying with this Master Agreement, you will pay our travel, meals and lodging costs, our salary costs, and the costs and fees of our agents for reinspection. You will promptly cure any problems with the Collateral that are discovered during our inspection.

- - You will use the Collateral only for business purposes. You will obey all legal and regulatory requirements in your material use of the Collateral.

- - You will make all additions, modifications and improvements to the Collateral that are required by law or government regulation.

  Except for alterations in accordance with industry practices, you will not alter the Collateral without our written permission. You will replace all worn, lost, stolen or destroyed parts of the Collateral with replacement parts that are as good or better than the original parts. The new parts will become subject to our security interest upon replacement.

- - You will not remove the Collateral from the location indicated in the Schedule without our written permission.

- - If the Collateral is removed from the location indicated in the Schedule A, you will give us (a) 30 days prior written notice of the actual move (b) if premises is leased, prior to such move, Lender shall have received a Landlord Waiver executed by the Landlord (c) Lender shall have been granted a first perfected Lien on such moved collateral and there shall be no other liens covering such collateral (d) Borrower shall have executed and delivered to lender all such agreements and instruments in connection therewith.

YEAR 2000 COMPLIANT

You represent, warrant and agree to take all action necessary including, but not limited to due inquiry and due diligence with critical business partners to assure that there will be no material adverse change to your business by reason of the advent of the year 2000, including without limitation that all computer-based systems, embedded microchips and other processing capabilities effectively recognize and process all dates before and after December 31, 1999 ("Y2K Compliant"). At our request, you shall provide to us assurance reasonably acceptable to us that your computer-based systems, embedded microchips and other processing capabilities are Y2K Compliant.

RISK OF LOSS

- - You have the complete risk of loss or damage to the Collateral. Loss or damage to the Collateral will not relieve you of your obligation to make the Payments.

- - If any Collateral is lost or damaged, you have two choice (although if you are in default under this Master Agreement, we and not you will have the two choices). The choices are:

  (1) Repair or replace the damaged or lost Collateral so that, once again, the Collateral is in good operating condition and we have a perfected first priority security interest in it.

  (2) Pay us the present value (as of the date of payment) of the remaining Payments. We will calculate the present value using a discount rate of five (5%) percent per year. Once you have paid us this amount and any other amount that you may owe us, we will release our security interest in the damaged or lost Collateral and you (or your insurer) may keep the Collateral and you (or your insurer) may keep the Collateral for salvage purposes, on an "AS IS, WHERE IS" basis.

INSURANCE

- - Until you have made all Payments to us under this Master Agreement, the Schedules and the Notes, you will keep the Collateral insured. The amount of insurance, the coverage, and the insurance company must be acceptable to us.

- - If you do not provide us with written evidence of insurance that is acceptable to us, we may buy the insurance ourselves, at your expense. You will promptly pay us the cost of this insurance. We have no obligation to purchase any insurance. Any insurance that we purchase will be our insurance, and not yours.

- - Insurance proceeds may be used to repair or replace damaged or lost Collateral or to pay us the present value of the Payments, as provided above.

- - You appoint us as your "attorney-in-fact" to make claims under the insurance policies, to receive payments under the insurance policies, and to endorse your name on all documents, checks or drafts relating to insurance claims for Collateral.

TAXES

- - You will pay all sales, use, excise, stamp, documentary and ad valorum taxes, license, recording and registration fees, assessments, fines, penalties and similar charges imposed on the ownership, possession, use, lease or rental of the equipment or on the Loan.

- - You will pay all taxes (other than our federal, state net income taxes or Texas Franchise Tax imposed on you or on us regarding the Payments.

- - You will reimburse us for any of these taxes that we pay or advance.

- - You will file and pay for any personal property taxes on the Collateral.

FINANCIAL STATEMENTS

- - During the Term you will promptly give copies of any filings you make with the Securities and Exchange Commission (SEC). You will also provide us with the following financial statements:

* Quarterly balance sheet and statements of earnings and cash flow - within 45 days after the ed of your first three fiscal quarters in each fiscal year. These will be certified by your chief financial officer and accompanied by a certificate of your chief financial officer stating that no default exists, or, if he or she cannot certify this because a default does exist, he or she must

specify in reasonable detail the nature of the default.

- - Annual balance sheet and statements of earnings and cash flow - within 90 days after the end of each fiscal year. These will be audited by independent auditors acceptable to us and will be accompanied by a certificate executed by such independent auditors stating that you have complied with all covenants contained in the Master Agreement and that there are no events of default thereunder (the "Compliance Certificate"). Their audit report must be unqualified.

These financial statements will be prepared according to generally accepted accounting principles, consistently applied.

All financial statements and SEC filings that you provide us will be true and complete. They will not fail to tell us anything that would make them not misleading.

In the event you become a public company, your reporting responsibilities will be no greater than that required by the Securities and Exchange Commission (the "SEC") and related securities disclosure laws other than the accompanying certificates set forth herein, provided that the disclosure dates of such certificates correspond to the then existing SEC reporting dates requirements.

6. DEFAULTS

You are in default if any of the following happens:

- - You do not pay us within 5 business days after written notice, any Payment or other payment that you owe us under this Master Agreement, any Schedule, Note or that you owe under any other agreement, loan or lease that you have with us.

- - Any of the financial information that you give us is not true and complete, or you fail to tell us anything that would make the financial information not misleading.

- - You do something you are not permitted to do, or you fail to do anything that is required of you, under this Master Agreement, any Schedule or any other lease, loan or other financial arrangement that you have with us and it remains uncured after written notice, provided, that you shall not be entitled to any notice or cure period in the case of a breach of any of your obligations with respect to maintenance of insurance and delivery of documents related thereto, as provided herein or in any other documents executed in connection herewith.

- - An event of default occurs for any other lease, loan or obligation of yours (or any guarantor) that exceeds $50,000 in the aggregate.

  You file bankruptcy and such involuntary bankruptcy is not dismissed within sixty (60) days.

- - You are subject to involuntary bankruptcy or any other insolvency proceeding other than bankruptcy (for example, a receivership action or an assignment for the benefit of creditors) and such proceeding that is involuntary is not dismissed within sixty (60) days.

- -

- - Without our permission, you sell all or a substantial part of its assets, merge or consolidate, or a majority of your voting stock or interests is transferred.

REMEDIES, DEFAULT INTEREST, LATE FEES

If you are in default we may exercise one or more of our "remedies." Each of our remedies is independent. We may exercise any of our remedies, all of our remedies or none of our remedies. We may exercise them in any order we choose. Our exercise of any remedy will not

prevent us from exercising any other remedy or be an "election of remedies." If we do not exercise a remedy, or if we delay in exercising a remedy, this does not mean that we are forgiving your default or that we are giving up our right to exercise the remedy. Our remedies allow us to do one or more of the following:

- - "Accelerate" the Loan balance under any or all Notes. This means that we may require you to immediately pay us all Payments for the entire Term for any or all Schedules.

- - Require you to immediately pay us all amounts that you are required to pay us for the entire Term of any other agreements, loans or leases that you have with us.

- - Sue you for all Payments and other amounts you owe us plus the Prepayment Premium (see Section 1 above).

- - Require you at your expense to assemble the Collateral at a location we request in the Continental United States of America.

- - Remove and repossess the Collateral from where it is located, without demand or notice, or make the Collateral inoperable. We have your permission to remove any physical obstructions to removal of the Collateral. We may also disconnect and separate all Collateral from other property. No court order, court hearing or "legal process" will be required for us to repossess the Collateral. You will not be entitled to any damages resulting from removal or repossession of the Collateral. Except for gross negligence or willful misconduct by FINOVA or FINOVA's agents we may use, ship, store, repair or lease any Collateral that we repossess. We may sell any repossessed Collateral at private or public sale. You give us permission to show the Collateral to buyers at your location free of charge during normal business hours. If we do this, we do not have to remove the Collateral from your location. If we repossess the Collateral and sell it, we will give you credit for the net sale price, after subtracting our costs of repossessing and selling the Collateral. If we rent the Collateral to somebody else, we will give you credit for the net rent received, after subtracting our costs of repossessing and renting the Collateral, but the credit will be discounted to present value using a discount rate equal to the Default Rate. The credit will be applied against what you owe us under this Master Agreement, the Schedules, the Notes and any other agreements, loans or leases that you have with us. If the credit exceeds the amount you owe under this Master Agreement, the Schedule, the Notes and any other agreements, loans or leases that you have with us, we will refund the amount of the excess to you.

- - Return conditions: Following an Event of Default, at our request you will return the Collateral, freight and insurance prepaid by you, to us at a location we request in the Continental United States of America. It will be returned in good operating condition, as required by Section 5 above. The Collateral will not be subject to any liens when it is returned. All advertising insignia will be removed and the finish will be painted or blended so that nobody can see that advertising insignia used to be there.

* You will pack or crate the Collateral for shipping in the original containers, or comparable ones. You will do this carefully and follow all recommendations of the Supplier and the Manufacturer as to packing or crating.

* You will also return to us the plans, specifications, operating manuals, software documentation, discs, warranties and other documents furnished by the Manufacturer or Supplier. You will also return to us all service logs and service reports, as well as all written materials that you may have

concerning the maintenance and operation of the Collateral.

* At our request, you will provide us with up to 60 days free storage of the Collateral at your location provided that Borrower is still in possession or control of the space, and will let us (or our agent) have access to the Collateral in order to inspect it and sell it.

* You will pay us what it costs us to repair the Collateral if you do not return it in the required condition.

You will also pay us for the following:

- - All our expenses of enforcing our remedies. This includes all our expenses to repossess, store, ship, repair and sell the Collateral.

- - Our reasonable attorney's fees and expenses.

- - Default interest on everything you owe us from the date of your default to the date on which we are paid in full at the Default Rate.

You realize that the damages we could suffer as a result of your default are very uncertain. This is why we have agreed with you in advance on the Default Rate to be used in calculating the payments you will owe us if you default. You agree that, for these reasons, the payments you will owe us if you default are "agreed" or "liquidated" damages. You understand that these payments are not "penalties" or "forfeitures."

LATE FEES. You will pay us a late fee whenever you pay any amount that you owe us more than ten (10) days after it is due. You will pay the late fee within one month after the late Payment was originally due. The late fee will be ten (10%) percent of the late Payment. If this exceeds the highest legal amount we can charge you, you will only be required to pay the highest legal amount. The late fee is intended to reimburse us for our collection costs that are caused by late Payment. It is charged in addition to all other amounts you are required to pay us, including Default Interest.

7. EXPENSES AND INDEMNITIES

PERFORMING YOUR OBLIGATIONS IF YOU DO NOT

If you do not perform one or more of your obligations under this Master Agreement or a Schedule or Note, we may perform it for you. We will notify you in writing at least ten (10) days before we do this. We do not have to perform any of your obligations for you. If we do choose to perform them, you will pay us all of our expenses to perform the obligations. You will also reimburse us for any money that we advance to perform your obligations, together with interest at the Default Rate on that amount. These will be additional "Payments" that you will owe us and you will pay them at the same time that your next Payment is due.

- - You will indemnify us, defend us and hold us harmless for any and all claims, expenses and attorney's fees concerning or arising from the Collateral, this Master Agreement, or any Schedule or Note, or your breach of any representation or warranty. It includes any claims concerning the manufacture, selection, delivery, possession, use, operation or return of the Collateral.

- - This obligation of yours to indemnify us continues even after the Term is over.

8. MISCELLANEOUS

WE MAY ASSIGN OR GRANT A SECURITY INTEREST IN THIS AGREEMENT, ANY SCHEDULE, ANY NOTE OR ANY PAYMENTS WITHOUT YOUR PERMISSION. THE PERSON TO WHOM WE ASSIGN IS CALLED THE "ASSIGNEE." THE ASSIGNEE WILL NOT HAVE ANY OF OUR OBLIGATIONS UNDER THIS MASTER AGREEMENT. YOU WILL NOT BE ABLE TO RAISE ANY DEFENSE,

COUNTERCLAIM OR OFFSET AGAINST THE ASSIGNEE. NOTWITHSTANDING ANY SUCH ASSIGNMENT OR GRANTING OF A SECURITY INTEREST, WE WILL CONTINUE TO BE LIABLE FOR ALL OF OUR OBLIGATIONS UNDER THIS MASTER AGREEMENT.

AFTER ASSIGNMENT YOU MAY "QUIETLY ENJOY" THE USE OF THE COLLATERAL SO LONG AS YOU ARE NOT IN DEFAULT.

UNLESS YOU RECEIVE OUR WRITTEN PERMISSION, YOU MAY NOT ASSIGN OR TRANSFER YOUR RIGHTS UNDER THIS MASTER AGREEMENT OR ANY SCHEDULE. YOU ALSO ARE NOT ALLOWED TO LEASE OR RENT THE COLLATERAL OR LET ANYBODY ELSE USE IT UNLESS WE GIVE YOU OUR WRITTEN PERMISSION, PROVIDED, HOWEVER, SO LONG AS YOU ARE NOT IN DEFAULT HEREUNDER OR UNDER ANY OTHER AGREEMENT, INSTRUMENT OR DOCUMENT EXECUTED IN CONNECTION HEREWITH OR BETWEEN US, YOU MAY LEASE, RENT AND PERMIT OTHERS TO USE THE COLLATERAL, PROVIDED THAT (i) YOU SHALL HAVE GIVEN US NOT LESS THAN THIRTY (30) DAYS PRIOR WRITTEN NOTICE THEREOF, WHICH NOTICE SHALL INCLUDE THE NAME AND ADDRESS OF THE USER AND THE AMOUNT YOU WILL BE PAID FOR THE USE AND SUCH OTHER INFORMATION AS WE SHALL DEEM NECESSARY, (ii) THE COLLATERAL SHALL ONLY BE USED AT THE PREMISES SET FORTH ON THE SCHEDULE AND SHALL NOT BE REMOVED THEREFROM, (iii) THE EQUIPMENT SHALL BE USED BY EMPLOYEES OF THE USER PROPERLY TRAINED IN THE OPERATION OF THE EQUIPMENT, (iv) YOU SHALL HAVE DELIVERED TO US EVIDENCE THAT YOUR INSURANCE CONTINUES IN FORCE AND COVERAGE, NOTWITHSTANDING THAT SUCH USER IS OPERATING THE EQUIPMENT, AND (v) YOU SHALL HAVE DELIVERED TO US EVIDENCE THAT SUCH USER HAS OBTAINED SUCH INSURANCE OF SUCH TYPES, AMOUNTS AND ISSUED BY SUCH INSURANCE COMPANIES COVERING ITS USE AND OPERATION OF THE EQUIPMENT, AS WE SHALL REQUIRE, IN OUR SOLE DISCRETION, INCLUDING, WITHOUT LIMITATION, CASUALTY, LIABILITY AND WORKERS' COMPENSATION, AND WE SHALL BE NAMED AS LENDERS LOSS PAYABLE AND ADDITIONAL INSURED WITH RESPECT TO SUCH INSURANCE.

WE DID NOT MANUFACTURE OR SUPPLY THE COLLATERAL. WE ARE NOT A DEALER IN THE COLLATERAL. INSTEAD, YOU CHOSE THE COLLATERAL.

WE DO NOT MAKE ANY WARRANTY AS TO THE COLLATERAL. WE DO NOT MAKE ANY WARRANTY AS TO "MERCHANTABILITY" OR "SUITABILITY" OR "FITNESS FOR A PARTICULAR PURPOSE" OR "NONINFRINGEMENT" OF ANY PATENT, COPYRIGHT OR OTHER INTELLECTUAL PROPERTY RIGHT.

WE WILL NOT BE RESPONSIBLE FOR ANY LOSS, DAMAGE, OR INJURY TO YOU OR ANYBODY ELSE AS A RESULT OF ANY DEFECTS, HIDDEN OR OTHERWISE, IN THE COLLATERAL UNDER "STRICT LIABILITY" LAWS OR ANY OTHER LAWS.

WE WILL NOT BE RESPONSIBLE FOR ANY INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES, LOSS OF PROFITS OR GOODWILL.

If the Collateral is unsatisfactory, you will continue to pay us all Payments and other amounts you are required to pay us. You must seek repair or replacement of the equipment solely from the Manufacturer or Supplier and not from us. Neither the Manufacturer nor the Supplier is our "agent," so they cannot speak for us and they are not allowed to make any changes in this Master Agreement or any Schedule or Note, or give up any of our rights.

ACCEPTANCE BY FINOVA, GOVERNING LAW, JURISDICTION, VENUE, SERVICE OF PROCESS, WAIVER OF JURY TRIAL.

THIS MASTER AGREEMENT WILL ONLY BE BINDING WHEN WE HAVE ACCEPTED IT IN WRITING.

THIS MASTER AGREEMENT IS GOVERNED BY THE SUBSTANTIVE LAWS OF THE STATE OF ARIZONA (NOT INCLUDING THE "CHOICE OF LAW" DOCTRINE), THE STATE IN WHICH OUR OFFICE IS LOCATED IN WHICH FINAL APPROVAL OF THE TERMS OR CONDITIONS OF THIS MASTER AGREEMENT OCCURRED AND FROM WHICH DISBURSEMENT OF THE LOAN PROCEEDS WILL BE ORDERED. HOWEVER, IF THIS MASTER AGREEMENT IS UNENFORCEABLE UNDER ARIZONA LAW, IT WILL INSTEAD BE GOVERNED BY THE LAWS OF THE STATE IN WHICH THE COLLATERAL IS LOCATED.

YOU MAY ONLY SUE US IN A FEDERAL OR STATE COURT THAT IS LOCATED IN MARICOPA COUNTY, ARIZONA. THIS APPLIES TO ALL LAWSUITS UNDER ALL LEGAL THEORIES, INCLUDING CONTRACT, TORT AND STRICT LIABILITY. YOU CONSENT TO THE PERSONAL JURISDICTION OF THESE ARIZONA COURTS. YOU WILL NOT CLAIM THAT MARICOPA COUNTY, ARIZONA, IS AN "INCONVENIENT FORUM" OR THAT IT IS NOT A PROPER "VENUE".

WE MAY SUE YOU IN ANY COURT THAT HAS JURISDICTION. WE MAY SERVE YOU WITH PROCESS IN A LAWSUIT BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED TO YOUR ADDRESS INDICATED AFTER YOUR SIGNATURE BELOW.

YOU AND WE EACH WAIVE ANY RIGHT YOU OR WE MAY HAVE TO A JURY TRIAL IN ANY LAWSUIT BETWEEN YOU AND US.

NOTICES. We may give you written notice in person, by mail, by overnight delivery service, or by fax. Notice will be sent to your address below your signature. Mail notice will be effective three (3) days after we mail it with prepaid postage to the address stated. Overnight delivery notice requires a receipt and tracking number. Fax notice requires a receipt from the sending machine showing that it has been sent to your fax number and received.

You may give us notice the same way the we may give you notice.

The Master Agreement benefits our successors and assigns. This Master Agreement benefits only those successors and assigns of yours that we have approved in writing.

This Master Agreement binds you successors and assigns. This Master Agreement binds only those successors and assigns of ours that clearly assume our obligations in writing.

TIME IS OF THE ESSENCE OF THIS MASTER AGREEMENT

This Master Agreement, all of the Schedules and the Notes and the Commitment Letter are together the entire agreement between you and us concerning the Collateral.

Only an employee of FINOVA who is authorized by corporate resolution or policy may modify or amend this Loan or any Schedule or Note on our behalf, and this must be in writing. Only he or she may give up any of our rights, and this must be in writing. If more than one person is the Borrower under this Master Agreement, then each of you is jointly and severally liable for your obligations under this Master Agreement.

This Master Agreement is only for your benefit and for our benefit, as well as our successors

and assigns. It is not intended to benefit any other person.

If any provision in this Master Agreement is unenforceable, then that provision must be deleted. Only unenforceable provisions are to be deleted. The rest of this Master Agreement will remain as written.

PUBLICITY. We may make press releases and publish a tombstone announcing this transaction and its total amount with your prior written consent which shall not be unreasonably withheld. You may publicize this transaction without prior written consent.

LENDER:	BORROWER:
FINOVA CAPITAL CORPORATION 10 WATERSIDE DRIVE FARMINGTON, CT 06032-3065	SILICON LABORATORIES INC. 4635 BOSTON LANE AUSTIN, TX 78735
BY: /s/ Linda A. Moschitto	BY: /s/ Navdeep S. Sooch
PRINTED NAME: LINDA A. MOSCHITTO	PRINTED NAME: NAVDEEP S. SOOCH
TITLE: DIRECTOR - CONTRACT ADMINISTRATION	TITLE: CHAIRMAN AND CHIEF EXECUTIVE OFFICER Taxpayer ID# 74-2793174
FAX NUMBER: (860) 676-1814	FAX NUMBER: (512) 464-9404
DATE ACCEPTED: June 10, 1999	DATED: JUNE 8, 1999

STATE OF TEXAS
COUNTY OF TRAVIS

I acknowledge that NAVDEEP S. SOOCH, who stated that he/she is CHAIRMAN AND CHIEF EXECUTIVE OFFICER of the Borrower named above, signed this Master Loan and Security Agreement in my presence today: June 8, 1999. He/She acknowledged to me that his/her signature on this Master Loan and Security Agreement was authorized by a valid resolution or other valid authorization from Borrower's board of directors or other governing body.

[SEAL]

Lynette L. Herr

Notary Public

EXHIBIT A

PREPAYMENT PREMIUM

The Prepayment Premium shall be determined by multiplying the outstanding principal balance by the percentage amount shown below which corresponds with the month during the Term in which the prepayment occurs:

MONTH OF THE TERM	PERCENTAGE AMOUNT
1 THROUGH 22	No Prepayment Allowed
23 THROUGH 36	4%
37 THROUGH 45	2%

LANDLORD'S WAIVER

This Landlord's waiver is made by the person identified below ("you" or "Landlord") for FINOVA Capital Corporation ("we," "us" or "FINOVA").

You are the owner of real property located at 4635 Boston Lane, Austin, Texas 78735. You have entered into a lease for all or part of this property (the "Premises") with Silicon Laboratories Inc. (the "Tenant").

We will be financing to Tenant personal property, which may be machinery, equipment, furniture or fixtures. This personal property may be financed now or in the future. We may be filing Uniform Commercial Code financing statements to protect our interest in this personal property, as well as in any proceeds from the property. This personal property and its proceeds are referred to as the "Equipment." The Equipment will be located at the Premises.

We would not finance the Equipment to Tenant without this Landlord's Waiver. You are benefiting from our leasing the Equipment to Tenant because the Equipment will be used in Tenant's business. Revenues from Tenant's business can be used by Tenant to pay you rent for the Premises. You intend to be legally bound by this Landlord's Waiver.

1. WAIVER.

You acknowledge that you do not own the Equipment. You have no right or interest in the Equipment. You waive any right under law to any lien on the Equipment. You waive any right you may have under law or under your lease with Tenant to levy on the Equipment or distrain the Equipment. You waive any right to make any claim with respect to the Equipment.

2. PERSONAL PROPERTY.

The Equipment will remain personal property, even if it is attached to your real estate.

3. REMOVAL OR SALE BY FINOVA

We may remove the Equipment from the Premises. You will not prevent or hinder us from doing this. We will have no liability to you for this except for the cost to repair damage actually caused by us to the Premises by removal. If you have not re-let the Premises to somebody other than Tenant, we may sell the Equipment from the Premises without having to pay rent.

4. SUCCESSORS AND ASSIGNS.

This Landlord's Waiver is binding upon and benefits your successors and assigns (including any of your heirs or personal representatives) and our successors and assigns.

LANDLORD: /s/ S. W. Austin Office Ltd.

By: /s/ G. H. Kronenberg Jr.
Name: G. H. Kronenberg Jr.
Title: Partner
Date: June 8, 1999

ACCEPTED AND AGREED TO:
FINOVA CAPITAL CORPORATION
By: /s/ Linda A. Moschitto
Name: LINDA A. MOSCHITTO
Title: DIRECTOR - CONTRACT ADMINISTRATION
Date: 6/10/99

TECHNOLOGY FINANCE (logo)

November 5, 1999

FINOVA CAPITAL CORPORATION
TECHNOLOGY FINANCE

10 WATERSIDE DRIVE
FARMINGTON, CT 06032
TEL 860 676 1818
FAX 860 676 1814

Mr. John McGovern
Chief Financial Officer
Silicon Laboratories, Inc.
4635 Boston Lane
Austin, TX 78735

RE: Commitment Letter dated April 14, 1999

Dear Mr. McGovern:

Silicon Laboratories, Inc. ("Borrower") and FINOVA Capital Corporation ("Lender") hereby amend the above referenced Commitment Letter. The language below replaces the language in the Commitment Letter specific to the sections listed below.

ANTICIPATED DELIVERY:	June 30, 1999 through November 30, 1999.
CLOSING DATE:	The date on which all conditions to the Loan are satisfied by the Borrower and the Loan proceeds are disbursed to the Borrower or to other Persons at the Borrower's direction. Each Loan shall have a principal amount of not less than $200,000 secured by delivered and accepted Collateral, but no later than three months after in-service date. No Closing Dates shall occur after November 30, 1999.

All other terms and conditions of the Commitment Letter dated April 14, 1999 shall remain in full force and effect.

Sincerely,

FINOVA CAPITAL CORPORATION

By /s/ Dannion C. McGary
Dannion C. McGary
Vice President--Credit

Agreed to by:
SILICON LABORATORIES INC.

By /s/ John McGovern
John McGovern
Chief Financial Officer

[LOGO]
FINANCIAL INNOVATORS

TECHNOLOGY FINANCE

FINOVA CAPITAL CORPORATION
TECHNOLOGY FINANCE

10 WATERSIDE DRIVE
FARMINGTON, CT 06032

TEL 860 676 1818
FAX 860 676 1814

November 5, 1999

Mr. John McGovern
Chief Financial Officer
Silicon Laboratories, Inc.
4635 Boston Lane
Austin, TX 78735

Dear Mr. McGovern:

FINOVA Capital Corporation ("we" or "Lender") is pleased to enter into the following transaction with Silicon Laboratories, Inc. ("you" or "Borrower") on the terms and conditions hereinafter set forth.

The outline of this Commitment is as follows:

BORROWER:	Silicon Laboratories, Inc.
LENDER:	FINOVA Capital Corporation
TERM OF LOANS:	Each Loan shall have a term until payment in full of fifty-three (53) consecutive months from the thirtieth day of the month coincident with or (as the case may be) the month next following the making of the Loan.
FACILITY:	A $2,500,000 line of credit. Subject to the terms of the Loan Documents (as hereinafter defined), we will from time to time make loans to you under the Facility (each, a "Loan" and collectively, the "Loans"). Once a Loan is made, it cannot be reborrowed. Each Loan shall be evidenced by a separate promissory note in form and substance satisfactory to Lender.
PURPOSE OF LOANS:	For the acquisition of one (1) new 100LC Analog Teradyne mixed signal tester with bolt-on handlers, two multitest quad site handlers, one ATM lead conditioner, two tape and reel inspection systems, CAD software and leasehold improvements. Lender will finance soft costs in amounts not in excess of twenty (20%) percent of the aggregate principal amount of the Loans outstanding at any time. Such soft costs to include, but not be limited to leasehold improvements (up to maximum of $125,000), delivery, installation, sales tax and software. All items financed with the proceeds of the Loan are subject to final review and acceptance by the Lender.
COLLATERAL:	The due payment and performance of all of Borrower's present and future obligations to Lender, with the exception of CAD software and leasehold improvements, shall be secured by a first and only perfected lien on and security interest in and to all items financed with the proceeds of a Loan, and all replacements, substitutions, accessions and additions thereto, and all proceeds thereof

	(including, without limitation, proceeds of insurance). Each Loan shall be cross collateralized.
COLLATERAL LOCATION:	4635 Boston Lane, Austin, TX 78735
ANTICIPATED DELIVERY:	November 1999 through December 31, 1999
CLOSING DATE:	The date on which all conditions to a Loan are satisfied by the Borrower and the Loan proceeds are disbursed to the Borrower or to other Persons at the borrower's direction, but no later than 3 months after delivery of Collateral. Each Loan shall have a principal amount of not less than $200,000 secured by all Collateral. No Closing Dates shall occur after December 31, 1999.
MONTHLY PAYMENTS:	Each Loan shall be paid in fifty-three (53) consecutive installments of principal and interest. Each of the first eighteen (18) Monthly Payments shall be in an amount equal to 2.0% of the principal amount of the Loan. Each of the next thirty-four (34) Monthly Payments shall be in an amount equal to 2.3% of the principal amount of the Loan and the final fifty-third (53rd) Monthly Payment shall be in an amount equal to twenty (20%) percent of the principal amount of the Loan. All payments are payable in advance and the first Monthly Payment applicable to a Loan shall be payable on the Closing Date of such Loan and shall be withheld by the Lender from the Loan proceeds disbursed by the Lender.
ADJUSTMENT TO MONTHLY PAYMENTS:	If, on the second business day preceding the Closing Date for each Loan the highest yield for four-year U.S. Treasury Notes as published in THE WALL STREET JOURNAL on such date is greater or less than the yield as published on October 4, 1999, the Monthly Payments shall be increased or decreased (point for point) to reflect such change in the yield. The yield as of October 4, 1999 was 6.05%. As of the Closing Date, the Monthly Payments with respect to the applicable Loan being made shall be fixed for the entire Term.
INTERIM PAYMENTS:	If the date we make the Loan to you is not the thirtieth (30th) or the thirty-first (31st) day of the month, you will pay, on the thirtieth (30th) day of the month in which we make the Loan to you, interest only, at the applicable adjusted interest rate, from the date we make the Loan to you to the twenty-ninth (29th) day of the same month. If the date we make the Loan to you is the thirty-first (31st), you will pay interest at the applicable adjusted interest rate, from the date we make the Loan to you to the twenty-ninth (29th) day of the next following month. The interim payment (as well as the first Monthly Payment) shall be payable on the Closing Date and shall be withheld by the Lender from the Loan proceeds disbursed by the Lender.
INSURANCE:	Borrower shall, at its own expense, maintain and deliver evidence to Lender of such insurance required by Lender, written by insurers and in amounts satisfactory to Lender.

