

**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)

**May 2, 2012 (May 1, 2012)**



**MICROCHIP TECHNOLOGY INCORPORATED**

**(Exact Name Of Registrant As Specified In Its Charter)**

**Delaware**

(State or other Jurisdiction of Incorporation)

**0-21184**

(Commission File No.)

**86-0629024**

(IRS Employer Identification No.)

**2355 West Chandler Boulevard, Chandler, Arizona 85224-6199**

(Address of Principal Executive Offices, Including Zip Code)

**(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))

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**Item 1.01. Entry into a Material Definitive Agreement.**

On May 1, 2012, Microchip Technology Incorporated, a Delaware corporation (“Microchip”), Standard Microsystems Corporation, a Delaware corporation (“SMSC”), and Microchip Technology Management Co., a Delaware corporation and a wholly owned subsidiary of Microchip (“Merger Sub”), entered into an Agreement and Plan of Merger (the “Merger Agreement”). The Merger Agreement provides for the acquisition of SMSC by Microchip by means of a merger of Merger Sub with and into SMSC (the “Merger”), with SMSC being the surviving corporation. As a result of the Merger, SMSC would become a wholly owned subsidiary of Microchip and each share of SMSC common stock (other than those shares owned by Microchip, SMSC or any direct or indirect wholly owned subsidiary of Microchip or SMSC or with respect to which appraisal rights are properly executed and not withdrawn) issued and outstanding immediately prior to the effective time of the Merger, will be converted into the right to receive a cash amount of \$37.00, without interest and less any applicable withholding taxes.

The Boards of Directors of Microchip and SMSC have unanimously approved the Merger and the Merger Agreement. The transaction is subject to customary closing conditions, including approval by the holders of a majority of the outstanding shares of SMSC and clearances from applicable antitrust authorities (including in the United States, China and Germany).

The Merger Agreement contains representations, warranties and covenants of Microchip, SMSC and Merger Sub, including among others, (i) covenants by SMSC concerning the conduct of its business in the ordinary course consistent with past practice during the interim period between the execution of the Merger Agreement and the consummation of the Merger, (ii) a covenant by SMSC that, subject to certain exceptions, the Board of Directors of SMSC will recommend to its stockholders adoption of the Merger Agreement, and (iii) a covenant that SMSC will not solicit, initiate, or knowingly encourage, facilitate or induce the making of any inquiry, offer or proposal that would reasonably be expected to lead to any Acquisition Proposal (as defined in the Merger Agreement). The Merger Agreement contains certain termination rights for both Microchip and SMSC and further provides that upon termination of the Merger Agreement under specified circumstances SMSC may be required to pay Microchip a termination fee.

In connection with the parties’ entry into the Merger Agreement, each of the directors and certain officers of SMSC, in their respective capacities as stockholders of SMSC, have entered into voting agreements pursuant to which they have agreed to, among other things, vote their shares of SMSC common stock in favor of adopting the Merger Agreement.

The foregoing description of the Merger Agreement and the transactions contemplated thereby does not purport to be complete and is qualified in its entirety by reference to the Merger Agreement. Microchip plans to file a copy of the Merger Agreement and the form of voting agreement as exhibits no later than with its Form 10-K for its fiscal year ended March 31, 2012. We encourage you to read the Merger Agreement and the voting agreement for a more complete understanding of the transaction.

On May 2, 2012, Microchip and SMSC issued a press release relating to the Merger. A copy of the press release is attached hereto as Exhibit 99.1.

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## **Additional Information and Where to Find It**

SMSC intends to file a proxy statement in connection with the acquisition transaction. Investors and security holders are urged to read the proxy statement when it becomes available because it will contain important information about the transaction. Investors and security holders may obtain free copies of these documents (when they are available) and other documents filed with the SEC at the SEC's web site at [www.sec.gov](http://www.sec.gov). Microchip, SMSC and their directors and executive officers may be deemed to be participants in the solicitation of proxies from the stockholders of SMSC in connection with the acquisition transaction. Information regarding the special interests of these directors and executive officers in the transaction will be included in the proxy statement described above. Additional information regarding the directors and executive officers of Microchip is also included in Microchip's proxy statement for its 2011 Annual Meeting of Stockholders, which was filed with the SEC on July 11, 2011. Additional information regarding the directors and executive officers of SMSC is also included in SMSC's proxy statement for its 2011 Annual Meeting of Stockholders, which was filed with the SEC on June 14, 2011. These documents are available free of charge at the SEC's web site at [www.sec.gov](http://www.sec.gov) and as described above.

### **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 May 1, 2012, Microchip announced the results of its operations for the fourth quarter and fiscal year ended March 31, 2012. The complete release is attached to this report as Exhibit 99.2.

### **Item 9.01. Financial Statements and Exhibits.**

#### **(d) Exhibits**

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|------|--|
| 99.1 | Joint Press Release issued on May 2, 2012 (Microchip Technology and SMSC Announce the Acquisition of SMSC by Microchip Technology) |
| 99.2 | Press Release issued on May 1, 2012 (Microchip Technology Announces Fourth Quarter and Fiscal Year 2012 Financial Results)         |
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## 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.

