

SECURITIES AND EXCHANGE COMMISSION
 WASHINGTON, D.C. 20549

FORM S-3
 REGISTRATION STATEMENT
 UNDER
 THE SECURITIES ACT OF 1933

MICROCHIP TECHNOLOGY INCORPORATED

(Exact name of Registrant as specified in its charter)

DELAWARE 86-0629024

(State or other jurisdiction of (I.R.S. Employer
 incorporation or organization) Identification Number)

2355 WEST CHANDLER BOULEVARD

CHANDLER, AZ 85224-6199

(Address, including zip code, and telephone number, including
 area code, of Registrant's principal executive offices)

STEVE SANGHI

CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER

MICROCHIP TECHNOLOGY INCORPORATED

2355 WEST CHANDLER BOULEVARD

CHANDLER, AZ 85224-6199

602-786-7200

(Name, address, including zip code, and telephone number,
 including area code, of agent for service)

Copies to:

BARRY E. TAYLOR CRAIG D. NORRIS GREGORY M. GALLO SCOTT M. STANTON
 MATTHEW B. SWARTZ WILSON SONSINI GILBERT GALLARDO GRAY CARY WARE &
 GOODRICH & ROSATI PROFESSIONAL FREIDENRICH A PROFESSIONAL
 CORPORATION 650 PAGE MILL ROAD PALO CORPORATION 400 HAMILTON AVENUE PALO
 ALTO, CA 94304 (415) 493-9300 ALTO, CA 94301 (415) 328-6561

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC:

As soon as practicable after the effective date of this Registration
 Statement.

If the only securities being registered on this Form are being offered
 pursuant to dividend or interest reinvestment plans, please check the
 following box.

If any of the securities being registered on this form are to be offered on
 a delayed or continuous basis pursuant to Rule 415 under the Securities Act of
 1933, other than securities offered only in connection with dividend or
 interest reinvestment plans, check the following box.

If this form is filed to register additional securities for an offering
 pursuant to Rule 462(b) under the Securities Act, please check the following
 box and list the Securities Act registration statement number of the earlier
 effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(c)
 under the Securities Act, check the following box and list the Securities Act
 registration statement number of the earlier effective registration statement
 for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434,
 please check the following box.

CALCULATION OF REGISTRATION FEE

<TABLE>
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TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED (1)	PROPOSED MAXIMUM OFFERING PRICE PER SHARE (2)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE (2)	AMOUNT OF REGISTRATION FEE
<S> Common Stock, \$0.001 par value.....	<C> 1,150,000 shares	<C> \$37.0625	<C> \$42,621,875	<C> \$12,916

</TABLE>

- (1) Includes 150,000 shares of Common Stock which the Underwriters have the option to purchase to cover over-allotments, if any.
- (2) Estimated solely for the purpose of computing the amount of the registration fee based on the average of the high and low prices for the Common Stock as reported by the Nasdaq National Market on January 10, 1997 in accordance with Rule 457 of the Securities Act of 1933.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

 +INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A +
 +REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE +
 +SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY +
 +OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT +
 +BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR +
 +THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE +
 +SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE +
 +UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF +
 +ANY SUCH STATE. +
 +-----

SUBJECT TO COMPLETION
 JANUARY 16, 1997

1,000,000 Shares

[MICROCHIP LOGO]

Common Stock

All of the shares of Common Stock offered hereby are being sold by Microchip Technology Incorporated ("Microchip" or the "Company"). The Company's Common Stock is traded on the Nasdaq National Market under the symbol "MCHP." On January 15, 1997, the last sale price for the Common Stock as reported on the Nasdaq National Market was \$33.50 per share. See "Price Range of Common Stock." All share and per share numbers reflect a 3-for-2 stock split effective January 6, 1997.

THE COMMON STOCK OFFERED HEREBY INVOLVES A HIGH DEGREE OF RISK. SEE "RISK FACTORS" BEGINNING ON PAGE 6.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

<TABLE>
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	PRICE TO PUBLIC	UNDERWRITING DISCOUNTS AND COMMISSIONS (1)	PROCEEDS TO COMPANY (2)
Per Share.....	\$	\$	\$
Total (3).....	\$	\$	\$

</TABLE>

- (1) See "Underwriting" for information relating to indemnification of the Underwriters.
 (2) Before deducting expenses of the offering estimated at \$300,000, payable by the Company.
 (3) The Company has granted the Underwriters a 30-day option to purchase up to 150,000 additional shares of Common Stock solely to cover over-allotments, if any. To the extent that the option is exercised, the Underwriters will offer the additional shares at the Price to Public shown above. If the option is exercised in full, the total Price to Public, total Underwriting Discounts and Commissions and total Proceeds to Company will be \$, \$ and \$, respectively. See "Underwriting."

The shares of Common Stock are offered by the several Underwriters, subject to prior sale, when, as and if delivered to and accepted by them, and subject

to the right of the Underwriters to reject any order in whole or in part. It is expected that delivery of the shares of Common Stock will be made at the offices of Alex. Brown & Sons Incorporated, Baltimore, Maryland, on or about , 1997.

Alex. Brown & Sons
INCORPORATED

Deutsche Morgan Grenfell
Prudential Securities

Robertson, Stephens & Company

THE DATE OF THIS PROSPECTUS IS , 1997

AVAILABLE INFORMATION

The Company is subject to the information requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information may be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, and at the following regional offices of the Commission: New York Regional Office, Seven World Trade Center, New York, New York 10048, and Chicago Regional Office, 500 West Madison Street, Chicago, Illinois 60661. Copies of such materials can be obtained from the Public Reference Section of the Commission, 450 Fifth Street, N.W., Washington, D.C. 20549 upon payment of the prescribed fees. The Common Stock of the Company is quoted on the Nasdaq National Market. Reports, proxy statements and other information concerning the Company may be inspected at the National Association of Securities Dealers, Inc. at 1735 K Street, N.W., Washington, D.C. 20006. The Commission maintains a World Wide Web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the Commission. The address of the Commission's Web site is <http://www.sec.gov>.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents filed by the Company with the Commission are hereby incorporated by reference in this Prospectus: (i) the Company's Annual Report on Form 10-K for the year ended March 31, 1996; (ii) the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1996; (iii) the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1996; (iv) the description of the Company's Common Stock contained in its Registration Statement on Form 8-A as filed with the Commission on February 5, 1993; and (v) the description of the Company's Preferred Share Purchase Rights contained in its Registration Statement on Form 8-A as filed with the Commission on February 14, 1995.

All reports and other documents subsequently filed by the Company pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this Prospectus and prior to the termination of this offering shall be deemed to be incorporated by reference herein and to be a part hereof from the date of filing of such reports and documents. Any statement incorporated herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

The Company hereby undertakes to provide, without charge, to each person, including any beneficial owner, to whom a copy of this Prospectus has been delivered, upon written or oral request of such person, a copy of any or all of the foregoing documents incorporated herein by reference (other than exhibits to such documents, unless such exhibits are specifically incorporated by reference into such documents). Requests for such documents should be submitted in writing to Corporate Secretary at the Company's principal executive offices at 2355 West Chandler Boulevard, Chandler, Arizona 85224 or by telephone at (602) 786-7200.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE COMPANY'S COMMON STOCK AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

IN CONNECTION WITH THIS OFFERING, CERTAIN UNDERWRITERS AND OTHER SELLING GROUP MEMBERS (IF ANY) MAY ENGAGE IN PASSIVE MARKET MAKING TRANSACTIONS IN THE COMPANY'S COMMON STOCK ON THE NASDAQ NATIONAL MARKET IN ACCORDANCE WITH RULE 10B-6A UNDER THE EXCHANGE ACT. SEE "UNDERWRITING."

The Microchip logo and name and PIC, Smart Serials, KEELOQ and QuickASIC are trademarks of the Company. This Prospectus also includes trademarks of companies other than the Company.

PROSPECTUS SUMMARY

The following summary is qualified in its entirety by the more detailed information and consolidated financial statements and notes thereto appearing elsewhere in this Prospectus or incorporated herein by reference. This Prospectus contains forward-looking statements that involve risks and uncertainties. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth under "Risk Factors" and elsewhere in this Prospectus, including the documents incorporated by reference herein.

THE COMPANY

Microchip develops, manufactures and markets field programmable 8-bit microcontrollers, application specific standard products ("ASSPs") and related specialty memory products for high-volume embedded control applications in the consumer, automotive, office automation, communications and industrial markets. The Company provides cost-effective field programmability for high-volume applications and believes that its PIC product family is a price/performance leader in the worldwide 8-bit microcontroller market. Microchip's embedded control products also offer the advantages of a small footprint and low voltage operation along with ease of development, enabling timely and cost-effective product integration by its customers. The Company's ASSP products include a variety of specialized integrated circuits, including the KEELOQ security products and QuickASIC gate array devices. The Company's specialty memory products are primarily comprised of serial EEPROMS, which are used primarily to provide additional memory in embedded control systems.

Embedded control systems typically incorporate a microcontroller, a computer-on-a-chip that consists of a central processing unit, memory, application-specific software and various input/output capabilities, and may include other components such as additional non-volatile EEPROM memory. Embedded control systems enable manufacturers to differentiate their products, replace less efficient electromechanical control devices, add product functionality and significantly reduce product cost. Embedded control solutions have been incorporated into thousands of products and subassemblies in a wide variety of markets worldwide, including compact disc players, automotive air bag and anti-lock braking systems, household appliances, cordless and cellular telephones, remote controls and keyless entry systems.

Microchip's strategy is to provide embedded control solutions that combine time-to-market advantages with high performance and increased functionality. With Microchip's field programmable microcontrollers and easy-to-use development systems, customers can design and produce new products or new product features in a few days. In addition, Microchip's RISC architecture provides faster performance than competing 8-bit microcontrollers. Using advanced design and manufacturing technology, the Company is also able to provide products that have some of the industry's smallest die and package sizes and that operate at voltage and power requirements that are among the industry's lowest.

The Company sells its products to a geographically diverse base of customers across a broad and growing range of market applications, reducing its dependence on any single industry, market or customer. The Company sells to more than 650 OEM customers directly and to more than 9,000 other customers worldwide through its distributors. Microchip has also sold more than 83,000 development systems, providing a broad foundation for future microcontroller sales.

The Company designs and fabricates wafers at its facilities in Chandler and Tempe, Arizona. The Company is continuing the process of transitioning products to smaller geometries and to larger wafer sizes. An 8-inch wafer pilot line was established at the Tempe wafer fab during fiscal 1997, and the Company

plans to convert the Tempe wafer fab from a 6-inch facility to an 8-inch facility over time. In addition, the Company has begun the implementation of a 0.7 micron process to which it expects to transition over time. Microchip's ownership of its manufacturing resources is an important component of its business strategy, enabling it to maintain a high level of manufacturing control and to be one of the lowest cost producers in the embedded control industry. Direct control over wafer fabrication also enables Microchip to shorten the Company's design and production cycles. The Company performs final test at its facilities in Kaohsiung, Taiwan and Chachoengsao, Thailand, near Bangkok, and also uses third-party assembly and test contractors in Thailand and several other Asian countries.

In fiscal 1996, the Company initiated planning and design of a third wafer fabrication facility in Chandler, Arizona. The Company has determined that additional capital investment in its existing wafer fab facilities will yield sufficient manufacturing capacity for several additional years and, thus, has

deferred the construction of the third wafer fab facility for the present time.

Except as noted herein, references to the Company include the Company and its subsidiaries. The Company's executive offices are located at 2355 West Chandler Boulevard, Chandler, Arizona 85224-6199 and its telephone number is (602) 786-7200.

