UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported)

August 9, 2018

MICROCHIP TECHNOLOGY INCORPORATED

(Exact Name Of Registrant As Specified In Its Charter)

Delaware	**0-21184**	**86-0629024**
(State Or Other Jurisdiction Of Incorporation)	(Commission File No.)	(IRS Employer Identification No.)

2355 West Chandler Boulevard, Chandler, Arizona 85224-6199
(Address Of Principal Executive Offices)

(480) 792-7200
(Registrant's Telephone Number, Including Area Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.45 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02. Results of Operations and Financial Condition.

The information pursuant to Item 2.02 in this report on Form 8-K is being furnished as contemplated by General Instruction B(2) to Form 8-K and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section.

On August 9, 2018, we announced the results of our operations for the first quarter of fiscal year 2019. The complete release is attached to this report as Exhibit 99.1.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

99.1 Microchip Technology Announces Financial Results for First Quarter of Fiscal Year 2019

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: August 9, 2018

Microchip Technology Incorporated
(Registrant)

By: /s/ J. Eric Bjornholt

J. Eric Bjornholt
Vice President, Chief Financial Officer
(Principal Accounting and Financial Officer)

EXHIBITS

99.1 Microchip Technology Announces Financial Results for First Quarter of Fiscal Year 2019

EXHIBIT 99.1

NEWS RELEASE

INVESTOR RELATIONS CONTACT:
J. Eric Bjornholt -- CFO..... (480) 792-7804

MICROCHIP TECHNOLOGY ANNOUNCES FINANCIAL RESULTS FOR FIRST QUARTER OF FISCAL YEAR 2019

- **Record GAAP net sales of $1.213 billion, up 21.0% sequentially and up 24.7% from the year ago quarter. Microchip was unable to provide GAAP net sales guidance.**
- **Record Non-GAAP net sales of $1.217 billion, up 21.4% sequentially and up 25.2% from the year ago quarter. The midpoint of our guidance provided on May 31, 2018 was non-GAAP net sales of $1.207 billion.**
- **On a GAAP basis: gross margin of 52.9%; operating income of $132.3 million; net income of $35.7 million; and EPS of $0.14 per diluted share, adversely impacted by $226.9 million of Microsemi purchase accounting, restructuring and other charges. Microchip was unable to provide GAAP guidance.**
- **On a non-GAAP basis: record gross margin of 62.2%; record operating income of $473.5 million and 38.9% of net sales; record net income of $405.8 million and record EPS of $1.61 per diluted share, up 22.9% from the year ago quarter. Our guidance provided on May 31, 2018 was non-GAAP EPS of $1.41 to $1.55 per diluted share.**
- **Record quarterly dividend declared of 36.40 cents per share.**
- **Completed acquisition of Microsemi Corporation on May 29, 2018.**

CHANDLER, Arizona - August 9, 2018 - (NASDAQ: MCHP) - Microchip Technology Incorporated, a leading provider of microcontroller, mixed signal, analog and Flash-IP solutions, today reported results for the three months ended June 30, 2018 as summarized in the following table:

(in millions, except per share amounts and percentages)	**Three Months Ended June 30, 2018**			
	GAAP	**% of Net Sales**	**Non-GAAP[1]**	**% of Net Sales**
Net Sales	$1,212.5		$1,216.8	
Gross Margin	$642.0	52.9%	$756.7	62.2%
Operating Income	$132.3	10.9%	$473.5	38.9%
Other Expense	$(94.6)		$(52.9)	
Income Tax Provision	$2.0		$14.8	
Net Income	$35.7	2.9%	$405.8	33.3%
Earnings per Diluted Share	$0.14		$1.61	

(1) See the "Use of Non-GAAP Financial Measures" section of this release.