Dated: May 2, 2012

Microchip Technology Incorporated

By: /s/ J. Eric Bjornholt

J. Eric Bjornholt  
Vice President and Chief Financial Officer

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## EXHIBIT INDEX

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|------|--|
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| 99.2 | Press Release issued on May 1, 2012 (Microchip Technology Announces Fourth Quarter and Fiscal Year 2012 Financial Results)         |



**MICROCHIP CONTACTS:**

J. Eric Bjornholt - CFO (480) 792-7804  
Gordon Parnell - Vice President of  
Business Development and  
Investor Relations.....(480) 792-7374



**SMSC CONTACT:**

Carolynne Borders - Vice President,  
Corporate Communications and  
Investor Relations (631) 435-6626

**Microchip Technology and SMSC Announce  
the Acquisition of SMSC by Microchip Technology**

*Acquisition Will Expand Microchip's Smart Connectivity Solutions for Embedded Markets*

**Chandler, Arizona and Hauppauge, New York, May 2, 2012** — Microchip Technology Incorporated [**NASDAQ: MCHP**], a leading provider of microcontroller, analog and Flash-IP solutions, and Standard Microsystems Corporation [**NASDAQ: SMSC**] today announced that Microchip has signed a definitive agreement to acquire Standard Microsystems Corporation ("SMSC") for \$37.00 per share in cash, which represents a total equity value of about \$939 million, and a total enterprise value of about \$766 million, after excluding SMSC's cash and investments on its balance sheet of approximately \$173 million. The acquisition has been approved by the Boards of Directors of each company and is expected to close in the third quarter of calendar 2012, subject to approval by SMSC stockholders, regulatory approvals and other customary closing conditions.

"We believe SMSC's smart mixed-signal connectivity solutions aimed at embedded applications are an ideal complement to Microchip's embedded control business," said Steve Sanghi, Microchip's President and CEO. "This acquisition will expand Microchip's range of solutions as SMSC contributes exciting new products and capabilities in the automotive, industrial, computing, consumer and wireless audio markets, significantly extending our served available market."

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**Microchip Technology and SMSC  
Announce Acquisition of  
SMSC by Microchip**

**Page 2**

"We are excited by the strategic possibilities presented by this acquisition," continued Mr. Sanghi. "SMSC in its most recent fiscal year ending February 29, 2012 reported net sales of \$412 million, non-GAAP gross margin of 54.4% of sales, and non-GAAP operating profit of 12% of sales. We

expect this acquisition will be accretive to Microchip's non-GAAP earnings in the first full quarter after completion of the acquisition. We look forward to completing this transaction in the third calendar quarter of 2012."

"This transaction represents a compelling opportunity for SMSC employees, customers and stockholders by combining the leading market position and world class operational excellence of Microchip Technology with the world class smart mixed-signal connectivity solutions from SMSC," said Christine King, President and CEO of SMSC. "We are pleased to become part of Microchip Technology, a premier company in the semiconductor industry."

**Conference Call Information:**

Microchip will host a conference call today, May 2, 2012 at 9:30 a.m. (Eastern Time) to discuss this release. This call will be simulcast over the Internet at [www.microchip.com](http://www.microchip.com). The webcast will be available for replay until May 10, 2012.

A telephonic replay of the conference call will be available at approximately 12:00 p.m. (Eastern Time) on May 2, 2012 and will remain available until 5:00 p.m. (Eastern Time) on May 10, 2012. Interested parties may listen to the replay by dialing 719-457-0820 and entering access code 2069664.

Microchip will also host a conference call today, May 2, 2012 at 8:30 a.m. (Eastern Time) to discuss its Fourth Quarter and Fiscal 2012 financial results. This call will be simulcast over the Internet at [www.microchip.com](http://www.microchip.com). The webcast will be available for replay until May 10, 2012. A telephonic replay of the financial results conference call will be available at approximately 11:00 a.m. (Eastern Time) on May 1, 2012 and will remain available until 5:00 p.m. (Eastern Time) on May 10, 2012.

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**Microchip Technology and SMSC  
Announce Acquisition of  
SMSC by Microchip**

**Page 3**

Interested parties may listen to the replay by dialing 719-457-0820 and entering access code 8885745.

**Forward-Looking Statements**

The statements in this release relating to expanding Microchip's smart connectivity solutions, expecting to close the acquisition in the third quarter of calendar 2012, SMSC's solutions being an ideal complement to Microchip's embedded control business, expanding Microchip's range of solutions, SMSC contributing exciting new products and capabilities, significantly extending Microchip's served available market, Microchip being excited about the strategic possibilities of the acquisition, Microchip's expectation that the transaction will be accretive in the first full quarter after completion of the acquisition, and the transaction being a compelling opportunity for SMSC employees, customers and stockholders, are forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to a number of business, economic, legal and other risks that are inherently uncertain and difficult to predict, including, but not limited to: the actual timing of the closing of the acquisition, the satisfaction of the conditions to closing in the acquisition agreement (including obtaining regulatory clearances in the U.S. and other jurisdictions), any termination of the acquisition agreement, changes in demand or market acceptance of SMSC's products and the products of its customers, changes in demand or market acceptance of Microchip's products and the products of its customers; competitive developments; the costs and outcome of any current or future litigation involving Microchip, SMSC or the acquisition transaction; the effect of the acquisition on Microchip's and SMSC's existing relationships with customers and vendors and their operating results and businesses; the progress and costs of development of Microchip and SMSC products and the timing and market acceptance of those new products; Microchip's ability to successfully integrate SMSC's operations and employees and retain key employees; 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 the SEC filings of Microchip and SMSC including those on Forms 10-K and

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**Microchip Technology and SMSC  
Announce Acquisition of  
SMSC by Microchip**

**Page 4**

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)), at SMSC's website ([www.smisc.com](http://www.smisc.com)) (as applicable) or the SEC's website ([www.sec.gov](http://www.sec.gov)) or from commercial document retrieval services.

