MICROCHIP TECHNOLOGY REPORTS RECORD FIRST QUARTER RESULTS


Net sales for the first quarter of fiscal 1996 were $64.5 million, up 43% over $45.1 million reported in the first quarter of fiscal 1995 and up 10% sequentially from the prior quarter. Net income for the first quarter of fiscal 1996 was $11.5 million, up 52% over net income of $7.5 million in the first quarter of fiscal 1995. Net income per share for the first quarter of fiscal 1996 was 32 cents on 36.2 million average shares outstanding, up 40% over net income per share of 23 cents in last year's first quarter on 33.3 million average shares outstanding.

"With the June quarter, Microchip completed its fifth year of uninterrupted quarterly profitability and posted its fifteenth consecutive quarter of record sales and earnings performance," said Steve Sanghi, Microchip President and Chief Executive Officer. "All four of the strategic factors outlined to investors last fall as 'Act II' continue to perform well," added Sanghi. "Our baseline microcontroller business continues to generate strong new customer demand as evidenced by record shipments of more than 5,700 application development systems during the quarter. The mid-range microcontrollers and Serial E²PROMs displayed strong shipment and bookings growth. And, we are substantially increasing the capacity of our Tempe Fab II facility to add to the Company's overall manufacturing capability."

During the quarter, Microchip announced plans to increase its capital investment to more than $100 million during the current fiscal year to be used for both wafer fabrication and back-end packaging and testing facilities. The expedited capacity expansion plans are based on continued strong indications of product demand from all of the Company's sales geographies and distribution channels as evidenced by a quarterly book-to-bill ratio of more than 1.3x. The Company also announced plans to identify a third wafer fabrication facility or partnership arrangement to support growth beyond the capacity of the current two wafer facilities.

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Microchip Technology Inc.
Fiscal First Quarter 1996 Results

Microchip Technology Inc. is a leading supplier of field programmable 8-bit microcontrollers and related specialty memory products for high-volume embedded control applications. Microchip addresses the growing need for innovative embedded control solutions in the consumer, automotive, communication, office automation and industrial markets with products that offer the industry's most economical OTP (one-time programmable) memory capability. The Company is headquartered near Phoenix in Chandler, Arizona with semiconductor fabrication facilities in both Chandler and Tempe, Arizona and assembly and test operations in Kaohsiung, Taiwan and Bangkok, Thailand. Microchip employs approximately 1,500 employees and has sales offices located throughout North America, Asia, Europe and Japan.

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