

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-8
REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933

MICROCHIP TECHNOLOGY INCORPORATED
(Exact Name of Registrant as Specified in Its Charter)

DELAWARE
(State of Incorporation)

86-062904
(I.R.S. Employer
Identification No.)

2355 W. CHANDLER BLVD., CHANDLER, AZ 85224-6199
(Address of Principal Executive Offices, Including Zip Code)

MICROCHIP TECHNOLOGY INCORPORATED
Employee Stock Purchase Plan
1997 Nonstatutory Stock Option Plan
(Full Titles of the Plans)

Steve Sanghi
President and Chief Executive Officer
MICROCHIP TECHNOLOGY INCORPORATED
2355 W. Chandler Boulevard, Chandler, Arizona 85224-6199
(480) 786-7200
(Telephone Number, Including Area Code, of Agent for Service)

This Registration Statement shall become effective immediately upon filing with the Securities and Exchange Commission, and sales of the registered securities may begin as soon as reasonably practicable after such effective date.

CALCULATION OF REGISTRATION FEE

<TABLE>
<CAPTION>

Title of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
<S>	<C>	<C>	<C>	<C>
Common Stock, \$.001 par value Per share:				
Employee Stock Purchase Plan	400,000 (1)	\$54.93125 (2)	\$ 21,972,500 (2)	\$ 5,800.74 (2)
1997 Nonstatutory Stock Option Plan	1,500,000 (1)	64.625 (2)	96,937,500 (2)	\$25,591.50 (2)
Total	1,900,000 (1)		118,910,000 (2)	\$31,392.24 (2)

</TABLE>

1. This Registration Statement shall also cover any additional shares of Common Stock which become issuable under the Employee Stock Purchase Plan and the 1997 Nonstatutory Stock Option Plan by reason of any stock dividend, stock split, recapitalization or any other similar transaction without receipt of consideration which results in any increase in the number of outstanding shares of Common Stock of Microchip Technology Incorporated. Associated with the Common Stock are common stock purchase rights which will not be exercisable or be evidenced separately from the Common Stock prior to the occurrence of certain events.
2. Calculated solely for purposes of this offering under Rule 457(h) of the Securities Act of 1933, as amended, on the basis of 100% of the average of the high and low prices reported on the Nasdaq National Market on December 16, 1999 (the "Market Price") as to 1,500,000 shares and 85% of the Market Price as to 400,000 shares.

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Microchip Technology Incorporated (the "Registrant" or the "Company") hereby incorporates by reference into this Registration Statement, pursuant to General Instruction "E" to Form S-8, the contents of the Registration Statement on Form S-8 (No. 33-59686 filed with the Securities and Exchange Commission ("SEC") on March 17, 1993, the contents of the Registration Statement on Form S-8 (No. 33-80072) filed with the SEC on June 10, 1994, the contents of the Registration Statement on Form S-8 (No. 33-81690) filed with the SEC on July 18, 1994, the contents of the Registration Statement on Form S-8 (No. 33-83196) filed with the SEC on August 24, 1994, the contents of Registration Statement on Form S-8 (No. 333-872) filed with the SEC on January 23, 1996, the contents of Registration Statement on Form S-8 (No. 333-40791) filed with the SEC on November 21, 1997 and the contents of Registration Statement on Form S-8 (No. 333-67215) filed with the SEC on November 13, 1998.

ITEM 3. INCORPORATION OF DOCUMENTS BY REFERENCE.

The Registrant hereby incorporates by reference in this registration statement the following documents previously filed with the Securities and Exchange Commission (the "Commission"):

- (a) The Registrant's Annual Report on Form 10-K for the fiscal year ended March 31, 1999.
- (b) The Registrant's Quarterly Report on Form 10-Q for the quarters ended September 30, 1999 and June 30, 1999.
- (c) The Registrant's Current Report on Form 8-K filed October 11, 1999.
- (d) The description of the Registrant's Preferred Share Purchase Rights contained in the Registrant's Registration Statement on Form 8-A filed on February 14, 1995, including any amendment or report updating such description.
- (e) The description of the Registrant's Common Stock contained in the Registrant's Registration Statement on Form 8-A filed on February 5, 1993, including any amendment or report updating such description.

All documents subsequently filed by the Company pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") prior to the filing of a post-effective amendment to this Registration Statement which indicates that all securities offered hereby have been sold or which deregisters all securities remaining unsold, shall be deemed to be incorporated by reference into this Registration Statement and to be a part hereof from the date of filing of such documents.

ITEM 8. EXHIBITS.

- 4.1 1997 Nonstatutory Stock Option Plan, as amended through April 26, 1999
- 4.2 Employee Stock Purchase Plan, as amended through April 26, 1999
- 5.1 Opinion and Consent of Mary K. Simmons, Esq.
- 10.1 Form of Notice of Grant For 1997 Nonstatutory Stock Option Plan, with Exhibit A thereto, Form of Stock Option Agreement [Incorporated by reference to Exhibit 10.17 to Registrant's Annual Report on Form 10-K for the fiscal year ended March 31, 1998]
- 10.2 Form of Stock Purchase Agreement for Employee Stock Purchase Plan [Incorporated by Reference to Exhibit 10.2 to Registration Statement No. 333-872]
- 10.3 Form of Enrollment Form for Employee Stock Purchase Plan [Incorporated by Reference to Exhibit 10.3 to Registration Statement No. 333-872]
- 10.4 Form of Change Form for Employee Stock Purchase Plan [Incorporated by Reference to Exhibit 10.4 to Registration Statement No. 333-872]
- 23.1 Consent of KPMG LLP
- 23.2 Consent of Counsel (contained in Exhibit 5.1)
- 24.1 Power of Attorney (reference is made to page II-3 of this Registration Statement)

II-1 SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 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 December 23, 1999.

MICROCHIP TECHNOLOGY INCORPORATED

By: /s/ Steve Sanghi

Steve Sanghi, President and
Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned officers and directors of Microchip Technology Incorporated, a Delaware corporation, do hereby constitute and appoint Steve Sanghi and Mary K. Simmons, and each of them, the lawful attorneys-in-fact and agents, with full power and authority to do any and all acts and things and to execute any and all instruments which said attorneys and agents, and any one of them, determine may be necessary or advisable or required to enable said corporation to comply with the Securities Act of 1933, as amended, and any rules or regulations or requirements of the Commission in connection with this Registration Statement. Without limiting the generality of the foregoing power and authority, the powers granted include the power and authority to sign the names of the undersigned officers and directors in the capacities indicated below to this Registration Statement, to any and all amendments, both pre-effective and post-effective, and supplements to this Registration Statement and to any and all instruments or documents filed as a part of or in conjunction with this Registration Statement or to amendments or supplements thereof, and each of the undersigned hereby ratifies and confirms all that said attorneys and agents, or any one of them, shall do or cause to be done by virtue hereof. This Power of Attorney may be signed in several counterparts.

IN WITNESS WHEREOF, each of the undersigned has executed this Power of Attorney as of the date indicated.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed below by the following persons in the capacities and on the dates indicated.