Stockholders of Microchip and SMSC are cautioned not to place undue reliance on the forward-looking statements in this press release, which speak only as of the date such statements are made. Neither Microchip nor SMSC undertakes any obligation to publicly update any forward-looking statements to reflect events, circumstances or new information after this May 2, 2012 press release, or to reflect the occurrence of unanticipated events.

**Additional Information and Where to Find It**

SMSC intends to file a proxy statement in connection with the acquisition transaction. Investors and securityholders are urged to read the proxy statement when it becomes available because it will contain important information about the transaction. Investors and security holders may obtain free copies of these documents (when they are available) and other documents filed with the SEC at the SEC's web site at [www.sec.gov](http://www.sec.gov). Microchip, SMSC and their directors and executive officers may be deemed to be participants in the solicitation of proxies from the stockholders of SMSC in connection with the acquisition transaction. Information regarding the special interests of these directors and executive officers in the transaction will be included in the proxy statement described above. Additional information regarding the directors and executive officers of Microchip is also included in Microchip's proxy statement for its 2011 Annual Meeting of Stockholders, which was filed with the SEC on July 11, 2011. Additional information regarding the directors and executive officers of SMSC is also included in SMSC's proxy statement for its 2011 Annual Meeting of Stockholders, which was filed with the SEC on June 14, 2011. These documents are available free of charge at the SEC's web site at [www.sec.gov](http://www.sec.gov) and as described above.

**Microchip Technology and SMSC  
Announce Acquisition of  
SMSC by Microchip**

**Page 5**

**About SMSC**

SMSC (NASDAQ: SMSC) is a leading developer of Smart Mixed-Signal Connectivity™ solutions. SMSC employs a unique systems level approach that incorporates a broad set of technologies and intellectual property to deliver differentiating products to its customers. The company is focused on delivering connectivity solutions that enable the proliferation of data in automobiles, consumer devices, PCs and other applications. SMSC's feature-rich products drive a number of industry standards and include USB, MOST® automotive networking, Kleeer® and JukeBlox® wireless audio, embedded system control and analog solutions, including thermal management and RightTouch® capacitive sensing. SMSC is headquartered in New York and has offices and research facilities in North America, Asia, Europe and India. Additional information is available at [www.smisc.com](http://www.smisc.com).

**About Microchip Technology**

Microchip Technology Inc. (NASDAQ: MCHP) is a leading provider of microcontroller, 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 <http://www.microchip.com>.

*Note: The Microchip name and logo, and PIC are registered trademarks of Microchip Technology Inc. in the USA and other countries. SMSC, MOST, Kleer, RightTouch and JukeBlox are registered trademarks and Smart Mixed-Signal Connectivity is a trademark of Standard Microsystems Corporation. All other trademarks mentioned herein are the property of their respective companies.*

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## NEWS RELEASE

*INVESTOR RELATIONS CONTACTS:*

J. Eric Bjornholt - CFO(480) 792-7804  
 Gordon Parnell - Vice President of Business Development  
 and Investor Relations(480) 792-7374

**MICROCHIP TECHNOLOGY ANNOUNCES  
 FOURTH QUARTER AND  
 FISCAL YEAR 2012 FINANCIAL RESULTS**

- **FOR FISCAL YEAR 2012:**
  - **NET SALES OF \$1.383 BILLION**
  - **ON A GAAP BASIS:**
    - **GROSS MARGIN OF 57.3%; OPERATING INCOME OF \$396.5 MILLION; NET INCOME OF \$336.7 MILLION AND 24.3% OF NET SALES; EPS OF \$1.65 PER DILUTED SHARE**
  - **ON A NON-GAAP BASIS:**
    - **GROSS MARGIN OF 58.2%; OPERATING INCOME OF \$447.4 MILLION; NET INCOME OF \$383.7 MILLION AND 27.7% OF NET SALES; EPS OF \$1.89 PER DILUTED SHARE**
- **FOR THE QUARTER ENDING MARCH 31, 2012:**
  - **NET SALES OF \$338.9 MILLION, UP 3.0% SEQUENTIALLY**
  - **ON A GAAP BASIS:**
    - **GROSS MARGIN OF 57.2%; OPERATING INCOME OF \$93.9 MILLION; NET INCOME OF \$80.6 MILLION AND 23.8% OF NET SALES; EPS OF 39 CENTS PER DILUTED SHARE. THERE WAS NO PUBLISHED FIRST CALL ESTIMATE FOR GAAP EPS.**
  - **ON A NON-GAAP BASIS:**
    - **GROSS MARGIN OF 58.1%; OPERATING INCOME OF \$108.0 MILLION; NET INCOME OF \$94.3 MILLION AND 27.8% OF NET SALES; EPS OF 46 CENTS PER DILUTED SHARE. THE FIRST CALL PUBLISHED ESTIMATE WAS 45 CENTS FOR NON-GAAP EPS.**
  - **RECORD QUARTERLY SHIPMENTS OF 50,405 DEVELOPMENT TOOLS.**