GAAP net sales for the first quarter of fiscal 2019 were $1.213 billion, up 24.7% from GAAP net sales of $972.1 million in the prior year's first fiscal quarter. GAAP net income for the first quarter of fiscal 2019 was $35.7 million, or $0.14 per diluted share, down from GAAP net income of $170.6 million, or $0.70 per diluted share, in the prior year's first fiscal quarter. The current year's GAAP net income results were significantly adversely impacted by purchase accounting adjustments associated with our Microsemi acquisition.

Non-GAAP net sales for the first quarter of fiscal 2019 were $1.217 billion, up 25.2% from non-GAAP net sales of $972.1 million in the prior year's first fiscal quarter. Non-GAAP net income for the first quarter of fiscal 2019 was $405.8 million, or $1.61 per diluted share, up 27.2% from non-GAAP net income of $319.1 million, or $1.31 per diluted share, in the prior year's first fiscal quarter. For the first quarters of fiscal 2019 and fiscal 2018, our non-GAAP results exclude the effect of share-based compensation, expenses related to our acquisition activities (including intangible asset amortization, inventory valuation costs, severance and other restructuring costs, and legal and other general and administrative expenses associated with acquisitions), non-cash interest expense on our convertible debentures, adjustments for a manufacturing excursion issue with one of our suppliers, losses on the settlement of our convertible debentures, and losses on available-for-sale investments. Due to our required adoption of the new revenue recognition standard on April 1, 2018 that results in revenue being recognized when the product is sold to our distribution customers, our non-GAAP adjustments include the effect of our distributors increasing or decreasing their inventory holdings in order to present a measure of the end market demand for our products. For the first quarter of fiscal 2019, our non-GAAP income tax expense is presented based on projected cash taxes for fiscal 2019, excluding transition tax payments under the Tax Cuts and Jobs Act. For the first quarter of fiscal 2018, our non-GAAP income tax expense is presented in a manner that excludes the tax impact of non-GAAP adjustments calculated using the applicable tax rates in the jurisdictions where the adjustments occurred, tax adjustments in accordance with ASC 740-270, and one-time tax events. A reconciliation of our non-GAAP and GAAP results is included in this press release.

Microchip announced today that its Board of Directors has declared a record quarterly cash dividend on its common stock of 36.40 cents per share. The quarterly dividend is payable on September 4, 2018 to stockholders of record on August 21, 2018.

"Our June quarter financial results were strong," said Steve Sanghi, Chief Executive Officer. "Our non-GAAP net sales came in above the mid-point of our guidance that we issued on May 31, 2018, resulting in record non-GAAP net income and earnings per share."

Mr. Sanghi added, "Since our acquisition of Microsemi Corporation on May 29, 2018, we have been actively engaged in further understanding the opportunities and challenges of this business. While we have lots of work to do to achieve our long-term financial targets, we have high confidence in our team's ability to achieve these results over time."

"In the June 2018 quarter, our overall microcontroller net sales were $728.6 million, up 10.8% from the March 2018 quarter and our overall analog net sales were $328.5 million, up 35% from March 2018," said Ganesh Moorthy, President and Chief Operating Officer. "Our microcontroller business excluding Microsemi, as well as our analog business excluding Microsemi, both set new records in the June quarter."

Mr. Moorthy added, "The integration of Microsemi with Microchip has been in high gear since we closed the acquisition. We are moving thoughtfully and quickly to realize the synergies we had planned on, while continuing to identify incremental synergy opportunities working as a joint team."

Eric Bjornholt, Microchip's Chief Financial Officer, said, "Cash flow from operations was $302.4 million in the June 2018 quarter. Over the next several years, we intend to use substantially all of our net cash generation, beyond our dividend payments, to de-leverage the balance sheet."

