

Health & Retirement Benefits

Policy No.: HR-330

Issue Date: 09-30-91

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Revised: 08-03-04

INTENT

Microchip offers a variety of benefits and options designed so that you can select a plan to best meet your specific needs. As needs change, you can adjust your benefits each year to meet your new situation.

DEFINITION

A regular full-time employee is eligible to participate in the Flexible Benefit Program on the first day of work.

A regular part-time employee is eligible for "employee only" participation in the Flexible Benefit Program on the first day of work. (see your benefits representative for detailed eligibility)

The Flexible Benefit Program includes the following coverages:

Medical	Dental
Employee Life	Short Term Disability (non exempt employees)
Alternative Health Care (AZ & OR only)	Long Term Disability Income
Health Care Reimbursement Account	Dependent Care Reimbursement Account
Accidental Death & Dismemberment (full time employees only)	Vision

POLICY

It is an employee's responsibility to be aware of and adhere to the terms and conditions of all benefit plans and programs offered by Microchip.

Microchip provides the following Summary Plan Descriptions and publications that employees should refer to in using the coverages provided through the **Flexible Benefit Program**. In addition, you may talk to the Benefits Representative in Human Resources.

Your Flexible Benefits Program Guide	Your Group Medical Plan
BCBS AZ Provider Directory (AZ only)	Your Group Life Insurance Plan
CCN Provider Directory (outside of AZ)	Your Short Term Disability Plan (non-exempt employees)
Your Group Disability Insurance Plan	Your Personal Accident Insurance Plan
Your Group Dental Plan	

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Microchip also provides the following benefits. Eligibility for these benefits may be based on the amount of time with the company and/or your status (i.e. full time, part-time, etc.). Refer to your summary plan descriptions, policies or see your Benefits Representative for specific eligibility.

Tuition Reimbursement	401(k) Retirement Savings Plan
Employee Stock Purchase Plan (ESPP)	Employee Cash Bonus Plan (ECBP)
Direct Deposit Banking	Credit Union Membership
Travel Accident Insurance (business travel)	Costco & SAMs Club Membership
U.S. Savings Bond Purchase	Employee Referral Program
Patent & Publications Awards	Health Club Reimbursement
MetLife Supplemental Life Plan	Employee Assistance Program (EAP)
ARAG Group Legal Plan	Group Auto/Home Insurance

In addition to the above benefits, Microchip appreciates the contribution that employees make during their time with the company. Though it is the employee's primary responsibility to plan for their financial futures through such programs as 401(k) and Stock Purchase Plans, it is the company's intent to acknowledge this contribution when an employee reaches retirement age. To be considered as a "retiring" employee you must have reached 55 years of age and completed at least 5 years of service with Microchip. If eligible, the company will provide \$250 in appreciation of the employee's service.

All plans are subject to change. The summary plan descriptions in Human Resources are the controlling documents for all plans and programs

Family and Medical Leave of Absence & Other Leaves of Absence

Policy No.: HR-290

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INTENT

Microchip Technology recognizes that employees occasionally need to take time away from work to care for important family, medical, and personal needs. This policy is designed to meet those needs in a manner that is beneficial to employees, their families, and the Company, while complying with the Family and Medical Leave Act of 1993 (FMLA) and other laws.

POLICY

FAMILY AND MEDICAL LEAVE OF ABSENCES

1. Reasons for Leave

Eligible employees may be entitled to take a leave of absence for the following reasons:

- a) New Child Leave - The birth of a child, or the placement in your home of a child for adoption or for foster care and in order to care for such child in the first 12 months after childbirth or placement. (Microchip can require that leave be taken all at one time.)
- b) Family Medical Leave - The need to care for your spouse, child or parent who has a serious health condition. (Intermittent or reduced leave is permitted if certified medically necessary.)
- c) Employee Medical Leave - A serious health condition that prohibits an employee from performing the essential functions of their employment position. (Intermittent or reduced leave is permitted if certified medically necessary.)
- d) Active Duty Leave - Provides up to 12 weeks of FMLA leave due to an employee's spouse, son, daughter or parent being on active duty or having been notified of an impending call or order to active duty in the Armed Forces (intermittent or reduced leave is permitted).
- e) Caregiver Leave - Provides up to 26 weeks of FMLA leave during a single 12-month period to care for a spouse, son, daughter, parent or next of kin ("nearest blood relative") who is a covered servicemember (intermittent or reduced leave is permitted if certified medically necessary).

2. Eligibility

To be eligible for a FMLA leave under this policy, you must:

- a) be employed by the company for at least twelve (12) months for an EMPLOYEE MEDICAL LEAVE and twelve (12) months for a NEW CHILD LEAVE and FAMILY MEDICAL LEAVE; and
- b) have worked at least 1,250 hours during the 12-month period preceding the start date of the leave. For intermittent leaves which cover more than one 12-month period, Human Resources will re-qualify eligibility of the employee by obtaining a new medical certification and determining if the hours worked in the preceding 12-month period add up to at least 1,250 hours.
- c) work at a location where the Company has at least 50 employees within a 75-mile radius.

