SILICON LABORATORIES INC
Form DEF 14A
March 07, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No. ___)

Filed by the Registrant x	Filed by a Party other than the Registrant o

Check the appropriate box:
o Preliminary Proxy Statement
o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
x Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to §240.14a-12

Silicon Laboratories Inc.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x	No fee required.		
o	Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.		
	(1)	Title of each class of securities to which transaction applies: N/A	
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	(4)	Proposed maximum aggregate value of transaction: N/A	
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o	Fee paid previously with preliminary materials.		

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(1) Amount previously paid: N/A
(2) Form, Schedule or Registration Statement No.: N/A
(3) Filing party: N/A
(4) Date Filed: N/A

SILICON LABORATORIES INC.
NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD APRIL 16, 2013

TO THE STOCKHOLDERS OF SILICON LABORATORIES INC.:

You are cordially invited to attend the Annual Meeting of Stockholders of Silicon Laboratories Inc., a Delaware corporation, to be held on April 16, 2013, at 9:30 a.m. Central Time at the Lady Bird Johnson Wildflower Center, 4801 La Crosse Avenue, Austin, Texas 78739, for the following purposes, as more fully described in the Proxy Statement:

1. To elect three Class III directors to serve on the Board of Directors until our 2016 annual meeting of stockholders, or until a successor is duly elected and qualified;

2. To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 28, 2013;

3. To vote on an advisory (non-binding) resolution regarding executive compensation; and

4. To transact such other business as may properly come before the meeting or any adjournment or adjournments thereof.

We have furnished proxy materials over the internet where you may read, print and download our annual report and Proxy Statement at the investor relations section of our website address, http://www.silabs.com. On or about March 7, 2013, we mailed to our stockholders a notice containing instructions on how to access our 2013 Proxy Statement and annual report and to vote. The notice also provides instructions on how you can request a paper copy of these documents if you desire. If you received your annual materials via email, the email contains voting instructions and links to the annual report and Proxy Statement on the internet.

Only stockholders of record at the close of business on February 25, 2013 are entitled to notice of and to vote at the Annual Meeting. A list of stockholders entitled to vote at the Annual Meeting will be available for inspection at our executive offices.

Whether or not you plan to attend the meeting in person, your vote is important. Instructions regarding the various methods of voting are contained on the Proxy, including voting by toll-free telephone number or the internet. If you request and receive a paper copy of the Proxy by mail, you may still vote your shares by fully completing and returning the Proxy. You may revoke your Proxy at any time prior to the Annual Meeting. If you attend the Annual Meeting and vote by ballot, your Proxy will be revoked automatically and only your vote at the Annual Meeting will be counted.

Sincerely,

Austin, Texas
March 7, 2013

G. Tyson Tuttle
Chief Executive Officer, President and Director

YOUR VOTE IS VERY IMPORTANT, REGARDLESS OF THE NUMBER OF SHARES YOU OWN. PLEASE READ THE ATTACHED PROXY STATEMENT CAREFULLY AND VOTE YOUR SHARES BY TELEPHONE, BY INTERNET OR BY COMPLETING, SIGNING, DATING AND RETURNING A PROXY CARD AS PROMPTLY AS POSSIBLE.

SILICON LABORATORIES INC.
400 West Cesar Chavez
Austin, Texas 78701

PROXY STATEMENT
FOR THE ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON APRIL 16, 2013

General

The enclosed Proxy is solicited on behalf of the Board of Directors of Silicon Laboratories Inc., a Delaware corporation, for use at the Annual Meeting of Stockholders to be held on April 16, 2013 at 9:30 a.m. Central Time at the Lady Bird Johnson Wildflower Center, 4801 La Crosse Avenue, Austin, Texas 78739, or at any adjournment thereof. These proxy solicitation materials were mailed on or about March 7, 2013 to all stockholders entitled to vote at the Annual Meeting.

Voting

The specific proposals to be considered and acted upon at the Annual Meeting are summarized in the accompanying notice and are described in more detail in this Proxy Statement. On February 25, 2013, the record date for determination of stockholders entitled to notice of and to vote at the Annual Meeting, 42,385,140 shares of our common stock were outstanding and no shares of our preferred stock were outstanding. Each stockholder is entitled to one vote for each share of common stock held by such stockholder on February 25, 2013. The presence, in person or by proxy, of the holders of a majority of our shares entitled to vote is necessary to constitute a quorum at the Annual Meeting or at any adjournment thereof. Stockholders may not cumulate votes in the election of directors. The vote of a plurality of the shares of our common stock present in person or represented by proxy at the Annual Meeting and entitled to vote on the election of directors is necessary for the election of a director. The three nominees receiving the greatest number of votes at this meeting will be elected to our Board of Directors, even if less than a majority of such shares were voted for the nominees. The affirmative vote of a majority of our shares present in person or represented by proxy at the Annual Meeting and entitled to vote will be required to approve Proposal Two. The affirmative vote of a majority of our shares present in person or represented by proxy at the Annual Meeting and entitled to vote will be required to approve Proposal Three. All votes will be tabulated by the inspector of election appointed for the meeting, who will separately tabulate affirmative and negative votes, abstentions and broker non-votes (i.e., a Proxy submitted by a broker or nominee specifically indicating the lack of discretionary authority to vote on the matter). Abstentions and broker non-votes will be counted as present for purposes of determining a quorum for the transaction of business, but will not be counted for purposes of determining whether each proposal has been approved.

Proxies

If the enclosed form of Proxy is properly signed and returned or you properly follow the instructions for telephone or internet voting, the shares represented thereby will be voted at the Annual Meeting in accordance with the instructions specified thereon. If the Proxy does not specify how the shares represented thereby are to be voted, (i) the Proxy will be voted FOR the election of the directors proposed by the Board of Directors unless the authority to vote for the election of such directors is withheld, (ii) if no contrary instructions are given, the Proxy will be voted FOR the approval of the selection of Ernst & Young LLP as our independent registered public accounting firm, and (iii) if no contrary instructions are given, the Proxy will be voted FOR the approval of resolution regarding executive compensation. You may revoke or change your Proxy at any time before the Annual Meeting by filing either a notice of revocation or another signed Proxy with a later date with our Corporate Secretary at our principal executive offices at 400 West Cesar Chavez, Austin, Texas 78701. You may also revoke your Proxy by attending the Annual Meeting and voting in person.

Solicitation

We will bear the entire cost of solicitation, including the preparation, assembly, printing and mailing of this Proxy Statement, the Proxy and any additional solicitation materials furnished to the stockholders. Copies of solicitation materials will be furnished to brokerage houses, fiduciaries and custodians holding in their names shares that are beneficially owned by others so that they may forward this solicitation material to such beneficial owners. In addition, we may reimburse such persons for their costs in forwarding the solicitation materials to such beneficial owners. The original solicitation of Proxies by mail and the internet may be supplemented by a solicitation by telephone or other means by directors, officers, or employees. No additional compensation will be paid to these individuals for any such services. Except as described above, we do not presently intend to solicit Proxies other than by mail and the internet.

Deadline for Receipt of Future Stockholder Proposals

Pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, stockholder proposals to be presented at our 2014 annual meeting of stockholders and in our proxy statement and form of proxy relating to that meeting must be received by us at our principal executive offices at 400 West Cesar Chavez, Austin, Texas 78701, addressed to our Corporate Secretary, not later than November 7, 2013, the date which is at least 120 days prior to March 7, 2014, the anniversary of the date of this Proxy Statement. These proposals must comply with applicable Delaware law, the rules and regulations promulgated by the Securities and Exchange Commission (“SEC”) and the procedures set forth in our bylaws. Pursuant to our bylaws, stockholder proposals received after November 7, 2013 will be considered untimely. Unless we receive notice in the manner specified above, the proxy holders shall have discretionary authority to vote for or against any such proposal presented at our 2014 annual meeting of stockholders.

MATTERS TO BE CONSIDERED AT ANNUAL MEETING

PROPOSAL ONE: ELECTION OF DIRECTORS

General

The Board of Directors is divided into three classes, designated Class I, Class II and Class III, with staggered three-year terms. The term of office of the Class III Directors, William G. Bock, R. Ted Enloe III and Kristen M. Onken, will expire at this Annual Meeting. Mr. Bock and Mr. Enloe have been nominated to continue as Class III Directors and Jack R. Lazar has been nominated to fill the seat previously occupied by Ms. Onken as a Class III Director. The three directors elected as Class III Directors at the Annual Meeting will each serve for a term of three years expiring at the 2016 annual meeting of stockholders, or until such director's successor has been duly elected and qualified or until such director's earlier death, resignation or removal.

The nominees for election have agreed to serve if elected, and management has no reason to believe that the nominees will be unavailable to serve. In the event the nominees are unable or decline to serve as directors at the time of the Annual Meeting, the Proxies will be voted for any nominees who may be designated by our present Board of Directors to fill the vacancies. Unless otherwise instructed, the Proxy holders will vote the Proxies received by them FOR the nominees named below.