Mr. Sanghi added, "Beginning April 1, 2018, we adopted the new GAAP revenue recognition standard which requires us to recognize revenue at the time products are sold to distributors. Prior to this change, revenue on such transactions were deferred until the product was sold by our distributor to an end customer. We are not able to provide guidance on a GAAP basis as we are not able to predict whether inventory at our distributors will increase or decrease in relation to end-market demand. As evidence of this uncertainty, in recent years, we have seen net inventory at our distributors increase or decrease by a significant amount in a single quarter. Our non-GAAP revenue will be based on what we believe reflects true end-market demand as we measure revenue based on when product is sold by our distributors to an end customer."

Mr. Sanghi concluded, "Based on anticipated end-market demand, we expect our non-GAAP total net sales in the September 2018 quarter to be between $1.474 billion and $1.550 billion. Our non-GAAP earnings per share are expected to be between $1.65 and $1.83."

Microchip's Highlights for the Quarter Ended June 30, 2018:

- Announced the SAM L10 and SAM L11 microcontroller (MCU) families, combining best-in-class low power consumption and capacitive touch capability with the industry's first 32-bit MCU to feature robust, chip-level security and Arm TrustZone technology.

- Announced the dsPIC33CH Digital Signal Controller with two dsPIC® DSC cores in a single chip, offering designers high-performance and time-critical, real-world embedded control.

- CEC1702 hardware cryptography-enabled MCU added support for the Device Identity Composition Engine (DICE) security standard, and a new IoT development kit is available that offers everything needed to easily create secure connected devices on Microsoft Azure.

- Unveiled new 8-bit PIC® and AVR® MCU families, including the PIC18 Q10 and ATtiny1607 families that are optimized for closed-loop control applications with intelligent Core Independent Peripherals (CIPs), as well as the ATtiny3217 and ATtiny3216 that include advanced analog features and the largest memory variant in the tinyAVR® MCU series.

- Announced the PL360B Power Line Communication (PLC) modem that can support multiple standard and proprietary protocols in the frequency band up to 500kHz, offering a single design that addresses a variety of smart metering markets and requirements.

- New 2D Touch Surface Library enables designers to easily implement touch pads with surface gestures using compatible 8-bit PIC®, AVR® and SAM MCUs, eliminating costs by running on a device's existing MCU.

- Unveiled the industry's first commercially available radiation-tolerant Commercial Space Chip Atomic Clock (CSAC), the SA.45s.

- Denmark cable TV and internet provider Stofa used the TimeProvider 4100, a highly flexible IEEE™ 1588 Precision Time Protocol (PTP) grandmaster clock, to successfully complete the first Remote PHY (R-PHY) trial in Europe.

- Announced collaboration with China Telecom Beijing Research Institute to deliver an optimized optical transport network (OTN) solution for 5G, including the new DIGI-G5 OTN processor that enables the stringent synchronization, latency and network slicing requirements being placed on optical networks to support 5G deployments.

- Microchip was included in Forbes' 2018 list of America's Best Employers.

- Microchip's wholly-owned subsidiary, Microsemi, was named the winner of the Italy-based Assodel Award in the Active product category.

Second Quarter Fiscal Year 2019 Outlook:

The following statements are based on current expectations. These statements are forward-looking, and actual results may differ materially. The table below provides our guidance on a non-GAAP basis for the September 30, 2018 quarter.

Microchip Consolidated Guidance

	Non-GAAP[1]
Net Sales	$1.474 to $1.550 billion
Gross Margin[2]	61.3% to 61.9%
Operating Expenses	23.6% to 24.2%
Operating Income	37.1% to 38.2%
Other Expense	$111.75 to $113.75 million
Income Tax Expense[3]	3% to 4%
Net Income	$415.7 to $466.4 million
Diluted Common Shares Outstanding[4]	Approximately 252.5 to 255.3 million shares
Earnings per Diluted Share[4]	$1.65 to $1.83

1 See the "Use of Non-GAAP Financial Measures" section of this release.
2 See Footnote 2 under the "Use of Non-GAAP Financial Measures" section of this release.
3 Represents expected cash tax rate for fiscal 2019 excluding any transition tax payments associated with the Tax Cuts and Jobs Act.
4 Earnings per share has been calculated based on the diluted shares outstanding of Microchip on a consolidated basis.

