MICROCHIP TECHNOLOGY INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
THREE MONTHS ENDED DECEMBERR 31, 2016

(in thousands except per share amounts)
(unaudited)

	GAAP	Share-based compensation expense	Acquisition-related acquired inventory valuation costs, intangible asset amortization and other costs	Distributor revenue recognition adjustment	Special charges and other, net	Non-cash other expense, net	Impairment on available-for-sale investment	Non-recurring tax events	Tax adjustment in accordance with ASC 740-270	Discontinued operations	Non-GAAP
Net sales	$ 834,366			46,821	-	-	-	-	-	-	$ 881,187
Cost of sales	369,107	(3,468)	(15,008)	20,836	-	-	-	-	-	-	371,467
Gross profit	465,259	3,468	15,008	25,985	-	-	-	-	-	-	509,720
Gross profit percentage	55.8%										57.8%
Research and development	132,433	(9,881)	(723)	-	-	-	-	-	-	-	121,829
Selling, general and administrative	111,017	(8,771)	(3,444)	-	-	-	-	-	-	-	98,802
Amortization of acquired intangible assets	82,791		(82,791)	-	-	-	-	-	-	-	-
Special charges and other, net	20,944	-	-	-	(20,944)	-	-	-	-	-	-
Operating expenses	347,185	(18,652)	(86,958)	-	(20,944)	-	-	-	-	-	220,631
Operating income	118,074	22,120	101,966	25,985	20,944	-	-	-	-	-	289,089
Operating income percentage	14.2%										32.8%
Losses on equity method investments	(55)	-	-	-	-	-	-	-	-	-	(55)
Other expense, net	(34,521)	-	-	-	-	12,955	1,433	-	-	-	(20,133)
Income from continuing operations before income taxes	83,498	22,120	101,966	25,985	20,944	12,955	1,433	-	-	-	268,901
Income tax (benefit) provision	(23,837)	7,376	8,688	(20)	8,557	4,698	526	7,524	8,841	-	22,353
Net income from continuing operations	107,335	14,744	93,278	26,005	12,387	8,257	907	(7,524)	(8,841)	-	246,548
Discontinued operations:											
Loss from discontinued operations before income taxes	(191)	-	-	-	-	-	-	-	-	191	-
Income tax benefit	(31)	-	-	-	-	-	-	-	-	31	-
Net loss from discontinued operations	(160)	-	-	-	-	-	-	-	-	160	-
Net income	$ 107,175	14,744	93,278	26,005	12,387	8,257	907	(7,524)	(8,841)	160	$ 246,548
Net income percentage	12.8%										28.0%
Diluted net income per common share											
Net income from continuing operations	0.46										1.05
Net loss from discontinued operations	-										-
Net income	$ 0.46										$ 1.05
Diluted common shares outstanding	235,424										235,424