



CORPORATE GOVERNANCE GUIDELINES

ROLE AND FUNCTIONS OF THE BOARD OF DIRECTORS

The role of the Board of Directors (the "Board") is to oversee and monitor the management of SigmaTel, Inc. (the "Company") in the interest and for the benefit of the Company's stockholders. To fulfill its role the Board or a Board committee must perform the following primary functions:

1. Oversee the conduct of the Company's business to evaluate whether the business is being properly managed;
2. Review and, where appropriate, approve the Company's major financial objectives, plans and actions;
3. Review and, where appropriate, approve major changes in, and determinations of other major issues respecting the appropriate auditing and accounting principles and practices to be used in the preparation of the Company's financial statements;
4. Assess major risk factors relating to the Company and its performance, and review measures to address and mitigate such risks;
5. Evaluate regularly the performance and approve the compensation of the CEO and, with the advice of the CEO, evaluate regularly the performance of principal senior executives; and
6. Plan for succession of the CEO and monitor management's succession planning for other key executives.

In discharging these obligations, directors should be entitled to rely reasonably on the honesty and integrity of their fellow directors and the Company's executives and its outside advisors and auditors. The directors shall be entitled to (i) reasonable directors' and officers' liability insurance on their behalf; (ii) the benefits of indemnification to the fullest extent permitted by law under the Company's charter, by-laws and any indemnification agreements; and (iii) exculpation as provided by state law and the Company's charter.

The Board may discharge its responsibilities either directly or by delegating them to its committees, except that the Board may not delegate any of its responsibilities which, under applicable law or the Company's restated certificate of incorporation, may not be delegated to a committee of the Board. The Board and each Board committee shall have the full power and authority to hire, at the expense of the Company, independent financial, accounting, legal or other advisors, as necessary to fulfill their duties, without consulting or obtaining the approval of any officer of the Company.

The Board should promote policies within the Company that encourage a corporate culture of openness, honesty, fairness and accountability. These policies also should apply to the Board and to relationships among and between the Board, stockholders and employees. The Board should periodically review and amend these policies if needed.

The Board should recognize that the actual management of the business and affairs of the Company should be conducted by the CEO and other senior managers under his or her supervision and that, in performing the management function, the CEO and other senior managers are obliged to act in a manner that is consistent with the oversight functions and powers of the Board and the standards of the Company and to execute any specific plans, instructions or directions of the Board.

DIRECTOR QUALIFICATIONS

Independence: As soon as possible and no later than April 21, 2004, the Board shall have a majority of directors who meet the independence criteria adopted by the Board. The independence criteria are discussed below under "Director Independence."

Qualifications: A director should possess personal and professional integrity, have good business judgment, relevant experience and skills and be an effective director in conjunction with the full Board in collectively serving the long-term interests of the Company stockholders. Directors should be committed to devoting sufficient time and energy to diligently performing their duties as directors.

Size of Board: The Board shall determine the appropriate size of the Board within the requirements of the Company's Charter and Bylaws.

Selection Process: In accordance with the policies and principles in its charter, the Nominating and Corporate Governance Committee is responsible for identifying and recommending potential director nominees to the Board for its approval when there is a vacancy on the Board. The Chairman of the Nominating and Corporate Governance Committee and the Chairman of the Board shall extend an invitation to the potential director nominee to join the Board, subject to legal requirements regarding shareholder election of directors.

The Nominating and Corporate Governance Committee reviews annually the results of the evaluation of the Board and its committees, and the needs of the Board for various skills, experience, expected contributions and other characteristics in determining the director candidates to be nominated at the annual meeting. The Nominating and Corporate Governance Committee will evaluate candidates for directors proposed by directors, management or stockholders (provided that stockholder candidate proposals meet the requirements of the Company's bylaws) in light of the Committee's views of the current needs of the Board for certain skills, experience or other characteristics, the candidate's background, skills, experience, other characteristics and expected contributions and the qualification standards established from time to time by the Nominating and Corporate Governance Committee. If the Nominating and Corporate Governance Committee believes that the Board requires additional candidates for nomination, the Committee will engage, as appropriate, a third party search firm to assist in identifying qualified candidates. All directors and nominees will submit a completed form of directors' and officers' questionnaire as part of the nominating process. The process may also include interviews and additional background and reference checks for non-incumbent nominees, at the discretion of the Nominating and Corporate Governance Committee. In making the

determinations regarding nominations of directors, the Nominating and Corporate Governance Committee may take into account the benefits of diverse viewpoints as well as the benefits of a constructive working relationship among directors.

