

Micrel Incorporated

Corporate Governance Guidelines

These guidelines have been adopted by the Board of Directors (the “Board”) of Micrel, Incorporated (the “Company”). The guidelines, in conjunction with the Board Committee charters and Bylaws of the Company, form the basis for governance of the Company.

I. Role of the Board of Directors

The Board of Directors represents the shareholders of the corporation in the oversight of the company’s progress in achieving its strategic business objectives. The Board, which is elected annually by the Company's shareholders, monitors overall corporate performance and the effectiveness of the Company’s legal compliance programs. It also monitors, in conjunction with the Audit Committee, the integrity of the Company's controls. The Board selects the Chief Executive Officer of the Company, elects officers, and oversees management. The Board also oversees the Company's strategic and business planning process, including each year's capital expenditures budget and key financial objectives.

Directors are expected to attend at least 75% of the Board and applicable Committee meetings, absent extraordinary circumstances, and to review meeting materials in advance of such meetings.

II. Director Independence

A majority of the Board shall consist of independent Directors as defined by NASDAQ listing standards and as determined by the Board based on a review of the facts and circumstances of each Director or nominee (an “Independent Director”).

III. Board Membership Criteria

Members of the Board of Directors should have the highest professional and personal ethics and values, consistent with longstanding Company values and standards. Board members will be professionals who bring a breadth of skills, experience and diversity to the Company. The Board will seek to include members who have backgrounds and contacts that differ from, but complement, the backgrounds of management and that of the other directors. As the company grows and changes, the Board also will evolve to meet changing needs and circumstances.

IV. Selection of New Directors

Directors are elected annually by the shareholders. The Board of Directors proposes a slate of nominees for consideration each year. Between Annual Meetings, the Board, in accordance with the Company's Bylaws, may elect Directors to serve until the next Annual Meeting. Potential candidates for Board membership are identified, interviewed and proposed for election to the Board by the Nominating and Corporate Governance Committee (the “Governance Committee”).

The Governance Committee will consider nominees recommended by shareholders. Such recommendations should be forwarded to the Governance Committee, in writing, addressed to the Company's executive offices, in accordance with the procedures set forth under "*Board Member Nomination Process*."

Any recommendations received from shareholders will be evaluated in the same manner as potential nominees suggested by board members, management or other parties.

V. Voting for Directors

In an uncontested election of Directors, any nominee for Director who receives a greater number of votes "withheld" from his or her election than votes "for" his or her election (a "Majority Withheld Vote") shall, following certification of the shareholder vote, promptly tender his or her resignation to the Board for consideration by the Governance Committee.

The Governance Committee will promptly consider the resignation offer, evaluate the best interests of the Company and its shareholders and recommend to the Board the action to be taken with respect to such resignation. In considering the Governance Committee's recommendation, the Board will consider the factors considered by the Governance Committee and such additional information and factors the Board believes to be relevant. The Board will act on the Governance Committee's recommendation within 90 days following certification of the shareholder vote. Following the Board's decision on the Governance Committee's recommendation, the Company will promptly disclose the Board's decision-making process and decision regarding whether to accept the Director's resignation offer (and the reasons for not accepting the resignation offer if applicable) in a Form 8-K furnished to the Securities and Exchange Commission.

To the extent that one or more Directors' resignations are accepted by the Board, the Governing Committee will recommend to the Board whether to fill such vacancy(ies) or to reduce the size of the Board.

Any Director who tenders his or her resignation pursuant to this provision shall not participate in any Governance Committee or Board action or consideration regarding whether to accept the resignation offer. However, if a majority of the members of the Governance Committee received a Majority Withheld Vote at the same election, then the remaining Independent Directors who did not receive a Majority Withheld Vote (or who were not standing for election) at the same election shall appoint a committee amongst themselves to consider the resignation offers and determine whether to accept them; provided, however, if the only Directors who did not receive a Majority Withheld Vote in the same election constitute three or fewer Directors, all Directors may participate in the action regarding whether to accept the resignation offers.

The guidelines provided in this Section V. above would not apply in a contested election of Directors.

VI. Board Size

The Bylaws provide that the number of Directors is determined by the Board within a specified range. The Board's size is assessed at least annually by the Nominating and Corporate Governance Committee. If any nominee is unable to serve as a Director, which is not anticipated, the Board by resolution may reduce the number of Directors, within the limits allowed by the Company's bylaws, or choose a substitute. Any proposal to increase the size of the Board within the limits allowed by the Company's bylaws must be approved by a majority vote of the Board or by approval of the shareholders of the Company. Any revision of the bylaws to increase the authorized size of the Board must be approved by a majority of the shareholders of the Company.

VII. Term of Office

Directors serve for a one-year term and until their successors are elected. They stand for election each year at the Company's Annual Meeting of Shareholders, as set forth in the Company's annual report and proxy statement. There are no limits on the number of one year terms that may be served by a Director.

VIII. Number and Composition of Board Committees

The Board currently has three Committees: Audit, Compensation, and Nominating and Corporate Governance. All committee members shall be Independent Directors, as defined by NASDAQ listing standards and as determined by the Board based on a review of the facts and circumstances of each Director or nominee.

Each Committee is chaired by an Independent Director who determines the agenda, frequency and length of Committee meetings and who has unlimited access to management, Company information and independent advisors, as necessary and appropriate. Committee assignments and Committee chair positions are rotated approximately annually, with the possible exception of the Audit Committee.

Committee charters are posted on the Company's website.

IX. Executive Sessions

Executive sessions of Independent Directors will be scheduled by the Independent directors from time to time. Any non-employee Director can request that an additional executive session be scheduled.

X. Standards of Business Conduct

The Board expects all Directors, officers and employees to display the highest standard of ethics. The Company maintains a code of conduct, known as the "Worldwide Standards of Business Conduct." All employees acknowledge their adherence to the Standards of Business Conduct. Directors and officers acknowledge their adherence to the Standards annually. Any possible conflict of interest must be reported to the CEO and the Board.

XI. Succession Planning

The Board has adopted, on the recommendation of the Nominating and Corporate Governance Committee, a policy on succession planning for the CEO and senior executive management. The Nominating and Corporate Governance Committee reviews the policy on an annual basis and reports to the Board on the results.

The purpose of the Policy is to ensure that qualified candidates are available for all positions and that development plans are being utilized to strengthen the skills and qualifications of the candidates.

XII. Board Access to Senior Management

Directors are encouraged to talk directly to any member of management regarding any questions or concerns the Directors may have. Members of senior management attend Board meetings periodically.

XIII. Evaluation of Board Performance

The Board and each Board Committee conducts a self-evaluation annually, including a review of the Board's or Committee's compliance with its respective Charter and the applicable NASDAQ listing standards requirements, if any. Each Committee will also evaluate annually the membership of any Committee member on Committees other than the Company's, and the effect, if any, of such membership on the member's work on the Committee.