<TABLE>

<CAPTION>

Signature -----	Title -----	Date ----
<S> /s/ Steve Sanghi ----- Steve Sanghi	<C> Chairman of the Board of Directors, President and Chief Executive Officer (Principal Executive Officer)	<C> December 23, 1999
/s/ C. Philip Chapman ----- C. Philip Chapman	Vice President, Chief Financial Officer and Secretary (Principal Accounting and Financial Officer)	December 23, 1999
/s/ Albert J. Hugo-Martinez ----- Albert J. Hugo-Martinez	Director	December 23, 1999
/s/ L.B. Day ----- L.B. Day	Director	December 23, 1999
/s/ Matthew W. Chapman ----- Matthew W. Chapman	Director	December 23, 1999
/s/ Wade F. Meyercord ----- Wade F. Meyercord	Director	December 23, 1999

</TABLE>

II-2
EXHIBIT INDEX

Exhibit No. -----	Exhibit -----
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5.1	Opinion and Consent of Mary K. Simmons, Esq.
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10.4 Form of Change Form for Employee Stock Purchase Plan
[Incorporated by Reference to Exhibit 10.4 to Registration
Statement No. 333-872]

23.1 Consent of KPMG LLP

23.2 Consent of Counsel (contained in Exhibit 5.1)

24.1 Power of Attorney (reference is made to page II-3 of this
Registration Statement)

MICROCHIP TECHNOLOGY INCORPORATED
1997 NONSTATUTORY STOCK OPTION PLAN

AS AMENDED THROUGH APRIL 26, 1999

ARTICLE I

1.1. PURPOSES OF THE PLAN. The purposes of this Nonstatutory Stock Option Plan are:

- * to attract and retain the best available personnel for positions of substantial responsibility;
- * to provide additional incentive to Employees and Consultants, and
- * to promote the success of the Company's business.

Options granted under the Plan will be Nonstatutory Stock Options.

1.2. DEFINITIONS. As used herein, the following definitions shall apply:

(a) "ADMINISTRATOR" means the Board or the Employee Committee as shall be administering the Plan, in accordance with Section 1.4 of the Plan.

(b) "APPLICABLE LAWS" means the requirements relating to the administration of stock option plans under U.S. state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any foreign country or jurisdiction where Options are, or will be, granted under the Plan.

(c) "BOARD" means the Board of Directors of the Company.

(d) "CODE" means the Internal Revenue Code of 1986, as amended.

(e) "COMMON STOCK" means the common stock, par value \$0.001 per share, of the Company.

(f) "COMPANY" means Microchip Technology Incorporated, a Delaware corporation.

(g) "CONSULTANT" means any person, including an advisor but not including Directors, engaged by the Company or a Parent or Subsidiary to render services to such entity.

(h) "DIRECTOR" means a member of the Board.

(i) "DISABILITY" means total or permanent disability as defined in Code Section 22(e)(3).

(j) "EMPLOYEE" means any person, excluding Officers and Directors, employed by the Company or any Parent or Subsidiary of the Company. A Service Provider shall not cease to be an Employee in the case of (i) any leave of absence approved by the Company or (ii) transfers between locations of the Company or between the Company, its Parent, any Subsidiary, or any successor. Neither service as a Director nor payment of a director's fee by the Company shall be sufficient to constitute "employment" by the Company.

(k) "EMPLOYEE COMMITTEE" means a committee of Directors appointed by the Board in accordance with Section 1.4 of the Plan.

(l) "EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended.

(m) "FAIR MARKET VALUE" means, as of any date, the value of Common Stock determined as follows:

- (i) If the Common Stock is listed on any established stock exchange or a national market system, including without limitation the Nasdaq National Market or The Nasdaq SmallCap Market of The Nasdaq Stock Market, its Fair Market Value shall be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on such exchange or system for the market trading day on the date of determination or the closing sales price on the last market trading day prior to the date of determination if there is no reported closing sales price on the date of determination, as reported in THE WALL STREET JOURNAL or such other source as the Administrator deems reliable;

- (ii) If the Common Stock is regularly quoted by a recognized

securities dealer but selling prices are not reported, the Fair Market Value of a Share of Common Stock shall be the mean between the high bid and low asked prices for the Common Stock on the last market trading day prior to the day of determination, as reported in THE WALL STREET JOURNAL or such other source as the Administrator deems reliable;

(iii) In the absence of an established market for the Common Stock, the Fair Market Value shall be determined in good faith by the Administrator.

(n) "NOTICE OF GRANT" means a written or electronic notice evidencing certain terms and conditions of an individual Option grant. The Notice of Grant is part of the Option Agreement.

(o) "OFFICER" means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder or who is otherwise considered an "officer" under applicable NASD or stock exchange rules.

(p) "OPTION" means a nonstatutory stock option granted pursuant to the Plan, that is not intended to qualify as an incentive stock option within the meaning of Code Section 422 and the regulations promulgated thereunder.

(q) "OPTION AGREEMENT" means an agreement between the Company and an Optionee evidencing the terms and conditions of an individual Option grant. The Option Agreement is subject to the terms and conditions of the Plan.

(r) "Optioned Stock" means the Common Stock subject to an Option.

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(s) "OPTIONEE" means the holder of an outstanding Option granted under the Plan.

(t) "PARENT" means "parent corporation," whether now or hereafter existing, as defined in Code Section 424(e).

(u) "PLAN" means this 1997 Nonstatutory Stock Option Plan.

(v) "SERVICE PROVIDER" means an Employee or Consultant.

(w) "SHARE" means a share of the Common Stock, as adjusted in accordance with Section 1.3(b), 2.2 and 2.3 of the Plan.

(x) "SUBSIDIARY" means a "subsidiary corporation," whether now or hereafter existing, as defined in Code Section 424(f).

1.3. STOCK SUBJECT TO THE PLAN.

(a) RESERVATION OF SHARES; UNPURCHASED SHARES. Subject to the provisions of Sections 1.3(b), 2.2 and 2.3 of the Plan, the maximum aggregate number of Shares which may be optioned and sold under the Plan is 3,500,000 Shares. The Shares may be authorized, but unissued, or reacquired Common Stock including shares repurchased by the Company on the open market.

If an Option expires or becomes unexercisable without having been exercised in full, the unpurchased Shares which were subject thereto shall become available for future grant or sale under the Plan (unless the Plan has terminated).

If Shares otherwise issuable under the Plan are withheld by the Company in satisfaction of the withholding taxes incurred in connection with the exercise of an outstanding Option, then the number of Shares available for issuance shall be reduced by the gross number of Shares for which the Option is exercised, and not by the net number of Shares actually issued to the Optionee.

(b) ADJUSTMENTS FOR ORGANIC CHANGES. Should any change be made to the Common Stock issuable under the Plan by reason of any stock split, stock dividend, recapitalization, combination of shares, exchange of shares or other change affecting the outstanding Common Stock as a class without the Company's receipt of consideration, then appropriate adjustments shall be made to (i) the maximum number and/or class of securities issuable under the Plan, and (ii) the number and/or class of securities and price per share in effect under each Option outstanding under the Plan. Such adjustments to the outstanding Options are to be effected in a manner which shall preclude the enlargement or dilution of rights and benefits under such Options. The adjustments determined by the Board shall be final, binding and conclusive.

1.4. ADMINISTRATION OF THE PLAN.

(a) ADMINISTRATION OF THE PLAN. The Plan shall be administered by the

Board. The Board, however, may at any time appoint a committee (the "Employee Committee") of one or more persons who are members of the Board

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and delegate to such Employee Committee the power, in whole or in part, to administer the Plan. Unless otherwise required by law, decisions among members of an Administrator shall be by majority vote.

(b) TERM ON COMMITTEE. Members of the Employee Committee shall serve for such period of time as the Board may determine and shall be subject to removal by the Board at any time. The Board at any time may terminate the functions of the Employee Committee and reassume all powers and authority previously delegated to the Employee Committee.