Nominees for Class III Directors with a Term Expiring in 2016

William G. Bock, 62	has served as interim Chief Financial Officer and Senior Vice President since February 2013 and as a director of Silicon Laboratories since he rejoined the Board of Directors in July of 2011. He served Silicon Laboratories as Chief Financial Officer from November 2006 to July 2011, and Senior Vice President of Finance and Administration through December 2011. He joined Silicon Laboratories as a director in March 2000, and served as Chairman of the audit committee until November 2006 when he stepped down from the Board of Directors to assume the CFO role. From 2001 to 2006, Mr. Bock participated in the venture capital industry, principally as a partner with CenterPoint Ventures. Before his venture career, Mr. Bock held senior management positions with three venture-backed companies: DAZEL Corporation, Tivoli Systems, and Convex Computer Corporation. Mr. Bock began his career with Texas Instruments. Mr. Bock served on the Board of Directors of Convio, Inc., from January 2008 until its sale to Blackbaud Inc. in April 2012. Mr. Bock currently serves on the Board of Directors of Entropic Communications and is a member of their Audit Committee. Mr. Bock also serves as an independent business consultant to Foros Group, a mergers and acquisitions advisory firm, and several private technology companies. Mr. Bock holds a B.S. in Computer Science from Iowa State University and an M.S. in Industrial Administration from Carnegie Mellon University. Mr. Bock's extensive financial and executive experience and his in-depth knowledge of Silicon Laboratories qualify him to serve as a member of our Board of Directors.
R. Ted Enloe III, 74	has served as a director of Silicon Laboratories since April 2003. Mr. Enloe is currently the Managing General Partner of Balquita Partners, Ltd., a family investment firm. Mr. Enloe formerly served as Vice Chairman and member of the office of chief executive of Compaq Computer Corporation. He also served as President of Lomas Financial Corporation and Liberté Investors for more than 15 years. Mr. Enloe co-founded a number of other publicly held firms, including Capstead Mortgage Corp., Tyler Cabot Mortgage Securities Corp., and Seaman's Corp. Mr. Enloe currently serves on the Board of Directors of Leggett & Platt, Inc. and Live Nation, Inc. Mr. Enloe holds a B.S. in Engineering from Louisiana Polytechnic University and a J.D. from Southern Methodist University. Mr. Enloe's combination of independence, qualification as an audit committee financial expert and his experience, including past experience as an executive officer and current and past experience as

a director of various public companies, qualifies him to serve as a member of our Board of Directors.

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Jack R. Lazar, 47 is currently an independent business and financial consultant. Mr. Lazar previously was employed by Qualcomm, Inc. as Senior Vice President, Corporate Development and General Manager of Qualcomm Atheros from May 2011 to January 2013. From September 2003 until the acquisition of Atheros by Qualcomm in May 2011, Mr. Lazar served as Chief Financial Officer and Secretary of Atheros Communications, Inc., a publicly traded provider of communications semiconductor solutions. Mr. Lazar also served Atheros as Vice President of Corporate Development from February 2008 and Senior Vice President of Corporate Development from November 2010 until the acquisition by Qualcomm. From May 2002 to September 2003, Mr. Lazar was an independent business and financial consultant. From August 1999 to May 2002, Mr. Lazar served in a variety of positions at NetRatings, Inc., a publicly traded Internet audience measurement and analysis company, most recently as Executive Vice President of Corporate Development, Chief Financial Officer and Secretary. From January 1996 to August 1999, Mr. Lazar was Vice President and Chief Financial Officer of Apptitude, Inc. (acquired by hi/fn, inc. in 2000), a developer and manufacturer of network management solutions. From 1992 to 1996, Mr. Lazar held a variety of executive and management positions at Electronics for Imaging. From 1987 to 1992, Mr. Lazar worked for Price Waterhouse. Mr. Lazar is a certified public accountant and holds a B.S. in commerce with an emphasis in accounting from Santa Clara University. Mr. Lazar’s combination of independence and his experience, including past experience as an executive officer, qualifies him to serve as a member of our Board of Directors.

Other Directors

Set forth below is information concerning our other directors whose term of office continues after this Annual Meeting.

Continuing Class II Directors with a Term Expiring in 2015

Harvey B. Cash, 74 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: Ciena Corporation, a designer and manufacturer of dense wavelength division multiplexing systems for fiber optic networks; Argo Group International Holdings, Ltd., a specialty insurance company; and First Acceptance Corp, a provider of low-cost auto insurance. Mr. Cash holds a B.S. in Electrical Engineering from Texas A&M University and an M.B.A. from Western Michigan University. Mr. Cash’s independence and experience as a director of various public companies, as well as his prior operational experience as an executive, qualifies him to serve as a member of our Board of Directors.

G. Tyson Tuttle, 45 has served as a director and as President and Chief Executive Officer of Silicon Laboratories since April 2012. Mr. Tuttle previously served Silicon Laboratories as Chief Operating Officer and Senior Vice President from May 2011 until April 2012, Chief Technical Officer from January 2010 to May 2011 and Vice President and General Manager of Broadcast products including the audio and video product families from May 2005 to December 2009. Mr. Tuttle joined Silicon Laboratories in 1997 as a senior design engineer. From 1999 to 2005, Mr. Tuttle served in a variety of product management, marketing and business leadership positions. Previously, Mr. Tuttle held senior design engineering positions at Crystal Semiconductor/Cirrus Logic and Broadcom Corporation where he focused on high-speed mixed-signal circuit design for hard disk drive read channel and Ethernet applications. Mr. Tuttle holds an M.S. in Electrical Engineering from UCLA and a B.S. in Electrical Engineering from Johns Hopkins University. Mr. Tuttle’s experience and understanding of our business gained through his role as our President and Chief Executive Officer as well as his years of experience as a semiconductor designer provide him with extensive insight into our operations and qualifies him to serve as a member of our Board of Directors.

David R. Welland, 57	co-founded Silicon Laboratories in August 1996, has served as a Vice President and director since our inception and was appointed Fellow in March 2004. From November 1991 until founding Silicon Laboratories, Mr. Welland held various positions at Crystal Semiconductor/Cirrus Logic, a designer and manufacturer of integrated circuits, including Senior Design Engineer. Mr. Welland holds a B.S. in Electrical Engineering from the Massachusetts Institute of Technology. Mr. Welland's years of experience as a semiconductor designer provide him with extensive insight into our operations and qualifies him to serve as a member of our Board of Directors.

Continuing Class I Directors with a Term Expiring in 2014

Navdeep S. Sooch, 50	co-founded Silicon Laboratories in August 1996 and has served as Chairman of the Board since our inception. Mr. Sooch served as our Chief Executive Officer from our inception through the end of fiscal 2003 and served as interim Chief Executive Officer from April 2005 to September 2005. 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. Since October 2011, Mr. Sooch has served as the CEO of Ketra, Inc., a private company in the field of solid state lighting. Mr. Sooch holds a B.S. in Electrical Engineering from the University of Michigan, Dearborn and an M.S. in Electrical Engineering from Stanford University. Mr. Sooch's prior experience as our Chief Executive Officer as well as a semiconductor designer provides him with extensive insight into our industry and our operations and qualifies him to serve as Chairman of our Board of Directors.
Laurence G. Walker, 64	has served as a director of Silicon Laboratories since June 2003. Previously, Mr. Walker co-founded and served as Chief Executive Officer of C-Port Corporation, a pioneer in the network processor industry, which was acquired by Motorola in 2000. Following the acquisition, Mr. Walker served as Vice President of Strategy for Motorola's Network and Computing Systems Group and then as Vice President and General Manager of the Network and Computing Systems Group until 2002. From August 1996 to May 1997, Mr. Walker served as Chief Executive Officer of CertCo, a digital certification supplier. Mr. Walker served as Vice President and General Manager, Network Products Business Unit, of Digital Equipment Corporation, a computer hardware company, from January 1994 to July 1996. From 1998 to 2007, he served on the Board of Directors of McData Corporation, a provider of storage networking solutions. From 1981 to 1994, he held a variety of other management positions at Digital Equipment Corporation. Mr. Walker holds a B.S. in Electrical Engineering from Princeton University and an M.S. and Ph.D. in Electrical Engineering from the Massachusetts Institute of Technology. Mr. Walker's combination of independence and his experience, including past experience as an executive officer, qualifies him to serve as a member of our Board of Directors.
William P. Wood, 57	has served as a director of Silicon Laboratories since March 1997 and as Lead Director since December 2005. Since 1996, Mr. Wood has also served as general partner of various funds associated with Silverton Partners, a venture capital firm. From 1984 to 2003, Mr. Wood was a general partner, and for certain funds created since 1996, a special limited partner, of various funds associated with Austin Ventures, a venture capital firm. Mr. Wood holds a B.A. in History from Brown University and an M.B.A. from Harvard University. Mr. Wood's combination of independence and his experience, including past experience as an investor in numerous semiconductor and technology companies, qualifies him to serve as a member of our Board of Directors.

Board Leadership/Independence

The Board of Directors separates the role of Chairman of the Board from the role of Chief Executive Officer. The Board of Directors has also designated Mr. Wood as the Lead Director. The Lead Director's duties include presiding over executive sessions of the Company's independent directors and serving as principal liaison between the non-employee directors, the Chief Executive Officer and the Chairman of the Board on sensitive issues. The Board believes that the appointment of the Lead Director and the separation of the Chairman and CEO roles currently provides the most efficient and effective leadership model for the Company as it encourages free and open dialogue regarding competing views and provides for strong checks and balances. Specifically, the balance of powers among our Chief Executive Officer, Chairman of the Board and Lead Director facilitates the active participation of our independent directors and enables our Board of Directors to provide more effective oversight of management. The Board of Directors has determined that Messrs. Cash, Enloe, Sooch, Walker, Wood and Ms. Onken are each independent as defined in the applicable Marketplace Rules of The NASDAQ Stock Market, Inc. Independent directors met in executive session without the Chief Executive Officer and other non-independent directors present on five occasions during fiscal 2012.

Committees and Meetings

During fiscal 2012, our Board of Directors held seven meetings. Our Board of Directors has an Audit Committee, Compensation Committee, Equity Award Committee and a Nominating and Corporate Governance Committee. During fiscal 2012, each incumbent director attended or participated in substantially all of the aggregate of (i) the meetings of the Board of Directors and (ii) the meetings held by all committees of the Board of Directors on which such director served.

Audit Committee. The Audit Committee is responsible for matters relating to the selection of our independent registered public accounting firm, the scope of the annual audits, the fees to be paid to the independent registered public accounting firm, the performance of our independent registered public accounting firm, compliance with our accounting and financial policies, and management's procedures and policies relative to the adequacy of our internal accounting controls. The members of the Audit Committee are Messrs. Enloe, Walker, Wood and Ms. Onken. Mr. Enloe serves as Chairman of the Audit Committee. The Board of Directors has determined that Mr. Enloe is qualified as an audit committee financial expert pursuant to Item 407 of Regulation S-K and as a financially sophisticated audit committee member under Rule 5605(c)(2)(A) of the Marketplace Rules of The NASDAQ Stock Market, Inc. The Board of Directors has also determined that each of the members of the Audit Committee is independent as defined in the applicable Marketplace Rules of The NASDAQ Stock Market, Inc. and Rule 10A-3 under the Securities Exchange Act of 1934. The Board of Directors has adopted a written charter for the Audit Committee, a current copy of which is located on our internet website under the "Investor Relations" page. Our internet website address is http://www.silabs.com. See Appendix II for a copy of the Audit Committee charter. The Audit Committee reviews and assesses the adequacy of its charter on an annual basis. The Audit Committee held six meetings during fiscal 2012.

