MICROCHIP TECHNOLOGY INCORPORATED AND SUBSIDIARIES CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS THREE MONTHS ENDED DECEMBER 31, 2017

(in thousands except per share amounts) (unaudited)

				Acquisition-related							
				restructuring, acquired							
				inventory valuation costs,							
				intangible asset			*		Tax adjustment in		
		CLID	Share-based	amortization and other	Special charges and	Non-cash other expense,	Loss on settlement of	Non-recurring tax	accordance with ASC	.,	CLID
		GAAP	compensation expense	costs	other, net	net	convertible debt	events	740-270	No	on-GAAP
Net sales	\$	994,205	-	-	-	-	-	-	-	\$	994,205
Cost of sales		387,146	(3,494)	-	-	-	-	-	-		383,652
Gross profit		607,059	3,494	-	-	-	-	-	-		610,553
Gross profit percentage		61.1%									61.4%
Research and development		131,555	(10,921)	- (1.001)	=	=	-	-	=		120,634
Selling, general and administrative		109,059	(9,588)	(1,221)	=	=	=	=	=		98,250
Amortization of acquired intangible assets Special charges and other, net		121,003 196	_	(121,003)	(196)	-	-	-	-		=
Operating expenses	_	361,813	(20,509)	(122,224)	(196)		-		-		218,884
Operating expenses		301,013	(20,307)	(122,224)	(170)				-		210,004
Operating income		245,246	24,003	122,224	196	-	-	-	-		391,669
Operating income percentage		24.7%									39.4%
Losses on equity method investments		(56)	=	=	=	=	≡	=	Ē		(56)
Other expense, net	_	(48,540)	=	=	=	27,799	2,140	=	=		(18,601)
Income before income taxes		196,650	24,003	122,224	196	27,799	2,140	-	=		373,012
Income tax provision (benefit)		447,736	6,604	8,371	(29)	8,001	152	(439,828)	854		31,861
Net (loss) income from continuing operations		(251,086)	17,399	113,853	225	19,798	1,988	439,828	(854)		341,151
Discontinued operations:											
Loss from discontinued operations		-	-	-	-	-	-	-	-		-
Income tax benefit		-	-	=	-	-	-	=	=		
Net loss from discontinued operations		-	-	=	=	-	-	=	=		-
Net (loss) income	\$	(251,086)	17,399	113,853	225	19,798	1,988	439,828	(854)	\$	341,151
Net (loss) income percentage		-25.3%									34.3%
Diluted net (loss) income per common share											
Net (loss) income from continuing operations	\$	(1.07)								\$	1.36
Net loss from discontinued operations		-									<u> </u>
Net (loss) income	\$	(1.07)								\$	1.36
Diluted common shares outstanding		234,106									250,825
	_	,100	l								220,020