(c) POWERS OF THE ADMINISTRATOR. Subject to the provisions of the Plan, the Administrator shall have the authority, in its discretion:

- (i) to determine the Fair Market Value of the Common Stock;
- (ii) to select the Service Providers to whom Options may be granted hereunder;
- (iii) to determine whether and to what extent Options are granted hereunder;
- (iv) to determine the number of shares of Common Stock to be covered by each Option granted hereunder;
- (v) to approve forms of agreement for use under the Plan;
- (vi) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any award granted hereunder. Such terms and conditions include, but are not limited to, the exercise price, the time or times when Options may be exercised (which may be based on performance criteria), any vesting acceleration or waiver of forfeiture restrictions, and any restriction or limitation regarding any Option or the shares of Common Stock relating thereto, based in each case on such factors as the Administrator, in its sole discretion, shall determine;
- (vii) to reduce the exercise price of any Option to the then current Fair Market Value if the Fair Market Value of the Common Stock covered by such Option shall have declined since the date the Option was granted;
- (viii) to construe and interpret the terms of the Plan and awards granted pursuant to the Plan;
- (ix) to prescribe, amend and rescind rules and regulations relating to the Plan, including rules and regulations relating to sub-plans established for the purpose of qualifying for preferred tax treatment under foreign tax laws;
- (x) to modify or amend each Option (subject to Section 3.1(b) of the Plan), including the discretionary authority to extend the post-termination exercisability period of Options longer than is otherwise provided for in the Plan as provided in Section 2.1(g);

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- (xi) to authorize any person to execute on behalf of the Company any instrument required to effect the grant of an Option or previously granted by the Administrator;
- (xii) to determine the terms and restrictions applicable to Options;
- (xiii) to allow Optionees to satisfy withholding tax obligations as provided in Section 3.2; and
- (xiv) to make all other determinations deemed necessary or advisable for administering the Plan.

(d) EFFECT OF ADMINISTRATOR'S DECISION. The Administrator's decisions, determinations and interpretations shall be final and binding on all Optionees and any other holders of Options.

(e) INDEMNIFICATION. In addition to such other rights of indemnification as they may have, the members of each Administrator shall be indemnified and held harmless by the Company to the extent permitted under applicable law, for, from and against all costs and expenses reasonably incurred by them in connection with any action, legal proceeding

to which any such member thereof may be party, by reason of any action taken or failed to be taken, under or in connection with the Plan or any rights granted thereunder, and against all amounts paid by them in settlement thereof or paid by them in satisfaction of a judgment of any such action, suit or proceeding, except a judgment based upon a finding of bad faith.

1.5. ELIGIBLE PERSONS UNDER THE PLAN. The persons eligible to participate in the Plan are Employees and Consultants.

ARTICLE II OPTION GRANTS

2.1. TERMS AND CONDITIONS OF OPTIONS.

(a) GENERAL. Options granted to eligible persons pursuant to the Plan shall be authorized by action of the Administrator. Each granted Option shall be evidenced by one or more instruments in the form approved by the Administrator; provided, however, that each such instrument shall comply with the terms and conditions specified below.

(b) OPTION PRICE. The Option price per Share shall be fixed by the Administrator and shall in no event be less than one hundred percent (100%) of the Fair Market Value of such Common Stock on the grant date.

(c) PAYMENT OF OPTION PRICE. The Option price shall become immediately due upon exercise of the Option and shall be payable in one of the following alternative forms specified below:

(i) full payment in cash or check drawn to the Company's order;

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(ii) full payment through a broker-dealer sale and remittance procedure pursuant to which the Optionee (A) shall provide irrevocable written instructions to a designated brokerage firm to effect the immediate sale of the purchased Shares and remit to the Company, out of the sale proceeds available on the settlement date, sufficient funds to cover the aggregate Option price payable for the purchased Shares plus all applicable Federal and State income and employment taxes required to be withheld by the Company in connection with such purchase and (B) shall provide written directives to the Company to deliver the certificates for the purchased Shares directly to such brokerage firm in order to complete the sale transaction.

For purposes of this Section 2.1(c), the Exercise Date shall be the date on which written notice of the Option exercise is delivered to the Company. Except to the extent the sale and remittance procedure is utilized in connection with the exercise of the Option, payment of the Option price for the purchased Shares must accompany such notice.

(d) TERM AND EXERCISE OF OPTIONS. Each Option granted under the Plan shall be exercisable at any time or times and during such period as is determined by the Administrator and set forth in the instrument evidencing the grant. No such Option, however, shall have a maximum term in excess of ten (10) years from the grant date. During the lifetime of the Optionee, the Option shall be exercisable only by the Optionee and shall not be assignable or transferable by the Optionee other than by will or by the laws of descent and distribution following the Optionee's death.

(e) TERMINATION OF SERVICE. The following provisions shall govern the exercise period applicable to any outstanding Options held by the Optionee at the time of cessation of Service or death:

(i) Should an Optionee cease Service for any reason (including Disability but not including death) while holding one or more outstanding Options under the Plan, then none of those Options shall (except to the extent otherwise provided pursuant to Section 2.1(f) below) remain exercisable for more than a ninety (90) day period (or such shorter or longer period determined by the Administrator and set forth in the instrument evidencing the grant, but not to exceed twelve (12) months) measured from the date of such cessation of Service.

(ii) Any Option held by the Optionee under the Plan and exercisable in whole or in part on the date of said Optionee's death may be subsequently exercised by the personal representative of the Optionee's estate or by the person or persons to whom the Option is transferred

pursuant to the Optionee's will or in accordance with the laws of descent and distribution. Such exercise, however, must occur prior to the earlier of six months following the date of Optionee's death or the specified expiration date of the Option term. Upon the occurrence of the earlier event, the Option shall terminate and cease to be outstanding.

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- (iii) Under no circumstances, however, shall any such Option be exercisable after the specified expiration date on the Option term.
- (iv) During the applicable post-Service exercise period, the Option shall not be exercisable for more than the number of shares (if any) in which the Optionee is vested at the time of Optionee's cessation of Service (less any Option Shares subsequently purchased by the Optionee prior to death). Upon the expiration of the limited post-Service exercise period or (if earlier) upon the specified expiration date of the Option term, each such Option shall terminate and cease to be outstanding with respect to any vested shares for which the Option has not otherwise been exercised. However, each outstanding Option shall immediately terminate and cease to be outstanding, at the time of the Optionee's cessation of Service, with respect to any shares for which the Option is not otherwise at that time exercisable or in which the Optionee is not otherwise at that time vested.
- (v) Should (A) the Optionee's service be terminated for misconduct (including, but not limited to, any act of dishonesty, willful misconduct, fraud or embezzlement) or (B) the Optionee make any unauthorized use or disclosure of confidential information or trade secrets of the Company or any Parent or Subsidiary, then in any such event all outstanding Options held by the Optionee under the Plan shall terminate immediately and cease to be outstanding.

(f) DISCRETION TO ACCELERATE VESTING. The Administrator shall have complete discretion, exercisable either at the time the Option is granted or at any time while the Option remains outstanding, to permit one or more Options held by the Optionee under this Plan to be exercised, during the limited post-Service exercise period applicable under Section 2.1(e) above, not only with respect to the number of vested shares of Common Stock for which each such Option is exercisable at the time of the Optionee's cessation of Service but also with respect to one or more subsequent installments of vested shares for which the Option would otherwise have become exercisable had such cessation of Service not occurred.