4

THE OFFERING

<TABLE>	
<C>	<S>
Common Stock offered hereby.....	1,000,000 shares
Common Stock to be outstanding after the offering.....	52,923,283 shares(1)
Use of proceeds.....	To reduce outstanding indebtedness and for general corporate purposes, working capital. See "Use of Proceeds".
Nasdaq National Market Symbol.....	MCHP
</TABLE>	

SUMMARY CONSOLIDATED FINANCIAL INFORMATION
(in thousands, except per share data)

<TABLE>					
<CAPTION>					
	YEAR ENDED MARCH 31,	NINE MONTHS ENDED DECEMBER 31,			
	-----	-----	-----	-----	-----
	1994	1995	1996	1995	1996
	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>
INCOME STATEMENT DATA:					
Net sales.....	\$138,742	\$207,961	\$285,888	\$213,833	\$240,747
Operating income.....	24,204	49,201	60,312	42,219	48,853
Income before income taxes.....	24,133	49,128	59,934	41,894	47,351
Net income.....	19,159	36,299	43,752	30,033	34,567
Net income per common and common equivalent share.....	\$ 0.42	\$ 0.70	\$ 0.80	\$ 0.55	\$ 0.64
Shares used in per share calculations.....	46,155	51,641	54,533	54,807	54,201
</TABLE>					

<TABLE>							
<CAPTION>							
	QUARTER ENDED						

	JUNE 30,	SEPT. 30,	DEC. 31,	MARCH 31,	JUNE 30,	SEPT. 30,	DEC.
	1995	1995	1995	1996	1996	1996	31,
	-----	-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Net sales.....	\$64,499	\$71,265	\$78,069	\$72,055	\$74,161	\$79,510	\$87,076
Operating income.....	16,161	17,994	8,064	18,093	9,545	18,517	20,791
Income before income taxes.....	16,087	17,778	8,029	18,093	9,161	17,980	20,210
Net income.....	11,503	12,765	5,765	13,719	6,686	13,126	14,755
Net income per common and common equivalent share.....	\$ 0.21	\$ 0.23	\$ 0.10	\$ 0.25	\$ 0.12	\$ 0.24	\$ 0.27
Shares used in per share calculations....	54,312	54,981	55,119	54,519	54,423	53,843	54,594
</TABLE>							

<TABLE>		
<CAPTION>		
	DECEMBER 31, 1996	

	ACTUAL	AS ADJUSTED (2)
	-----	-----
<S>	<C>	<C>
BALANCE SHEET DATA:		
Working capital.....	\$ 54,063	\$ 58,804
Total assets.....	385,896	390,638
Current portion of long-term obligations.....	6,411	6,411
Long-term obligations, less current portion.....	33,831	7,131
Stockholders' equity.....	243,202	274,643
</TABLE>		

(1) Based on the number of shares outstanding at December 31, 1996. Excludes outstanding options to purchase 4,451,387 shares of Common Stock under the

Company's stock option plan. See "Capitalization."

- (2) Adjusted to reflect the issuance and sale of 1,000,000 shares of Common Stock offered hereby at an assumed offering price of \$33.50 per share, after deducting the estimated underwriter discounts and commissions and expenses payable by the Company in connection with the offering, and the anticipated use of proceeds therefrom, including the repayment of approximately \$26.7 million in debt. See "Use of Proceeds" and "Capitalization."

Except as otherwise specified, all information in this Prospectus assumes no exercise of the Underwriters' over-allotment option. See "Underwriting."

5

RISK FACTORS

In addition to the other information in this Prospectus, the following factors should be considered carefully in evaluating an investment in the shares of Common Stock offered by this Prospectus. This Prospectus contains forward-looking statements that involve risks and uncertainties and the Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth in the following Risk Factors and elsewhere in this Prospectus, including the documents incorporated by reference herein.

Factors Affecting Operating Results. The Company's operating results are affected by a wide variety of factors which could adversely impact its net sales and profitability, many of which are beyond the control of the Company. These factors include the level of orders which are received and can be shipped in a quarter, the Company's ability to design and introduce new products on a timely basis, market acceptance of products of both the Company and its customers, customer demand for the Company's products, customer order patterns and seasonality, changes in product mix, whether the Company's customers buy from a distributor or directly from the Company, expansion of direct sales efforts which adversely affect relationships with distributors, product performance and reliability, product obsolescence, the amount of any product returns, availability and utilization of manufacturing capacity, fluctuations in manufacturing yield, the availability and cost of raw materials, equipment and other supplies, the cyclical nature of both the semiconductor industry and the markets addressed by the Company's products, technological changes, competition and competitive pressures on prices, and economic conditions in the United States and worldwide markets served by the Company. The Company believes its ability to continue to increase its manufacturing capacity to meet customer demand and maintain satisfactory delivery schedules will be an important competitive factor. As a result of the increase in fixed costs and operating expenses related to expanding its manufacturing capacity, the Company's operating results may be adversely affected if net sales do not increase sufficiently to offset the increased costs. Historically, average selling prices in the semiconductor industry decrease over the life of any particular product. The Company's overall average selling prices for its embedded control products have remained relatively constant while average selling prices of its non-volatile memory products have declined gradually over time. In the quarters ended June 30, 1996 and September 30, 1996, the Company experienced increased pricing pressure on its non-volatile memory products due to industry inventory correction activities. There can be no assurance that average selling prices for the Company's embedded control or other products will not experience increased pricing pressure in the future. An increase in pricing pressure could adversely affect the Company's operating results. The Company's products are incorporated into a wide variety of consumer, automotive, office automation, communications and industrial products. A slowdown in demand for products which utilize the Company's products as a result of economic or other conditions in the United States or worldwide markets served by the Company could adversely affect the Company's operating results.

Because of the foregoing factors, the Company believes that period-to-period comparisons of its operating results are not necessarily meaningful and that such comparisons should not be relied upon as indications of future performance. Further, it is possible that in future periods the Company's operating results may be below the expectations of public market analysts and investors. In such an event, the price of the Company's Common Stock would likely be materially adversely affected.

Dependence on Orders Received and Shipped in a Quarter. The Company's net sales in any given quarter are dependent upon a combination of orders received in that quarter for shipment in that quarter ("turns orders") and shipments from backlog. The Company has emphasized its ability to respond quickly to customer orders as part of its competitive strategy. This strategy, combined with current industry conditions, is resulting in customers placing orders with relatively short delivery schedules. This has the effect of increasing turns orders as a portion of the Company's business in any quarter and reducing the Company's visibility on net sales. The percentage of turns orders

has increased in each quarter of fiscal

6

1997 and is expected to increase further in the fourth quarter of fiscal 1997. Because turns orders are more difficult to predict, there can be no assurance that the combination of turns orders and backlog in any quarter will be sufficient to achieve growth in net sales. If the Company does not achieve a sufficient level of turns orders in a particular quarter, the Company's revenues and operating results would be materially adversely affected.

Dependence on New Products and Technologies. The Company's future operating results will depend to a significant extent on its ability to continue to develop and introduce new products on a timely basis which compete effectively on the basis of price and performance and which address customer requirements. The success of new product introductions depends on various factors, including proper new product selection, timely completion and introduction of new product designs, development of support tools and collateral literature that make complex new products easy for engineers to understand and use and market acceptance of customers' end products. Because of the complexity of its products, the Company has experienced delays from time to time in completing development of new products. In addition, there can be no assurance that any new products will receive or maintain substantial market acceptance. If the Company were unable to design, develop and introduce competitive products on a timely basis, its future operating results would be adversely affected.

The Company's future success will also depend upon its ability to develop and implement new design and process technologies. Semiconductor design and process technologies are subject to rapid technological change, requiring large expenditures for research and development. The Company is continuing the process of transitioning products to smaller geometries and to larger wafer sizes. An 8-inch pilot line was established at the Tempe wafer fab during fiscal 1997 and the Company plans to convert the Tempe fab from a 6-inch facility to an 8-inch facility over time. In addition, the Company has begun the implementation of a 0.7 micron process to which it expects to transition over time. Other companies in the industry have experienced difficulty in effecting transitions to smaller geometry processes and to larger wafers and, consequently, have suffered reduced manufacturing yields or delays in product deliveries. The Company believes that its transition to smaller geometries and to larger wafers will be important for the Company to remain competitive and operating results could be adversely affected if the transition is substantially delayed or inefficiently implemented.

Manufacturing Yields and Capacity. The manufacture and assembly of integrated circuits, particularly nonvolatile, erasable CMOS memory and logic devices such as those produced by the Company, are complex processes that are sensitive to a wide variety of factors, including the level of contaminants in the manufacturing environment, impurities in the materials used and the performance of the fabrication personnel and equipment. As is typical in the semiconductor industry, the Company has from time to time experienced lower than anticipated manufacturing yields. The Company's operating results would be adversely affected if Microchip were unable to maintain yields at approximately current levels.

The Company believes that expansion of its manufacturing capacity will be important to enable it to respond to increased sales opportunities and maintain satisfactory delivery schedules. Operating results could be adversely affected if the expansion of manufacturing capacity is delayed or inefficiently implemented. Other companies in the industry have experienced difficulty in expanding manufacturing capacity, resulting in reduced yields or delays in product deliveries. No assurance can be given that the Company will not experience manufacturing yield or delivery problems in the future. Such problems could materially affect the Company's operating results.

Reliance on Third-Party Contractors. Nearly all of Microchip's assembly operations are performed by third-party contractors in order to meet increased product shipment requirements. Reliance on third parties involves some reduction in the Company's level of control over the assembly portion of its business. While the Company reviews the quality, delivery and cost performance of these third-party contractors, there can be no assurance that increased reliance on third-party contractors will not adversely impact results in future reporting periods if any third-party contractor is unable to maintain assembly and test yields and costs at approximately their current levels.

7

Foreign Manufacturing Operations. The Company owns test facilities in Kaohsiung, Taiwan, Republic of China and Chachoengsao, Thailand, near Bangkok. The Company also uses various third-party contractors in Thailand, the Philippines and other locations in Asia for assembly and test. The Company's reliance on facilities in these countries, and maintenance of substantially all of its finished goods inventory overseas, entails certain political and economic risks, including political instability and expropriation, supply disruption, currency controls and exchange fluctuations, as well as changes in tax laws, tariff and freight rates. The Company has not experienced any

significant interruptions in its foreign business operations to date. Nonetheless, the Company's business and operating results could be adversely affected if foreign operations or international air transportation were disrupted.

Competition. The semiconductor industry is intensely competitive and has been characterized by price erosion, rapid technological change and foreign competition with respect to many products. The Company competes with major domestic and international semiconductor companies, many of which have greater market recognition and substantially greater financial, technical, marketing, distribution and other resources than the Company with which to pursue engineering, manufacturing, marketing and distribution of their products. Emerging companies are also increasing their participation in the market for embedded control applications. While the Company's product strategy is to target markets which the Company believes are less susceptible to competitive pricing pressure than commodity markets, the Company experiences significant price competition in connection with the sale of its products and may experience increased competition, which could adversely affect its operating margins. In addition, the ability of the Company to compete successfully depends on a number of factors both within and outside its control, including the quality; performance; reliability; features; ease of use; pricing and diversity of its products; the quality of its customer services and its ability to address the needs of its customers; its success in designing and manufacturing new products including those implementing new technologies, efficiency of production, adequate sources of raw materials and other supplies at acceptable prices; protection of the Company's products and processes by effective utilization of intellectual property laws; the rate at which customers incorporate the Company's products into their own products; product introductions by the Company's competitors; the number; nature and success of its competitors in a given market and general market and economic conditions. Furthermore, capacity in the semiconductor industry is increasing and such increased capacity or improved product availability could adversely affect the Company's competitive position. The Company currently competes principally on the basis of the technical innovation and performance of its embedded control products, including their speed, functionality, density, power consumption, reliability and packaging alternatives, as well as on price and product availability. The Company believes that important competitive factors in the embedded control market that it serves are product performance, cost, size and packaging options, user programmability, low voltage, enhanced power management, ease of use, functionality of application development systems and technical service and support. There is no assurance that the Company will continue to be able to compete successfully in the future.

Patents, Licenses and Intellectual Property Claims. The Company's success depends in part on its ability to obtain patents, licenses and other intellectual property rights covering its products and manufacturing processes. To that end, the Company has acquired certain patents and patent licenses and intends to continue to seek patents on its inventions and manufacturing processes. The process of seeking patent protection can be long and expensive, and there can be no assurance that patents will be issued from currently pending or future applications or that the Company's existing patents or any new patents that are issued will be of sufficient scope or strength to provide meaningful protection or any commercial advantage to the Company. The Company may be subject to or may initiate interference proceedings in the U.S. Patent and Trademark Office, which can require significant financial and management resources. As is typical in the semiconductor industry, the Company has from time to time received, and may in the future receive, communications alleging possible infringement of patents or other intellectual property rights of others. The Company investigates all such notices and responds as appropriate. The Company is currently in discussions with several other companies regarding intellectual property licenses of such

8

other companies' semiconductor patents. Based on industry practice, the Company believes that in most cases it could obtain any necessary licenses or other rights on commercially reasonable terms, but no assurance can be given that licenses would be on acceptable terms, that litigation would not ensue or that damages for any past infringement would not be assessed. Litigation, which could result in substantial cost to the Company and diversion of management effort, may be necessary to enforce patents or other intellectual property rights of the Company or to defend the Company against claimed infringement of the rights of others. The failure to obtain necessary licenses or other rights or litigation arising out of infringement claims could have a material adverse effect on the Company's business and results of operations. See "--Legal Matters."