Microchip may elect to handle individual circumstances on a case-by-case basis at the sole discretion of the Company.

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3. Duration of Leave

- a) If you meet the FMLA eligibility requirements, you may take up to 12 weeks of leave during a 12-month period for qualifying events except the Caregiver Leave where you may take up to 26 weeks of leave during a 12-month period. The 12-month period is measured by looking backward from the date the leave is to start or has started. A request for a FMLA leave of absence will not be approved if you have already used 12 weeks of leave under the policy during the 12 months preceding the date you requested to begin your leave.
- b) The department manager and Human Resources may approve additional leave for EMPLOYEE MEDICAL LEAVES (generally, limited to 14 additional weeks). However, provisions of the FMLA will not be applicable to medical leaves beyond 12 weeks. Generally, an employee is subject to termination after 26 weeks of Employee Medical Leave in any 12-month period, unless further leave is appropriate under individual circumstances and required by law.

4. Leave Limitation for Spouses

- a) If both spouses are employed by Microchip, both spouses' combined FMLA leave cannot exceed 12 weeks total during the 12-month period following birth, or within any 12-month period where the purpose is for the placement for adoption or foster care of a child. This limitation does not apply where the leave is for a FMLA-authorized reason other than the birth, placement for adoption or foster care of a child.

5. Requesting Leave of Absence

- a) Foreseeable Events - You are expected to complete and submit the Request for Leave Application form to Human Resources at least 30 days in advance of foreseeable leaves, such as leaves for planned medical treatment or for your child's birth. Where you do not have 30 days advance notice of the need for leave, you must provide as much notice as you are given.
- b) Unforeseeable Events - For unforeseen events, such as accidental injury causing a serious health condition, premature birth, or a sudden change in your health, you are required to give notification of your need for leave as soon as it is possible and practical to do so. For unforeseeable leaves, the Human Resources Department will mail the Request for Leave Application form to you. (Note: The FMLA requires that the employer designate leave as "FMLA" within two (2) business days of employee's return to work. Failure to notify Human Resources of your leave within these two days will result in leave being designated as non-FMLA.)
- c) Failure to Comply - Failure to follow this procedure for requesting leave may result in delay or denial of your leave, in which case your absences may not be excused and could result in discipline under the Microchip attendance policy. Additionally, in the case of foreseeable leaves, the Company may delay your leave for up to 30 days from the date you notify the Company of your intention to take a leave of absence.

6. Medical Certification

You must provide a certification from a qualified health care provider to verify the serious health condition causing the need for a leave of absence. The certification forms are available in Human Resources and must be submitted no later than 15 days following your request for an unforeseeable event or 15 days following a planned medical treatment. An extension may be granted if the

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employee didn't provide the certification within 15 days despite diligent, good-faith efforts to obtain it. In that case, the Company may verify those efforts. You may be required to provide updated medical forms throughout the leave.

- a) Second and Third Opinions - If the Company has a good reason to doubt the medical validity of the certificate, it may require, at its expense, that you obtain the opinion of a second health care provider approved by the Company. If the opinion of the employee's and the Company's health care providers differ; a third mutually agreeable health care provider shall be selected, at the Company's expense. That provider's opinion shall be binding.
- b) Employee Medical Leave - You qualify for an FMLA Leave only if you are not able to perform the essential functions of your employment position.
- c) Family Medical Leave - You may qualify for a Family Medical Leave only if the Medical Certification states that you are needed to care for your covered family member.
- d) Failure to Comply - If you fail to follow these guidelines or if you falsify any information related to the Medical Certification, your leave may be delayed, denied and you may be disciplined up to and including termination.

7. Active Duty Certification

You must provide military documents that show that family member is on active duty or being ordered to active duty.

8. Use of Vacation, Sick & Personal Absence Time

- a) Leaves of absence under the FMLA are generally without pay. However, you will be *required* to use your available unused accrued-to-date personal absence pay. You will have the *option* to use your remaining annual allotment of personal absence and/or vacation pay. Pay for vacation time (if elected) and personal absence must be used at the start of the leave and is limited to the first 14 consecutive days of a non-exempt Employee Medical Leave (waiting period for Short Term Disability). Note: Vacation and personal absence pay are accrued each month as long as you work at least 15 days during the month. If you are out on a leave of absence and don't work 15 days during that month and any additional months you are on leave, you don't accrue vacation and personal absence pay for those months.
- b) Regardless of whether you receive vacation or personal absence pay during the FMLA leave, the full amount of leave will be counted toward the 12-week maximum available in a 12-month period.

9. Other Compensation During Employee Medical Leave

Eligible non-exempt employees are covered with short-term disability compensation for leaves for *their own medical disability* subject to the terms of the STD coverage. Eligible exempt employees may be covered with salary continuance for *their own medical disability* at the discretion of the Company. Approved salary continuation will be coordinated with any government-provided disability received by the employee.