CHANDLER, Arizona – May 1, 2012 – (NASDAQ: MCHP) – Microchip Technology Incorporated, a leading provider of microcontroller, analog and Flash-IP solutions, today reported results for the three months and fiscal year ended March 31, 2012 as summarized in the following table:

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**Microchip Technology Reports  
Fourth Quarter and Fiscal Year  
2012 Financial Results**

**Page 2**

(in millions, except earnings per diluted share and percentages)	Three Months Ended March 31, 2012				Year Ended March 31, 2012			
	GAAP	% of Net Sales	Non-GAAP <sup>1</sup>	% of Net Sales	GAAP	% of Net Sales	Non-GAAP <sup>1</sup>	% of Net Sales
Net Sales	\$ 338.9		\$ 338.9		\$ 1,383.2		\$ 1,383.2	
Gross Margin	\$ 193.9	57.2%	\$ 196.9	58.1%	\$ 792.4	57.3%	\$ 804.9	58.2%
Operating Income	\$ 93.9	27.7%	\$ 108.0	31.9%	\$ 396.5	28.7%	\$ 447.4	32.3%
Other Expense including Gains/Losses on Equity Method Investments	\$ 2.0		\$ 0.1		\$ 16.8		\$ 7.4	
Income Tax Expense (benefit)	\$ 11.3		\$ 13.6		\$ 43.0		\$ 56.3	
Net Income	\$ 80.6	23.8%	\$ 94.3	27.8%	\$ 336.7	24.3%	\$ 383.7	27.7%
Earnings per Diluted Share <sup>2</sup>	39 cents		46 cents		\$ 1.65		\$ 1.89	

<sup>1</sup> See the "Use of Non-GAAP Financial Measures" section of this release.

<sup>2</sup> Earnings per share have been calculated based on the diluted shares outstanding of Microchip on a consolidated basis.

Net sales for the fourth quarter of fiscal year 2012 were \$338.9 million, up 3.0% sequentially from net sales of \$329.2 million in the immediately preceding quarter, and down 10.8% from net sales of \$380.0 million in the prior year's fourth quarter. GAAP net income for the fourth quarter of fiscal year 2012 was \$80.6 million, or 39 cents per diluted share, up 4.1% from GAAP net income of \$77.5 million, or 38 cents per diluted share, in the immediately preceding quarter, and down 38.3% from GAAP net income from continuing operations of \$130.6 million, or 65 cents per diluted share, in the prior year's fourth quarter. In the fourth quarter of fiscal 2012, GAAP net income includes a special charge for a patent license settlement of \$1.5 million. In the fourth quarter of fiscal 2011, GAAP net income includes a special charge of \$0.2 million and a one-time favorable tax benefit of \$24.4 million which includes the settlement of an IRS audit for tax years through March 31, 2008, and other one-time tax events.

Non-GAAP net income for the fourth quarter of fiscal year 2012 was \$94.3 million, or 46 cents per diluted share, up 10.4% from non-GAAP net income of \$85.4 million, or 42 cents per diluted share, in the immediately preceding quarter, and down 20.7% from non-GAAP net income from continuing operations of \$119.0 million, or 59 cents per diluted share, in the prior year's fourth quarter. For the fourth quarters of fiscal 2012 and fiscal 2011,

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**Microchip Technology Reports  
Fourth Quarter and Fiscal Year  
2012 Financial Results**

**Page 3**

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 costs, earn out adjustments and legal and other general and administrative expenses associated with acquisitions), patent license settlements, non-recurring tax events, and non-cash interest expense on our convertible debentures. A reconciliation of our non-GAAP and GAAP results is included in this press release.

Net sales for the fiscal year ended March 31, 2012 were \$1.383 billion, a decrease of 7.0% from net sales of \$1.487 billion in the prior fiscal year. On a GAAP basis, net income for the fiscal year ended March 31, 2012 was \$336.7 million, or \$1.65 per diluted share, a decrease of 21.5% from net income from continuing operations of \$429.2 million, or \$2.20 per diluted share in the prior fiscal year.

On a non-GAAP basis, consolidated net income for the fiscal year ended March 31, 2012 was \$383.7 million, or \$1.89 per diluted share, a decrease of 17.0% from net income from continuing operations of \$462.3 million, or \$2.39 per diluted share, in the prior fiscal year.

“Our March quarter results were consistent with the guidance we provided on February 2, 2012 and marked our 86<sup>th</sup> consecutive quarter of profitability,” said Steve Sanghi, President and CEO. “The March quarter was a transitional quarter for us as we returned to sequential growth in revenue, gross margin and profits. We went into this down cycle one quarter earlier than most of the semiconductor industry and we predicted we would come out of this cycle a quarter earlier than most. Based on the results of many of our industry peers, this prediction has played out exactly as we expected.”