- Microchip's inventory days in the September 2018 quarter are expected to be in the range of 119 to 127 days of inventory. Our actual inventory level will depend on the inventory that our distributors decide to hold to support their customers, overall demand for our products and our production levels.

- Capital expenditures for the quarter ending September 30, 2018 are expected to be about $70 million. Capital expenditures for all of fiscal 2019 are expected to be between $220 million and $250 million. We are continuing to invest in the equipment needed to support the growth of our production capabilities for fast growing new products and technologies and to bring in-house more of the assembly and test operations that are currently outsourced.

[1] Use of Non-GAAP Financial Measures: Our non-GAAP adjustments, where applicable, include the effect of share-based compensation, expenses related to our acquisition activities (including intangible asset amortization, inventory valuation costs, severance and other restructuring costs, and legal and other general and administrative expenses associated with acquisitions), non-cash interest expense on our convertible debentures, adjustments for a manufacturing excursion issue with one of our suppliers, losses on the settlement of our convertible debentures,

and losses on available-for-sale investments. Due to our required adoption of the new revenue recognition standard on April 1, 2018, our non-GAAP adjustments include the effect of our distributors increasing or decreasing their inventory holdings. For the first quarter of fiscal 2019, our non-GAAP income tax expense is presented based on projected cash taxes for fiscal 2019, excluding transition tax payments under the Tax Cuts and Jobs Act. For the first quarter of fiscal 2018, our non-GAAP income tax expense is presented in a manner that excludes the tax impact of non-GAAP adjustments calculated using the applicable tax rates in the jurisdictions where the adjustments occurred, tax adjustments in accordance with ASC 740-270, and one-time tax events.

Following our required adoption of the new revenue recognition standard effective April 1, 2018, our non-GAAP adjustments will include the effect of our distributors increasing or decreasing their inventory holdings. Under the new GAAP revenue recognition standard, we are required to recognize revenue when control of the product changes from us to a customer or distributor. We focus our sales and marketing efforts on creating demand for our products in the end markets we serve and not on moving inventory into our distribution network. Therefore, the elements of our internal performance and executive and employee compensation metrics that are based on sales and operating results will be measured on a non-GAAP basis using the value of the end-market demand for our products. We use non-GAAP net sales for these purposes because we do not believe that the underlying value of our business benefits from increases in the value of inventory that is held in the supply chain. As many of our products are designed into customer applications with relatively long lives, such value is only realized when the end market demand is created and the supply chain sells the inventory to the end customer. We believe the use of non-GAAP net sales is also important to investors and users of our financial statements as it reflects the final outcome of our sales activities whereas our GAAP net sales are based on estimates made earlier in (or before the end of) the process of creating and fulfilling demand is complete. We also manage our manufacturing and supply chain operations, including our distributor relationships, towards the goal of having our products available at the time and location the end customer desires. Therefore, we believe that it is useful to investors for us to disclose non-GAAP results that reflect the value of the end market demand for our products. These non-GAAP results will include adjusting GAAP net sales, cost of sales, gross margin and EPS for the change in distributor inventory holdings.

We are required to estimate the cost of certain forms of share-based compensation, including employee stock options, restricted stock units and our employee stock purchase plan, and to record a commensurate expense in our income statement. Share-based compensation expense is a non-cash expense that varies in amount from period to period and is affected by the price of our stock at the date of grant. The price of our stock is affected by market forces that are difficult to predict and are not within the control of management. Our other non-GAAP adjustments are either non-cash expenses, unusual or infrequent items or other expenses related to transactions. Management excludes all of these items from its internal operating forecasts and models.

