January 24, 2008

Microchip Technology Declares Record Quarterly Cash Dividend and 3.2% Sequential Increase in Dividend Rate

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

Microchip Technology Incorporated (NASDAQ: MCHP), a leading provider of microcontroller and analog semiconductors, today announced that its Board of Directors has declared a quarterly cash dividend on its common stock and increased the dividend to 32 cents per share. The dividend is payable on February 21, 2008 to stockholders of record on February 7, 2008. Microchip initiated quarterly cash dividend payments in the third quarter of fiscal year 2003 and has increased the cash dividend by 20.8% from the dividend level one year ago.

"During fiscal 2008 ending March 31, 2008, we expect to generate approximately $480 million in cash from operations," said Steve Sanghi, President and CEO. "In the same period, dividend payments will total approximately $252.2 million. The sequential increase in dividends of 3.2% to 32 cents in this announcement continues to emphasize the commitment from Microchip to return value to our shareholders."

Cautionary Statement:

The statement contained in this release relating to expected cash generation from operations during fiscal 2008, the total amount of dividend payments in fiscal 2008 and our commitment to return 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 cash equivalents; 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 January 24, 2008 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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