Mr. Sanghi added, “With revenue up sequentially 3% in the March quarter, our results turned out to be good in an otherwise seasonally weak period impacted by the Lunar New Year holidays in Asia. On a Non-GAAP basis, gross margin improved by 133 basis points sequentially, operating profit was up by 7.6% sequentially and operating profit percentage was 31.9% of sales. This was an excellent result for a transitional quarter and we believe the results will continue to improve in fiscal 2013. We believe our inventory levels and short lead times, combined with our strong product portfolio have positioned us well to gain market share in our microcontroller and analog product lines.”

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“Our microcontroller business was up 5.5% on a sequential basis in the March quarter, with both 8-bit and 16-bit product line revenue up sequentially,” said Ganesh Moorthy, Chief Operating Officer. “Our 16-bit business was up 19.3% sequentially in the March quarter, as our business recovered sharply from the inventory correction many of our customers went through over the last three quarters. Despite the broad-based market weakness, our strong design win momentum enabled us to overcome the macro trend and significantly outgrow the market.”

Eric Bjornholt, Microchip’s Chief Financial Officer, said, “Microchip’s inventory at March 31, 2012 was \$217.3 million or 137 days, flat to the prior quarter levels. Inventory at our distributors was 31 days which is down 4 days from the prior quarter level. As measured in days, our distributors have the lowest level of inventory that they have held in the last ten years.”

Mr. Sanghi concluded, “We entered the June quarter with a stronger backlog position than what we entered the March quarter with and bookings have continued to be good. We expect revenue in the June quarter to be up between 3 and 7 percent sequentially and are forecasting improvements in gross margin, operating margin and earnings per share.”

Microchip also announced today that its Board of Directors has declared a quarterly cash dividend on its common stock of 35 cents per share. The quarterly dividend is payable on May 31, 2012 to stockholders of record on May 17, 2012.

**Microchip’s Recent Highlights:**

- The Company was named a finalist in the EE Times/EDN ACE Awards for its MPLAB<sup>®</sup> X IDE, in the Software category, and for its MTD6505 Fan Driver in the Analog ICs category.
- Building on the success of its MPLAB X IDE, Microchip’s introduced the new MPLAB XC, which is a simplified C compiler line that provides the best execution speed and code size for all PIC<sup>®</sup> MCUs and dsPIC<sup>®</sup> DSCs.
- Microchip shipped a record 50,405 development systems during the quarter, demonstrating the continued strong interest in its products. The total cumulative number of development systems shipped now stands at 1,293,567.

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- The Company acquired Ident Technology AG, a German based company that is developing advanced gesture recognition solutions. This acquisition builds upon Microchip's strengths in proximity, touch sense and touch screen controller solutions for the embedded market.
- The Company acquired Roving Networks to expand its wireless offerings with additional embedded Wi-Fi<sup>®</sup> capabilities and new Bluetooth<sup>®</sup> connectivity options for PIC microcontrollers.
- In other wireless news, Microchip continued to grow the portfolio of RF products with its smallest front-end module for 802.11b/g/n Wi-Fi, as well as Bluetooth systems.
- Microchip demonstrated continued investment in its primary 8-bit product line with two new families that feature high levels of cost-effective advanced analog and digital integration, including 12-bit ADC, 8-bit DAC, op amps, high-speed comparators, eXtreme Low Power technology, a Complementary Output Generator peripheral that provides non-overlapping, complementary waveforms for inputs, and a 16-bit PWM with the industry's highest level of advanced control.
- Microchip continued filling out its 16-bit MCU portfolio on both ends of the spectrum, with its new lowest-cost PIC24 Lite line for consumer, medical and safety/security applications on one end, and the upgrade of its enhanced-core dsPIC33E and PIC24E to 70 MIPS performance, on the other end. To enable advanced remote-control designs using its 16-bit MCUs and ZigBee<sup>®</sup> wireless transceivers, Microchip introduced a demo board that showcases graphics, touch sensing, USB and wireless connectivity.
- Microchip's 32-bit PIC32 MCU portfolio added new members to the smallest and lowest-cost family, which are the first PIC32s to feature dedicated audio and capacitive-sensing peripherals. Additionally, the new Wi-Fi Comm Demo Board makes it easy to evaluate the combination of PIC32s with Microchip's Wi-Fi modules and free TCP/IP stack.
- On the analog front, Microchip introduced a USB to SPI protocol converter that provides the simplest, smallest and most cost-effective way to add USB to existing designs.
- The Company's memory portfolio also expanded, with a lower-cost real-time clock that has 64 Bytes of SRAM and a digital-trimming circuit for higher accuracy. Additionally, Microchip introduced a new

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**Microchip Technology Reports  
Fourth Quarter and Fiscal Year  
2012 Financial Results**

**Page 6**

development kit that enables designers to evaluate its SPI and SQI serial Flash memory devices using its modular Explorer 16 development platform.

**First Quarter Fiscal Year 2013 Outlook:**

The following statements are based on current expectations. These statements are forward-looking, and actual results may differ materially.