We are using non-GAAP net sales, non-GAAP gross profit, non-GAAP gross profit percentage, non-GAAP operating expenses in dollars and as a percentage of sales including non-GAAP research and development expenses and non-GAAP selling, general and administrative expenses, non-GAAP operating income, non-GAAP other expense, net, non-GAAP income tax rate, non-GAAP net income, and non-GAAP diluted earnings per share which exclude the items noted above, as applicable, to permit additional analysis of our performance.

Management believes these non-GAAP measures are useful to investors because they enhance the understanding of our historical financial performance and comparability between periods. Many of our investors have requested that we disclose this non-GAAP information, including the effect of changes in distributor inventory holdings because they believe it is useful in understanding our performance as it excludes non-cash and other charges that many investors feel may obscure our underlying operating results and provides better information regarding end-market demand for our products. Management uses these non-GAAP measures to manage and assess the profitability of our business and for compensation purposes. We also use our non-GAAP results when developing and monitoring our budgets and spending. Our determination of the above non-GAAP measures might not be the same as similarly titled measures used by other companies, and it should not be construed as a substitute for amounts determined in accordance with GAAP. There are limitations associated with using non-GAAP measures, including that they exclude financial information that some may consider important in evaluating our performance. Management compensates for this by presenting information on both a GAAP and non-GAAP basis for investors and providing reconciliations of the GAAP and non-GAAP results.

[2] Generally, gross margin fluctuates over time, driven primarily by the mix of microcontrollers, mixed-signal products, analog products and memory products sold and licensing revenue; variances in manufacturing yields; fixed cost absorption; wafer fab loading levels; costs of wafers from foundries; inventory reserves; pricing pressures in our non-proprietary product lines; and competitive and economic conditions. Operating expenses fluctuate over time, primarily due to net sales and profit levels.

[3] Diluted Common Shares Outstanding can vary for, among other things, the trading price of our common stock, the exercise of options or vesting of restricted stock units, the potential for incremental dilutive shares from our convertible debentures (additional information regarding our share count is available in the investor relations section of our website under the heading "Supplemental Financial Information"), and repurchases or issuances of shares of our common stock. The diluted common shares outstanding presented in the guidance table above assumes an average Microchip stock price in the September 2018 quarter between $90 and $98 per share (however, we make no prediction as to what our actual share price will be for such period or any other period and we cannot estimate what our stock option exercise activity will be during the quarter).

MICROCHIP TECHNOLOGY INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(in millions except per share amounts)
(unaudited)

	Three months ended June 30, 2018	Three months ended June 30, 2017
Net sales	$ 1,212.5	$ 972.1
Cost of sales	570.5	387.7
Gross profit	642.0	584.4
Research and development	171.9	130.5
Selling, general and administrative	164.0	114.3
Amortization of acquired intangible assets	133.7	120.8
Special charges and other, net	40.1	(2.8)
Operating expenses	509.7	362.8
Operating income	132.3	221.6
Losses on equity method investments	(0.1)	(0.1)
Other expense, net	(94.5)	(55.3)
Income before income taxes	37.7	166.2
Income tax provision (benefit)	2.0	(4.4)
Net income	$ 35.7	$ 170.6
Basic net income per common share	$ 0.15	$ 0.74
Diluted net income per common share	$ 0.14	$ 0.70
Basic common shares outstanding	235.2	229.4
Diluted common shares outstanding	252.2	242.9

MICROCHIP TECHNOLOGY INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions)

ASSETS

	June 30, 2018	March 31, 2018
	(Unaudited)	
Cash and short-term investments	$ 649.7	$ 2,196.6
Accounts receivable, net	789.4	563.7
Inventories	1,104.8	476.2
Other current assets	274.5	119.8
Total current assets	2,818.4	3,356.3
Property, plant and equipment, net	1,078.4	767.9
Other assets	15,352.0	4,133.0
Total assets	$ 19,248.8	$ 8,257.2