Foreign Trade and Currency Exchange. Approximately 65% of the Company's net sales in the past three fiscal years and nine months ended December 31, 1996, were to foreign customers. In addition, the Company purchases a substantial portion of its raw materials and equipment from foreign suppliers and incurs labor costs in foreign locations. The foreign manufacture and sale of products and the purchase of raw materials and equipment from foreign suppliers may be adversely affected by foreign political and economic conditions. Protectionist trade legislation in either the United States or foreign countries, such as a

change in the current tariff structures, export compliance laws or other trade policies, could adversely affect the Company's ability to manufacture or sell products in foreign markets and purchase materials or equipment from foreign suppliers. In countries in which the Company conducts business in local currency, currency exchange fluctuations could adversely affect the Company's costs. In addition, the laws of certain foreign countries do not protect the Company's intellectual property rights to the same extent as the laws of the United States.

A portion of the Company's foreign transactions are denominated in currencies other than the U.S. dollar, principally the New Taiwan dollar. Although the Company has not incurred any material exchange gains or losses, there can be no assurance that fluctuations in the currency exchange rates in the future will not have an adverse impact on the Company's operations. The Company has entered and will from time to time enter into hedging transactions in order to minimize exposure to currency rate fluctuations.

The Semiconductor Industry; Capital Requirements. The semiconductor industry in general has been characterized by cyclicity. The industry has experienced significant economic downturns at various times, characterized by diminished product demand, accelerated erosion of average selling prices and production over-capacity. The Company has sought to reduce its exposure to industry cyclicity by selling products to a geographically diverse base of customers across a broad range of market applications. However, the Company may experience substantial period-to-period fluctuations in future operating results due to general industry conditions or events occurring in the general economy. The Company experienced a period of increased demand and production capacity constraints until the fourth quarter of fiscal 1996, at which time the Company and other semiconductor companies experienced a period of lower revenues due to an industry-wide inventory correction. The Company's revenues have increased each quarter in fiscal 1997. However, there is no assurance that the Company will continue to experience increasing revenues.

The semiconductor industry is also capital intensive. In order to remain competitive, the Company must continue to make significant investments in capital equipment, for both production and research and development. As a result of the increase in fixed costs and operating expenses related to these capital expenditures, the Company's operating results may be adversely affected if net sales do not increase sufficiently to offset the increased costs. The Company may from time-to-time seek additional equity or debt financing for the capital expenditures required to maintain or expand the Company's fabrication and assembly and test facilities and capital equipment. The timing and amount of any such capital requirements will depend on a number of factors, including demand for the Company's products, product mix, changes in industry conditions and competitive factors. There can be no assurance that such financing will be available on acceptable terms, and any additional equity financing could result in additional dilution to existing investors.

9

Environmental Regulation. The Company is subject to a variety of federal, state and local governmental regulations related to the use, storage, discharge and disposal of toxic, volatile or otherwise hazardous chemicals used in its manufacturing process. Although the Company believes that its activities conform to presently applicable environmental regulations, the failure to comply with present or future regulations could result in fines being imposed on the Company, suspension of production or a cessation of operation. Such regulation could require the Company to acquire costly equipment or to incur other significant expenses to comply with environmental regulations. Any failure by the Company to control the use of or adequately restrict the discharge of hazardous substances could subject it to future liabilities. There can be no assurance that environmental problems will not occur in the future which could subject the Company to future costs or liabilities.

Management of Growth. The Company's ability to manage its growth effectively will require it to continue to enhance its operational, financial and management systems and to successfully hire, train, motivate and manage additional employees. If the Company is unable to manage growth effectively, the Company's results of operations could be adversely affected.

Dependence on Key Personnel. The Company's future success will depend to a significant extent upon the efforts and abilities of its senior management and technical personnel. The competition for qualified technical and management personnel is intense. There can be no assurance that the Company will be successful in retaining its existing key personnel or in attracting and retaining additional key personnel which it requires. The loss of the services of one or more of its key personnel or the inability to add key personnel could have a material adverse effect on the Company. The Company does not have an employment agreement with any member of its senior management.

Possible Volatility of Stock Price. The market price of the Company's Common Stock has increased significantly since the Company's initial public offering in March 1993. See "Price Range of Common Stock." The period was marked by generally rising stock prices and substantially improving operating results by

the Company. The trading price of the Company's Common Stock in the future could be subject to wide fluctuations in response to quarterly variations in operating results of the Company and other semiconductor companies, actual or anticipated announcements of technical innovations or new products by the Company or its competitors, changes in analysts' estimates of the Company's financial performance, general conditions in the semiconductor industry, worldwide economic and financial conditions and other events or factors. In addition, the stock market has experienced significant price and volume fluctuations which have particularly affected the market prices for many high technology companies and which often have been unrelated to the operating performance of such companies. These broad market fluctuations and other factors may adversely affect the market price of the Company's Common Stock.

Legal Matters. The Company is currently in discussions with Lucent Technologies Inc. ("Lucent") regarding alleged infringement of certain of Lucent's semiconductor patents. The Company has investigated Lucent's claims and believes it does not infringe any of the asserted patents. Notwithstanding the Company's position, the Company and Lucent have exchanged various proposals for a patent license, but, to date, have been unable to reach an agreement. Although the outcome of the discussions with Lucent is not presently determinable, the Company believes that, should a license be necessary, the Company will be able to obtain a license with Lucent on commercially reasonable terms. However, no assurances can be given that a mutually satisfactory conclusion will be achieved. In such event, the Company may be subject to litigation, which could result in substantial cost to the Company and diversion of management effort. If unsuccessful, the Company could be forced to pay royalties on past and future sales. Any such litigation and/or royalty payments could have a material adverse impact on the Company's business and operating results. See "--Patents, Licenses and Intellectual Property Claims."

The Securities and Exchange Commission is presently conducting a private, non-public investigation into matters relating to the Company's disclosure on February 26, 1996 that revenues and earnings for the

10

quarter ended March 31, 1996 would be lower than previously estimated. While the outcome of the investigation, and its effect on the Company, if any, cannot be predicted at the present time, the Company does not believe that the investigation will result in a material adverse effect on the Company.

Effect of Issuance of Preferred Stock. Certain provisions of the Company's Restated Certificate of Incorporation, as amended, allow the Company to issue Preferred Stock with voting, liquidation and dividend rights senior to those of the Common Stock without the approval of the Company's stockholders. The issuance of Preferred Stock, while providing desirable flexibility in connection with possible acquisitions or other corporate purposes, could have the effect of making it more difficult for a third party to acquire a majority of the outstanding stock of the Company. The Company has no present plans to issue shares of Preferred Stock.

11

DIVIDEND POLICY

The Company has not paid any cash dividends on its capital stock. The Company currently anticipates that it will retain all available funds for use in the operation of its business and therefore does not anticipate paying any cash dividends in the foreseeable future.

PRICE RANGE OF COMMON STOCK

The Company's Common Stock is traded on the Nasdaq National Market under the symbol "MCHP." The following table sets forth the quarterly high and low closing prices of the Common Stock as reported by the Nasdaq National Market for the last three fiscal years (through January 15, 1997), adjusted to reflect a 3-for-2 stock split effected in March 1994, a 3-for-2 stock split effected in November 1994 and a 3-for-2 stock split effective in January 1997:

<TABLE>
<CAPTION>

	HIGH	LOW
	-----	-----
FISCAL 1995		
<S>	<C>	<C>
First Quarter.....	\$ 15.67	\$ 8.81
Second Quarter.....	17.67	13.67
Third Quarter.....	20.83	16.00
Fourth Quarter.....	19.33	14.83
FISCAL 1996		
First Quarter.....	\$ 25.50	\$ 17.08
Second Quarter.....	27.50	23.25
Third Quarter.....	29.25	22.00
Fourth Quarter.....	25.67	16.00
FISCAL 1997		
First Quarter.....	\$ 19.50	\$ 14.67

Second Quarter.....	25.67	14.00
Third Quarter.....	34.84	23.34
Fourth Quarter (through January 15, 1997).....	39.50	33.50

</TABLE>

On January 15, 1997, the closing sale price for the Company's Common Stock was \$33.50 per share. As of January 15, 1997, there were approximately 542 holders of record of the Company's Common Stock. This figure does not reflect beneficial ownership of shares held in nominee names.

12

USE OF PROCEEDS

The net proceeds to the Company from the sale of the 1,000,000 shares being offered hereby are estimated to be approximately \$31,441,000 (\$36,202,000 if the Underwriters' over-allotment option is exercised in full), after deducting the estimated underwriting discounts and commissions and expenses payable by the Company in connection with the offering. The Company intends to use the net proceeds to repay the outstanding borrowings under the Company's bank lines of credit (\$37,713,000 at December 31, 1996). The line of credit bears interest at the prime rate or the 30-day London Interbank Offered Rate (LIBOR) plus 75 basis points (8.25% and 6.313%, respectively) at December 31, 1996) and expires in October 1998. The borrowings were incurred to fund wafer fabrication and final test capacity. The balance of the net proceeds, if any, will be used for working capital and general corporate purposes. Pending such uses, the Company intends to invest the net proceeds in investment grade, interest bearing securities.

The semiconductor industry is capital intensive. In order to remain competitive, the Company must continue to make significant investments in capital equipment, for both production and research and development. As a result of the increase in fixed costs and operating expenses related to these capital expenditures, the Company's operating results may be adversely affected if net sales do not increase sufficiently to offset the increased costs. The Company may from time-to-time seek additional equity or debt financing for the capital expenditures required to maintain or expand the Company's fabrication and assembly and test facilities and capital equipment. The timing and amount of any such capital requirements will depend on a number of factors, including demand for the Company's products, product mix, changes in industry conditions and competitive factors. There can be no assurance that such financing will be available on acceptable terms, and any additional equity financing could result in additional dilution to existing investors. The Company believes its existing sources of liquidity combined with cash generated from operations and additional borrowings under its bank line of credit will be sufficient to meet the Company's currently anticipated cash requirements for at least the next twelve months.

CAPITALIZATION

The following table sets forth the capitalization of the Company as of December 31, 1996, and as adjusted as of that date to reflect the issuance and sale of the 1,000,000 shares of Common Stock offered hereby at an assumed offering price of \$33.50 per share, after deducting the estimated underwriting discounts and commissions and expenses payable by the Company in connection with the offering.

<TABLE>
<CAPTION>

	DECEMBER 31, 1996	
	ACTUAL	AS ADJUSTED(1)
	(IN THOUSANDS)	
<S>	<C>	<C>
Long-term obligations, less current portion.....	33,831	7,131
Stockholders' equity:		
Preferred Stock, \$.001 par value, 5,000,000 shares authorized, no shares issued or outstanding.....	--	--
Common Stock, \$.001 par value, 65,000,000 shares authorized, 51,923,283 shares issued and outstanding; 52,923,283 shares issued and outstanding as adjusted(2).....	52	53
Additional paid-in capital.....	117,304	148,744
Retained earnings.....	133,261	133,261
Less shares of common stock held in treasury.....	(7,582)	(7,582)
Cumulative translation adjustment.....	167	167
Net stockholders' equity.....	243,202	274,643
Total capitalization.....	\$270,033	281,774

</TABLE>

- (1) Adjusted to give effect to the net proceeds to the Company of this offering at an assumed public offering price of \$33.50 per share, after deducting the estimated underwriting discounts and commissions and expenses payable by the Company in connection with the offering, and the anticipated use of proceeds therefrom, including the repayment of approximately \$26.7 million in debt. See "Use of Proceeds."
- (2) Excludes outstanding options to purchase 4,451,387 shares of Common Stock under the Company's stock option plan as of December 31, 1996.

13

SELECTED CONSOLIDATED FINANCIAL DATA

The following selected consolidated financial data should be read in conjunction with the Company's Consolidated Financial Statements and notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in the documents incorporated herein by reference. The Company's consolidated statement of operations data for each of the years in the five-year period ended March 31, 1996, and the balance sheet data as of March 31, 1996, 1995, 1994, 1993 and 1992 are derived from and are qualified by reference to the audited consolidated financial statements of the Company. The selected consolidated statement of operations data for the nine months ended December 31, 1996 and 1995 and the balance sheet data as of December 31, 1996 has been derived from unaudited consolidated financial statements which include, in the opinion of management, all adjustments, consisting only of normal recurring adjustments necessary for a fair presentation of the financial data for such periods. The results of operations for the nine months ended December 31, 1996, are not necessarily indicative of the results to be expected for any future interim or annual period.