LOAN PROVISIONS AND COVENANTS:

All documentation shall be prepared and reviewed by us or our counsel and shall be in form and substance satisfactory to us and our counsel in our and our counsel's sole and absolute discretion, and shall include, without limitation, a promissory note (and related schedule) for each Loan, a master loan and security agreement, environmental certificate and indemnity agreement, opinion of outside counsel, financing statements, releases, waivers and consents (including, but not limited to, landlord's and mortgagee's waivers), corporate resolutions and incumbencies, insurance letter, insurance certificates and copies of insurance policies, and such other documents as we and our counsel deem appropriate in our or their sole discretion (collectively, the "Loan Documents"). The Loan Documents contemplated hereby shall contain such conditions, representations, warranties, covenants, events of default (including, without limitation, cross default provisions), remedies, and other terms and provisions as are customarily required by lenders in transactions of this type or as the parties shall agree.

ADDITIONAL COVENANTS:

There shall be no actual or threatened conflict with, or violation of, any regulatory statute, standard or rule relating to the Borrower, its present or future operations, or the Collateral.

All information supplied by the Borrower shall be correct and shall not omit any statement necessary to make the information supplied not be misleading. There shall be no material breach of the representations and warranties of the Borrower in the Loan Agreement. The representations shall include that the Cost of each item of the Collateral does not exceed the fair and usual price for like quantity purchases of such item. The master loan and security agreement shall also contain the following covenant.

FINANCIAL REPORTING. During the period of the Commitment and while any Loan is outstanding, Borrower shall deliver to Lender or cause to be delivered to Lender the Borrower's quarterly financial statements within 45 days following the end of each respective fiscal quarter and annual financial statements within 90 days following the end of each respective fiscal year. All annual financial statements shall be prepared in accordance with generally accepted accounting principles ("GAAP") and be audited by a reputable firm of certified public accountants acceptable to Lender, and shall be accompanied by a certificate executed by such certified public accountants to the effect that the Borrower has complied with all covenants contained in the Loan Documents and there are no events of default thereunder ("Compliance Certificate"). All quarterly financial statements may be internally prepared in accordance with GAAP, and accompanied by a Compliance Certificate executed by the Borrower's Chief Financial Officer.

FEES AND EXPENSES:	The Borrower shall be responsible for the Lender's reasonable fees and out-of-pocket expenses in connection with the transaction, including the expenses of counsel to prepare and review the documentation. Fees and expenses related to the closing of this transaction will be limited to $1,500 with Lender providing notice to Borrower when $500 in costs have been incurred.

This Commitment and the Closing of each Loan contemplated herein are subject, amongst other things, to receipt by us, in form and substance satisfactory to us and our counsel, at or prior to Closing, of:

(i) all documentation and other requirements set forth herein including but not limited to the Loan Documents and other requirements set forth herein and as may be required by our counsel; and

(ii) our receipt, in form and substance satisfactory to us, of all financial and credit information requested by us, which reflects no material adverse change in your condition, business, financial or otherwise; and

(iii) evidence that the Collateral is owned by you, free and clear of all liens and encumbrances; and

(iv) evidence of such insurance required by us, written by insurers and in amounts satisfactory to us; and

(v) such opinions of your outside counsel, certificates, waivers, releases, Uniform Commercial Code Financing Statements, due diligence searches, and further documents as may be required by us or our counsel; and

(vi) evidence that no payment is past due to the Lender from the Borrower, whether as a borrower, a lessee, a guarantor or in some other capacity and that there be no default under any agreement, instrument or document between the Lender and the Borrower (including, without limitation, the Loan Documents); and

(vii) evidence that the Borrower is in compliance with the provisions of this Commitment; and

(viii) our receipt of evidence satisfactory to us, in our sole discretion that the subject transaction is environmentally acceptable. We shall have the right to require you to retain the services of a firm acceptable to us and knowledgeable in environmental matters to perform environmental investigations of the Collateral and real property owned, operated or occupied by you (including, without limitation, the Collateral Location) and the surrounding areas. Such investigation may include, but not be limited to, soil and ground water testing to fully identify the scope of any environmental issues impacting the transaction (including Phase I and/or Phase II environmental reports). The scope and results of such investigations must be satisfactory to us, in our sole discretion.

[LOGO]

In addition to all other conditions and requirements set forth herein, this Commitment and the closing of each Loan contemplated hereunder shall be subject, in our sole judgment, that there be no material adverse change in your financial, business or other condition. This Commitment is not assignable without our prior written consent. We reserve the right to cancel this Commitment in the event you or any of your officers, employees, agents or representatives has made any misrepresentation to us or has withheld any information from us with regard to the transaction contemplated hereby.

As used in this Commitment the terms "satisfactory to us" or "acceptable to us" or "satisfactory to our counsel" or "acceptable to our counsel" or terms of similar import mean satisfactory or acceptable to us or our counsel in our or its sole judgment and discretion.

This Commitment and the Loan Documents shall be governed by the laws of the State of Arizona. Any dispute arising under this Commitment shall be litigated by you only in any federal or state court located in the State of Arizona, or any state court located in Maricopa County, Arizona; and you hereby irrevocably submit to the personal jurisdiction of such courts and waive any objection that may exist as to venue or convenience of such forums. Nothing contained herein shall preclude us from commencing any action in any court having jurisdiction thereof.

In the event that the Loans do not close prior to January 1, 2000 because of your failure to satisfy the conditions for the closing, or because of a material adverse change in your financial, business or other condition, this Commitment shall terminate and we shall have no liability to you and we shall retain, as earned, the Commitment Fee.

In the event we fail to complete this transaction and such failure is not because of your inability to satisfy all the conditions for closing or a material adverse change in your financial, business or other condition, our liability shall be limited to a return of the Commitment Fee, less Fees and Expenses due hereunder.

Please execute the copy of this letter acknowledging your acceptance of the terms hereof and return it to us. If a copy of this Commitment is not executed and returned by you on or before November 19, 1999, this Commitment shall be deemed withdrawn.

Sincerely,
FINOVA CAPITAL CORPORATION
By: /s/ Dannion C. McGary

Dannion C. McGary
Vice President

Accepted this 18th day of November, 1999

SILICON LABORATORIES, INC.

By: /s/ John McGovern

John McGovern
Chief Financial Officer

SCHEDULE NO. S7270001 TO
MASTER LOAN AND SECURITY AGREEMENT

Schedule No. 1, dated June 9, 1999, (this "Schedule") to MASTER LOAN AND SECURITY AGREEMENT dated as of April 22, 1999 (the "Master Agreement") between SILICON LABORATORIES INC, a Delaware corporation with its executive office and principal place of business at 4635 Boston Lane, Austin, TX 78735 ("you"), and FINOVA CAPITAL CORPORATION, a Delaware corporation with a place of business at 10 Waterside Drive, Farmington, Connecticut 06032-3065 ("we," "us", or "FINOVA").

1. OBLIGATION TO PAY. You are presently borrowing of One-Million Two Hundred Fifteen Thousand, Seven Hundred Ninety-Six and 61/00 Dollars ($1,215,796.61) from us. This borrowing is evidenced by your promissory note dated the same date as this Schedule in the amount of $1,215,796.61 (the "Note") to which this Schedule is attached.

2. PAYMENTS (SUBJECT TO ADJUSTMENT IN PARAGRAPH 3). You will repay the Loan, together with interest at the interest rate, in forty-six (46) consecutive monthly payments of principal and interest as follows: forty-five (45) monthly payments each in the amount of $30,151.75, followed by one (1) final monthly payment in the amount of $243,159.32 (the "Final Payment"). These payments will be adjusted two business days prior to the date we make the Loan to you as set forth in Paragraph 3.

The first monthly payment of principal and interest will be due on the thirtieth (30th) day of the month that we make the Loan to you. The remaining payments will continue on the same day in each and every month thereafter through and including the date upon which the Final Payment is scheduled to be due (the "Maturity Date"). Any remaining amount that you owe us is due on the "Maturity Date."

If the date we make the Loan to you is not the thirtieth (30th) or the thirty-first (31st) day of the month, you will pay, on the thirtieth (30th) day of the month in which we make the Loan to you (in the case of making the Loan the 30th), interest only, at the interest rate, from the date we make the Loan to you to the twenty-ninth (29th) day of the same month.

If the date we make the Loan to you is the thirty-first (31st), you will pay interest at the interest rate, from the date we make the Loan to you to the twenty-ninth (29th) day of the next following month.

3. RATE FACTOR: INTEREST: INDEXING. The Loan Rate Factor for the first 45 consecutive monthly payments of principal and interest is equal to 2.48% of the principal amount of the Loan, subject to an increase or decrease in the interest rate. The interest rate in your payments shown above is calculated at your regular rate of 8.51% per annum plus an "Index Rate," of 5.13%. The Index Rate means the highest yield, as published in THE WALL STREET JOURNAL of four-year United States Treasury Notes. Two-business days prior to the date we make the Loan to you, we

will read THE WALL STREET JOURNAL to determine the final Index Rate. If the Index Rate is not published in THE WALL STREET JOURNAL, we will determine it from another reliable source. We will increase or decrease the payments set forth above in Paragraph 2 to reflect any increase or decrease in the Index Rate. We will give you notice of any increase or decrease as soon as we can. You will pay the increased payments unless we have made an obvious mistake in our calculations. Interest is calculated in advance using a 360-day year of twelve 30-day months.

4. PURPOSE OF LOAN: SECURITY INTEREST. You are making this borrowing to finance (or refinance) your purchase of the collateral described in the attached Schedule A to this Schedule, which you and we refer to as the "Collateral." You grant us a security interest in the Collateral, as well as any additions, omissions, substitutions and proceeds of the Collateral. This security interest secures the Note. It also secures the full and timely payment and performance of all of your other obligations to us under the Master Agreement and any other agreement, loan or lease that you may have with us.

5. COLLATERAL ACCEPTANCE DATE. The Collateral shall be delivered, installed and accepted no later than October 30, 1999.

6. TERMS OF MASTER AGREEMENT. The terms of the Master Agreement are made a part of this Schedule as if repeated in this Schedule. Any declaration of default under the Master Agreement is a default under this Schedule and permits us to exercise all remedies provided by the Master Agreement.

SILICON LABORATORIES INC.	ATTEST:
	[SEAL]
By /s/ Navdeep S. Sooch	/s/ John W. McGovern
Name NAVDEEP S. SOOCH	Secretary
Title CHAIRMAN AND CHIEF EXECUTIVE OFFICER	
Date JUNE 9, 1999	

PROMISSORY NOTE
NO. S7270001

$1,215,796.61 June 9, 1999

SILICON LABORATORIES INC. ("you") promise to pay to the order of FINOVA CAPITAL CORPORATION ("we," "us" or "FINOVA") the principal amount of One-Million Two Hundred Fifteen Thousand, Seven Hundred Ninety-Six and 61/00 Dollars ($1,215,796.61), together with interest on the unpaid principal balance at the interest rate per annum and on the dates and as otherwise provided in the "Master Agreement" and "Schedule" referred to below.

If the interest rate charged would exceed the maximum legal rate, you will only have to pay the maximum legal rate. You do not have to pay any excess interest over and above the maximum legal rate of interest. However, if it later becomes legal for you to pay all or part of any excess interest, you will then pay it to us upon our request.

You will make all payments in US Dollars at our offices at 10 Waterside Drive, Farmington, Connecticut 06032-3065, or to another address that we request in writing. All payments will be made in immediately available funds.

This Note is secured by a Master Loan and Security Agreement dated April 22, 1999 (the "Master Agreement"), between you and FINOVA, and by the Collateral and other collateral listed in the attached Schedule (the "Schedule"), dated the same date as this Note. This Note may be accelerated by us upon a payment default or upon another default under the Master Agreement.

TIME IS OF THE ESSENCE.

If you do not make a payment within ten (10) days of when it is due, you will also pay us a late charge of ten (10%) of the amount past due. Your interest rate will be increased by 4% per annum, over and above your regular interest rate if payment is not made at the scheduled or accelerated Maturity of this Note. You will also pay all of our costs of collection, including our reasonable attorney's fees and expenses. If we accelerate this Note, you will also owe a prepayment premium, as set forth in Exhibit A to the Master Agreement.

You waive diligence, presentment, formalities of demand, protest or dishonor as to this Note.

THIS NOTE IS GOVERNED BY THE SUBSTANTIVE LAWS (AND NOT THE CONFLICT OF LAWS PROVISIONS) OF THE STATE OF ARIZONA, THE STATE IN WHICH OUR OFFICE IS LOCATED IN WHICH FINAL APPROVAL OF THE TERMS AND CONDITIONS OF THIS NOTE OCCURRED AND FROM WHICH THE ORDER TO PAY THE LOAN FUNDS WAS MADE. YOU CONSENT TO THE JURISDICTION OF ANY FEDERAL OR STATE COURT LOCATED IN THE STATE OF ARIZONA. YOU WAIVE TRIAL BY JURY.

You represent to us that the proceeds of the loan evidenced by this Note are being used to finance (or refinance) your purchase of the Collateral described in the Schedule, and that the Collateral will only be used for business purposes.

SILICON LABORATORIES INC.

By /s/ Navdeep S. Sooch

Name Navdeep S. Sooch

Title Chairman and Chief Executive Officer

Date June 9, 1999

ATTEST:

[SEAL]

/s/ John W. McGovern

Secretary

FTF PROMISSORY NOTE & SCHEDULE

SCHEDULE NO. S7270002 TO
MASTER LOAN AND SECURITY AGREEMENT

Schedule No. 2, dated November 8, 1999, (this "Schedule") to MASTER LOAN AND SECURITY AGREEMENT dated as of April 22, 1999 (the "Master Agreement") between SILICON LABORATORIES INC, a Delaware corporation with its executive office and principal place of business at 4635 Boston Lane, Austin, TX 78735 ("you"), and FINOVA CAPITAL CORPORATION, a Delaware corporation with a place of business at 10 Waterside Drive, Farmington, Connecticut 06032-3065 ("we," "us", or "FINOVA").

1. OBLIGATION TO PAY. You are presently borrowing of Seven Hundred Sixty-Four Thousand Five Hundred Sixty-One and 60/00 Dollars ($764,561.60) from us. This borrowing is evidenced by your promissory note dated the same date as this Schedule in the amount of $764,561.60 (the "Note") to which this Schedule is attached.

2. PAYMENTS (SUBJECT TO ADJUSTMENT IN PARAGRAPH 3). You will repay the Loan, together with interest rate, in forty-six (46) consecutive monthly payments of principal and interest as follows: forty-five (45) monthly payments each in the amount of $18,961.13, followed monthly payment in the amount of $152,912.32 (the "Final Payment"). These payments will be adjusted two business days prior to the date we make the Loan to you as set forth in Paragraph 3.

The first monthly payment of principal and interest will be due on the thirtieth (30th) day of the month that we make the Loan to you. The remaining payments will continue on the same day in each and every month thereafter through and including the date upon which the Final Payment is scheduled to be due (the "Maturity Date"). Any remaining amount that you owe us is due on the "Maturity Date."

If the date we make the Loan to you is not the thirtieth (30th) or the thirty-first (31st) day of the month, you will pay, on the thirtieth (30th) day of the month in which we make the Loan to you (in the case of making the Loan the 30th), interest only, at the interest rate, from the date we make the Loan to you to the twenty-ninth (29th) day of the same month.

If the date we make the Loan to you is the thirty-first (31st), you will pay interest at the interest rate, from the date we make the Loan to you to the twenty-ninth (29th) day of the next following month.

3. RATE FACTOR; INTEREST; INDEXING. The Loan Rate Factor for the first 45 consecutive monthly payments of principal and interest is equal to 2.48% of the principal amount of the Loan, subject to any increase or decrease in the interest rate. The interest rate in your payments shown above is calculated at your regular rate of 8.51% per annum plus an "Index Rate," of 5.13%. The Index Rate means the highest yield, as published in THE WALL STREET JOURNAL of four

- - year United States Treasury Notes. Two-business days prior to the date we make the Loan to you, we will read THE WALL STREET JOURNAL to determine the final Index Rate. If the Index Rate is not published in THE WALL STREET JOURNAL, we will determine it from another reliable source. We will increase or decrease the payments set forth above in Paragraph 2 to reflect any increase or decrease in the Index Rate. We will give you notice of any increase or decrease as soon as we can. You will pay the increased payments unless we have made an obvious mistake in our calculations. Interest is calculated in advance using a 360-day year of twelve 30-day months.

4. PURPOSE OF LOAN; SECURITY INTEREST. You are making this borrowing to finance (or refinance) your purchase of the collateral described in the attached Schedule A to this Schedule, which you and we refer to as the "Collateral." You grant us a security interest in the Collateral, as well as any additions, omissions, substitutions and proceeds of the Collateral. This security interest secures the Note. It also secures the full and timely payment and performance of all of your other obligations to us under the Master Agreement and any other agreement, loan or lease that you may have with us.

5. COLLATERAL ACCEPTANCE DATE. The Collateral shall be delivered, installed and accepted no later than November 30, 1999.

6. TERMS OF MASTER AGREEMENT. The terms of the Master Agreement are made a part of this Schedule as if repeated in this Schedule. Any declaration of default under the Master Agreement is a default under this Schedule and permits us to exercise all remedies provided by the Master Agreement.

SILICON LABORATORIES INC. ATTEST:

[SEAL]

By /s/ Navdeep S. Sooch

Name Navdeep S. Sooch

Title Chairman and Chief Executive Officer

Date November 8, 1999

/s/ John W. McGovern

Secretary

PROMISSORY NOTE
NO. S7270002

$764,561.60 November 8, 1999

SILICON LABORATORIES INC. ("you") promise to pay to the order of FINOVA CAPITAL CORPORATION ("we," "us" or "FINOVA") the principal amount of Seven Hundred Sixty-Four Thousand Five Hundred Sixty-One and 60/00 Dollars ($764,561.60), together with interest on the unpaid principal balance at the interest rate per annum and on the dates and as otherwise provided in the "Master Agreement" and "Schedule" referred to below.

If the interest rate charged would exceed the maximum legal rate, you will only have to pay the maximum legal rate. You do not have to pay any excess interest over and above the maximum legal rate of interest. However, if it later becomes legal for you to pay all or part of any excess interest, you will then pay it to us upon our request.

You will make all payments in US Dollars at our offices at 10 Waterside Drive, Farmington, Connecticut 06032-3065, or to another address that we request in writing. All payments will be made in immediately available funds.

This Note is secured by a Master Loan and Security Agreement dated April 22, 1999 (the "Master Agreement"), between you and FINOVA, and by the Collateral and other collateral listed in the attached Schedule (the "Schedule"), dated the same date as this Note. This Note may be accelerated by us upon a payment default or upon another default under the Master Agreement.

TIME IS OF THE ESSENCE.

If you do not make a payment within ten (10) days of when it is due, you will also pay us a late charge of ten (10%) of the amount past due. Your interest rate will be increased by 4% per annum, over and above your regular interest rate if payment is not made at the scheduled or accelerated Maturity of this Note. You will also pay all of our costs of collection, including our reasonable attorney's fees and expenses. If we accelerate this Note, you will also owe a prepayment premium, as set forth in Exhibit A to the Master Agreement.

You waive diligence, presentment, formalities of demand, protest or dishonor as to this Note.

THIS NOTE IS GOVERNED BY THE SUBSTANTIVE LAWS (AND NOT THE CONFLICT OF LAWS PROVISIONS) OF THE STATE OF ARIZONA, THE STATE IN WHICH OUR OFFICE IS LOCATED IN WHICH FINAL APPROVAL OF THE TERMS AND CONDITIONS OF THIS NOTE OCCURRED AND FROM WHICH THE ORDER TO PAY THE LOAN FUNDS WAS MADE. YOU CONSENT TO THE JURISDICTION OF ANY FEDERAL OR STATE COURT LOCATED IN THE STATE OF ARIZONA. YOU WAIVE TRIAL BY JURY.

You represent to us that the proceeds of the loan evidenced by this Note are being used to finance (or refinance) your purchase of the Collateral described in the Schedule, and that the Collateral will only be used for business purposes.

SILICON LABORATORIES INC.

By /s/ Navdeep S. Sooch

Name Navdeep S. Sooch

Title Chairman and Chief Executive Officer

Date November 8, 1999

ATTEST:

/s/ John W. McGovern

Secretary

FTF PROMISSORY NOTE & SCHEDULE

IMPERIAL BANK
- --
Emerging Growth Industries, Southwest Regional Office
8911 Capital Texas Highway, Suite 2310 - Austin, Texas 78759 - Tel:
 (512) 349-2333 - Fax: (512) 349-2888

April 19, 1999

Mr. John McGovern
Silicon Laboratories, Inc.
2024 East St. Elmo Road
Austin, Texas 78744-1018

Dear John,

We are pleased to provide this commitment letter for the proposed bank financing that Imperial Bank ("Bank") is willing to extend to Silicon Laboratories, Inc. ("Borrower"). This commitment to lend is subject to execution of a definitive written agreement and documentation for the transaction described in this letter. The terms of the financing are as follows:

CREDIT FACILITY

1) Existing $1,500,000 equipment term loan.
2) Existing $1,000,000 Equipment term loan.
3) Existing $453,600 letter of credit.
4) New $3,000,000 revolving line of credit to fund working capital needs.

TERMS

1) Currently being amortized.
2) Currently being amortized.
3) Facility in place.
4) Interest payable monthly with principal plus any unpaid and/or accrued interest due at maturity.

MATURITY

1) 1/29/02
2) 3/28/01
3) 9/7/99
4) 364 days from close of documents.

PRICING

1) Imperial Bank's Prime Rate.
2) Imperial Bank's Prime Rate.
3) Imperial Bank's Prime Rate.
4) Imperial Bank's Prime Rate.

FACILITY FEE

None

DOCUMENTATION FEES

$250

WARRANT

None

ADVANCE RATE

1) Up to the total limit, 80% against eligible domestic accounts receivable. Eligible accounts to exclude:
   - Accounts aged over 90 days past invoice date.
   - Contra accounts,
   - Government accounts will be eligible with Assignment of Claims,
   - Foreign accounts will be eligible with credit insurance acceptable to Bank. Advance rate on credit insured foreign A/R will be 90%,
   - Accounts with over 25% of the balance aged more than 90 days past invoice date.
   - If any one account exceeds 25% of the total A/R balance, the amount in that account in excess of 25% of the total A/R balance is also ineligible. Bank will allow a 50% concentration limit for PC Tel and 75% for 3Com.

COLLATERAL

A UCC-1 FILING ON ALL ASSETS OF Borrower except Intellectual Property with the Bank in first position. Negative pledge on intellectual property.

FINANCIAL COVENANTS

1) Borrower to maintain a monthly minimum Quick Ratio(1) of at least 1.50:1.00.
2) Borrower to maintain a minimum Debt Service Coverage Ratio(2) of 1.50:1.00.

(1) Quick Ratio defined as: Cash plus A/R divided by Current Liabilities.
(2) Debt service coverage ratio defined as EBIT plus depreciation and amortization (MOST RECENT THREE MONTH PERIOD ANNUALIZED) divided by current maturities of long term debt.

REPORTING REQUIREMENTS

1) Monthly internal prepared financial statements prepared according to generally accepted accounting principals within 25 days after month-end with signed compliance certificate.
2) Monthly accounts receivable and accounts payable agings with borrowing base certificate due within 25 days of month-end.
3) Borrower will perform satisfactory collateral records audit prior to the 1st draw; with annual collateral records audit satisfactory to Bank thereafter, provided that as long as Borrower has any outstanding indebtedness to Bank it will perform collateral audits twice a year with the results satisfactory to Bank.
4) Unqualified audit of annual financial statements within 90 days after fiscal year end.

OTHER

1. Borrower to maintain primary operating and depository accounts with Bank.
2. Purchase money security interest and leases are allowed with notification to Bank.
3. Borrower to provide property and casualty insurance with the Bank as "Lenders Loss Payable"
4. Borrower to pay for all other costs associated with the closing of the transaction (i.e. UCC Search fees, filing fees, etc.).

EXPIRATION

Unless Borrower accepts this commitment letter on or before April 30, 1999, this commitment letter will expire and be of no further effect.

This letter is provided solely for your information and is delivered to you with the understanding that neither it nor its substance shall be disclosed to any third person, except those who are in confidential relationship with you, or where the same is required by law.

IF THE PROPOSED TERMS SET FORTH ABOVE ARE ACCEPTABLE TO YOU, PLEASE SO INDICATE BY SIGNING AND RETURNING THE ORIGINAL OF THIS LETTER TO US, ALONG WITH THE $250 IN FEES REFERRED TO ABOVE. Upon return of this letter and receipt of payment, the Bank will prepare drafts of definitive loan documents for your review. If you and the Bank do not enter into definitive loan documents, the Bank will refund to you the amount of the loan fee payment less the amount of the Bank's expenses for the foregoing.

This letter is intended to set forth the proposed terms of the credit facility currently under discussion between us. Except for your obligation to pay the Bank's expenses described above, this letter and our other communications and negotiations regarding the proposed loan do not constitute an agreement or an offer and do not create any legal rights benefiting, or obligations binding on, either of us. It is intended that all legal rights and obligations of the Bank and you would be set forth in the signed definitive loan documents.

On behalf of the Senior Management of the Bank, we are delighted to propose making this credit facility available to Silicon Laboratories, Inc. and look forward to a long and mutually rewarding relationship. Please don't hesitate to call if you have any questions, we can be reached at (512) 349-2333.

Sincerely,

/s/ Tommy Deavenport

Tommy Deavenport
Senior Vice President
Emerging Growth Industries
Southwest Regional Office

ACCEPTED AND AGREED TO:

SILICON LABORATORIES, INC.

By: /s/ John McGovern

Title: Chief Financial Officer

Date: April 22, 1999

With return of this letter, please provide us with the following information:

Tax I.D. #: 74-2793174

Names and Title of Authorized Corporate Signers:

Navdeep S. Sooch	John W. McGovern
Name	Name
Chairman & CEO	Chief Financial Officer
Title	Title
Jeffrey W. Scott	David R. Welland
Name	Name
Vice President - Engineering	Vice President - Technology
Title	Title

Number needed to sign: 2

Who will execute docs: Navdeep S. Sooch
John W. McGovern

Name of Corporate Secretary: John W. McGovern

Is Secretary an Authorized signer? Yes /X/ No _____

Are all of the Company's assets located in the state of Texas?

Yes _____ No /X/

If not, where else are assets located? Inventory in Production flow worldwide. Incidence Office Equipment in remote Sales Offices.

Automatically Debit Account # 21-001-430 for interest payments each month.

Disburse loan advances to Account # 21-001-430 when advances are requested.

[LOGO]

SECURITY AND LOAN AGREEMENT
(ACCOUNTS RECEIVABLE)

This Agreement is entered into between SILICON LABORATORIES INC., a DELAWARE CORPORATION (herein called "Borrower") and IMPERIAL BANK (herein called "Bank").

1. Bank hereby commits, subject to all the terms and conditions of this Agreement and prior to the termination of its commitment as hereinafter provided, to make loans to Borrower from time to time in such amounts as may be determined by Bank up to, but not exceeding in the aggregate unpaid principal balance, the following Borrowing Base:

80% of Eligible Accounts

and in no event more than $ 3,000,000.00

2. The amount of each loan made by Bank to Borrower hereunder shall be debited to the loan ledger account of Borrower maintained by Bank (herein called "Loan Account") and Bank shall credit the Loan Account with all loan repayments made by Borrower. Borrower promises to pay Bank (a) the unpaid balance of Borrower's Loan Account earlier of event of default or maturity date and (b) on or before the tenth day of each month, interest on the average daily unpaid balance of the Loan Account during the immediately preceding month at the rate of ZERO percent (0%) per annum in excess of the rate of interest which Bank has announced as its prime lending rate ("Prime Rate") which shall vary concurrently with any change in such Prime Rate. Interest shall be computed at the above rate on the basis of the actual number of days during which the principal balance of the loan account is outstanding divided by 360, which shall for interest computation purposes be considered one year. Bank at its option may demand payment of any or all of the amount due under the Loan Account including accrued but unpaid interest at any time. Such notice may be given verbally or in writing and should be effective upon receipt by Borrower. The amount of interest payable each first of the month by Borrower shall not be less than a minimum monthly charge of $250.00. Bank is hereby authorized to charge Borrower's deposit account(s) with Bank for all sums due Bank under this Agreement.

3. Requests for loans hereunder shall be in writing duly executed by Borrower in a form satisfactory to Bank and shall contain a certification setting forth the matters referred to in Section 1, which shall disclose that Borrower is entitled to the amount of loan being requested.

4. As used in this Agreement, the following terms shall have the following meanings:

   A. "Accounts" means any right to payment for goods sold or leased, or to be sold or to be leased, or for services rendered or to be rendered no matter how evidenced, including accounts receivable, contract rights, chattel paper, instruments, purchase orders, notes, drafts, acceptances, and other forms of obligations and receivables.

