

June 9, 2009



Microchip Technology Provides Financial Guidance for First Quarter Fiscal 2010

CHANDLER, Ariz.--(BUSINESS WIRE)-- Microchip Technology Incorporated (NASDAQ: MCHP), a leading provider of microcontroller and analog semiconductors, today provided financial guidance for the first quarter of fiscal 2010 ending June 30, 2009. Net sales are expected to be up between 8 and 10 percent from the fourth quarter of fiscal 2009 ended March 31, 2009. In the quarter ending June 30, 2009, gross margins are expected to be approximately 49.1% to 49.5% on a GAAP basis and approximately 50.3% to 50.7% on a non-GAAP basis. In the June 2009 quarter, GAAP operating expenses as a percentage of sales are expected to be between 32.9% and 33.4% and non-GAAP operating expenses as a percentage of sales are expected to be between 29% and 29.5%. In the first quarter of fiscal 2010, earnings per diluted share on a GAAP basis are expected to be approximately 12 to 13 cents, excluding any mark-to-market adjustment on the value of our trading securities. Earnings per diluted share on a non-GAAP basis, excluding the effect of share-based compensation expense, acquisition-related charges, non-cash interest expense and any mark-to-market adjustment on the value of our trading securities, are expected to be approximately 17 to 18 cents. During its earnings conference call on May 7, 2009, Microchip did not provide any financial guidance for the quarter ending June 30, 2009, but disclosed that its internal plan for the quarter was for net sales of \$182 million, or up approximately 5% from the fourth quarter of fiscal 2009.

"We are pleased with how our business has performed to this point in the June 2009 quarter. Our total backlog position has continued to grow throughout the quarter. Both our direct and distribution businesses have performed well. Geographically, Asia has shown the most strength while Europe has been the weakest," said Steve Sanghi, Microchip's President and CEO. "We are increasing wafer starts in our Fabs as we expect to achieve quarter end inventory that approximates our internal target of 115 days. This will allow us to achieve improving trends in our gross profit margin in subsequent quarters. We currently expect our gross margin for the September quarter to be up as much as 200 basis points from the June 2009 quarter. Operating expenses continue to be tightly managed allowing us to achieve incremental operating leverage, as well as prudently make investments in the business to allow us to continue to gain market share in our strategic product lines," added Mr. Sanghi.

The Company is not able to provide a reconciliation of its GAAP and non-GAAP guidance for the June 30, 2009 quarter at this time but will include such reconciliation and related information as part of its earnings announcement.

No conference call will be held in conjunction with today's press release. Microchip Technology will present at the UBS Global Technology & Services Conference on Tuesday, June 9, 2009 at 4:45 p.m. (Eastern Time). A live webcast and replay of the presentation can be accessed on the Microchip website at www.microchip.com. The replay of the webcast will be available for a period of seven days following the presentation.

Cautionary Statement:

The statements in this release relating to our guidance for net sales, GAAP and Non-GAAP gross margins, GAAP and non-GAAP operating expenses, GAAP and non-GAAP earnings per share, Asia showing strength and Europe being weak, increasing wafer starts, our inventory approaching our internal target of 115 days, achieving improving trends in our gross margin, expected increase in gross margin in the September quarter, tight expense management, incremental operating leverage and our prudent investments allowing us to continue to gain market share are forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements involve risks and uncertainties that could cause our actual results to differ materially, including, but not limited to: further unexpected changes in economic conditions or the ordering patterns of our customers; changes in demand or market acceptance of our products and the products of our customers; the mix of inventory we hold and our ability to satisfy short-term orders from our inventory; changes in utilization of our manufacturing capacity; competitive developments including pricing pressures; the level of orders that are received and can be shipped in a quarter; the level of sell-through of our products through distribution; changes or fluctuations in customer order patterns and seasonality; foreign currency effects on our business; costs and outcome of any current or future tax audit or any litigation involving intellectual property, customers or other issues; disruptions in our business or the businesses of our customers or suppliers due to natural disasters, terrorist activity, armed conflict, war, worldwide oil prices and supply, public health concerns or disruptions in the transportation system; and general economic, industry or political conditions in the United States or internationally.

For a detailed discussion of these and other risk factors, please refer to Microchip's filings on Forms 10-K and 10-Q. You can obtain copies of Forms 10-K and 10-Q and other relevant documents for free at Microchip's Web site (www.microchip.com) or the SEC's Web site (www.sec.gov) or from commercial document retrieval services.

Stockholders of Microchip are cautioned not to place undue reliance on our forward-looking statements, which speak only as of the date such statements are made. Microchip does not undertake any obligation to publicly update any forward-looking statements to reflect events, circumstances or new information after this June 9, 2009 press release, or to reflect the occurrence of unanticipated events.

About Microchip:

Microchip Technology Inc. is a leading provider of microcontroller and analog semiconductors, providing low-risk product development, lower total system cost and faster time to market for thousands of diverse customer applications worldwide. Headquartered in Chandler, Arizona, Microchip offers outstanding technical support along with dependable delivery and quality. For more information, visit the Microchip Web site at www.microchip.com.

The Microchip logo and name are registered trademarks of Microchip Technology Incorporated.

Source: Microchip Technology Incorporated