10. Continuance of Insurance During Leave

During any FMLA leave under this policy, you will continue to be covered by Microchip's Flexible Benefits group insurance plan as long as you satisfy the requirements of this policy and the insurance plan. (continued on next page)

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- a) You Pay Your Portion - An employee who is granted an approved leave of absence under this policy is responsible to make arrangements to pay their share of the costs during the period of unpaid absence (e.g., premium payments during leave or double deductions upon return to work, as elected).
- b) Not Returning to Employment - Coverage may stop if the Company learns you do not intend to return to your employment or if you do not return to your employment when your leave expires. In these cases, the Company may request reimbursement of any premiums it has paid on your behalf during the leave unless the reason you did not return was because of a continued serious health condition or for other reasons beyond your control as identified in the FMLA.
- c) Failure to Comply - If you fail to comply with these requirements, your coverage may lapse. If it does, you will be offered continuation coverage as required under COBRA.

11. Return to Work After Employee Medical Leave

Prior to returning to work, you must obtain a release to work from your health care provider that states you are able to resume work and lists any restrictions that may apply. You must contact Human Resources to submit your medical clearance and to determine when to report for work. Failure to follow these procedures may result in a delay when you are ready to return to work.

12. Restoration of Same or Equivalent Position

- a) Return from Leave - When you return from an FMLA leave under this policy, you will be restored to the same or equivalent position. You will not lose any benefits accrued before your leave, although you will not accrue any additional vacation, personal absence time or other benefits during the period of leave. Note: When you return to work, payroll will adjust your paycheck for any over-utilization of personal absence and/or vacation pay used during your leave. The adjustment will first affect any accrued-to-date personal absence or vacation pay available, followed by regular earnings. If necessary, adjustments will overlap into additional payrolls.
- b) "Highly Compensated" Exception - The Company is not required to guarantee job restoration to certain highly compensated employees. You will be notified at the time you request your leave if you fall within the FMLA definition of a highly compensated employee.

13. Definitions

- a) Covered Relations
 - 1. Child - includes biological, adopted and foster child, as well as stepchild, legal ward or a "child" of a person acting in the capacity of a parent provided the child is under 18 years of age or over 18 years of age but unable to care for themselves because of a physical or mental disability.
 - 2. Spouse - a husband or wife as defined or recognized under state laws for purposes of marriage, including common law marriage in states where it is recognized.
 - 3. Parent - the biological parent of an employee as well as a person that acts in the capacity of a parent toward the employee.
 - 4. Next of Kin - nearest blood relative.

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- b) Serious Health Condition - Illness, injury, impairment, or physical or mental conditions that involves:
 - 1. Any period of incapacity or treatment in connection with or consequent to in-patient care (i.e. an overnight stay) in a hospital, hospice, or residential medical care facility.
 - 2. Any period of incapacity requiring absence from work, school or other regular daily activities, of more than three calendar days, that also involves continuing treatment by (or under the supervision of) a health care provider.
 - 3. Continuing treatment by (or under the supervision of) a health care provider for a chronic or long-term health care condition that is incurable or so serious that, if not treated, would likely result in a period of incapacity of more than three calendar days; or for prenatal care.
 - 4. For Caregiver Leave the service member must have a serious injury or illness that was incurred in the line of duty on active duty in the Armed Forces that may render the member medically unfit to perform the duties of the member's office, grade, rank, or rating and for which the member is (1) undergoing medical treatment, recuperation or therapy; (2) an outpatient; or (3) on a temporary disability retired list.
- c) Qualified Health Care Provider
 - 1. A doctor of medicine or osteopathy who is authorized to practice medicine or surgery.
 - 2. Includes podiatrists, dentists, clinical psychologists, optometrists and chiropractors (limited to treatment consisting of manual manipulation of the spine to correct a subluxation as demonstrated by x-ray to exist).
 - 3. Nurse practitioners and nurse-midwives who are authorized to practice under state law and who are performing within the scope of their practice.
 - 4. Christian Science practitioners listed with the First Church of Christ, Scientist in Boston, Massachusetts.
- d) Intermittent Leave

Is taken in separate blocks of time due to a single illness or injury, rather than for one continuous period of time, and may include leave of periods from an hour or more to several weeks. These leaves must be recertified at least every six months.
- e) Reduced Leave Schedule

A leave that is a change in the employee's schedule for a period of time, normally from full-time to part-time by reducing the number of working hours per work week or hours per work day.

14. Miscellaneous

- a) Time Off for Industrial Injuries - If you are absent from work due to a job-related incident, you may also be covered by the FMLA policy in which case the full amount of time off will be counted toward your FMLA entitlement. (Reference Industrial Injury Pay Policy, HR-260).
- b) Alternate Position - The Company may require you to work in a different position or on a different schedule during the period of an intermittent or reduced schedule leave that will better accommodate the necessities of your schedule. The alternative position will have the same pay and benefits as the position you held prior to commencement of the leave.