Compensation Committee. The Compensation Committee reviews and makes recommendations to the Board of Directors regarding our compensation policies and all forms of compensation to be provided to our executive officers and other employees. In addition, the Compensation Committee has authority to administer our stock incentive and stock purchase plans. The members of the Compensation Committee are Messrs. Cash, Sooch, Walker and Wood and the Board of Directors has determined that each of the members of the Compensation Committee is independent as defined in the applicable Marketplace Rules of The NASDAQ Stock Market, Inc. Mr. Walker serves as Chairman of the Compensation Committee. The Board of Directors has adopted a written charter for the Compensation Committee, a current copy of which is located on our internet website under the "Investor Relations" page. Our internet website address is http://www.silabs.com. The Compensation Committee held eight meetings during fiscal 2012.

Equity Award Committee. The Equity Award Committee has the authority to approve grants of stock options and stock awards from our 2009 Stock Incentive Plans to non-executive officers and employees. Mr. Tuttle and Mr. Sooch serve as members of the Equity Award Committee. The Board of Directors generally reviewed the grants made by such committee in fiscal 2012. The committee acted by written consent twelve times at regular intervals during fiscal 2012.

Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee focuses on issues related to the composition, practices and operations of the Board of Directors. In addition, the Nominating and Corporate Governance Committee has the authority to consider candidates for the Board of Directors recommended by stockholders and to determine the procedures with respect to such stockholder recommendations. The members of the Nominating and Corporate Governance Committee are Messrs. Cash, Enloe, Sooch and Walker and the Board of Directors has determined that each member is independent as defined in the applicable Marketplace Rules of The NASDAQ Stock Market, Inc. Mr. Enloe serves as Chairman of the Nominating and Corporate Governance Committee. The Board of Directors has adopted a written charter for the Nominating and Corporate Governance Committee, a current copy of which is available on our internet website under the "Investor Relations" page. The Nominating and Corporate Governance Committee recommended, and the Board of Directors approved, the Corporate Governance Policy, which is also located on our internet website under the "Investor Relations" page. Our internet website address is http://www.silabs.com. The Nominating and Corporate Governance Committee held three meetings during fiscal 2012.

Director Nomination

In evaluating potential director candidates, the Nominating and Corporate Governance Committee considers the appropriate balance of experience, skills and characteristics required of the Board of Directors and seeks to ensure that at least a majority of the directors are independent under the applicable Marketplace Rules of The NASDAQ Stock Market, Inc. The Nominating and Corporate Governance Committee selects director nominees based on their personal and professional integrity, depth and breadth of experience, ability to make independent analytical inquiries, understanding of our business, willingness to devote adequate attention and time to duties of the Board of Directors and such other criteria as is deemed relevant by the Nominating and Corporate Governance Committee. The Company's Corporate Governance Policy (approved by the Board of Directors) provides that the backgrounds and qualifications of the directors, considered as a group, should provide a diverse mix of experience, knowledge and skills. The Company does not have any other formal policy with respect to the diversity of our directors. The Nominating and Corporate Governance Committee considers the effectiveness of this policy and the effectiveness of the Board of Directors generally in the course of nominating directors for election.

In identifying potential director candidates, the Nominating and Corporate Governance Committee relies on recommendations made by current directors and officers. In addition, the Nominating and Corporate Governance Committee may engage a third party search firm to identify and recommend potential candidates. Finally, the Nominating and Corporate Governance Committee will consider candidates recommended by stockholders.

Any stockholder wishing to recommend a director candidate for consideration by the Nominating and Corporate Governance Committee must provide written notice not later than November 7, 2013 to the Corporate Secretary at our principal executive offices located at 400 West Cesar Chavez, Austin, Texas 78701. Any such notice should clearly indicate that it is a recommendation of a director candidate by a stockholder and must set forth (i) the name, age, business address and residence address of the recommended candidate, (ii) the principal occupation or employment of such recommended candidate, (iii) the class and number of shares of the corporation which are beneficially owned by such recommended candidate, (iv) a description of all understandings or arrangements between the stockholder and the recommended candidate and any other person or persons pursuant to which the recommendations are to be made by the stockholder and (v) any other information relating to such recommended candidate that is required to be disclosed in solicitations of proxies for the election of directors.

In addition, such notice must contain (i) a representation that the stockholder is a holder of record of stock of the corporation entitled to vote at such meeting, (ii) the name and address, as they appear on the corporation's books, of the stockholder proposing such nomination, (iii) the class and number of shares of the corporation that are beneficially owned by such stockholder, (iv) any material interest of the stockholder in such recommendation and (v) 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, in such stockholder's capacity as proponent of a stockholder proposal. Assuming that a stockholder recommendation contains the information required above, the Nominating and Corporate Governance Committee will evaluate a candidate recommended by a stockholder by following substantially the same process, and applying substantially the same criteria, as for candidates identified through other sources.

Attendance at Annual Meetings

The Board of Directors encourages all directors to attend our annual meetings of stockholders if practicable. All of the directors in office at the time of the annual meeting of stockholders held on April 19, 2012 attended such meeting.

Stockholder Communications with the Board of Directors

The Board of Directors maintains a process for stockholders to communicate with the Board of Directors or with individual directors. Stockholders who wish to communicate with the Board of Directors or with individual directors should direct written correspondence to our Corporate Secretary at our principal executive offices located at 400 West Cesar Chavez, Austin, Texas 78701. Any such communication must contain (i) a representation that the stockholder is a holder of record of stock of the corporation, (ii) the name and address, as they appear on the corporation's books, of the stockholder sending such communication and (iii) the class and number of shares of the corporation that are beneficially owned by such stockholder. The Corporate Secretary will forward such communications to the Board of Directors or the specified individual director to whom the communication is directed unless such communication is deemed unduly hostile, threatening, illegal or similarly inappropriate, in which case the Corporate Secretary has the authority to discard the communication or to take appropriate legal action regarding such communication.

Code of Ethics

We have adopted a Code of Business Conduct and Ethics that applies to all officers, directors, employees and consultants. Our Code of Business Conduct and Ethics is located on our website under the "Investor Relations" page. Our website address is http://www.silabs.com.

Risk Management

Our Board of Directors oversees our management, which is responsible for the day-to-day issues of risk management. Such oversight is facilitated in large part by the Audit Committee, which receives reports from management, the internal audit team and the Company's independent registered public accounting firm. In addition, members of management (including the Chief Executive Officer, Chief Financial Officer and General Counsel) may also report directly to the Board of Directors on significant risk management issues.

Director Compensation and Indemnification Arrangements

Under the 2009 Stock Incentive Plan, on the date of each annual meeting of stockholders, the Board of Directors grants each continuing non-employee director an RSU award that shall vest on approximately the first anniversary of the date of grant at no cost covering a number of shares of the Company's common stock equal to $150,000 (or $225,000 for the Chairperson of the Board) divided by the fair market value of the Company's common stock as of the date of grant; provided that any former employee of the Company must have served as a non-employee director for at least six months in order to receive such award. As Chairman of the Board, Mr. Sooch received a grant of 5,396 RSUs on the date of the 2012 annual meeting of stockholders. Messrs. Cash, Enloe, Walker, Wood and Ms. Onken each received a grant of 3,597 RSUs on the date of the 2012 annual meeting of stockholders.

We pay our non-employee directors cash compensation consisting of (i) $25,000 per person per year, (ii) an additional $2,000 per regular meeting of the Board of Directors, (iii) an additional $20,000 per year for the Chairman of the Audit Committee, (iv) an additional $5,000 per year for each Audit Committee member (excluding the Chairman), (v) an additional $20,000 per year for the Chairman of the Compensation Committee, (vi) an additional $5,000 per year for the Chairman of the Nominating and Corporate Governance Committee, (vii) an additional $10,000 per year for the Lead Director and (viii) an additional $20,000 per year for the Chairman of the Board. Payments under the cash compensation plan are generally paid in equal quarterly installments on the last day of each fiscal quarter.

During fiscal 2012 Messrs. Bock, Cash, Enloe, Sooch, Walker and Wood and Ms. Onken were each paid the annual fee of $25,000 and a per meeting fee of $2,000 for each board meeting attended, pursuant to the cash compensation plan. Mr. Enloe was paid $20,000 for his service as Chairman of the Audit Committee. Messrs. Walker, Wood and Ms. Onken were each paid $5,000 for their services on the Audit Committee during the fiscal year. Further, Mr. Enloe received an additional $5,000 for his service as Chairman of the Nominating and Corporate Governance Committee, Mr. Walker received an additional $20,000 for his service as Chairman of the Compensation Committee, Mr. Wood received an additional $10,000 for his service as Lead Director and Mr. Sooch received an additional $20,000 for his service as Chairman of the Board.

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

In addition to the above compensation, we also reimburse non-employee directors for all reasonable out-of-pocket expenses incurred for attending board and committee meetings.

The following table provides summary information on compensation earned by each non-employee member of our Board of Directors in fiscal 2012.

DIRECTOR COMPENSATION TABLE FOR FISCAL 2012

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($) (1)	Total ($)
William G. Bock	35,000	-	35,000
Harvey B. Cash	35,000	149,995	184,995
R. Ted Enloe III	60,000	149,995	209,995
Kristen M. Onken	40,000	149,995	189,995
Navdeep S. Sooch	55,000	225,013	280,013
Laurence G. Walker	60,000	149,995	209,995
William P. Wood	50,000	149,995	199,995

(1) Amounts shown do not reflect compensation actually received by the director, but represent the grant date fair value as determined pursuant to Financial Accounting Standards Board Accounting Standards Codification Topic 718, Stock Compensation ("ASC Topic 718"). The assumptions underlying the calculation are discussed under Note 13, Stock-Based Compensation, of the Company's Form 10-K for the fiscal year ended December 29, 2012.