<TABLE>
<CAPTION>

	YEAR ENDED MARCH 31,					NINE MONTHS ENDED DECEMBER 31,	
	1992	1993	1994	1995	1996	1995	1996

	(IN THOUSANDS EXCEPT PER SHARE DATA)						
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
STATEMENT OF OPERATIONS DATA:							
Net sales.....	\$73,058	\$88,652	\$138,742	\$207,961	\$285,888	\$213,833	\$240,747
Cost of sales.....	49,607	56,552	73,765	101,039	137,708	102,997	120,809

Gross profit.....	23,451	32,100	64,977	106,922	148,180	110,836	119,938
Research and development.....	8,155	9,114	13,840	20,746	27,517	20,523	23,003
Selling, general and administrative.....	15,442	19,056	28,569	37,045	48,903	36,646	40,538
Restructuring cost.....	--	--	--	--	--	--	5,969
Write-off of in-process technology.....	--	--	--	--	11,448	11,448	1,575
Amortization of negative goodwill.....	(1,636)	(1,636)	(1,636)	(70)	--	--	--

Operating income.....	1,490	5,566	24,204	49,201	60,312	42,219	48,853
Interest income (expense), net.....	(1,303)	(1,825)	(593)	(881)	(947)	(277)	(1,783)
Other, net.....	348	814	522	808	569	(48)	281

Income before income taxes.....	535	4,555	24,133	49,128	59,934	41,894	47,351
Provision for income taxes.....	175	337	4,974	12,829	16,182	11,861	12,784

Net income.....	360	4,218	19,159	36,299	43,752	30,033	34,567
	=====						
Net income per share... \$	0.01	\$ 0.13	\$ 0.42	\$ 0.70	\$ 0.80	\$ 0.55	\$ 0.64
	=====						
Shares used in per share calculations....	30,767	33,420	46,155	51,641	54,533	54,807	54,201
	=====						

</TABLE>

<TABLE>
<CAPTION>

	AS OF MARCH 31,					DEC. 31
	1992	1993	1994	1995	1996	1996

<S>	<C>	<C>	<C>	<C>	<C>	<C>
BALANCE SHEET DATA:						
Working capital.....	\$ 10,103	\$ 32,445	\$ 53,584	\$ 71,307	\$ 55,855	54,063
Total assets.....	57,879	76,919	151,425	249,480	358,187	385,896

Long-term obligations,						
less current portion....	5,763	3,749	14,424	15,340	33,250	33,831
Stockholders' equity.....	18,030	43,834	87,864	161,825	219,632	243,202

14

MANAGEMENT

EXECUTIVE OFFICERS AND DIRECTORS

The executive officers and directors of the Company and their ages as of January 15, 1997 are as follows:

NAME	AGE	POSITION
----	---	-----
Steve Sanghi.....	41	Chairman of the Board, President and Chief Executive Officer
Timothy B. Billington...	53	Vice President, Manufacturing Operations
C. Philip Chapman.....	43	Vice President, Chief Financial Officer and Secretary
Robert A. Lanford.....	55	Vice President, Worldwide Sales
George P. Rigg.....	56	Vice President, Advanced Microcontroller and Technology Division
Mitchell R. Little.....	44	Vice President, Standard Microcontroller and ASSP Division
Jon H. Beedle (1).....	64	Director
Albert J. Hugo-Martinez		
(1) (2).....	51	Director
L.B. Day (2).....	52	Director

- (1) Member of the Audit Committee
- (2) Member of the Compensation Committee

Mr. Sanghi is currently, and has been since August 1990, President of the Company, since October 1991, Chief Executive Officer and since October 1993, Chairman of the Board of Directors. He has served as a director of the Company since August 1990. He served as the Company's Chief Operating Officer from August 1990 through October 1991 and as Senior Vice President of Operations from February 1990 through August 1990. Mr. Sanghi holds an M.S. degree in Electrical and Computer Engineering from the University of Massachusetts and a B.S. degree in Electronics and Communication from Punjab University, India. Mr. Sanghi is also a director of ADFlex Solutions, Inc., a U.S. supplier of flexible circuit-based interconnect solutions.

Mr. Billington has served as Vice President, Manufacturing Operations since October 1994 and was Vice President, Process Development and Manufacturing Operations from April 1991 until October 1994. Prior to his appointment as Vice President, Mr. Billington served as Director of Wafer Fabrication from November 1990 to April 1991 and Wafer Fabrication Manager from June 1989 to November 1990. Mr. Billington holds a B.S. degree in marketing from Abilene Christian University.

Mr. Chapman has served as the Company's Vice President and Chief Financial Officer since joining the Company in September 1992 and as Secretary of the Company since December 1992. Prior to joining the Company, Mr. Chapman was employed by Syntellect Inc., a telecommunication systems company, where he served as Executive Vice President, Finance and Operations, and Chief Financial Officer from 1988 to 1992. Mr. Chapman holds an M.B.A. from the Harvard Graduate School of Business Administration and B.A. degrees in Accounting and Managerial Finance from the University of California.

Mr. Lanford has served as Vice President, Worldwide Sales for the Company since April 1991. From May 1990 to April 1991, Mr. Lanford was Vice President, Marketing for Specialty Development Corporation, a distributor of semiconductor devices and other computer peripherals. From 1987 to 1990, Mr. Lanford served as Vice President of Sales and Marketing and a director for AIM Technology, a computer software company. Mr. Lanford holds a B.S. degree in Electrical Engineering from Arizona State University.

Mr. Rigg has served as Vice President, Advanced Microcontroller and Technology Division since November 1995. From June 1989 to November 1995, he served as Vice President, Logic Products Division. From 1981 to 1989, Mr. Rigg held a number of senior management positions with Advanced Micro

15

Devices, Inc., a semiconductor company, including Vice President, Embedded Processor Division, Managing Director of Programmable Microprocessors and Product Line Manager for Interface and LAN. Mr. Rigg holds a B.S. degree in Physics from Manchester University, England.

Mr. Little has served as Vice President, Standard Microcontroller and ASSP Division since November 1995. From September 1993 to November 1995, he served as Vice President, Memory Products and ASSP Division. Prior to his appointment

as Vice President, Mr. Little served as Division Director for the Company's Memory Products Division from July 1991 to September 1993, and as Director of Memory Marketing from November 1989 to July 1991. Immediately prior to joining the Company, Mr. Little was employed by SGS-Thomson Microelectronics from 1982 to 1989 where he held various positions of increasing management responsibility for the marketing of microprocessors, microcontrollers and memory products. Mr. Little holds a BSET from United Electronics Institute.

Mr. Beedle has served as a director of the Company since October 1993. In 1995, Mr. Beedle retired as President of IN-STAT, Inc., a leading high technology market research firm, a position in which he had served since 1981. Currently, Mr. Beedle serves as a consultant to IN-STAT. Mr. Beedle is also a director of Bell Microproducts, a regional electronics distributor.

Mr. Hugo-Martinez has served as a director of the Company since October 1990. Since March 1996, he has served as President and Chief Executive Officer of GTI Corporation, a manufacturer of ISDN and local area network subcomponents. From 1987 to 1995, he served as President and Chief Executive Officer of Applied Micro Circuits Corporation, a manufacturer of high-performance bipolar and bi-CMOS gate arrays. Prior to Applied Micro Circuits Corporation, Mr. Hugo-Martinez was actively involved for over 20 years in the semiconductor industry, holding senior management positions at the LSI Products Division of TRW Incorporated, Burr-Brown Research Corporation and Motorola, Inc.

Mr. Day has served as a director since December 1994. Since 1976, he has served as President of L.B. Day & Company, Inc. (formerly Day-Floren Associates, Inc.), a management consulting firm specializing in organizational structure, development and strategic planning.

16

UNDERWRITING

Subject to the terms and conditions of the Underwriting Agreement, the Underwriters named below (the "Underwriters"), through their Representatives, Alex. Brown & Sons Incorporated, Deutsche Morgan Grenfell Inc., Prudential Securities Incorporated and Robertson, Stephens & Company LLC, have severally agreed to purchase from the Company the following respective number of shares of Common Stock at the public offering price less the underwriting discounts and commissions set forth on the cover page of this Prospectus, and the Company has agreed to sell to the Underwriters named below 1,000,000 shares:

<TABLE>
<CAPTION>

UNDERWRITER -----	NUMBER OF SHARES -----
<S>	<C>
Alex. Brown & Sons Incorporated.....	
Deutsche Morgan Grenfell Inc.....	
Prudential Securities Incorporated.....	
Robertson, Stephens & Company LLC.....	
Total.....	1,000,000 =====

</TABLE>

The Underwriting Agreement provides that the obligations of the Underwriters are subject to certain conditions precedent, and that the Underwriters will purchase all shares of the Common Stock offered hereby if any such shares are to be purchased.

The Company has been advised by the Representatives of the Underwriters that the Underwriters propose to offer the shares of Common Stock to the public at the public offering price set forth on the cover page of this Prospectus and to certain dealers at such price less a concession of not more than \$ per share. The Underwriters may allow, and such dealers may reallow, a concession not in excess of \$ per share to certain other dealers. After the offering, the public offering price and other selling terms may be changed by the Representatives of the Underwriters.

The Company has granted the Underwriters an option, exercisable not later than thirty days after the date of this Prospectus, to purchase up to 150,000 shares of Common Stock at the public offering price less the underwriting discounts and commissions set forth on the cover page of this Prospectus. To the extent that the Underwriters exercise such option, each of the Underwriters will have a firm commitment to purchase approximately the same percentage thereof that the number of shares of Common Stock to be purchased by it shown in the above table bears to 1,000,000, and the Company will be obligated, pursuant to the option, to sell such shares to the Underwriters. The Underwriters may exercise such option only to cover over-allotments made in connection with the sale of the Common Stock offered hereby. If purchased, such additional shares will be sold by the Underwriters on the same terms as those on which the 150,000 shares are being offered.

The Underwriting Agreement contains covenants of indemnity among the Underwriters and the Company against certain civil liabilities, including liabilities under the Securities Act.

In connection with this offering, certain Underwriters and selling group members (if any) who are qualifying registered market makers on the Nasdaq Stock Market may engage in passive market making transactions in the Common Stock on the Nasdaq National Market in accordance with Rule 10b-6A under the Exchange Act during the two business day period before commencement of sales in this offering. The passive market making transactions must comply with applicable price and volume limits and be identified as such. In general, a passive market maker may display its bid at a price not in excess of the highest independent bid for the security; if all independent bids are lowered below the passive market maker's bid, however, such bid must then be lowered when certain purchase limits are exceeded. Net purchases by a passive market maker on each day are generally limited to a specified percentage of the passive market maker's average daily trading volume in the Common Stock during a prior period and must be

17

discontinued when such limit is reached. Passive market making may stabilize the market price of the Common Stock at a level above that which might otherwise prevail and if commenced, may be discontinued at any time.

The Company has agreed that until 90 days after the date of this Prospectus, it will not, without the prior written consent of the Representatives of the Underwriters, directly or indirectly sell, offer to sell, issue, distribute or otherwise dispose of any shares of Common Stock or any options, rights or warrants with respect to any Common Stock or register for sale under the Securities Act, any Common Stock, subject to certain limited exceptions. Further, the directors and executive officers of the Company have agreed not to directly or indirectly sell, contract to sell, grant any option to purchase or otherwise transfer or dispose of an aggregate of approximately 1,590,490 shares of the Company's Common Stock (including shares issuable upon exercise of options) for the 90-day period from the date of this Prospectus without the prior written consent of the Underwriters.

LEGAL MATTERS

The validity of the shares of Common Stock offered hereby will be passed upon for the Company by Wilson Sonsini Goodrich & Rosati, Professional Corporation, Palo Alto, California. Certain legal matters in connection with this offering will be passed upon for the Underwriters by Gray Cary Ware & Freidenrich, A Professional Corporation, Palo Alto, California.

EXPERTS

The consolidated financial statements of Microchip Technology Incorporated and Subsidiaries as of March 31, 1996 and 1995, and for each of the years in the three-year period ended March 31, 1996, have been incorporated herein by reference and in the registration statement in reliance upon the report of KPMG Peat Marwick LLP, independent certified public accountants, incorporated herein by reference and upon the authority of such firm as experts in accounting and auditing.