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- c) Exempt Classification – Salary Reductions - Exempt employees on a reduced or intermittent leave schedule can have their compensation reduced without loss of their exempt status.
- d) Requirement to Minimize Disruption for Planned Medical Treatments - For all leaves involving planned medical treatments, including intermittent and reduced schedule leaves; you are obligated to plan for treatments so that they will cause the least disruption to the Company's operations. You are required to coordinate the scheduling of such planned events with your supervisor in advance and should try to schedule time off at the beginning or end of your shift.
- e) Multiple Qualifying Events - An employee with more than one qualifying event (e.g. adoption and care of a seriously ill parent) within a 12-month period is not entitled to a separate 12-week period for each event.
- f) Seeking Other Employment - During a leave of absence a person may not engage in gainful employment. Accepting other employment may result in termination of employment and/or discontinuance of disability benefits (i.e. short-term disability or salary continuance benefits).
- g) Applying for Posted Positions - You cannot apply for a posted position until you return from your leave of absence.
- h) Misuse - Misuse of FMLA/OFLA leave, including using leave time for a purpose other than the permitted reasons described above, may result in discipline, including termination of employment.

Summary of Oregon Family Leave Laws (Oregon employees only)

Under the Oregon Family Leave Act (OFLA), employees must have worked an average of 25 hours per week in the previous 180 days to qualify for state family leave. Employees taking leave to care for a newborn, adopted or newly-placed foster child only have to meet the 180 day employment requirement (regardless of the number of hours worked).

In addition to the FMLA-qualifying purposes (taking unpaid time off for an employee's own serious health condition, parent, child, and spouse's serious health condition and parental leave), in Oregon employees may also request family leave for the serious health condition of a parent-in-law, same sex domestic partner, and a same-sex domestic partner's child or parent. Employees may also request time off to care for a sick child who does not have a serious health condition and needs home care, provided another family member is not willing and able to care for the child ("sick child leave").

In addition to the basic FMLA 12-week family leave entitlement, Oregon employees may qualify for an additional:

- 1) 12 weeks for pregnancy-related disability or prenatal care, and
- 2) 12 weeks for sick child leave if employees take 12 weeks of family leave as parental leave first.

In Oregon, employees who use sick child leave on more than three separate occasions in a 12-month period, looking backward from the date of the first occurrence, may be required to provide medical certification.

Reinstatement following Oregon family leave is generally to the employee's former position, unless that position has been eliminated, in which case to an available, equivalent position.

Leave granted under OFLA runs concurrently with leave under FMLA and other paid and unpaid leaves where allowed by law. You may have additional rights under OFLA, though generally unless noted; the FMLA policy will apply.

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Summary of California Paid Family Leave Law (California Employees Only)

Under the Paid Family Leave Law (PFL) all employees working in California are eligible for this leave. The PFL does not require a minimum number of hours worked or days employed to qualify for the benefits. Employees may receive up to 6 weeks of benefits that may be paid over a 12-month period. Employees have to be off work at least 8 calendar days to receive PFL benefits. PFL does not provide job protection like FMLA and CFRA.

Employees can use PFL to care for a seriously ill child, spouse, parent or a CA registered domestic partner and to bond with a new child or with a child in connection with adoption or foster care placement. Microchip will require employees to take leave under FMLA (where applicable) and CFRA (where applicable) concurrently with leave taken under PFL.

To apply for PFL an employee must fill out the Microchip Leave of Absence Request Form and submit to HR. They must also file a claim form with the State of CA along with the necessary medical documents. The claim forms are available from the CA EDD offices.

During the first week waiting period, Microchip will require that employees use any earned and unused vacation time. If not available, non-exempt personal time can be used. After the waiting period employees will begin receiving PFL benefits and Microchip will coordinate any vacation or personal time used with the PFL benefit if the employee requests it.

Domestic Violence Leave - Special Oregon Provision

Under Oregon law, Microchip is required to allow eligible employees to take a reasonable amount of time off work to deal with issues arising from being a victim (or the parent or guardian of a minor child or dependent who is the victim) of domestic abuse, rape or stalking. An employee is eligible for this leave if he/she has worked for Microchip an average of 25 or more hours per week for a 180 day period immediately prior to the leave.

Under this law, Microchip must allow an eligible employee to take reasonable leave from employment for any of the following purposes:

- To seek legal advice or law enforcement assistance or remedies to ensure the health and safety of the employee or the employee's minor child or dependent;
- To seek medical treatment for, or to recover from, injuries caused by domestic violence, sexual assault or stalking;
- To obtain, or to assist a minor child or dependent in obtaining, counseling from a licensed mental health professional or services from a victim services provider; or
- To relocate, or take steps to secure an existing home, to ensure the employee's own or the children's health and safety.

An employee seeking protected leave under this policy/law must contact Gresham Human Resources. The employee must give Microchip reasonable advance notice of the intention to take leave, unless it is not feasible under the circumstances. Microchip may require certification confirming the need for such leave. Additionally, Microchip may limit the amount of leave an eligible employee takes for such purposes, if the employee's leave creates an undue hardship on the business. All information related to the employee's request and/or taking of such leave will be kept confidential.

