

## INTRODUCTION

Each of us has a responsibility to Microchip Technology Inc. and its subsidiaries ("Company"), our stockholders, and each other to avoid activities or relationships that might interfere with, or appear to interfere with, our ability to act in the best interests of the Company. Although this duty does not prevent us from engaging in personal transactions and investments, it does demand that we avoid situations where a conflict of interest might occur. The Company is subject to scrutiny from many different individuals and organizations.

## POLICY

A conflict of interest is a divided loyalty between the interests of the Company and the personal interest of a director, officer, or employee. You must not allow personal considerations or relationships, whether actual or potential, to influence you in any way when representing the Company in dealings with other persons or organizations. As mentioned above, each of you has the obligation to avoid not only situations that give rise to a conflict of interest, but also those situations that create the appearance of a conflict of interest. You may encounter potential conflicts of interest in a variety of situations. Some examples include:

1. **Employment/Outside Employment** – In consideration of your employment with the Company, you are expected to devote your full attention to the business interests of the Company. You are prohibited from engaging in any activity that interferes with your performance or responsibilities to the Company or is otherwise in conflict with, or prejudicial to, the Company. Our policies prohibit any employee from accepting simultaneous employment with a Company supplier, customer, distributor, service provider, consultant, developer, or competitor, or from taking part in any activity that enhances or supports a competitor's position. Additionally, you must disclose to the Company any interest that you have that may conflict with the business of the Company. If you have any questions on this requirement, you should contact your supervisor or the Vice President of the Human Resources Department.
2. **Outside Directorships** – It is a conflict of interest to serve as a director of any company that competes with the Company. Depending on the circumstances, it may be deemed a conflict of interest to serve as director of a Company supplier, customer, distributor, service provider, consultant, developer, or other business partner. If you are seeking such a position, or hold such a position at the time that this policy is adopted, then you must seek approval from the Chief Financial Officer or the Director of the Legal Department. Members of the Board of Directors are also required to comply with such further policies regarding outside directorships which may be adopted by the Company's Board of Directors or the Nominating and Governance Committee of the Board.  
  
Any compensation you receive for your directorship should be commensurate to your responsibilities.
3. **Business Interests** – If you are considering investing in a customer, supplier, distributor, service provider, consultant, developer or competitor, you must first take great care to ensure that these investments do not compromise your responsibilities to the Company. Many factors should be considered in determining whether a conflict exists, including the size and nature of the investment; your ability to influence the Company's decisions; your access to confidential information of the Company or the other company; and the nature of the relationship between the Company and the other company.
4. **Related Parties** – As a general rule, you should avoid conducting Company business with a relative or significant other, or with a business in which a relative or significant other is associated in any

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

# Conflicts of Interest

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significant role. Relatives include: spouse, sister, brother, daughter, son, mother, father, grandparents, aunts, uncles, nieces, nephews, cousins, step relationships, and in-laws. Significant others include persons living in the same residence with an employee.

If such a related party transaction is unavoidable, you must fully disclose the nature of the related party transaction to the Company's Chief Financial Officer. If determined to be material to the Company by the Chief Financial Officer, the Company's Audit Committee must review and approve in advance such related party transactions. The most significant related party transactions, particularly those involving the Company's directors or executive officers, must be reviewed and approved in advance by the Company's Audit Committee and the Board of Directors. The Company must report many types of related party transactions under applicable accounting rules, Federal securities laws, SEC rules and regulations, and securities market rules. Any dealings with a related party must be conducted in such a way that no preferential treatment is given to this business.

The Company discourages the employment of relatives and significant others in positions or assignments within the same department and prohibits the employment of such individuals in positions that have a financial dependence or influence (e.g., an auditing or control relationship, or a supervisor/subordinate relationship). The purpose of this policy is to prevent the organizational impairment and conflicts that are a likely outcome of the employment of relatives or significant others, especially in a supervisor/subordinate relationship. If a question arises about whether a relationship is covered by this policy (Employment of Relatives/Fraternization HR-640), the Human Resources Department is responsible for determining whether an applicant's or transferee's acknowledged relationship is covered by this policy. The Human Resources Department shall advise all affected applicants and transferees of this policy. Willful withholding of information regarding a prohibited relationship/reporting arrangement may be subject to corrective action, up to and including termination. If a prohibited relationship exists or develops between two employees, the employee in the senior position must bring this to the attention of his/her supervisor. The Company retains the prerogative to separate the individuals at the earliest possible time, either by reassignment or by termination, if necessary.

**Other situations** – Because other conflicts of interest may arise, it would be impractical to attempt to list all possible situations. If a proposed transaction or situation raises any questions or doubts in your mind you should consult your supervisor, department manager, Human Resources, or the Legal Department.

<u>Cross Reference</u>	<u>HR Policy No.</u>
Confidentiality	HR-600
Insider Trading	HR-630
Reporting Legal	
Non-Compliance	HR-675
Compliance with Laws	HR-685
Code of Business Conduct & Ethics	HR-690

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