   B. "Collateral" means any and all personal property of Borrower which is assigned or hereafter is assigned to Bank as security or in which Bank now has or hereafter acquires a security interest.

   C. "Eligible Accounts" means all of Borrower's Accounts excluding, however, (1) all Accounts under which payment is not received within 90 days from any invoice date, (2) all Accounts against which the account debtor or any other person obligated to make payment thereon asserts any defense, offset, counterclaim or other right to avoid or reduce the liability represented by the Account in excess of 2.5% of the total Account and (3) any Accounts if the account debtor or any other person liable in connection therewith is insolvent, subject to bankruptcy or receivership proceedings or has made an assignment for the benefit of creditors or whose credit standing is unacceptable to Bank and Bank has so notified Borrower.

5. Borrower hereby assigns to Bank all Borrower's present and future Accounts, including all proceeds due thereunder, all guaranties and security therefor, and hereby grants to Bank a continuing security interest in all moneys in the Collateral Account referred to in Section 6 hereof, as security for any and all obligations of Borrower to Bank, whether now owing or hereafter incurred and whether direct, indirect, absolute or contingent. So long as Borrower is indebted to Bank or Bank is committed to extend credit to Borrower, Borrower will execute and deliver to Bank such assignments, including Bank's standard forms of Specific or General Assignment covering individual Accounts, notices, financing statements, and other documents and papers as Bank may require in order to affirm, effectuate or further assure the assignment to Bank of the Collateral or to give any third party, including the account debtors obligated on the Accounts, notice of Bank's interest in the Collateral.

6. Until Bank exercises its rights to collect the Accounts pursuant to paragraph 10, Borrower will collect in accordance with Borrower's

customary practices all Borrower's Accounts, provided that no legal action shall be maintained thereon or in connection therewith without Bank's prior written consent. Any collection of Accounts by Borrower, whether in the form of cash, checks, notes, or other instruments for the payment of money (properly endorsed or assigned where required to enable Bank to collect same), shall be in trust for Bank, and (A) and upon event of default Borrower shall keep all such collections separate and apart from all other funds and property so as to be capable of identification as the property of Bank and deliver said collections daily to Bank in the identical form received. The proceeds of such collections when received by Bank may be applied by Bank directly to the payment of Borrower's Loan Account or any other obligation secured hereby. Any credit given by Bank upon receipt of said proceeds shall be conditional credit subject to collection. Returned items at Bank's option may be charged to Borrower's general account. All collections of the Accounts shall be set forth on an itemized schedule, showing the name of the account debtor, the amount of each payment and such other information as Bank may request.

7. Until Bank exercises its rights to collect the Accounts pursuant to paragraph 10, Borrower may continue its present policies with respect to returned merchandise and adjustments. However, Borrower shall immediately notify Bank of all cases greater of $50,000 or 20% per account, involving returns, repossessions, and loss or damage of or to merchandise represented by the Accounts and of any credits, adjustments or disputes arising in connection with the goods or services represented by the Accounts and, in any of such events, if borrower is out of compliance with borrowing base Borrower will immediately pay to Bank from its own funds (and not from the proceeds of Accounts or Inventory) for application to Borrower's Loan Account or any other obligation secured hereby the amount of any credit for such returned or repossessed merchandise and adjustments made to any of the Accounts.

8. Borrower represents and warrants to Bank: (i) If Borrower is a corporation, that Borrower is duly incorporated and existing in the State of its incorporation and the execution, delivery and performance hereof are within Borrower's corporate powers, have been duly authorized and are not in conflict with law or the terms of any charter, by-law or other incorporation papers, or of any material indenture, agreement or undertaking to which Borrower is a party or by which Borrower is found or affected; (ii) Borrower is, or at the time the collateral becomes subject to Bank's security interest will be, the true and lawful owner of and has, or at the time the Collateral becomes subject to Bank's security interest will have, good and clear title to the Collateral, subject only to Bank's rights therein; (iii) Each Account is, or at the time the Account comes into existence will be, a true and correct statement of a bona fide indebtedness incurred by the debtor named therein in the amount of the Account for either merchandise sold or delivered (or being held subject to Borrower's delivery instructions) to, or services rendered, performed and accepted by, the account debtor; (iv) That there are or will be no defenses, counterclaims, or setoffs which may be asserted against the Accounts; and (v) any and all financial information, including information relating to the Collateral, submitted by Borrower to Bank, whether previously or in the future, is or will be materially correct.

9. Borrower will: (i) Furnish Bank from time to time such financial statements and information as Bank may reasonably request and inform Bank immediately upon the occurrence of a material adverse change therein; (ii) Furnish Bank periodically, in such form and detail and at such times as Bank may require, statements showing aging and reconciliation of the Accounts and collections thereon; (iii) Permit representatives of Bank to inspect the Borrower's books and records relating to the Collateral and make extracts therefrom at any reasonable time and to arrange for verification of the Accounts, under reasonable procedures, acceptable to Bank, directly with the account debtors or otherwise at Borrower's expense; (iv) Promptly notify Bank of any attachment or other legal process levied against any of the Collateral and any information received by Borrower relative to the Collateral, including the Accounts, the account debtors or other persons obligated in connection therewith, which may in the reasonable judgement of bank affect the value of the Collateral or the rights and remedies of Bank in respect thereto; (v) Reimburse Bank upon demand for any and all legal costs, including reasonable attorneys' fees, and other expense incurred in collecting any sums payable by Borrower under Borrower's Loan Account or any other obligation secured hereby, enforcing any term or provision of this Security Agreement or otherwise or in the checking, handling and collection of the Collateral and the preparation and enforcement of any agreement relating thereto; (vi) Notify Bank of each location and of each office of Borrower at which records of Borrower relating to the Accounts are kept; (vii) Provide, maintain and deliver to Bank policies insuring the Collateral against loss or damage by such risks and in such amounts, forms and companies as Bank may require and with loss payable solely to Bank, and, in the event Bank takes possession of the Collateral, the insurance policy or policies and any unearned or returned premium thereon shall at the option of Bank become the sole property of Bank, such policies and the proceeds of any other insurance covering or in any way relating to the Collateral, whether now in existence or hereafter obtained, being hereby assigned to Bank; (viii) In the event the unpaid balance of Borrower's Loan Account shall exceed the maximum amount of outstanding loans to which Borrower is entitled under Section 1 hereof, Borrower shall immediately pay to Bank.

10. After the occurrence and continuation of an Event of Default, Bank may collect the Accounts and may give notice of assignment to any and all account debtors, and Borrower does hereby make, constitute and appoint Bank its irrevocable, true and lawful attorney with power to receive, open and dispose of all mail addressed to Borrower, to endorse the name of Borrower upon any checks or other evidences of payment that may come into the possession of Bank upon the Accounts to endorse the name of the undersigned upon any document or instrument relating to the Collateral; in its name or otherwise, to demand, sue for, collect and give acquittances for any and all moneys due or to become due upon the Accounts; to compromise, prosecute or defend any action, claim or proceeding with respect thereto; and to do any and all things necessary and proper to carry out the purpose herein contemplated.

11. Until Borrower's Loan Account and all other obligations secured hereby shall have been repaid in full, Borrower shall not sell, dispose of or grant a security interest in any of the Collateral other than to Bank, or execute any financing statements covering the Collateral in favor of any secured party or person other than Bank.

12. Should: (i) Default which is not cured by Borrower within fifteen (15) days of receipt of notice thereof be made in the payment of any obligation, or breach be made in any warranty, statement, promise, term or condition, contained herein or hereby secured; (ii) Any material statement or representation made for the purpose of obtaining credit hereunder prove false; (iii) (iv) Borrower become insolvent or make an assignment for the benefit of creditors; or (v) Any proceeding be commenced by or against Borrower and if against Borrower, is not cured within 60 days of action under any bankruptcy, reorganization, arrangement, readjustment of debt or moratorium law or statute; then in any such event, Bank may, at its option and without demand first made and without additional notice to Borrower, do any one or more of the following: (a) Terminate its obligation to make loans to Borrower as provided in Section 1 hereof; (b) Declare all sums secured hereby immediately due and payable; (c) Immediately take possession of the Collateral wherever it may be found, using all necessary force so to do, or require Borrower to assemble the Collateral and make it available to Bank at a place designated by Bank which is reasonably convenient to Borrower and Bank, and Borrower waives all claims for damages due to or arising from or connected with any such taking; (d) Proceed in the foreclosure of Bank's security interest and sale of the Collateral in any manner permitted by law, or provided for herein; (e) Sell, lease or otherwise dispose of the Collateral at public or private sale, with or without having the Collateral at the place of sale, and upon terms and in such manner as Bank may determine, and Bank may purchase same at any such sale; (f) Retain the Collateral in full satisfaction of the obligations secured thereby; (g) Exercise any remedies of a secured party under the Uniform Commercial Code. Prior to any such disposition, Bank may, at as option, cause any of the Collateral to be repaired or reconditioned in such manner and to such extent as Bank may deem advisable, and any sums expended therefor by Bank shall be repaid by Borrower and secured hereby. Bank shall have the right to enforce one or more remedies hereunder successively or concurrently, and any such action shall not estop or prevent Bank from pursuing any further remedy which it may have hereunder or by law. If a sufficient sum is not realized from any such disposition of Collateral to

pay all obligations secured by this Security Agreement, Borrower hereby promises and agrees to pay Bank any deficiency.

13. If any writ of attachment, garnishment, execution or other legal process be issued against any property of Borrower, or if any assessment for taxes against Borrower, other than real property, is made by the Federal or State government or any department thereof, the obligation of Bank to make loans to Borrower as provided in Section 1 hereof shall immediately terminate and the unpaid balance of the Loan Account, all other obligations secured hereby and all other sums due hereunder shall immediately become due and payable without demand, presentment or notice.

14. Borrower authorizes Bank to destroy all invoices, delivery receipts, reports and other types of documents and records submitted to Bank in connection with the transactions contemplated herein at any time subsequent to four months from the time such items are delivered to Bank.

15. Nothing herein shall in any way limit the effect of the conditions set forth in any other security or other agreement executed by Borrower, but each and every condition hereof shall be in addition thereto.

16. Should default be made in the payment of principal or interest which is not cured by Borrower within fifteen (15) days of receipt of notice thereof, or in the performance or observance, which is not cured by Borrower within fifteen (15) days of receipt of notice thereof, of any item, covenant or condition of this Agreement, any deed of trust, security agreement or other agreement (including amendments or extensions thereof) securing or pertaining to this Agreement, at the option of the holder hereof and without notice or demand, the entire balance of principal and accrued interest then remaining unpaid shall (a) become immediately due and payable, and (b) thereafter bear interest, until paid in full, at the increased rate of 5% per year in excess of the rate provided for above, as it may vary from time to time.

17. If any installment payment, interest payment, principal payment or principal balance payment due hereunder is delinquent twenty (20) or more days, Borrower agrees to pay Bank a late charge in the amount of 5% of the payment so due and unpaid, in addition to the payment; but nothing in this paragraph is to be construed as any obligation on the part of the Bank to accept payment of any payment past due or less than the total unpaid principal balance after maturity.

    All payments shall be applied first to any late charges owing, then to interest and the remainder, if any, to principal.

18. Reference Provision.

    A. Other than (i) non-judicial foreclosure and all matters in connection therewith regarding security interests in real or personal property; or (ii) the appointment of a receiver, or the exercise of other provisional remedies (any and all of which may be initiated pursuant to applicable law), each controversy, dispute or claim between the parties arising out of or relating to this document ("Agreement"), which controversy, dispute or claim is not settled in writing within thirty (30) days after the "Claim Date" (defined as the date on which a party subject to the Agreement gives written notice to all other parties that a controversy, dispute or claim exists), will be settled by a reference proceeding in California in accordance with the provisions of Section 638 et seq. of the California Code of Civil Procedure, or their successor section ("CCP"), which shall constitute the exclusive remedy for the settlement of any controversy, dispute or claim concerning this Agreement, including whether such controversy, dispute or claim is subject to the reference proceeding and except as set forth above, the parties waive their rights to initiate any legal proceedings against each other in any court or jurisdiction other than the Superior Court in the County where the Real Property, if any, is located or Los Angeles County if none (the "Court"). The referee shall be a retired Judge of the Court selected by mutual agreement of the parties, and if they cannot so agree within forty-five (45) days after the Claim Date, the referee shall be promptly selected by the Presiding Judge of the Court (or his representative). The referee shall be appointed to sit as a temporary judge, with all of the powers of a temporary judge, as authorized by law, and upon selection should take and subscribe to the oath of office as provided for in Rule 244 of the California Rules of Court (or any subsequently enacted Rule). Each party shall have one peremptory challenge pursuant to CCP Section 170.6. The referee shall (a) be requested to set the matter for hearing within sixty (60) days after the Claim Date and (b) try any and all issues of law or fact and report a statement of decision upon them, if possible, within ninety (90) days of the Claim Date. Any decision rendered by the referee will be final, binding and conclusive and judgment shall be entered pursuant to CCP Section 644 in any court in the State of California having jurisdiction. Any party may apply for a reference proceeding at any time after thirty (30) days following notice to any other party of the nature of the controversy, dispute or claim, by filing a petition for a hearing and/or trial. All discovery permitted by this Agreement shall be completed no later than fifteen (15) days before the first hearing date established by the referee. The referee may extend such period in the event of a party's refusal to provide requested discovery for any reason whatsoever, including, without limitation, legal objections raised to such discovery or unavailability of a witness due to absence or illness. No party shall be entitled to "priority" in conducting

discovery. Depositions may be

taken by either party upon seven (7) days written notice, and request for production or inspection of documents shall be responded to within ten (10) days after service. All disputes relating to discovery which cannot be resolved by the parties shall be submitted to the referee whose decision shall be final and binding upon the parties. Pending appointment of the referee as provided herein, the Superior Court is empowered to issue temporary and/or provisional remedies, as appropriate.

B. Except as expressly set forth in this Agreement, the referee shall determine the manner in which the reference proceeding is conducted including the time and place of all hearings, the order of presentation of evidence, and all other questions that arise with respect to the course of the reference proceeding. All proceedings and hearings conducted before the referee, except for trial, shall be conducted without a court reporter, except that when any party so requests, a court reporter will be used at any hearing conducted before the referee. The party making such a request shall have the obligation to arrange for and pay for the court reporter. The costs of the court reporter at the trial shall be borne equally by the parties.

C. The referee shall be required to determine all issues in accordance with existing case law and the statutory laws of the State of California. The rules of evidence applicable to proceedings at law in the State of California will be applicable to the reference proceeding. The referee shall be empowered to enter equitable as well as legal relief, to provide all temporary and/or provisional remedies and to enter equitable orders that will be binding upon the parties. The referee shall issue a single judgment at the close of the reference proceeding which shall dispose of all of the claims of the parties that are the subject of the reference. The parties hereto expressly reserve the right to contest or appeal from the final judgment or any appealable order or appealable judgment entered by the referee. The parties hereto expressly reserve the right to findings of fact, conclusions of law, a written statement of decision, and the right to move for a new trial or a different judgment, which new trial, if granted, is also to be a reference proceeding under this provision.

D. In the event that the enabling legislation which provides for appointment of a referee is repealed (and no successor statute is enacted), any dispute between the parties that would otherwise be determined by the reference procedure herein described will be resolved and determined by arbitration. The arbitration will be conducted by a retired judge of the Court, in accordance with the California Arbitration Act, Section 1280 through Section 1294.2 of the CCP as amended from time to time. The limitations with respect to discovery as set forth hereinabove shall apply to any such arbitration proceeding.

19. Additional Provisions: SUBJECT TO THE PROVISIONS OF THE CREDIT TERMS AND CONDITIONS AGREEMENT DATED JUNE 25, 1999, AND ALL AMENDMENTS THERETO AND REPLACEMENTS THEREFOR.

/ / If checked, the Addendum or Exhibit "A" attached (and all amendments thereto and replacements therefor) is incorporated herein by this reference.

Executed this 25TH day of JUNE, 1999

SILICON LABORATORIES INC., A DELAWARE CORPORATION

(Name of Borrower)

IMPERIAL BANK

BY: /s/ John W. McGovern — Chief Financial Officer

(Authorized Signature and Title)

BY: /s/ Tommy Davenport, SVP & Manager

Title

BY: /s/ Jeffery W. Scott — VP-Engineering

(Authorized Signature and Title)

IMPERIAL BANK
Member FDIC

226 Airport Parkway
San Jose, CA 95110

Subject: Credit Terms and Conditions ("Agreement")

June 25, 1999

Gentlemen:

Borrower: Silicon Laboratories Inc.

To induce Imperial Bank (herein sometimes referred to as "you" and sometimes as "Bank") to make loans to the undersigned (herein called "Borrower"), and in consideration of any loan or loans you, in your sole discretion, may make to Borrower, Borrower warrants and agrees as follows:

A. Borrower represents and warrants that:

1. EXISTENCE AND RIGHTS.

Borrower is a Delaware corporation.

Borrower is duly organized and existing and in good standing under the laws of the State of Delaware and is authorized and in good standing to do business in the State of Texas. Borrower has powers and adequate authority, rights and franchises to own its property and to carry on its business as now conducted, and is duly qualified and in good standing in each State in which the character of the properties owned by it therein or the conduct of its business makes such qualification necessary, and Borrower has the power and adequate authority to make and carry out this Agreement. Borrower has no investment in any other business entity, except as previously disclosed to Bank.

2. AGREEMENT AUTHORIZED. The execution, delivery and performance of this Agreement are duly authorized and do not require the consent or approval of any governmental body or other regulatory authority; are not in contravention of or in conflict with any law or regulation or any term or provision of Borrower's articles of incorporation, by-laws, or Articles of Association, as the case may be, and this Agreement is the valid, binding and legally enforceable obligation of Borrower in accordance with its terms.

3. NO CONFLICT. The execution, delivery and performance of this Agreement are not in contravention of or in conflict with any agreement, indenture or undertaking to which Borrower is a party or by which it or any of its property may be bound or affected, and do not cause any lien, charge or other encumbrance to be created or imposed upon any such property by reason thereof.

4. LITIGATION. There is no litigation or other proceeding pending or threatened against or affecting Borrower, received in writing or known by Borrower, and Borrower is not in default with respect to any order, writ, injunction, decree or demand of any court or other governmental or regulatory authority, except as previously disclosed in writing to bank.

5. FINANCIAL CONDITION. The balance sheet of Borrower as of May 1, 1999, and the related profit and loss statement for the 4 months ended on that date, a copy of which has heretofore been delivered to you by Borrower, and all other statements and data submitted in writing by Borrower to you in connection with this request for credit are true and correct, and said balance sheet and profit and loss statement truly present the financial condition of Borrower as of the date thereof and the results of the operations of Borrower for the period covered thereby, and have been prepared in accordance with generally accepted accounting principles on a basis consistently maintained, except for the two million dollar equipment financing transaction with Finova Capital Corporation previously disclosed to bank and subordinated in form and substance respective of a specific lien satisfactory to Bank. Since such date there have been no materially adverse changes in the financial condition or business of Borrower. Borrower has no knowledge of any material liabilities, contingent or otherwise, at such date not reflected in said balance sheet, and Borrower has not entered into any special commitments or substantial contracts which are not reflected in said balance sheet, other than in the ordinary and normal course of its business, which may have a materially adverse effect upon its financial condition, operations or business as now conducted.

6. TITLE TO ASSETS. Except for transactions with COMDISCO, Third Coast Capital and Finova Capital Corporation, leasehold improvement affixed to landlord owned real estate and software in the form of software licenses rather than ownership of source code, borrower has good title to its assets, and the same are not subject to any liens or encumbrances other than those permitted by Section C.3 hereof.

7. TAX STATUS. Borrower has no known liability for any delinquent state, local or federal taxes, and if Borrower has contracted with any government agency, Borrower has no liability for renegotiation of profits.

8. TRADEMARKS, PATENTS. To the best of it's knowledge, Borrower, as of the date hereof, possesses all necessary trademarks, trade names, copyrights, patents, patent rights, and licenses to conduct its business as now operated, without any known material conflict with the valid trademarks, trade names, copyrights, patents and license rights of others. Notwithstanding the

foregoing, there is no pending intellectual property litigation against the Company. The Company has no reason to believe it has infringed on any intellectual property rights. The semiconductor industry is characterized by vigorous protection and pursuit of intellectual property rights or positions, which have resulted in significant and often protracted, expensive litigation. The Company or its foundries may from time to time in the future receive notice of claims that the Company has infringed patents or other intellectual property rights owned by others. The Company may seek licenses under such patents or other intellectual property rights. However, these can be no assurance that licenses will be offered or that the terms of any offered licenses will be acceptable to the Company.

9. REGULATION U. The proceeds of this loan shall not be used to purchase or carry margin stock (as defined with Regulation U of the Board of Governors of the Federal Reserve system).

10. YEAR 2000 COMPLIANCE. Borrower has reviewed the areas within their operations and business which could be adversely affected by, and have developed or are developing a program to address on a timely basis, the Year 2000 Problem and have made related appropriate inquiry of material suppliers and vendors, and based on such review and program, the Year 2000 Problem will not have a material adverse effect upon its financial condition, operations or business as now conducted. "Year 2000 Problem" means the risk that any computer applications used by Borrower may be unable to recognize and properly perform date-sensitive functions involving certain dates prior to and any dates one or after December 31, 1999.

B. Borrower agrees that so long as it is indebted to you, it will, unless you shall otherwise consent in writing:

1. RIGHTS AND FACILITIES. Maintain and preserve all rights, franchises and other authority adequate for the conduct of its business; maintain its properties, equipment and facilities in good order and repair; conduct its business in an orderly manner without voluntary interruption and, if a corporation or partnership, maintain and preserve its existence.

2. INSURANCE. Maintain public liability, property damage and workers' compensation insurance and insurance on all its insurable property against fire and other hazards with responsible insurance carriers to the extent usually maintained by similar businesses.

3. TAXES AND OTHER LIABILITIES. Pay and discharge, before the same become delinquent and before penalties accrue thereon, all taxes, assessments and governmental charges upon or against it or any of its properties, and all its other liabilities at any time existing, except to the extent and so long as:

(a) The same are being contested in good faith and by appropriate proceedings in such manners as not to cause any materially adverse effect upon its financial condition or the loss of any right of redemption from any sale thereunder, and

(b) it shall have set aside on its books reserves (segregated to the extent required by generally accepted accounting practice) deemed by it adequate with respect thereto.

4. RECORDS AND REPORTS. Maintain a standard and modern system of accounting in accordance with generally accepted accounting principles on a basis consistently maintained; permit your representatives to have access to,

and to examine its properties, books and records at all reasonable times; and furnish you:

(a) As soon as available, and in any event within 25 days after the close of each month of each fiscal year of Borrower, commencing with the month next ending, a balance sheet, profit and loss statement and reconciliation of Borrower's capital accounts as of the close of such period and covering operations for the portion of Borrower's fiscal year ending on the last day of such period, all in reasonable detail and stating in comparative form the figures for the corresponding date and period in the previous fiscal year, prepared in accordance with generally accepted accounting principles on a basis consistently maintained by Borrower and certified by an appropriate officer of Borrower, subject, however, to year-end audit adjustments;

(b) As soon as available, and in any event within 90 days after the close of each fiscal year of Borrower, a report of audit of Company as of the close of and for such fiscal year, all in reasonable detail and stating in comparative form the figures as of the close of and for the previous fiscal year, with the unqualified opinion of accountants satisfactory to you.

(c) Within 25 days after the close of each month of each fiscal year of Borrower, a certificate by chief financial officer or partner of Borrower, stating that Borrower has performed and observed each and every covenant contained in this Letter of Inducement to be performed by it and that no event has occurred and no condition then exists which constitutes an event of default hereunder or would constitute such an event of default upon the lapse of time or upon the giving of notice and the lapse of time specified herein, or, if any such event has occurred or any such condition exists, specifying the nature thereof;

(d) Promptly after the receipt thereof by Borrower, copies of any detailed audit reports submitted to Borrower by independent accountants in connection with each annual or interim audit of the accounts of Borrower made by such accountants;

(e) Promptly after the same are available, copies of all such proxy statements, financial statements and reports as Borrower shall send to its stockholders, if any, and copies of all reports which Borrower may file with the Securities and Exchange Commission or any governmental authority at any time substituted therefor; and

(f) Such other information relating to the affairs of Borrower as you reasonably may request from time to time.

(g) Notice of Default. Promptly notify the Bank in writing of the occurrence of any event of default hereunder or any event which upon notice and lapse of time would be an event of default.

5. INTELLECTUAL PROPERTY. Borrower shall (i) protect, defend and maintain the validity and enforceability of the Trademarks, Patents and Copyrights, (ii) use its best efforts to detect infringements of the Trademarks, Patents and Copyrights and promptly advise Bank in writing of material infringements detected.

6. YEAR 2000 COMPLIANCE. Borrower shall perform all acts reasonably necessary to ensure that Borrower and any business in which Borrower holds a substantial interest become Year 2000 Compliant in a timely manner. Such acts shall include, without limitation, performing a comprehensive review and assessment of all Borrower's systems and adopting a detailed plan, with itemized budget, for the remediation, monitoring and testing of such systems. Borrower shall also take reasonably necessary steps to ensure that it will not be materially adversely affected as a result of any customer, supplier or vendor's failure to become Year 2000 compliant. As used in this paragraph, "Year 2000 Compliant" shall mean, in regard to any entity, that all software, hardware, firmware, equipment, goods or systems utilized by or material to the business operations or financial condition of such entity, will properly perform date sensitive functions before, during and after the year 2000. Borrower shall, immediately upon request, provide to Bank such certifications or other evidence of Borrower's compliance with the terms of this paragraph as Bank may from time to time require.

C. Borrower agrees that so long as it is indebted to you, it will not, without your written consent:

1. TYPE OF BUSINESS; MANAGEMENT. Make any substantial change in the character of its business; or make any change in its executive management

2. OUTSIDE INDEBTEDNESS. Create, incur, assume or permit to exist any indebtedness for borrowed moneys other than loans from you except obligations now existing as shown in financial statement dated May 1, 1999, excluding those being refinanced by your bank; or sell or transfer, either with or without recourse, any accounts or notes receivable or any moneys due to become due and except for transactions with COMDISCO. Third Coast Capital and Finova Capital Corporation, including follow-on equipment schedules to existing permitted financing lines.

3. LIENS AND ENCUMBRANCES. Except for transactions with COMDISCO, Third Coast Capital and Finova Capital Corporation, including follow-on equipment schedules to existing permitted financing lines, create, incur, or assume any mortgage, pledge encumbrance, lien or charge of any kind (including the

charge upon property at any time purchased or acquired under conditional sale or other title retention agreement) upon any asset (including Borrower's intellectual property to a financial institution), now owned or hereafter acquired by it, other than liens for taxes not delinquent, materialmen and mechanics liens, provided they are discharged within sixty days, and liens in your favor. Purchase money security interests are allowed.

4. LOANS, INVESTMENTS, SECONDARY LIABILITIES. Make any loans or advances to any person or other entity other than in the ordinary and normal course of its business as now conducted or make any investment in securities other than United States Government Treasuries or Agencies, Imperial Bank sponsored paper, or the Monarch Money Market Funds; or guarantee or otherwise become liable upon the obligation of any person or other entity, except by endorsement of negotiable instruments for deposit or collection in the ordinary and normal course of its business.

5. ACQUISITION OR SALE OF BUSINESS; MERGER OR CONSOLIDATION. Purchase or otherwise acquire all or substantially all of the assets or business of any person or other entity; or liquidate, dissolve, merge or consolidate, or commence any proceedings therefor; or sell any assets except in the ordinary and normal course of its business as now conducted; or sell, lease, assign, or transfer any substantial part of its business or fixed assets, or any property or other assets necessary for the continuance of its business as now conducted including without limitation the selling of any property or other asset accompanied by the leasing back of the same.

6. DIVIDENDS, STOCK PAYMENTS. If a corporation, declare or pay any dividend (other than dividends payable in common stock of Borrower) or make any other distribution on any of its capital stock now outstanding or hereafter issued or purchase (other than the routine repurchase of common stock shares issued to employees under the 1997 Stock Option/Stock Issuance Plan and any successor plans), redeem or retire any of such stock.

D. The occurrence of any one of the following events of default shall, at your option, terminate your commitment to lend and make all sums of principal and interest then remaining unpaid on all Borrower's indebtedness to you immediately due and payable, all without demand, presentment or notice, all of which are hereby expressly waived;

1. FAILURE TO PAY. Failure to pay any installment of principal or of interest on any indebtedness of Borrower to you, provided such failure is not cured by Borrower within fifteen (15) days of receipt of notice thereof.

2. BREACH OF COVENANT. Failure of Borrower to perform any other term or condition of this Agreement binding upon Borrower. Provided such failure is not cured by Borrower within fifteen (15) days of receipt of notice thereof.

3. BREACH OF WARRANTY. Any of Borrower's representations or warranties made herein or any statement or certificate at any time given in writing pursuant hereto or in connection herewith shall be false or misleading in any material respect.

4. INSOLVENCY; RECEIVER OR TRUSTEE. Borrower shall become insolvent; or admit its inability to pay its debts as they mature; or make an assignment for the benefit of creditors; or apply for or consent to the appointment of a receiver or trustee for it or for a substantial part of its property or business.