ADDITIONAL INFORMATION

This Prospectus constitutes a part of a Registration Statement on Form S-3 (herein, together with all amendments and exhibits, referred to as the "Registration Statement") filed by the Company with the Commission under the Securities Act of 1933, as amended (the "Securities Act"). This Prospectus does not contain all of the information set forth in the Registration Statement, certain parts of which are omitted in accordance with the rules and regulations of the Commission. For further information with respect to the Company and the shares of Common Stock offered hereby, reference is hereby made to the Registration Statement. Statements contained herein concerning the provisions of any document are not necessarily complete, and each such statement is qualified in its entirety by reference to the copy of such document filed with the Commission.

18

NO PERSON HAS BEEN AUTHORIZED IN CONNECTION WITH THE OFFERING MADE HEREBY TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION NOT CONTAINED IN THIS PROSPECTUS, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR ANY UNDERWRITER. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF ANY OFFER TO BUY ANY OF THE SECURITIES OFFERED HEREBY TO ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS

OF THE COMPANY SINCE THE DATE HEREOF OR THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF.

TABLE OF CONTENTS

<TABLE>
<CAPTION>

	PAGE
<S>	<C>
Available Information.....	2
Incorporation of Certain Documents by Reference.....	2
Prospectus Summary.....	3
The Offering.....	5
Risk Factors.....	6
Dividend Policy.....	11
Price Range of Common Stock.....	11
Use of Proceeds.....	12
Capitalization.....	12
Selected Consolidated Financial Data.....	13
Management.....	14
Underwriting.....	16
Legal Matters.....	17
Experts.....	17
Additional Information.....	17

</TABLE>

1,000,000 Shares

[LOGO]

Common Stock

PROSPECTUS

Alex. Brown & Sons
INCORPORATED
Deutsche Morgan Grenfell
Prudential Securities Incorporated
Robertson, Stephens & Company

, 1997

PART II

INFORMATION NOT REQUIRED IN THE PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The following table sets forth the costs and expenses, other than underwriters discounts and commissions, payable by the Company in connection with the sale of Common Stock being registered. All of the amounts shown are estimates except for the registration, NASD filing and listing fees.

<TABLE>
<CAPTION>

	AMOUNT TO BE PAID
<S>	<C>
Registration Fee.....	\$12,916
NASD Filing Fee.....	4,763
Nasdaq National Market additional listing fee.....	17,500
Accounting fees and expenses.....	50,000
Printing and engraving.....	100,000
Transfer agent and registrar fees and expenses.....	2,500
Blue Sky fees and expenses.....	3,500
Legal fees and expenses of the Company.....	100,000
Miscellaneous.....	8,821

Total..... \$300,000
=====

</TABLE>

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Section 145 of the Delaware General Corporation Law ("Delaware Law") authorizes a court to award or a corporation's Board of Directors to grant indemnification to directors and officers in terms sufficiently broad to permit such indemnification under certain circumstances for liabilities (including reimbursement for expenses incurred) arising under the Securities Act of 1933, as amended (the "Act"). Article VI of the Registrant's Bylaws provides for mandatory indemnification of its directors and executive officers, to the maximum extent permitted by Delaware Law. The Registrant has entered into indemnification agreements with its directors and certain of its officers, a form of which was filed as Exhibit 10.1 to Registration Statement No. 33-57960. The indemnification agreements provide the Registrant's directors and selected officers with further indemnification to the maximum extent permitted by Delaware Law. Reference is also made to Section 8 of the Underwriting Agreement contained in Exhibit 1.1 hereto, indemnifying officers and directors of the Registrant against certain liabilities.

Reference is made to the form of Underwriting Agreement filed as Exhibit 1.1 to this Registration Statement for certain provisions regarding indemnification of officers and directors of the Company by the several Underwriters.

II-1

ITEM 16. EXHIBITS.

<TABLE>

<CAPTION>

EXHIBIT
NUMBER

<C> <S>

- 1.1 Form of Underwriting Agreement.
Opinion of Wilson, Sonsini, Goodrich & Rosati, Professional Corporation.
- 5.1
- 23.1 Consent of Counsel (included in Exhibit 5.1).
- 23.2 Consent of KPMG Peat Marwick LLP.
- 24.1 Power of Attorney (See Page II-3).

</TABLE>

ITEM 17. UNDERTAKINGS.

The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act, each post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for purposes of determining any liability under the Securities Act, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of

its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

II-2

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Chandler, State of Arizona, on January 16, 1997.

MICROCHIP TECHNOLOGY INCORPORATED

By: /s/ C. Philip Chapman

C. Philip Chapman
Vice President, Chief Financial
Officer and Secretary

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS that each person whose signature appears below constitutes and appoints C. Philip Chapman and Mary K. Simmons, jointly and severally, his attorneys-in-fact, each with the power of substitution, for him in any and all capacities, to sign any amendments to this Registration Statement on Form S-3, and to sign any registration statement for the same offering covered by this Registration Statement that is to be effective upon filing pursuant to Rule 462(b) promulgated on the Securities Act of 1933, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THIS REGISTRATION STATEMENT HAS BEEN SIGNED BY THE FOLLOWING PERSONS ON JANUARY 16, 1997 IN THE CAPACITIES INDICATED.

SIGNATURES	TITLE
----- /s/ Steve Sanghi ----- STEVE SANGHI	Chairman, President, Chief Executive Officer (Principal Executive Officer) and Director
----- /s/ C. Philip Chapman ----- C. PHILIP CHAPMAN	Vice President, Chief Financial Officer and Secretary (Principal Financial and Accounting Officer)
----- JON H. BEEDLE	Director
----- /s/ Albert J. Martinez ----- ALBERT J. MARTINEZ	Director
----- /s/ L.B. Day ----- L.B. DAY	Director

II-3

INDEX TO EXHIBITS

<TABLE> <CAPTION> EXHIBIT NUMBER	EXHIBIT TABLE	PAGE NO.
-----	-----	-----
<S>	<C>	<C>
1.1	Form of Underwriting Agreement.	
5.1	Opinion of Wilson, Sonsini, Goodrich & Rosati, Professional Corporation.	
23.1	Consent of Counsel (included in Exhibit 5.1).	
23.2	Consent of KPMG Peat Marwick LLP.	
24.1	Power of Attorney (See Page II-3).	

</TABLE>

1,000,000 Shares

Microchip Technology Incorporated

Common Stock

(\$0.001 Par Value)

UNDERWRITING AGREEMENT

-----, 1997

Alex. Brown & Sons Incorporated
Deutsche Morgan Grenfell Inc.
Prudential Securities Incorporated
Robertson, Stephens & Company LLC
c/o Alex. Brown & Sons Incorporated
135 East Baltimore Street
Baltimore, Maryland 21202

Ladies and Gentlemen:

Microchip Technology Incorporated, a Delaware corporation (the "Company"), proposes to sell to the several underwriters (the "Underwriters") named in Schedule I hereto an aggregate of 1,000,000 shares of the Company's Common Stock, \$0.001 par value (the "Firm Shares"). The respective amounts of the Firm Shares to be so purchased by the Underwriters are set forth opposite their names in Schedule I hereto. The Company also proposes to sell, at the Underwriters' option, an aggregate of up to 150,000 additional shares of the Company's Common Stock (the "Option Shares") as set forth in Section 2(c) below.

As the Underwriters, you have advised the Company (a) that you are authorized to enter into this Agreement, and (b) that each of you is willing, acting severally and not jointly, to purchase the numbers of Firm Shares set forth opposite your respective name in Schedule I, plus your pro rata portion of the Option Shares if you elect to exercise the over-allotment option in whole or in part for the accounts of the Underwriters. The Firm Shares and the Option Shares (to the extent the aforementioned options are exercised) are herein collectively called the "Shares."

In consideration of the mutual agreements contained herein and of the interests of the parties in the transactions contemplated hereby, the parties hereto agree as follows:

1

1. REPRESENTATIONS AND WARRANTIES OF THE COMPANY. The Company represents

and warrants as follows:

(a) A registration statement on Form S-3 (File No. 33-_____) with respect to the Shares has been prepared by the Company in conformity with the requirements of the Securities Act of 1933, as amended, (the "Act") and the Rules and Regulations (the "Rules and Regulations") of the Securities and Exchange Commission (the "Commission") thereunder and has been filed with the Commission under the Act. Copies of such registration statement, including any amendments thereto, the preliminary prospectuses (meeting the requirements of Rule 430A of the Rules and Regulations) contained therein and the exhibits, financial statements and schedules, as finally amended and revised, have heretofore been delivered by the Company to you. Such registration statement, herein referred to as the "Registration Statement," which shall be deemed to include all information omitted therefrom in reliance upon Rule 430A, incorporated therein by reference and contained in the Prospectus referred to below, has been declared effective by the Commission under the Act and no post effective amendment to the Registration Statement has been filed as of the date of this Agreement. The form of prospectus first filed by the Company with the Commission pursuant to its Rule 424(b) and Rule 430A is herein referred to as the "Prospectus." Each preliminary prospectus included in the Registration Statement prior to the time it becomes effective is herein referred to as a "Preliminary Prospectus."

(b) The Company has been duly organized and is validly existing as a corporation in good standing under the laws of the State of Delaware with corporate power and authority to own its properties and conduct its business as described in the Registration Statement; each of the subsidiaries of the Company, as listed in Exhibit 22.1 to Item 16(a) of the Registration Statement on Form S-1 (File No. 33-57960) filed with the Commission on February 5, 1993 (collectively, the "Subsidiaries") has been duly organized and is validly

existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, with corporate power and authority to own or lease its properties and conduct its business as described in the Registration Statement; the Company and each of the Subsidiaries are duly qualified to transact business in all jurisdictions in which the conduct of their business requires such qualification; the outstanding shares of capital stock of each of the Subsidiaries have been duly authorized and validly issued, are fully paid and non-assessable and are owned by the Company free and clear of all liens, encumbrances and security interests (except as set forth in the Registration Statement); and no options, warrants or other rights to purchase, agreements or other obligations to issue or other rights to convert any obligations into shares of capital stock or ownership interests in the Subsidiaries are outstanding.

(c) The outstanding shares of Common Stock of the Company have been duly authorized and validly issued and are fully paid and non-assessable; the Shares to be issued and sold by the Company have been duly authorized and when issued and paid for as contemplated herein will be validly issued, fully paid and non-assessable; and no

2

preemptive rights of stockholders exist with respect to any of the Shares or the issue and sale thereof.

(d) The Shares conform with the statements concerning them in the Registration Statement.

(e) The Commission has not issued an order preventing or suspending the use of any Preliminary Prospectus relating to the proposed offering of the Shares nor instituted proceedings for that purpose. The Registration Statement contains, and the Prospectus and any amendments or supplements thereto will contain, all statements which are required to be stated therein by, and in all respects conform or will conform, as the case may be, to the requirements of the Act and the Rules and Regulations. Neither the Registration Statement nor any amendment thereto, and neither the Prospectus nor any supplement thereto contains or will contain, as the case may be, any untrue statement of a material fact or omits or will omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the Company makes no representations or warranties as to information contained in or omitted from the Registration Statement or the Prospectus, or any such amendment or supplement, in reliance upon, and in conformity with, written information furnished to the Company by or on behalf of any Underwriter, specifically for use in the preparation thereof.

(f) The consolidated financial statements of the Company and the Subsidiaries, together with related notes and schedules as incorporated by reference in the Registration Statement, present fairly the financial position and the results of operations of the Company and Subsidiaries consolidated, at the indicated dates and for the indicated periods. Such financial statements have been prepared in accordance with generally accepted principles of accounting, consistently applied (except as stated therein) throughout the periods involved, and all adjustments necessary for a fair presentation of results for such periods have been made. The summary financial and statistical data included in the Registration Statement presents fairly the information shown therein and has been compiled on a basis consistent with the financial statements presented therein.

(g) There is no action or proceeding pending or, to the knowledge of the Company, threatened against the Company or any of the Subsidiaries before any court or administrative agency which might result in any material adverse change in the business or condition of the Company and of the Subsidiaries taken as a whole, except as set forth in the Registration Statement.

(h) The Company and the Subsidiaries have good and marketable title to all of the properties and assets reflected in the financial statements (or as described in the Registration Statement) hereinabove described, subject to no lien, mortgage, pledge, charge or encumbrance of any kind except those reflected in such financial statements (or as described in the Registration Statement) or which are not material in amount. The

3

Company and the Subsidiaries occupy their leased properties under valid and binding leases conforming to the description thereof set forth in the Registration Statement.

(i) The Company and the Subsidiaries have filed all Federal, State and foreign income tax returns which have been required to be filed and have paid all taxes indicated by said returns and all assessments received by them or any of them to the extent that such taxes have become due.

