



Continuity of Supply for Legacy Products

1 AUGUST 2017



Continuity of Supply for Legacy Devices

- Silicon Labs is committed to the embedded market
 - Since 1996 we have developed a reputation for quality, integration and superior performance
 - We strive for long product life-cycles and predictable continuity of supply
 - We view EOL as a last resort
- Maintaining production and ensuring continuity of supply is our #1 priority
 - Manufacturing costs are increasing for legacy products
 - Demand is decreasing on legacy products
 - Capacity is tight and difficult to secure on legacy products
- Action has been taken to secure supply on legacy products
 - Safeguards put in place with our suppliers to ensure continued sourcing
 - Mainstream devices with increasing volume can replace legacy products
 - Standard lead-times have been increased on modules

Customer Impact

- Customers will see a 10%-15% price increase starting October 1st on product that is 10 years or older
- Silicon Labs costs have increased as demand has declined making it necessary to modify pricing
- No immediate customer action is required, continuity of supply has been secured
- Silicon Labs has a robust roadmap and migration alternatives should our customers chose to redesign
 - Mainstream devices have higher performance and increased functionality

Wireless Products Impacted

Device Family	Price Increase	Effective Date of Increase	Migration Path	Longevity Projection
BLExxx	10%	October 1 st , 2017	BGMxxx	longevity statement
WTxx	10%	October 1 st , 2017	BT121	longevity statement
EM250/260	10%	October 1 st , 2017	EFR32MG	longevity statement
ETRX35x	10%	October 1 st , 2017	MGMxxx	longevity statement
Si100x-3x	10%	October 1 st , 2017	Si106x/8x	see backup
Si4x2x 1 st gen EZRadio	10%	October 1 st , 2017	Si4x5x/6x 3 rd gen EZRadio	see backup
Si4x3x 2 nd gen EZRadio	10%	October 1 st , 2017	Si4x5x/6x 3 rd gen EZRadio	see backup

MCU and Fixed Function Products Impacted

Device Family	Price Increase	Effective Date of Increase	Migration Path	Longevity Projection
C8051F00x/F1xx/F2xx/ F30x~F36x/F4xx	10%	October 1 st , 2017	EFM8	longevity statement
C8051Txx (OTP Devices)	15% + 5% annual	October 1 st , 2017	EFM8	longevity statement
CP2101/2/3/4/9	10%	October 1 st , 2017	CP2102N	longevity statement
CP2114	15%	October 1 st , 2017	CP2615	longevity statement
CP220x/240x	15%	October 1 st , 2017	None	longevity statement

ProSLIC and FM Tuner Products Impacted

Device Family	Price Increase	Effective Date of Increase	Migration Path	Longevity Projection
Si4702/03	10%	October 1 st , 2017	Si4708/09	Consult Marketing
Si3210/15/16	10%	October 1 st , 2017	Si3218x	Consult Marketing
Si32170~7 RevB	10%	October 1 st , 2017	Si3218x/Si32170~7 RevC	Consult Marketing

How will we implement the increase

- Affected parts will see a price increase starting on October 1st
- Volume curves are being adjusted by the prescribed amount
- Quotes and MSA (master supply agreements) will be repriced as they expire

Summary

- We are not doing an EOL on legacy products
- We believe a price increase is preferable to an EOL
- Silicon Labs maintains longevity commitment as outlined on website
- Price increase will take effect on October 1st

