

## OTHER BENEFITS

KeyPoint Credit Union  
Technology Credit Union  
Automatic payroll deposit  
On-site Cafeteria and Food Service  
Employee Services:

- “Employee Edge” - the company store
- Recreational and social activities
- Entertainment and travel discounts
- Wellness program - Annual Health Fair
- Club “EXARcise” - a state-of-the-art, on-site fitness center
- Sport Field—basketball, tennis courts, soccer field

*The descriptions of the benefits and policies are summary statements only and are not intended to be definitive. In all instances, the full text of the plan, policy or other appropriate documents must be reviewed to determine the rights, benefits and obligations of employees and of Exar.*

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# BENEFITS BRIEFING

**Exar offers a comprehensive package of benefits designed to enhance the quality of life and good health of all its employees and their families. The following is an overview of Exar's benefits plans.**

## MEDICAL BENEFITS

Exar Corporation employees have a choice of three medical plans. Full-time, regular employees and their eligible dependents are able to enroll on the first day of employment. EXAR pays 100% of the employee's premium cost and a portion of each dependent's premium cost.

Eligible dependents include your legal spouse and unmarried children under the age of 19. Coverage may continue from age 19 through 24 if your child is a full-time student and is claimed as a dependent for income tax purposes. Qualified domestic partners may be eligible as well. Please consult Human Resources for eligibility and tax implications.

### **Cigna Healthcare Open Access Plus (OAP)**

This plan covers 70% of most reasonable and customary expenses for the geographic area where covered

treatment is provided. There is a \$150 calendar year deductible per person (\$450 per family).

As a participant of this plan, you can choose to go to an OAP network provider or a non-network provider. If you select physicians and hospitals from the OAP network, your benefits can increase from 70% to 90%. In-network benefits also include 100% coverage after a \$10 co-payment for office visits, routine preventive care, well baby care, mammograms and gynecological exams.

Prescription drugs range from \$7 to \$35 for a 30-day supply at participating pharmacies, or you can obtain a 90-day supply of a maintenance prescription drug at additional savings through CIGNA's mail order service.

### **Cigna Healthcare Point-Of-Service (POS)**

Under CIGNA's POS plan, you select a Primary Care Physician (PCP) – such as an internist, family practitioner or pediatrician – to coordinate all your care. The PCP will treat most of your conditions and refer you to a qualified in-network provider if you need the attention of a specialist. Most care is covered at 100% after a \$10 co-payment. If you choose, you can use an out-of-network physician with reduced benefits.

Prescription drugs range from \$7 to \$35 for a 30-day supply at participating pharmacies, or you can obtain a 90-day supply of a maintenance prescription drug at additional savings through CIGNA's mail order service.

### **Kaiser Foundation Health Plan (HMO)**

The Kaiser Foundation Health Plan provides prepaid direct services for its members at Kaiser Foundation Hospitals and Medical Centers. There are no deductibles or claims forms. Co-payments are \$10 each for office visits, eye exams and 30-day prescriptions.

### **Supplemental Medical Insurance**

Exar offers employees a voluntary supplemental medical plan to enhance their existing medical coverage. AFLAC's Cancer Policy covers out-of-pocket and non-reimbursable expenses incurred as a result of a cancer diagnosis. They also provide reimbursement for qualified pre-cancer screenings such as pap smears and prostate exams. Benefits are paid regardless of primary medical plan reimbursements. The premium cost varies with the selected plan and is paid for by the employee. Please consult the Plan document for specific coverage details.

## **Vision Services Plan (VSP)**

Vision Services Plan is offered to all regular, full-time employees who enroll in one of Exar's group medical plans. Benefits through a VSP provider include:

- Eye exams every 12 months (\$10 co-pay)
- Materials (\$25 co-pay)
  - Lenses every 12 months
  - Frames every 24 months
  - Contact lenses every 12 months
- Elective (benefits up to \$105)
  - Medically necessary (100%)

## DENTAL BENEFITS

### **MetLife**

Full-time, regular employees are eligible to enroll for dental coverage as of the first day of employment. EXAR pays 100% of the employee's premium cost and shares the premium cost for dependent coverage. As a participant, you can choose a dentist from the Preferred Dental Provider (PDP) Network or a non-network provider whenever you need dental care. This decision will affect your out-of-pocket expense. There is a \$50.00 calendar year deductible per person (\$150.00 per family).

Preventive 6-month checkups are payable at 100% of covered dental expenses and are not subject to a deductible. Subject to deductible and payable at the indicated percentage of covered expenses are: fillings, endodontic treatment, oral surgery – 80%; crowns, prosthodontic services – 50%. There is a maximum benefit of \$3,000 per person per Plan Year.

Orthodontic coverage is 50% of reasonable and customary charges to a lifetime maximum of \$1,500 for adults and children. A separate \$100 deductible will apply.

## DISABILITY

### **EDIP (EXAR Disability Income Plan)**

EXAR employees who reside in the state of California are covered under a self-insured disability program. This program pays a temporary disability benefit for a non-occupational illness or injury for up to 52 weeks. EXAR Disability Income Plan (EDIP) replaces the State of California Disability (SDI) plan.

## Voluntary Short Term Disability

Eligibility begins the first day of employment for employees who are working in the United States. The Company shares the premium cost with the employee. Benefits begin on the 15<sup>th</sup> consecutive day of disability. The short term disability benefit is designed to replace, in coordination with the EDIP plan above, 60% of your base monthly earnings up to a maximum benefit of \$2,020 per week for a period of 50 weeks.