Recommendation of the Board of Directors

Our Board of Directors unanimously recommends that the stockholders vote FOR the election of the Nominees for Class III Directors as listed above.

PROPOSAL TWO: RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Our Audit Committee has appointed the firm of Ernst & Young LLP to serve as our independent registered public accounting firm for the fiscal year ending December 28, 2013. Ernst & Young LLP has audited our financial statements since our inception in 1996. A representative of Ernst & Young LLP is expected to be present at the

Annual Meeting, and will have an opportunity to make a statement if he or she so desires and will be available to respond to appropriate questions.

The following table presents fees for professional services rendered by Ernst & Young LLP for fiscal 2012 and 2011:

	2012 ($)	2011 ($)
Audit fees	1,121,000	940,500
Audit-related fees	4,000	4,000
Tax fees	-	40,865
All other fees	2,160	2,160
Total	1,127,160	987,525

Audit Fees. Audit fees relate to services rendered in connection with the audits of the annual consolidated financial statements and attestation of management's report on internal controls over financial reporting included in our Form 10-K, the quarterly reviews of financial statements included in our Form 10-Q filings, fees associated with SEC registration statements, assistance in responding to SEC comment letters, accounting consultations related to audit services and statutory audits required internationally.

Audit-Related Fees. Audit-related fees include services for assurance and other related services, such as consultations concerning financial accounting and reporting matters and due diligence related to mergers and acquisitions.

Tax Fees. Tax fees include services for tax compliance, research and technical tax advice.

All Other Fees. All other fees include the aggregate fees for products and services provided by Ernst & Young LLP that are not reported under "Audit Fees," "Audit-Related Fees" or "Tax Fees."

The Audit Committee is authorized by its charter to pre-approve all auditing and permitted non-audit services to be performed by our independent registered public accounting firm. The Audit Committee reviews and approves the independent registered public accounting firm's retention to perform attest services, including the associated fees. The Audit Committee also evaluates other known potential engagements of the independent registered public accounting firm, including the scope of the proposed work and the proposed fees, and approves or rejects each service, taking into account whether the services are permissible under applicable law and the possible impact of each non-audit service on the independent registered public accounting firm's independence from management. At subsequent meetings, the Committee will receive updates on the services actually provided by the independent registered public accounting firm, and management may present additional services for approval. The Committee has delegated to the Chairman of the Audit Committee the authority to evaluate and approve engagements on behalf of the Committee in the event that a need arises for pre-approval between Committee meetings. If the Chairman so approves any such engagements, he will report that approval to the full Audit Committee at its next meeting. During fiscal 2012, all such services were pre-approved in accordance with the procedures described above.

Our Audit Committee has reviewed the fees described above and believes that such fees are compatible with maintaining the independence of Ernst & Young LLP.

Stockholder ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm is not required by our bylaws or other applicable legal requirement. However, the appointment of Ernst & Young LLP is being submitted to the stockholders for ratification. If the stockholders fail to ratify the appointment, the Audit Committee will reconsider whether or not to retain the firm. Even if the appointment is ratified, the Audit Committee at its discretion may direct the appointment of a different independent registered public accounting firm at any time during the year if it determines that such a change would be appropriate.

Recommendation of the Board of Directors

Upon the recommendation of our Audit Committee, our Board of Directors unanimously recommends that the stockholders vote FOR the ratification of the appointment of Ernst & Young LLP to serve as our independent registered public accounting firm for the fiscal year ending December 28, 2013.

PROPOSAL THREE: ADVISORY VOTE ON EXECUTIVE COMPENSATION

The Dodd-Frank Wall Street Reform and Consumer Protection Act, enacted in July 2010, enables our stockholders to vote to approve, on an advisory (non-binding) basis, the compensation of our Named Executive Officers as disclosed in this Proxy Statement in accordance with the rules of the Securities and Exchange Commission.

This vote is advisory, and, therefore, not binding on the Company, the Compensation Committee, or our Board of Directors. However, our Board of Directors and our Compensation Committee value the opinions of our stockholders and to the extent there is any significant vote against the compensation of the Named Executive Officers as disclosed in this Proxy Statement, we will consider our stockholders' concerns and the Compensation Committee will evaluate whether any actions are necessary to address those concerns.

As described in detail under the heading "Executive Compensation – Compensation Discussion and Analysis," our executive compensation program is designed to attract, motivate, and retain the Named Executive Officers, who are critical to our success. Under this program, the Named Executive Officers are rewarded for the achievement of strategic and operational objectives and the realization of increased stockholder value. Please read the Compensation Discussion and Analysis and the accompanying compensation tables beginning on page 18 of this Proxy Statement for additional information about our executive compensation program, including information about the compensation of the Named Executive Officers in 2012.

The Compensation Committee regularly reviews our executive compensation program to ensure that it achieves the desired goal of aligning our executive compensation structure with the interests of our stockholders and current market practices.

We are asking our stockholders to indicate their support for the compensation of the Named Executive Officers as described in this Proxy Statement. This proposal, commonly known as a "Say-on-Pay" proposal, gives our stockholders the opportunity to express their views on the compensation of the Named Executive Officers. Please note that this vote is not intended to address any specific item of compensation, but rather the overall compensation of the Named Executive Officers and the philosophy, policies and practices described in this Proxy Statement.

We will ask our stockholders to vote "FOR" the following resolution at the Annual Meeting:

"RESOLVED, that the compensation paid to the Company's Named Executive Officers as disclosed in this Proxy Statement is hereby approved."

Recommendation of the Board of Directors

Our Board of Directors unanimously recommends that the stockholders vote FOR approval of the above resolution.

OTHER MATTERS

We know of no other matters that will be presented for consideration at the Annual Meeting. If any other matters properly come before the Annual Meeting, it is the intention of the persons named in the enclosed form of Proxy to vote the shares they represent as the Board of Directors may recommend. Discretionary authority with respect to such other matters is granted by the execution of the enclosed Proxy.

OWNERSHIP OF SECURITIES

The following table sets forth certain information known to us with respect to the beneficial ownership of our common stock as of January 31, 2013 by (i) all persons who were beneficial owners of five percent or more of our common stock, (ii) each director and nominee for director, (iii) the executive officers named in the Summary Compensation Table of the Executive Compensation section of this Proxy Statement and (iv) all then current directors and executive officers as a group. Unless otherwise indicated, each of the stockholders has sole voting and investment power with respect to the shares beneficially owned, subject to community property laws, where applicable.

Beneficial Owner(1)	Shares Beneficially Owned	Percentage of Shares Beneficially Owned(2)	
G. Tyson Tuttle (3)	92,025	*	
Paul V. Walsh, Jr. (4)	36,749	*	
David P. Bresemann (5)	74,338	*	
Kurt W. Hoff (6)	101,828	*	
Jonathan D. Ivester (7)	104,350	*	
Navdeep S. Sooch (8)	1,117,292	2.64	%
William G. Bock (9)	234,910	*	
Harvey B. Cash (10)	217,142	*	
R. Ted Enloe III (11)	50,000	*	
Kristen M. Onken (12)	50,845	*	
Laurence G. Walker (13)	62,031	*	
William P. Wood (14)	86,845	*	
David R. Welland	1,857,131	4.42	%
Entities deemed to be affiliated with Franklin Resources, Inc. (15)	2,105,052	5.01	%
Entities deemed to be affiliated with FMR LLC (16)	5,527,880	13.16	%
Entities deemed to be affiliated with T. Rowe Price Associates, Inc. (17)	5,815,050	13.84	%
Entities deemed to be affiliated with the Vanguard Group (18)	2,163,107	5.15	%

Entities deemed to be affiliated with William Blair & Company, LLC (19)	2,142,114	5.10	%
All directors and executive officers as a group (13 persons) (20)	4,082,486	9.49	%
Total Beneficial Ownership	21,835,689	50.76	%

* Represents beneficial ownership of less than one percent.

(1) Unless otherwise indicated in the footnotes, the address for the beneficial owners named above is 400 West Cesar Chavez, Austin, Texas 78701.

(2) Percentage of ownership is based on 42,019,962 shares of common stock outstanding on January 31, 2013. Shares of common stock subject to stock options which are currently exercisable or will become exercisable within 60 days after January 31, 2013 and shares of common stock subject to restricted stock units which are or will become vested within 60 days after January 31, 2013 are deemed outstanding for computing the percentage for the person or group holding such options and/or restricted stock units, but are not deemed outstanding for computing the percentage for any other person or group.

(3) Includes 24,511 shares issuable upon exercise of stock options and 14,339 shares issuable upon the release of vested restricted stock units.

(4) Includes 20,146 shares issuable upon exercise of stock options and 6,028 shares issuable upon the release of vested restricted stock units.

(5) Includes 28,764 shares issuable upon exercise of stock options and 12,881 shares issuable upon the release of vested restricted stock units.

(6) Includes 87,500 shares issuable upon exercise of stock options and 13,175 shares issuable upon the release of vested restricted stock units.

(7) Includes 1,700 shares held in family trusts, 33,497 shares issuable upon exercise of stock options, and 9,668 shares issuable upon the release of vested restricted stock units. Mr. Ivester shares voting and investment power with respect to the 1,700 shares held in the family trusts.

(8) Includes 277,167 shares issuable upon exercise of stock options.

(9) Includes 196,250 shares issuable upon exercise of stock options and 21,162 shares issuable upon the release of vested restricted stock units.

(10) Includes 90,776 shares held in a family trust, 55,000 shares issuable upon exercise of stock options, and 70,645 shares pledged to a financial institution to secure certain personal obligations of Mr. Cash. Mr. Cash has sole voting and investment power of the 90,776 shares held in the family trust.

