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**MICROCHIP TECHNOLOGY INCORPORATED ANNOUNCES EXPECTED  
EPS ACCRETION FROM RECENT REFINANCING TRANSACTIONS**

Chandler, Arizona – February 11, 2015 – (NASDAQ: MCHP) – Microchip Technology Incorporated, a leading provider of microcontroller, mixed-signal, analog and Flash-IP solutions, today announced the expected earnings accretion from its recent refinancing transactions.

Earlier today, Microchip closed on \$1.5 billion aggregate principal amount of its convertible senior subordinated notes due 2025 (the "notes") in a private placement to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended. The notes bear interest at an annual rate of 1.625%. Microchip also granted the initial purchasers of the notes a 30-day option to purchase up to an additional \$225 million aggregate principal amount of the notes to cover over-allotments, if any. The sale of the notes resulted in \$1.47 billion in net proceeds to Microchip after deducting fees and estimated offering expenses payable by Microchip and excluding any potential additional proceeds from the over-allotment option. Using \$1.136 billion of the proceeds from the sale of the notes, Microchip repurchased an aggregate \$575 million in principal amount of its convertible junior subordinated debentures due 2037 and the remaining proceeds were used to pay down a portion of the outstanding balance on Microchip's credit facility. Microchip's credit facility was amended and restated on February 4, 2015 to increase the amount of available borrowings under such facility from \$2.0 billion to \$2.5 billion.

The refinancing activities described above are expected to provide annual accretion to Microchip's diluted non-GAAP earnings per share of approximately 12 cents. The accretion to diluted non-GAAP earnings per share is driven by a significant reduction in Microchip's diluted share count from the repurchase of the convertible junior subordinated debentures due in 2037, which is expected to provide a much larger diluted earnings per share benefit than the increase in interest expense from the refinancing transactions. Microchip expects the future reduction in its diluted share count to be approximately 10.5 million to 11 million shares on a quarterly basis based on an assumed average stock price of between \$47 and \$49. The benefit to the diluted share count will only be partially realized in the March 2015 quarter

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as the refinancing transactions were not executed at the beginning of the quarter. Specifically, in the March 2015 quarter, the refinancing activities are expected to add about 1 cent of accretion to the Company's previously provided non-GAAP earnings per share guidance. On January 29, 2015, Microchip previously provided non-GAAP earnings per share guidance of \$0.65 to \$0.67 cents for the March 2015 quarter. As a result of the refinancing activities, Microchip is upwardly revising its non-GAAP earnings per share guidance for the March 2015 quarter to be \$0.66 to \$0.68 cents per diluted share. There will be a one-time charge to GAAP diluted earnings per share in the March quarter due to a loss on the retirement of the convertible junior subordinated debentures due 2037. GAAP diluted earnings per share will also be impacted by an ongoing non-cash interest expense change from the issuance of the notes and the retirement of a portion of the debentures. The full extent of the impact the refinancing activities will have on the Company's GAAP diluted earnings per share is not available at this time and such information will be provided at a later date.

"We are very pleased with the results of our recent refinancing activities," said Steve Sanghi, Microchip's President and CEO. "With these transactions we were able to significantly reduce our diluted share count, drive earnings accretion and provide additional untapped borrowing capability for general corporate purposes including potential future acquisition activities."

### **Cautionary Statement:**

The statements in this release relating to the expected non-GAAP diluted earnings per share in the March 2015 quarter, the annual diluted earnings per share accretion from our refinancing activities, the expected reduction in our diluted share count based on an assumed stock price, our updated Non-GAAP earnings per share guidance, the expected GAAP impact of our refinancing activities, the financing activities driving expected earnings accretion and providing additional untapped borrowing capability for general corporate purposes including potential future acquisition activities 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 or other issues in the U.S. or internationally, any unexpected fluctuations or weakness in the U.S. and global economies,

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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 manage 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; foreign currency effects on our business; our ability to continue to realize the expected benefits of our acquisitions; the impact of any other 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 involving intellectual property, customers or other issues; our actual average stock price in the March 2015 quarter or in subsequent periods and the impact such price will have on our share count; 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, Ebola or other 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](http://www.microchip.com)) or the SEC's website ([www.sec.gov](http://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 February 11, 2015 press release, or to reflect the occurrence of unanticipated events.

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### **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](http://www.microchip.com).

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