



NEWS RELEASE

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MICROCHIP TECHNOLOGY INCORPORATED REDUCES SERIAL NOR-FLASH PRODUCT LINE THROUGH LICENSE AGREEMENT WITH PROFESSIONAL COMPUTER TECHNOLOGY LTD.

CHANDLER, Arizona – July 8, 2010 -- (NASDAQ:MCHP) – Microchip Technology Incorporated, a leader in microcontrollers, analog and Flash-IP solutions, announced today that it has granted an exclusive limited license to sell certain Serial NOR-Flash products from its Silicon Storage Technology subsidiary (“SST”) to Professional Computer Technology, Ltd. (“PCT”) headquartered in Taiwan. PCT is a distributor that specializes in the distribution of software, chips, modules and other semiconductor parts. The license is limited to certain geographic regions and industry segments. The financial terms of the license were not disclosed.

This is an exclusive limited license to sell Serial NOR-Flash products of SST from 512K to 64MB density in the geographic regions of Taiwan, China, Hong Kong, and ASEAN (Singapore, Malaysia, Thailand, Indonesia, Vietnam and Philippines). The license is limited to the industry segments of optical disc drives, set top boxes, electronic books, video games, digital displays, DVD player/recorder, notebook computers, netbooks, desktop computers, PC monitors, mass storage devices, printers/scanners/copiers/faxes, PC-CAM, point of sale devices, graphics cards, servers/clients/workstations, and mobile phones. PCT has no license to sell these SST Serial NOR-Flash products to any industry segments or geographic regions other than those listed above. Certain undisclosed multi-national customers are excluded from this license. The combination of limited products, geographic regions and industry segments is hereafter called the “Licensed Market.”

Under this license, PCT will be able to buy wafers for the Serial NOR-Flash products from SST’s foundries in Taiwan and China and have the wafers probed, assembled and tested using SST’s qualified subcontractors in Taiwan and China. PCT will then sell these products to the Licensed Market under its own brand name. Any backlog from the Licensed Market that is on SST’s books for the period beginning September 1, 2010 will be transferred to PCT.

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“This deal continues our restructuring of the SST business by allowing Microchip to transfer an important component of SST’s Serial NOR-Flash Memory business to PCT through the grant of an exclusive limited license. Microchip has received a license fee at closing and will receive a royalty on the sale of each device. This deal will reduce SST’s Memory revenue and monetize it in the form of a license fee and ongoing royalties,” said Steve Sanghi, President and CEO of Microchip.

Mr. Sanghi added, “With the sale of NAND drives and certain Memory products to Greenliant Systems Ltd. on May 21, 2010 and this exclusive limited license for a significant piece of Memory business to PCT, Microchip is well on its way to restructuring its SST subsidiary into a business model that will complement the Microchip operating model.” Mr. Sanghi concluded, “This transaction isn’t expected to impact our previous financial guidance for continuing operations. The results from the business unit that is being transferred through this license to PCT have been classified as discontinued operations and will be reported as such for the June and September 2010 quarters.”

There will be no conference call associated with this press release.

Cautionary Statement:

The statements in this release relating to SST transferring backlog on its books for the Licensed Market to PCT, SST’s Memory revenue being reduced and monetized in the form of a license fee and ongoing royalties, Microchip being well on its way to restructuring its SST subsidiary into a business model that will complement the Microchip operating model, the expectation that this transaction will not impact Microchip’s previous financial guidance for continuing operations and that the results for the business unit that is being transferred will be reported as discontinued operations in the June and September 2010 quarters are forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements involve risks and uncertainties that could cause our actual results to differ materially, including, but not limited to: the strength of the economic recovery or any unexpected fluctuations or weakness in the U.S. and global economies, changes in demand or market acceptance of SST or Microchip products and the customers for such products; the mix of SST or Microchip inventory we hold and our ability to satisfy short-term orders from such inventory;

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our ability to effectively ramp production of SST or Microchip products; competitive developments including pricing pressures; the level of orders that are received and can be shipped in a quarter; the level of sell-through of SST or Microchip products through distribution; changes or fluctuations in customer order patterns and seasonality; foreign currency effects on our business; the impact of any significant acquisitions that we may make; costs and outcome of any current or future tax audit or any litigation involving intellectual property, customers or other issues; difficulties associated with successfully integrating SST's business with our business and technologies; unexpected costs related to the integration of SST; the risk that our customers may fail to accept the SST product offering; disruptions in our business or the businesses of our customers or suppliers due to natural disasters, terrorist activity, armed conflict, war, worldwide oil prices and supply, public health concerns or disruptions in the transportation system; and general economic, industry or political conditions in the United States or internationally.

For a detailed discussion of these and other risk factors, please refer to Microchip's filings on Forms 10-K and 10-Q. You can obtain copies of Forms 10-K and 10-Q and other relevant documents for free at Microchip's website (www.microchip.com) or the SEC's website (www.sec.gov) or from commercial document retrieval services.

Stockholders of Microchip are cautioned not to place undue reliance on our forward-looking statements, which speak only as of the date such statements are made. Microchip does not undertake any obligation to publicly update any forward-looking statements to reflect events, circumstances or new information after this July 8, 2010 press release, or to reflect the occurrence of unanticipated events

About Microchip:

Microchip Technology Incorporated is a leading provider of microcontroller, analog and Flash-IP solutions, providing low-risk product development, lower total system cost and faster time to market for thousands of diverse customer applications worldwide. Headquartered in Chandler, Arizona, Microchip offers outstanding technical support along with dependable delivery and quality. For more information, visit the Microchip website at www.microchip.com.

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About PCT:

Professional Computer Technology, Ltd. is a leading distributor in Asia that specializes in semiconductors, NOR-Flash Memory devices, software solutions, component modules and other electronic components. PCT is headquartered in Taipei, Taiwan and has been publicly traded on Taiwan Greta Market under the stock code "6270.TWO" since 2003. PCT serves as a franchise partner for many global brands. PCT has sales and marketing offices in major cities in the Greater China and Asia Pacific regions.

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