(g) DISCRETION TO EXTEND EXERCISE PERIOD. The Administrator shall also have full power and authority to extend the period of time for which the Option is to remain exercisable following the Optionee's cessation of Service or death from the limited period in effect under Section 2.1(e) above to such greater period of time as the Administrator shall deem appropriate. In no event, however, shall such Option be exercisable after the specified expiration date of the Option term.

(h) DEFINITIONS. For purposes of the foregoing provisions of this Section 2.1 and for all other purposes under the Plan:

- (i) The Optionee shall (except to the extent otherwise specifically provided in the applicable Option Agreement) be deemed to remain in SERVICE for so long as such individual renders services on a periodic basis to the Company (or any Parent or Subsidiary) in the capacity of an Employee or a Consultant.

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- (ii) The Optionee shall be considered to be an Employee for so long as Optionee remains in the employ of the Company or one or more Parent or Subsidiary corporations, subject to the control and direction of the employer entity not only as to the work to be performed but also as to the manner and method of performance.

(i) STOCKHOLDER RIGHTS. An Optionee shall have no stockholder rights with respect to any Shares covered by the Option until such individual shall have exercised the Option and paid the Option price for the purchased Shares.

2.2. CORPORATE TRANSACTIONS.

- (a) DEFINITION. For purposes of this Plan, any of the following

stockholder approved transactions to which the Company is a party shall be considered a "Corporate Transaction":

- (i) a merger or consolidation in which the Company is not the surviving entity, except for a transaction the principal purpose of which is to change the State in which the Company is incorporated,
- (ii) the sale, transfer or other disposition of all or substantially all of the assets of the Company in complete liquidation or dissolution of the Company, or
- (iii) any reverse merger in which the Company is the surviving entity but in which securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities are transferred to person or persons different from those who held such securities immediately prior to such merger.

(b) ACCELERATION OF OPTION. Upon the stockholder approval of a Corporate Transaction, each Option which is at the time outstanding under the Plan shall automatically accelerate so that each such Option shall, immediately prior to the specified effective date for the Corporate Transaction, become fully exercisable with respect to the total number of shares of Common Stock at the time subject to such Option and may be exercised for all or any portion of such shares. However, an outstanding Option under the Plan shall not so accelerate if and to the extent: (A) such Option is, in connection with the Corporate Transaction, either to be assumed by the successor corporation or parent thereof or to be replaced with a comparable option to purchase shares of the capital stock of the successor corporation or parent thereof, (B) such Option is to be replaced with a cash incentive program of the successor corporation which preserves the option spread existing at the time of the Corporate Transaction and provides for subsequent payout in accordance with the same vesting schedule applicable to such Option, or (C) the acceleration of such Option is subject to other limitations imposed by the Administrator at the time of the option grant. The determination of option comparability under clause (A) above shall be made by the Administrator, and its determination shall be final, binding and conclusive.

(c) TERMINATION OF OPERATIONS. Upon the consummation of the Corporate Transaction, all outstanding options under the Plan shall terminate and cease to be outstanding, except to the extent assumed by the successor corporation or its parent company.

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(d) ADJUSTMENTS ON ASSUMPTION OR CONTINUATION. Each outstanding Option under the Plan which is assumed in connection with the Corporate Transaction or is otherwise to continue in effect shall be appropriately adjusted, immediately after such Corporate Transaction, to apply and pertain to the number and class of securities which would have been issued to the Option holder, in consummation of such Corporate Transaction, had such person exercised the Option immediately prior to such Corporate Transaction. Appropriate adjustments shall also be made to the Option price payable per share, provided the aggregate Option price payable for such securities shall remain the same. In addition, the class and number of securities available for issuance under the Plan following the consummation of the Corporate Transaction shall be appropriately adjusted.

(e) DISCRETION TO ACCELERATE. The Administrator shall have the discretion, exercisable either in advance of any actually-anticipated Corporate Transaction or at the time of an actual Corporate Transaction, to provide (upon such terms as it may deem appropriate) for the automatic acceleration of one or more outstanding Options granted under the Plan which are assumed or replaced in the Corporate Transaction and do not otherwise accelerate at the time, in the event the Optionee's Service should subsequently terminate within a designated period following the effective date of such Corporate Transaction.

(f) PLAN NOT TO AFFECT COMPANY. The grant of Options under the Plan shall in no way affect the right of the Company to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

2.3. CHANGE IN CONTROL.

(a) DEFINITION. For purposes of this Plan, a Change in Control shall be deemed to occur in the event:

- (i) any person or related group of persons (other than the Company or a person that directly or indirectly controls, is controlled by, or is under common control with, the Company) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 of the 1934

Act) of securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities pursuant to a tender or exchange offer made directly to the Company's stockholders which the Board does not recommend such stockholders to accept; or

- (ii) there is a change in the composition of the Board over a period of twenty-four (24) consecutive months or less such that a majority of the Board members (rounded up to the next whole number) ceases, by reason of one or more proxy contests for the election of Board members, to be comprised of individuals who either (A) have been Board members continuously since the beginning of such period or (B) have been elected or nominated for election as Board members during such period by at least a majority of the Board members described in clause (A) who were still in office at the time such election or nomination was approved by the Board.

(b) DISCRETION TO ACCELERATE. The Administrator shall have the discretionary authority, exercisable either in advance of any actually anticipated Change in Control or at the time of an actual Change in Control, to provide for the automatic acceleration of one or more

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outstanding Options under the Plan upon the occurrence of the Change in Control. The Administrator shall also have full power and authority to condition any such option acceleration upon the subsequent termination of the Optionee's Service within a specified period following the Change in Control.

(c) EXERCISE RIGHTS. Any Options accelerated in connection with the Change in Control shall remain fully exercisable until the expiration or sooner termination of the Option term.

ARTICLE III MISCELLANEOUS

3.1. AMENDMENT AND TERMINATION OF THE PLAN.

(a) AMENDMENT AND TERMINATION. The Board may at any time amend, alter, suspend or terminate the Plan.

(b) EFFECT OF AMENDMENT OR TERMINATION. No amendment, alteration, suspension or termination of the Plan shall impair the rights of any Optionee, unless mutually agreed otherwise between the Optionee and the Administrator, which agreement must be in writing and signed by the Optionee and the Company. Termination of the Plan shall not affect the Administrator's ability to exercise the powers granted to it hereunder with respect to Options granted under the Plan prior to the date of such termination.

3.2 TAX WITHHOLDING.

(a) GENERAL. The Company's obligation to deliver Shares of Common Stock upon the exercise of Options for such Shares under the Plan shall be subject to the satisfaction of all applicable Federal, State and local income tax and employment tax withholding requirements.

(b) SHARES TO PAY FOR WITHHOLDING. An Administrator may, in its discretion and in accordance with the provisions of this Section 3.2(b) and such supplemental rules as the Administrator may from time to time adopt, provide any or all holders of Options under the Plan with the right to use Shares in satisfaction of all or part of the Federal, State and local income tax and employment tax liabilities incurred by such Optionees in connection with the exercise of their Options (the "Taxes"). Such right may be provided to any such Optionee in either or both of the following formats:

- (i) STOCK WITHHOLDING. The Optionee may be provided with the election to have the Company withhold, from the Shares otherwise issuable upon the exercise of such Option, a portion of these Shares with an aggregate Fair Market Value equal to the percentage of the applicable Taxes (not to exceed one hundred percent (100%)) designated by the holder.
- (ii) STOCK DELIVERY. The Administrator may, in its discretion, provide the Optionee with the election to deliver to the Company, at the time the Option is exercised, one or more Shares previously acquired by such individual (other than pursuant to the transaction triggering the Taxes) with an aggregate Fair Market Value equal to the percentage of the

Taxes incurred in connection with such Option exercise (not to exceed one hundred percent (100%)) designated by the Optionee.