5. JUDGMENTS, ATTACHMENTS. Any money judgment, writ or warrant of attachment, or similar process in excess of two hundred fifty thousand dollars ($250,000), shall be entered or filed against Borrower or any of its assets and shall remain unvacated unbonded or unstayed for a period of 10 days or in any event later than five days prior to the date of any proposed sale thereunder

6. BANKRUPTCY. Bankruptcy, insolvency, reorganization or liquidation proceedings or other proceedings for relief under any bankruptcy law or any law for the relief of debtors shall be instituted by or against Borrower and, if instituted against it, shall be consented to.

E. Miscellaneous Provisions.

1. FAILURE OR INDULGENCE NOT WAIVER. No failure or delay on the part of your Bank or any holder of Notes issued hereunder, in the exercise of any power, right or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other right, power or privilege. All rights and remedies existing under this agreement or any note issued in connection with a loan that your Bank may make hereunder, are cumulative to, and not exclusive of, any rights or remedies otherwise available.

2. LEASE OF PERSONAL PROPERTY. Notwithstanding anything contained herein or in any security agreement or any other document executed by Borrower in favor of Bank ("Loan Documents"), the Borrower is hereby permitted to rent and or lease personal property and to execute such documents as necessary to effect such transactions, including the granting of a purchase money security interest if the property being rented or leased. Any such rental or lease will not be a violation of any of the Loan Documents.

3. APPLICABLE LAW. This Agreement and all other agreements and instruments required by Bank in connection therewith shall be governed by and construed according to the laws of the state of California, to the jurisdiction of whose courts the parties hereby agree to submit.

4. WAIVER OF JURY TRIAL. TO THE EXTENT NOT PROHIBITED BY APPLICABLE LAW WHICH CANNOT BE WAIVED, THE BANK AND THE BORROWER EACH HEREBY WAIVES AND COVENANTS THAT IT WILL NOT ASSERT (WHETHER AS PLAINTIFF, DEFENDANT OR OTHERWISE) ANY RIGHT TO TRIAL BY JURY IN ANY FORUM IN RESPECT OF ANY ISSUE, CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING OUT OF OR BASED UPON THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE SUBJECT MATTER HEREOF OR THEREOF OR ANY OBLIGATION OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE BANK OR THE BORROWER IN CONNECTION WITH ANY OF THE ABOVE, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING AND WHETHER IN CONTRACT OR TORT OR OTHERWISE.

5. JUDICIAL REFERENCE (a) Other than (i) non-judicial foreclosure and all matters in connection therewith regarding security interests in real or personal property; or (ii) the appointment of a receiver, or the exercise of other provisional remedies (any and all of which may be initiated pursuant to applicable law), each controversy, dispute or claim between the parties arising out of or relating to this document ("Agreement"), which controversy, dispute or claim is not settled in writing within thirty (30) days after the "Claim Date" (defined as the date on which a party subject to the Agreement gives written notice to all other parties that a controversy, dispute or claim exists), will be settled by a reference proceeding in California in accordance with the provisions of Section 638 ET SEQ. of the California Code of Civil Procedure, or their successor section ("CCP"), which shall constitute the exclusive remedy for the settlement of any controversy, dispute or claim concerning this Agreement, including whether such controversy, dispute or claim is subject to the reference proceeding and except as set forth above, the parties waive their rights to initiate any legal proceedings against each other in any court or jurisdiction other than the Superior Court in the County where the Real Property, if any, is located or Los Angeles County if none (the "Court"). The referee shall be a retired Judge of the Court selected by mutual agreement of the parties, and if they cannot so agree within forty-five (45) days after the Claim Date, the referee shall be promptly selected by the Presiding Judge of the Court (or his representative). The referee shall be appointed to sit as a temporary judge, with all of the powers for a temporary judge, as authorized by law, and upon selection should take and subscribe to the oath of office as provided for in Rule 244 of the California Rules of Court (or any subsequently enacted Rule). Each party shall have one peremptory challenge pursuant to CCP Section 170.6. The referee shall (a) be requested to set the matter for hearing within sixty (60) days after the Claim Date and (b) try any and all issues of law or fact and report a statement of decision upon them, if possible, within ninety (90) days of the Claim Date. Any decision rendered by the referee will be final, binding and conclusive and judgment shall be entered pursuant to CCP Section 644 in any court in the State of California having jurisdiction. Any party may apply for a reference proceeding at any time after thirty (30) days following notice to any other party of the nature of the controversy, dispute or claim, by filing a petition for a hearing and/or trial. All discovery permitted by this Agreement shall be completed no later than fifteen (15) days before the first hearing date established by the referee. The referee may extend such period in the event of a party's refusal to provide requested discovery for any reason whatsoever, including, without limitation, legal objections raised to such discovery or unavailability of a witness due to absence or illness. No party shall be entitled to "priority" in conducting discovery. Depositions may be taken by either party upon seven (7) days written notice, and request for production or inspection of documents shall be responded to within ten (10) days after service. All disputes relating to discovery which cannot be resolved by the parties shall be submitted to the referee whose decision shall be final and binding upon the parties. Pending appointment of the referee as provided herein, the Superior Court is empowered to issue temporary and/or provisional remedies, as appropriate.

(b) Except as expressly set forth in this Agreement, the referee shall determine the manner in which the reference proceeding is conducted including the time and place of all hearings, the order of presentation of evidence, and all other questions that arise with respect to the course of the reference proceeding. All proceedings and hearings conducted before the referee, except for trial, shall be conducted without a court reporter, except that when any party so requests, a court reporter will be used at any hearing conducted before the referee. The party making such a request shall have the obligation to arrange for and pay for the court reporter. The costs of the court reporter at the trial shall be borne equally by the parties.

(c) The referee shall be required to determine all issues in accordance with existing case law and the statutory laws of the State of California. The rules of evidence applicable to proceedings at law in the State of California will be applicable to the reference proceeding. The referee shall be empowered to enter equitable as well as legal relief, to

provide all temporary and/or provisional remedies and to enter equitable orders that will be binding upon the parties. The referee shall issue a single judgment at the close of the reference proceeding which shall dispose of all of the claims of the parties that are the subject of the reference. The parties hereto expressly reserve the right to contest or appeal from the final judgment or any appealable order or appealable judgment entered by the referee. The parties hereto expressly reserve the right to findings of fact, conclusions of law, a written statement of decision, and the right to move for a new trial or a different judgment, which new trial, if granted, is also to be a reference proceeding under this provision.

(d) In the event that the enabling legislation which provides for appointment of a referee is repealed (and no successor statute is enacted), any dispute between the parties that would otherwise be determined by the reference procedure herein described will be resolved and determined by arbitration. The arbitration will be conducted by a retired judge of the Court, in accordance with the California Arbitration Act, Section 1280 through Section 1294.2 of the CCP as amended from time to time. The limitations with respect to discovery as set forth hereinabove shall apply to any such arbitration proceeding.

6. RIDER TO STANDBY LETTER OF CREDIT AND SECURITY AGREEMENT. Borrower hereby agrees that the Rider to Standby Letter of Credit and Security Agreement dated September 4, 1998 remain in full force and effect and the reference therein to Credit Agreement shall mean this Agreement as may be amended or replaced.

The Commitment Letter dated April 19, 1999, attached hereto and all amendments and replacements thereto, is incorporated herein by this reference for additional terms. In the event of a conflict between this Agreement and the Letter, the terms in the Letter shall take precedence.

SILICON LABORATORIES INC.

By /s/ JOHN W. MCGOVERN

Authorized Signature

Name: JOHN W. MCGOVERN

Title: CHIEF FINANCIAL OFFICER

By /s/ JEFFREY W. SCOTT

Authorized Signature

Name: JEFFREY W. SCOTT

Title: VP ENGINEERING

[LETTERHEAD]

TO: S.W. AUSTIN OFFICE BUILDING LTD
C/O KNOX DEVELOPMENT
5316 HWY 290 W. #360
AUSTIN, TEXAS 78735

DATE: 07/30/99
AMOUNT: USD453,600.00
REF: CSF98000506

AMENDMENT NO. 1

AT THE REQUEST OF THE ACCOUNT PARTY, WE ENCLOSE HEREWITH ORIGINAL AMENDMENT TO SUBJECT LETTER OF CREDIT.

PLEASE EXAMINE THE TERMS AND CONDITIONS OF THE AMENDMENT TO ENSURE THAT ALL THE TERMS AND CONDITIONS CAN BE STRICTLY COMPLIED WITH.

IF THE BENEFICIARY IS UNABLE TO COMPLY, WE SUGGEST THAT THEY CONTACT THE ACCOUNT PARTY OF THE LETTER OF CREDIT TO MAKE CHANGES AS REQUIRED.

SINCERELY,

/s/ [ILLEGIBLE]

AUTHORIZED SIGNATURE

ILCAMBBK
NNNN

[LETTERHEAD]

DATE: FRIDAY, JULY 30, 1999

FROM: IMPERIAL BANK
INTERNATIONAL DIVISION
2015 MANHATTAN BEACH BLVD
REDONDO BEACH, CA 90278
U.S.A.
TELEX: 3730628 (IMPERIAL INW)

APPLICANT: SILICON LABORATORIES, INC.
2024 E. ST. ELMO RD.
AUSTIN, TX 78744-1018

IN FAVOR OF: S.W. AUSTIN OFFICE BUILDING LTD.
C/O KNOX DEVELOPMENT
5316 HWY 290 W. SUITE 360
AUSTIN, TEXAS 78735

++++++AMENDMENT NO.1++++++

WE HEREBY AMEND OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. OSF98000506 ISSUED 09/03/98 AS FOLLOWS:

NEW DATE OF EXPIRY: 09/08/00

DUE TO SYSTEM CONVERSION, SB20011682 IS NOW OSF98000506. PLEASE MARK ALL RECORDS ACCORDINGLY.

BENEFICIARY'S ADDRESS IS NOW:

5316 HWY 290 WEST, SUITE 360
AUSTIN, TX 78735

+ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED. THIS AMENDMENT IS AN INTEGRAL PART OF THE ABOVE MENTIONED CREDIT AND MUST BE ATTACHED THERETO.

+THIS CREDIT IS SUBJECT TO UCP 500.

AUTHORIZED SIGNATURE

/s/ [ILLEGIBLE]

AUTHORIZED SIGNATURE

/s/ [ILLEGIBLE]

[LETTERHEAD]

IMPERIAL BANK
INTERNATIONAL BANKING DIVISION
2015 MANHATTAN BEACH BLVD., 2ND. FLOOR
REDONDO BEACH, CA 90278
TEL: 310 725-4488 FAX: 310 649-3407

DATE: 07/30/99

Silicon Laboratories, Inc.
2024 E. St. Elmo Rd.
Austin, TX 78744-1018

DEAR CUSTOMER:

AT YOUR REQUEST, WE HEREBY TODAY AMEND OUR STANDBY LETTER OF CREDIT NO. OSF98000506, A COPY OF WHICH IS ATTACHED FOR YOUR INFORMATION. SHOULD YOU HAVE ANY QUESTIONS REGARDING THIS L/C, PLEASE CONTACT OUR INTERNATIONAL BANKING DIVISION AT 310-725-4488.

PLEASE REVIEW THE DETAILS OF THE AMENDMENT.

ANY INCONGRUITY MUST BE REPORTED AS SOON AS POSSIBLE OR THE TERMS AND CONDITIONS OF THE LETTER OF CREDIT SHALL BE DEEMED CONCLUSIVELY TO COMPLY WITH THE APPLICATION. THIS L/C IS SUBJECT TO THE U.C.P. 1993 ICC PUBLICATION NO. 500.

THIS IS A COMPUTER GENERATED ADVICE WHICH DOES NOT REQUIRE AN AUTHORIZED SIGNATURE.

L/C NO. OSF98000506
AMENDMENT NO.: 1
AMOUNT: USD .00
EXPIRY DATE: 09/08/00
TYPE: IRREVOCABLE
IN FAVOR OF: S.W. AUSTIN OFFICE BUILDING LTD
C/O KNOX DEVELOPMENT
5316 HWY 290 W. #360
AUSTIN, TEXAS 78735

OSFAMAPP

[LETTERHEAD]

DATE: FRIDAY, JULY 30, 1999

FROM: IMPERIAL BANK
INTERNATIONAL DIVISION
2015 MANHATTAN BEACH BLVD
REDONDO BEACH, CA 90278
U.S.A.
TELEX: 3730628(IMPERIAL INW)

APPLICANT: SILICON LABORATORIES
2024 E. ST. ELMO RD.
AUSTIN, TX 78744-1018

IN FAVOR OF: S.W. AUSTIN OFFICE BUILDING LTD
C/O KNOX DEVELOPMENT
5316 HWY 290 W. SUITE 360
AUSTIN, TEXAS 78735

+++++++AMENDMENT NO.1+++++++

WE HEREBY AMEND OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. 0SF98000506 ISSUED 09/03/98 AS FOLLOWS:

NEW DATE OF EXPIRY: 09/08/00

DUE TO SYSTEM CONVERSION, SB20011682 IS NOW OSF98000506. PLEASE MARK ALL RECORDS ACCORDINGLY.

BENEFICIARY'S ADDRESS IS NOW:

5316 HWY 290 WEST, SUITE 360
AUSTIN, TX 78735

+ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED. THIS AMENDMENT IS AN INTEGRAL PART OF THE ABOVE MENTIONED CREDIT AND MUST BE ATTACHED THERETO.

+THIS CREDIT IS SUBJECT TO UCP 500.

AUTHORIZED SIGNATURE

/s/ [ILLEGIBLE]

AUTHORIZED SIGNATURE

/s/ [ILLEGIBLE]

[LETTERHEAD]

INTERNATIONAL BANKING OFFICE, 275 BATTERY STREET, SUITE 1100, SAN FRANCISCO, CA 94111

IRREVOCABLE STANDBY LETTER OF CREDIT NO. SB20011682 DATED: SEP 03, 98

BENEFICIARY	APPLICANT
S.W. AUSTIN OFFICE BUILDING, LTD. C/O KNOX DEVELOPMENT 5316 HWY 290 WEST, SUITE 410 AUSTIN, TEXAS 78735	SILICON LABORATORIES 2024 E. ST. ELMO ROAD AUSTIN, TX 78744-1018
EXPIRY DATE AND PLACE	**AMOUNT**
08 SEP, 99 AT OUR COUNTERS 275 BATTERY STREET, SUITE 1100 SAN FRANCISCO, CA 94111	USD453,600.00 U.S. DOLLAR CURRENCY FOUR HUNDRED FIFTY THREE THOUSAND SIX HUNDRED ONLY

GENTLEMEN:

WE HEREBY AUTHORIZE YOU TO VALUE ON IMPERIAL BANK FOR THE ACCOUNT OF SILICON LABORATORIES FOR A SUM OR SUMS NOT EXCEEDING AT TOTAL OF FOUR HUNDRED FIFTY THREE THOUSAND SIX HUNDRED DOLLARS (USD $453,600.00) AVAILABLE BY YOUR DRAFT OR DRAFTS AT SIGHT. DRAFTS MUST BE DRAWN AND PRESENTED AT OUR OFFICE AT 275 BATTERY STREET, SUITE 1100, SAN FRANCISCO, CA 94111 ATTN: INTERNATIONAL DEPARTMENT NO LATER THAN SEPTEMBER 8, 1999.

ALL DRAFTS MUST BE MARKED "DRAWN ON IMPERIAL BANK STANDBY LETTER OF CREDIT NO. SB20011682" AND ALL DRAWINGS NEGOTIATED UNDER THIS CREDIT MUST BE ENDORSED ON THE REVERSE HEREOF.

WE HEREBY AGREE WITH THE DRAWERS, ENDORSERS, AND BONA FIDE HOLDERS OF ALL DRAFTS DRAWN ON AND IN COMPLIANCE WITH THE TERMS OF THIS CREDIT THAT SUCH DRAFTS WILL BE DULY HONORED ON THE DAY OF PRESENTATION TO THE DRAWEE AND THAT ANY STATUTORY, UCP, OR OTHER RIGHTS TO DELAY HONOR OF SIGHT DRAFTS, INCLUDING SUCH RIGHTS UNDER ARTICLE 5, SECTION 5-122 (1) (A) AND (B) OF THE UNIFORM COMMERCIAL CODE, ARE HEREBY SPECIFICALLY WAIVED. WE FURTHER AGREE, UPON THE PRESENTATION OF SUCH DRAFT TO THE DRAWEE, TO HONOR SUCH DRAFT BY DELIVERING ON THE DAY OF SUCH PRESENTATION THE AMOUNT OF THE DRAFT, BY OFFICIAL BANK OR CERTIFIED FUNDS CHECK, TO THE S.W. AUSTIN OFFICE BUILDING, LTD. OR, AT S.W. AUSTIN OFFICE BUILDING, LTD.'S SOLE OPTION, BY WIRING ON THE DAY OF SUCH PRESENTATION FEDERAL FUNDS IN THE AMOUNT OF THE DRAFT INTO SUCH ACCOUNT(S) AS S.W. AUSTIN OFFICE BUILDING, LTD. MAY SPECIFICALLY DIRECT, IN WRITING.

[LETTERHEAD]

ALL NOTICES AND OTHER WRITINGS DIRECTED TO THE S.W. AUSTIN OFFICE BUILDING, LTD. SHALL BE SENT TO S.W. AUSTIN OFFICE BUILDING, LTD. C/O KNOW DEVELOPMENT 5316 HWY 290 WEST, SUITE 410, AUSTIN, TEXAS 78735.

THIS LETTER OF CREDIT IS SUBJECT TO THE 1993 REVISION OF THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS OF THE INTERNATIONAL CHAMBER OF COMMERCE (PUBLICATION NO. 500).

/s/ [ILLEGIBLE]
AUTHORIZED SIGNATURE

/s/ [ILLEGIBLE]
AUTHORIZED SIGNATURE

[LETTERHEAD]

TO: IMPERIAL BANK
INTERNATIONAL BANKING DIVISION
2015 MANHATTAN BEACH BOULEVARD
REDONDO BEACH, CALIFORNIA 90278
TELEX 3730628 SWIFT IMPBUS66

DATE: SEPTEMBER 4, 1998

PLEASE ESTABLISH AN IRREVOCABLE LETTER OF CREDIT ON THE FOLLOWING TERMS AND CONDITIONS BY:
/ / FULL TEXT CABLE / / AIRMAIL / / AIRMAIL WITH BRIEF PRELIMINARY CABLE ADVICE /X/ OTHER: COURIER

ADVISING BANK
(IF BLANK, CORRESPONDENT BANK)

FOR ACCOUNT OF
SILICON LABORATORIES, INC.
2024 E. ST. ELMO ROAD
AUSTIN, TEXAS 78744-1018

IN FAVOR OF (BENEFICIARY)

S.W. AUSTIN OFFICE BUILDING LTD.
C/O KNOX DEVELOPMENT
5316 HWY. 290 WEST, STE 410
AUSTIN, TEXAS 78735

AMOUNT
USD $453,600.00

EXPIRATION DATE
DRAFTS TO BE DRAWN AND PRESENTED TO PAYING BANK ON OR BEFORE
SEPTEMBER 8, 1999

AVAILABLE BY DRAFTS AT SIGHT ********** DRAWN ON YOU.

REFERENCE: _____

DOCUMENTS REQUIRED: PLEASE SEE ATTACHED EXHIBIT "A" _____

SPECIAL INSTRUCTIONS: PLEASE SEE ATTACHED EXHIBIT "A" _____

ALL DOCUMENTS TO BE FORWARDED IN ONE COVER, BY AIRMAIL, UNLESS OTHERWISE STATED UNDER SPECIAL INSTRUCTIONS.

THE OPENING OF THIS CREDIT IS SUBJECT TO THE TERMS AND CONDITIONS AS SET FORTH IN THE STANDBY LETTER OF CREDIT AND SECURITY AGREEMENT APPEARING ON THE REVERSE HEREOF WHICH ARE AGREED TO.

APPLICANT NAME SILICON LABORATORIES, INC.

SIGNATURE AND TITLE X /s/ NAVDEEP S. SOOCH, PRESIDENT

X /s/ JOHN W. MCGOVERN CHIEF FINANCIAL OFFICER

STANDBY LETTER OF CREDIT AND SECURITY AGREEMENT

The undersigned ("Customer") applies to Imperial Bank ("Bank") for a loan (the "Loan") in the principal amount of U.S. DOLLARS FOUR HUNDRED FIFTY THREE THOUSAND SIX HUNDRED AND 00/100 **********DOLLARS ($453,600.00) subject to the following terms and conditions: (If the standby letter of credit is issued in a foreign currency, the principal of the Loan will be the U.S. Dollar equivalent of the foreign currency amount, converted at the rate of exchange on the date of drawing.)

1. The Loan shall be disbursed only by means of drawings under the Letter of Credit, for which application appears on the reverse hereof.

2. If Customer has not executed and delivered a promissory note to Bank for said Loan, each advance which is disbursed as provided in Paragraph 1 shall be payable on demand and bear interest payable monthly at a rate per year (based on a three hundred sixty (360) day year and actual days elapsed) zero percent (0.00%) in excess of the rate that Bank has announced to be its prime rate ("Prime Rate") and shall vary concurrently with any change in the Prime Rate.

3. Customer shall pay to Bank its commission, payable in advance, computed from the date hereof at the rate of ONE & QUARTER percent (1.25%) per year (based on a three hundred sixty (360) day year and actual days elapsed) for the entire life of the Letter of Credit. There shall be no refund of any portion of the commission in the event the Letter of Credit commitment expires, is reduced, terminated or otherwise modified.

4. Customer agrees to pay to Bank, on demand, its commissions and fees in such amounts as Bank determines to be proper and all charges and expenses paid or incurred by Bank in connection with the Letter of Credit or the Loan, and interest at the rate set forth herein or, if no rate is set forth, 5% over Bank's Prime Rate as it may vary from time to time.

5. Customer hereby reaffirms that security interest granted to the Bank by the Borrower pursuant to that General Security Agreement (Tangible and Intangible Personal Property) dated March 28, 1997, as may be amended or replaced ("Security Agreement"), and agrees that the Customer's obligations under this Agreement and the Loan are secured pursuant to the terms and conditions of the Security Agreement.

6. Upon default, at Bank's option without formal demand or notice, all or any part of the Loan shall immediately become due. Default is hereby defined as the occurrence of any event of default contained in that Credit Terms and Conditions ("Credit Agreement") executed by Customer, dated March 28, 1997, as such shall be amended or replaced, and upon such a default the Bank shall have all the rights and remedies available to it under the Credit Agreement. Amounts due under this Agreement shall be deemed to be indebtedness for the provisions of Section D.1. of the Credit Agreement. If at the time of any such event there remains any portion of the Loan undisbursed (that is, if the Letter of Credit is still in effect and has not been completely drawn against) Customer shall, upon Bank's demand, pay to Bank for application to drawings under the Letter of Credit the entire principal amount which has not been drawn. Any amount so paid which has not been drawn on the expiry date of the Letter of Credit shall be repaid to Customer without interest. Except as provided above, the Agreement remains unchanged.

SILICON LABORATORIES, INC.

By:	/s/ Navdeep S. Sooch	/s/ John W. McGovern
Name:	Navdeep S. Sooch	John W. McGovern
Title:	President	Chief Financial Officer

IMPERIAL BANK

By:	/s/ Tommy Deavenport
Name:	Tommy Deavenport
Title:	Senior Vice President

7. Neither Bank nor its correspondents shall be in any way responsible for performance by any beneficiary of its obligations to Customer, nor for the form, sufficiency, correctness, genuineness, authority of person signing, falsification or legal effect of any documents called for under the Letter of Credit if such documents on their face appear to be in order.

8. Subject to the law and customs and practice of the trade, existing in the area where the beneficiary is located, said Letter of Credit shall be subject to, and performance by Bank, its correspondent and the beneficiary thereunder shall be governed by the "Uniform Customs and Practice for Documentary Credits" fixed by The International Chamber of Commerce, in effect on the date of issuance of the Letter of Credit.

9. It is agreed that all directions and correspondence relating to said Letter of Credit are to be sent at Customer's risk and that Bank does not assume

any responsibility for any inaccuracy, interruption, error or delay in transmission or delivery by post, telegraph or cable, or for any inaccuracy of translation.

10. If this Agreement is signed by two or more parties, it shall be the joint and several agreement of such parties.

INTERNATIONAL USE ONLY		BANKING OFFICE USE ONLY	
Approved By	Date	Banking Office/Department Name	Number
X		SW-EGIG	2105
		Lending Officer	Date
		X /s/ Tommy Deavenport	9-3-98

[Letterhead]

DATE: 11/19/99

FROM: IMPERIAL BANK
INTERNATIONAL DIVISION
2015 MANHATTAN BEACH BLVD
REDONDO BEACH, CA 90278
U.S.A.
TELEX: 3730628 (IMPERIAL INW)
SWIFT: IMPBOS66

APPLICANT: SILICON LABORATORIES INC.
4635 BOSTON LANE
AUSTIN, TX 78735

IN FAVOR OF: STRATUS 7000 WEST JOINT VENTURE
C/O STRATUS MANAGEMENT, LLC
98 SAN JACINTO, STE. 220
AUSTIN, TX 78701

WE HEREBY ESTABLISH OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO.OSF99000863 EXPIRING 11/22/00 AT OUR COUNTERS FOR AMOUNT: USD500,000.00 (FIVE HUNDRED THOUSAND EXACTLY).

CREDIT IS AVAILABLE WITH IMPERIAL BANK
INTERNATIONAL DIVISION
2015 MANHATTAN BEACH BLVD
REDONDO BEACH, CA 90278 U.S.A.
BY PAYMENT OF DRAFTS AT SIGHT.

DRAFTS DRAWN ON: IMPERIAL BANK
INTERNATIONAL DIVISION
2015 MANHATTAN BEACH BLVD
REDONDO BEACH, CA 90278 U.S.A.

REQUIRED DOCUMENTS:
1. THE ORIGINAL OF THIS STANDBY LETTER OF CREDIT AND AMENDMENT(S) IF ANY.

2. BENEFICIARY'S STATEMENT PURPORTEDLY SIGNED BY AN AUTHORIZED OFFICER CERTIFYING THAT SILICON LABORATORIES, INC. IS IN DEFAULT OR THAT AN EVENT OF DEFAULT HAS OCCURRED UNDER ONE OR MORE OF THE TERMS OF THAT CERTAIN LEASE AGREEMENT DATED (GIVE DATE) THAT EXISTS BETWEEN SILICON LABORATORIES, INC. AND STRATUS 7000 WEST JOINT VENTURE AND THAT ANY APPLICABLE CURE PERIOD HAS LAPSED WITHOUT REMEDY.

ADDITIONAL CONDITIONS:
ALL INFORMATION REQUIRED UNDER DOCUMENT REQUIREMENT NO. 2 WHETHER INDICATED BY BLANKS, BRACKETS OR OTHERWISE, MUST BE COMPLETED AT THE TIME OF DRAWING.

ALL SIGNATURES MUST BE MANUALLY EXECUTED IN ORIGINALS.

[Letterhead]

PAGE 2 OF 2 TO IRREVOCABLE STANDBY LETTER OF CREDIT NO. OSF99000863

PARTIAL DRAWINGS MAY BE MADE UNDER THIS LETTER OF CREDIT, PROVIDED, HOWEVER, THAT EACH SUCH DEMAND THAT IS PAID BY US SHALL REDUCE THE AMOUNT AVAILABLE UNDER THIS LETTER OF CREDIT.

IT IS A CONDITION OF THIS STANDBY LETTER OF CREDIT THAT IT SHALL BE DEEMED AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR ONE YEAR PERIODS FROM THE PRESENT EXPIRATION DATE HEREOF, UNLESS THIRTY (30) DAYS PRIOR TO ANY SUCH DATE, WE SHALL NOTIFY YOU IN WRITING BY CERTIFIED MAIL OR COURIER SERVICE AT THE ABOVE LISTED ADDRESS THAT WE ELECT NOT TO CONSIDER THIS IRREVOCABLE LETTER OF CREDIT RENEWED FOR ANY SUCH ADDITIONAL PERIOD. UPON RECEIPT BY YOU OF SUCH NOTICE, YOU MAY DRAW HEREUNDER BY MEANS OF YOUR DRAFT(S) ON US AT SIGHT ACCOMPANIED BY YOUR ORIGINAL SIGNED STATEMENT WORDED AS FOLLOWS: STRATUS 7000 WEST JOINT VENTURE HAS RECEIVED NOTICE FROM IMPERIAL BANK THAT THE EXPIRATION DATE OF LETTER OF CREDIT NO. OSF99000863 WILL NOT BE EXTENDED FOR AN ADDITIONAL PERIOD. AS OF THE DATE OF THIS DRAWING, STRATUS 7000 WEST JOINT VENTURE HAS NOT RECEIVED A SUBSTITUTE LETTER OF CREDIT OR OTHER INSTRUMENT ACCEPTABLE TO STRATUS 7000 WEST JOINT VENTURE AS SUBSTITUTE FOR IMPERIAL BANK LETTER OF CREDIT NO. OSF99000863.

NOTWITHSTANDING THE ABOVE, THE FINAL EXPIRATION DATE SHALL BE NOVEMBER 22, 2006.

ALL DRAFTS AND DOCUMENTS REQUIRED UNDER THIS LETTER OF CREDIT MUST BE MARKED: "DRAWN UNDER IMPERIAL BANK LETTER OF CREDIT NO. OSF99000863."

ALL DOCUMENTS ARE TO BE DISPATCHED IN ONE LOT BY COURIER SERVICE TO IMPERIAL BANK INTERNATIONAL DIVISION, 2105 MANHATTAN BEACH BLVD., 2ND FLR., REDONDO BEACH, CA 90278.