LIABILITIES AND STOCKHOLDERS' EQUITY

Accounts payable and accrued liabilities	$ 809.5	$ 373.7
Deferred income on shipments to distributors	—	333.8
Current portion of long-term debt	1,329.8	1,309.9
Total current liabilities	2,139.3	2,017.4
Long-term debt	10,019.8	1,758.4
Long-term income tax payable	836.7	754.9
Long-term deferred tax liability	854.2	205.8
Other long-term liabilities	275.0	240.9
Stockholders' equity	5,123.8	3,279.8
Total liabilities and stockholders' equity	$ 19,248.8	$ 8,257.2

MICROCHIP TECHNOLOGY INCORPORATED AND SUBSIDIARIES
RECONCILIATION OF GAAP TO NON-GAAP MEASURES
(in millions except per share amounts and percentages)
(unaudited)

RECONCILIATION OF GAAP NET SALES TO NON-GAAP NET SALES

	Three Months Ended June 30,	
	2018	2017
Net sales, as reported	$ 1,212.5	$ 972.1
Impact of changes in distributor inventory levels	4.3	—
Non-GAAP net sales	$ 1,216.8	$ 972.1

RECONCILIATION OF GAAP GROSS PROFIT TO NON-GAAP GROSS PROFIT

	Three Months Ended June 30,	
	2018	2017
Gross profit, as reported	$ 642.0	$ 584.4
Impact of changes in distributor inventory levels	3.4	—
Share-based compensation expense	3.6	3.4
Manufacturing excursion	—	(0.6)
Acquisition-related restructuring and acquired inventory valuation costs	107.7	—
Non-GAAP gross profit	$ 756.7	$ 587.2
Non-GAAP gross profit percentage	62.2%	60.4%

RECONCILIATION OF GAAP RESEARCH AND DEVELOPMENT EXPENSES TO NON-GAAP RESEARCH AND DEVELOPMENT EXPENSES

	Three Months Ended June 30,	
	2018	2017
Research and development expenses, as reported	$ 171.9	$ 130.5
Share-based compensation expense	(14.1)	(10.3)
Acquisition-related and other costs	(0.3)	—
Non-GAAP research and development expenses	$ 157.5	$ 120.2
Non-GAAP research and development expenses as a percentage of net sales	12.9%	12.4%

RECONCILIATION OF GAAP SELLING, GENERAL AND ADMINISTRATIVE EXPENSES TO NON-GAAP SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	Three Months Ended June 30,	
	2018	2017
Selling, general and administrative expenses, as reported	$ 164.0	$ 114.3
Share-based compensation expense	(11.7)	(8.7)
Acquisition-related and other costs	(26.6)	(2.9)
Non-GAAP selling, general and administrative expenses	$ 125.7	$ 102.7
Non-GAAP selling, general and administrative expenses as a percentage of net sales	10.3%	10.6%

RECONCILIATION OF GAAP OPERATING EXPENSES TO NON-GAAP OPERATING EXPENSES

	Three Months Ended June 30,	
	2018	2017
Operating expenses, as reported	$ 509.7	$ 362.8
Share-based compensation expense	(25.8)	(19.0)
Acquisition-related and other costs	(26.9)	(2.9)
Amortization of acquired intangible assets	(133.7)	(120.8)
Special charges and other, net	(40.1)	2.8
Non-GAAP operating expenses	$ 283.2	$ 222.9
Non-GAAP operating expenses as a percentage of net sales	23.3%	22.9%

RECONCILIATION OF GAAP OPERATING INCOME TO NON-GAAP OPERATING INCOME

	Three Months Ended June 30,	
	2018	2017
Operating income, as reported	$ 132.3	$ 221.6
Impact of changes in distributor inventory levels	3.4	—
Share-based compensation expense	29.4	22.4
Manufacturing excursion	—	(0.6)
Acquisition-related restructuring, acquired inventory valuation and other costs	134.6	2.9
Amortization of acquired intangible assets	133.7	120.8
Special charges and other, net	40.1	(2.8)
Non-GAAP operating income	$ 473.5	$ 364.3
Non-GAAP operating income as a percentage of net sales	38.9%	37.5%