Leaves of absence related to domestic violence, as approved, are generally without pay; however, employees will be *required* to use available unused accrued-to-date personal absence time and will have the *option* to use any remaining annual allotment of personal absence and/or vacation time. Note: Vacation and personal absence time are accrued each month as long as an employee works at least 15 days during the month. If on a leave of absence and an employee doesn't work 15 days during each month, there is no vacation and personal absence accrual for the month.

Microchip may elect to handle individual circumstances on a case-by-case basis at the sole discretion of the Company.

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Personal Leave

Personal leave may be granted in the sole discretion of the Company for compelling personal reasons, such as non-medical emergencies or hardship. Personal leave may not be used to engage in any moneymaking activity or to start a business. You must have at least 1 year of service before you can apply, and your leave will not be approved if you are on a Performance Improvement Plan or Attendance Notice. Personal leaves may be granted for up to 12 weeks. While on leave, you do not qualify for employee benefits.

Military Leave

Military leave is for active duty or training in the United States Armed Forces, including annual military duty or training for reservists. This type of leave is treated as if the employee remained on the job in terms of seniority for vacation and other accrued benefits. Microchip will adhere to the terms of the Uniformed Services Employment and Reemployment Rights Act (USERRA). As such, the employee is guaranteed a job at a grade and rate established at the time of re-employment in accordance with the requirements of USERRA. While on active duty employees who have at least a year of service with Microchip will receive their regular pay offset by military pay for up to one year. After one year, Microchip will review business conditions and determine if further salary continuation will be continued. Employees, who are reservists, will receive 80 hours of base compensation (offset by military pay) during the time they are performing their annual service/training. A Leave of Absence Request Form, a copy of the Orders, and a copy of wages received for their military service is required for this type of leave.

An employee who enlists in to the armed services (not reserves) will not be eligible for continued salary coordination while on active duty. In this instance, Microchip will adhere to the terms of the Uniformed Services Employment and Reemployment Rights Act (USERRA).

Educational Leave

Educational leave may be granted for employees who need to attend school full-time to complete a course of study that directly supports a current position or a future assignment consistent with identified Company career goals or needs. You need 1 year of continuous service before your leave will be approved, and your leave will not be approved if you are on a Performance Improvement Plan or Attendance Notice. Leaves may be granted for one semester. Extensions may be granted for additional semesters, but the maximum educational leave is 1 year. While on leave, you do not qualify for a tuition refund or employee benefits (see Tuition Refund Policy).

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Non-FMLA Medical Leaves

If you have been employed less than one year you are not eligible for a FMLA Employee Medical Leave. However, if you have been (re)employed for at least six months you may be eligible for a Non-FMLA Employee Medical Leave. Moreover, even if you have not been (re)employed six months you may be eligible for leave depending upon your individual circumstances and mandates of Federal and State law (such as the American with Disability Act). See your Human Resources representative.

1. Under Employee Medical Leaves that are non-FMLA, you will be *required* to use your available unused accrued-to-date personal absence and vacation pay during your waiting period for Short Term Disability (non-exempts only). The use of your remaining annual allotment of personal absence and/or vacation is not allowed for this type of leave.
2. When you have been released to return to work and your job is not protected under federal or state law, the Company may determine if your position is still available and if not, if any other position you are qualified for is available.
3. The department manager and Human Resources may approve additional time off (i.e., more than 12 weeks) for non-FMLA employee medical leaves. However, the provisions of the FMLA will not be applicable to medical leaves that exceed 12 weeks.
4. Continuance of Insurance During Leave

During any non-FMLA medical leave under this policy, you will continue to be covered by Microchip's Flexible Benefits group insurance plan as long as you satisfy the requirements of this policy and the insurance plan.

- a) You Pay Your Portion – An employee who is granted an approved leave of absence under this policy is responsible to make arrangements to pay their share of the costs during the period of unpaid absence (i.e. premium payments during leave or double deductions upon return to work).
 - b) Not Returning to Employment – Coverage may stop if the Company learns you do not intend to return to your employment or if you do not return to your employment when your leave expires. In these cases, the Company may request reimbursement of any premiums it has paid on your behalf during the leave.
 - c) Failure to Comply – If you fail to comply with these requirements, your coverage may lapse. If it does, you will be offered COBRA continuation coverage as provided by law.
5. If you:
- a) Have been (re)employed more than three (3) months (see guideline for first 3 months in Attendance Policy, HR-210) but less than six (6) months;
 - b) Are not eligible for leave under any federal and/or state law;
 - c) Are not currently on a PIP or AN; and
 - d) Need time off for your own medical condition

you may be provided with up to two (2) weeks to return to work before your position will be terminated. Pay during this two-week period may consist of both accrued and as yet unaccrued

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(limited to current estimated accrual for the calendar year in which the time is being taken) vacation (if scheduled in advance) and/or scheduled or unscheduled personal absence time. The two (2) weeks of time off is at the discretion of management and, if approved, will be subject to the terms of the Attendance Policy (HR-210), which may include termination of employment.