(11) Includes 50,000 shares issuable upon exercise of stock options.

(12) Includes 40,000 shares issuable upon exercise of stock options.

(13) Includes 8,253 shares held in a family trust and 53,750 shares issuable upon exercise of stock options. Mr. Walker has sole voting and investment power with respect to the 8,253 shares held in the family trust.

(14) Includes 55,000 shares issuable upon exercise of stock options.

(15) Pursuant to a Schedule 13G dated February 12, 2013 filed with the SEC, Franklin Resources, Inc. reported that as of December 31, 2012 it and certain related entities had sole voting and dispositive power over 2,042,452 shares and that its address is One Franklin Parkway, San Mateo, California 94403.

(16)

Pursuant to a Schedule 13G/A dated February 14, 2013 filed with the SEC, FMR LLC reported that as of December 31, 2012 it and certain related entities did not have sole voting power over any shares and had sole dispositive power over 5,527,880 shares and that its address is 82 Devonshire Street, Boston, Massachusetts 02109.

(17) Pursuant to a Schedule 13G/A dated February 6, 2013 filed with the SEC, T. Rowe Price Associates, Inc. reported that as of December 31, 2012 it had sole voting power over 1,277,200 shares and sole dispositive power over 5,815,050 shares and that its address is 100 East Pratt Street, Baltimore, Maryland 21202.

(18) Pursuant to a Schedule 13G dated February 11, 2013 filed with the SEC, The Vanguard Group reported that as of December 31, 2012 it and certain related entities had sole voting power over 30,245 shares and sole dispositive power over 2,163,107 shares and that its address is 100 Vanguard Boulevard, Malvern, Pennsylvania 19355.

(19) Pursuant to a Schedule 13G/A dated February 4, 2013 filed with the SEC, William Blair & Company, L.L.C. reported that as of December 31, 2012 it and certain related entities had sole voting and dispositive power over 2,142,114 shares and that its address is 222 West Adams, Chicago, Illinois 60606.

(20) Includes an aggregate of 921,585 shares issuable upon exercise of stock options and an aggregate of 77,253 shares issuable upon the release of vested restricted stock units.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Certain Relationships and Related Transactions

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 the members of our Board of Directors for breaches by the directors of their fiduciary duties.

Policies and Procedures with Respect to Related Party Transactions

Our Audit Committee Charter requires that the members of our Audit Committee, all of whom are independent directors, review and approve all related party transactions as described in Item 404 of Regulation S-K promulgated by the SEC. We have also adopted a written policy regarding the approval of all related party transactions. Under such policy, each of our directors and executive officers must notify the Corporate Secretary (who, in turn, will provide such information to the Audit Committee) of any proposed related party transactions. To assist with the identification of potential related party transactions, we solicit information through questionnaires in connection with the appointment of new directors and executive officers and on an annual basis with respect to existing directors and executive officers. The Chairman of the Audit Committee is delegated the authority to approve or ratify any related party transactions in which the aggregate amount involved is expected to be less than $1 million per year. All other proposed related party transactions are subject to approval or ratification by the Audit Committee except for certain categories of transactions that are deemed to be pre-approved by the Audit Committee. In determining whether to approve or ratify a related party transaction, the Audit Committee and the Chairman, if applicable, will take into account, among other factors deemed appropriate, whether the related party transaction is on terms no more favorable to the counterparty than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the related party's interest in the transaction.

Our Code of Business Conduct and Ethics requires our executive officers and directors to disclose any conflicts of interest, including any material transaction or relationship involving a potential conflict of interest. No executive officer may work, including as a consultant or a board member, simultaneously for us and any competitor, customer, supplier or business partner without the prior written approval of our Chief Financial Officer or legal department. Furthermore, executive officers are encouraged to avoid any direct or indirect business connections with our competitors, customers, suppliers or business partners.

Pursuant to our Corporate Governance Policy, we expect each of our directors to ensure that other existing and future commitments do not conflict with or materially interfere with their service as a director. Directors are expected to avoid any action, position or interest that conflicts with our interests, or gives the appearance of a conflict. In addition, directors should inform the Chairman of our Nominating and Corporate Governance Committee prior to joining the board of another public company to ensure that any potential conflicts, excessive time demands or other issues are carefully considered.

Director Independence

See the subsection entitled "Board Committees and Meetings" in the section of this Proxy Statement entitled "Proposal One: Election of Directors."

AUDIT COMMITTEE REPORT

The following is the report of the Audit Committee with respect to the audit of the fiscal 2012 audited consolidated financial statements of Silicon Laboratories Inc. (the “Company”):

Management is responsible for the Company’s internal controls and the financial reporting process. The independent registered public accounting firm is responsible for performing an independent audit of the Company’s consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) and for issuing a report thereon. Additionally, the independent registered public accounting firm is responsible for performing an independent audit of the Company’s internal controls over financial reporting and for issuing a report thereon. The Committee’s responsibility is to monitor and oversee these processes.

In this context, the Committee has met and held discussions with management and the independent registered public accounting firm. Management represented to the Committee that the Company’s consolidated financial statements in the Annual Report were prepared in accordance with accounting principles generally accepted in the United States, and the Committee has reviewed and discussed the consolidated financial statements in the Annual Report with management and the independent registered public accounting firm. The Committee has discussed with the independent registered public accounting firm, Ernst & Young LLP, the matters required to be discussed by Statement on Auditing Standards No. 61, Communication with Audit Committees, as amended (AICPA Professional Standards, Vol. 1. AU Section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T.

The Company’s independent registered public accounting firm also provided to the Committee the written disclosures required by applicable requirements for the Public Company Accounting Oversight Board regarding the independent accountant’s communications with the Audit Committee concerning independence. The Audit Committee reviewed non-audit services provided by its independent registered public accounting firm for the last fiscal year, and determined that those services are not incompatible with maintaining the independent registered public accounting firm’s independence.

Based upon the Committee’s discussion with management and the independent registered public accounting firm and the Committee’s review of the representation of management and the reports of the independent registered public accounting firm to the Committee, the Committee recommended that the Board of Directors include the audited consolidated financial statements in the Company’s Annual Report on Form 10-K for the fiscal year ended December 29, 2012 filed with the Securities and Exchange Commission.

Submitted by the Audit Committee of the Board of Directors:

R. Ted Enloe III (Chairman)
Kristen M. Onken
Laurence G. Walker
William P. Wood

EXECUTIVE COMPENSATION

Executive Officers and Directors

Set forth below is information regarding the executive officers and directors of Silicon Laboratories as of January 31, 2013.

Name	Age	Position
Navdeep S. Sooch	50	Chairman of the Board
G. Tyson Tuttle	45	Chief Executive Officer, President and Director
Paul V. Walsh, Jr.	48	Former Chief Financial Officer and Senior Vice President
David P. Bresemann	47	Chief Product Officer and Senior Vice President
Kurt W. Hoff	55	Senior Vice President of Worldwide Sales and Segment Marketing
Jonathan D. Ivester	57	Senior Vice President of Worldwide Operations
David R. Welland	57	Vice President and Director
William G. Bock	62	Interim Chief Financial Officer, Senior Vice President and Director
Harvey B. Cash	74	Director
R. Ted Enloe III	74	Director
Kristen M. Onken	63	Director
Laurence G. Walker	64	Director
William P. Wood	57	Director

G. Tyson Tuttle has served as a director and as President and Chief Executive Officer of Silicon Laboratories since April 2012. Mr. Tuttle previously served Silicon Laboratories as Chief Operating Officer and Senior Vice President from May 2011 until April 2012, Chief Technical Officer from January 2010 to May 2011 and Vice President and General Manager of Broadcast products including the audio and video product families from May 2005 to December 2009. Mr. Tuttle joined Silicon Laboratories in 1997 as a senior design engineer. From 1999 to 2005, Mr. Tuttle served in a variety of product management, marketing and business leadership positions. Previously, Mr. Tuttle held senior design engineering positions at Crystal Semiconductor/Cirrus Logic and Broadcom Corporation where he focused on high-speed mixed-signal circuit design for hard disk drive read channel and Ethernet applications. Mr. Tuttle holds an M.S. in Electrical Engineering from UCLA and a B.S. in Electrical Engineering from Johns Hopkins University.

Paul V. Walsh, Jr. served as Chief Financial Officer of Silicon Laboratories from July 2011 until his resignation on February 22, 2013. Mr. Walsh previously served as Vice President of Finance and Chief Accounting Officer from November 2006 to July 2011. Mr. Walsh previously served as Corporate Controller from March 2005. From January 2009 through September 2010, Mr. Walsh served on the Board of Directors of Rio Holdings, Inc. (previously Grande Communications, Inc.), a provider of cable, Internet and phone services, where he also served as the Chairman of the Audit Committee and as a member of the Finance Committee. Prior to joining Silicon Laboratories, Mr. Walsh was Site Controller from February 2003 to January 2004 with PerkinElmer, a supplier to the health sciences and photonics markets. From 1992 to 2003, Mr. Walsh held various operational, finance and management roles at Analog Devices and Teradyne, in the Boston area. Mr. Walsh received his B.S. in Mechanical Engineering from the University of Maine, and an M.B.A from Boston University.

David P. Bresemann	has served as Chief Product Officer of Silicon Laboratories since November 2012. Mr. Bresemann was promoted to Senior Vice President in April 2012. Mr. Bresemann served as Vice President and General Manager of Broadcast products from 2010 to 2012. From 2002 to 2009, Mr. Bresemann served as Vice President and General Manager of Wireline products. Mr. Bresemann joined Silicon Laboratories in 1998 as the Director of Marketing and helped craft the company's marketing strategy for its first Wireline products. Prior to joining Silicon Laboratories, Mr. Bresemann served as the Director of

Marketing for Consumer and Professional Audio Products at Crystal Semiconductor/Cirrus Logic from 1992 to 1998. From 1988 to 1992, Mr. Bresemann held various sales positions for Analog Devices. Mr. Bresemann holds a B.S. in electrical engineering from the University of Arizona.

