**MICROCHIP TECHNOLOGY INCORPORATED AND SUBSIDIARIES**
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**
**SIX MONTHS ENDED SEPTEMBER 30, 2019**
(in millions except per share amounts)
(unaudited)

Net sales $ 2,660.4

| | GAAP | Share-based compensation expense | Acquisition-related | IT security remediation | Amortization of acquired intangible assets | Special charges and other, net | Loss on settlement of debt | Non-cash other expense, net | Gains on available-for-sale investments | Other non-GAAP tax adjustment | Non-GAAP |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Cost of sales | $ 1,017.7 | (10.1) | — | — | — | — | — | — | — | — | $ 1,007.6 |
| Gross profit | 1,642.7 | 10.1 | — | — | — | — | — | — | — | — | 1,652.8 |
| Gross profit percentage | 61.7 % | | | | | | | | | | 62.1 % |
| Research and development | 438.9 | (41.8) | (0.1) | — | — | — | — | — | — | — | 397.0 |
| Selling, general and administrative | 340.2 | (34.1) | (14.6) | (5.0) | — | — | — | — | — | — | 286.5 |
| Amortization of acquired intangible assets | 496.7 | — | — | — | (496.7) | — | — | — | — | — | — |
| Special charges and other, net | 11.7 | — | — | — | — | (11.7) | — | — | — | — | — |
| Operating expenses | 1,287.5 | (75.9) | (14.7) | (5.0) | (496.7) | (11.7) | — | — | — | — | 683.5 |
| Operating income | 355.2 | 86.0 | 14.7 | 5.0 | 496.7 | 11.7 | — | — | — | — | 969.3 |
| Operating income percentage | 13.4 % | | | | | | | | | | 36.4 % |
| Other expense, net | (261.2) | — | — | — | — | — | 2.0 | 60.5 | (1.1) | — | (199.8) |
| Income before income taxes | 94.0 | 86.0 | 14.7 | 5.0 | 496.7 | 11.7 | 2.0 | 60.5 | (1.1) | — | 769.5 |
| Income tax (benefit) provision | (65.6) | — | — | — | — | — | — | — | — | 111.8 | 46.2 |
| Net income | $ 159.6 | 86.0 | 14.7 | 5.0 | 496.7 | 11.7 | 2.0 | 60.5 | (1.1) | (111.8) | $ 723.3 |
| Net income percentage | 6.0 % | | | | | | | | | | 27.2 % |
| Diluted net income per common share | $ 0.63 | | | | | | | | | | $ 2.84 |
| Diluted common shares outstanding | 254.6 | | | | | | | | | | 254.6 |