

**FIRST ADDENDUM TO
AMENDED STRATEGIC INVESTMENT PROGRAM CONTRACT
BETWEEN
MULTNOMAH COUNTY, OREGON, CITY OF GRESHAM, OREGON, AND
MICROCHIP TECHNOLOGY INCORPORATED**

This First Addendum to the Amended Strategic Investment Program Contract dated June 8, 2009, between Multnomah County, Oregon (“County”), City of Gresham, Oregon (“City”), and Microchip Technology Incorporated, 2355 Chandler Blvd, Chandler, AZ 85224-6199 (“MCHP” and such contract, the “Contract”), is effective the date it has been signed by the last signatory.

RECITALS

1. County, City and MCHP entered into the Contract, which set forth the terms and conditions pursuant to which County approved an extension of the Strategic Investment Program (“SIP”) tax exemption for MCHP’s facility in Gresham, Oregon (the “Project”) in exchange for certain investments of benefit to the community.
2. The economic benefit derived by MCHP from the SIP has enabled MCHP to retain and hire additional regular full-time employees at the Project. However, MCHP has informed County that MCHP has been unable to hire temporary employees at the Project as MCHP does at its other facilities because of restrictions in the Contract limiting the hiring of temporary employees at the Project to a maximum period of six months.
3. In order to provide MCHP the flexibility to add employment opportunities at the Project through the hiring of temporary employees, County, City and MCHP now desire to amend certain portions of the Contract to allow MCHP to hire temporary employees at the Project for periods greater than six months as set forth in the following terms of agreement.

AMENDMENT

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises set forth in the Contract and in this First Addendum, which constitute good and valuable consideration the receipt and sufficiency of which are hereby acknowledged by each party to this First Addendum, the parties hereby agree as follows:

1. Temporary Employees. Section IV.A.3. of the Contract is hereby deleted in its entirety and replaced with the following:

For each calendar year set forth in Section IV.A.2., MCHP may hire temporary employees for positions at the Project performed by “direct labor,” as defined in Section IV.A.6., or Category One employees, as defined in Section IV.A.5. (such positions, the “Production Positions”), for up to six months, provided that such six

month limit shall not apply if the temporary employee is filling a vacancy in a Production Position created by an extended medical leave or a statutorily protected leave, or if:

- a. For the calendar year in which MCHP seeks to utilize a temporary employee for longer than six months in a Production Position from his or her date of hire (such temporary employee, an “Extended Temp”), MCHP expects to meet its regular full-time employment obligations under Section IV.A.2.,
- b. MCHP’s regular full-time staff at the time Extended Temps are utilized exceeds the Prior Year employment obligations under Section IV.A.2. by at least five percent (5%),
- c. The number of Production Positions in which MCHP utilizes Extended Temps in a calendar year is equal to or less than ten percent (10%) of its current regular full-time staff,
- d. MCHP conducts the recruitment and hiring of Extended Temps pursuant to the same obligations MCHP has assumed under the FSA referenced in Section III.B. with respect to the recruitment and hiring of regular full-time employees,
- e. Extended Temps are hired on the same wage scale as comparably skilled or experienced regular full-time employees,
- f. Extended Temps receive benefits comparable to those received by similarly situated temporary employees at other U.S. based MCHP facilities, and
- g. MCHP has offered to hire as a regular full-time employee any Extended Temp who has worked 4,160 hours for MCHP during any 36-month period.

Nothing contained in this Section IV.A.3. shall restrict MCHP’s use of temporary employees for positions that are performed neither by “direct labor” nor Category One employees, provided that no temporary employees in any position shall be counted for purposes of establishing satisfaction of MCHP’s regular full-time employment obligations under Section IV.A.2.

2. Quarterly Reports. Paragraphs a. and b. of Section V.A.5. of the Contract are deleted in their entirety and replaced with the following:

- a. Hiring activity for regular full-time employees for the prior quarter for the Project, including date of hire, title, level, starting compensation and category of position (using the categories shown in the chart in Section IV.A.2.a).

- b. Turnover rate for all regular full-time employees at the Project, calculated in accordance with Section IV.A.4.
 - c. Hiring activity for temporary employees for the prior quarter for the Project, including date of hire, title, level, starting compensation and category of position (using the categories shown in the chart in Section IV.A.2.a).
- 3. Annual Reports. Paragraphs a., b., and c. of Section V.A.6. of the Contract are hereby deleted in their entirety and replaced with the following:
 - a. Wages.
MCHP shall provide a report of its total payroll for regular full-time employees and total number of regular full-time employees, and shall calculate and report the average payroll for regular full-time employees at the Project. In addition, MCHP shall provide a report of the total amount of wages paid for temporary employees and total number of temporary employees, and shall calculate and report the average wage paid for temporary employees at the Project. It is understood that average experience of temporary employees tends to be lower than that of regular full-time employees, and hence the average wage per temporary employee is likely to be lower than the average wage per regular full-time employee.
 - b. Benefits.
MCHP shall provide a statement of the benefits MCHP provided during the tax abatement year to its regular full-time and to its temporary employees, indicating any changes in the benefits from the prior year.
 - c. Hiring Outside of FSA.
MCHP shall provide a statement of the covered regular full-time and temporary employee hires which were not referred to MCHP by the County pursuant to the FSA during the tax abatement year. It shall include the date of hire, job classification, wage scale and residency (state, county, city) at, or just prior to, time of hire. A report form shall be created by County and/or City with MCHP.
- 4. Except as expressly modified by this First Addendum, the parties agree and acknowledge that the Contract is and remains in full force and effect and binding on the parties.
- 5. This First Addendum may be executed in several counterparts, all of which when taken together shall constitute one agreement binding on all parties, notwithstanding that all parties are not signatories to the same counterpart. Each copy of this First Addendum so executed shall constitute an original. No modification of this First Addendum will be binding on any party except as a written addendum signed by authorized agents of each party.

6. Capitalized terms used but not defined in this First Addendum shall have the meanings ascribed thereto in the Contract.

IN WITNESS WHEREOF, the parties hereto execute this First Addendum effective as of the date first set forth above.

MICROCHIP TECHNOLOGY INCORPORATED

By: _____ Date: _____
Steve Sanghi, Chief Executive Officer

MULTNOMAH COUNTY

By: _____ Date: _____
Marissa Madrigal, Acting Chair

Reviewed and approved:
Jenny M. Madkour, County Attorney for Multnomah County

By: _____ Date: _____
Jed Tomkins, Assistant County Attorney

CITY OF GRESHAM

By: _____ Date: _____
Erik Kvarsten, City Manager