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

| | GAAP | Share-based compensation expense | Acquisition-related costs | IT security remediation | Amortization of acquired intangible assets | Special charges and other, net | Loss on settlement of debt | Non-cash other expense, net | (Gains) losses on available-for-sale investments | Other non-GAAP tax adjustment | Non-GAAP |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Net sales | $ 1,322.6 | — | — | — | — | — | — | — | — | — | $ 1,322.6 |
| Cost of sales | 507.4 | (4.9) | — | — | — | — | — | — | — | — | 502.5 |
| Gross profit | 815.2 | 4.9 | — | — | — | — | — | — | — | — | 820.1 |
| Gross profit percentage | 61.6 % | | | | | | | | | | 62.0 % |
| Research and development | 219.1 | (19.5) | (0.1) | — | — | — | — | — | — | — | 199.5 |
| Selling, general and administrative | 167.9 | (16.3) | (6.5) | (3.0) | — | — | — | — | — | — | 142.1 |
| Amortization of acquired intangible assets | 248.5 | — | — | — | (248.5) | — | — | — | — | — | — |
| Special charges and other, net | 8.1 | — | — | — | — | (8.1) | — | — | — | — | — |
| Operating expenses | 643.6 | (35.8) | (6.6) | (3.0) | (248.5) | (8.1) | — | — | — | — | 341.6 |
| Operating income | 171.6 | 40.7 | 6.6 | 3.0 | 248.5 | 8.1 | — | — | — | — | 478.5 |
| Operating income percentage | 13.0 % | | | | | | | | | | 36.2 % |
| Other expense, net | (131.1) | — | — | — | — | — | 1.9 | 29.9 | (0.8) | — | (100.1) |
| Income before income taxes | 40.5 | 40.7 | 6.6 | 3.0 | 248.5 | 8.1 | 1.9 | 29.9 | (0.8) | — | 378.4 |
| Income tax (benefit) provision | (10.2) | — | — | — | — | — | — | — | — | 31.0 | 20.8 |
| Net income | $ 50.7 | 40.7 | 6.6 | 3.0 | 248.5 | 8.1 | 1.9 | 29.9 | (0.8) | (31.0) | $ 357.6 |
| Net income percentage | 3.8 % | | | | | | | | | | 27.0 % |
| Diluted net income per common share | $ 0.20 | | | | | | | | | | $ 1.41 |
| Diluted common shares outstanding | 253.9 | | | | | | | | | | 253.9 |