<u>Cross Reference</u>	<u>HR Policy No.</u>
EEO	HR-100
Transfers	HR-140
Attendance	HR-210
Personal Absence Pay	HR-250
Industrial Injury Pay	HR-260
Vacations	HR-300
Bridging of Service	HR-340

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Vacations

Policy No.: HR-300

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INTENT

Microchip provides for employee health and welfare by giving vacation time off for rest and relaxation. We also recognize employees' long-term contributions by increasing vacation time as years of service accumulate.

DEFINITION

Full time employees work a minimum of 32 hours per week.

POLICY

1. Paid vacation time is earned through an employee's years of service. Vacation accrues as follows:

<u>Company Service</u>	<u>Hours per Month</u>	<u>Annual Hours</u>
0 years but, less than 2 years	6.67	80
2 years but, less than 3 years	7.33	88
3 years but, less than 4 years	8.00	96
4 years but, less than 5 years	8.67	104
5 years but, less than 6 years	9.33	112
6 years and over	10.00	120
9 years and over	10.67	128
10 years and over	11.33	136
11 years and over	12.00	144
12 years and over	12.67	152
13 years and over	13.33	160

- Exempt employees hired in with at least six years of full-time, job related industry experience will accrue at the rate of 10 hours per month (e.g., 6 years & over accrual rate). Any exempt employee hired in with less than six years of full-time, job related industry experience will be slotted to the appropriate monthly accrual, based on "full years" of prior full-time, job related industry experience as of their hire date. Each January they will be moved to the next appropriate monthly accrual until they reach the 6 year accrual rate. All future accruals will be based on actual Microchip service (e.g. 9 years and over accrual requires 9 years of MCHP service). All exempt employees as of January 1, 2007 were grandfathered into this provision of the policy based on this criteria.
- Vacation years change on the anniversary of the date of hire by Microchip. Part-time employees and full time employees working less than a 40-hour week earn a prorated amount based on the number of hours the employee regularly works.
- Vacation does not accrue when an employee is no longer active on the payroll system due to an approved leave of absence. (Refer to Family and Medical Leave of Absence & Other Leaves of Absence policy, HR-290).
- Vacation accrues monthly from January 1 through December 31. Employees are allowed to "borrow" vacation that will accrue within the current calendar year.
- Each year between December 24 and December 31 an employee may borrow vacation from the next calendar year with Supervisor approval.

Microchip may elect to handle individual circumstances on a case-by-case basis at the sole discretion of the company.

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- The standard is that all vacation time must be used by December 31 or forfeited with the following exceptions:
 - Exception granted for unused vacation time due to a business requirement that prohibited the employee from taking a planned vacation.
 - Exception per approval by the department manager for an employee to roll vacation hours over to the first calendar quarter of the next year (4th fiscal quarter). Each situation will be evaluated for practicality, feasibility, cost, coverage issues and any impact to business.
 - Approved "carry-over vacation time" must be used by March 31 of the next year (4th fiscal quarter) or forfeited.
 - A different rule applies for California residents, who should refer to #6 for carry over specifics.
- Employees (hourly & non-exempt) on a Compressed Work Week (CWW) schedule will accrue based on their scheduled shift (excluding gowning time; e.g., a production specialist working 11.75 hours with gowning time will take 11.6 hours of vacation time (11.75 hours without gowning = 11.6 hours):

Vacation Accruals	All CWW Shifts	CWW - 11.6		CWW - 11.75		CWW - 11.85		CWW - 12.00	
Period of Employment	CWW Annual Days	CWW Hours Accrued Per Month	CWW Annual Hours Accrued	CWW Hours Accrued Per Month	CWW Annual Hours Accrued	CWW Hours Accrued Per Month	CWW Annual Hours Accrued	CWW Hours Accrued Per Month	CWW Annual Hours Accrued
0 up to 2 yrs	7.0	6.77	81.20	6.85	82.25	6.91	82.95	7.00	84.00
2 up to 3 yrs	7.7	7.44	89.32	7.54	90.48	7.60	91.25	7.70	92.40
3 up to 4 yrs	8.4	8.12	97.44	8.23	98.70	8.30	99.54	8.40	100.80
4 up to 5 yrs	9.1	8.80	105.56	8.91	106.93	8.99	107.84	9.10	109.20
5 up to 6 yrs	9.8	9.47	113.68	9.60	115.15	9.68	116.13	9.80	117.60
6 up to 9 yrs	10.5	10.15	121.80	10.28	123.38	10.37	124.43	10.50	126.00
9 up to 10 yrs	11.2	10.83	129.92	10.97	131.60	11.06	132.72	11.20	134.40
10 years	11.9	11.50	138.04	11.65	139.83	11.75	141.02	11.90	142.80
11 years	12.6	12.18	146.16	12.34	148.05	12.44	149.31	12.60	151.20
12 years	13.3	12.86	154.28	13.02	156.28	13.13	157.61	13.30	159.60
13 years	14.0	13.53	162.40	13.71	164.50	13.83	165.90	14.00	168.00

2. Vacation pay is paid at an employee's current base rate plus applicable differentials.
 - There is no payment in lieu of vacation time except upon termination. At that time, only unused accrued vacation time is paid out.
 - If an employee leaves the company and has used more vacation time than accrued, the final paycheck will be adjusted to deduct this time. If more is owed than the total of the final paycheck (more vacation time used than hours worked in the last pay period), the employee will be required to pay the amount owed to Microchip at the time of separation.

