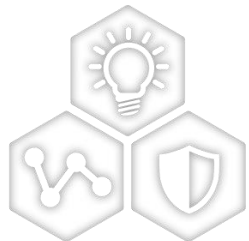


Microchip Fab 4 Oregon



A Leading Provider of Smart, Connected and Secure Embedded Control Solutions



SMART | CONNECTED | SECURE

Dan Malinaric
Corporate VP of Fab 4 Operations

6/2/2023

Fab 4 Oregon Expansion and Chips Act Proposal

- **Fab 4 is a 34-years old manufacturing site**
 - Purchased from Fujitsu in 2002 for \$183.5 million (10 cents on the dollar)
- **\$800 million capital investment committed to triple production in Fab 4**
 - Demand is a combination of revenue growth and internalization from our Foundry partners
 - Planned ramp goes to 315,000 moves per day and 1,600 WSPD (120% of original Gresham capacity)
 - Supports \$2 billion in annual revenue and 2 billion units per year
 - Add new cleanroom space (Implant Annex and TF Expansion area)
 - Add ~165 new tools (Fab 5, Used and Refurbished and New) + 20 relocations
- **Increase capacity on almost every facilities system**
 - Boilers, Chillers, Bulk Gases, HF Treatment, Silane, New N2 plant, UPW plant, PCW, Scrubbed Exhaust, Electrical, Makeup Air, etc.
- **Collaborative Partnership with City of Gresham (COG) on Ammonia treatment**
 - \$16 million Microchip investment in COG wastewater treatment plant to add ammonia removal
 - End result benefits Microchip, City of Gresham, Columbia River water quality without increasing taxes

Microchip – *an employer of choice*

We don't offer jobs, We offer careers

- **Award Winning Culture**

- Values driven culture with job satisfaction scores > 86% (employees rating management)
- Awards: Best Workplaces for Job Starters, A Top 50 Employer (Minority Magazine), Greatest Workplaces for Women, World's Top Female Friendly Companies, Greatest Workplaces for Diversity, etc.
- Hired ~300 employees + 150 contractors (trades) + ~50 vendors so far
- Entry level positions, including those with HS degree or GED, are great entry points
- Shift differential, Built-in OT, Cadillac benefits (Obama care), Quarterly bonus, Stock for all employees
- On-site medical clinic, subsidized cafeteria (\$6 to \$8 meals), on-site gym, discounted mass transit
- In-house training program, top 100 training company, > 1K online classes internally, promote from within philosophy → 44 promotions last 18 months out of production, 83 into lead / skilled positions
- Innovative partnerships with Mount Hood Community College (MHCC) for technicians offering pre-paid tuition, books and fees – Internships, Apprenticeship and On-site programs
- Relationships with Oregon Worksystems and Portland Youth Builders

- **Need to hire about 300 more**

- 250 production specialists, 50 technicians

Microchip Investment in Gresham \$1.15 Billion

Program	Investment
SIP	\$265,820,253
SIP 2	\$120,106,890
EZ 1	\$66,891,121
EZ 2	\$74,506,407
EZ 3	\$622,675,330

Oregon Tax Abatement Programs

- **SIP (Strategic Investment Program)**
 - 2002 – 2017
 - 15-year program
 - 100% abatement of taxes after first \$100M
- **EZ (Enterprise Zone)**
 - Rolling 5-year abatement windows
 - Application #1 (2017 -2023)
 - Application #2 (2020 -2026)
 - Application #3 (2023 -2029)
 - 75% Abatement for select projects for 5years

- We have 1,000 employees in Gresham.
- We plan to hire another 300 employees.
- We have not had a layoff in 20 years.

- Microchip came to Oregon in large part due to SIP incentives.
- Microchip has continued to invest under EZ incentives.
- Current investment positions the Gresham site for the next 20 years.
- Current EZ incentives qualify Microchip as a covered entity for Chips Act funds.