(j) Since the respective dates as of which information is given in the Registration Statement, there has not been any material adverse change or any

development involving a prospective material adverse change in or affecting the condition, financial or otherwise, of the Company and its Subsidiaries taken as a whole or the earnings, business affairs, management, or business prospects of the Company and its Subsidiaries taken as a whole, whether or not occurring in the ordinary course of business, and there has not been any material transaction entered into by the Company or the Subsidiaries, other than transactions in the ordinary course of business and changes and transactions contemplated by the Registration Statement, as it may be amended or supplemented. The Company and the Subsidiaries have no material contingent obligations which are not disclosed in the Registration Statement.

(k) Neither the Company nor any of the Subsidiaries is in default under any agreement, lease, contract, indenture or other instrument or obligation to which it is a party or by which it or any of its properties is bound and which default is of material significance in respect of the business or financial condition of the Company and the Subsidiaries taken as a whole. The consummation of the transactions herein contemplated and the fulfillment of the terms hereof will not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, the Certificate of Incorporation or Bylaws of the Company or any order, rule or regulation applicable to the Company or any Subsidiary of any court or of any regulatory body or administrative agency or other governmental body having jurisdiction. The consummation of the transactions herein contemplated and the fulfillment of the terms hereof will not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under any indenture, mortgage, deed of trust or other agreement or instrument to which the Company or any Subsidiary is a party, except where such breach, violation or default would not have a material adverse effect on the business or financial condition of the Company and the Subsidiaries, taken as a whole.

(l) Each approval, consent, order, authorization, designation, declaration or filing by or with any regulatory, administrative or other governmental body necessary in connection with the execution and delivery by the Company of this Agreement and the consummation of the transactions herein contemplated (except such additional steps as may be required by the National Association of Securities Dealers, Inc. (the "NASD") or may be necessary to qualify the Shares for public offering by the Underwriters under State securities or Blue Sky laws) has been obtained or made and is in full force and effect.

4

(m) The Company and each of the Subsidiaries holds all material licenses, certificates and permits from governmental authorities which are necessary to the conduct of their businesses; and neither the Company nor any of the Subsidiaries has infringed any patent, patent right, trade name, trademark, copyrights or trade secret, which infringement is material to the business of the Company and the Subsidiaries taken as a whole.

(n) KPMG Peat Marwick, who have certified certain of the financial statements filed with the Commission as part of the Registration Statement, are independent public accountants as required by the Act and the Rules and Regulations.

(o) Each executive officer and director of the Company has executed a market stand-off agreement restricting such stockholder from directly or indirectly selling, offering to sell, contracting to sell (including, without limitation, selling short), granting any option to purchase or otherwise transferring or disposing of (other than to donees who agree to be similarly bound) more than (a) 30,000 shares of Common Stock in the case of Steve Sarghi or (b) 10,000 shares of any securities of the Company, for at least 90 days following the date of the Prospectus.

(p) The Company has not been advised, and has no reason to believe, that either it or any of its Subsidiaries has not conducted or is not conducting business in compliance with all applicable laws, rules and regulations of the jurisdictions in which it has conducted or is conducting business, including, without limitation, all applicable local, state and federal employment and environmental laws and regulations, except where failure to have been or to be in compliance did not and would not have a material adverse effect on the business or financial condition of the Company and the Subsidiaries, taken as a whole.

2. PURCHASE, SALE AND DELIVERY OF THE SHARES.

(a) On the basis of the representations, warranties and covenants herein contained, and subject to the conditions herein set forth, the Company agrees to sell to the Underwriters and each Underwriter agrees, severally and not jointly, to purchase, at a price of \$_____ per share, the number of Firm Shares set forth opposite the name of each Underwriter in Schedule I hereof, subject to adjustments in accordance with Section 9 hereof.

(b) Payment for the Firm Shares to be sold hereunder is to be made in same day funds available in New York against delivery of certificates therefor

for the accounts of the Underwriters. Such payment and delivery are to be made at the offices of Alex. Brown & Sons Incorporated, 135 East Baltimore Street, Baltimore, Maryland, at 10:00 a.m., Baltimore time, on the third business day after the date of this Agreement or at such other time and date not later than third business days thereafter as you and the Company shall agree upon, such time and date being herein referred to as the "Closing Date." (As used herein, "business day" means a day on which the New York Stock Exchange is open for trading and on which banks in New York are open for business and not permitted by law or

5

executive order to be closed.) The certificates for the Firm Shares will be delivered in such denominations and in such registrations as the Underwriters request in writing not later than the third full business day prior to the Closing Date, and will be made available for inspection by the Underwriters at least one business day prior to the Closing Date.

(c) On the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, the Company hereby grants an option to the Underwriters to purchase the Option Shares at the price per share as set forth in the first paragraph of this Section 2. The option granted pursuant to this Section 2(c) may be exercised in whole or in part but only once and at any time upon written notice given before 11:59 p.m. on the later of January _____, 1997 and 30 days after the date of this Agreement, by you, the Underwriters, to the Company setting forth the number of Option Shares as to which the Underwriters are exercising the option, the names and denominations in which the Option Shares are to be registered and the time and date at which such certificates are to be delivered. The time and date at which certificates for Option Shares are to be delivered shall be determined by the Underwriters but shall not be earlier than three nor later than 10 full business days after the exercise of this option, nor in any event prior to the Closing Date (such time and date being herein referred to as the "Option Closing Date"). If the date of exercise of this option is three or more days before the Closing Date, the notice of exercise shall set the Closing Date as the Option Closing Date. The number of Option Shares to be purchased by each Underwriter shall be in the same proportion to the total number of Option Shares being purchased as the number of Firm Shares being purchased by such Underwriter bears to 1,000,000, adjusted by you in such manner as to avoid fractional shares. The option with respect to the Option Shares granted hereunder may be exercised only to cover over-allotments in the sale of the Firm Shares by the Underwriters. The Underwriters may cancel this option at any time prior to its expiration by giving written notice of such cancellation to the Company. To the extent, if any, that this option is exercised, payment for the Option Shares shall be made on the Option Closing Date in same day funds available in New York against delivery of certificates therefor at the offices of Alex. Brown & Sons Incorporated, 135 East Baltimore Street, Baltimore, Maryland.

3. OFFERING BY THE UNDERWRITERS. It is understood that the Underwriters

are to make a public offering of the Firm Shares as soon as they deem it advisable to do so. The Firm Shares are to be initially offered to the public at the initial public offering price set forth in the Prospectus. The Underwriters may from time to time thereafter sell stock of the Company on terms other than as set forth herein. To the extent, if at all, that any Option Shares are purchased pursuant to Section 2 hereof, the Underwriters will offer them to the public on the foregoing terms.

It is further understood that you will act as the Representatives for the Underwriters in the offering and sale of the Shares in accordance with a Master Agreement Among Underwriters entered into by you and the several other Underwriters.

6

4. COVENANTS OF THE COMPANY. The Company covenants and agrees with the

Underwriters that:

(a) The Company will (A) prepare and timely file with the Commission under Rule 424(b) of the Rules and Regulations a Prospectus containing information previously omitted at the time of effectiveness of the Registration Statement in reliance on Rule 430A of the Rules and Regulations, (B) not file any amendment to the Registration Statement or supplement to the Prospectus of which the Underwriters shall not previously have been advised and furnished with a copy or to which the Underwriters shall have reasonably objected in writing or which is not in compliance with the Rules and Regulations and (C) file on a timely basis all reports and any definitive proxy or information statements required to be filed by the Company with the Commission subsequent to the date of the Prospectus and prior to the termination of the offering of the Shares by the Underwriters.

(b) The Company will advise the Underwriters promptly of any request of the Commission for amendment of the Registration Statement or for supplement to the Prospectus or for any additional information, or of the issuance by the

Commission of any stop order suspending the effectiveness of the Registration Statement or the use of the Prospectus or of the institution of any proceedings for that purpose, and the Company will use its best efforts to prevent the issuance of any such stop order preventing or suspending the use of the Prospectus and to obtain as soon as possible the lifting thereof, if issued.

(c) The Company will cooperate with the Underwriters in endeavoring to qualify the Shares for sale under the securities laws of such jurisdictions as the Underwriters may reasonably have designated in writing and will make such applications, file such documents, and furnish such information as may be reasonably required for that purpose, provided the Company shall not be required to qualify as a foreign corporation or to file a general consent to service of process in any jurisdiction where it is not now so qualified or required to file such a consent. The Company will, from time to time, prepare and file such statements, reports, and other documents, as are or may be required to continue such qualifications in effect for so long a period as the Underwriters may reasonably request for distribution of the Shares.

(d) The Company will deliver to, or upon the order of, the Underwriters, from time to time, as many copies of any Preliminary Prospectus as the Underwriters may reasonably request. The Company will deliver to, or upon the order of, the Underwriters during the period when delivery of a Prospectus is required under the Act, as many copies of the Prospectus in final form, or as thereafter amended or supplemented, as the Underwriters may reasonably request. The Company will deliver to the Underwriters at or before the Closing Date, two signed copies of the Registration Statement and all amendments thereto, including all exhibits filed therewith, and will deliver to the Underwriters such number of copies of the Registration Statement, but without exhibits, and of all amendments thereto, as the Underwriters may reasonably request.

7

(e) If during the period in which a prospectus is required by law to be delivered by an Underwriter or dealer any event shall occur as a result of which, in the judgment of the Company or in the opinion of counsel for the Underwriters, it becomes necessary to amend or supplement the Prospectus in order to make the statements therein, in the light of the circumstances existing at the time the Prospectus is delivered to a purchaser, not misleading, or, if it is necessary at any time to amend or supplement the Prospectus to comply with any law, the Company promptly will prepare and file with the Commission an appropriate amendment to the Registration Statement or supplement to the Prospectus so that the Prospectus as so amended or supplemented will not, in the light of the circumstances when it is so delivered, be misleading, or so that the Prospectus will comply with the law.

(f) The Company will make generally available to its security holders, as soon as it is practicable to do so, but in any event not later than 15 months after the effective date of the Registration Statement, an earnings statement (which need not be audited) in reasonable detail, covering a period of at least 12 consecutive months beginning after the effective date of the Registration Statement, which earnings statement shall satisfy the requirements of Section 11(a) of the Act and Rule 158 of the Rules and Regulations and will advise you in writing when such statement has been so made available.

(g) The Company will, for a period of four years from the Closing Date, deliver to the Underwriters copies of annual reports and copies of all other documents, reports and information furnished by the Company to its stockholders or filed with any securities exchange pursuant to the requirements of such exchange or with the Commission pursuant to the Act or the Securities Exchange Act of 1934, as amended. The Company will deliver to the Underwriters similar reports with respect to significant subsidiaries, as that term is defined in the Rules and Regulations, which are not consolidated in the Company's financial statements.

(h) Other than pursuant to (A) the Company's Employee Stock Purchase Plan, (B) the Company's International Employee Stock Purchase Plan, (C) the Company's 1993 Stock Option/Stock Issuance Plan, (D) an acquisition by the Company of another corporation or (E) a registration statement on Form S-8, until 90 days after the date of the Prospectus, the Company will not, without the prior written consent of the Underwriters, directly or indirectly, sell (including, without limitation, any short sale), offer to sell, grant any option for the sale of, issue, distribute or otherwise dispose of any shares of Common Stock or any options, rights or warrants with respect to any Common Stock or any security convertible into Common Stock or register for sale under the Act any Common Stock.

(i) The Company will use its best efforts to designate the Shares on the National Association of Securities Dealers Automated Quotation (herein called "Nasdaq") National Market System.

