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Microchip Technology Declares Record Quarterly Cash Dividend; Increases Dividend to 34.4 Cents per Share; Accelerates Dividend for the Following Quarter

CHANDLER, Ariz.--(BUSINESS WIRE)-- Microchip Technology Incorporated (NASDAQ: MCHP), a leading provider of microcontroller, analog and Flash-IP solutions, today announced that its Board of Directors has declared a quarterly cash dividend on its common stock of 34.4 cents per share. The dividend is payable on December 2, 2010, to stockholders of record on November 18, 2010. Microchip initiated quarterly cash dividend payments in the third quarter of fiscal year 2003, and has increased the dividend 27 times since then.

In light of the expected tax law changes coming in January, the highest federal tax rate on dividends is likely to go from 15% currently to 39.6% on January 1, 2011. While we do not know what the current Congress or the newly elected Congress and President Obama may decide on the expiration of President Bush's tax cuts, we believe that our investors deserve to pay the lowest tax rate on the dividend paid by Microchip. Therefore, Microchip will accelerate its dividend payment from March 2011 into late December 2010. The Board of Directors has declared this cash dividend on its common stock of 34.5 cents per share. This dividend is payable on December 27, 2010, to shareholders of record on December 13, 2010. After this payment, Microchip's next dividend payment is expected to be in June 2011.

"Microchip completed the September 30, 2010, quarter with \$1.5 billion of cash and investments on its balance sheet, and the Company continues to demonstrate strong cash flow characteristics in its business," said Steve Sanghi, President and CEO. "Microchip's Board of Directors authorized an increase in the quarterly dividend to 34.4 cents per share for this quarter and accelerated the dividend for the subsequent quarter to take advantage of the current low tax rates on dividends. This continues to reflect our ongoing commitment to returning value to shareholders."

Cautionary Statement:

The statements contained in this release relating to the expected tax law changes, expected dividend in June 2011, strong cash flow characteristics in the business and ongoing commitment to returning value to our shareholders 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: actual cash flows generated from and used in the operation of our business; actual or projected levels of capital expenditures; our balance of cash and investments; 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; our ability to control the level of operating expenses relative to our level of revenues, 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; costs and outcome of any current or future tax audit or any litigation involving intellectual property, customers or other issues; the impact of any significant acquisitions we may make, 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 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 November 2010 press release, or to reflect the occurrence of unanticipated events.

About Microchip:

Microchip Technology Incorporated is a leading provider of microcontroller, 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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