	Microchip Guidance		
	GAAP	Non-GAAP Adjustments <sup>1</sup>	Non-GAAP <sup>1</sup>
<b>Results from Continuing Operations:</b>			
Net Sales	\$349.1 to \$362.6 million		\$349.1 to \$362.6 million
Gross Margin <sup>3</sup>	58.0% to 58.25%	\$3.5 to \$3.6 million	59.0% to 59.25%
Operating Expenses <sup>3</sup>	about 29.25%	\$10.5 to \$10.9 million	about 26.25%
Other Income (Expense)	(\$4.5) million	\$2.0 million	(\$2.5) million
Tax Rate	12.75% to 13.25%	\$2.4 million	13.0% to 13.5%
Net Income	\$83.2 to \$87.9 million	\$13.5 to \$14.0 million	\$96.7 to \$101.9 million
Diluted Common Shares Outstanding <sup>2</sup>	206.3 million shares	0.5 million shares	205.8 million shares
Earnings per Diluted Share	40 to 42 cents	about 7 cents	47 to 49 cents

<sup>1</sup> See the "Use of Non-GAAP Financial Measures" section of this release.

<sup>2</sup> Earnings per share have been calculated based on the diluted shares outstanding of Microchip on a consolidated basis.

- Microchip's inventory days at June 30, 2012 are expected to be about flat from the March quarter. Our inventory position enables us to continue to service our customers with very short lead times while allowing us to control future capital expenditures. The 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 June 30, 2012 are expected to be approximately \$18 million. Capital expenditures for all of fiscal year 2013 are anticipated to be approximately \$70 million. We are continuing to take actions to invest in the equipment needed to support the expected growth of our new products and technologies.

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- We expect net cash generation during the June quarter of approximately \$100 million to \$110 million prior to the dividend payment.

<sup>1</sup> 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 costs, earn-out adjustments and legal and other general and administrative expenses associated with acquisitions), losses on equity securities, and non-cash interest expense on our convertible debentures, the related income tax implications of these items and nonrecurring tax events.

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. The value of our equity securities varies in amount from period to period and is affected by fluctuations in the market prices of such securities that we cannot predict and are not within the control of management. The non-GAAP adjustments related to the impact of our acquisitions, nonrecurring tax events and a portion of our interest expense related to our convertible debentures are either non-cash expenses or non-recurring expenses related to such transactions. Accordingly, management excludes all of these items from its internal operating forecasts and models.

We are using 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 including gains (losses) on equity method investments, non-GAAP income tax/tax rate, non-GAAP net income, and non-GAAP diluted earnings per share which exclude the items noted in the immediately preceding paragraphs, 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

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investors have requested that we disclose this non-GAAP information 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. Management uses these non-GAAP measures to manage and assess the profitability of its business. Specifically, we do not consider such items when developing and monitoring our budgets and spending. As described above, the economic substance behind our decision to exclude such items relates either to these charges being non-cash in nature, or to the one-time nature of the events, or in the case of our equity securities, because such item is difficult to predict and not within the control of management. 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.

<sup>2</sup> Diluted Common Shares Outstanding can vary for, among other things, the trading price of our common stock, the actual 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 the repurchase or the issuance of stock. The diluted common shares outstanding presented in the guidance table above assumes an average Microchip stock price in the June 2012 quarter of \$36.00 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).

<sup>3</sup> Generally, gross margin fluctuates over time, driven primarily by the mix of microcontrollers, analog products and memory products sold and licensing revenue; variances in manufacturing yields; fixed cost absorption; wafer fab loading levels; 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.

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**MICROCHIP TECHNOLOGY INCORPORATED AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
(in thousands except per share amounts)  
(Unaudited)

	Three Months Ended March 31,		Twelve Months Ended March 31,	
	2012	2011	2012	2011
Net sales	\$ 338,911	\$ 379,985	\$ 1,383,176	\$ 1,487,205
Cost of sales	145,038	154,394	590,782	612,769
Gross profit	193,873	225,591	792,394	874,436
Operating expenses:				
Research and development	47,713	44,159	182,650	170,607
Selling, general and administrative	50,754	56,885	212,391	227,781
Special charges	1,497	186	837	1,865
	99,964	101,230	395,878	400,253
Operating income	93,909	124,361	396,516	474,183
(Losses) gains on equity method investments	(135)	(28)	(195)	157
Other expense, net	(1,852)	(4,304)	(16,626)	(13,642)
Income from continuing operations before income taxes	91,922	120,029	379,695	460,698
Income tax provision	11,286	(10,583)	42,990	31,531
Net income from continuing operations	80,636	130,612	336,705	429,167
Discontinued operations:				
Loss from discontinued operations before income taxes	-	(5,754)	-	(11,126)
Income tax benefit	-	(670)	-	(909)
Net loss from discontinued operations	-	(5,084)	-	(10,217)
Net income	\$ 80,636	\$ 125,528	\$ 336,705	\$ 418,950
Basic net income per common share continuing operations	\$ 0.42	\$ 0.69	\$ 1.76	\$ 2.29
Basic net loss per common share discontinued operations	-	(0.03)	-	(0.05)
Basic net income per common share	\$ 0.42	\$ 0.66	\$ 1.76	\$ 2.24
Diluted net income per common share continuing operations	\$ 0.39	\$ 0.65	\$ 1.65	\$ 2.2
Diluted net loss per common share discontinued operations	-	(0.03)	-	(0.05)
Diluted net income per common share	\$ 0.39	\$ 0.62	\$ 1.65	\$ 2.15
Basic common shares outstanding	192,570	188,933	191,283	187,066
Diluted common shares outstanding	206,017	201,829	203,519	194,715