8

incident to the performance of its obligations under this Agreement, including, without limiting the generality of the foregoing, the following: accounting fees of the Company; the fees and the disbursements of counsel for the Company; the cost of printing and delivering to, or as requested by, the Underwriters copies of the Registration Statement, Preliminary Prospectuses, the Prospectus, this Agreement, the Agreement Among Underwriters, the Underwriters' Selling Memorandum, the Underwriters' Questionnaire, the Invitation Letter, the Power of Attorney, the Application for Inclusion, the Blue Sky Survey and any supplements or amendments thereto; any transfer taxes imposed on the sale of the Shares to the Underwriters; the filing fees of the Commission; the filing fees and expenses incident to securing any required review by the National Association of Securities Dealers, Inc. (the "NASD") of the terms of the sale of the Shares; the Entry Fees and Annual Fees of the NASD; and the expenses, including the fees and disbursements of counsel for the Underwriters, incurred in connection with the qualification of the Shares under State securities or Blue Sky laws. Any transfer taxes imposed on the sale of the Shares to the Underwriters will be paid by the Company. The Company shall not, however, be required to pay for any of the Underwriters' expenses (other than those related to qualification under State securities or Blue Sky laws) except that, if this Agreement shall not be consummated because the conditions in Section 7 hereof are not satisfied, or because this Agreement is terminated by the Underwriters pursuant to Section 6 hereof, or by reason of any failure, refusal or inability on the part of the Company to perform any undertaking or satisfy any condition of this Agreement or to comply with any of the terms hereof on its part to be performed, unless such failure to satisfy said condition or to comply with said terms is due to the default or omission of any Underwriter, then the Company shall reimburse the Underwriters for reasonable out-of-pocket expenses, including fees and disbursements of counsel, reasonably incurred in connection with investigating, marketing and proposing to market the Shares or in contemplation of performing their obligations hereunder, but the Company shall not in any event be liable to any of the Underwriters for damages on account of loss of anticipated profits from the sale by them of the Shares.

6. CONDITIONS OF OBLIGATIONS OF THE UNDERWRITERS. The several

obligations of the Underwriters to purchase the Firm Shares on the Closing Date and the Option Shares, if any, on the Option Closing Date, are subject to the accuracy, as of the Closing Date or the Option Closing Date, as the case may be, of the representations and warranties of the Company contained herein, and to the performance by the Company of its covenants and obligations hereunder and to the following additional conditions:

(a) No stop order suspending the effectiveness of the Registration Statement, as amended from time to time, shall have been issued and no proceedings for that purpose shall have been taken or, to the knowledge of the Company, shall be contemplated by the Commission.

(b) The Underwriters shall have received on the Closing Date or the Option Closing Date, as the case may be, the opinion of Wilson, Sonsini Goodrich & Rosati, P.C.,

9

counsel for the Company, dated the Closing Date, or the Option Closing Date, as the case may be, addressed to the Underwriters to the effect that:

(i) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Delaware, with corporate power and authority to own its properties and conduct its business as described in the Prospectus; to such counsel's knowledge, the Company is duly qualified to transact business in all jurisdictions in which the conduct of its business requires such qualification, or in which the failure to qualify would have a materially adverse effect upon the business of the Company and the Subsidiaries taken as a whole.

(ii) The Company has authorized and outstanding capital stock as set forth under the caption "Capitalization" in the Prospectus; the authorized shares of its Common Stock have been duly authorized; the outstanding shares of its Common Stock have been duly authorized and validly issued and are fully paid and non-assessable; all of the Shares conform in all material respects to the description thereof contained in the Prospectus; the certificates for the Shares are in due and proper form; the shares of Common Stock, including the Option Shares, if any, to be sold by the Company pursuant to this Agreement have been duly authorized and will be validly issued, fully paid and non-assessable when issued and paid for as contemplated by this Agreement; and no preemptive rights of stockholders exist with respect to any of the Shares or the issue and sale thereof.

(iii) The Registration Statement has become effective under the Act and, to the knowledge of such counsel, no stop order proceedings with respect thereto have been instituted or are pending or threatened under the Act.

(iv) The Registration Statement, the Prospectus and each amendment or supplement thereto comply as to form in all material respects with the requirements of the Act and the applicable rules and regulations thereunder

(except that such counsel need express no opinion as to the financial statements, schedules and other financial or statistical information included therein or as to information supplied by the Underwriters for use therein).

(v) The description of the Company's Common Stock contained in its Registration Statement on Form 8-A as filed with the Commission on February 5, 1993, insofar as such statements constitute a summary of documents referred to therein or matters of law, are in all material respects accurate summaries and fairly and correctly present the information called for with respect to such documents and matters of law.

(vi) Such counsel does not know of any contracts or documents required to be filed as exhibits to the Registration Statement or described in the Registration Statement or the Prospectus which are not so filed or described as required, and such contracts and documents as summarized in the Registration Statement or the Prospectus are fairly summarized in all material respects.

10

(vii) Such counsel knows of no material legal proceedings pending or threatened against the Company or any of the Subsidiaries except as set forth in the Prospectus.

(viii) The execution and delivery of this Agreement and the consummation of the transactions herein contemplated do not and will not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, the certificate of incorporation or by-laws of the Company. To such counsel's knowledge, the execution and delivery of this Agreement and the consummation of the transactions herein contemplated do not and will not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, any agreement or instrument known to such counsel to which the Company or any of the Subsidiaries is a party or by which the Company or any of the Subsidiaries may be bound and that has been certified by the Company to such counsel as an instrument under which the Company or any of its Subsidiaries enjoys substantial rights or benefits (and such counsel shall state that they know of no material agreement or instrument of the Company or any of the Subsidiaries to be in existence which has not been so certified), except where such breach, violation or default would not have a material adverse effect on the business or financial condition of the Company and the Subsidiaries taken as a whole.

(ix) This Agreement has been duly authorized, executed and delivered by the Company.

(x) No approval, consent, order, authorization, designation, declaration or filing by or with any regulatory, administrative or other governmental body is necessary in connection with the execution and delivery of this Agreement and the consummation of the transactions herein contemplated (other than as may be required by the National Association of Securities Dealers, Inc. or as required by State securities and Blue Sky laws as to which such counsel need express no opinion) except such as have been obtained or made, specifying the same.

In rendering such opinion, Wilson, Sonsini, Goodrich & Rosati, P.C., may rely as to matters governed by the laws of states other than Delaware or Federal laws on local counsel in such jurisdictions provided that in each case such counsel shall state that they believe that they and the Underwriters are justified in relying on such local counsel. In addition to the matters set forth above, such opinion shall also include a statement to the effect that nothing has come to the attention of such counsel which leads them to believe that the Registration Statement, as of the time it became effective under the Act, the Prospectus or any amendment or supplement thereto, on the date it was filed pursuant to Rule 424(b) and the Registration Statement and the Prospectus, or any amendment or supplement thereto, as of the Closing Date, or the Option Closing Date, as the case may be, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading (except that such counsel need express no view as to financial statements, schedules and other financial information included therein). With respect to such statement, such counsel may state that

11

their belief is based upon the procedures set forth therein, but is without independent check and verification.

(c) The Underwriters shall have received from counsel for the Company, an opinion dated the Closing Date, or any Option Closing Date, as the case may be, relating to certain patent matters in form and substance satisfactory to the Underwriters and Gray Cary Ware & Freidenrich, A Professional Corporation, counsel for the Underwriters.

(d) The Underwriters shall have received legal opinions in form and substance satisfactory to the Underwriters and Gray Cary Ware & Freidenrich, A

Professional Corporation, counsel to the Underwriters, as to the due organization, valid existence, corporate power and authority and qualification to do business of the Subsidiaries, the ownership of and the absence of liens on the outstanding capital of the Subsidiaries and the absence of any additional options, warrants or rights to purchase capital stock or ownership interests in the Subsidiaries.

(e) The Underwriters shall have received from Gray Cary Ware & Freidenrich, A Professional Corporation, counsel for the Underwriters, an opinion dated the Closing Date, or any Option Closing Date, as the case may be, substantially to the effect specified in subparagraphs (iii) and (iv) of Paragraph (b) of this Section 6, and that the Company is a validly organized and existing corporation under the laws of the State of Delaware and that the shares of Common Stock, including the Option Shares, if any, to be sold by the Company pursuant to this Agreement have been duly authorized and will be validly issued, fully paid and non-assessable when issued and paid for as contemplated by this Agreement. In rendering such opinion, such counsel may rely as to all matters governed other than by the laws of the State of California or Delaware or Federal laws on the opinions of counsel referred to in Paragraphs (b), (c) and (d) of this Section 6. In addition to the matters set forth above, such opinion shall also include a statement to the effect that nothing has come to the attention of such counsel which leads them to believe that the Registration Statement, as of the time it became effective under the Act, and the Prospectus or any amendment or supplement thereto, on the date it was filed pursuant to Rule 424(b), and the Registration Statement and the Prospectus, or any amendment or supplement thereto, as of the Closing Date, or the Option Closing Date, as the case may be, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading (except that such counsel need express no view as to financial statements, schedules and other financial information included therein). With respect to such statement, such counsel may state that their belief is based upon the procedures set forth therein, but is without independent check and verification.

(f) The Underwriters shall have received at or prior to the Closing Date from Gray Cary Ware & Freidenrich, A Professional Corporation, a memorandum or summary, in form and substance satisfactory to the Underwriters, with respect to the qualification for offering and sale by the Underwriters of the Shares under the State

12

securities or Blue Sky laws of such jurisdictions as the Underwriters may reasonably have designated to the Company.

(g) The Underwriters shall have received on the Closing Date, or the Option Closing Date, as the case may be, a signed letter from KPMG Peat Marwick dated the Closing Date or the Option Closing Date, as the case may be, which shall confirm, on the basis of a review in accordance with the procedures set forth in the letter signed by such firm and dated and delivered to the Underwriters on the date hereof, that nothing has come to their attention during the period from the date five days prior to the date hereof, to a date not more than five days prior to the Closing Date, or the Option Closing Date, as the case may be, which would require any change in their letter dated the date hereof if it were required to be dated and delivered on the Closing Date, or the Option Closing Date, as the case may be. All such letters shall be in form and substance satisfactory to the Underwriters.

(h) The Underwriters shall have received on the Closing Date, or the Option Closing Date, as the case may be, a certificate or certificates of the Chief Executive Officer and the Chief Financial Officer of the Company to the effect that, as of the Closing Date, or the Option Closing Date, as the case may be, each of them severally represents as follows:

(i) The Registration Statement has become effective under the Act and no stop order suspending the effectiveness of the Registration Statement has been issued, and no proceedings for such purpose have been taken or are, to his knowledge, contemplated by the Commission.

(ii) He does not know of any litigation instituted or threatened against the Company of a character required to be disclosed in the Registration Statement which is not so disclosed; he does not know of any material contract required to be filed as an exhibit to the Registration Statement which is not so filed; and the representations and warranties of the Company contained in Section 1 hereof are true and correct as of the Closing Date, or the Option Closing Date, as the case may be.

(iii) He has carefully examined the Registration Statement and the Prospectus and, in his opinion, as of the effective date of the Registration Statement, the statements contained in the Registration Statement were true and correct, and such Registration Statement and Prospectus did not omit to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading and, in his opinion, since the effective date of the Registration Statement, no event has occurred which should have been set forth in a supplement to or an amendment of the Prospectus

which has not been so set forth in such supplement or amendment.

(i) The Company shall have furnished to the Underwriters such further certificates and documents confirming the representations and warranties contained herein and related matters as the Underwriters may reasonably have requested.

13

(j) The Firm Shares and Option Shares, if any, have been approved for designation upon notice of issuance on the Nasdaq National Market System.

The opinions and certificates mentioned in this Agreement shall be deemed to be in compliance with the provisions hereof only if they are in all material respects satisfactory to the Underwriters and to Gray Cary Ware & Freidenrich, A Professional Corporation, counsel for the Underwriters.

If any of the conditions hereinabove provided for in this Section 6 shall not have been fulfilled when and as required by this Agreement to be fulfilled, the obligations of the Underwriters hereunder may be terminated by the Underwriters by notifying the Company of such termination in writing or by telegram at or prior to the Closing Date, or the Option Closing Date, as the case may be.

In such event, the Company and the Underwriters shall not be under any obligation to each other (except to the extent provided in Sections 5 and 8 hereof).

7. CONDITIONS OF THE OBLIGATIONS OF THE COMPANY. The obligations of the

Company to sell and deliver the portion of the Shares required to be delivered as and when specified in this Agreement are subject to the conditions that at the Closing Date, or the Option Closing Date, as the case may be, no stop order suspending the effectiveness of the Registration Statement shall have been issued and in effect or proceedings therefor initiated or threatened.

8. INDEMNIFICATION.

(a) The Company agrees to indemnify and hold harmless each Underwriter and each person, if any, who controls any Underwriter within the meaning of the Act, against any losses, claims, damages or liabilities to which such Underwriter or such controlling person may become subject under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions or proceedings in respect thereof) arise out of or are based upon (i) any untrue statement or alleged untrue statement of any material fact contained in the Registration Statement, any Preliminary Prospectus, the Prospectus or any amendment or supplement thereto, or (ii) the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse each Underwriter and each such controlling person for any legal or other expenses reasonably incurred by such Underwriter or such controlling person in connection with investigating or defending any such loss, claim, damage, liability, action or proceeding; provided, however, that the Company will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement, or omission or alleged omission made in the Registration Statement, any Preliminary Prospectus, the Prospectus, or such amendment or supplement, in reliance upon and in conformity with written information furnished to the Company by or through the Underwriters specifically for use in the

14

preparation thereof. This indemnity agreement will be in addition to any liability which the Company may otherwise have.

