

December 3, 2007



Microchip Technology Prices \$1.03 Billion 2.125% Convertible Junior Subordinated Debentures

CHANDLER, Ariz.--(BUSINESS WIRE)--

Microchip Technology Incorporated (NASDAQ:MCHP) announced today that it has priced \$1.03 billion aggregate principal amount of 2.125% convertible junior subordinated debentures due in 2037. The debentures will be sold to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended. The sale is expected to close December 7, 2007. Microchip has granted to the initial purchasers of the debentures the right to purchase up to an additional \$120 million aggregate principal amount of debentures solely to cover overallocments.

The debentures will be initially convertible, subject to certain conditions, into shares of Microchip's common stock or cash or a combination thereof at a conversion rate of 29.2783 shares of common stock per \$1,000 principal amount of debentures. This represents an initial effective conversion price of approximately \$34.16 per share. The initial conversion price represents a premium of 15% to the closing price of Microchip's common stock on December 3, 2007, which was \$29.70 per share.

Microchip intends to use approximately \$639 million of the net proceeds of the offering of the debentures to repurchase shares of its common stock from institutional investors in negotiated transactions. Microchip intends to use the remaining net proceeds, including any proceeds from the exercise of the overallocment option by the initial purchasers, for future share repurchases under existing or future repurchase programs under Rule 10b-18 and for general corporate purposes.

This announcement is neither an offer to sell nor a solicitation of an offer to buy any of these securities and shall not constitute an offer, solicitation or sale in any jurisdiction in which such offer, solicitation or sale is unlawful.

The debentures have not been registered under the Securities Act of 1933, as amended, or any state securities laws and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements.

Cautionary Statement:

The statements in this release relating to the proposed offering and the expected use of proceeds from the offering 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 actual results to differ materially, including, but not limited to whether or not Microchip will consummate the offering, prevailing market conditions, the anticipated use of the proceeds of the offering which could change as a result of market conditions or for other reasons and the fact that future share repurchases will

depend upon market conditions, interest rates and corporate considerations and the impact of general economic, industry or political conditions in the United States or internationally.

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 December 3, 2007 press release, or to reflect the occurrence of unanticipated events.

The Microchip name and logo are registered trademarks of Microchip Technology Inc. in the USA and other countries. All other trademarks mentioned herein are the property of their respective companies.

Source: Microchip Technology Incorporated