RECONCILIATION OF GAAP OTHER EXPENSE, NET TO NON-GAAP OTHER EXPENSE, NET

	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017
Other expense, net, as reported	$ (94.5)	$ (55.3)
Loss on settlement of convertible debt	—	13.8
Non-cash other expense, net	36.5	26.9
Losses on available-for-sale investments	5.2	—
Non-GAAP other expense, net	$ (52.8)	$ (14.6)
Non-GAAP other expense, net, as a percentage of net sales	(4.3)%	(1.5)%

RECONCILIATION OF GAAP INCOME TAX BENEFIT TO NON-GAAP INCOME TAX PROVISION

For the three months ended June 30, 2018, non-GAAP income tax expense is presented based on cash taxes for fiscal 2019, excluding transition tax payments under the Tax Cuts and Jobs Act.

	Three Months Ended June 30, 2018
Income tax benefit, as reported	$ 2.0
Income tax rate, as reported	5.3%
Other non-GAAP tax adjustment (1)	12.8
Non-GAAP income tax provision	$ 14.8
Non-GAAP income tax rate	3.5%

For the three months ended June 30, 2017, non-GAAP income tax expense is presented as the tax impact of non-GAAP adjustments calculated using the applicable tax rates in the jurisdictions where the adjustments occurred.

	Three Months Ended June 30, 2017
Income tax benefit, as reported	$ (4.4)
Income tax rate, as reported	(2.6)%
Share-based compensation expense (2)	7.4
Manufacturing excursion (2)	(0.2)
Acquisition-related restructuring, acquired inventory valuation costs, intangible asset amortization and other costs (2)	10.9
Special charges and other, net (2)	(1.2)
Loss on settlement of convertible debt (2)	5.1
Non-cash other expense, net (2)	9.8
Non-recurring tax events (2)	5.6
Tax adjustment in accordance with ASC 740-270 (2)	(2.5)
Non-GAAP income tax provision	$ 30.5
Non-GAAP income tax rate	8.7 %

RECONCILIATION OF GAAP NET INCOME AND GAAP DILUTED NET INCOME PER COMMON SHARE TO NON-GAAP NET INCOME AND NON-GAAP DILUTED NET INCOME PER COMMON SHARE

	Three Months Ended June 30, 2018	
Net income, as reported	$	35.7
Impact of changes in distributor inventory levels		3.4
Share-based compensation expense		29.4
Acquisition-related restructuring, acquired inventory valuation costs, intangible asset amortization and other costs		268.3
Special charges and other		40.1
Non-cash other expense		36.5
Losses on available-for-sale investments		5.2
Other non-GAAP tax adjustment [(1)]		(12.8)
Non-GAAP net income	$	405.8
Non-GAAP net income as a percentage of net sales		33.3 %
GAAP net income as a percentage of net sales		2.9 %
Diluted net income per common share, as reported	$	0.14
Non-GAAP diluted net income per common share	$	1.61
Diluted common shares outstanding, as reported		252.2
Diluted common shares outstanding non-GAAP		252.2

	Three Months Ended June 30, 2017	
Net income, as reported	$	170.6
Share-based compensation expense, net of tax effect [(2)]		15.0
Manufacturing excursion, net of tax effect [(2)]		(0.4)
Acquisition-related restructuring, acquired inventory valuation costs, intangible asset amortization and other costs, net of tax effect [(2)]		112.8
Special charges and other, net of tax effect [(2)]		(1.6)
Loss on settlement of convertible debt, net of tax effect [(2)]		8.7
Non-cash other expense, net of tax effect [(2)]		17.1
Non-recurring tax events [(2)]		(5.6)
Tax adjustment in accordance with ASC 740-270 [(2)]		2.5
Non-GAAP net income	$	319.1
Non-GAAP net income as a percentage of net sales		32.8 %
GAAP net income as a percentage of net sales		17.5 %
Diluted net income per common share, as reported	$	0.70
Non-GAAP diluted net income per common share	$	1.31
Diluted common shares outstanding, as reported		242.9
Diluted common shares outstanding non-GAAP		242.9