The Company's bylaws provide that nominations for the election of directors at an annual meeting of stockholders may be made by the Board of Directors or a duly authorized committee thereof or any stockholder entitled to vote in the election of directors generally who complies with the procedures set forth in the bylaws and who is a stockholder of record at the time notice is delivered to the Company's corporate Secretary. Any stockholder entitled to vote in the election of directors generally may nominate one or more persons for election as Directors at an annual meeting only if timely notice of such stockholder's intent to make such nomination or nominations has been given in writing to the Company's corporate Secretary. To be timely, a stockholder nomination for a director to be elected at an annual meeting must be received at the Company's principal executive offices not less than 120 calendar days in advance of the first anniversary of the date that the Company's proxy statement was released to stockholders in connection with the previous year's annual meeting of stockholders, except that if no annual meeting was held in the previous year or the date of the annual meeting has been advanced by more than 30 calendar days from the date contemplated at the time of the previous year's proxy statement, notice by the stockholders to be timely must be received not later than the close of business on the tenth day following the day on which public announcement of the date of such meeting is first made. Each such notice must contain specific information detailed in the Company's bylaws, including, without limitation, (i) the name and address of the stockholder who intends to make the nomination and of the person or persons to be nominated; (ii) a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons pursuant to which the nomination or nominations are to be made by the stockholder; and (iii) other information regarding each nominee proposed by such stockholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission, had the nominee been nominated, or intended to be nominated, by the Board of Directors.

Annual Review of Independence and Qualifications: The Nominating and Corporate Governance Committee shall distribute annually a self-evaluation to the Board that includes an assessment of the directors' independence and qualifications.

Resignation from the Board: An individual director should offer his or her resignation in the event the director's principal occupation or business association changes substantially from the position he or she held when originally invited to join the Board. The Board should consider the continued appropriateness of the director's membership on the Board under the changed circumstances and then the Board should determine whether or not to accept the director's resignation. Also a director should tender a resignation in the event there is a substantial conflict of interest between the director and the Company or the Board and such conflict cannot be resolved to the satisfaction of the Board.

Retirement from the Board: A director shall retire from the Board at the first meeting of stockholders to elect directors after he or she reaches 70 years of age.

Recusal when Conflict of Interest: Prior to any Board discussion or decision related to any matter that potentially affects a director's personal, business or professional interests, that director should (i) disclose the existence of the potential conflict of interest to the Chairman of the Board and (ii) if the Chairman of the Board (in consultation with legal counsel) determines a conflict exists or the perception of a conflict is likely to be significant, recuse himself or herself from any discussion or vote related to the matter.

Limit on Number of Board Memberships: No director may serve on more than three other public company boards. A director should advise the Chairman of the Board and the chairman of the Nominating and Corporate Governance Committee in advance of accepting an invitation to serve on another public company board.

Term Limits: The Board does not believe it should establish term limits. The Company and its stockholders both benefit from Board continuity and stability and by allowing directors to focus on long-term business strategies and results.

DIRECTOR INDEPENDENCE

A majority of the Board and all members of the Audit, the Compensation, and the Nominating and Corporate Governance Committees shall be independent. The Board must make an affirmative determination whether or not a director is independent and disclose this determination in the annual proxy statement.

The term independent is defined in accordance with the Nasdaq independence requirements, the Sarbanes-Oxley Act and the Board's business judgment. Nasdaq's listing standards define an independent director generally as a non-employee director who does not have any relationship that, in the opinion of the Board, would interfere with his exercise of independent judgment as a director. The listing standards specify certain relationships that automatically prevent a director from being considered independent – thus, the following persons are not independent:

- any individual who was an employee within the last three years;
- an individual who accepts payments in excess of \$60,000 during the current fiscal year or any of the past three fiscal years, including any payments to a family member other than compensation for the family member's service as a non-executive employee, with the exception of (a) for service on the board or any committee or (b) benefits under a tax-qualified retirement plan or non-discretionary compensation;
- a family member of any individual who has served as an executive officer of the company during the past three years;
- a partner, controlling shareholder or executive officer of any organization to which the company made, or from which the company received, payments (other

than those arising solely from investments in the company's securities) that exceed 5% of the recipient's revenues for that year, or \$200,000, whichever is more, in the current fiscal year or any of the past three fiscal years;

- an executive officer of another entity whose compensation committee includes a director who is an executive officer of the company; or
- a director who is or was a partner or employee of the company's outside auditor, and worked on the company's audit, during the past three years.

For any relationships not covered above, the determination of whether the director would be independent or not, shall be made by the directors who satisfy the independence standards set forth in this section. In making these determinations, the Board shall examine all factors that may appear to affect independence, including commercial, industrial, financial, banking, legal, accounting, charitable, familial relationships and long-standing friendships.