(b) Each Underwriter will indemnify and hold harmless the Company, each of its directors, each of its officers who have signed the Registration Statement and each person, if any, who controls, within the meaning of the Act, the Company against any losses, claims, damages or liabilities to which the Company or any such director, officer, or controlling person may become subject under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions or proceedings in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the Registration Statement, any Preliminary Prospectus, the Prospectus or any amendment or supplement thereto, or arise out of or are based upon the omission or the alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances under which they were made; and will reimburse any legal or other expenses reasonably incurred by the Company or any such director, officer, or controlling person in connection with investigating or defending any such loss, claim, damage, liability, action or proceeding; provided, however, that each Underwriter will be liable in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission has been made in the

Registration Statement, any Preliminary Prospectus, the Prospectus or such amendment or supplement, in reliance upon and in conformity with written information furnished to the Company by or through the Underwriters specifically for use in the preparation thereof. This indemnity agreement will be in addition to any liability which such Underwriter may otherwise have.

(c) In case any proceeding (including any governmental investigation) shall be instituted involving any person in respect of which indemnity may be sought pursuant to this Section 8, such person (the "indemnified party") shall promptly notify the person against whom such indemnity may be sought (the "indemnifying party") in writing. No indemnification provided for in Section 8(a) or (b) shall be available to any party who shall fail to give notice as provided in this Section 8(c) if the party to whom notice was not given was unaware of the proceeding to which such notice would have related and was prejudiced by the failure to give such notice, but the failure to give such notice shall not relieve the indemnifying party or parties from any liability which it or they may have to the indemnified party for contribution or otherwise than on account of the provisions of Section 8(a) or (b). In case any such proceeding shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party and shall pay as incurred the fees and disbursements of such counsel related to such proceeding. In any such proceeding, any indemnified party shall have the right to retain its own counsel at its own expense. Notwithstanding the foregoing, the indemnifying party shall pay as incurred the fees and expenses of the counsel retained by the indemnified party in the event (i) the indemnifying party and the indemnified party shall have mutually agreed to the retention

15

of such counsel or (ii) the named parties to any such proceeding (including any impleaded parties) include both the indemnifying party and the indemnified party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood that the indemnifying party shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the reasonable fees and expenses of more than one separate firm for all such indemnified parties. Such firm shall be designated in writing by you in the case of parties indemnified pursuant to Section 8(a) and by the Company in the case of parties indemnified pursuant to Section 8(b). The indemnifying party shall not be liable for any settlement of any proceeding effected without its written consent but if settled with such consent or if there be a final judgment for the plaintiff, the indemnifying party agrees to indemnify the indemnified party from and against any loss or liability by reason of such settlement or judgment.

(d) If the indemnification provided for in this Section 8 is unavailable to or insufficient to hold harmless an indemnified party under Section 8(a) or (b) above in respect of any losses, claims, damages or liabilities (or actions or proceedings in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions or proceedings in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriters on the other from the offering of the Shares. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law or if the indemnified party failed to give the notice required under Section 8(c) above, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company on the one hand and the Underwriters on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions or proceedings in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Company bear to the total underwriting discounts and commissions received by the Underwriters, in each case as set forth in the table on the cover page of the Prospectus. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or the Underwriters on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company and the Underwriters agree that it would not be just and equitable if contributions pursuant to this Section 8(d) were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section 8(d). The amount paid or payable by an indemnified party as a result of the

losses, claims, damages or liabilities (or actions or proceedings in respect thereof) referred to above in this Section 8(d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this subsection (d), (i) no Underwriter shall be required to contribute any amount in excess of the underwriting discounts and commissions applicable to the Shares purchased by such Underwriter and (ii) no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations in this Section 8(d) to contribute are several in proportion to their respective underwriting obligations and not joint.

(e) In any proceeding relating to the Registration Statement, any Preliminary Prospectus, the Prospectus or any supplement or amendment thereto, each party against whom contribution may be sought under this Section 8 hereby consents to the jurisdiction of any court having jurisdiction over any other contributing party, agrees that process issuing from such court may be served upon him or it by any other contributing party and consents to the service of such process and agrees that any other contributing party may join him or it as an additional defendant in any such proceeding in which such other contributing party is a party.

9. DEFAULT BY UNDERWRITERS. If on the Closing Date or the Option Closing

Date, as the case may be, any Underwriter shall fail to purchase and pay for the portion of the Shares which such Underwriter has agreed to purchase and pay for on such date (otherwise than by reason of any default on the part of the Company) the non-defaulting Underwriter shall use its best efforts to procure within 24 hours thereafter one or more other Underwriters, or any others, to purchase from the Company such amounts as may be agreed upon and upon the terms set forth herein, the Firm Shares, or the Option Shares, as the case may be, which the defaulting Underwriter or Underwriters failed to purchase. If during such 24 hours the non-defaulting Underwriter shall not have procured such other Underwriter, or any others, to purchase the Firm Shares or Option Shares, as the case may be, agreed to be purchased by the defaulting Underwriter or Underwriters, then (a) if the aggregate number of shares with respect to which such default shall occur does not exceed 10% of the Firm Shares or Option Shares, as the case may be, covered hereby, the other Underwriter shall be obligated to purchase the Firm Shares or Option Shares, as the case may be, which such defaulting Underwriter or Underwriters failed to purchase, or (b) if the aggregate number of shares of Firm Shares or Option Shares, as the case may be, with respect to which such default shall occur exceeds 10% of the Firm Shares or Option Shares, as the case may be, covered hereby, the Company or the non-defaulting Underwriter will have the right, by written notice given within the next 24-hour period to the parties to this Agreement, to terminate this Agreement without liability on the part of the non-defaulting Underwriter, or the Company except to the extent provided in Section 8 hereof. In the event of a default by any Underwriter or Underwriters, as set forth in this Section 9, the Closing Date or Option Closing Date, as the case may be, may be postponed for such period, not exceeding seven days, as you as Underwriters, may determine in order

that the required changes in the Registration Statement or in the Prospectus or in any other documents or arrangements may be effected. The term "Underwriter" includes any person substituted for a defaulting Underwriter. Any action taken under this Section 9 shall not relieve any defaulting Underwriter from liability in respect of any default of such Underwriter under this Agreement.

10. NOTICES. All communications hereunder shall be in writing and, except

as otherwise provided herein, will be mailed, delivered or telegraphed and confirmed as follows: if to the Underwriters, to Alex. Brown & Sons Incorporated, 101 California Street, 46th Floor, San Francisco, California 94111, Attention: Andrew T. Sheehan; if to the Company, to Microchip Technology Incorporated, 2355 West Chandler Boulevard, Chandler, Arizona 85224, Attention: C. Philip Chapman.

11. TERMINATION. This Agreement may be terminated by you by notice to the

Company as follows:

(a) at any time prior to the earlier of (i) the time the Shares are released by you for sale by notice to the Underwriters, or (ii) 11:30 a.m. on the first business day following the date of this Agreement;

(b) at any time prior to the Closing Date if any of the following has occurred: (i) since the respective dates as of which information is given in the Registration Statement and the Prospectus, any material adverse change or any

development involving a prospective material adverse change in or affecting the condition, financial or otherwise, of the Company and its Subsidiaries taken as a whole or the earnings, business affairs, management or business prospects of the Company and its Subsidiaries taken as a whole, whether or not arising in the ordinary course of business, (ii) any outbreak of hostilities or other national or international calamity or crisis or change in economic or political conditions if the effect of such outbreak, calamity, crisis or change on the financial markets of the United States would, in your reasonable judgment, make the offering or delivery of the Shares impracticable, (iii) suspension of trading in securities on the New York Stock Exchange or the American Stock Exchange or limitation on prices (other than limitations on hours or numbers of days of trading) for securities on either such Exchange, (iv) the enactment, publication, decree or other promulgation of any federal or state statute, regulation, rule or order of any court or other governmental authority which in your reasonable opinion materially and adversely affects or will materially or adversely affect the business or operations of the Company, (v) declaration of a banking moratorium by either federal or New York State authorities, or (vi) the taking of any action by any federal, state or local government or agency in respect of its monetary or fiscal affairs which in your reasonable opinion has a material adverse effect on the securities markets in the United States; or

(c) as provided in Sections 6 or 9 of this Agreement.

18

This Agreement also may be terminated by you, by notice to the Company as to any obligation of the Underwriters to purchase the Option Shares, upon the occurrence at any time prior to the Option Closing Date, of any of the events described in subparagraph (b) above or as provided in Sections 6 or 9 of this Agreement.

12. SUCCESSORS. This Agreement has been and is made solely for the benefit of the Underwriters and the Company and their respective successors, executors, administrators, heirs and assigns, and the officers, directors and controlling persons referred to herein, and no other person will have any right or obligation hereunder. The term "successors" shall not include any purchaser of the Shares merely because of such purchase.

13. MISCELLANEOUS. The reimbursement, indemnification and contribution agreements contained in this Agreement and the representations, warranties and covenants in this Agreement shall remain in full force and effect regardless of (a) any termination of this Agreement, (b) any investigation made by or on behalf of any Underwriter or controlling person thereof, or by or on behalf of the Company or its directors or officers and (c) delivery of and payment for the Shares under this Agreement.

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

This Agreement shall be governed by, and construed in accordance with, the laws of the State of Maryland.

19

If the foregoing letter is in accordance with your understanding of our agreement, please sign and return to us the enclosed duplicates hereof, whereupon it will become a binding agreement among the Company and the Underwriters in accordance with its terms.

Very truly yours,

MICROCHIP TECHNOLOGY INCORPORATED

By: _____
President

The foregoing Underwriting Agreement is hereby confirmed and accepted as of the date first above written.

ALEX. BROWN & SONS INCORPORATED
DEUTSCHE MORGAN GRENFELL INC.
PRUDENTIAL SECURITIES INCORPORATED
ROBERTSON, STEPHENS & COMPANY LLC

By ALEX. BROWN & SONS INCORPORATED

By: _____
Authorized Officer

SCHEDULE I

SCHEDULE OF UNDERWRITERS

<TABLE>
<CAPTION>

UNDERWRITER -----	NUMBER OF FIRM SHARES TO BE PURCHASED -----
<S>	<C>
Alex. Brown & Sons Incorporated Deutsche Morgan Grenfell Inc. Prudential Securities Incorporated Robertson, Stephens & Company LLC	
TOTAL	----- 1,000,000

</TABLE>

WILSON SONSINI GOODRICH & ROSATI
PROFESSIONAL CORPORATION

650 PAGE MILL ROAD
PALO ALTO, CALIFORNIA 94304-1050
TELEPHONE 415-493-9300 FACSIMILE 415-493-6811
WWW.WSG.COM

JOHN ARNOT ARNOT
RETIRED

January 16, 1997

Microchip Technology Incorporated
2355 West Chandler Boulevard
Chandler, AZ 85224-6199

RE: REGISTRATION STATEMENT ON FORM S-3

Ladies and Gentlemen:

We have examined the Registration Statement on Form S-3 to be filed by you with the Securities and Exchange Commission on or about January 16, 1997 (as such may thereafter be amended or supplemented, the "Registration Statement") in connection with the registration under the Securities Act of 1933, as amended, of 1,150,000 shares of your Common Stock, \$.001 par value (the "Stock"). The Stock includes an over-allotment option granted to the Underwriters to purchase 150,000 shares. As your legal counsel, we have examined the proceedings being taken by you relating to the issuance and sale of the Stock.

It is our opinion that the Stock, when issued and sold in the manner referred to in the Registration Statement and in accordance with the resolutions adopted by the Board of Directors of the Company, will be legally and validly issued, fully paid and nonassessable.

We consent to the use of this opinion as an exhibit to the Registration Statement and further consent to the use of our name wherever appearing in the Registration Statement, including the Prospectus constituting a part thereof, and any amendments thereto.

Very truly yours,

/s/ Wilson Sonsini Goodrich & Rosati
WILSON SONSINI GOODRICH & ROSATI
Professional Corporation

INDEPENDENT AUDITORS' CONSENT

The Board of Directors
Microchip Technology Incorporated

We consent to the use of our report incorporated herein by reference and to the reference to our firm under the heading "Experts" in the prospectus.

KPMG PEAT MARWICK LLP

Phoenix, Arizona
January 16, 1997