

# INVESTMENT HIGHLIGHTS



## COMPANY STATISTICS

- » NASDAQ: **MCRL**
- » 52 Week High/Low: **\$11.17/8.89**
- » Institutional Ownership: **79%**
- » Headquarters: **San Jose, CA**
- » Founded: **1978**
- » Public: **1994**
- » Debt Balance: **No debt**
- » <http://investor.micrel.com>



### Strong Operational Performance



Solid balance sheet provides financial flexibility

### Diverse Product Groups



Address-wide array of end markets

### Diverse Customer Base



Stable relationships with tier-1 OEMs

### Strategic Manufacturing Capabilities



Engineering excellence & production flexibility





# Micrel, Inc.

## Company Highlights

Founded in 1978 by President and CEO Raymond Zinn, Micrel was established with no venture capital money, a unique beginning in Silicon Valley where venture capital firms and cash-rich start-ups are the stuff of technology legend. During the first seventeen years of its existence, Micrel financed growth through its own resources and without the aid of outside investors. This independence and company-funded growth laid the foundation for a culture of strict financial accountability and prudent business management which still embodies the Micrel culture to this day. Micrel now has a legacy of more than three decades of consistent financial stability, transparent financials, and strong shareholder focus.

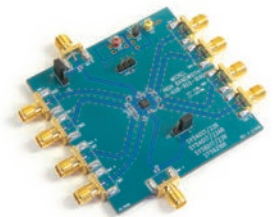
The Company currently ships more than 3,400 products and derives the majority of its product revenue from sales of standard analog and high speed communications ICs. The products are carefully designed for differentiation, high growth, and high margin. The Company's products can be found in countless markets where they enable a vast array of diverse products and touch virtually every aspect of human life in the realms of medical, automotive, consumer, avionics, security, infotainment, industrial, communications, toys, wireless, computers, white goods, and others.

Corporate headquarters and state-of-the-art wafer fabrication facilities are located in San Jose, California, with regional sales and support offices and advanced technology design centers situated throughout the Americas, Europe and Asia. In addition, the Company maintains an extensive network of distributors, and reps worldwide.

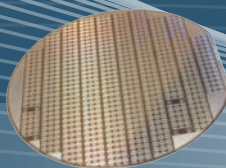
### Why Micrel?

#### FINANCIAL STABILITY

Micrel has more than three decades of **Consistently Profitable** financial results, making the Company an ideal **Long-Term Investment** for the prudent investor. Micrel has been profitable on a GAAP basis for 33 of its 34-year history — *resulting in one of the industry's best profitability records*. The Company maintains a best-in-class balance sheet with **Strong Cash Flows** and minimal debt.



## INNOVATION THROUGH TECHNOLOGY



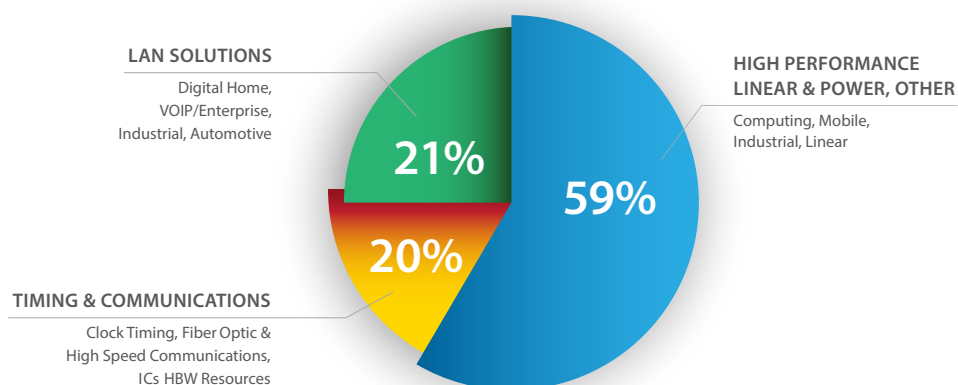
1981

Acquired "wafer foundry" business in Sunnyvale, CA;  
New business became Foundry Division | 1981

Began developing own lines  
of integrated circuits and  
"full custom" services to customers

Mid-1980s

Anchored by **Strong Insider Ownership** and a consistent history of **Shareholder Focus**, the Company has a decades-long, proven record of **Returning Profits** to its shareholders in the form of quarterly dividends. Micrel has paid out approximately \$56 million in dividends to shareholders of record. For the full year 2012, the amount invested in share repurchases, combined with dividend payments, amounted to approximately 1.4 times cash flow from operations.