Kurt W. Hoff	has served as the senior Vice President of Worldwide Sales for Silicon Laboratories since July 2007 and Senior Vice President of Worldwide Sales and Segment Marketing since November 2012. From 2005 until July 2007, he managed the company's European sales and operations. Prior to joining Silicon Laboratories in 2005, Mr. Hoff served as president, Chief Executive Officer and director of Cognio. Mr. Hoff also managed the operations and sales of C-Port Corporation, a network processor company acquired by Motorola in May 2000. Additionally, Mr. Hoff spent 10 years in various sales positions at AMD. Mr. Hoff holds a B.S. in Physics from the University of Illinois and an M.B.A. from the University of Chicago.
Jonathan D. Ivester	has served as Senior Vice President of Worldwide Operations since June 2008. He served as Vice President of Worldwide Operations since May 2005. He joined Silicon Laboratories in September 1997 as Vice President. Previously, Mr. Ivester was with Applied Materials, a supplier of equipment and services to the semiconductor industry, and served as Director of Manufacturing and Director of U.S. Procurement in addition to various engineering and manufacturing management positions. Mr. Ivester also was a scientist at Bechtel Corporation, an engineering and construction company, and at Abcor, Inc., an ultrafiltration company and subsidiary of Koch Industries. Mr. Ivester holds a B.S. in Chemistry from the Massachusetts Institute of Technology and an M.B.A. from Stanford University.
David R. Welland	co-founded Silicon Laboratories in August 1996, has served as a Vice President and director since our inception and was appointed Fellow in March 2004. From November 1991 until founding Silicon Laboratories, Mr. Welland held various positions at Crystal Semiconductor/Cirrus Logic, a designer and manufacturer of integrated circuits, including Senior Design Engineer. Mr. Welland holds a B.S. in Electrical Engineering from the Massachusetts Institute of Technology. Mr. Welland's years of experience as a semiconductor designer provide him with extensive insight into our operations and qualifies him to serve as a member of our Board of Directors.

For information on our directors, see Proposal One.

COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis provides information regarding the 2012 compensation program for our principal executive officer, principal financial officer, and three executive officers (other than the principal executive officer and principal financial officers) at year-end who were the most highly compensated executive officers of the Company, and our former principal executive officer and one other former executive officer. For 2012, these individuals were:

G. Tyson Tuttle, our President and Chief Executive Officer (our "CEO"). He previously served as our Senior Vice President and Chief Operating Officer (our "COO") from the beginning of the fiscal year through April 18, 2012.

Paul V. Walsh, Jr., our Senior Vice President and Chief Financial Officer (our "CFO"). Mr. Walsh subsequently resigned on February 22, 2013.

David P. Bresemann, our Senior Vice President and Chief Product Officer. He previously served as our Vice President and General Manager, Broadcast Products, from the beginning of the fiscal year through April 26, 2012, and as Senior Vice President, Vertical, from April 27, 2012 to November 26, 2012.

Kurt W. Hoff, our Senior Vice President of Worldwide Sales and Segment Marketing.

Jonathan D. Ivester, our Senior Vice President of Worldwide Operations.

Necip Sayiner, our former Chief Executive Officer (our "Former CEO"), whose service as an executive officer terminated on April 18, 2012.

Mark A. Downing, our former Senior Vice President, Broad-based Markets, whose service as an executive officer terminated on November 27, 2012.

We refer to these executive officers and former executive officers collectively in this Proxy Statement as the "Named Executive Officers."

This Compensation Discussion and Analysis describes the material elements of our compensation program for the Named Executive Officers during 2012 as administered by the Compensation Committee of our Board of Directors (the "Compensation Committee"). It also provides an overview of our executive compensation philosophy, including our principal compensation policies and practices, with respect to Named Executive Officers. Finally, it explains how and why the Compensation Committee arrived at the specific compensation decisions for our Named Executive Officers in 2012, and discusses the key factors that the Compensation Committee considered in determining their compensation.

2012 Business Results

In 2012, Silicon Laboratories outperformed the industry, achieving record revenue and growing by nearly 15 percent. The company gross margin showed improvement through the year. Continued R&D investment in a vibrant new product pipeline was offset somewhat by expense controls in selling, general and administrative expenses, enabling earnings expansion.

Silicon Laboratories was founded on principles of conservative financial management, and has shown impressive operating performance through semiconductor industry cycles. As a result, the Company has had positive cash flow from operations for nearly every quarter since it went public in 2000. Strong cash generation enabled the company to fund the acquisition of a compelling new business in ZigBee® as well as repurchase approximately $62 million in shares during 2012. The company ended the year with nearly $300 million in cash, cash equivalents and investments.

2012 Highlights:

We increased design wins to record levels, with total wins improving by 30 percent in absolute terms.

We maintained our number one market share for our video technology among TV makers while increasing our market share.

We exited a non-strategic business in touch controllers for smart phones and focused those resources on our Broad-based products, which represented nearly half of the company revenue exiting the year.

We acquired a late stage private company with 32-bit ZigBee MCUs that augments our portfolio of products targeting the Internet of Things, which we believe is one of the most significant mixed-signal opportunities of this decade.

Significant Executive Compensation Actions

Our Compensation Committee, which consists entirely of independent directors, sets the compensation of our Named Executive Officers. For 2012, the Compensation Committee took the following actions with respect to the compensation of our Named Executive Officers:

- did not raise salaries and instead emphasized performance-based compensation;
- approved cash incentive award targets tied to our 2012 financial performance (such awards to our continuing Named Executive Officers ultimately paid out at 102.8% of the targeted amounts due to strong performance);

approved long-term incentive compensation, in the form of a combination of restricted stock unit and market stock unit awards in February 2012 to further align the incentives of the executives and stockholders, retain key employees, and reward performance; and

approved the separation arrangements with our Former CEO.

Significant Corporate Governance Standards

We have endeavored to maintain high standards in our executive compensation and governance practices. The following policies remained in effect in 2012:

We do not provide excise tax gross-ups in the event of a change in control.

All change in control agreements contain double trigger (rather than single trigger) change in control provisions.

We have stock ownership guidelines for our CEO that require the holding of shares of our common stock with a value equal to a multiple of three times his base salary (following a phase-in period).

We have stock ownership requirements for our Board of Directors to require the holding of shares of our common stock with a value equal to three times their annual cash retainer (following a phase-in period).

We do not provide significant perquisites or other personal benefits to our executive officers. Other than an annual physical examination paid for by the Company, our executive officers participate in broad-based company-sponsored health and welfare benefits programs on the same basis as our other salaried employees.

We have operated with the roles of Chairman of the Board and Chief Executive Officer separated for several years.

We do not offer pension arrangements, retirement plans, or nonqualified deferred compensation plans or arrangements to our executive officers, other than the 401(k) plan offered to our other salaried employees.

The compensation consultant engaged by the Compensation Committee does not provide any other services to the Company.

We conduct an annual review of our compensation programs for executive officers and other employees to assess the level of risk associated with those programs and the effectiveness of our policies and practices for monitoring and managing these risks.

We have also adopted a recoupment (or clawback) policy to provide for recovery of incentive compensation from any executive officer whose fraud or willful misconduct results in a restatement of our financial results.

Compensation Philosophy

Our executive compensation program supports our short-term and long-term strategic and operational goals and values and is intended to attract, motivate, and retain talented individuals to serve as our executive officers. The Compensation Committee designs the various components of our executive compensation program to support our culture and efforts to remain a growth company with strong profitability.

Compensation-Setting Process

Role of Compensation Committee. The Compensation Committee is responsible for administering our executive compensation program, as well as determining and approving the compensation for our Named Executive Officers. The Compensation Committee regularly reports to our Board of Directors on its deliberations and actions.

The Compensation Committee uses a balanced approach to set the compensation of our executive officers, with each primary direct component of compensation (base salary, annual cash incentive awards, and long-term incentive compensation) designed to play a specific role in achieving this objective. The Compensation Committee determines the compensation of each executive officer with respect to each compensation component based, in part, on its own analysis of competitive market data and the recommendations of our CEO, both as described below.

The Compensation Committee exercises its own judgment in making its compensation decisions and may accept or reject our CEO's recommendations. In addition, the Compensation Committee receives input from its compensation consultant and meets in executive session (without our CEO present) prior to making its final determinations regarding compensation.

Differences in compensation among our executive officers are the result of the Compensation Committee's exercise of its judgment, following its review of our CEO's recommendations, its analysis of competitive market data and its consideration of overall Company performance, competitive pressures, business conditions, the value of current equity holdings and the potential financial impact of its compensation decisions. The key factors in the variance in compensation levels among our executive officers are differences in the competitive market data for each position and differences in each executive officer's individual performance.

In determining the compensation of our CEO, the Compensation Committee consults with the other independent members of our Board of Directors, assesses our CEO's individual performance, and considers competitive market data and the other factors described above.

The Committee did not establish a specific target percentile for the target compensation of our Named Executive Officers. The various factors described above provide the framework for compensation decision-making and final decisions regarding the compensation opportunity for each Named Executive Officer. No single factor was determinative in setting pay levels, nor was the impact of any factor on the determination of pay levels quantifiable.

The Committee also noted that our stockholders approved our executive compensation practices pursuant to the advisory vote at our 2012 annual stockholders meeting, and the Committee believes that our compensation practices are at least as favorable to the Company as those that were previously approved.

Role of Management. In carrying out its responsibilities, the Compensation Committee works with members of our management, including our CEO. Typically, our management assists the Compensation Committee by providing information on Company performance and its perspective on compensation matters. Our CEO generally attends Compensation Committee meetings (except with respect to discussions involving his own compensation).

Typically, our CEO formulates recommendations for the Compensation Committee with respect to the compensation of our executive officers (except with respect to his own compensation) based on a review of the competitive market data developed by the Compensation Consultant, his performance evaluation of each executive officer and other considerations, including competitive pressures, business conditions, the value of current equity holdings, each individual's tenure, compensation history, prior experience, distinctive value to the Company, variances in job responsibilities relative to similarly titled executives at other companies, the appropriate mix of compensation components, the Company's overall performance and the potential financial impact (including dilution and compensation cost) associated with their compensation. Our CEO does not use a specific formula to weight these various factors.