Back-up



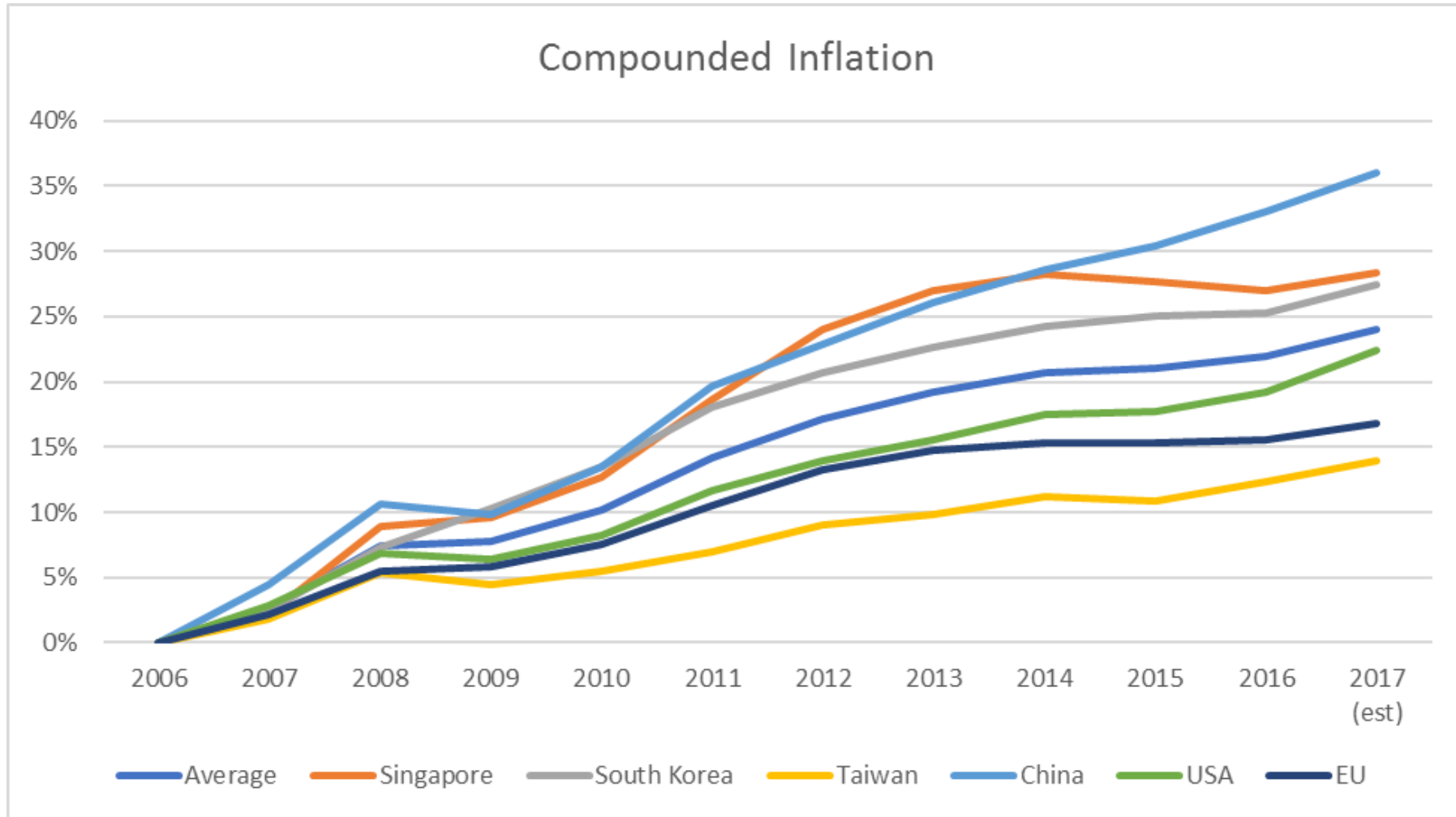
FAQ

- Has Silicon Labs ever done this before?
 - No, this is the first time Silicon Labs has had a wide spread cost increase on legacy products.
- Does Silicon Labs frequently EOL products?
 - No, Silicon Labs makes every effort to keep products in production as long as possible. We have excellent supplier relationships and they work with us to keep product in production.
- Does Silicon Labs expect to keep these products in production?
 - Yes, Silicon Labs is still selling devices that were designed at the founding of the company. As long as volume exists we will make every effort to maintain production
- To avoid a cost increase can I buy all my demand now?
 - Yes, you can place an NCNR order now and take delivery of the product in advance of the price increase. All deliveries must be taken by the end of Q4'2017

Wireless Products Longevity Statement

- Improved performance on 3rd Gen EZRadio Products
 - 1st and 2nd Gen EZRadio Products use legacy processes and suppliers
 - Migration path available today
- Foundry has supply capacity issues
 - Capacity constrained by the foundry due to high demand
 - Foundry reducing investment – Example is no investment in back-up power resulting in line down
- Actions taken to secure supply
 - Diversification of processing steps to multiple fabs - PCN for Si4x3x
 - Higher wafer pricing negotiated to ensure supply continuity
 - Increased buffer stock to smooth supply (various stages of Work In Progress)
- Impacted devices
 - Si100x/2x/3x, Si4x2x 1st gen EZRadio, Si4x3x 2nd gen EZRadio
- Contact Field Marketing with any questions

Rate of Inflation at Silicon Labs and Manufacturing Hubs



Source IMF (International Monetary Fund)

Commodity Cost Levers – Oil



Commodity Cost Levers - Gold

