

March 15, 2010



## Microchip Technology Updates Guidance for the Fourth Quarter of Fiscal 2010

CHANDLER, Ariz.--(BUSINESS WIRE)-- Microchip Technology Incorporated (NASDAQ: MCHP), a leading provider of microcontrollers and analog semiconductors, announced today that based on strong bookings and sales activities quarter to date, it expects net sales for its fourth quarter of fiscal 2010 ending March 31, 2010 to be up about 8% sequentially. Microchip expects GAAP diluted earnings per share to be approximately 37 cents and non-GAAP diluted earnings per share to be approximately 42 cents. On February 3, 2010, Microchip provided guidance of net sales increasing 3% to 7% sequentially, GAAP diluted earnings per share of approximately 34 to 36 cents, and non-GAAP diluted earnings per share of approximately 39 to 41 cents.

Gross margins in the fourth fiscal quarter are expected to be at the high end of our prior guidance, or approximately 59.35% on a GAAP basis and approximately 60.25% on a non-GAAP basis. Operating expenses are expected to be in line with our prior guidance at about 29.0% on a GAAP basis and about 26.2% on a non-GAAP basis.

"I just returned from a 10-day trip to China where I met with our Asian distributors and several key customers. Ganesh Moorthy just returned from a similar trip to Europe. From our first-hand assessment, we believe that the demand for our products continues to be very robust. Post Lunar New Year, we are seeing very strong activity in China. Europe is exceeding its normal seasonally strong March quarter results. We are headed for record bookings this quarter, giving us confidence that the outlook for next quarter looks extremely positive," said Steve Sanghi, Microchip's President and CEO. "We believe that the fact that we recognize revenue from distributors upon sell-through worldwide makes our above-average growth relative to those competitors who recognize revenue on a sell-in basis even more meaningful. The primary challenge continues to be the tight supply of components for our customers to complete their bill of materials. While Microchip continues to have among the best lead-times in the industry, despite our focus on growing capacity our inventory will be flat to down for the current quarter because of our stronger than expected growth. Therefore we are continuing to add equipment and personnel in our factories to support the further customer demand we are expecting."

No conference call will be held in conjunction with today's press release.

Non-GAAP adjustments for the fourth quarter of fiscal 2010 include share-based compensation expense; acquisition-related acquired inventory valuation cost and intangible asset amortization, other acquisition-related expenditures, non-cash interest expense, other non-recurring items in our business and the related income tax implications of these items. The Company is not able to provide a reconciliation of its GAAP and non-GAAP guidance for the quarter ending March 31, 2010 at this time, but will include such reconciliation and related information as part of its earnings announcement.

Cautionary Statement:

The statements in this release relating to our updated guidance for net sales, GAAP and non-GAAP earnings per share, GAAP and non-GAAP gross margins and GAAP and non-GAAP operating expenses, our belief that demand for our products is robust, very strong activity in China, Europe exceeding its normal seasonally strong March quarter results, record bookings this quarter, our confidence that the outlook for next quarter looks extremely positive, our belief that our revenue recognition from distributors making our above-average growth relative to competitors more meaningful, continuing to have among the best lead times in the industry, inventory being flat to down for the current quarter, and adding equipment and personnel to support the further customer demand we are expecting 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: the strength of the economic recovery or any further weakness or unexpected fluctuations in the U.S. or global economies; 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 and our ability to effectively ramp 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; foreign currency effects on our business; the impact of any significant acquisitions that we make; 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 March 15, 2010 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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