[(1)] For fiscal 2019, the income tax adjustments represent the difference in GAAP tax expense and projected non-GAAP tax expense which is based on projected cash taxes for fiscal 2019, excluding transition tax payments under the Tax Cuts and Jobs Act.

[(2)] The tax impact of the non-GAAP adjustments is calculated using the applicable tax rates in the jurisdictions where the adjustments occurred in the three months ended June 30, 2017.

Microchip will host a conference call today, August 9, 2018 at 8:30 a.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 August 23, 2018.

A telephonic replay of the conference call will be available at approximately 8:00 p.m. (Eastern Time) on August 9, 2018 and will remain available until 5:00 p.m. (Eastern Time) on August 23, 2018. Interested parties may listen to the replay by dialing 719-457-0820 and entering access code 2517769.

Cautionary Statement:

The statements in this release relating to lots of work to do to achieve our long-term financial targets, having high confidence in our team's ability to achieve these results over time, moving thoughtfully and quickly to realize the synergies we had planned on, while continuing to identify incremental synergy opportunities working as a joint team, intending to use substantially all of our net cash generation, beyond our dividend payments, to de-leverage the balance sheet, not being able to predict whether inventory at our distributors will increase or decrease in relation to end-market demand, what we believe reflects true end-market demand as we measure revenue based on when product is sold by our distributors to an end customer, that we expect our non-GAAP total net sales in the September 2018 quarter to be between $1.474 billion and $1.550 billion, that our non-GAAP earnings per share are expected to be between $1.65 and $1.83, our second quarter fiscal 2019 non-GAAP guidance including net sales, gross margin, operating expenses, operating income, other expense, income tax expense, net income, diluted common shares outstanding, earnings per diluted share, expected cash tax rate for fiscal 2019, inventory days expected to be in the range of 119 to 127 days, capital expenditures for the September 2018 quarter and for all of fiscal 2019, continuing to invest to support the growth of our production capabilities for fast-growing new products and technologies and to bring in-house more of the assembly and test operations that are currently outsourced, our focus on creating demand for our products in the end markets we serve, that non-GAAP results reflect the value of the end-market demand for our products, and assumed average stock price in the September 2018 quarter 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: any economic uncertainty due to monetary policy, political, trade or other issues in the U.S. or internationally, any unexpected fluctuations or weakness in the U.S. and global economies (including China), changes in demand or market acceptance of our products and the products of our customers; our ability to successfully integrate the operations and employees, retain key employees and customers and otherwise realize the expected synergies and benefits of our acquisitions (including our recent acquisition of Microsemi Corporation); the impact of current and future changes in U.S. corporate tax laws (including the Tax Cuts and Jobs Act of 2017), foreign currency effects on our business; 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 manage and expand 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; the impact of any future significant acquisitions that we may make; our ability to obtain a sufficient supply of wafers from third party wafer foundries and the cost of such wafers, the costs and outcome of any current or future tax audit or any litigation or other matters involving intellectual property, customers, or other issues; our actual average stock price in the September 2018 quarter and the impact such price will have on our share count; fluctuations in our stock price and trading volume which could impact the number of shares we acquire under our share repurchase program and the timing of such repurchases; disruptions in our business or the businesses of our customers or suppliers due to natural disasters (including any floods in Thailand), 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 August 9, 2018 press release, or to reflect the occurrence of unanticipated events.

About Microchip:

Microchip Technology Incorporated is a leading provider of microcontroller, mixed-signal, 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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