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**MICROCHIP TECHNOLOGY INCORPORATED AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

(in thousands)

**ASSETS**

	March 31, 2012	March 31, 2011
	(Unaudited)	
Cash and short-term investments	\$ 1,459,009	\$ 1,243,496
Accounts receivable, net	170,201	181,202
Inventories	217,278	180,800
Other current assets	169,373	169,485
Total current assets	2,015,861	1,774,983
Property, plant & equipment, net	516,611	540,513
Long-term investments	328,586	464,838
Other assets	222,718	187,724
Total assets	\$ 3,083,776	\$ 2,968,058

**LIABILITIES AND STOCKHOLDERS' EQUITY**

Accounts payable and other current liabilities	\$ 139,164	\$ 200,272
Deferred income on shipments to distributors	108,709	140,044
Total current liabilities	247,873	340,316
Convertible debentures	355,050	347,334
Long-term income tax payable	70,490	58,125
Deferred tax liability	411,368	399,527
Other long-term liabilities	8,322	10,318
Stockholders' equity	1,990,673	1,812,438
Total liabilities and stockholders' equity	\$ 3,083,776	\$ 2,968,058

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

**RECONCILIATION OF GAAP GROSS PROFIT TO NON-GAAP GROSS PROFIT**

	Three Months Ended March 31,		Twelve Months Ended March 31,	
	2012	2011	2012	2011
Gross profit, as reported	\$ 193,873	\$ 225,591	\$ 792,394	\$ 874,436
Share-based compensation expense	1,272	1,409	5,648	6,825
Acquisition-related acquired inventory valuation costs and intangible asset amortization	1,773	1,861	6,900	12,887
Non-GAAP gross profit	<u>\$ 196,918</u>	<u>\$ 228,861</u>	<u>\$ 804,942</u>	<u>\$ 894,148</u>
Non-GAAP gross profit percentage	58.1%	60.2%	58.2%	60.1%

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

	Three Months Ended March 31,		Twelve Months Ended March 31,	
	2012	2011	2012	2011
Research and development expenses, as reported	\$ 47,713	\$ 44,159	\$ 182,650	\$ 170,607
Share-based compensation expense	(3,899)	(3,358)	(14,719)	(12,874)
Non-GAAP research and development expenses	<u>\$ 43,814</u>	<u>\$ 40,801</u>	<u>\$ 167,931</u>	<u>\$ 157,733</u>
Non-GAAP research and development expenses as a percentage of net sales	12.9%	10.7%	12.1%	10.6%

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

	Three Months Ended March 31,		Twelve Months Ended March 31,	
	2012	2011	2012	2011
Selling, general and administrative expenses, as reported	\$ 50,754	\$ 56,885	\$ 212,391	\$ 227,781
Share-based compensation expense	(4,648)	(4,260)	(17,922)	(17,113)
Acquisition-related intangible asset amortization and other costs	(983)	(1,861)	(4,880)	(8,593)
Non-GAAP selling, general and administrative expenses	<u>\$ 45,123</u>	<u>\$ 50,764</u>	<u>\$ 189,589</u>	<u>\$ 202,075</u>
Non-GAAP selling, general and administrative expenses as a percentage of net sales	13.3%	13.4%	13.7%	13.6%

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**RECONCILIATION OF GAAP OPERATING INCOME TO NON-GAAP OPERATING INCOME**

	Three Months Ended March 31,		Twelve Months Ended March 31,	
	2012	2011	2012	2011
Operating income, as reported	\$ 93,909	\$ 124,361	\$ 396,516	\$ 474,183
Share-based compensation expense	9,819	9,027	38,289	36,812
Acquisition-related acquired inventory valuation costs, intangible asset amortization and other costs	2,756	3,722	11,780	21,480
Special charges	1,497	186	837	1,865
Non-GAAP operating income	<u>\$ 107,981</u>	<u>\$ 137,296</u>	<u>\$ 447,422</u>	<u>\$ 534,340</u>
Non-GAAP operating income as a percentage of net sales	31.9%	36.1%	32.3%	35.9%

**RECONCILIATION OF GAAP OTHER EXPENSE, NET TO NON-GAAP OTHER INCOME (EXPENSE), NET**

	Three Months Ended March 31,		Twelve Months Ended March 31,	
	2012	2011	2012	2011
Other expense, net, as reported	\$ (1,852)	\$ (4,304)	\$ (16,626)	\$ (13,642)
Convertible debt non-cash interest expense	1,932	1,746	7,512	6,846
Losses on equity securities	-	-	1,878	-
Non-GAAP other income (expense), net	<u>\$ 80</u>	<u>\$ (2,558)</u>	<u>\$ (7,236)</u>	<u>\$ (6,796)</u>
Non-GAAP other income (expense), net, as a percentage of net sales	0.0%	(0.7)%	(0.5)%	(0.5)%

**RECONCILIATION OF GAAP INCOME TAX PROVISION FROM CONTINUING OPERATIONS TO NON-GAAP INCOME TAX PROVISION FROM CONTINUING OPERATIONS**