3.3 EFFECTIVE DATE AND TERM OF PLAN. The Plan is effective as of November 10, 1997 (the "Effective Date"). It shall continue in effect for ten (10) years, unless sooner terminated under Section 3.1 of the Plan.

3.4. USE OF PROCEEDS. Any cash proceeds received by the Company from the sale of Shares pursuant to Option grants under the Plan shall be used for general corporate purposes.

3.5. CONDITIONS UPON ISSUANCE OF SHARES.

(a) LEGAL COMPLIANCE. Shares shall not be issued pursuant to the exercise of an Option unless the exercise of such Option and the issuance and delivery of such Shares shall comply with Applicable Laws and shall be further subject to the approval of counsel for the Company with respect to such compliance.

(b) INVESTMENT REPRESENTATIONS. As a condition to the exercise of an Option, the Company may require the person exercising such Option to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required.

(c) SECURITIES REGISTRATION. No shares of Common Stock or other assets shall be issued or delivered under this Plan unless and until there shall have been compliance with all applicable requirements of Federal and State securities laws, including the filing and effectiveness of the Form S-8 registration statement for the shares of Common Stock issuable under the Plan, and all applicable listing requirements of any securities exchange on which stock of the same class is then listed.

(d) INABILITY TO OBTAIN AUTHORITY. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect to the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

3.6. NO EMPLOYMENT/SERVICE RIGHTS. Neither the action of the Company in establishing the Plan, nor any action taken by the Administrator hereunder, nor any provision of the Plan shall be construed so as to grant any individual the right to remain in the employ or service of the Company (or any Parent or Subsidiary) for any period of specific duration, and the Company (or any Parent or Subsidiary retaining the services of such individual) may terminate such individual's employment or service at any time and for any reason, with or without cause.

3.7. MISCELLANEOUS PROVISIONS.

(a) ASSIGNMENT. The right to acquire Common Stock or other assets under the Plan may not be assigned, encumbered or otherwise transferred by any Optionee or other Option holder. The provisions of the Plan shall inure to the benefit of, and be binding upon, the Company and its successors or

assigns, whether by Corporate Transaction or otherwise, and the Optionees, the legal representatives of their respective estates, their respective heirs or legatees and their permitted assignees.

(b) CHOICE OF LAW. The provisions of the Plan relating to the exercise of options and the vesting of shares shall be governed by the laws of the State of Arizona, as such laws are applied to contracts entered into and performed in such State.

(c) PLAN NOT EXCLUSIVE. This Plan is not intended to be the exclusive means by which the Company may issue options or warrants to acquire its shares of Common Stock, stock awards or issuances, or any other type of award or issuance. To the extent permitted by applicable law, any such other option, warrants, issuance, or awards may be issued by the Company other than pursuant to this Plan, without shareholder approval.

EXECUTED as of the 26th day of April, 1999

MICROCHIP TECHNOLOGY INCORPORATED,
a Delaware corporation

By /s/ Steve Sanghi

Steve Sanghi

Its: Chairman of the Board, President and
Chief Executive Officer

Attested by:

/s/ C. Philip Chapman

C. Philip Chapman
Secretary

/s/ Mary K. Simmons

Mary K. Simmons
Assistant Secretary

RESTATED MICROCHIP TECHNOLOGY INCORPORATED
EMPLOYEE STOCK PURCHASE PLAN

AS AMENDED THROUGH APRIL 26, 1999

I. PURPOSE

The Microchip Technology Incorporated Employee Stock Purchase Plan (the "Plan") is intended to provide eligible employees of the Company and one or more of its Corporate Affiliates with the opportunity to acquire a proprietary interest in the Company through participation in a plan designed to qualify as an employee stock purchase plan under Section 423 of the Code.

II. DEFINITIONS

For purposes of administration of the Plan, the following terms shall have the meanings indicated:

BOARD means the Board of Directors of the Company.

CODE means the Internal Revenue Code of 1986, as amended from time to time.

COMPANY means Microchip Technology Incorporated, a Delaware corporation, and any corporate successor to all or substantially all of the assets or voting stock of Microchip Technology Incorporated which shall by appropriate action adopt the Plan.

COMMON STOCK means shares of the Company's common stock, par value \$0.001 per share.

CORPORATE AFFILIATE means any parent or subsidiary corporation of the Company (as determined in accordance with Code Section 424) which is incorporated in the United States, including any parent or subsidiary corporation which becomes such after the Effective Date.

EARNINGS means the sum of the following items of compensation paid to a Participant by one or more Participating Companies during such individual's period of participation in the Plan: (i) regular base salary, plus (ii) any pre-tax contributions made by the Participant to any Code Section 401(k) salary deferral plan or any Code Section 125 cafeteria benefit program now or hereafter established by the Company or any Corporate Affiliate plus (iii) all overtime payments, bonuses, commissions, profit-sharing distributions and other incentive-type payments. There shall, however, be excluded from the calculation of such Earnings any and all contributions (other than Code Section 401(k) or Code Section 125 contributions) made on the Participant's behalf by the Company or one or more Corporate Affiliates under any employee benefit or welfare plan now or hereafter established.

EFFECTIVE DATE means March 17, 1993, the start date of the first offering period under the Plan. However, for any Corporate Affiliate which becomes a Participating Company in the Plan after such date, a subsequent Effective Date shall be designated with respect to participation by its Eligible Employees.

ELIGIBLE EMPLOYEE means any person who is engaged, on a regularly-scheduled basis of more than twenty (20) hours per week for more than five (5) months per calendar year, in the rendition of personal services to the Company or any other Participating Company for earnings considered wages under Section 3121(a) of the Code.

ENTRY DATE means the date an Eligible Employee first joins the offering period in effect under the Plan. The earliest Entry Date under the Plan shall be the Effective Date.

FAIR MARKET VALUE means the fair market value of the Common Stock on any relevant date under the Plan and shall, for any date following the initial March 17, 1993 Effective Date, be deemed to be equal to the closing selling price per share of Common Stock on the date in question, as officially quoted on the Nasdaq National Market. If there is no quoted selling price for the date in question, then the closing selling price per share of Common Stock on the next preceding day for which there does exist such a quotation shall be determinative of Fair Market Value.

PARTICIPANT means any Eligible Employee of a Participating Company who is actively participating in the Plan.

PARTICIPATING COMPANY means the Company and such Corporate Affiliate or Affiliates as may be designated from time to time by the Board to extend the benefits of the Plan to their Eligible Employees.

SEMI-ANNUAL ENTRY DATE means the first business day of each March and September within an offering period in effect under the Plan. However, the earliest Semi-Annual Entry Date under the Plan shall be the March 17, 1993 Effective Date.

SEMI-ANNUAL PERIOD OF PARTICIPATION means each semi-annual period for which the Participant actually participates in an offering period in effect under the Plan. There shall be a maximum of four (4) semi-annual periods of participation within each offering period. Except as otherwise designated by the Plan Administrator, the first such semi-annual period (which may actually be less than six (6) months for the initial offering period) shall extend from the start date of the offering period through the last business day in August; subsequent semi-annual periods shall then be measured from the first business day of September and March thereafter to the last business day of February and August, respectively.

