

September 6, 2016



Microchip Technology Updates Guidance For Non-GAAP Net Sales And EPS For Second Quarter Of Fiscal 2017

CHANDLER, Ariz., Sept. 6, 2016 /PRNewswire/ -- (NASDAQ: MCHP) - Microchip Technology Incorporated, a leading provider of microcontroller, mixed signal, analog and Flash-IP solutions, today narrowed the range of its prior guidance for non-GAAP net sales and earnings per share for its fiscal second quarter of 2017 ending September 30, 2016. Microchip previously provided guidance on August 8, 2016 for consolidated non-GAAP net sales to be flat to up 4% with a mid-point of up 2%. Microchip now expects consolidated non-GAAP net sales to be up between 1% and 3% with a mid-point unchanged at 2% and non-GAAP earnings per share to be between 85 cents and 89 cents per share. The original guidance for non-GAAP earning per share was between 83 cents and 91 cents per share. Due to Microchip's recent acquisition of Atmel and the related purchase accounting, Microchip is not able to provide GAAP guidance at this time.



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"Our business through the first two months of the September 2017 quarter is tracking towards our August 8, 2016 guidance," said Steve Sanghi, Microchip's president and CEO. "The integration activities associated with our acquisitions of Atmel and Micrel continue to make significant progress. Micrel's 6-inch fab in San Jose is on schedule to close in October 2016. Each of Atmel's 8-bit microcontroller, 32-bit microcontroller, wireless and memory business units that have substantial overlap with Microchip's business units are now fully integrated and each one is running as one business unit under a Microchip Vice President, with common roadmaps and Microchip's pricing discipline."

"We have also implemented a strong operating expense discipline at Atmel with non-GAAP operating expenses for the Atmel business in the September quarter expected to be about 30% of net sales, down from over 40% of net sales at the close of the acquisition," concluded Mr. Sanghi.

There will be no conference call associated with this press release. Microchip's Chairman and CEO, Steve Sanghi, is presenting at the Citi 2016 Global Technology Conference

tomorrow, Wednesday, September 7, 2016. A live webcast and replay of the presentation will be available at www.microchip.com.

Cautionary Statement:

The statements in this release relating to expecting our non-GAAP net sales to be up between 1% and 3% with a mid-point of 2%, expecting non-GAAP earnings per share to be between 85 cents and 89 cents per share, our business tracking towards our original guidance, integration activities associated with our acquisitions of Atmel and Micrel continuing to make significant progress, the Micrel 6-inch fab being on schedule to close in October 2016, certain Atmel business units being fully integrated and running with common roadmaps and Microchip's pricing discipline, and strong operating expense discipline with operating expenses for the Atmel business expected to be about 30% of net sales in the September 2016 quarter, 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: any economic uncertainty due to monetary policy, political or other issues in the U.S. or internationally, any unexpected fluctuations or weakness in the U.S. and global economies, changes in demand or market acceptance of our products and the products of our customers; foreign currency effects on our business; the mix of inventory we hold and our ability to satisfy short-term orders from our inventory; changes in utilization of our manufacturing capacity and our ability to effectively manage our production levels; 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; our ability to successfully integrate Atmel's operations and employees, retain key employees and otherwise realize the expected synergies and benefits of the Atmel transaction; our ability to continue to realize the expected benefits of our Micrel acquisition; the impact of any other significant acquisitions that we may make; our ability to obtain a sufficient supply of wafers from third party wafer foundries and the cost of such wafers, the costs and outcome of any current or future tax audit or any litigation or disputes involving intellectual property, customers or other issues; our actual average stock price in the September 2016 quarter and the impact such price will have on our share count; disruptions in our business or the businesses of our customers or suppliers due to natural disasters (including any floods in Thailand), 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 website (www.microchip.com) or the SEC's website (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 September 6, 2016 press release, or to reflect the occurrence of unanticipated events.

About Microchip:

Microchip Technology Incorporated is a leading provider of microcontroller, mixed-signal, analog and Flash-IP solutions, 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 website at www.microchip.com.

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