

June 18, 2007



# Microchip Technology Updates Financial Guidance for First Quarter Fiscal 2008

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

Microchip Technology Incorporated (NASDAQ: MCHP), a leading provider of microcontroller and analog semiconductors, today updated its financial guidance for its first quarter of fiscal 2008 ending June 30, 2007. Earnings per share are expected to be approximately 36 cents on a GAAP basis and 39 cents on a non-GAAP basis, without the effect of equity compensation expense. Net sales are expected to be up about 2% sequentially versus prior guidance provided on April 26, 2007, of up about 5% sequentially. GAAP and non-GAAP gross margins are expected to be in line with our prior guidance of about 60.1% and 60.75%, respectively. No conference call will be held in conjunction with this guidance release. Microchip expects to release its June quarter results after the close of market on Tuesday, July 31, 2007.

"While much of our business is performing well, there are a few areas of weakness. Geographically, Europe has been weaker than our expectation after being up 19% sequentially in the quarter ending March 31, 2007," said Steve Sanghi, Microchip's President and CEO. "From a product line viewpoint, our Serial EE memory business is weaker with higher than normal pricing pressure. Microchip is choosing to pass on some of this low price memory business. From an end market perspective, we are seeing weakness in the consumer segment, especially in the U.S., driven by the home building slowdown."

"We are continuing to experience strong growth in our 16-bit microcontrollers, and expect our 16-bit revenue to be up significantly sequentially as well as from a year-ago quarter," Sanghi concluded.

Steve Sanghi, Microchip's President and Chief Executive Officer, and Ganesh Moorthy, Microchip's Executive Vice President, will be presenting at the William Blair & Company 27th Annual Growth Stock Conference in Chicago, Illinois on Tuesday, June 19, 2007 at 1:00 p.m. (Central Time). A web simulcast and replay of the presentation will be available at [www.microchip.com](http://www.microchip.com)

## Cautionary Statement:

The statements in this release relating to our earnings per share, net sales and gross margin guidance for the quarter ending June 30, 2007, our business performing well, areas of weakness, memory business being weaker, weakness in the consumer segment, and strong growth in our 16-bit microcontrollers 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: 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; our ability to continue to secure sufficient assembly and testing 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](http://www.microchip.com)) or the SEC's Web site ([www.sec.gov](http://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 18, 2007 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](http://www.microchip.com).

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