SEMI-ANNUAL PURCHASE DATE means the last business day of each February and August within an offering period on which shares of Common Stock are automatically purchased for Participants under the Plan.

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SERVICE means the period during which an individual performs services as an Eligible Employee and shall be measured from his or her hire date, whether that date is before or after the Effective Date of the Plan.

III. ADMINISTRATION

The Plan shall be administered by a committee (the "Plan Administrator") comprised of two (2) or more non-employee Board members appointed from time to time by the Board. The Plan Administrator shall have full authority to administer the Plan, including authority to interpret and construe any provision of the Plan and to adopt such rules and regulations for administering the Plan as it may deem necessary in order to comply with the requirements of Section 423 of the Code. Decisions of the Plan Administrator shall be final and binding on all parties who have an interest in the Plan.

IV. OFFERING PERIODS

A. Shares of Common Stock shall be offered for purchase under the Plan through a series of successive offering periods until such time as (i) the maximum number of shares of Common Stock available for issuance under the Plan shall have been purchased or (ii) the Plan shall have been sooner terminated in accordance with Article IX.

B. The Plan shall be implemented in a series of successive offering periods, each to be of a duration of twenty-four (24) months or less as designated by the Plan Administrator prior to the start date. The initial offering period will begin on the Effective Date and will end on the last business day in February 1995. The next offering period shall commence on the first business day in March 1995, and subsequent offering periods shall commence as designated by the Plan Administrator.

C. Under no circumstances shall any offering period commence under the Plan, nor shall any shares of Common Stock be issued hereunder, until such time as (i) the Plan shall have been approved by the Company's stockholders and (ii) the Company shall have complied with all applicable requirements of the Securities Act of 1933 (as amended), all applicable listing requirements of any securities exchange on which shares of the Common Stock are listed and all other applicable statutory and regulatory requirements.

D. The Participant shall be granted a separate purchase right for each offering period in which he/she participates. The purchase right shall be granted on the Entry Date on which such individual first joins the offering period in effect under the Plan and shall be automatically exercised in successive semi-annual installments on the last business day of each February and August within the remainder of the offering period. Accordingly, each purchase right may be exercised up to two (2) times each calendar year it remains outstanding.

E. The acquisition of Common Stock through plan participation for any offering period shall neither limit nor require the acquisition of Common Stock by the Participant in any subsequent offering period.

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V. ELIGIBILITY AND PARTICIPATION

A. Each Eligible Employee of a Participating Company shall be eligible to participate in the Plan in accordance with the following provisions:

- An individual who is an Eligible Employee with at least thirty (30) days of Service prior to the start date of the offering period may enter that offering period on the Semi-Annual Entry Date coincident with such start date or on any subsequent Semi-Annual Entry Date within that offering period on which he/she remains an Eligible Employee. The Semi-Annual Entry Date on which such individual first joins the offering period shall become such individual's Entry Date for the offering period, and on that date such individual shall be granted his/her purchase right for the offering period.

- An individual who is not an Eligible Employee with at least thirty

(30) days of Service on the start date of the offering period may subsequently enter that offering period on the first Semi-Annual Entry Date on which he/she is an Eligible Employee with thirty (30) or more days of Service or on any subsequent Semi-Annual Entry Date within that offering period on which he/she remains an Eligible Employee. The Semi-Annual Entry Date on which such individual first joins the offering period shall become such individual's Entry Date for that offering period, and on that date such individual shall be granted his/her purchase right for the offering period.

B. To participate for a particular offering period, the Eligible Employee must complete the enrollment forms prescribed by the Plan Administrator (including a purchase agreement and a payroll deduction authorization) and file such forms with the Plan Administrator (or its designate) on or before his/her scheduled Entry Date.

C. The payroll deduction authorized by the Participant for purposes of acquiring shares of Common Stock under the Plan may be any multiple of one percent (1%) of the Earnings paid to the Participant during each Semi-Annual Period of Participation within the offering period, up to a maximum of ten percent (10%). The deduction rate so authorized shall continue in effect for the remainder of the offering period, except to the extent such rate is changed in accordance with the following guidelines:

- The Participant may, at any time during a Semi-Annual Period of Participation, reduce his/her rate of payroll deduction. Such reduction shall become effective as soon as possible after the filing of the requisite reduction form with the Plan Administrator (or its designate), but the Participant may not effect more than one (1) such reduction during the same Semi-Annual Period of Participation.

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- The Participant may not increase his/her rate of payroll deduction following his/her Entry Date into the offering period. However, the Participant may, prior to his/her Entry Date into any new offering period, increase the rate of his/her payroll deduction by filing the appropriate form with the Plan Administrator (or its designate). The new rate (which may not exceed the ten percent (10%) maximum) shall become effective as of the Participant's Entry Date into the first offering period following the filing of such form.

Payroll deductions will automatically cease upon the termination of the Participant's purchase right in accordance with the provisions of Section VII below.

VI. STOCK SUBJECT TO PLAN

A. The Common Stock purchasable under the Plan shall, solely in the discretion of the Plan Administrator, be made available from either authorized but unissued shares of Common Stock or from shares of Common Stock reacquired by the Company, including shares of Common Stock purchased on the open market. The total number of shares which may be issued over the term of the Plan shall not exceed 3,706,000 shares(1) (subject to adjustment under Section VI.B below). However, not more than 1,390,000(2) shares may be issued under the Plan from and after March 1, 1995, subject to adjustment under Section VI.B below.

B. In the event any change is made to the outstanding Common Stock by reason of any stock dividend, stock split, combination of shares or other change affecting such outstanding Common Stock as a class without the Company's receipt of consideration, appropriate adjustments shall be made by the Plan Administrator to (i) the class and maximum number of securities issuable over the term of the Plan and from and after the March 1, 1995 effective date of this restatement, (ii) the class and maximum number of securities purchasable per Participant during any one (1) Semi-Annual Period of Participation and (iii) the class and number of securities and the price per share in effect under each purchase right at the time outstanding under the Plan. Such adjustments shall be designed to preclude the dilution or enlargement of rights and benefits under the Plan.

VII. PURCHASE RIGHTS

An Eligible Employee who participates in the Plan for a particular offering period shall have the right to purchase shares of Common Stock, in a series of successive semi-annual installments during such offering period, upon the terms and conditions set forth below and shall execute a purchase agreement embodying such terms and conditions (not inconsistent with the Plan) as the Plan Administrator may deem advisable.

PURCHASE PRICE. Common Stock shall be issuable at the end of each Semi-Annual Period of Participation within the offering period at a purchase price equal to eighty-five percent (85%) of the LOWER of (i) the Fair Market Value per share on the Participant's Entry Date into that offering period or

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1 Adjusted to reflect the 400,000 share increase authorized by the Board on

April 26, 1999, subject to stockholder approval at the 1999 Annual Meeting. Should this proposed increase not be approved, then the total number of shares which may be issued over the term of the Plan shall not exceed 3,306,000.

- 2 Adjusted to reflect the 400,000 share increase authorized by the Board on April 26, 1999, subject to stockholder approval at the 1999 Annual Meeting. Should the proposed increase not be approved then the total number of shares that may be issued under the Plan from and after March 1, 1995, subject to adjustment under Section VI.B, below may not exceed 990,000.