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3. New hires, for the first calendar year of employment accrue and can borrow vacation based on the following schedules: (Exempts refer to section #1 for specifics on vacation monthly accruals)

Dates of Hire	*SWW- 8.0	**CWW- 11.6	CWW- 11.75	CWW- 11.85	CWW- 12.00
Jan 01 – Jan 15	80.0	81.20	82.25	82.95	84.00
Jan 16 – Feb 15	73.3	74.47	75.35	76.01	77.00
Feb 16 – Mar 15	66.7	67.70	68.50	69.10	70.00
Mar 16 – Apr 15	60.0	60.93	61.65	62.19	63.00
Apr 16 – May 15	53.3	54.16	54.80	55.28	56.00
May 16 – Jun 15	46.6	47.39	47.95	48.37	49.00
Jun 16 – Jul 15	40.0	40.62	41.10	41.46	42.00
Jul 16 – Aug 15	33.3	33.85	34.25	34.55	35.00
Aug 16 – Sep 15	26.7	27.08	27.40	27.64	28.00
Sep 16 – Oct 15	20.0	20.31	20.55	20.73	21.00
Oct 16 – Nov 15	13.3	13.54	13.70	13.82	14.00
Nov 16 – Dec 15	6.60	6.77	6.85	6.91	7.00

*Standard Work Week

**Compressed Work Week

4. In order to satisfy employee preferences as well as meet the staffing needs of departments, vacation plans should be discussed and approved by the employee's supervisor at least 24 hours before the beginning of your shift. It is recommended that an employee try to give as much notice to their supervisor as possible when scheduling vacation.
- Although attempts are made to grant vacation requests, there are occasions when requests are denied due to scheduling and/or business requirements.
 - If more than one employee in an area requests the same vacation time, priority will be given in the chronological order of the requests.
 - The company may in certain instances schedule an employee to use vacation at its discretion (i.e. shutdown).
 - Vacation and/or personal absence (PA) accruals must be used by non-exempts to cover all time off (exception for bereavement), until all such available time is exhausted to ensure hours recorded match hours scheduled. For example:
 - CWW employees taking a partial day off must record actual hours worked plus vacation or PA time to fill to their full schedule, including any gowning time; e.g., an employee whose schedule with gowning totals 11.75 hours in a day works 5.75 hours, but must fill the remainder of the day with 6 hours vacation or PA to total 11.75 hours.
 - CWW employees taking a whole day off must record scheduled hours less any built-in gowning time; e.g., as with the above example, the employee works 11.75 daily with gowning, so 11.6 (11.75 without gowning = 11.6) hours must be recorded as vacation or PA. If scheduled hours total 11.75 hours per day and this does not include gowning, then 11.75 hours must be used for vacation.
5. All employees who were actively employed at TelCom Semiconductor, Inc. on the date of the acquisition (1/16/01) were grandfathered for vacation accrual under their existing policy.
6. For employees that reside in the State of California, Microchip will allow employees in CA to carryover and accrue up to a maximum of thirty (30) days (240 hours). Once an employee

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reaches this level no new vacation will be earned or accrued until the accrued unused balance falls below 240 hours.

7. It is the employee's responsibility to ensure that their Kronos timecard is accurate when submitted to payroll. Any discrepancies on timecards with respect to vacation pay will be corrected on the next regularly scheduled payroll processing.
8. It is the responsibility of the employee and his/her supervisor to track used and accrued vacation time.
9. This policy will be enforced with respect to all Federal and State laws.

<u>Cross Reference</u>	<u>HR Policy No.</u>
Personal Absence Pay	HR-250
FMLA & Other LOAs	HR-290
Bridging of Service	HR-340

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MICROCHIP TECHNOLOGY INC.
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INTENT

Under certain provisions, time off and/or compensation is provided to employees as a result of company observed holidays.

DEFINITION

Employment is considered full time if the employee works 32 or more hours a week. Employment is considered part time if an employee works less than 32 hours a week.