## Long Term Disability

This plan is effective on the first day of employment. EXAR pays the entire premium so there is no cost to the employee. Benefits begin after one continuous year of disability and provide ongoing monthly income for the length of the disability or until age 65, whichever comes first. The program pays 66 2/3% of your annual base salary up to a maximum of \$10,000 per month.

## Sick Leave

Non-exempt employees accrue 1.15 hours (60 hrs/yr) of sick leave per week of employment. At the end of each calendar year, half the employee's sick leave balance is cashed out while the remainder is carried forward to the following year.

Exempt employees are granted sick leave credit based on their length of service as of January 1<sup>st</sup> of each year:

- Up to two years of employment - two weeks
- Over two years of employment - four weeks

Exempt new hires receive prorated sick leave for the calendar year of hire.

## HOLIDAYS

EXAR provides 11 paid holidays per calendar year. A predetermined number of these are personal floaters that can be used at your own discretion for various reasons such as religious observance, birthdays, anniversary or extended vacation time.

## SUPPLEMENTAL LIFE INSURANCE

In addition to the Survivor Benefits, the Company offers employees the opportunity to purchase additional life insurance for themselves, their spouse and/or dependent children. Supplemental life insurance is provided at favorable rates through payroll deduction.

## SURVIVOR BENEFITS

Exar makes a significant contribution to a family's financial security by providing life insurance coverage under the following plans at no cost to the employee.

### Life Insurance And Accidental Death & Dismemberment

Your life insurance coverage is equivalent to two times your annual base salary up to a maximum of \$500,000. The AD&D coverage provides an additional two times your annual base salary.

### Business Travel Accident Insurance

This plan is effective anywhere in the world while traveling on authorized company business. It provides a \$200,000 death benefit. This benefit also covers full and partial paralysis.

### Seat Belt Insurance

To help prevent auto injury and death, EXAR provides an incentive to employees to use seat belts. The seat belt benefit is the lesser of \$50,000 or the amount of the AD&D.

## FLEXIBLE SPENDING ACCOUNTS

EXAR allows employees to pay for the following expenses with pre-tax dollars through the Section 125 and Transportation Benefit programs:

- Dependent Medical/Dental Premiums
- Out-of-pocket Medical/Dental expenses (up to \$5,500/yr)
- Dependent /child care expenses (up to \$5,000/yr)
- Transportation expenses (up to \$3893.50/yr)

## EXAR CORPORATION SAVINGS PLAN - 401(k)

EXAR offers all eligible employees an opportunity to enroll in a tax deferred savings plan for retirement at the time of hire. Employees may defer, on a pre-tax basis, up to 50% of their compensation to a maximum determined by the IRS each calendar year. EXAR matches up to the first 6% of your qualified compensation. The percentage

of match is dependent on company profits. The plan offers 21 investment fund choices, daily evaluation, telephone access 24 hours a day, and on-line access. Exar also offers a Catch-Up Contribution plan for employees 50+ years old, allowing supplemental contributions to your 401(k).

## QUARTERLY CASH PROFIT SHARING

When the company does well financially, your contribution to its success is rewarded. As a regular, full time employee, you are eligible to participate in EXAR's quarterly cash profit sharing plan as of the first day of employment, unless you are in another incentive plan.

## EMPLOYEE STOCK PARTICIPATION

EXAR offers eligible employees an opportunity to participate in the Employee Stock Participation Plan at the beginning of each calendar quarter. Employees can deduct up to 10% of their base pay towards the purchase of EXAR stock at a discounted price of 95% of the fair market value.

## EDUCATIONAL ASSISTANCE

EXAR's Educational Assistance Program is designed to help pay for your continuing education expenses including reimbursement of tuition, lab fees and required registration fees. Course work must be approved in advance for work-related studies at an accredited institution. Certain payback provisions apply.

## VACATION

Time off from work is important for you and your family. Exar offers a very competitive vacation package. Vacation accrual is based on the following years of service:

- |                        |         |
|------------------------|---------|
| • Zero to one year     | 10 days |
| • One to two years     | 11 days |
| • Two to three years   | 12 days |
| • Three to four years  | 13 days |
| • Four to five years   | 14 days |
| • Five to ten years    | 16 days |
| • Ten to fifteen years | 21 days |
| • Fifteen years plus   | 22 days |

## EMPLOYEE ASSISTANCE

### CONCERN

Professional help is available to full-time, U.S. employees of Exar when personal issues arise concerning their work or personal life. CONCERN is a national assistance program providing free information, referral and short-term counseling to eligible employees and their dependents for the following situations:

- Stress/anxiety/depression
- Marital or parent/child conflicts
- Substance abuse
- Child care needs
- Legal issues
- Financial concerns
- Caring for older adults

## EMPLOYEE REFERRAL

Exar provides cash awards up to \$4,000 to employees whose referred candidate is hired by the company.

## TRAINING & DEVELOPMENT

EXAR encourages personal career development for employees. Periodically the Company will assess training requirements to ensure offered courses accurately reflect the needs of the employees. Training programs are offered in a number of areas.

## EXAR SCHOLARSHIPS

Exar supports education through annual scholarships awarded to selected dependent children of eligible employees. Applicants must be enrolled in a minimum of 12 units at an accredited undergraduate college or university, and must submit a completed application for consideration.

## SERVICE RECOGNITION AWARDS

Exar appreciates and recognizes employees' dedication and contribution to the long-term success of the company. As employees reach each five-year service milestone, they are presented with an EXAR lapel pin, a badge emblem honoring their years of service with Exar, and a personally selected gift award.