THIS LETTER OF CREDIT SETS FORTH IN FULL THE TERMS OF OUR UNDERTAKING AND SUCH UNDERTAKING SHALL NOT BE IN ANY WAY MODIFIED, AMENDED OR AMPLIFIED BY REFERENCE TO ANY DOCUMENT, INSTRUMENT OR AGREEMENT REFERRED TO HEREIN OR IN WHICH THIS LETTER OF CREDIT IS REFERRED TO OR TO WHICH THIS LETTER OF CREDIT RELATES, AND ANY SUCH REFERENCE SHALL NOT BE DEEMED TO INCORPORATE HEREIN BY REFERENCE ANY DOCUMENT, INSTRUMENT OR AGREEMENT.

WE HEREBY ENGAGE WITH YOU THAT ALL DRAFTS DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS OF THIS CREDIT WILL BE DULY HONORED IF DRAWN AND PRESENTED FOR PAYMENT AT THIS OFFICE ON OR BEFORE THE EXPIRATION DATE OF THIS CREDIT.

EXCEPT SO FAR AS OTHERWISE EXPRESSLY STATED, THIS CREDIT IS SUBJECT TO THE "UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS" (1993 REVISION) INTERNATIONAL CHAMBER OF COMMERCE (PUBLICATION NO. 500).

AUTHORIZED SIGNATURE	AUTHORIZED SIGNATURE
/s/ [Illegible]	/s/ [Illegible]
- ----------	----------

[Letterhead]

To: IMPERIAL BANK
International Banking Division
2015 Manhattan Beach Boulevard
Redondo Beach, California 90278
Telex 3730628 SWIFT IMPBUS66

Date: November 10, 1999

Please establish an Irrevocable Letter of Credit on the following terms and conditions by:

[ ] Full Text Cable [x] Airmail [ ] Airmail with brief preliminary cable advice [ ] Other:

ADVISING BANK
(If Blank, Correspondent Bank)

FOR ACCOUNT OF

Silicon Laboratories
4635 Boston Lane
Austin, TX 78735

IN FAVOR OF (BENEFICIARY)

Stratus 7000 West Joint Venture
c/o Stratus Management, LLC
98 San Jacinto, Suite 220
Austin, TX 78701

AMOUNT

Five Hundred Thousand ($500,000)

EXPIRATION DATE

Drafts to be drawn and presented to paying Bank on or before

November 22, 2000

Available by drafts at sight see attached drawn on you.

Reference: see attached

Documents Required: see attached

Special Instructions: see attached

All Documents to be forwarded in one cover, by airmail, unless otherwise stated under Special Instructions.

The opening of this credit is subject to the terms and conditions as set forth in the Standby Letter of Credit and Security Agreement appearing on the reverse hereof which are agreed to.

SILICON LABORATORIES INC.

Applicant Name: John McGovern Navdeep S. Sooch

Signature and Title: John McGovern — CHIEF FINANCIAL OFFICER

Navdeep S. Sooch — CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Continued on Reverse

STANDBY LETTER OF CREDIT AND SECURITY AGREEMENT

The undersigned ("Customer") applies to Imperial Bank ("Bank") for a loan (the "Loan") in the principal amount of Five Hundred Thousand DOLLARS ($500,000) subject to the following terms and conditions: (If the standby letter of credit is issued in a foreign currency, the principal of the Loan will be the U.S. Dollar equivalent of the foreign currency amount, converted at the rate of exchange on the date of drawing.)

1. The Loan shall be disbursed only by means of drawings under the Letter of Credit, for which application appears on the reverse hereof.

2. If Customer has not executed and delivered a promissory note to Bank for said Loan, each advance which is disbursed as provided in Paragraph 1 shall be payable on demand and bear interest payable monthly at a rate per year (based on a three hundred sixty (360) day year and actual days elapsed) two percent (2%) in excess of the rate that Bank has announced to be its prime rate ("Prime Rate") and shall vary concurrently with any change in the Prime Rate.

3. Customer shall pay to Bank its commission, payable in advance, computed from the date hereof at the rate of one percent (1%) per year (based on a three hundred sixty (360) day year and actual days elapsed) for the entire life of the Letter of Credit. There shall be no refund of any portion of the commission in the event the Letter of Credit commitment expires, is reduced, terminated or otherwise modified.

4. Customer agrees to pay to Bank, on demand, its commissions and fees in such amounts as Bank determines to be proper and all charges and expenses paid or incurred by Bank in connection with the Letter of Credit or the Loan, and interest at the rate set forth herein or, if no rate is set forth, 5% over Bank's Prime Rate as it may vary from time to time.

5. Bank is hereby granted a security interest in (a) all property including, without limitation, deposit accounts (i) delivered to Bank by Customer, (ii) which shall be in Bank's possession or control in any matter or for any purpose, (iii) now owned or hereafter acquired by Customer of the type or class described in any financing statement filed by Bank and executed by or on behalf of Customer; (b) the proceeds, increase and products of such property, all accessions thereto, and all property which Customer may receive on account of such collateral which Customer will immediately deliver to Bank, to secure the performance of all of Customer's present or future debts or obligations to Bank, whether absolute or contingent. Unless otherwise defined, words used herein have the meanings given them in the California Uniform Commercial Code.

6. Upon default, at Bank's option without formal demand or notice, all or any part of the Loan shall immediately become due. Bank shall have all rights given by law, and may sell, in one or more sales, collateral in any county where Bank has an office (or any place Bank deems appropriate). Bank may purchase at such sale. Sales for cash or on credit to a wholesaler, retailer or user of the collateral, or at public or private auction, are all to be considered commercially reasonable. Bank may require Customer to assemble the collateral and make it available to Bank at the entrance to the location of the collateral, or a place designated by Bank. Defaults shall include: (a) Customer's failure to pay or perform this or any agreement with Bank or breach of any warranty herein, or Customer's failure to pay or perform any agreement with Bank; (b) Any change in Customer's financial condition which in Bank's judgment impairs the prospect of payment or performance; (c) Any actual or reasonable anticipated deterioration of the collateral or in the market price thereof which causes it in Bank's judgment to become unsatisfactory as security; (d) Any levy or seizure against Customer or any of the collateral; (e) Death, termination of business, assignment for creditors, insolvency, appointment of receiver or the filing of any petition under bankruptcy or debtor's relief laws of, by or against Customer or any of the collateral; and (f) Any warranty or representation is false or is believed in good faith by Bank to be false. If at the time of any such event there remains any portion of the Loan undisbursed (that is, if the Letter of Credit is still in effect and has not been completely drawn against) Customer shall, upon Bank's demand, pay to Bank for application to drawings under the Letter of Credit the entire principal amount which has not been drawn. Any amount so paid which has not been drawn on the expiry date of the Letter of Credit shall be repaid to Customer without interest.

7. Neither Bank nor its correspondents shall be in any way responsible for performance by any beneficiary of its obligations to Customer, nor for the form, sufficiency, correctness, genuineness, authority of person signing, falsification or legal effect of any documents called for under the Letter of Credit if such documents on their face appear to be in order.

8. Subject to the law and customs and practice of the trade, existing in the area where the beneficiary is located, said Letter of Credit shall be subject to, and performance by Bank, its correspondent and the beneficiary thereunder shall be governed by the "Uniform Customs and Practice for Documentary Credits" fixed by The International Chamber of Commerce, in effect on the date of issuance of the Letter of Credit.

9. It is agreed that all directions and correspondence relating to

said Letter of Credit are to be sent at Customer's risk and that Bank does not assume any responsibility for any inaccuracy, interruption, error or delay in transmission or delivery by post, telegraph or cable, or for any inaccuracy of translation.

10. If this Agreement is signed by two or more parties, it shall be the joint and several agreement of such parties.

INTERNATIONAL USE ONLY		BANKING OFFICE USE ONLY	
Approved By	Date	Banking Office/Department Name	Number
X		#2105 Austin EGD	2105
		Lending Officer	Date
		X	

EXHIBIT I

LETTER OF CREDIT PRO FORMA WORDING

PAGE ONE OF TWO

(FOR LETTER OF CREDIT ISSUED BY IMPERIAL BANK)

APPLICANT:

BENEFICIARY:

AMOUNT:

EXPIRY DATE AND PLACE FOR PRESENTATION OF DOCUMENTS: [need date] IMPERIAL BANK INTERNATIONAL DIVISION, 2015 MANHATTAN BEACH BLVD., 2ND FLR., REDONDO BEACH, CA 90278

CREDIT IS AVAILABLE WITH IMPERIAL BANK INTERNATIONAL DIVISION AGAINST PAYMENT OF DRAFTS DRAWN AT SIGHT ON IMPERIAL BANK INTERNATIONAL DIVISION, 2015 MANHATTAN BEACH BLVD., 2ND FLR., REDONDO BEACH, CA 90278

DOCUMENTS REQUIRED:

1. THE ORIGINAL OF THIS STANDBY LETTER OF CREDIT AND AMENDMENT(S) IF ANY.

2. BENEFICIARY'S STATEMENT PURPORTEDLY SIGNED BY AN AUTHORIZED OFFICER CERTIFYING THAT [APPLICANT NAME] IS IN DEFAULT OR THAT AN EVENT OF DEFAULT HAS OCCURRED UNDER ONE OR MORE OF THE TERMS OF THAT CERTAIN LEASE AGREEMENT DATED [GIVE DATE] THAT EXISTS BETWEEN [APPLICANT'S NAME] AND [BENEFICIARY'S NAME] AND THAT ANY APPLICABLE CURE PERIOD HAS LAPSED WITHOUT REMEDY.

SPECIAL CONDITIONS:

ALL INFORMATION REQUIRED UNDER DOCUMENT REQUIREMENT NO. 2 WHETHER INDICATED BY BLANKS, BRACKETS OR OTHERWISE, MUST BE COMPLETED AT THE TIME OF DRAWING.

ALL SIGNATURES MUST BE MANUALLY EXECUTED IN ORIGINALS.

PARTIAL DRAWINGS MAY BE MADE UNDER THIS LETTER OF CREDIT, PROVIDED, HOWEVER, THAT EACH SUCH DEMAND THAT IS PAID BY US SHALL REDUCE THE AMOUNT AVAILABLE UNDER THIS LETTER OF CREDIT.

IT IS A CONDITION OF THIS STANDBY LETTER OF CREDIT THAT IT SHALL BE DEEMED AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR ONE YEAR PERIODS FROM THE PRESENT EXPIRATION DATE HEREOF, UNLESS THIRTY (30) DAYS PRIOR TO ANY SUCH DATE. WE SHALL NOTIFY YOU IN WRITING BY CERTIFIED MAIL OR COURIER SERVICE AT THE ABOVE LISTED ADDRESS THAT WE ELECT NOT TO CONSIDER THIS IRREVOCABLE LETTER OF CREDIT RENEWED FOR ANY SUCH ADDITIONAL PERIOD, UPON RECEIPT BY YOU OF SUCH NOTICE, YOU MAY DRAW HEREUNDER BY MEANS OF YOUR DRAFT(S) ON US AT SIGHT ACCOMPANIED BY YOUR ORIGINAL SIGNED STATEMENT WORDED AS FOLLOWS: [beneficiary] HAS RECEIVED NOTICE FROM IMPERIAL BANK THAT THE EXPIRATION DATE OF LETTER OF CREDIT NO. [INSERT L/C NO.] WILL NOT BE EXTENDED FOR AN ADDITIONAL PERIOD. AS OF THE DATE OF THIS DRAWING, [beneficiary] HAS NOT RECEIVED A SUBSTITUTE LETTER OF CREDIT OR OTHER INSTRUMENT ACCEPTABLE TO [beneficiary] AS SUBSTITUTE FOR IMPERIAL BANK LETTER OF CREDIT NO. [INSERT L/C NO.].

NOTWITHSTANDING THE ABOVE, THE FINAL EXPIRATION DATE SHALL BE MMDDYY.

ALL DRAFTS AND DOCUMENTS REQUIRED UNDER THIS LETTER OF CREDIT MUST BE MARKED: "DRAWN UNDER IMPERIAL BANK LETTER OF CREDIT NO. [INSERT L/C NO.]"

ALL DOCUMENTS ARE TO BE DISPATCHED IN ONE LOT BY COURIER SERVICE TO IMPERIAL BANK INTERNATIONAL DIVISION, 2015 MANHATTAN BEACH BLVD., 2ND FLR., REDONDO BEACH, CA 90278

/s/ John McGovern 11/10/99

EXHIBIT I

LETTER OF CREDIT PRO FORMA WORDING

PAGE TWO OF TWO

THIS LETTER OF CREDIT SETS FORTH IN FULL THE TERMS OF OUR UNDERTAKING AND SUCH UNDERTAKING SHALL NOT BE IN ANY WAY MODIFIED, AMENDED OR AMPLIFIED BY REFERENCE TO ANY DOCUMENT, INSTRUMENT OR AGREEMENT REFERRED TO HEREIN OR IN WHICH THIS LETTER OF CREDIT IS REFERRED TO OR TO WHICH THIS LETTER OF CREDIT RELATES, AND ANY SUCH REFERENCE SHALL NOT BE DEEMED TO INCORPORATE HEREIN BY REFERENCE ANY DOCUMENT, INSTRUMENT OR AGREEMENT.

WE HEREBY ENGAGE WITH YOU THAT ALL DRAFTS DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS OF THIS CREDIT WILL BE DULY HONORED IF DRAWN AND PRESENTED FOR PAYMENT AT THIS OFFICE ON OR BEFORE THE EXPIRATION DATE OF THIS CREDIT.

EXCEPT SO FAR AS OTHERWISE EXPRESSLY STATE, THIS CREDIT IS SUBJECT TO THE "UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS"(1993 REVISION) INTERNATIONAL CHAMBER OF COMMERCE (PUBLICATION NO. 500).

/s/ John McGovern 11/10/99

IMPERIAL BANK
- ----------

Emerging Growth Industries, Southwest Regional Office
8911 Capital Texas Highway, Suite 2310 - Austin, Texas 78759 -
Tel: (512) 349-2333 - Fax: (512) 349-2888

December 9, 1999

Mr. John McGovern
Silicon Laboratories
4635 Boston Lane
Austin, TX 78735

Dear John,

We are pleased to provide this commitment letter for the proposed bank financing that Imperial Bank ("Bank") is willing to extend to Silicon Laboratories, Inc. ("Borrower"). This commitment to lend is subject to execution of a definitive written agreement and documentation for the transaction described in this letter. The terms of the financing are as follows:

A. CREDIT FACILITY

1) Existing $1,000,000 equipment term loan.
2) Existing $1,500,000 equipment term loan.
3) Existing $453,600 letter of credit.
4) Existing $3,000,000 revolving line of credit, with a $500,000 sub-limit for letters of credit.
5) A New $2,000,000 term loan, with a $1,000,000 sub-limit for documented software and a $1,000,000 sub-limit for documented leasehold improvements.
6) A New $2,000,000 term loan for capital equipment purchases.

B. TERMS

1) Currently being amortized.
2) Currently being amortized.
3) Facility in place.
4) Interest payable monthly with principal and accrued interest due at maturity.
5) 6 month interest-only period, thereafter, the outstanding balance of the facility to be amortized over 36 months.
6) 9 month interest-only period, thereafter, the outstanding balance of the facility to be amortized over 36 months.

C. MATURITY

1) 3/28/01
2) 1/29/02
3) 9/7/99
4) 6/24/00
5) 42 months from the date of documents.
6) 45 months from the date of documents.

D. PRICING

1) Imperial Bank's Prime Rate.
2) Imperial Bank's Prime Rate.
3) Imperial Bank's Prime Rate.
4) Imperial Bank's Prime Rate.
5) Imperial Bank's Prime Rate.
6) Imperial Bank's Prime Rate.

E. FACILITY FEES

5) $2,500
6) $1,250

F. LEGAL FEES

$500

G. WARRANT (EXISTING)

2) 3.0% of the commitment
3) 5.0% of the commitment

H. ADVANCE RATE

5) SOFTWARE: 100% advance rate against all approved software invoices less than 90 days old, excluding sales tax and freight charges, up to $1,000,000. LEASEHOLD IMPROVEMENTS: 100% advance rate against all documented leasehold improvements, up to $1,000,000.
6) EQUIPMENT: 100% advance rate against all approved equipment invoices, for new equipment purchased within 90 days or less of the advance request, excluding sales tax and freight charges.

I. COLLATERAL:

A UCC-1 filing on all assets of Borrower, excluding Intellectual Property, with the Bank in first position. A negative pledge on intellectual property will be required.

J. FINANCIAL COVENANTS

(i) Borrower to maintain a monthly minimum Quick Ratio(1) of at least 1.50:1.00.
(ii) Borrower to maintain a minimum Debt Service Coverage Ratio(2) of 1.50:1.00.

(1) Quick Ratio defined as: Cash plus A/R divided by Current Liabilities.
(2) Debt service coverage ratio defined as EBIT plus depreciation and amortization (MOST RECENT THREE MONTH PERIOD ANNUALIZED) divided by current maturities of long term debt.

K. REPORTING REQUIREMENTS

(i) Monthly internal prepared financial statements prepared according to generally accepted accounting principles within 25 days after month end with signed compliance certificate.
(ii) Monthly accounts receivable and accounts payable agings with borrowing base certificate due within 25 days of month-end.
(iii) Unqualified audit of annual financial statements within 90 days after fiscal year end.
(iv) Bank will have the right to conduct annual collateral records audit, with results satisfactory to Bank.

L. OTHER

(i) Borrower to maintain primary operating and depository accounts with Bank.
(ii) Purchase money security interest and leases are allowed with notification to Bank.
(iii) Borrower to provide property and casualty insurance with the Bank as "Lenders Loss Payable"
(iv) Borrower to pay for all other costs associated with the closing of the transaction (UCC search fees, filing fees, etc.)

M. EXPIRATION

Unless Borrower accepts this commitment letter on or before December 17, 1999 this commitment letter will expire and be of no further effect.

This letter is provided solely for your information and is delivered to you with the understanding that neither it nor its substance shall be disclosed to any third person, except those who are in confidential relationship with you, or where the same is required by law.

IF THE PROPOSED TERMS SET FORTH ABOVE ARE ACCEPTABLE TO YOU, PLEASE SO INDICATE BY SIGNING AND RETURNING THE ORIGINAL OF THIS LETTER TO US, ALONG WITH THE $4,250 IN FEES REFERRED TO ABOVE. Upon return of this letter and receipt of payment, the Bank will prepare drafts of definitive loan documents for your review. If you and the Bank do not enter into definitive loan documents, the Bank will refund to you the amount of the loan fee payment less the amount of the Bank's expenses for the foregoing.

This letter is intended to set forth the proposed terms of the credit facility currently under discussion between us. Except for your obligation to pay the Bank's expenses described above, this letter and our other communications and negotiations regarding the proposed loan do not constitute an agreement or an offer and do not create any legal rights benefiting, or obligations binding on, either of us. It is intended that all legal rights and obligations of the Bank and you would be set forth in the signed definitive loan documents.

On behalf of the Senior Management of the Bank, we are delighted to propose making this credit facility available to Silicon Laboratories, Inc. and look forward to a long and mutually rewarding relationship. Please don't hesitate to call if you have any questions, we can be reached at (512) 349-2333.

Sincerely,

/s/ Chris Jacomino	/s/ Tony Schell
Chris Jacomino	Tony Schell
Commercial Loan Officer	Senior Vice President
Emerging Growth Division	Emerging Growth Division
Southwest Regional Office	Southwest Regional Office

ACCEPTED AND AGREED TO:

SILICON LABORATORIES, INC.

By: /s/ John McGovern

Title: Chief Financial Officer

Date: December 10, 1999

With return of this letter, please provide us with the following information:

Tax I.D. #: 74-2793174

Names and Title of Authorized Corporate Signers:

John McGovern	Navdeep Sooch
Name	Name
Chief Financial Officer	Chairman and Chief Executive Officer
Title	Title
Name	Name
Title	Title

Number needed to sign: 2

Who will execute docs: John McGovern
Navdeep S. Sooch

Name of Corporate Secretary: John McGovern

Is Secretary an Authorized signer? Yes X No

Are substantially [Illegible] all of the Company's assets located in the state of Texas?

Yes X No

Automatically Debit Account # 21-001-430 for interest payments each month.

Disburse loan advances to Account # 21-001-430 when advances are requested.

First Amendment to Credit Terms and Conditions
and Attachment Thereto

This First Amendment ("Amendment") amends that certain Credit Terms and Conditions, ("Credit Terms and Conditions") dated June 25, 1999, by and between Imperial Bank ("Bank") and Silicon Laboratories, Inc. ("Borrower") and the Commitment Letter attached thereto dated April 19, 1999 (the "Commitment Letter"), (collectively herein the Credit Terms and Conditions and the Commitment Letter are referred to as the "Agreement") as follows:

1. The last paragraph of the Credit Terms and Conditions is hereby amended in full to read as follows:

"The Commitment Letter dated, December 9, 1999 as may be amended or replaced, (the "Letter") is attached hereto and incorporated herein by this reference for additional terms. In the event of a conflict between this Agreement and the term of the Letter shall take precedence."

2. Except as provided above, the Agreement remains unchanged.

3. This Amendment is effective as of December 16, 1999, and the parties hereby confirm that the Agreement as amended is in full force and effect.

SILICON LABORATORIES, INC.

By: /s/ Navdeep S. Sooch

Name: Navdeep S. Sooch

Title: Chairman and Chief Executive Officer

By: /s/ John McGovern

Name: John McGovern

Title: Chief Financial Officer

IMPERIAL BANK

By: /s/ Chris Jacomino

Name: Chris Jacomino

Commercial Loan Officer

[LOGO]
IMPERIAL BANK
MEMBER FDIC

PROMISSORY NOTE

PRINCIPAL	LOAN DATE	MATURITY	LOAN NO	CALL	COLLATERAL	ACCOUNT	OFFICER	INITIALS
$2,000,000.00	12-16-1999	09-16-2003	721000049			622074	619	CJ

References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item.

BORROWER: SILICON LABORATORIES INC., A DELAWARE CORPORATION
4635 BOSTON LANE
AUSTIN, TX 78735

LENDER: IMPERIAL BANK
EMERGING GROWTH INDUSTRIES GROUP - SOUTHWEST REGIONAL OFFICE
226 AIRPORT PARKWAY
SAN JOSE, CA 95110-1024

PRINCIPAL AMOUNT: $2,000,000.00 INITIAL RATE: 8.500% DATE OF NOTE: DECEMBER 16, 1999

PROMISE TO PAY. SILICON LABORATORIES INC., A DELAWARE CORPORATION ("BORROWER") PROMISES TO PAY TO IMPERIAL BANK ("LENDER"), OR ORDER, IN LAWFUL MONEY OF THE UNITED STATES OF AMERICA, THE PRINCIPAL AMOUNT OF TWO MILLION & 00/100 DOLLARS ($2,000,000.00) OR SO MUCH AS MAY BE OUTSTANDING, TOGETHER WITH INTEREST ON THE UNPAID OUTSTANDING PRINCIPAL BALANCE OF EACH ADVANCE. INTEREST SHALL BE CALCULATED FROM THE DATE OF EACH ADVANCE UNTIL REPAYMENT OF EACH ADVANCE.

PAYMENT. BORROWER WILL PAY THIS LOAN IN ACCORDANCE WITH THE FOLLOWING PAYMENT SCHEDULE:

> ADVANCES UNDER THE NOTE SHALL BE AVAILABLE THROUGH SEPTEMBER 16, 2000 ("NON-REVOLVING DRAW PERIOD"). DURING THE NON-REVOLVING DRAW PERIOD, INTEREST ONLY SHALL BE DUE MONTHLY BEGINNING JANUARY 16, 2000. ON SEPTEMBER 16, 2000, THE OUTSTANDING PRINCIPAL BALANCE OF THE ADVANCES UNDER THE NOTE SHALL BE PAYABLE MONTHLY IN 36 EQUAL PAYMENTS OF PRINCIPAL PLUS ACCRUED INTEREST BEGINNING OCTOBER 16, 2000. ALL PRINCIPAL AND ACCRUED BUT UNPAID INTEREST SHALL IN ANY EVENT BE DUE AND PAYABLE ON OR BEFORE SEPTEMBER 16, 2003.

The annual interest rate for this Note is computed on a 365/360 basis; that is, by applying the ratio of the annual interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing. Unless otherwise agreed or required by applicable law, payments will be applied first to any unpaid collection costs and any late charges, then to any unpaid interest, and any remaining amount to principal.

VARIABLE INTEREST RATE. The interest rate on this Note is subject to change from time to time based on changes in an index which is the Imperial Bank Prime Rate (the "Index"). The Prime Rate is the rate announced by Lender as its Prime Rate of interest from time to time. Lender will tell Borrower the current Index rate upon Borrower's request. Borrower understands that Lender may make loans based on other rates as well. The interest rate change will not occur more often than each day. THE INDEX CURRENTLY IS 8.500%. THE INTEREST RATE TO BE APPLIED TO THE UNPAID PRINCIPAL BALANCE OF THIS NOTE WILL BE AT A RATE EQUAL TO THE INDEX, RESULTING IN AN INITIAL RATE OF 8.500%. NOTICE: Under no circumstances will the interest rate on this Note be more than the maximum rate allowed by applicable law.

PREPAYMENT; MINIMUM INTEREST CHARGE. Borrower agrees that all loan fees and other prepaid finance charges are earned fully as of the date of the loan and will not be subject to refund upon early payment (whether voluntary or as a result of default), except as otherwise required by law. In any event, even upon full prepayment of this Note, Borrower understands that Lender is entitled to a MINIMUM INTEREST CHARGE OF $250.00. Other than Borrower's obligation to pay any minimum interest charge, Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments of accrued unpaid interest. Rather, they will reduce the principal balance due.

LATE CHARGE. If a payment is 10 DAYS OR MORE LATE, Borrower will be charged 5.000% OF THE UNPAID PORTION OF THE REGULARLY SCHEDULED PAYMENT.

DEFAULT. Borrower will be in default if any of the following happens: (a) "Borrower fails to make any payment when due which is not cured by Borrower within ten (10) days of receipt of notice thereof". (b) Borrower breaks any promise Borrower has made to Lender, or Borrower fails to comply with or to perform when due any other term, obligation, covenant, or condition contained in this Note or any agreement related to this Note, or in any other agreement or loan Borrower has with Lender. (c) Any representation or statement made or furnished to Lender by Borrower or on Borrower's behalf is false or misleading in any meterial respect either now or at the time made or furnished. (d) Borrower becomes insolvent, a receiver is appointed for any part of Borrower's property, Borrower makes an assignment for the benefit of creditors, or any proceeding is commenced either by Borrower or against

Borrower under any bankruptcy or insolvency laws. (e) Any creditor tries to take any of Borrower's property on or in which Lender has a lien or security interest. This includes a garnishment of any of Borrower's accounts with Lender. (g) A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of the indebtedness is impaired.

If any default, other than a default in payment, is curable and if Borrower has not been given a notice of a breach of the same provision of this Note within the preceding twelve (12) months, it may be cured (and no event of default will have occurred) if Borrower, after receiving written notice from Lender demanding cure of such default: (a) cures the default within ten (10) days; or (b) if the cure requires more than ten (10) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

LENDER'S RIGHTS. Upon default, Lender may declare the entire unpaid principal balance on this Note and all accrued unpaid interest immediately due, without notice, and then Borrower will pay that amount. Upon Borrower's failure to pay all amounts declared due pursuant to this section, including failure to pay upon final maturity, Lender, at its option, may also, if permitted under applicable law, do one or both of the following: (a) increase the variable interest rate on this Note to 5.000 percentage points over the Index, and (b) add any unpaid accrued interest to principal and such sum will bear interest therefrom until paid at the rate provided in this Note (including any increased rate). Lender may hire or pay someone else to help collect this Note if Borrower does not pay. Borrower also will pay Lender that amount. This includes, subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses whether or not there is a lawsuit, including attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Borrower also will pay any court costs, in addition to all other sums provided by law. THIS NOTE HAS BEEN DELIVERED TO LENDER AND ACCEPTED BY LENDER IN THE STATE OF CALIFORNIA. IF THERE IS A LAWSUIT, BORROWER AGREES UPON LENDER'S REQUEST TO SUBMIT TO THE JURISDICTION OF THE COURTS OF LOS ANGELES COUNTY, THE STATE OF CALIFORNIA. LENDER AND BORROWER HEREBY WAIVE THE RIGHT TO ANY JURY TRIAL IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM BROUGHT BY EITHER LENDER OR BORROWER AGAINST THE OTHER. (INITIAL HERE JMcG, NSS) THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

DISHONORED ITEM FEE. Borrower will pay a fee to Lender of $25.00 if Borrower makes a payment on Borrower's loan and the check or preauthorized charge with which Borrower pays is later dishonored.

RIGHT OF SETOFF. Borrower grants to Lender a contractual security interest in, and hereby assigns, conveys, delivers, pledges, and transfers to Lender all Borrower's right, title and interest in and to, Borrower's accounts with Lender (whether checking, savings, or some other account), including without limitation all accounts held jointly with someone else and all accounts Borrower may open in the future, excluding however all IRA and Keogh accounts, and all trust accounts for which the grant of a security interest would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on this Note against any and all such accounts.