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(ii) the Fair Market Value per share on the Semi-Annual Purchase Date on which such Semi-Annual Period of Participation ends. However, for each Participant whose Entry Date is other than the start date of the offering period, the clause (i) amount shall in no event be less than the Fair Market Value of the Common Stock on the start date of that offering period.

PAYMENT. Payment for the Common Stock purchased under the Plan shall be effected by means of the Participant's authorized payroll deductions. Such deductions shall begin with the first full payroll period beginning with or immediately following the Participant's Entry Date into the offering period and shall (unless sooner terminated by the Participant) continue through the pay day ending with or immediately prior to the last day of the offering period. The amounts so collected shall be credited to the Participant's book account under the Plan, but no interest shall be paid on the balance from time to time outstanding in such account. The amounts collected from a Participant may be commingled with the general assets of the Company and may be used for general corporate purposes.

NUMBER OF PURCHASABLE SHARES. The number of shares purchasable per Participant for each Semi-Annual Period of Participation during the offering period shall be the number of whole shares obtained by dividing the payroll deductions collected from the Participant during that Semi-Annual Period of Participation by the purchase price in effect for the Participant for such period. No Participant may purchase more than Thirteen Thousand Five Hundred (13,500) shares of Common Stock per Semi-Annual Period of Participation, subject to periodic adjustment under Section VI.B.

Under no circumstances shall purchase rights be granted under the Plan to any Eligible Employee if such individual would, immediately after the grant, own (within the meaning of Code Section 424(d)) or hold outstanding options or other rights to purchase, stock possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of the Company or any of its Corporate Affiliates.

TERMINATION OF PURCHASE RIGHT. The following provisions shall govern the termination of outstanding purchase rights:

(i) A Participant may, at any time prior to the last five (5) business days of the Semi-Annual Period of Participation, terminate his/her outstanding purchase right under the Plan by filing the prescribed notification form with the Plan Administrator (or its designate). No further payroll deductions shall be collected from the Participant with respect to the terminated purchase right, and any payroll deductions collected for the Semi-Annual Period of Participation in which such termination occurs shall, at the Participant's election, be immediately refunded or held for the purchase of shares on the next Semi-Annual Purchase Date. If no such election is made at the time the purchase right is terminated, then the deductions collected with respect to the terminated right shall be refunded as soon as possible.

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(ii) The termination of such purchase right shall be irrevocable, and the Participant may not subsequently rejoin the offering period for which the terminated purchase right was granted. In order to resume participation in any subsequent offering period, such individual must re-enroll in the Plan (by making a timely filing of a new purchase agreement and payroll deduction authorization) on or before his/her scheduled Entry Date into the new offering period.

(iii) If the Participant ceases to remain an Eligible Employee while his/her purchase right remains outstanding, then such purchase right shall immediately terminate, and the payroll deductions collected from such Participant for the Semi-Annual Period of Participation in which the purchase right so terminates shall be promptly refunded to the Participant. However, in the event the Participant's cessation of Eligible Employee status occurs by reason of his/her death or permanent disability, then such individual (or the personal representative of the estate of a deceased Participant) shall have the following election, exercisable at any time prior to the last five (5) business days of the Semi-Annual Period of Participation in which such cessation of Eligible Employee status occurs:

- to withdraw all of the Participant's payroll deductions for such Semi-Annual Period of Participation, or

- to have such funds held for the purchase of shares on the Semi-Annual Purchase Date immediately following such cessation of Eligible Employee status.

If a timely election is not made, then the payroll deductions shall be refunded as soon as possible after the close of such Semi-Annual Period of Participation. In no event, however, may any payroll deductions be made on the Participant's behalf following his/her cessation of Eligible Employee status.

STOCK PURCHASE. Shares of Common Stock shall automatically be purchased on behalf of each Participant (other than Participants whose payroll deductions have previously been refunded in accordance with the Termination of Purchase Right provisions above) on each Semi-Annual Purchase Date. The purchase shall be effected by applying each Participant's payroll deductions for the Semi-Annual Period of Participation ending on such Semi-Annual Purchase Date (together with any carryover deductions from the preceding Semi-Annual Period of Participation) to the purchase of whole shares of Common Stock (subject to the limitation on the maximum number of purchasable shares set forth above) at the purchase price in effect for the Participant for such Semi-Annual Period of Participation. Any payroll deductions not applied to such purchase because they are not sufficient to purchase a whole share shall be held for the purchase of Common Stock in the next Semi-Annual Period of Participation. However, any payroll deductions not applied to the purchase of Common Stock by reason of the limitation on the maximum number of shares purchasable by the Participant during the Semi-Annual Period of Participation shall be promptly refunded to the Participant.

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PRORATION OF PURCHASE RIGHTS. Should the total number of shares of Common Stock which are to be purchased pursuant to outstanding purchase rights on any particular date exceed the number of shares then available for issuance under the Plan, the Plan Administrator shall make a pro-rata allocation of the available shares on a uniform and nondiscriminatory basis, and the payroll deductions of each Participant, to the extent in excess of the aggregate purchase price payable for the Common Stock pro-rated to such individual, shall be refunded to such Participant.

RIGHTS AS STOCKHOLDER. A Participant shall have no stockholder rights with respect to the shares subject to his/her outstanding purchase right until the shares are actually purchased on the Participant's behalf in accordance with the applicable provisions of the Plan. No adjustments shall be made for dividends, distributions or other rights for which the record date is prior to the date of such purchase.

A Participant shall be entitled to receive, as soon as practicable after each Semi-Annual Purchase Date, a stock certificate for the number of shares purchased on the Participant's behalf. Such certificate may, upon the Participant's request, be issued in the names of the Participant and his/her spouse as community property or as joint tenants with right of survivorship. Alternatively, the Participant may request the issuance of such certificate in "street name" for immediate deposit in a designated brokerage account.

ASSIGNABILITY. No purchase right granted under the Plan shall be assignable or transferable by the Participant other than by will or by the laws of descent and distribution following the Participant's death, and during the Participant's lifetime the purchase right shall be exercisable only by the Participant.

CHANGE IN OWNERSHIP. Should any of the following transactions (a "Change in Ownership") occur during the offering period:

(i) a merger or other reorganization in which the Company will not be the surviving corporation (other than a reorganization effected primarily to change the State in which the Company is incorporated), or

(ii) a sale of all or substantially all of the Company's assets in liquidation or dissolution of the Company, or

(iii) a reverse merger in which the Company is the surviving corporation but in which more than fifty percent (50%) of the Company's outstanding voting stock is transferred to person or persons different from those who held the stock immediately prior to such merger, or

then all outstanding purchase rights under the Plan shall automatically be exercised immediately prior to the effective date of such Change in Ownership by applying the payroll deductions of each Participant for the Semi-Annual Period of Participation in which such Change in Ownership occurs to the purchase of whole shares of Common Stock at eighty-five percent (85%) of the LOWER of (i) the Fair Market Value per share of Common Stock on the Participant's Entry Date into the offering period in which such Change in Ownership occurs or (ii) the Fair Market Value per share of Common Stock

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immediately prior to the effective date of such Change in Ownership. However, the applicable share limitations of Articles VII and VIII shall continue to apply to any such purchase, and the clause (i) amount above shall not, for any

Participant whose Entry Date for the offering period is other than the start date of that offering period, be less than the Fair Market Value per share of Common Stock on such start date.