With a broad array of process technologies and flexible packaging capabilities, Micrel offers a wide range of **Diversified Products** to its customers serving a number of end markets. With a **Focus On Innovation** Micrel's foundation of world-class manufacturing and quality instills confidence in some of the largest electronics companies in the world to trust Micrel as their preferred supplier. A cornerstone of the Company's strategy has always been to maintain an array of customers serving these widely diversified end markets. This business model enables the Company to not only manage through economic uncertainty, but also positions the Company for long term growth. In 2012, no direct customer accounted for more than 10 percent of revenues with the top ten customers accounting for only approximately 18 percent of sales. In total, Micrel has a strong, diverse customer base of more than 11,000 customers worldwide. To protect itself from the ebb and flow of market demands, the Company targets a wide swath of end markets featuring a **Differentiated Product Focus** including wireless handsets, portable and enterprise computing, enterprise and home networking, wide area and metropolitan area networks, and industrial equipment.



Silicon Valley remains the leading innovator in the nation and to that end, Micrel's is intently focused on **IP Protection** for those inventions and technologies for which such protection is suitable and is likely to provide a competitive advantage to the Company. The Company currently holds

**NASDAQ®**

Acquired Synergy Semiconductor Corporation | 1998

1994

1998

2001

Company became publicly traded (Nasdaq: MCRL) | 1994

Acquired Kendin Communications | 2001

**KENDIN**  
COMMUNICATIONS  
Gigabit and Beyond

333 United States patents on semiconductor devices and methods, with various expiration dates through 2032. The Company has applications for 37 United States patents pending, holds 74 issued foreign patents, and has applications for 27 foreign patents pending.

## STRATEGIC MANUFACTURING

### CAPABILITIES

The Micrel foundry provides a variety of flexible wafer fabrication and processing resources that can address unique requirements, from short runs up to volume production. This allows Micrel to model aggressive yet flexible lead times for its customers while providing highly customized process technology that large, off-shore fabs simply cannot offer. Having its own fab gives Micrel greater flexibility and control over every element of the manufacturing process, enabling the Company to offer highly customizable services across Complementary Metal Oxide Semiconductor (CMOS) and MEMS devices all under one roof.

### LEVERAGE IN OPERATING MODEL PROVIDES OPPORTUNITY FOR SIGNIFICANT EARNINGS GROWTH

Micrel's focus on operational excellence and expense management positions the Company to achieve significant earnings leverage as revenue growth resumes. Throughout its history, the Company has aggressively managed its cost structure and has adjusted in accordance with economic and industry cycles. Micrel also maintains above average analog industry gross margins and remains bottom line oriented. Importantly, operating income and net income continued to grow much faster than the Company's revenue growth rate, reflecting Micrel's focus on controlling costs and the operating leverage inherent its operating model.

### UNWAVERING FOCUS ON MAXIMIZING SHAREHOLDER VALUE

In addition to the Company's solid operating performance, Micrel has a strong track record of returning capital to maximize shareholder value. During 2012, Micrel invested \$34.6 million to repurchase 3.4 million shares of common stock, or over 5 percent of outstanding shares at the beginning of the year. Since 2001, the Company has spent \$430 million repurchasing Micrel common stock. Moreover, since the dividend program's inception in 2007, Micrel has paid out approximately \$56 million in dividends to shareholders of record. For the full year 2012, the amount invested in share repurchases, combined with dividend payments, amounted to approximately 1.4 times cash flow from operations.



## The Micrel Culture

Micrel's lifelong dedication to customer success is at the heart of the Company's culture. Internal processes have been developed with flexibility in mind, so entire organizations can quickly react to changing requirements. With multiple design locations in the U.S., Europe, China, and Taiwan, and numerous sales offices throughout the world, Micrel's outstanding sales, customer service, and technical support organizations make it easy to get questions answered and issues resolved. Motivated by a dedication to quality, Micrel first achieved ISO9001 registration on March 31, 1997 and has maintained that registration through surveillance audits. In December 2003, the Company attained ISO9001:2000 certification and then, in December 2004, achieved the International Environmental Management System Standard. The Company remains fully committed to delivering products and services that exceed customer expectations — error free, on schedule, and at a competitive solution cost. A culture of continuous improvement permeates all disciplines in the Company and includes the activities of its suppliers. Micrel is also fiercely protective of its innovation and holds hundreds of patents on semiconductor devices and methods, both domestic and foreign.

Acquired Blue Chip Communications  
of Oslo, Norway | 2004

2004

2012

Acquired PhaseLink™ | 2012

**PLL** PhaseLink  
Corporation

**MICREL**®  
Innovation Through Technology®



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