LINE OF CREDIT. This Note evidences a straight line of credit. Once the total amount of principal has been advanced, Borrower is not entitled to further loan advances. Advances under this Note may be requested orally by Borrower or by an authorized person. All oral requests shall be confirmed in writing on the day of the request. All communications, instructions, or directions by telephone or otherwise to Lender are to be directed to Lender's office shown above. The following party or parties are authorized to request advances under the line of credit until Lender receives from Borrower at Lender's address shown above written notice of revocation of their authority: JOHN MCGOVERN, CFO/SECRETARY; AND NAVDEEP S. SOOCH, CHAIRMAN/CEO. Borrower agrees to be liable for all sums either: (a) advanced in accordance with the instructions of an authorized person or (b) credited to any of Borrower's accounts with Lender. The unpaid principal balance owing on this Note at any time may be evidenced by endorsements on this Note or by Lender's internal records, including daily computer print-outs. Lender will have no obligation to advance funds under this Note if: (a) Borrower is in default under the terms of this Note or any agreement that Borrower has with Lender, including any agreement made in connection with the signing of this Note; (b) Borrower ceases doing business or is insolvent; (c) (d) Borrower has applied funds provided pursuant to this Note for purposes other than those authorized by Lender; or (e)

JMcG NSS CJ

REFERENCE PROVISION. 1. Other than (i) non-judicial foreclosure and all matters in connection therewith regarding security interests in real or personal property; or (ii) the appointment of a receiver, or the exercise of other provisional remedies (any and all of which may be initiated pursuant to applicable law), each controversy, dispute or claim between the parties arising out of or relating to this document ("Agreement"), which controversy, dispute or claim is not settled in writing within thirty (30) days after the "Claim Date" (defined as the date on which a party subject to the Agreement gives written notice to all other parties that a controversy, dispute or claim exists), will be settled by a reference proceeding in California in accordance with the provisions of Section 638 et seq. of the California Code of Civil Procedure, or their successor section ("CCP"), which shall constitute the exclusive remedy for the settlement of any controversy, dispute or claim concerning this Agreement, including whether such controversy, dispute or claim is subject to the reference proceeding and except as set forth above, the parties waive their rights to initiate any legal proceedings against each other in any court or jurisdiction other than the Superior Court in the County where the Real Property, if any, is located or Los Angeles County if none (the "Court"). The referee shall be a retired Judge of the Court selected by mutual agreement of the parties, and if they cannot so agree within forty-five (45) days after the Claim Date, the referee shall be promptly selected by the Presiding Judge of the Court (or his representative). The referee shall be appointed to sit as a temporary judge, with all of the powers for a temporary judge, as authorized by law, and upon selection should take and subscribe to the oath of office as provided for in Rule 244 of the California Rules of Court (or any subsequently enacted Rule). Each party shall have one peremptory challenge pursuant to CCP 170.6 The referee shall (a) be requested to set the matter for hearing within sixty (60) days after the Claim Date and (b) try any and all issues of law or fact and report a statement of decision upon them, if possible, within ninety (90) days of the Claim Date. Any decision rendered by the referee will be final, binding and conclusive and judgment shall be entered pursuant to CCP 644 in any court in the State of California having jurisdiction. Any party may apply for a reference proceeding at any time after thirty (30) days following notice to any other party of the nature of the controversy, dispute or claim, by filing a petition for a hearing and/or trial. All discovery permitted by this Agreement shall be completed no later than fifteen (15) days before the first hearing date established by the referee. The referee may extend such period in the event of a party's refusal to provide requested discovery for any reason whatsoever, including, without limitation, legal objections raised to such discovery or unavailability of a witness due to absence or illness. No party shall be entitled to "priority" in conducting discovery. Depositions may be taken by either party upon seven (7) days written notice, and request for production or inspection of documents shall be responded to within ten (10) days after service. All disputes relating to discovery which cannot be resolved by the parties shall be submitted to the referee whose decision shall be final and binding upon the parties. Pending appointment of the referee as provided herein, the Superior Court is empowered to issue temporary and/or provisional remedies, as appropriate.

2. Except as expressly set forth in this Agreement, the referee shall determine the manner in which the reference proceeding is conducted including the time and place of all hearings, the order of presentation of evidence, and all other questions that arise with respect to the course of the reference proceeding. All proceedings and hearings conducted before the referee, except for trial, shall be conducted without a court reporter, except that when any party so requests, a court reporter will be used at any hearing conducted before the referee. The party making such a request shall have the obligation to arrange for and pay for the court reporter. The costs of the court reporter at the trial shall be borne equally by the parties.

3. The referee shall be required to determine all issues in accordance with existing case law and the statutory laws of the State of California. The rules of evidence applicable to proceedings at law in the State of California will be applicable to the reference proceeding. The referee shall be empowered to enter equitable as well as legal relief, to provide all temporary and/or provisional remedies and to enter equitable orders that will be binding upon the parties. The referee shall issue a single judgment at the close of the reference proceeding which shall dispose of all of the claims of the parties that are the subject of the reference. The parties hereto expressly reserve the right to contest or appeal from the final judgment or any appealable order or appealable judgment entered by the referee. The parties hereto expressly reserve the right to findings of fact, conclusions of law, a written statement of decision, and the right to move for a new trial or a different judgment, which new trial, if granted, is also to be a reference proceeding under this provision.

4. In the event that the enabling legislation which provides for appointment of a referee is repealed (and no successor statute is enacted), any dispute between the parties that would otherwise be determined by the reference procedure herein described will be resolved and determined by arbitration. The arbitration will be conducted by a retired judge of the Court, in accordance with the California Arbitration Act, 1280 through 1294.2 of the CCP as amended from time to time. The limitations with respect to discovery

as set forth hereinabove shall apply to any such arbitration proceeding.

CREDIT TERMS AND CONDITIONS AGREEMENT. This Note is subject to the provisions of the Credit Terms and Conditions Agreement dated March 28, 1997 and all amendments thereto and replacements therefor.

GENERAL PROVISIONS. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, or endorses this Note, to the extent allowed by law, waive any applicable statute of limitations, presentment, demand for payment, protest and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan, or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made.

PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE, INCLUDING THE VARIABLE INTEREST RATE PROVISIONS. BORROWER AGREES TO THE TERMS OF THE NOTE AND ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THE NOTE.

BORROWER:

SILICON LABORATORIES INC., A DELAWARE CORPORATION

BY: /s/ John W. McGovern	BY: /s/ Navdeep S. Sooch
JOHN MCGOVERN, CFO/SECRETARY	NAVDEEP S. SOOCH, CHAIRMAN/CEO

[LOGO]
IMPERIAL BANK
MEMBER FDIC

PROMISSORY NOTE

PRINCIPAL	LOAN DATE	MATURITY	LOAN NO	CALL	COLLATERAL	ACCOUNT	OFFICER	INITIALS
$2,000,000.00	12-16-1999	06-16-2003	721000049			622074	619	CJ

References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item.

BORROWER: SILICON LABORATORIES INC., A DELAWARE CORPORATION
4635 BOSTON LANE
AUSTIN, TX 78735

LENDER: IMPERIAL BANK
EMERGING GROWTH INDUSTRIES GROUP - SOUTHWEST REGIONAL OFFICE
226 AIRPORT PARKWAY
SAN JOSE, CA 95110-1024

PRINCIPAL AMOUNT: $2,000,000.00 INITIAL RATE: 8.500% DATE OF NOTE: DECEMBER 16, 1999

PROMISE TO PAY. SILICON LABORATORIES INC., A DELAWARE CORPORATION ("BORROWER") PROMISES TO PAY TO IMPERIAL BANK ("LENDER"), OR ORDER, IN LAWFUL MONEY OF THE UNITED STATES OF AMERICA, THE PRINCIPAL AMOUNT OF TWO MILLION & 00/100 DOLLARS ($2,000,000.00) OR SO MUCH AS MAY BE OUTSTANDING, TOGETHER WITH INTEREST ON THE UNPAID OUTSTANDING PRINCIPAL BALANCE OF EACH ADVANCE. INTEREST SHALL BE CALCULATED FROM THE DATE OF EACH ADVANCE UNTIL REPAYMENT OF EACH ADVANCE.

PAYMENT. BORROWER WILL PAY THIS LOAN IN ACCORDANCE WITH THE FOLLOWING PAYMENT SCHEDULE:

ADVANCES UNDER THE NOTE SHALL BE AVAILABLE THROUGH JUNE 16, 2000 ("NON-REVOLVING DRAW PERIOD"). DURING THE NON-REVOLVING DRAW PERIOD, INTEREST ONLY SHALL BE DUE MONTHLY BEGINNING JANUARY 16, 2000. ON JUNE 16, 2000, THE OUTSTANDING PRINCIPAL BALANCE OF THE ADVANCES UNDER THE NOTE SHALL BE PAYABLE MONTHLY IN 36 EQUAL PAYMENTS OF PRINCIPAL PLUS ACCRUED INTEREST BEGINNING JULY 16, 2000. ALL PRINCIPAL AND ACCRUED BUT UNPAID INTEREST SHALL IN ANY EVENT BE DUE AND PAYABLE ON OR BEFORE JUNE 16, 2003.

The annual interest rate for this Note is computed on a 365/360 basis; that is, by applying the ratio of the annual interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing. Unless otherwise agreed or required by applicable law, payments will be applied first to any unpaid collection costs and any late charges, then to any unpaid interest, and any remaining amount to principal.

VARIABLE INTEREST RATE. The interest rate on this Note is subject to change from time to time based on changes in an index which is the Imperial Bank Prime Rate (the "Index"). The Prime Rate is the rate announced by Lender as its Prime Rate of interest from time to time. Lender will tell Borrower the current Index rate upon Borrower's request. Borrower understands that Lender may make loans based on other rates as well. The interest rate change will not occur more often than each day. THE INDEX CURRENTLY IS 8.500%. THE INTEREST RATE TO BE APPLIED TO THE UNPAID PRINCIPAL BALANCE OF THIS NOTE WILL BE AT A RATE EQUAL TO THE INDEX, RESULTING IN AN INITIAL RATE OF 8.500%. NOTICE: Under no circumstances will the interest rate on this Note be more than the maximum rate allowed by applicable law.

PREPAYMENT; MINIMUM INTEREST CHARGE. Borrower agrees that all loan fees and other prepaid finance charges are earned fully as of the date of the loan and will not be subject to refund upon early payment (whether voluntary or as a result of default), except as otherwise required by law. In any event, even upon full prepayment of this Note, Borrower understands that Lender is entitled to a MINIMUM INTEREST CHARGE OF $250.00. Other than Borrower's obligation to pay any minimum interest charge, Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments of accrued unpaid interest. Rather, they will reduce the principal balance due.

LATE CHARGE. If a payment is 10 DAYS OR MORE LATE, Borrower will be charged 5.000% OF THE UNPAID PORTION OF THE REGULARLY SCHEDULED PAYMENT.

DEFAULT. Borrower will be in default if any of the following happens: (a) "Borrower fails to make any payment when due which is not cured by Borrower within ten (10) days of receipt of notice thereof". (b) Borrower breaks any promise Borrower has made to Lender, or Borrower fails to comply with or to perform when due any other term, obligation, covenant, or condition contained in this Note or any agreement related to this Note, or in any other agreement or loan Borrower has with Lender. (c) Any representation or statement made or furnished to Lender by Borrower or on Borrower's behalf is false or misleading in any meterial respect either now or at the time made or furnished. (d) Borrower becomes insolvent, a receiver is appointed for any part of Borrower's property, Borrower makes an assignment for the benefit of creditors, or any proceeding is commenced either by Borrower or against

Borrower under any bankruptcy or insolvency laws. (e) Any creditor tries to take any of Borrower's property on or in which Lender has a lien or security interest. This includes a garnishment of any of Borrower's accounts with Lender. (g) A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of the indebtedness is impaired.

If any default, other than a default in payment, is curable and if Borrower has not been given a notice of a breach of the same provision of this Note within the preceding twelve (12) months, it may be cured (and no event of default will have occurred) if Borrower, after receiving written notice from Lender demanding cure of such default: (a) cures the default within ten (10) days; or (b) if the cure requires more than ten (10) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

LENDER'S RIGHTS. Upon default, Lender may declare the entire unpaid principal balance on this Note and all accrued unpaid interest immediately due, without notice, and then Borrower will pay that amount. Upon Borrower's failure to pay all amounts declared due pursuant to this section, including failure to pay upon final maturity, Lender, at its option, may also, if permitted under applicable law, do one or both of the following: (a) increase the variable interest rate on this Note to 5.000 percentage points over the Index, and (b) add any unpaid accrued interest to principal and such sum will bear interest therefrom until paid at the rate provided in this Note (including any increased rate). Lender may hire or pay someone else to help collect this Note if Borrower does not pay. Borrower also will pay Lender that amount. This includes, subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses whether or not there is a lawsuit, including attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Borrower also will pay any court costs, in addition to all other sums provided by law. THIS NOTE HAS BEEN DELIVERED TO LENDER AND ACCEPTED BY LENDER IN THE STATE OF CALIFORNIA. IF THERE IS A LAWSUIT, BORROWER AGREES UPON LENDER'S REQUEST TO SUBMIT TO THE JURISDICTION OF THE COURTS OF LOS ANGELES COUNTY, THE STATE OF CALIFORNIA. LENDER AND BORROWER HEREBY WAIVE THE RIGHT TO ANY JURY TRIAL IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM BROUGHT BY EITHER LENDER OR BORROWER AGAINST THE OTHER. (INITIAL HERE NSS JMcG) THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

DISHONORED ITEM FEE. Borrower will pay a fee to Lender of $25.00 if Borrower makes a payment on Borrower's loan and the check or preauthorized charge with which Borrower pays is later dishonored.

RIGHT OF SETOFF. Borrower grants to Lender a contractual security interest in, and hereby assigns, conveys, delivers, pledges, and transfers to Lender all Borrower's right, title and interest in and to, Borrower's accounts with Lender (whether checking, savings, or some other account), including without limitation all accounts held jointly with someone else and all accounts Borrower may open in the future, excluding however all IRA and Keogh accounts, and all trust accounts for which the grant of a security interest would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on this Note against any and all such accounts.

LINE OF CREDIT. This Note evidences a straight line of credit. Once the total amount of principal has been advanced, Borrower is not entitled to further loan advances. Advances under this Note may be requested orally by Borrower or by an authorized person. All oral requests shall be confirmed in writing on the day of the request. All communications, instructions, or directions by telephone or otherwise to Lender are to be directed to Lender's office shown above. The following party or parties are authorized to request advances under the line of credit until Lender receives from Borrower at Lender's address shown above written notice of revocation of their authority: JOHN MCGOVERN, CFO/SECRETARY; AND NAVDEEP S. SOOCH, CHAIRMAN/CEO. Borrower agrees to be liable for all sums either: (a) advanced in accordance with the instructions of an authorized person or (b) credited to any of Borrower's accounts with Lender. The unpaid principal balance owing on this Note at any time may be evidenced by endorsements on this Note or by Lender's internal records, including daily computer print-outs. Lender will have no obligation to advance funds under this Note if: (a) Borrower is in default under the terms of this Note or any agreement that Borrower has with Lender, including any agreement made in connection with the signing of this Note; (b) Borrower ceases doing business or is insolvent; (c) (d) Borrower has applied funds provided pursuant to this Note for purposes other than those authorized by Lender; or (e)

JMcG NSS CJ

REFERENCE PROVISION. 1. Other than (i) non-judicial foreclosure and all matters in connection therewith regarding security interests in real or personal property; or (ii) the appointment of a receiver, or the exercise of other provisional remedies (any and all of which may be initiated pursuant to applicable law), each controversy, dispute or claim between the parties arising out of or relating to this document ("Agreement"), which controversy, dispute or claim is not settled in writing within thirty (30) days after the "Claim Date" (defined as the date on which a party subject to the Agreement gives written notice to all other parties that a controversy, dispute or claim exists), will be settled by a reference proceeding in California in accordance with the provisions of Section 638 et seq. of the California Code of Civil Procedure, or their successor section ("CCP"), which shall constitute the exclusive remedy for the settlement of any controversy, dispute or claim concerning this Agreement, including whether such controversy, dispute or claim is subject to the reference proceeding and except as set forth above, the parties waive their rights to initiate any legal proceedings against each other in any court or jurisdiction other than the Superior Court in the County where the Real Property, if any, is located or Los Angeles County if none (the "Court"). The referee shall be a retired Judge of the Court selected by mutual agreement of the parties, and if they cannot so agree within forty-five (45) days after the Claim Date, the referee shall be promptly selected by the Presiding Judge of the Court (or his representative). The referee shall be appointed to sit as a temporary judge, with all of the powers for a temporary judge, as authorized by law, and upon selection should take and subscribe to the oath of office as provided for in Rule 244 of the California Rules of Court (or any subsequently enacted Rule). Each party shall have one peremptory challenge pursuant to CCP 170.6 The referee shall (a) be requested to set the matter for hearing within sixty (60) days after the Claim Date and (b) try any and all issues of law or fact and report a statement of decision upon them, if possible, within ninety (90) days of the Claim Date. Any decision rendered by the referee will be final, binding and conclusive and judgment shall be entered pursuant to CCP 644 in any court in the State of California having jurisdiction. Any party may apply for a reference proceeding at any time after thirty (30) days following notice to any other party of the nature of the controversy, dispute or claim, by filing a petition for a hearing and/or trial. All discovery permitted by this Agreement shall be completed no later than fifteen (15) days before the first hearing date established by the referee. The referee may extend such period in the event of a party's refusal to provide requested discovery for any reason whatsoever, including, without limitation, legal objections raised to such discovery or unavailability of a witness due to absence or illness. No party shall be entitled to "priority" in conducting discovery. Depositions may be taken by either party upon seven (7) days written notice, and request for production or inspection of documents shall be responded to within ten (10) days after service. All disputes relating to discovery which cannot be resolved by the parties shall be submitted to the referee whose decision shall be final and binding upon the parties. Pending appointment of the referee as provided herein, the Superior Court is empowered to issue temporary and/or provisional remedies, as appropriate.

2. Except as expressly set forth in this Agreement, the referee shall determine the manner in which the reference proceeding is conducted including the time and place of all hearings, the order of presentation of evidence, and all other questions that arise with respect to the course of the reference proceeding. All proceedings and hearings conducted before the referee, except for trial, shall be conducted without a court reporter, except that when any party so requests, a court reporter will be used at any hearing conducted before the referee. The party making such a request shall have the obligation to arrange for and pay for the court reporter. The costs of the court reporter at the trial shall be borne equally by the parties.

3. The referee shall be required to determine all issues in accordance with existing case law and the statutory laws of the State of California. The rules of evidence applicable to proceedings at law in the State of California will be applicable to the reference proceeding. The referee shall be empowered to enter equitable as well as legal relief, to provide all temporary and/or provisional remedies and to enter equitable orders that will be binding upon the parties. The referee shall issue a single judgment at the close of the reference proceeding which shall dispose of all of the claims of the parties that are the subject of the reference. The parties hereto expressly reserve the right to contest or appeal from the final judgment or any appealable order or appealable judgment entered by the referee. The parties hereto expressly reserve the right to findings of fact, conclusions of law, a written statement of decision, and the right to move for a new trial or a different judgment, which new trial, if granted, is also to be a reference proceeding under this provision.

4. In the event that the enabling legislation which provides for appointment of a referee is repealed (and no successor statute is enacted), any dispute between the parties that would otherwise be determined by the reference procedure herein described will be resolved and determined by arbitration. The arbitration will be conducted by a retired judge of the Court, in accordance with the California Arbitration Act, 1280 through 1294.2 of the CCP as amended from time to time. The limitations with respect to discovery

as set forth hereinabove shall apply to any such arbitration proceeding.

CREDIT TERMS AND CONDITIONS AGREEMENT. This Note is subject to the provisions of the Credit Terms and Conditions Agreement dated March 28, 1997 and all amendments thereto and replacements therefor.

GENERAL PROVISIONS. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, or endorses this Note, to the extent allowed by law, waive any applicable statute of limitations, presentment, demand for payment, protest and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan, or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made.

PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE, INCLUDING THE VARIABLE INTEREST RATE PROVISIONS. BORROWER AGREES TO THE TERMS OF THE NOTE AND ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THE NOTE.

BORROWER:

SILICON LABORATORIES INC., A DELAWARE CORPORATION

BY: /s/ John W. McGovern	BY: /s/ Navdeep S. Sooch
JOHN MCGOVERN, CFO/SECRETARY	NAVDEEP S. SOOCH, CHAIRMAN/CEO

NEITHER THIS WARRANT NOR ANY OF THE SECURITIES ISSUABLE UPON EXERCISE HEREOF HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAW. NO TRANSFER OF THIS WARRANT OR OF THE SECURITIES ISSUABLE UPON EXERCISE HEREOF SHALL BE VALID OR EFFECTIVE UNLESS (A) SUCH TRANSFER IS MADE PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAW, OR (B) THE HOLDER SHALL DELIVER TO THE COMPANY AN OPINION OF COUNSEL IN FORM AND SUBSTANCE REASONABLY ACCEPTABLE TO THE COMPANY THAT SUCH TRANSFER IS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND OF ANY APPLICABLE STATE SECURITIES LAW.

Warrant No. A-001 November 20, 1997

SILICON LABORATORIES INC.

PREFERRED STOCK PURCHASE WARRANT

Silicon Laboratories Inc., a Delaware corporation (the "COMPANY"), hereby grants to Imperial Bancorp ("PURCHASER"), or its registered assigns or transferees (Purchaser and each such assign or transferee being referred to herein as a "HOLDER" and collectively as the "HOLDERS") the right to purchase, at any time and from time to time on and after the date hereof until November 20, 2002 (the "EXPIRATION DATE"), up to 45,818 fully paid and nonassessable shares of Series A Convertible Preferred Stock of the Company, par value $0.0001 per share (the "SERIES A PREFERRED STOCK"), on the terms and subject to the conditions set forth below.

1. EXERCISE AND VESTING OF WARRANT.

1.1. EXERCISE PRICE. Subject to adjustment as hereinafter provided, the rights represented by this Preferred Stock Purchase Warrant (this "WARRANT") are exercisable on and after November 20, 1997 (the "EXERCISE DATE") until the Expiration Date, at a price (the "EXERCISE PRICE") of $0.982144225 per share of the Series A Preferred Stock issuable hereunder (hereinafter, the "WARRANT SHARES"). The Exercise Price shall be payable in cash, or by certified or official bank check. This Warrant shall be fully vested upon the initial advance to the Company by Purchaser of funds pursuant to that certain Note issued by the Company in favor of Purchaser dated November __, 1997 in the maximum principal amount of $1,500,000.00.

1.2. METHOD OF EXERCISE. Upon surrender of this Warrant with a duly executed Notice of Exercise in the form of ANNEX A attached hereto, together with payment of the

Exercise Price for the Warrant Shares purchased (except to the extent of conversion pursuant to Section 1.3 herein), at the Company's principal executive offices (presently located at 2024 East St. Elmo Road, Austin, Texas 78744-1018) or at such other address as the Company shall have advised the Holder in writing (the "DESIGNATED OFFICE"), the Holder shall be entitled to receive a certificate or certificates for the Warrant Shares so purchased. The Company agrees that the Warrant Shares shall be deemed to have been issued to the Holder as of the close of business on the date on which this Warrant shall have been surrendered together with the Notice of Exercise and payment for such Warrant Shares.

1.3. CONVERSION RIGHT. In lieu of exercising this Warrant as specified in Section 1.2, Holder may from time to time convert this Warrant, in whole or in part, into a number of Warrant Shares determined by dividing (a) the aggregate fair market value of the Warrant Shares or other securities otherwise issuable upon exercise of this Warrant minus the aggregate Exercise Price of such Warrant Shares by (b) the fair market value of one Warrant Share. The fair market value of the Warrant Shares shall be determined pursuant to Section 1.4.

1.4. If the Warrant Shares are traded regularly in a public market, the fair market value of the Warrant Shares shall be the closing price of the Warrant Shares (or the closing price of the Company's stock into which the Warrant Shares are convertible) reported for the business day immediately before Holder delivers its Notice of Exercise to the Company. If the Warrant Shares are not regularly traded in a public market, the Board of Directors of the Company shall determine fair market value in its reasonable good faith judgment. The foregoing notwithstanding, if Holder advises the Board of Directors of the Company in writing that Holder disagrees with such determination, then the Company and Holder shall promptly agree upon a reputable investment banking firm to undertake such valuation. If the valuation of such investment banking firm is greater than that determined by the Board of Directors of the Company, then all fees and expenses of such investment banking firm shall be paid by the Company. In all other circumstances, such fees and expenses shall be paid by Holder.

2. TRANSFER; ISSUANCE OF STOCK CERTIFICATES; RESTRICTIVE LEGENDS.

2.1. TRANSFER. Subject to compliance with the restrictions on transfer set forth in this Section 2, each transfer of this Warrant and all rights hereunder, in whole or in part, shall be registered on the books of the Company to be maintained for such purpose, upon surrender of this Warrant at the Designated Office, together with a written assignment of this Warrant in the form of ANNEX B attached hereto duly executed by the Holder or its agent or attorney. Upon such surrender and delivery, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees and in the denominations specified in such instrument of assignment, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant not so assigned, if any. A Warrant, if properly assigned in compliance with the provisions hereof, may be exercised by the new Holder for the purchase of Warrant Shares without having a new Warrant issued. Prior to due presentment for registration of transfer thereof, the Company may deem and treat the registered Holder of this Warrant as the

absolute owner hereof (notwithstanding any notations of ownership or writing thereon made by anyone other than a duly authorized officer of the Company) for all purposes and shall not be affected by any notice to the contrary. All Warrants issued upon any assignment of Warrants shall be the valid obligations of the Company, evidencing the same rights, and entitled to the same benefits as the Warrants surrendered upon such registration of transfer or exchange.

2.2. STOCK CERTIFICATES. Certificates for the Warrant Shares shall be delivered to the Holder within a reasonable time after the rights represented by this Warrant shall have been exercised pursuant to Section 1, and a new Warrant representing the shares of Series A Preferred Stock, if any, with respect to which this Warrant shall not then have been exercised shall also be issued to the Holder within such time. The issuance of certificates for Warrant Shares upon the exercise of this Warrant shall be made without charge to the Holder hereof including, without limitation, any documentary, stamp or similar tax that may be payable in respect thereof, PROVIDED, HOWEVER, that the Company shall not be required to pay any income tax to which the Holder hereof may be subject in connection with the issuance of this Warrant or the Warrant Shares; AND PROVIDED FURTHER, that if Warrant Shares are to be delivered in a name other than the name of the Holder hereof representing any Warrant being exercised, then no such delivery shall be made unless the person requiring the same has paid to the Company the amount of transfer taxes or charges incident thereto, if any.

2.3. RESTRICTIVE LEGENDS. (a) Except as otherwise provided in this Section 2, each certificate for Warrant Shares initially issued upon the exercise of this Warrant, and each certificate for Warrant Shares issued to any subsequent transferee of any such certificate, shall be stamped or otherwise imprinted with a legend in substantially the following form:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL SUCH SECURITIES ARE REGISTERED UNDER SUCH ACT OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY IS OBTAINED TO THE EFFECT THAT SUCH REGISTRATION IS NOT REQUIRED.

(b) Except as otherwise provided in this Section 2, each Warrant shall be stamped or other-wise imprinted with a legend in substantially the following form:

NEITHER THIS WARRANT NOR ANY OF THE SECURITIES ISSUABLE UPON EXERCISE THEREOF HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAW, NO TRANSFER OF THIS WARRANT OR OF THE SECURITIES ISSUABLE UPON EXERCISE HEREOF SHALL BE VALID OR EFFECTIVE UNLESS (A) SUCH TRANSFER IS MADE PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAW, OR (B) THE HOLDER SHALL DELIVER TO THE COMPANY AN OPINION OF

COUNSEL IN FORM AND SUBSTANCE REASONABLY ACCEPTABLE TO THE COMPANY THAT SUCH TRANSFER IS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND OF ANY APPLICABLE STATE SECURITIES LAW.

Notwithstanding the foregoing, the legend requirements of this Section 2.3 shall terminate as to any particular Warrant or Warrant Share when the Company shall have received from the Holder thereof an opinion of counsel in form and substance reasonably acceptable to the Company that such legend is not required in order to ensure compliance with the Securities Act. Whenever the restrictions imposed by this Section 2.3 shall terminate, the Holder hereof or of Warrant Shares, as the case may be, shall be entitled to receive from the Company without cost to such Holder a new Warrant or certificate for Warrant Shares of like tenor, as the case may be, without such restrictive legend.

3. ADJUSTMENT OF NUMBER OF SHARES; EXERCISE PRICE; NATURE OF SECURITIES ISSUABLE UPON EXERCISE OF WARRANTS.

3.1. EXERCISE PRICE; ADJUSTMENT OF NUMBER OF SHARES. The Exercise Price set forth in Section 1 hereof and the number of shares purchasable hereunder shall be subject to adjustment from time to time as hereinafter provided.

3.2. CONVERSION OF SERIES A SHARES. If all of the Company's Series A Preferred Stock shall be, or if outstanding would be, at any time prior to the Expiration Date, converted into shares of the Company's Common Stock, then the unexercised portion of this Warrant shall immediately become exercisable for that number of shares of the Company's Common Stock equal to the number of shares of the Common Stock that would have been received if this Warrant had been exercised in full and the Series A Preferred Stock received thereupon had been simultaneously converted immediately prior to such event, and the Exercise Price shall be immediately adjusted to equal the quotient obtained by dividing (x) the aggregate Exercise Price of the maximum number of shares of Series A Preferred Stock for which this Warrant was exercisable immediately prior to such conversion, by (y) the number of shares of Common Stock for which this Warrant is exercisable immediately after such conversion; provided, however, that in no event shall the Exercise Price as so adjusted be less than the par value of the Common Stock.