The Company and its affiliates shall not make any personal loans or extensions of credit to directors or executive officers. All directors shall only receive directors' fees, option grants, and reimbursement of reasonable expenses as their compensation for Board and/or Board committee service. The payment of consulting, advisory or other compensatory fees to a director from the Company or one of its affiliates in excess of \$60,000 during the current fiscal year or any of the past three fiscal years, including any payments to a family member other than compensation for the family member's service as a non-executive employee (with the exception of compensation (a) for service on the board or any committee or (b) benefits under a tax-qualified retirement plan or non-discretionary compensation) is prohibited and shall negate the director's independence.

Each director has an affirmative obligation to inform the Board of any material changes in his or her circumstances or relationships that may impact his or her designation by the Board as "independent."

In addition to the foregoing provisions, members of the Audit Committee must satisfy additional requirements to be considered independent as provided for by the SEC and Nasdaq rules.

For the purposes of these independence standards guidelines, the terms:

- Affiliate means any corporation or other entity that controls, is controlled by or is under common control with the Company;
- Family member includes a person's spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters in-law, brothers and sisters in-law, and anyone (other than employees) who shares such person's home; and

Under Section 162(m) of the Internal Revenue Code, as amended, a director is an outside director if the director

- is not a current employee of the Company;

- is not a former employee of the company who receives compensation for prior services (other than benefits under a tax-qualified retirement plan) during the taxable year;
- has not been an officer of the company; and
- does not receive remuneration from the Company, either directly or indirectly, in any capacity other than as a director.

BOARD MEETINGS

The Board expects to have eight regularly scheduled meetings each year. Upon adequate notice, unscheduled meetings may be called throughout the year as the need arises. The Chairman of the Board shall consult with other Board members in determining the times and duration of the Board meetings.

Meeting Attendance: Directors are expected to attend meetings of the Board and of the committees on which they serve. Directors also are expected to devote an adequate amount of time and effort to discharge properly their responsibilities.

Board Materials: Information and data that are important to the Board's understanding of the business to be conducted at a Board or committee meeting should be distributed to the directors sufficiently in advance of the meeting to permit their review. Directors are expected to review these materials in advance of the meeting. A director may request that the CEO or appropriate member of senior management present to the Board specific information as it relates to the Company and its operations.

Board Meeting Agenda: The Chairman of the Board shall establish the agenda for each Board meeting. Each director shall be furnished with a copy of the agenda in advance of the Board meeting if possible, and if advance distribution is not possible, then the agenda shall be distributed at the Board meeting. Each director may suggest the inclusion of agenda items. Each director can bring up, at any Board meeting, subjects that are not on the agenda for that meeting.

Non-Management Executive Session of Directors: The non-management directors shall meet in executive session in conjunction with each regularly scheduled Board meeting or more frequently, if necessary. The non-management directors shall elect a "Presiding Director" to preside at these non-management executive sessions.

Director Attendance at Annual Meetings of Stockholders: The Company makes reasonable efforts to schedule its annual meeting of stockholders at a time and date to allow attendance by directors, taking into account the directors' schedules. The Company encourages, but does not require, board members to attend the annual meeting of stockholders.

BOARD COMMITTEES

The Board shall have at all times an Audit Committee, a Compensation Committee, and a Nominating and Corporate Governance Committee. All members of these Committees shall be independent directors as determined by the Board in accordance with the aforementioned

independence criteria. Committee members shall be appointed by the Board upon recommendation (after consultation with the Chairman) of the Nominating and Corporate Governance Committee. In making any committee appointments, consideration should be given to the periodic rotation of a committee member; however, such rotation is within the Board's discretion.

The Audit Committee, Compensation Committee, and the Nominating and Corporate Governance Committee each shall have a written charter that sets forth the committee's structure, membership qualifications, purposes, responsibilities, and procedures for appointing and removing committee members. The charters also shall provide that each committee or the Board periodically evaluates its performance.

Each committee chairman, in consultation with the committee members, shall determine the frequency and length of the committee meetings consistent with any requirements set forth in the committee's charter. Each committee chairman, in consultation with the appropriate members of the committee and management, shall develop the committee's agenda. Each committee shall report to the Board its activities, findings and recommendations after each committee meeting.

The Board may, from time to time, establish or maintain additional committees of the Board.

Each committee shall have the full power and authority to hire independent legal, financial or other advisors as it may deem necessary, without consulting with or obtaining the pre-approval of any Company officer or the Board.

Any director may attend any committee meetings, whether or not he or she is a member of that committee, providing that he or she has obtained pre-approval to attend from the committee chair or a majority of the committee.

CHAIRMAN OF THE BOARD

The Board will appoint the Chairman of the Board who can be an employee of the Company. The Chairman will chair all regular sessions of the Board and (with input from the CEO to the extent not inappropriate) set the agenda for Board meetings, subject to the right of each Board member to suggest the inclusion of item(s) on any agenda.