Our CEO conducts this assessment with the assistance of our Human Resources department. Our CEO then makes formal recommendations to the Compensation Committee regarding adjustments to base salary, annual cash incentive award opportunities and equity awards for our executives (except with respect to his own compensation). Our CEO also recommends performance measures and related target levels for annual cash incentive awards and equity awards (except with respect to his own compensation).

While the Compensation Committee solicits and reviews our CEO's recommendations and proposals with respect to compensation-related matters, the Compensation Committee only uses these recommendations and proposals as one factor in making its own compensation decisions for our executive officers.

Role of Compensation Consultant. The Compensation Committee is authorized to retain the services of compensation consultants and other advisors from time to time, as it sees fit, in connection with the administration of our executive compensation programs.

The Compensation Committee retained Compensia, Inc., a national compensation consulting firm providing executive compensation advisory services ("Compensia"), to provide competitive market data and analysis regarding material elements of compensation, including base salary, cash incentives and equity incentives. Compensia served at the discretion of the Compensation Committee. Compensia did not provide any other services to the Company in 2012.

With the approval of the Compensation Committee, Compensia also provides our CEO and our Vice President of Human Resources with market data regarding compensation for our executive officers so that our CEO's compensation recommendations to the Compensation Committee are consistent with our compensation philosophy.

Competitive Positioning. The Compensation Committee believes it is in the best interests of our stockholders to ensure that our executive compensation is competitive with that of other companies of similar size and complexity. At the end of 2011, the Compensation Committee directed Compensia to use data gathered from the 2011 Radford Executive Compensation Survey and publicly-available information from the following companies to identify and analyze the competitive market for executive compensation:

Cirrus Logic	NetLogic Microsystems
Cypress Semiconductor Corporation	PMC-Sierra Inc.
Integrated Device Technology, Inc.	Power Integrations Inc.
Intersil Corporation	RF Micro Devices, Inc.
Linear Technology Corporation	Semtech Corporation
Microchip Technology Inc.	Skyworks Solutions, Inc.
Microsemi Corporation	Standard Microsystems Corporation

Compensation Elements

The primary direct components of our executive compensation program are base salary, annual cash incentive awards and equity awards. The Compensation Committee does not use a prescribed formula for allocating compensation between annual and long-term compensation, between cash and non-cash compensation, or among different forms of non-cash compensation.

Base Salary. For 2012, the Compensation Committee decided that no increases would be made to base salaries (other than in connection with promotions). The 2012 base salaries are set forth in the following table:

Named Executive Officer	2012 Base Salary ($) (1)
G. Tyson Tuttle (2)	450,000
Paul V. Walsh, Jr.	300,000
David P. Bresemann	290,000
Kurt W. Hoff	295,000
Jonathan D. Ivester	295,000
Mark A. Downing (3)	283,550
Necip Sayiner	600,000

(1) The actual base salaries paid to the Named Executive Officers during 2012 are set forth in the Summary Compensation Table below.

(2) On April 19, 2012, G. Tyson Tuttle was promoted from Chief Operating Officer to Chief Executive Officer. As a result of this promotion, his annual salary was increased from $380,000 to $450,000.

(3) On April 27, 2012, Mark A. Downing was promoted to Senior Vice President, Broad-based Markets. As a result of this promotion, his annual salary was increased from $265,000 to $283,550.

Annual Cash Incentive Awards. Each year, the Compensation Committee adopts a bonus plan (the "Bonus Plan") to reward exceptional performance and align the financial incentives of our Named Executive Officers with our short-term operating plan and long-term strategic objectives and the interests of our stockholders. The Compensation Committee approves the design, structure, and performance objectives, as well as each objective's relative weighting, under the Bonus Plan. The Compensation Committee designs the Bonus Plan to pay each executive officer up to 150% of his target annual cash incentive award opportunity for outstanding performance. Consistent with our "pay-for-performance" philosophy, however, no payment is guaranteed if an executive officer fails to meet the minimum established performance objectives for his award opportunity under the Bonus Plan. In 2012, the Compensation Committee established a target annual cash incentive award opportunity under the Bonus Plan for each of our Named Executive Officers (other than our Former CEO) as a specified percentage of his or her base salary.

Corporate Performance Measures. Typically, the Compensation Committee establishes one or more corporate financial metrics tied to our annual operating plan as the principal measures for determining each executive officer's annual cash incentive award. For 2012, consistent with our business strategy, the Compensation Committee established adjusted diluted earnings per share, adjusted revenue and adjusted gross margin as a percentage of adjusted revenue as the principal corporate financial metrics. For this purpose, "adjusted diluted earnings per share," "adjusted revenue" and "adjusted gross margin" mean diluted earnings per share, revenue and gross margin (as a percentage of adjusted revenue) as determined under generally accepted accounting principles modified for acquisition-related items, headquarters purchase items, excluded tax benefits, and termination costs and impairments. These adjustment items are excluded because they are out of the ordinary course of business and are not included in our annual operating plan. For purposes of cash incentive awards, the Compensation Committee reserves the authority to determine whether to exclude any item when making adjustments from the corresponding GAAP metric. To reflect their functional roles and responsibilities and in addition to their MBOs discussed below, the Compensation Committee established corporate financial metrics as set forth in the table below for the purpose of determining the annual cash incentive awards for the Named Executive Officers. With respect to each of these corporate financial metrics, the percentage payout was to be determined using a sliding scale based on actual performance, with no minimum payout and a maximum payout of 150% of the portion of the executive's target annual cash incentive award opportunity based on corporate metrics for above-target performance.

Individual Performance Measures. To achieve our compensation objective of rewarding individual performance, our CEO, as authorized by the Compensation Committee, established individual performance objectives ("MBOs") for certain of our Named Executive Officers. These performance objectives varied among these individuals according to the functional role and responsibility of each Named Executive Officer. For 2012, these MBOs for our continuing Named Executive Officers were as follows:

Mr. Tuttle – MBOs for Mr. Tuttle in his capacity as Chief Operating Officer included the following categories: revenue growth, strategy and new product initiatives, execution and productivity goals and organizational development.

Mr. Bresemann – MBOs for our Chief Product Officer included the following categories: product line development, strategy and new product initiatives, execution and productivity goals and organizational development.

Mr. Hoff – MBOs for our Senior Vice President of Worldwide Sales and Segment Marketing included the following categories: managing sales expenses, revenue forecast accuracy, business expansion, organizational development, product line specific goals and channel management goals.

Mr. Ivester – MBOs for our Senior Vice President of Worldwide Operations included the following categories: cost reduction projects, supply chain management, quality and customer satisfaction, new product introductions, process improvements, and organizational development.

For 2012, the target annual cash incentive award opportunities, corporate financial metrics, and the relative weighting between corporate and individual performance objectives in their capacities as Named Executive Officers were as follows:

Named Executive Officer	Target Annual Cash Incentive Award Opportunity (as a Percentage of Base Salary) (%)	Performance Metrics	Weighting %
G. Tyson Tuttle as COO (Through March 31, 2012)	100	Adjusted Diluted EPS	60
		MBOs	40
G. Tyson Tuttle as CEO (Beginning April 1, 2012)	125	Adjusted Diluted EPS	100
Paul V. Walsh	75	Adjusted Diluted EPS	100
David P. Bresemann (Beginning April 1, 2012)	75	Adjusted Revenue	20
		Adjusted Gross Margin	20
		Adjusted Diluted EPS	20
		MBOs	40
Kurt W. Hoff	75	Adjusted Revenue	30
		Adjusted Gross Margin	30
		MBOs	40
Jonathan D. Ivester	75	Adjusted Revenue	30
		Adjusted Gross Margin	30
		MBOs	40
Necip Sayiner (Through March 31, 2012)	110	Adjusted Diluted EPS	100
Mark A. Downing (Beginning April 1, 2012)	75	Adjusted Revenue	20
		Adjusted Gross Margin	20
		Adjusted Diluted EPS	20
		MBOs	40

Award Decisions and Analysis. To ensure a direct correlation between our short-term performance and our actual business results, the Compensation Committee makes quarterly and annual payments to our Named Executive Officers under the Bonus Plan. Each fiscal quarter, bonus payments are made to the extent we have achieved our pre-established corporate financial metrics. In addition, the Compensation Committee (based primarily on the CEO's recommendation) typically determines the level of achievement of the applicable MBOs at the conclusion of the fiscal year and the associated payments under the Bonus Plan are made shortly after the end of the fiscal year.

Our Board of Directors and the Compensation Committee may exercise discretion either to make payments absent attainment of the relevant performance metric target levels or to reduce or increase the size of any award payment. Neither the Board of Directors nor the Compensation Committee exercised such discretion in 2012.

For each of the Named Executive Officers, the portion of his target annual cash incentive award opportunity that was attributable to these corporate financial metrics was allocated over the four fiscal quarters of 2012 in proportion to the amount of revenue that we estimated we would generate in each such quarter as reflected in our 2012 annual operating plan approved by our Board of Directors. Our Board of Directors established quarterly target levels with respect to the annual operating plan for each of the corporate financial metrics. We set these target levels to be challenging, but achievable. As evidence of the challenging nature of our performance targets, our executive officers received aggregate annual cash incentive awards that were less than their target award opportunity in two out of the last five years.

Appendix I provides a reconciliation of GAAP and non-GAAP financial measures and shows the corporate financial metric targets and actual performance against those targets for 2012.

The resulting payments to the continuing Named Executive Officers were as follows:

Named Executive Officer	Target Bonus as a Percent of Base Salary (%)	Actual Bonus as a Percent of Base Salary (%)
G. Tyson Tuttle (Through March 31, 2012)	100	111
G. Tyson Tuttle (Beginning April 1, 2012)	125	139
Paul V. Walsh, Jr.	75	87
David P. Bresemann	75	75
Kurt W. Hoff	75	67
Jonathan D. Ivester	75	67

The cash incentive awards paid to the Named Executive Officers during 2012 are set forth in the Summary Compensation Table below.

