December 11, 2007

Microchip Technology Provides Additional Information on Its Offering of Convertible Junior Subordinated Debentures and Announces Conference Call

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

Microchip Technology Incorporated (NASDAQ: MCHP), a leading provider of microcontroller and analog semiconductors, has completed an offering of $1.03 billion aggregate principal amount of 2.125% convertible junior subordinated debentures due in 2037 with a conversion premium of 15%. The debentures were sold to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended. The sale closed on 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 overallotments.

This debenture transaction has been structured with a no-call feature for 10 years, after which it can be called at any time that Microchip's stock price is 150% of the conversion price for 20 out of 30 trading days. Investors have no rights to put the bond to the Company during the 30-year life of the instrument.

Microchip purchased $639 million of its common stock concurrent with the debenture transaction. Microchip intends to use the remaining net proceeds, including any proceeds from the exercise of the overallotment option by the initial purchasers, for future share repurchases under existing or future repurchase programs under Rule 10b-18 and for general corporate purposes. The Company has purchased an additional $253 million of its common stock in open market transactions between July 30, 2007 and November 15, 2007.

"I am very pleased that we have completed this transaction, which has enabled us to modify our capital structure, reduce our cost of capital and generate future EPS accretion," said Steve Sanghi, Microchip's Chairman and CEO. "We believe that the transaction as completed on December 7 will be accretive to our earnings per share by approximately 15 cents on an annual basis, and assuming the overallotment is exercised and the additional buy back has been completed, the transaction will be accretive to our earnings by approximately 18 cents on an annual basis."

"We are also taking this opportunity to reconfirm our revenue guidance for the third quarter of fiscal 2008 ending December 31, 2007, with revenues expected to be flat to down 6% sequentially. We expect our EPS will be affected positively in the December quarter by one cent as a result of the closing of the convertible transaction, resulting in EPS guidance on a GAAP basis to now be 35 to 38 cents and on a non-GAAP basis guidance to be 36 to 39 cents," concluded Mr. Sanghi.

Conference Call Information:

In connection with this press release, Microchip will host a conference call today, December 11, 2007 at 2:00 p.m. (Pacific Time)/5:00 p.m. (Eastern Time) to discuss this release. This call will be simulcast over the Internet at www.microchip.com. The webcast will be available for replay until December 18, 2007. A telephonic replay of the conference call will be available at approximately 8:00 p.m. (Eastern Time) December 11, 2007 and will remain available until 5:00 p.m. (Eastern Time) on December 18, 2007. Interested parties may listen to the replay by dialing 719-457-0820 and entering access code 4788391.

Cautionary Statement:

The statements contained in this release relating to the exercise of overallotment, our use of the proceeds from the transaction, reducing our cost of capital, EPS accretion and our guidance for revenue and GAAP and non-GAAP EPS 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 cash equivalents; the fact that future share repurchases will depend upon market conditions, interest rates and corporate considerations 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; 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) or the SEC's Web site (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 December 11, 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.

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