The Company shall use its best efforts to provide at least ten (10)-days advance written notice of the occurrence of any such Change in Ownership, and Participants shall, following the receipt of such notice, have the right to terminate their outstanding purchase rights in accordance with the applicable provisions of this Article VII.

VIII. ACCRUAL LIMITATIONS

A. No Participant shall be entitled to accrue rights to acquire Common Stock pursuant to any purchase right outstanding under this Plan if and to the extent such accrual, when aggregated with (I) rights to purchase Common Stock accrued under any other purchase right outstanding under this Plan and (II) similar rights accrued under other employee stock purchase plans (within the meaning of Section 423 of the Code) of the Company or its Corporate Affiliates, would otherwise permit such Participant to purchase more than \$25,000 worth of stock of the Company or any Corporate Affiliate (determined on the basis of the value of such stock on the date or dates such rights are granted the Participant) for each calendar year such rights are at any time outstanding.

B. For purposes of applying such accrual limitations, the right to acquire Common Stock pursuant to each purchase right outstanding under the Plan shall accrue as follows:

(i) The right to acquire Common Stock under each such purchase right shall accrue in a series of successive semi-annual installments as and when the purchase right first becomes exercisable for each such installment on the last business day of each Semi-Annual Period of Participation for which the right remains outstanding.

(ii) No right to acquire Common Stock under an outstanding purchase right shall accrue to the extent the Participant has already accrued in the same calendar year the right to acquire Common Stock under one or more other purchase rights at the rate of Twenty-Five Thousand Dollars (\$25,000) worth of Common Stock (determined on the basis of the Fair Market Value on the date or dates such rights are granted) for each calendar year those rights are at any time outstanding.

(iii) If by reason of such accrual limitations, any purchase right of a Participant does not accrue for a particular Semi-Annual Period of Participation, then the payroll deductions which the Participant made during that Semi-Annual Period of Participation with respect to such purchase right shall be promptly refunded.

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C. In the event there is any conflict between the provisions of this Article VIII and one or more provisions of the Plan or any instrument issued thereunder, the provisions of this Article VIII shall be controlling.

IX. AMENDMENT AND TERMINATION

A. The Board may alter, amend, suspend or discontinue the Plan following the close of any Semi-Annual Period of Participation. However, the Board may not, without the approval of the Company's stockholders:

(i) materially increase the number of shares issuable under the Plan or the maximum number of shares purchasable per Participant during any one Semi-Annual Period of Participation, except that the Plan Administrator shall have the authority, exercisable without such stockholder approval, to effect adjustments to the extent necessary to reflect changes in the Company's capital structure pursuant to Section VI.B;

(ii) alter the purchase price formula so as to reduce the purchase price payable for the shares issuable under the Plan; or

(iii) materially increase the benefits accruing to Participants under the Plan or materially modify the requirements for eligibility to participate in the Plan.

B. The Company shall have the right, exercisable in the sole discretion of the Plan Administrator, to terminate all outstanding purchase rights under the Plan immediately following the close of any Semi-Annual Period of Participation. Should the Company elect to exercise such right, then the Plan shall terminate in its entirety. No further purchase rights shall thereafter be granted or exercised, and no further payroll deductions shall thereafter be collected, under the Plan.

X. DISPOSITION OF SHARES

A. The Plan Administrator may, in its absolute discretion, impose, as a condition to the issuance of the shares of Common Stock purchased under the Plan, the requirement that each Participant provide the Company with prompt

notice of any transfer or other disposition of those shares which is effected within two (2) years after Participant's Entry Date into the offering period in which the shares were purchased OR within one year after the Semi-Annual Purchase Date on which those shares were in fact purchased. The Plan Administrator may further require the certificate evidencing such shares to be endorsed with a legend indicating the existence of such notice requirement and impose appropriate stop transfer orders with respect to such certificate in the absence of such notice.

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B. The Company shall not record on its books of record any transfer or other disposition of the shares of Common Stock issued under the Plan which is not effected in compliance with the foregoing notice requirement. Moreover, the Company may impose, as a condition to the recordation of such transfer or disposition, the requirement that the Participant satisfy all Federal, state and local income and employment tax withholding obligations applicable to such transfer or disposition.

XI. GENERAL PROVISIONS

A. The Plan became effective on the March 17, 1993 Effective Date.

B. The March 1, 1995 restatement incorporated a series of amendments to the Plan authorized by the Board in January, 1995 to effect the following changes to the Plan: (i) allow Eligible Employees to join an offering period on any Semi-Annual Entry Date within that offering period, (ii) prohibit Participants from increasing their rate of payroll deduction under the Plan after their Entry Date into a particular offering period, (iii) obligate Participants to notify the Company of any disqualifying disposition (as defined in Code Section 423) of the shares they acquire under the Plan and (iv) and increase in the number of shares of Common Stock available for issuance over the term of the Plan.

C. The Plan shall terminate upon the EARLIER of (i) the last business day in February 2003 or (ii) the date on which all shares available for issuance under the Plan shall have been sold pursuant to purchase rights exercised under the Plan.

D. All costs and expenses incurred in the administration of the Plan shall be paid by the Company.

E. Neither the action of the Company in establishing the Plan, nor any action taken under the Plan by the Board or the Plan Administrator, nor any provision of the Plan itself shall be construed so as to grant any person the right to remain in the employ of the Company or any of its Corporate Affiliates for any period of specific duration, and such person's employment may be terminated at any time, with or without cause.

F. The provisions of the Plan shall be governed by the laws of the State of Arizona without resort to that State's conflict-of-laws rules.

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SCHEDULE A

COMPANIES PARTICIPATING IN
EMPLOYEE STOCK PURCHASE PLAN
AS OF APRIL 26, 1999

Microchip Technology Incorporated

December 23, 1999

Microchip Technology Incorporated
2355 West Chandler Boulevard
Chandler, Arizona 85224

RE: Registration Statement on Form S-8 For Issuance of Common Stock Under
the Microchip Technology Incorporated Employee Stock Purchase Plan
(the "Purchase Plan") and the Microchip Technology Incorporated 1997
Nonstatutory Stock Option Plan (the "Stock Option Plan")

Gentlemen:

I refer you to your registration on Form S-8 (the "Registration Statement")
under the Securities Act of 1933, as amended, of (i) 400,000 shares of Common
Stock under the Purchase Plan, and (ii) 1,500,000 shares of Common Stock under
the Stock Option Plan. I advise you that, in my opinion, when such shares have
been issued and sold pursuant to the applicable provisions of the Purchase Plan
and the Stock Option Plan, and in accordance with the Registration Statement,
such shares will be validly issued, fully-paid and non-assessable shares of the
Company's Common Stock, par value \$.001 per share.

I hereby consent to the filing of this opinion as an exhibit to the Registration
Statement.

Sincerely yours,

/s/ Mary K. Simmons

Mary K. Simmons, Esq.
Vice President and General Counsel
Microchip Technology Incorporated

Independent Auditor's Consent

The Board of Directors
Microchip Technology Incorporated:

We consent to incorporation by reference in the registration statement on Form S-8 of Microchip Technology Incorporated of our report dated April 20, 1999, relating to the consolidated balance sheets of Microchip Technology Incorporated and subsidiaries as of March 31, 1999 and 1998, and the related consolidated statements of income, retained earnings and cash flows for each of the years in the three-year period ended March 31, 1999, which report appears in the March 31, 1999 annual report on Form 10-K of Microchip Technology Incorporated.

/s/ KPMG LLP

Phoenix, Arizona
December 22, 1999