3.3. MERGER, SALE OF ASSETS, ETC. If at any time while this Warrant, or any portion thereof, is outstanding and unexpired there shall be a reorganization (other than a combination, reclassification, exchange, or subdivision of shares as provided in Sections 3.4 and 3.5), merger or consolidation of the Company with or into another corporation in which the Company is not the surviving entity, or a merger in which the Company is the surviving entity but the shares of the Company's capital stock outstanding immediately prior to the merger are converted by virtue of the merger into other property, whether in the form of securities, cash or otherwise, or a sale or transfer of the Company's properties and assets as, or substantially

as, an entirety to any other person, then, as a part of such reorganization, merger, consolidation, sale or transfer, lawful provision shall be made so that the Holder of this Warrant shall thereafter be entitled to receive upon exercise of this Warrant, during the period specified herein and upon payment of the Exercise Price then in effect, the number of shares of stock or other securities or cash or property of the successor corporation resulting from such reorganization, merger, consolidation, sale or transfer that a Holder of the shares deliverable upon exercise of this Warrant would have been entitled to receive in such reorganization, consolidation, merger, sale or transfer if this Warrant had been exercised immediately before such reorganization, consolidation, merger, sale or transfer, all subject to further adjustment as provided in this Section 3. The foregoing provisions of this Section 3.3 shall similarly apply to successive reorganizations, consolidations, mergers, sales and transfers and to the stock and securities of any other corporation that are at the time receivable upon the exercise of this Warrant. If the per-share consideration payable to the Holder hereof for shares in connection with any such transaction is in a form other than cash or securities, then the value of such consideration shall be determined in good faith by the Company's Board of Directors. In all events, appropriate adjustment shall be made in the application of the provisions of this Warrant with respect to the rights and interests of the Holder hereof after the transaction, to the end that the provisions of this Warrant shall be applicable after that event, as near as reasonably may be, in relation to any shares or other property deliverable after that event upon exercise of this Warrant.

3.4. RECLASSIFICATION, ETC. If the Company, at any time while this Warrant, or any portion thereof, remains outstanding and unexpired, shall, by the reclassification or exchange of securities or otherwise, change any of the securities as to which purchase rights under this Warrant exist into the same or a different number of securities of any other class or classes, this Warrant shall thereafter represent the right to acquire such number and kind of securities as would have been issuable as the result of such change with respect to the securities that were subject to the purchase rights under this Warrant immediately prior to such reclassification, exchange or other change and the Exercise Price therefor shall be appropriately adjusted, all subject to further adjustment as provided in this Section 3. No adjustment shall be made pursuant to this Section 3.4, upon any conversion of the Series A Preferred Stock which is the subject of Section 3.2.

3.5. STOCK SPLITS, STOCK DIVIDENDS AND REVERSE STOCK SPLITS. In case at any time the Company shall split or subdivide the outstanding shares of Series A Preferred Stock into a greater number of shares, or shall declare and pay any stock dividend with respect to its outstanding stock that has the effect of increasing the number of outstanding shares of Series A Preferred Stock, the Exercise Price in effect immediately prior to such subdivision or stock dividend shall be proportionately reduced (but not below the par value of the Series A Preferred Stock) and the number of Warrant Shares purchasable pursuant to this Warrant immediately prior to such subdivision or stock dividend shall be proportionately increased, and conversely, in case at any time the Company shall combine its outstanding shares of Series A Preferred Stock into a smaller number of shares, the Exercise Price in effect immediately prior to such combination

shall be proportionately increased and the number of Warrant Shares purchasable upon the exercise of this Warrant immediately prior to such combination shall be proportionately reduced.

4. REGISTRATION; EXCHANGE AND REPLACEMENT OF WARRANT; RESERVATION OF SHARES.

The Company shall keep at the Designated Office a register in which the Company shall provide for the registration, transfer and exchange of this Warrant. The Company shall not at any time, except upon the dissolution, liquidation or winding-up of the Company, close such register so as to result in preventing or delaying the exercise or transfer of this Warrant.

The Company may deem and treat the person in whose name this Warrant is registered as the Holder and owner hereof for all purposes and shall not be affected by any notice to the contrary, until presentation of this Warrant for registration or transfer as provided in this Section 4.

Upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant and (in case of loss, theft or destruction) of indemnity satisfactory to it, and (in the case of mutilation) upon surrender and cancellation of this Warrant, the Company will (in the absence of notice to the Company that the Warrant has been acquired by a BONA FIDE purchaser) make and deliver a new Warrant of like tenor, in lieu of this Warrant without requiring the posting of any bond or the giving of any security.

The Company shall at all times reserve and keep available out of its authorized shares of Series A Preferred Stock, solely for the purpose of issuance upon the exercise of this Warrant, such number of shares of Series A Preferred Stock as shall be issuable upon the exercise hereof. The Company covenants and agrees that, upon exercise of this Warrant and payment of the Exercise Price therefor, all Warrant Shares issuable upon such exercise shall be duly and validly issued, fully paid and non-assessable.

5. FRACTIONAL WARRANTS AND FRACTIONAL SHARES.

If the number of Warrant Shares purchasable upon the exercise of this Warrant is adjusted pursuant to Section 3 hereof, the Company shall nevertheless not be required to issue fractions of shares, upon exercise of this Warrant or otherwise, or to distribute certificates that evidence fractional shares. With respect to any fraction of a share called for upon any exercise hereof, the Company shall pay to the Holder an amount in cash equal to such fraction multiplied by the current market value of such fractional share as may be prescribed by the Board of Directors of the Company.

6. WARRANT HOLDERS NOT DEEMED STOCKHOLDERS.

No Holder of this Warrant shall, as such, be entitled to vote or to receive dividends or be deemed the Holder of Warrant Shares that may at any time be issuable upon exercise of this Warrant for any purpose whatsoever, nor shall anything contained herein be construed to confer upon the Holder of this Warrant, as such, any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action (whether upon any recapitalization, issue or reclassification of stock, change of par value or change of stock to no par value, consolidation, merger or conveyance or otherwise), or to receive notice of meetings, or to receive dividends or subscription rights, until such Holder shall have exercised this Warrant and been issued Warrant Shares in accordance with the provisions hereof.

7. NOTICES.

All notices, requests, consents and other communications hereunder shall be in writing and shall be deemed to have been duly made when delivered personally, or mailed by registered or certified mail, return receipt requested, or telecopied or telexed and confirmed in writing and delivered personally or mailed by registered or certified mail, return receipt requested (a) if to the Holder of this Warrant, to the address of such Holder as shown on the books of the Company, or (b) if to the Company, to the address set forth in Section 1.2 of this Warrant; or at such other address as the Holder or the Company may hereafter have advised the other.

8. SUCCESSORS.

All the covenants, agreements, representations and warranties contained in this Warrant shall bind the parties hereto and their respective heirs, executors, administrators, distributees, successors, assigns and transferees.

9. LAW GOVERNING.

This Warrant shall be construed and enforced in accordance with, and governed by, the laws of the State of Texas (not including the choice of law rules thereof) regardless of the jurisdiction of creation or domicile of the Company or its successors or of the Holder at any time hereof.

10. ENTIRE AGREEMENT: AMENDMENTS AND WAIVERS.

This Warrant sets forth the entire understanding of the parties with respect to the transactions contemplated hereby. The failure of any party to seek redress for the violation or to insist upon the strict performance of any term of this Warrant shall not constitute a waiver of such term and such party shall be entitled to enforce such term without regard to such forbearance. This Warrant may be amended, and any breach of or compliance with any covenant, agreement, warranty or representation may be waived, only if the Company has obtained the written consent or written waiver of the Holder, and then such consent or waiver shall be effective only in the specific instance and for the specific purpose for which given.

11. SEVERABILITY; HEADINGS.

If any term of this Warrant as applied to any person or to any circumstance is prohibited, void, invalid or unenforceable in any jurisdiction, such term shall, as to such jurisdiction, be ineffective to the extent of such prohibition or invalidity without in any way affecting any other term of this Warrant or affecting the validity or enforceability of this Warrant or of such provision in any other jurisdiction. The Section headings in this Warrant have been inserted for purposes of convenience only and shall have no substantive effect.

[The balance of this page intentionally left blank]

IN WITNESS WHEREOF, the Company has caused this Warrant to be duly executed as of the date first written above.

SILICON LABORATORIES INC.

By: /s/ Navdeep S. Sooch

Navdeep S. Sooch
President

By: /s/ John W. McGovern

John W. McGovern
Chief Financial Officer

Accepted and agreed:

IMPERIAL BANCORP

By: /s/ Stephen Obermeyer

Name: STEPHEN OBERMEYER
Title: VICE PRESIDENT

ANNEX A

NOTICE OF EXERCISE

(TO BE EXECUTED UPON PARTIAL OR FULL
EXERCISE OF THE WITHIN WARRANT)

1. The undersigned hereby elects to purchase _____ shares of Series A Convertible Preferred Stock of Silicon Laboratories Inc. pursuant to the terms of the attached Warrant, and tenders herewith payment of the purchase price of such shares in full.

1. The undersigned hereby elects to convert the attached Warrant into Warrant Shares in the manner specified in the Warrant. This conversion is exercised with respect to _____ of the Warrant Shares covered by the Warrant.

[STRIKE THE PARAGRAPH NUMBERED 1 ABOVE THAT DOES NOT APPLY.]

2. Please issue a certificate or certificates representing said shares in the name of the undersigned or in such other name as is specified below:

Ms. Christine M. McCarthy
Chief Financial Officer
Controllers Department
Imperial Bank
P.O. Box 92991
Los Angeles, CA 90009

3. The undersigned represents it is acquiring the shares solely for its own account and not as a nominee for any other party and not with a view toward the resale or distribution thereof except in compliance with applicable securities laws.

IMPERIAL BANCORP

(Signature)

(Date)

ANNEX B

ASSIGNMENT FORM

FOR VALUE RECEIVED the undersigned registered owner of this Warrant hereby sells, assigns and transfers unto the Assignee named below all of the rights of the undersigned under this Warrant, with respect to the number of shares of Series A Convertible Preferred Stock set forth below:

Name and Address of Assignee	No. of Shares of Series A Convertible Preferred Stock

and does hereby irrevocably constitute and appoint _____ attorney-in-fact to register such transfer onto the books of Silicon Laboratories Inc. maintained for the purpose, with full power of substitution in the premises.

Dated: _____ Print Name:_____

Signature:_____

Witness:_____

NOTICE: The signature on this assignment must correspond with the name as written upon the face of this Warrant in every particular, without alteration or enlargement or any change whatsoever.

NEITHER THIS WARRANT NOR ANY OF THE SECURITIES ISSUABLE UPON EXERCISE HEREOF HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAW. NO TRANSFER OF THIS WARRANT OR OF THE SECURITIES ISSUABLE UPON EXERCISE HEREOF SHALL BE VALID OR EFFECTIVE UNLESS (A) SUCH TRANSFER IS MADE PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAW, OR (B) THE HOLDER SHALL DELIVER TO THE COMPANY AN OPINION OF COUNSEL IN FORM AND SUBSTANCE REASONABLY ACCEPTABLE TO THE COMPANY THAT SUCH TRANSFER IS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND OF ANY APPLICABLE STATE SECURITIES LAW.

Warrant No. B-001 September 4, 1998

SILICON LABORATORIES INC.

PREFERRED STOCK PURCHASE WARRANT

Silicon Laboratories Inc., a Delaware corporation (the "COMPANY"), hereby grants to Imperial Bank ("PURCHASER"), or its registered assigns or transferees (Purchaser and each such assign or transferee being referred to herein as a "HOLDER" and collectively as the "HOLDERS") the right to purchase, at any time and from time to time on and after the date hereof until the fifth (5th) anniversary of the date hereof (the "EXPIRATION DATE"), up to 4,765 fully paid and nonassessable shares of Series B Convertible Preferred Stock of the Company, par value $0.0001 per share (the "SERIES B PREFERRED STOCK"), on the terms and subject to the conditions set forth below.

1. EXERCISE AND VESTING OF WARRANT.

1.1. EXERCISE PRICE. Subject to adjustment as hereinafter provided, the rights represented by this Preferred Stock Purchase Warrant (this "WARRANT") are exercisable on and after the date hereof (the "EXERCISE DATE") until the Expiration Date, at a price (the "EXERCISE PRICE") of $4.76 per share of the Series B Preferred Stock issuable hereunder (hereinafter, the "WARRANT SHARES"). The Exercise Price shall be payable in cash, or by certified or official bank check.

1.2. METHOD OF EXERCISE. Upon surrender of this Warrant with a duly executed Notice of Exercise in the form of ANNEX A attached hereto, together with payment of the Exercise Price for the Warrant Shares purchased (except to the extent of conversion pursuant to Section 1.3 herein), at the Company's principal executive offices (presently located at 2024 East St. Elmo Road, Austin, Texas 78744-1018) or at such other address as the Company shall

have advised the Holder in writing (the "DESIGNATED OFFICE"), the Holder shall be entitled to receive a certificate or certificates for the Warrant Shares so purchased. The Company agrees that the Warrant Shares shall be deemed to have been issued to the Holder as of the close of business on the date on which this Warrant shall have been surrendered together with the Notice of Exercise and payment for such Warrant Shares.

1.3. CONVERSION RIGHT. In lieu of exercising this Warrant as specified in Section 1.2, Holder may from time to time convert this Warrant, in whole or in part, into a number of Warrant Shares determined by dividing (a) the aggregate fair market value of the Warrant Shares or other securities otherwise issuable upon exercise of this Warrant minus the aggregate Exercise Price of such Warrant Shares by (b) the fair market value of one Warrant Share. The fair market value of the Warrant Shares shall be determined pursuant to Section 1.4.

1.4. VALUATION. If the Warrant Shares are traded regularly in a public market, the fair market value of the Warrant Shares shall be the closing price of the Warrant Shares (or the closing price of the Company's stock into which the Warrant Shares are convertible) reported for the business day immediately before Holder delivers its Notice of Exercise to the Company. If the Warrant Shares are not regularly traded in a public market, the Board of Directors of the Company shall determine fair market value in its reasonable good faith judgment. The foregoing notwithstanding, if Holder advises the Board of Directors of the Company in writing that Holder disagrees with such determination, then the Company and Holder shall promptly agree upon a reputable investment banking firm to undertake such valuation. If the valuation of such investment banking firm is greater than that determined by the Board of Directors of the Company, then all fees and expenses of such investment banking firm shall be paid by the Company. In all other circumstances, such fees and expenses shall be paid by Holder.

2. TRANSFER; ISSUANCE OF STOCK CERTIFICATES; RESTRICTIVE LEGENDS.

2.1. TRANSFER. Subject to compliance with the restrictions on transfer set forth in this Section 2, each transfer of this Warrant and all rights hereunder, in whole or in part, shall be registered on the books of the Company to be maintained for such purpose, upon surrender of this Warrant at the Designated Office, together with a written assignment of this Warrant in the form of ANNEX B attached hereto duly executed by the Holder or its agent or attorney. Upon such surrender and delivery, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees and in the denominations specified in such instrument of assignment, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant not so assigned, if any. A Warrant, if properly assigned in compliance with the provisions hereof, may be exercised by the new Holder for the purchase of Warrant Shares without having a new Warrant issued. Prior to due presentment for registration of transfer thereof, the Company may deem and treat the registered Holder of this Warrant as the absolute owner hereof (notwithstanding any notations of ownership or writing thereon made by anyone other than a duly authorized officer of the Company) for all purposes and shall not be affected by any notice to the contrary. All Warrants issued upon any assignment of Warrants

shall be the valid obligations of the Company, evidencing the same rights, and entitled to the same benefits as the Warrants surrendered upon such registration of transfer or exchange.

2.2. STOCK CERTIFICATES. Certificates for the Warrant Shares shall be delivered to the Holder within a reasonable time after the rights represented by this Warrant shall have been exercised pursuant to Section 1, and a new Warrant representing the shares of Series B Preferred Stock, if any, with respect to which this Warrant shall not then have been exercised shall also be issued to the Holder within such time. The issuance of certificates for Warrant Shares upon the exercise of this Warrant shall be made without charge to the Holder hereof including, without limitation, any documentary, stamp or similar tax that may be payable in respect thereof, PROVIDED, HOWEVER, that the Company shall not be required to pay any income tax to which the Holder hereof may be subject in connection with the issuance of this Warrant or the Warrant Shares; AND PROVIDED FURTHER, that if Warrant Shares are to be delivered in a name other than the name of the Holder hereof representing any Warrant being exercised, then no such delivery shall be made unless the person requiring the same has paid to the Company the amount of transfer taxes or charges incident thereto, if any.

2.3. RESTRICTIVE LEGENDS. (a) Except as otherwise provided in this Section 2, each certificate for Warrant Shares initially issued upon the exercise of this Warrant, and each certificate for Warrant Shares issued to any subsequent transferee of any such certificate, shall be stamped or otherwise imprinted with a legend in substantially the following form:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL SUCH SECURITIES ARE REGISTERED UNDER SUCH ACT OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY IS OBTAINED TO THE EFFECT THAT SUCH REGISTRATION IS NOT REQUIRED.

(b) Except as otherwise provided in this Section 2, each Warrant shall be stamped or otherwise imprinted with a legend in substantially the following form;

NEITHER THIS WARRANT NOR ANY OF THE SECURITIES ISSUABLE UPON EXERCISE THEREOF HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAW, NO TRANSFER OF THIS WARRANT OR OF THE SECURITIES ISSUABLE UPON EXERCISE HEREOF SHALL BE VALID OR EFFECTIVE UNLESS (A) SUCH TRANSFER IS MADE PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAW, OR (B) THE HOLDER SHALL DELIVER TO THE COMPANY AN OPINION OF COUNSEL IN FORM AND SUBSTANCE REASONABLY ACCEPTABLE TO THE COMPANY THAT SUCH TRANSFER IS EXEMPT FROM THE REGISTRATION

REQUIREMENTS OF THE SECURITIES ACT AND OF ANY APPLICABLE STATE SECURITIES LAW.

Notwithstanding the foregoing, the legend requirements of this Section 2.3 shall terminate as to any particular Warrant or Warrant Share when the Company shall have received from the Holder thereof an opinion of counsel in form and substance reasonably acceptable to the Company that such legend is not required in order to ensure compliance with the Securities Act. Whenever the restrictions imposed by this Section 2.3 shall terminate, the Holder hereof or of Warrant Shares, as the case may be, shall be entitled to receive from the Company without cost to such Holder a new Warrant or certificate for Warrant Shares of like tenor, as the case may be, without such restrictive legend.

3. ADJUSTMENT OF NUMBER OF SHARES: EXERCISE PRICE: NATURE OF SECURITIES ISSUABLE UPON EXERCISE OF WARRANTS.

3.1. EXERCISE PRICE; ADJUSTMENT OF NUMBER OF SHARES. The Exercise Price set forth in Section 1 hereof and the number of shares purchasable hereunder shall be subject to adjustment from time to time as hereinafter provided.

3.2. CONVERSION OF SERIES B SHARES. If all of the Company's Series B Preferred Stock shall be, or if outstanding would be, at any time prior to the Expiration Date, converted into shares of the Company's Common Stock, then the unexercised portion of this Warrant shall be converted into the right to purchase that number of shares of the Company's Common Stock equal to the number of shares of the Common Stock that would have been received if this Warrant had been exercised in full and the Series B Preferred Stock received thereupon had been simultaneously converted immediately prior to such event, and the Exercise Price shall be immediately adjusted to equal the quotient obtained by dividing (x) the aggregate Exercise Price of the maximum number of shares of Series B Preferred Stock for which this Warrant was exercisable immediately prior to such conversion, by (y) the number of shares of Common Stock for which this Warrant is exercisable immediately after such conversion; provided, however, that in no event shall the Exercise Price as so adjusted be less than the par value of the Common Stock.

3.3. MERGER, SALE OF ASSETS, ETC. If at any time while this Warrant, or any portion thereof, is outstanding and unexpired there shall be a reorganization (other than a combination, reclassification, exchange, or subdivision of shares as provided in Sections 3.4 and 3.5), merger or consolidation of the Company with or into another corporation in which the Company is not the surviving entity, or a merger in which the Company is the surviving entity but the shares of the Company's capital stock outstanding immediately prior to the merger are converted by virtue of the merger into other property, whether in the form of securities, cash or otherwise, or a sale or transfer of the Company's properties and assets as, or substantially as, an entirety to any other person, then, as a part of such reorganization, merger, consolidation, sale or transfer, lawful provision shall be made so that the Holder of this Warrant shall

thereafter be entitled to receive upon exercise of this Warrant, during the period specified herein and upon payment of the Exercise Price then in effect, the number of shares of stock or other securities or cash or property of the successor corporation resulting from such reorganization, merger, consolidation, sale or transfer that a Holder of the shares deliverable upon exercise of this Warrant would have been entitled to receive in such reorganization, consolidation, merger, sale or transfer if this Warrant had been exercised immediately before such reorganization, consolidation, merger, sale or transfer, all subject to further adjustment as provided in this Section 3. The foregoing provisions of this Section 3.3 shall similarly apply to successive reorganizations, consolidations, mergers, sales and transfers and to the stock and securities of any other corporation that are at the time receivable upon the exercise of this Warrant. If the per-share consideration payable to the Holder hereof for shares in connection with any such transaction is in a form other than cash or securities, then the value of such consideration shall be determined in good faith by the Company's Board of Directors. In all events, appropriate adjustment shall be made in the application of the provisions of this Warrant with respect to the rights and interests of the Holder hereof after the transaction, to the end that the provisions of this Warrant shall be applicable after that event, as near as reasonably may be, in relation to any shares or other property deliverable after that event upon exercise of this Warrant.

3.4. RECLASSIFICATION, ETC. If the Company, at any time while this Warrant, or any portion thereof, remains outstanding and unexpired, shall, by the reclassification or exchange of securities or otherwise, change any of the securities as to which purchase rights under this Warrant exist into the same or a different number of securities of any other class or classes, this Warrant shall thereafter represent the right to acquire such number and kind of securities as would have been issuable as the result of such change with respect to the securities that were subject to the purchase rights under this Warrant immediately prior to such reclassification, exchange or other change and the Exercise Price therefor shall be appropriately adjusted, all subject to further adjustment as provided in this Section 3. No adjustment shall be made pursuant to this Section 3.4, upon any conversion of the Series B Preferred Stock which is the subject of Section 3.2

3.5. STOCK SPLITS, STOCK DIVIDENDS AND REVERSE STOCK SPLITS. In case at any time the Company shall split or subdivide the outstanding shares of Series B Preferred Stock into a greater number of shares, or shall declare and pay any stock dividend with respect to its outstanding stock that has the effect of increasing the number of outstanding shares of Series B Preferred Stock, the Exercise Price in effect immediately prior to such subdivision or stock dividend shall be proportionately reduced (but not below the par value of the Series B Preferred Stock) and the number of Warrant Shares purchasable pursuant to this Warrant immediately prior to such subdivision or stock dividend shall be proportionately increased, and conversely, in case at any time the Company shall combine its outstanding shares of Series B Preferred Stock into a smaller number of shares, the Exercise Price in effect immediately prior to such combination shall be proportionately increased and the number of Warrant Shares purchasable upon the exercise of this Warrant immediately prior to such combination shall be proportionately reduced.

4. REGISTRATION; EXCHANGE AND REPLACEMENT OF WARRANT; RESERVATION OF SHARES.

The Company shall keep at the Designated Office a register in which the Company shall provide for the registration, transfer and exchange of this Warrant. The Company shall not at any time, except upon the dissolution, liquidation or winding-up of the Company, close such register so as to result in preventing or delaying the exercise or transfer of this Warrant.

The Company may deem and treat the person in whose name this Warrant is registered as the Holder and owner hereof for all purposes and shall not be affected by any notice to the contrary, until presentation of this Warrant for registration or transfer as provided in this Section 4.

Upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant and (in case of loss, theft or destruction) of indemnity satisfactory to it, and (in the case of mutilation) upon surrender and cancellation of this Warrant, the Company will (in the absence of notice to the Company that the Warrant has been acquired by a BONA FIDE purchaser) make and deliver a new Warrant of like tenor, in lieu of this Warrant without requiring the posting of any bond or the giving of any security.

The Company shall at all times reserve and keep available out of its authorized shares of Series B Preferred Stock, solely for the purpose of issuance upon the exercise of this Warrant, such number of shares of Series B Preferred Stock as shall be issuable upon the exercise hereof. The Company covenants and agrees that, upon exercise of this Warrant and payment of the Exercise Price therefor, all Warrant Shares issuable upon such exercise shall be duly and validly issued, fully paid and non-assessable.

5. FRACTIONAL WARRANTS AND FRACTIONAL SHARES.

If the number of Warrant Shares purchasable upon the exercise of this Warrant is adjusted pursuant to Section 3 hereof, the Company shall nevertheless not be required to issue fractions of shares, upon exercise of this Warrant or otherwise, or to distribute certificates that evidence fractional shares. With respect to any fraction of a share called for upon any exercise hereof, the Company shall pay to the Holder an amount in cash equal to such fraction multiplied by the current market value of such fractional share as may be prescribed by the Board of Directors of the Company.

6. WARRANT HOLDERS NOT DEEMED STOCKHOLDERS.

No Holder of this Warrant shall, as such, be entitled to vote or to receive dividends or be deemed the Holder of Warrant Shares that may at any time be issuable upon exercise of this Warrant for any purpose whatsoever, nor shall anything contained herein be construed to confer upon the Holder of this Warrant, as such, any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any matter submitted to stockholders at

any meeting thereof, or to give or withhold consent to any corporate action (whether upon any recapitalization, issue or reclassification of stock, change of par value or change of stock to no par value, consolidation, merger or conveyance or otherwise), or to receive notice of meetings, or to receive dividends or subscription rights, until such Holder shall have exercised this Warrant and been issued Warrant Shares in accordance with the provisions hereof.

7. NOTICES.

All notices, requests, consents and other communications hereunder shall be in writing and shall be deemed to have been duly made when delivered personally, or mailed by registered or certified mail, return receipt requested, or telecopied or telexed and confirmed in writing and delivered personally or mailed by registered or certified mail, return receipt requested (a) if to the Holder of this Warrant, to the address of such Holder as shown on the books of the Company, or (b) if to the Company, to the address set forth in Section 1.2 of this Warrant; or at such other address as the Holder or the Company may hereafter have advised the other.

8. SUCCESSORS.

All the covenants, agreements, representations and warranties contained in this Warrant shall bind the parties hereto and their respective heirs, executors, administrators, distributees, successors, assigns and transferees.

9. LAW GOVERNING.

This Warrant shall be construed and enforced in accordance with, and governed by, the laws of the State of Texas (not including the choice of law rules thereof) regardless of the jurisdiction of creation or domicile of the Company or its successors or of the Holder at any time hereof.

10. ENTIRE AGREEMENT; AMENDMENTS AND WAIVERS.

This Warrant sets forth the entire understanding of the parties with respect to the transactions contemplated hereby. The failure of any party to seek redress for the violation or to insist upon the strict performance of any term of this Warrant shall not constitute a waiver of such term and such party shall be entitled to enforce such term without regard to such forbearance. This Warrant may be amended, and any breach of or compliance with any covenant, agreement, warranty or representation may be waived, only if the Company has obtained the written consent or written waiver of the Holder, and then such consent or waiver shall be effective only in the specific instance and for the specific purpose for which given.

11. SEVERABILITY; HEADINGS.

If any term of this Warrant as applied to any person or to any circumstance is prohibited, void, invalid or unenforceable in any jurisdiction, such term shall, as to such jurisdiction, be ineffective to the extent of such prohibition or invalidity without in any way affecting any other term of this Warrant or affecting the validity or enforceability of this Warrant or of such provision in any other jurisdiction. The Section headings in this Warrant have been inserted for purposes of convenience only and shall have no substantive effect.

[The balance of this page intentionally left blank]

IN WITNESS WHEREOF, the Company has caused this Warrant to be duly executed as of the date first written above.

SILICON LABORATORIES INC.

By: /s/ Navdeep S. Sooch

Navdeep S. Sooch
President

By: /s/ John W. McGovern

John W. McGovern
Chief Financial Officer

Accepted and agreed:

IMPERIAL BANK

By: /s/ Tommy Deavenport

Name: Tommy Deavenport
Title: Senior Vice President

ANNEX A

NOTICE OF EXERCISE

(TO BE EXECUTED UPON PARTIAL OR FULL
EXERCISE OF THE WITHIN WARRANT)

1. The undersigned hereby elects to purchase _____ shares of Series B Convertible Preferred Stock of Silicon Laboratories Inc. pursuant to the terms of the attached Warrant, and tenders herewith payment of the purchase price of such shares in full.

1. The undersigned hereby elects to convert the attached Warrant into Warrant Shares in the manner specified in the Warrant. This conversion is exercised with respect to _____ of the Warrant Shares covered by the Warrant.

[STRIKE THE PARAGRAPH NUMBERED 1 ABOVE THAT DOES NOT APPLY.]

2. Please issue a certificate or certificates representing said shares in the name of the undersigned or in such other name as is specified below and deliver such certificate(s) to:

Ms. Christine M. McCarthy
Chief Financial Officer
Controllers Department
Imperial Bank
P.O. Box 92991
Los Angeles, CA 90009

3. The undersigned represents it is acquiring the shares solely for its own account and not as a nominee for any other party and not with a view toward the resale or distribution thereof except in compliance with applicable securities laws.

