

**CORPORATE GOVERNANCE GUIDELINES**  
**of**  
**STANDARD MICROSYSTEMS CORPORATION**

The Board of Directors (the "**Board**") of Standard Microsystems Corporation (the "**Company**") has amended and restated the following Corporate Governance Guidelines (the "**Guidelines**") on November 5, 2008.

**I. Purpose**

These Guidelines are meant to assist the Board in the exercise of its responsibilities and, along with the charters of the Board committees, to provide a flexible and effective framework for the governance of the Company. These Guidelines should be interpreted in the context of all applicable laws and the Company's Certificate of Incorporation, Bylaws, listing requirements of Nasdaq and other corporate governance documents. These Guidelines are not a set of legally binding obligations. The Guidelines are subject to modification from time to time by the Board, as the Board may deem appropriate in the best interests of the Company and its stockholders or as required by applicable laws and regulations. The Board will review these guidelines periodically and at least every three years.

**II. The Board**

*Size of the Board*

1. The bylaws of the Company set the number of directors as no less than three or more than fifteen. The Board believes that 7 to 11 directors is normally an appropriate size based on the Company's present circumstances.

*Independence of the Board*

2. The Board will be comprised of a majority of directors who satisfy the independence requirements of the listing standards of NASDAQ and any other applicable laws or regulations.

*Lead Independent Director*

3. The Board shall designate an independent director to be the Lead Independent Director. The Lead Independent Director may conduct separate meetings of the independent directors and perform other duties appropriate to his responsibilities, including coordinating the activities of the other independent directors, presiding at non-management meetings of the independent directors, conveying to management directors the results of deliberations among non-management directors, acting as Chairman in the event the Chairman is unavailable, and acting as representative of the non-management directors for communication with interested parties.

Separate Sessions of Non-Management Directors

4. The Company's independent directors will meet at least four times annually in regularly scheduled executive session without management directors or management present and otherwise as requested by the Lead Independent Director. The Lead Independent Director will chair such meetings.

Director Qualification Standards

5. The Corporate Governance Committee will facilitate a review by the Board, on an annual basis, of the requirements for individual membership on the Board and the needs of the Board as a whole. The Corporate Governance Committee also considers nominees proposed by stockholders in writing. The Company strives to select directors who possess high integrity and values, who are committed to the long-term success of the Company and its shareholders, and who possess the appropriate professional qualifications. Criteria for individual membership may include, among other factors, strength of character, judgment, business experience, specific areas of expertise, and factors relating to the composition of the Board (including its size and structure) and principles of diversity.

The Corporate Governance Committee will also facilitate a review by the Board of the qualifications of individual directors and the overall composition of the Board from time to time and at least every three years.

Selection of Chairman of the Board and Role of Non-Executive Chairman

6. The Board will select the Chairman of the Board in accordance with the Company's Bylaws.
7. In the event the Company has a non-executive Chairman of the Board, their duties may include the following activities:

Board Operations:

- i. Provides leadership to the Board and presides over meetings of the Board.
- ii. Works with the Governance Committee to establish procedures to govern the Board's work, and guidelines for Board membership and conduct, and to ensure that each director is making a significant contribution.
- iii. Works with all board committees to ensure proper committee structures, including the assignment of committee chairs and members
- iv. Works with all board committees to ensure that each properly fulfills its charter responsibilities, maintains proper compliance, disclosure and record keeping and communicates appropriately with the full board.

- v. Organizes and sets the agenda for the regular and special Board meetings based on the input from all directors and senior management.
- vi. Schedules meetings of the full Board and works with the committee chairs to coordinate the schedule of meetings for committees.
- vii. Helps ensure achievement of the Board's goals by assigning specific tasks to Board members.
- viii. Helps to ensure proper coordination and communications between committees.

*Liaison between Board and Management:*

- i. Acts as a liaison between the Board and management.
- ii. Ensures proper flow of information to the Board, reviewing the adequacy and timing of documentary materials in support of management proposals.
- iii. Ensures adequate lead time for effective review and discussion of Company business.

*Shareholder Communications:*

- i. Approves the distribution of the Company's annual report and proxy materials distributed to shareholders.

*Specific Limitation on Other Board Service and Conflicts of Interest*

- 7. Directors are required to dedicate substantial time and attention to service on the Board of Directors and to prepare for, attend and participate in all Board and Committee meetings. No Director may serve on the board of more than six other publicly traded companies or, in the case of any director who is also the Chief Executive Officer for another publicly traded company, no more than three other publicly traded companies. In the event that a director is in a situation that does not comply with this guideline, he is required to submit a letter of resignation prior to standing for election as a director. The Board may accept or reject the resignation.
- 8. Service on other boards and/or committees should be consistent with the Company's Code of Business Conduct and Ethics (the "**Code of Conduct**") to prevent any conflicts of interest. All other board memberships should be disclosed, at least annually.

*Term Limits and Retirement*

- 9. All directors who will reach the age of seventy years during any term in which they may serve shall submit their resignation to the Board prior to standing for election as a director. The Board may accept or reject the resignation.