DIRECTOR ACCESS TO OFFICERS, EMPLOYEES AND INDEPENDENT ADVISERS

Directors are encouraged to keep themselves informed with regard to the Company and its operations. Directors shall have full and free access to Company officers. Contacts, meetings, or discussions between non-executive employees of the Company and non-employee directors shall be approved in advance, on a case-by-case basis, by the Company's Chief Executive Officer or the executive officer to whom the employee ultimately reports. Any meetings or

contacts that a director wishes to initiate shall be arranged through the CEO or the executive officer to whom the employee ultimately reports. Directors shall use their judgment to ensure that any such contact is not disruptive to the Company's business operations and shall, to the extent that it is not inappropriate, copy the CEO on any written communications between a director and a Company officer or employee.

The Board shall approve any director's request to have senior Company officers and other personnel regularly attend the Board meetings. Directors will also have access to the Company's independent advisors following consultation with the CEO to the extent not inappropriate.

COMMUNICATIONS WITH DIRECTORS

Stockholders may communicate with any of the Company's directors by transmitting correspondence by mail, addressed as follows:

Chairman of the Board
or Board of Directors
c/o Corporate Secretary
SigmaTel, Inc.
1601 S. Mopac Expressway, Suite 100
Austin, TX 78746

The Company's corporate Secretary maintains a log of such communications and transmits as soon as practicable such communications to identified director addressee(s), unless there are safety or security concerns that mitigate against further transmission of the communication, as determined by the Company's corporate Secretary in consultation with Company's General Counsel. The Board of Directors or individual directors so addressed is advised of any communication withheld for safety or security reasons as soon as practicable. If multiple communications are received on a similar topic, the Corporate Secretary may, in his or her discretion, forward only representative correspondence.

DIRECTOR COMPENSATION

All directors shall receive directors' fees as their only compensation for Board and/or Board committee service. Directors' fees shall be in the form of cash, company stock, including options and restricted stock, or combination thereof, as well as any additional benefits regularly given to all directors. The exact amount and form of director compensation shall be determined and reviewed annually by the Compensation Committee in accordance with the policies and principles set forth in its charter.

DIRECTOR ORIENTATION AND CONTINUING EDUCATION

All new directors shall receive an orientation package. The package will include a copy of the Company's by-laws and charter, the Code of Business Conduct and Ethics, the Corporate Governance Guidelines, all SEC filings for the current year and last preceding calendar year,

press releases issued during the current calendar year and any other pertinent information. The new director will attend a meeting with the CEO and CFO to be briefed on the Company's strategic plans, its significant financial, accounting and risk management issues and current significant exploration and development projects.

All directors must receive annual director education in subjects relevant to the duties of a director, including the study of corporate governance best practices or ethics. This education may be as a result of a program planned by the Company or by the director attending a pre-approved seminar, with all expenses paid by the Company.

CEO EVALUATION AND MANAGEMENT SUCCESSION

The Compensation Committee shall conduct an annual review of the CEO's performance and compensation, as set forth in its charter. The executive session of the Board shall review the Compensation Committee's report in order to ensure that the CEO is providing the best long and short-term leadership for the Company.

The Nominating and Corporate Governance Committee shall make an annual report to the Board on emergency as well as expected CEO succession planning. The entire Board shall work with the Nominating and Corporate Governance Committee to nominate and evaluate potential successors to the CEO. The CEO shall provide the Committee with his or her recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals.

ANNUAL SELF-EVALUATIONS

The Nominating and Corporate Governance Committee shall have responsibility for conducting and overseeing the annual self-evaluations for the Board and reporting the results to the Board following the end of each fiscal year. The evaluations will be based on such objective and subjective criteria as the Board deems appropriate.

CODE OF BUSINESS CONDUCT AND ETHICS

The Board shall adopt and maintain the Code of Business Conduct and Ethics (the "Code") for the directors, officers and employees of the Company in compliance with SEC rules and Nasdaq listing requirements. The Code shall be posted on the Company's website within the time frame required by SEC rules and Nasdaq listing requirements. The purpose of the Code shall be to focus the directors, officers and employees on areas of ethical risk, provide guidance in recognizing and dealing with ethical issues, provide mechanisms to report unethical conduct, and help foster a culture of honesty and accountability.

Each director shall act at all times in accordance with the requirements of the Code. Waivers of the Code for any officer or director may only be made by the Board of the Company.

or by a Board committee composed of independent directors. Any waiver for an officer or director must be posted on the Company website and otherwise disclosed as required by law.

REPORTS OF IRREGULARITIES

Any reports of concerns regarding accounting, internal auditing controls, or other irregularities or concerns whether financial or otherwise shall be brought to the attention of the Chairman of the Audit Committee as outlined in the Company's Code of Business Conduct and Ethics. These reports are confidential. The Board shall be notified of these reports at every quarterly Board meeting or sooner, if necessary.