POLICY

1. Provided all provisions of this policy are met, paid time off is provided for regular full-time employees, at their current rates of pay plus applicable differential for the following 10 assigned holidays:

Standard Shifts

- | | |
|--------------------|--|
| - New Years Day | - Thanksgiving Day |
| - Good Friday | - Day after Thanksgiving |
| - Memorial Day | - Christmas Eve |
| - Independence Day | - Christmas Day |
| - Labor Day | - Floating Holiday (assigned by the company) |

Compressed Workweek (CWW)

- | | |
|--------------------|--------------------------|
| - New Year's Eve | - Labor Day |
| - New Year's Day | - Thanksgiving Day |
| - Easter | - Day after Thanksgiving |
| - Memorial Day | - Christmas Eve |
| - Independence Day | - Christmas Day |

2. Dates of holiday observances are determined annually and published on a fiscal workweek calendar available to all employees at the beginning of the year.
3. If the date set to observe the holiday falls on a day an employee is not scheduled to work, the employee will be paid 8 hours holiday pay.
4. If a nonexempt employee is required to work on a scheduled holiday, straight time is paid for each hour worked (full and part time employees). In addition, full time employees receive 8 hours of holiday pay (paid at straight time).
5. QUALIFYING FOR HOLIDAY PAY:
 - An employee must be on active payroll to be eligible for holiday pay. (i.e. leaves of absences)
 - CWW employees scheduled to work a holiday must work the holiday or have approved time off to receive the holiday pay.
 - Approved time off includes vacation, scheduled PA (for non-exempts), bereavement, paid military time (for both training and active duty), and jury duty (instead of actual hours worked).
 - Supervisors have the discretion to allow the usage of PA Charged hours and still pay holiday pay; for example if a partial shift worked. Certain business considerations may allow for approval of the use of PA Charged time on a holiday and still approve payment of holiday time. Payroll will default to not paying holiday pay when PA Charged time is

used. Therefore, in any case PA Charged time is used on the actual holiday the supervisor should use the pay code "PA Holiday" or "PA Holiday Multiple" if they want the employee to receive the holiday pay.

- For Christmas Eve, Christmas Day, New Year's Eve, and New Year's Day; a regular full-time employee may obtain supervisor approval to take time off 'unpaid' and still allow payment of holiday pay. Unpaid time should only be utilized if the employee has depleted their current year of vacation allocation and scheduled PA and opt not to borrow vacation from the next year.
6. CO-OP (excluding Interns and COE Students)
 - A co-op employee that works a standard shift is eligible for holiday pay if they work the regularly scheduled shift before and after the holiday, even if separated by a weekend.
 7. CWW employees with approved time off on a holiday must keep their scheduled day whole by using a combination of holiday and vacation pay or scheduled PA. They have the option to supplement the 8 hours of holiday pay by using enough hours of vacation or scheduled PA pay to cover the additional hours needed to equal their regular shift (i.e. 11.6-hour CWW employee uses 3.6 hours of vacation/PA time + 8 hours of holiday pay). An alternative option is to use vacation or scheduled PA pay equivalent to your regular shift plus receive 8 holiday hours (i.e., 11.6 hours vacation/PA + 8 hours holiday pay). Whichever one of these two options is selected it must be clearly identified by employee on their Kronos timecard.
 8. It is all employees' responsibility to complete their timecards accurately. Any discrepancies on timecards will be corrected on the next regularly scheduled payroll processing.
 9. SHUTDOWNS: If the company imposes a shutdown and a holiday falls within the shutdown period the company may provide 8 hours of holiday pay to all eligible employees.
 10. For fulltime employees that work less than a 40-hour week, holiday pay will be equivalent to their regularly scheduled hours. The holiday must also fall on his/her regularly scheduled workday. Holidays that fall on non-scheduled workdays will not be paid. Example if scheduled Monday-Friday 6 hours per day = 6 hours of holiday pay or if scheduled Tuesday-Friday 8 hours per day = 8 hours of holiday pay for holidays that fall on Tuesday-Friday only.

<u>Cross Reference</u>	<u>HR Policy No.</u>
Overtime	HR-230
Personal Absence Pay	HR-250
Vacations	HR-300

BIWEEKLY EMPLOYEE COST - OR

Benefit Plans	Employee Only	Employee Plus Spouse	Employee Plus Children	Employee + Spouse + Less than 4 Children	Employee + Spouse + 4 or More Children
Preferred PPO	\$25.42	\$76.28	\$64.40	\$105.12	\$126.74
High (\$150) PPO/Indemnity	\$29.68	\$81.80	\$64.73	\$112.29	\$137.86
Medium (\$500) PPO/Indemnity	\$21.57	\$60.61	\$47.84	\$82.49	\$101.04
Basic (\$1000) PPO/Indemnity	\$6.93	\$19.18	\$19.10	\$20.81	\$26.93
Kaiser HMO	\$29.54	\$59.08	\$53.17	\$88.62	\$88.62
Alternative Health Care	\$1.85	\$2.19	\$2.42	\$3.12	\$3.12
MetLife Low Dental	\$0.00	\$5.48	\$5.21	\$14.95	\$14.95
MetLife High Dental	\$3.79	\$9.42	\$8.52	\$24.42	\$24.42
ARAG Group Legal Plan	N/A	N/A	N/A	\$8.70	\$8.70
EyeMed Vision Plan	\$2.53	Employee + 1 \$4.68	N/A	\$7.33	\$7.33

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