	Three Months Ended March 31,		Twelve Months Ended March 31,	
	2012	2011	2012	2011
Income tax provision, as reported	\$ 11,286	\$ (10,583)	\$ 42,990	\$ 31,531
Income tax rate, as reported	12.3%	-8.8 %	11.3%	6.8%
Share-based compensation expense	1,234	1,051	4,889	4,493
Acquisition-related acquired inventory valuation costs, intangible asset amortization and other costs	192	151	656	714
Special charges	146	22	146	159
Convertible debt non-cash interest expense	724	655	2,817	2,567
Net tax benefit of IRS settlement, R&D tax credit reinstatement, and other tax matters	-	24,395	4,075	25,929
Losses on equity securities	-	-	704	-
Non-GAAP income tax provision	<u>\$ 13,582</u>	<u>\$ 15,691</u>	<u>\$ 56,277</u>	<u>\$ 65,393</u>
Non-GAAP income tax rate	12.6%	11.6 %	12.8%	12.4%

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

	Three Months Ended March 31, 2012	Three Months Ended March 31, 2011			Twelve Months Ended March 31, 2012	Twelve Months Ended March 31, 2011		
	Consolidated Operations	Consolidated Operations	Continuing Operations	Discontinued Operations	Consolidated Operations	Consolidated Operations	Continuing Operations	Discontinued Operations
Net income (loss), as reported	\$ 80,636	\$ 125,528	\$ 130,612	\$ (5,084)	\$ 336,705	\$ 418,950	\$ 429,167	\$ (10,217)
Share-based compensation expense, net of tax effect	8,585	7,976	7,976	-	33,400	32,319	32,319	-
Acquisition-related acquired inventory valuation costs, intangible asset amortization and other costs, net of tax effect	2,564	3,571	3,571	-	11,124	23,454	20,766	2,688
Special charges, net of tax effect	1,351	164	164	-	691	1,706	1,706	-
Net tax benefit of IRS settlement R&D tax credit reinstatement and other tax matters	-	(24,395)	(24,395)	-	(4,075)	(25,929)	(25,929)	-
Convertible debt non-cash interest expense, net of tax effect	1,208	1,091	1,091	-	4,695	4,279	4,279	-
Losses on equity securities, net of tax effect	-	-	-	-	1,174	-	-	-
Non-GAAP net income (loss)	\$ 94,344	\$ 113,935	\$ 119,019	\$ (5,084)	\$ 383,714	\$ 454,779	\$ 462,308	\$ (7,529)
Non-GAAP net income (loss) as a percentage of net sales	27.8%		31.3%		27.7%		31.1%	
Diluted net income (loss) per share, as reported	\$ 0.39	\$ 0.62	\$ 0.65	\$ (0.03)	\$ 1.65	\$ 2.15	\$ 2.20	\$ (0.05)
Non-GAAP diluted net income (loss) per share	\$ 0.46	\$ 0.57	\$ 0.59	\$ (0.03)	\$ 1.89	\$ 2.35	\$ 2.39	(0.04)
Diluted common shares outstanding Non-GAAP	205,603	201,133	201,133	201,133	202,969	193,665	193,665	193,665

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Microchip will host a conference call tomorrow, May 2, 2012 at 8:30 a.m. (Eastern Time) to discuss this release. This call will be simulcast over the Internet at [www.microchip.com](http://www.microchip.com). The webcast will be available for replay until May 10, 2012.

A telephonic replay of the conference call will be available at approximately 11:30 a.m. (Eastern Time) May 2, 2012 and will remain available until 5:00 p.m. (Eastern Time) on May 10, 2012. Interested parties may listen to the replay by dialing 719-457-0820 and entering access code 8885745.

**Cautionary Statement:**

The statements in this release relating to our results continuing to improve in fiscal 2013, being positioned well to gain market share in our microcontroller and analog product lines, strong design win momentum, bookings continuing to be good, expecting revenue in the June 2012 quarter to be up between 3 and 7 percent sequentially, forecasting improvements in gross margin, operating margin and earnings per share, continued strong interest in our products, our first quarter fiscal 2013 guidance including GAAP and non-GAAP data as applicable for net sales, gross margin, operating expenses, other income (expense), tax rate, net income, diluted common shares outstanding, earnings per diluted share, inventory levels, capital expenditures for the June quarter and for fiscal 2013, inventory position enabling us to service our customers with very short lead times while allowing us to control future capital expenditures, expected growth of our new products and technologies and net cash generation 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: the continued economic uncertainty or any unexpected fluctuations or further weakness in the U.S. and global economies, changes in demand or market acceptance of our products (including our licensed technology) 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; the impact of any significant acquisitions that we make; costs and outcome of any current or future tax audit or any litigation involving intellectual property, customers or other issues; the risk that our customers may fail to continue to accept the SST product offerings; our actual average stock price in the June 2012 quarter and

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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, 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 May 1, 2012 press release, or to reflect the occurrence of unanticipated events.

**About Microchip:**

Microchip Technology Incorporated is a leading provider of microcontroller, 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).

Note: The Microchip name and logo, MPLAB, dsPIC and PIC are registered trademarks of Microchip Technology Inc. in the USA and other countries. All other trademarks mentioned herein are the property of their respective companies.

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