*Director Responsibilities*

10. The Board believes that its primary responsibility is to provide guidance to and oversight of the management and direction of the Company. The Board recognizes that the Company has numerous stakeholders whose concerns must be addressed, including shareholders, employees, customers, suppliers, and regulatory bodies. The Board expects each director to spend the time and effort necessary to fulfill its responsibilities. These responsibilities include to:
- a. participate in the review and approval of the strategy of the Company, where appropriate,
  - b. ensure processes are in place to maintain the integrity of the Company's financial statements, to comply with applicable laws, and to operate in an ethical manner,
  - c. participate in, and approve where appropriate, the selection, review, compensation and development of executive management,
  - d. provide for succession planning for the CEO and where appropriate, executive management,
  - e. review and, where appropriate, approve the Company's major financial objectives, plans, actions, and material transactions,
  - f. assist in managing significant risks of whatever nature are posed to the Company.
11. Members of the Board of Directors are encouraged to attend the Company's annual meeting of stockholders.

Compensation of the Board

12. No executive officer shall receive additional compensation for serving as a director of the Company. The Compensation Committee shall review periodically the compensation of directors, including comparisons with companies of similar size, industry focus and market capitalization, and shall make any appropriate recommendations for consideration by the entire Board. Finally, compensation of independent directors should be limited to that for service on the Board of Directors and its committees, and independent directors may be restricted from receiving other direct or indirect compensation from the Company.

Stock Ownership

13. The Company's bylaws set forth the policy concerning director ownership of the Company's stock.

Board Orientation and Continuing Education of Board Members

14. The Company provides new directors with a director orientation program to familiarize them with, among other things, the Company's business, and strategic plans, significant financial, accounting and management issues, compliance programs,

conflicts policies, Code of Conduct, Guidelines, executive officers and independent auditors.

15. The Directors are expected to stay current with best practices for public company directors either through reading, outside education/conferences or other board participation.

#### Corporate Communications

16. The Board believes that, unless otherwise authorized, management is the primary group to communicate to institutional investors, the press or customers.

#### Board Access to Senior Management and Independent Advisors

17. The Board and its Committees will have complete access to Company management, and may also hire independent advisors, without consulting or obtaining prior approval from the Company in order to perform their duties.

#### Annual Performance Evaluation

18. The Board, each Committee and each director will conduct an annual evaluation as designed by the Corporate Governance Committee and approved by the Board. The Corporate Governance Committees will report to the Board on the result of the evaluations.

### **III. Board Meetings**

#### Frequency of Meetings

19. The Board will meet at least four times annually and more frequently if required by the needs of the business.

#### Agendas and Materials

20. The Chairman shall arrange to the extent feasible for the distribution of an agenda, with appropriate accompanying written materials, prior to each Board meeting. All directors are encouraged to suggest items for inclusion on the agenda of the Board or any Board Committee.

### **IV. Committee Matters**

#### Number, Name, Responsibilities and Independence of Committees

21. The Board currently has three committees, each composed entirely of independent directors. From time to time, the Board may form a new committee or disband a current committee, or modify an existing committee, depending upon the circumstances. Each committee will perform its duties as assigned by the Board in compliance with the Company's Bylaws and that committee's charter.

The current committees are the Audit, Compensation and Corporate Governance Committees. The duties and authority of each committee are set forth in their charters or by resolutions of the Board. The Audit Committee, Compensation Committee and Corporate Governance Committees will consist exclusively of independent directors under the listing standards of NASDAQ and any other applicable laws or regulations. Members of the Audit Committee also may not receive direct or indirect compensation from the company or be an affiliated person of the Company as required by NASDAQ listing requirements adopted pursuant to Sarbanes-Oxley and must meet the additional listing requirements with respect to qualifications and experience. All committee charters are available on the Company's website at [www.smsc.com](http://www.smsc.com) in the "Investor Relations" section.

## **V. Leadership Development**

### *Annual Review of Chief Executive Officer*

22. The Compensation Committee, with input from the Chief Executive Officer and others it may deem appropriate, shall establish performance criteria for the CEO, and other appropriate executive officers, for approval by independent directors within the meaning of Nasdaq and non-employee directors within the meaning of applicable securities laws. These criteria may include both short and long term goals. At the end of each fiscal year, the Compensation Committee shall review with the CEO performance against these criteria.

### *Succession Planning*

23. The Board will review and approve the Company's succession plan for the CEO and, if appropriate, other senior and mid-level managers throughout the Company.

## **VI. Disclosure of Guidelines; Shareholder Contact of Directors**

24. These Guidelines shall be made available on the Company's website at [www.smsc.com](http://www.smsc.com) in the "Investor Relations" section and to any stockholder who otherwise requests a copy. The Annual Report to Stockholders or Proxy Statement shall state the foregoing.
25. Any stockholder that would like to communicate directly with the Board should write to any named director, c/o the General Counsel of SMSC at 80 Arkay Drive, Hauppauge, New York 11788. All such communications will be forwarded directly to the addressed director or to the Lead Independent Director if the communication is directed to the independent directors.