IMPERIAL BANK

(Signature)

(Date)

ANNEX B

ASSIGNMENT FORM

FOR VALUE RECEIVED, the undersigned registered owner of this Warrant hereby sells, assigns and transfers unto the Assignee named below all of the rights of the undersigned under this Warrant, with respect to the number of shares of Series B Convertible Preferred Stock set forth below:

Name and Address of Assignee	No. of Shares of Series B Convertible Preferred Stock

and does hereby irrevocably constitute and appoint _____ attorney-in-fact to register such transfer onto the books of Silicon Laboratories Inc. maintained for the purpose, with full power of substitution in the premises.

Dated: _____

Print Name: _____

Signature: _____

Witness: _____

NOTICE: The signature on this assignment must correspond with the name as written upon the face of this Warrant in every particular, without alteration or enlargement or any change whatsoever.

EXHIBIT B

Form of Amendment No.1 to Amended and Restated Investors' Rights Agreement

(Attached)

PCTEL, INC/ SILICON LABS

VOLUME PURCHASE AGREEMENT

1. ACCEPTANCE: EXCEPT AS SET FORTH ON THE ATTACHED ADDENDUM WHICH SHALL TAKE PRECEDENCE IN THE EVENT OF ANY CONFLICT, THE TERMS OF SALE CONTAINED HEREIN STATE THE EXCLUSIVE TERMS APPLICABLE TO SALES BY SILICON LABORATORIES INC. (THE "SELLER") TO PC-TEL Global, INC. ("THE BUYER") HEREUNDER, NOTWITHSTANDING ANY DIFFERENT OR ADDITIONAL TERMS IN BUYER'S PURCHASE ORDER, TO WHICH SELLER HEREBY OBJECTS. SELLER'S FAILURE TO OBJECT TO PROVISIONS CONTAINED IN ANY COMMUNICATION FROM BUYER SHALL NOT BE DEEMED A WAIVER OF THE CONDITIONS OF THIS ACCEPTANCE. ANY CHANGES IN THE TERMS CONTAINED HEREIN MUST SPECIFICALLY BE AGREED TO IN WRITING BY AN OFFICER OF THE SELLER BEFORE BECOMING BINDING ON EITHER THE SELLER OR THE BUYER. All orders or contracts must be approved and accepted by the Seller at its home office. These terms shall be applicable whether or not they are attached to or enclosed with the products to be sold or sold hereunder. No Seller prices shall be subject to audit.

2. DURATION:

This Agreement shall become effective On June 1st, 1998 ("Effective Date") and continue in effect for a term of two (2) years.

3. PAYMENT:

(a) Unless otherwise agreed by Seller in writing, all invoices are due and payable thirty (30) days from date of invoice. No discounts are authorized. Shipments, deliveries, and performance of work shall at all times be subject to the approval of the Seller's credit department and the Seller may at any time decline to make any shipments or deliveries or perform any work except upon receipt of payment or upon terms and conditions or security satisfactory to such department.

(b) If, in the sole judgment of the Seller, the financial condition or payment history of the Buyer at any time does not justify continuation of production or shipment on the terms of payment originally specified, the Seller may require full or partial payment in advance and, in the event of the bankruptcy or insolvency of the Buyer under the bankruptcy or insolvency laws, the Seller shall be entitled to cancel any order then outstanding and shall receive reimbursements for its cancellation charges.

(c) Each shipment shall be considered a separate and independent transaction, and payment therefor shall be made accordingly. If shipments are delayed by the Buyer, payments shall become due on the date when the Seller is prepared to make shipment. If the work covered by the purchase order is delayed by the Buyer, payments shall be made based on the purchase price and the percentage of completion. Products held for the Buyer shall be at the risk and expense of the Buyer.

4. TAXES: Unless otherwise provided herein, the amount of any present or future sales, use, revenue, excise or other taxes, fees, or other charges of any nature, imposed by any public authority (national, state, local or other) applicable to the products covered by any order, or the manufacture or sales thereof shall be added to the purchase price and shall be paid by the Buyer, or in lieu thereof, prior to shipment the Buyer shall provide the Seller with a tax exemption certificate acceptable to the taxing authority.

5. PRICES AND RELEASES:

(a) All prices are quoted in U.S. dollars.

(b) SI Labs agrees to provide pricing for all similar products to PCtel on a most favored customer basis to PCtel within market segments limited to soft modem chipset or board level suppliers and controllerless modem chipset or board level suppliers PCtel shall always have a price lower than any other customer for similar products. In the event that a price is quoted by SILABS or products are shipped by SILABS to other customers for any similar products which is equal to or lower than that price offered to PCtel, a retroactive price protection shall be granted to PCtel for all products shipped by SILABS to PCtel ninety (90) days prior to the infringing quotation or shipment. In addition any backlog PCtel orders shall be reset to the new price. The foregoing shall be the exclusive remedy given by SILabs to PCtel.

(c) Prices and associated volumes shall be decribed in the adjunct "addendum A" to this agreement.

6. PRICE ADJUSTMENTS: Seller's unit prices are based on certain material costs. These materials include, but are not limited to, gold, packages and silicon. Adjustments shall be as follows:

(a) Gold. If Seller has a Gold Price Adjustment List, the price at the time of shipment shall be adjusted for increases in the cost of gold in accordance with that list. This adjustment will be shown as a separate line item on each invoice.

(b) Other Materials. In the event of significant increases in the price of other materials, Seller reserves the right to renegotiate the unit prices..

7. SPECIAL PRODUCTS: The following provisions are to be considered a part of all Special Product quotations and orders. "Special Products" are those calling for products not contained in Seller's current catalog or price list, or those requiring modifications to catalog products (including semi-custom, custom, or application specific products), or those requiring sample, environmental, mechanical or life testing, 100% reliability screening, quality conformance qualification, or any combination thereof. These provisions supersede any other terms or conditions which are inconsistent herewith.

(a) Delivery dates are best estimates only and are subject to (1) Seller's receipt of order and negotiable specifications containing where applicable, all quoted waivers or exceptions; (2) successful first-time passage of products submitted to electrical performance test, to environmental or life test processing required by applicable specifications.

(b) Seller assumes no responsibility for refund or replacement of products shipped at Buyer's request prior to successful completion of acceptance or qualification tests performed by Seller, whether such tests are at Buyer's request or otherwise.

(c) Buyer may not make changes in the drawings, designs or specifications for the items to be sold hereunder without Seller's prior consent.

(d) Unless otherwise agreed in a writing signed by both Buyer and Seller, Seller shall retain title to and possession of all tooling of any kind (including but not limited to masks and pattern generator tapes) used in production of products furnished hereunder.

(e) All proprietary designs, concepts, drawings, data, processes, pattern generator tapes, masks and any other information which shall be disclosed by Seller in making a quotation or in the performance of a contract to sell the goods covered hereby, shall not be disclosed to third parties by Buyer. If Seller and Buyer have executed a "Non-Disclosure Agreement," all applicable provisions shall hereby be incorporated by reference.

(f) As between Seller and Buyer, Seller shall own all patents, copyrights and mask work rights in or relating to each product developed by Seller whether or not such product is developed to specifications furnished by Buyer.

8. MINIMUM ORDER: Unless otherwise agreed by Seller in writing, Seller's minimum order amount shall be one hundred dollars ($100.00) for individual production orders.

9. TITLE: Unless otherwise agreed in writing by Seller, delivery of the products hereunder shall be made F.O.B. Texas, Seller's plant, and title and liability for loss or damage thereto shall pass to Buyer upon Seller's tender of delivery of the goods to a carrier for shipment to Buyer, and any loss or damage thereafter shall not relieve Buyer from obligation hereunder. Transportation expenses and insurance shall be paid by the Buyer.

10. DELIVERY: Shipping dates are approximate and are based upon prompt receipt from Buyer of all necessary information. In no event will Seller be liable for any re-procurement costs, nor for delay or non-delivery, due to causes beyond its reasonable control including, but not limited to, acts of God, acts of civil or military authority, priorities, fires, strikes, lockouts, slow-downs, shortages, factory or poor conditions, yield problems, or inability to obtain necessary labor, materials, or manufacturing facilities. In the event of any such delay, the date of delivery shall, at the request of the Seller, be deferred for a period equal to the time lost by reason of the delay.

11. SUBSTITUTIONS AND MODIFICATIONS OF GOODS: Seller may modify the specifications of goods designed by Seller and substitute goods manufactured to such modified specifications for those specified herein provided such goods substantially conform to this contract., provided Seller receives Buyer's written approval.

12. SOFTWARE: All software provided by Seller shall be subject to the license agreement and/or terms and conditions accompanying the software. Without limitation, a license agreement and/or terms and conditions may be printed or may be provided electronically. ALL SOFTWARE IS PROVIDED "AS IS" WITH NO WARRANTY WHATSOEVER.

13. ACCESS TO TECHNOLOGY: in the event that SILABS becomes the subject of voluntary or involuntary petition in bankruptcy or any proceeding related to insolvency, or composition for the benefit of creditors, SILABS agrees to grant access to the Product Technology through means of a standard form of third party technology escrow which would release and license (at no charge) the Product technology. Furthermore, SILABS agrees to enter into and execute the before mentioned escrow agreement within (90) ninety days following the execution of this agreement. In the event SILABS emerges from any such bankruptcy or insolvency proceeding, the Product Technology will be returned to SILABS and SILABS will resume supply of Products to PC-TEL.

14. CAPACITY AND FORECAST FLEXIBILITY: Based upon a six month rolling forecast from PC-TEL, SILABS guarantees 50% upside quantities for the first two months of the 6 month rolling forecast and 100% upside quantities for months three through six. The six month rolling forecast will be provided by PC-TEL to SILABS on a monthly basis on or before the first Tuesday of each month. The SILABS upside guarantee shall become effective 60 days after receiving the first six month rolling forecast from PC-TEL. PC-TEL will make best efforts to provide timely and accurate forecasts.

15. LIMITED WARRANTY:

(a) General. Seller warrants that its packaged products furnished hereunder will at the time of delivery be free from defects in material and workmanship and will conform on the basis of form, fit and function to Seller's applicable specifications or, if appropriate, to specifications accepted by Seller therefor. Seller's obligation or liability hereunder shall be limited to, at Seller's option, either refunding the purchase price of, repairing, or replacing, any products for which written notice of nonconformance hereunder is received by Seller within two years following the date of shipment, provided, such nonconforming products are, with Seller's prior written authorization, returned to Seller, FOB Seller's plant, within thirty (30) days after the two year period. This warranty shall not apply to unpackaged semiconductor device die or wafers or to any products in other than their original condition, or to any products which Seller determines have, by Buyer or otherwise, been subjected to operating or environmental conditions in excess of the maximum value established therefor in the applicable specifications or otherwise have been the subject of mishandling, misuse, neglect, improper testing, repair, alteration or damage.

(b) Die. Seller warrants that its device die or wafers furnished hereunder will at the time of delivery be free of defects in material and workmanship and will conform to specifications established therefor, or if applicable, to specifications accepted by Seller. Seller's obligation hereunder shall be limited to, at Seller's option, replacing or refunding the purchase price for any products for which written notice of nonconformance hereunder is received by Seller within sixty (60) days following the date of shipment, provided such nonconforming products are, with Seller's prior written authorization, returned to Seller, F.O.B. Seller's plant, within thirty (30) days after the sixty (60) day period. This warranty shall not apply to any die or wafers which Seller determines have, by Buyer or otherwise, been subjected to operating or environmental conditions in excess of the maximum value established therefor in the applicable specifications or otherwise have been the subject of mishandling, misuse, neglect, improper testing, repair, alteration or damage.

(c) Technical Assistance. Seller's warranty as herein above set forth shall not be enlarged, diminished or affected by, and no obligation or liability shall arise or grow out of, Seller's rendering of technical advice, facilities or service in connection with Buyer's order of the goods furnished hereunder.

(d) Moisture/Static Sensitive. Seller ships all products in vacuum sealed antistatic packages. Seller's warranty as hereinabove set forth shall not cover warranty repair, replacement, or refund on product or devices damaged by static due to Buyer's failure to properly ground.

(e) Software. Software delivered hereunder is furnished "AS IS". SELLER MAKES NO WARRANTIES, WHETHER EXPRESS, IMPLIED, STATUTORY, OR OTHERWISE, WITH RESPECT TO SUCH SOFTWARE AND DOCUMENTATION DESCRIBING SUCH SOFTWARE, ITS QUALITY, ITS PERFORMANCE, ITS MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE. The entire risk as to the quality and performance of software and documentation describing such software is with Buyer.

(f) Disclaimer. THE ABOVE WARRANTIES EXTEND TO BUYER ONLY AND NOT TO BUYER'S CUSTOMERS OR USERS OF BUYER'S PRODUCTS AND ARE IN LIEU OF ALL OTHER WARRANTIES WHETHER EXPRESS, IMPLIED, STATUTORY, OR OTHERWISE, INCLUDING IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. IN NO EVENT SHALL SELLER OR BUYER BE LIABLE FOR SPECIAL OR CONSEQUENTIAL DAMAGES REGARDLESS OF WHETHER IT HAS BEEN NOTIFIED IN ADVANCE OF THE POSSIBILITY THEREOF

16. REMEDIES: If Seller breaches its warranties as contained in paragraph 13 herein, Seller's sole and exclusive liability shall be (at Seller's option) to refund the purchase price of, repair or replace any such goods which are returned by Buyer during the applicable warranty period set forth above, provided that (a) Seller is promptly notified in writing upon discovery by Buyer that such goods failed to conform to this contract with detailed explanation of any alleged deficiencies, (b) such goods are returned to Seller, F.O.B. Seller's plant from which goods were shipped and (c) Seller's examination of such goods shall disclose that such alleged deficiencies actually exist and were not caused by accident, misuse, neglect, alteration, improper installation, unauthorized repair, or improper testing. If such goods fail to perform as warranted, Seller shall reimburse Buyer for the transportation charges paid by Buyer for such goods. If Seller elects to repair or replace such goods, Seller shall have a reasonable time to make such repairs or replace such goods.

17. LIMITATION OF LIABILITY: EXCEPT WITH RESPECT TO THIRD PARTY CLAIMS ARISING OUT OF THE OPERATION OF SECTION 22 OR A BREACH OF SECTION 23, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY SPECIAL, COLLATERAL, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING OUT OF THIS CONTRACT, INCLUDING, WITHOUT LIMITATION, PROVISIONS REGARDING WARRANTIES, GUARANTEES, INDEMNITIES, AND PATENT INFRINGEMENT, SUCH DAMAGES TO INCLUDE BUT NOT BE LIMITED TO, COSTS OF REMOVAL AND REINSTALLATION OF ITEMS, LOSS OF GOODWILL, LOSS OF PROFITS, OR LOSS OF USE, REGARDLESS OF WHETHER SELLER HAS BEEN NOTIFIED IN ADVANCE OF THE POSSIBILITY THEREOF. EXCEPT WITH RESPECT TO THIRD PARTY CLAIMS ARISING OUT OF THE OPERATION OF SECTION 22 OR A BREACH OF SECTION 23 OR IN THE CASE OF GROSS NEGLIGENCE OR INTENTIONAL MISCONDUCT. THESE LIMITATIONS SHALL APPLY NOTWITHSTANDING ANY FAILURE OF ESSENTIAL PURPOSE OF ANY LIMITED REMEDY.

18. INSPECTION: Unless otherwise specified and agreed upon, the material to be furnished under this contract shall be subject to the Seller's standard inspection at the place of manufacture. If it has been agreed upon and specified in this order that Buyer is to inspect or provide for inspection at place of manufacture such inspection shall be so conducted as to not interfere unreasonably with Seller's instructions and consequent approval or rejection by the Buyer shall be made before shipment of the material. Notwithstanding the foregoing, if, upon receipt of such material by Buyer, the same shall appear not to conform to this contract, the Buyer shall immediately notify the Seller of such conditions and afford the Seller a reasonable opportunity to inspect the material. No material shall be returned without Seller's consent. Seller's Return Material Authorization Control Number must accompany such returned material.

19. ACCEPTANCE: Within twenty (20) days after shipment by Seller, Buyer may, by prompt written notice to Seller, reject any product furnished hereunder which, as delivered by Seller, has a defect in material or workmanship or (i) with respect to packaged products, does not conform to Seller's applicable specifications or, if appropriate, to specifications accepted by Seller therefor, or (ii) with respect to die or wafers, does not conform to specifications established therefor or, if applicable to specifications accepted by Seller. Buyer's rights, and Seller's obligation or liability, with respect to rejected products shall be limited to, at Seller's option, either refunding the purchase price of, repairing, or replacing any products for which written notice of nonconformance hereunder is received by Seller as set forth herein within thirty (30) days after shipment by Seller. Any product which is not so rejected by Buyer shall be deemed irrevocably accepted. Notwithstanding the foregoing, any product which has been the subject of mishandling, misuse, neglect, improper testing, repair, alteration, extreme environmental conditions, or damage shall be deemed accepted. Product returns shall be in accordance with the procedures specified in paragraph 16.

20. RESCHEDULING: Buyer may reschedule orders for standard products under this contract on written notice to Seller at least thirty (30) days prior to Seller's scheduled delivery date. Buyer may reschedule orders for application specific versions of standard products, semi-custom products, or custom products on written notice to Seller at least thirty (30) days prior to Seller's scheduled delivery date. All quantities must be rescheduled for delivery within twelve (12) months of Seller's original scheduled delivery dates; otherwise this contract may be cancelled by Seller, and Buyer shall be liable for termination charges as provided herein.

21. TERMINATION AND CANCELLATION: Except to the extent noted below orders are not subject to cancellation or termination for convenience.

(a) Buyer may terminate this contract upon sixty (60) days advance written notice to Seller. Buyer may terminate orders, or portions of orders, upon written notice to Seller at least sixty (60) days prior to the scheduled delivery date. In each such event Buyer shall be liable for termination charges which shall include a price adjustment based on the quantity of goods actually delivered, and all costs, direct or indirect, incurred and committed for this contract together with a reasonable allowance for prorated expenses and anticipated profits.

(b) Unless otherwise specified on the face hereof, all quantities must be released no more than twelve (12) months and shipments scheduled no more than twelve (12) months from the date of Seller's receipt of Buyer's initial purchase order, otherwise this contract may be terminated by Seller and Buyer shall be liable for termination charges as provided herein.

(c) If either party defaults in performance of any material obligation hereunder and if any such default is not corrected within (60) sixty days after the defaulting party receive written notice thereof from the non-defaulting party, then the non defaulting party, at its option, may in addition to any other remedies it may have, terminate this agreement.

(d) Either party may terminate this agreement effective upon written notice to the other party in the event that the other part becomes the subject of voluntary or involuntary petition in bankruptcy or any proceeding related to insolvency, or composition for the benefit of creditors, if that petition or proceeding is not dismissed within (60) sixty days after filing.

22. INDEMNITY: Seller shall defend Buyer against any suit or proceeding brought against Buyer insofar as such suit or proceeding is based on a claim that any goods manufactured and supplied by Seller to Buyer constitute direct infringement of any copyright, mask work right, or duly issued United States patent and Seller shall pay all damages and costs finally awarded therein against Buyer, provided that Seller is promptly informed and furnished a copy of each communication, notice or other action relating to the alleged infringement and is given complete authority, information and assistance (at Seller's expense) necessary to defend or settle said suit or proceeding; provided, that Seller shall not be obligated to defend or be liable for costs and damages if the infringement arises out of compliance with Buyer's specifications, or from a combination with, and addition to, or modification of the goods after delivery by Seller, or from use of the goods, or any part thereof, in the practice of a process, or from any settlement or compromise incurred or made by Buyer without Seller's prior written consent. Seller's obligations hereunder shall not apply to any infringement occurring after Buyer has received notice of such suit or proceeding alleging infringement unless Seller has given written permission for the continued use of goods after notice of such infringement. If any goods manufactured and supplied by Seller to Buyer shall be held to infringe any copyright, mask work right, or United States patent and Buyer shall be enjoined from using same, Seller at its option and its expense, will use good faith efforts to, (a) procure for Buyer the right to use such goods free of any liability for infringement, or (b) replace such goods with a non-infringing substitute otherwise complying substantially with all requirements of this contract, or (c) refund the purchase price and the transportation costs of such goods. If the infringement by Buyer is alleged prior to completion of delivery of the goods under this contract, Seller may decline to make further shipments without being in breach of this contract, and, provided Seller has not been enjoined from selling said goods to Buyer, Seller agrees to supply said goods to Buyer if Buyer furnishes to Seller the written agreement of Buyer that the indemnity obligations herein stated with respect to Seller shall reciprocally apply with respect to Buyer.

Seller's liability and obligations arising out of this section with respect to any units shall not exceed the amount received by Seller from Buyer for such units.

If any such suit or proceeding is brought against Seller based on a claim that the goods manufactured by Seller in compliance with Buyer's specifications and supplied to Buyer directly infringe any copyright, mask work right or United States patent, then the indemnity obligations herein stated with respect to Seller shall reciprocally apply with respect to Buyer. The sale by Seller of the items ordered hereunder does not grant to, convey, or confer upon Buyer or Buyer's customers, or upon anyone claiming under Buyer, a license, express or implied, under any copyrights, mask work rights, or patent rights of Seller covering or relating to any combinations, machines or processes in which said items might be or are used.

THE FOREGOING STATE THE SOLE AND EXCLUSIVE LIABILITY OF THE PARTIES HERETO FOR INFRINGEMENT AND IS IN LIEU OF ALL WARRANTIES, EXPRESS, IMPLIED, STATUTORY, OR OTHERWISE IN REGARD THERETO.

23. CONFIDENTIALITY: Each party agrees that it will keep in confidence, and prevent the use (other than for the purposes of this contract) or disclosure to any person, all technical information and data (hereinafter referred to as "data") which is designated in writing, or by appropriate stamps, or legend by the disclosing party, to be of a proprietary or confidential nature, and is received from the other under this Agreement and which pertains to proprietary or confidential data regarding its technological techniques, inventions, or research and development, provided; however, that neither party shall be liable for the of any data if the same: (A) was generally available to the public at the time of disclosure to the receiving party; or (B) becomes generally available to the public, except as the result of unauthorized disclosure by the receiving party; or (C) was known, without confidentiality restriction, to the receiving party and documented in writing prior to its receipt, and so informs the disclosing party of such facts at the time of disclosure; or (D) is disclosed inadvertently, despite the exercise of the same degree of care as each party takes to preserve and safeguard its own proprietary information; or (E) if the disclosing party agrees in writing that it can be disclosed by the receiving party to a third party; or (F) becomes known to the receiving party, without confidentiality restriction, from a source other than the disclosing party without breach of this Agreement by the receiving party; or (G) is independently developed by the receiving party without use of the disclosing party's data; or (H) is required by law to be released; or (I) is disclosed after three (3) years from the date of this contract.

SILABS WILL HONOR ALL ACTIVE NON DISCLOSURE AGREEMENTS IN PLACE BETWEEN SILABS AND PC-TEL, AND USE EXTREME CARE IN HANDLING ALL INFORMATION RELATED TO PRODUCTS NOT YET RELEASED TO THE MARKETPLACE. FURTHERMORE, SILABS WILL WORK CLOSELY WITH PC-TEL ON THE APPROPRIATE LANGUAGE AND MARKETING MESSAGES RELATED TO THE PC-TEL - SILABS RELATIONSHIP. SILABS AGREES TO ONLY COMMUNICATE INFORMATION TO THIRD PARTIES (RELATED TO THE PC-TEL RELATIONSHIP, TECHNOLOGY, AND PRODUCTS) THAT HAS BEEN APPROVED BY PC-TEL

24. NONWAIVER OF DEFAULT: In the event of any default by Buyer, Seller may decline to make further shipments without being in breach hereof. If Seller elects to continue to make shipments, Seller's action shall not constitute a waiver of any default by Buyer or in any way affect Seller's legal remedies for any default hereunder.

25. ASSIGNMENT: This contract shall be binding upon and inure to the benefit of the parties and the successors and assigns of the entire business and goodwill of either Seller or Buyer, or of that part of the business of either used in the performance of this contract, but shall not be otherwise assignable.

26. LEGAL COMPLIANCE: Buyer at all times shall comply with all applicable federal, state, and local laws and regulations.

THE PRODUCTS COVERED BY THIS CONTRACT MAY FALL WITHIN THE GROUP OF "STRATEGIC" ELECTRONIC PRODUCTS THAT ARE WHOLLY OR PARTLY OF U.S. ORIGIN OR TECHNOLOGY, THE EXPORT OF WHICH IS SUBJECT TO EXPORT LICENSE CONTROL BY THE U.S. GOVERNMENT. BUYER, BY ACCEPTING THESE PRODUCTS, CERTIFIES THAT HE WILL NOT EXPORT OR RE-EXPORT THE PRODUCTS FURNISHED HEREUNDER UNLESS HE COMPLIES FULLY WITH ALL LAWS AND REGULATIONS OF THE UNITED STATES RELATING TO SUCH EXPORT OR RE-EXPORT, INCLUDING BUT NOT LIMITED TO THE EXPORT ADMINISTRATION ACT OF 1979, AS AMENDED AND THE EXPORT ADMINISTRATION REGULATIONS OF THE U.S. DEPARTMENT OF COMMERCE.

27. APPLICABLE LAW: The validity, performance, and construction of this contract shall be governed by the internal laws of the State of California, without reference to conflict of laws principles.

28. U.S. GOVERNMENT CONTRACTS: In the event the goods furnished hereunder are used in the performance of a U.S. Government contract or subcontract, the Government procurement regulation clauses required to be passed on to subcontractors are excluded from this agreement unless separately agreed to in writing by Seller. In no event shall Government clauses regarding "Rights in Data" or "Subcontractor Cost and Pricing Data" be incorporated herein.

29. ATTORNEYS FEES: In the event that any action is brought to enforce any provision of this contract, the prevailing party shall be entitled to recover from the other party, in addition to any judgment, its attorneys fees and expenses.

30. LIFE SUPPORT AND NUCLEAR POLICY: Seller's products are not designed, intended, authorized, or warranted to be suitable for use in life support or nuclear applications, devices or systems. Examples of nuclear applications are applications in nuclear reactors or any device designed or used in connection with the handling, processing, packaging, preparation, utilization, fabricating, alloying, storing, or disposal of fissionable material or waste products thereof. Inclusion by Buyer of Seller's products in such applications is fully at Buyer's risk, and Buyer shall indemnify and hold Seller and its suppliers harmless from all costs, loss, liability, and expense (including without limitation

court costs and attorneys fees) arising out of such inclusion by Buyer or its direct or indirect customers.

31. MODIFICATION: THIS CONTRACT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES RELATING TO THE SALE OF THE GOODS DESCRIBED ON THE FACE HEREOF AND SUPERSEDES ALL PRIOR OR CONTEMPORANEOUS COMMUNICATIONS, REPRESENTATIONS, OR AGREEMENTS, EITHER ORAL OR WRITTEN, WITH RESPECT TO THE SUBJECT MATTER HEREOF, AND ANY REPRESENTATIONS OR STATEMENTS OF ANY KIND MADE BY ANY REPRESENTATIVE OF SELLER, WHICH ARE NOT STATED HEREIN, SHALL NOT BE BINDING ON SELLER. NO MODIFICATION OF ANY PROVISION UPON THE FACE OR REVERSE OF THIS CONTRACT SHALL BE BINDING UPON SELLER UNLESS MADE IN WRITING AND SIGNED BY A DULY AUTHORIZED REPRESENTATIVE OF SELLER LOCATED IN AUSTIN, TEXAS.

PC-TEL INC.	Silicon Labs, Inc.
By: /s/ [ILLEGIBLE]	By: /s/ Gary R. Gay
Title: V.P. Marketing	Title: VP of Sales
Date: 12/28/98	Date: 10/16/98

ADDENDUM "A"

PRICING AND VOLUMES

1. PRICES: SiLabs shall honor a price point $2.33 per unit for Products shipped to PCT in calendar year 1998, commencing on August 27, 1998. No later than sixty (60) days prior to the conclusion of calendar year 1998, and each annual period thereafter, the parties will negotiate the unit prices applicable to succeeding calendar year. In the event that the parties are unable to agree on such unit price for the upcoming annual period, the prices shall be set at no greater than the existing unit price.

2. MINIMUM VOLUME COMMITMENT. PCtel shall purchase a minimum annual quantity of 600,000 units of SiLab's DAA chipset in calendar year 1998. This volume may consist of the the current SI3033/PCtel 301 or future versions of chips containing Silicon Labs integrated Codec/DAA technology. No later than sixty (60) days prior to the conclusion of calendar year 1998, and each annual period thereafter, the parties will negotiate the annual minimum quantity, if any, applicable to succeeding calendar year.

EXHIBIT 23.1

CONSENT OF INDEPENDENT AUDITORS

We consent to the reference to our firm under the caption "Experts" and to the use of our report dated January 11, 2000, in the Registration Statement (Form S-1 No. 33-00000) and related Prospectus of Silicon Laboratories Inc. filed with the Securities and Exchange Commission on or about January 18, 2000.

/s/ ERNST & YOUNG LLP

Austin, Texas
January 13, 2000

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1,000

YEAR
JAN-01-2000
JAN-03-1999
JAN-01-2000
8,197
6,509
10,891
569
2,837
29,263
15,274
2,924
41,958
14,982
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12,750
0
3
8,000
41,958
46,911
46,911
15,770
15,770
16,480
513
699
14,364
3,324
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0
0
0
11,040
0.73
0.25