Long-Term Incentive Compensation. The Compensation Committee uses long-term incentive compensation, typically in the form of equity awards, for our Named Executive Officers, to retain talent, to align their interests with the interests of our stockholders and to provide incentives that we believe encourage behaviors that will maximize stockholder value. For 2012, the Compensation Committee approved the use of a mix of market stock units (“MSUs”) and restricted stock units (“RSUs”), rather than simply using RSUs as the Compensation Committee had done in prior years.

MSU Awards. The MSUs awarded in 2012 will compare our total stockholder return (“TSR”) over a three-year performance period (commencing at the beginning of our fiscal 2012 and ending at the end of our fiscal 2014) against an established technology sector index (the Philadelphia Semiconductor Sectur Total Return Index) and provide payments based on our performance over such period using a scaled measurement. Where our TSR is equal to the index results, payments are equal to the targeted units. Where our TSR is either greater or lower than the index results, payment is scaled 2.5 to 1. For example, in the event of performance of 10 points better than the index, participants will receive 125% of the target number of MSUs. This 2.5 to 1 scale was designed to provide for a range of payment outcomes to incentive performance. The Compensation Committee believes that the use of MSUs will further promote the achievement of our long-term strategic and operational objectives by strengthening the link to stockholder value creation.

RSU Awards. The RSUs awarded in 2012 provide a retention incentive and align the interests of our executive officers with those of our stockholders. These RSUs generally vest as to all of the underlying shares of common stock on the third anniversary of the date of grant.

The following RSU and MSU awards were made to the Named Executive Officers on February 29, 2012:

Named Executive Officer	RSU Awards Number of Shares (#)	RSU Awards Grant Date Value ($)	MSU Awards Nominal Number of Shares (#)	MSU Awards Grant Date Value ($)
G. Tyson Tuttle	6,958	311,718	6,800	418,472
Paul V. Walsh, Jr.	6,060	271,487	7,700	473,858
David P. Bresemann	5,836	261,452	6,500	400,010
Kurt W. Hoff	5,387	241,337	6,000	369,240
Jonathan D. Ivester	5,387	241,337	3,900	240,006
Mark A. Downing	3,592	160,921	2,900	178,466

The following additional awards were granted:

Mr. Tuttle also received a grant of 59,953 MSUs with a grant date fair value of $2,823,187 with a performance period beginning on the grant date and ending on the third anniversary of the grant date in connection with his promotion to Chief Executive Officer and President.

Mr. Downing also received a grant of 2,998 RSUs with a grant date fair value of $125,016 and a grant of 2,998 MSUs with a grant date fair value of $141,176 with a performance period beginning on the grant date and ending on the third anniversary of the grant date in connection with his promotion to Senior Vice President Broad Based.

In connection with his separation agreement, awards granted to Mr. Sayiner in previous years were modified. The incremental fair value of these modified awards was $1,931,915.

Post-Employment Compensation

Generally, the equity awards granted under the Company's 2009 Stock Incentive Plan provide for accelerated vesting of any unvested shares in the event that such equity awards are not assumed or replaced by the acquiring entity in connection with a change in control of the Company or the executive officer is demoted, relocated, or terminated other than for misconduct within 18 months following the change in control transaction. We have provided for this treatment based on our belief that such treatment ensures that the executive officers remain focused on their responsibilities in the event of a potential transaction that will result in a significant benefit to our stockholders. The terms and conditions of these acceleration provisions are provided at a level that the Compensation Committee believes to be comparable to those of companies of similar size in our industry sector.

In connection with the commencement of his employment, our Former CEO entered into a written employment agreement with the Company. His employment agreement provided certain severance payments and benefits upon a termination of employment under certain circumstances, including in connection with the termination of the Former CEO's employment by the Company without cause, termination by the Former CEO for good reason, or upon a change in control of the Company. The purpose of these arrangements was to:

- foster retention by providing a sufficient economic incentive to remain with the Company through a change in control and in support of an acquiring entity;

- promote the orderly succession of talent; and encourage objectivity and independence when considering various corporate transactions.

In connection with our decision to appoint Mr. Tuttle to the position of CEO on April 19, 2012, we entered into a transition agreement with Mr. Sayiner on March 1, 2012. Pursuant to the transition agreement, Mr. Sayiner agreed to continue to serve as the Company's CEO through April 18, 2012 and agreed to continue to serve as a non-executive advisor through July 19, 2012. Upon his separation from the Company and execution of release of claims, he received a severance package that provides additional severance benefits beyond those set forth in his employment agreement. The transition agreement reflects our appreciation of the services provided by Mr. Sayiner and the desire to obtain his assistance in effecting a smooth transition.

For a detailed discussion of the employment and transition agreements with our Former CEO, as well as the post-employment compensation arrangements for the Named Executive Officers, see “Potential Payments Upon Termination or Change of Control” below.

Welfare, Retirement, and Other Benefits

Welfare Benefits. The Company maintains an array of benefit programs to meet the health care and welfare needs of our employees, including medical and prescription drug coverage, dental and vision programs, medical and dependent care flexible spending accounts, short-term disability insurance, long-term disability insurance, accidental death and dismemberment insurance, and group life insurance, as well as customary vacation, paid holiday, leave of absence and other similar policies. Our executive officers, including the Named Executive Officers, participate in these benefit programs on the same general terms as all of our salaried employees.

Retirement Benefits. The Company has established a tax-qualified Section 401(k) retirement savings plan for our employees. Our executive officers, including the Named Executive Officers, are eligible to participate in this plan on the same general terms available to all of our salaried employees. Currently, plan participants are provided with matching contributions that are subject to time-based vesting conditions. It is intended that this plan qualify under Section 401(a) of the Internal Revenue Code so that contributions by participants to the plan, and income earned on plan contributions, are not taxable to participants until withdrawn from the plan. Our executive officers, including the Named Executive Officers, do not receive any retirement benefits beyond those generally available to our salaried employees.

Perquisites and Other Personal Benefits. In addition to the general welfare benefits described above, the Compensation Committee has determined that we provide our executive officers, including the Named Executive Officers, with an annual physical examination beyond the benefit provided under our standard health care plans.

The Compensation Committee does not view perquisites or other personal benefits as a significant component of our executive compensation program and, except as described in the preceding paragraph, did not provide any perquisites or other personal benefits to our executive officers during 2012.

Income Tax and Accounting Considerations

Deductibility of Executive Compensation. In determining which elements of compensation are to be paid, and how they are weighted, the Compensation Committee takes into account the implications of Section 162(m) of the Internal Revenue Code (“Section 162(m)”). Generally, Section 162(m) prohibits us from taking a federal income tax deduction for remuneration in excess of $1 million paid to our Chief Executive Officer and each of the other three most highly-compensated executive officers (not including the chief financial officer) of the Company in a taxable year. Remuneration in excess of $1 million may be deducted if, among other things, it qualifies as “performance-based compensation” within the meaning of the Internal Revenue Code. In this regard, the compensation income realized upon the exercise of stock options granted under a stockholder-approved stock option plan generally will be deductible so long as the options are granted by a committee whose members are non-employee directors and certain other conditions are satisfied.

The Compensation Committee’s policy is to qualify, to the extent practicable, the compensation of our executive officers for deductibility under applicable tax laws. The Compensation Committee believes that its primary responsibility is to provide a compensation program to meet our stated business objectives, however, and, thus, reserves the right to pay compensation that is not tax-deductible if it determines that such a payment is in the best interests of the Company and our stockholders.

Accounting Treatment of Executive Compensation. The Company follows Financial Accounting Standards Board Accounting Standards Codification Topic 718 ("ASC Topic 718"), formerly known as SFAS 123(R), for our stock-based awards. ASC Topic 718 requires companies to measure the compensation cost for all stock-based awards made to employees (including our executive officers) and directors, including stock options and restricted stock awards, based on the grant date "fair value" of these awards. This calculation is performed for accounting purposes and reported in the compensation tables below, even though our executive officers may never realize any value from their awards. ASC Topic 718 also requires companies to recognize the compensation cost of their stock-based awards in their income statements over the period that an executive officer is required to render service in exchange for his or her award.

Compensation Committee Report on Executive Compensation

We, the Compensation Committee of the Board of Directors, have reviewed and discussed the Compensation Discussion and Analysis within the Executive Compensation section of this Proxy Statement with the management of the Company. Based on such review and discussion, we are of the opinion that the executive compensation policies and plans provide appropriate compensation to properly align Silicon Laboratories' performance and the interests of its stockholders through the use of competitive and equitable executive compensation in a balanced and reasonable manner, for both the short- and long-term. Accordingly, we have recommended to the Board of Directors that the Compensation Discussion and Analysis be included as part of this Proxy filing.

Submitted by the Compensation Committee of the Board of Directors:

Laurence G. Walker (Chairman)
Harvey B. Cash
Navdeep S. Sooch
William P. Wood

Summary Compensation

The following table provides compensation information for our Named Executive Officers for fiscal 2012.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)(1)	Option Awards ($)(1)	Non-equity Incentive Plan Compensation ($)(2)	All Other Compensation ($)(3)	Total ($)
G. Tyson Tuttle (4)	2012	428,462	-	3,553,376	-	569,009	5,672	4,556,519
Chief Executive Officer, President and Director	2011	345,500	-	5,344,435	-	117,421	5,940	5,813,296
Paul V. Walsh, Jr. (5)	2012	300,000	-	745,345	-	262,072	5,605	1,313,022
Chief Financial Officer and Senior Vice President	2011	279,039	-	1,694,424	-	54,322	5,850	2,033, 635
	2010	232,693	-	409,014	-	70,875	5,547	718,129
David P. Bresemann (6)	2012	290,000	-	661,462	-	217,926	5,585	1,174,973
Senior Vice President and Chief Product Officer								
Kurt W. Hoff (7)	2012	295,000	-	610,577	-	198,264	5,595	1,109,436
Senior Vice President of Worldwide								