

For Immediate Release
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MICROCHIP TECHNOLOGY TO ACQUIRE PUYALLUP, WASHINGTON WAFER FACILITY

PUYALLUP, Wash., May 24, 2000 [NASDAQ: MCHP] — Microchip Technology today announced it has executed an agreement to acquire the semiconductor manufacturing complex in Puyallup, Wash. from Matsushita Semiconductor Corporation of America. The facility purchase will substantially increase Microchip's global manufacturing capacity to accommodate robust worldwide demand for the company's field-programmable microcontrollers, serial EEPROMs and microperipheral products. Microchip expects to employ more than 1,000 people over time as the facility reaches full manufacturing capacity. Initial hiring is expected to reach 100 employees by year-end during facilitization and pre-production phases. Closing of the purchase transaction is expected by the end of July 2000. The specific terms of the agreement were not disclosed.

Situated on a 92-acre campus east of Tacoma, the Puyallup complex comprises approximately 710,000 square feet, including approximately 100,000 square feet of cleanroom space. The facility is capable of producing process technologies down to 0.18 micron. Microchip will initially produce 8" wafers on its 0.7 and 0.5 micron process technologies. The facility will also house manufacturing operations, offices, meeting rooms and support functions. Microchip plans to begin installing wafer processing equipment in October 2000 with volume production at the facility expected to begin August 2001. At full capacity, the company estimates the Puyallup facility would be capable of supporting \$1.5 billion in annual sales.

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ADD ONE – MICROCHIP TO ACQUIRE PUYALLUP, WA FACILITY

“Microchip’s ability to offer the best lead times on product delivery has been one of the reasons why engineers migrate their designs to a PICmicro[®] microcontroller solution,” said Steve Sanghi, Microchip’s CEO and president. “As demand for semiconductor devices continues to increase in the current industry cycle, Microchip is responding quickly to secure additional manufacturing capacity. Without this new facility, we had sufficient manufacturing capacity through the end of year 2001 at our current rate of growth. This acquisition will provide extremely cost-effective additional manufacturing capacity.”

“Our goal is to put this beautiful Science Park back to work,” said Puyallup Mayor Don Malloy. “Microchip Technology will be a welcome addition to our community and tax rolls.”

The statements contained in this release relating to the anticipated closing date of the Puyallup transaction, the timing of equipment installation and volume production at the Puyallup facility, and the Company’s hiring plans in Washington are forward looking statements. These statements involve risks and uncertainties which could cause actual results to differ materially, including but not limited to future demand for the Company’s products, delays in construction and facilitization, availability of equipment and other supplies, the ability to attract and retain qualified personnel, general economic conditions, and other risks and detailed in the Company’s recent S-3, 10-Qs and the 10-K for the fiscal year ended March 31, 1999 as filed with the Securities and Exchange Commission.

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ADD TWO – MICROCHIP TO ACQUIRE PUYALLUP, WA FACILITY

Microchip Technology Inc. manufactures the widely popular PICmicro[®] RISC microcontrollers which serve 8- and 16-bit embedded control applications. Specializing in field-programmable and mixed-signal solutions, the Company also offers complementary microperipheral products including stand-alone analog, interface and microID[™] RFID devices; serial EEPROMs; and the patented KEELOQ[®] security devices. This synergistic product portfolio targets thousands of applications and a growing demand for high-performance designs in the automotive, communications, computing, consumer and industrial control markets. The Company's quality systems are ISO 9001 (1994 version) and QS9000 (1998 version) certified. Microchip is headquartered near Phoenix in Chandler, Arizona, with semiconductor fabrication facilities in both Chandler and Tempe, Arizona, and assembly and test operations near Bangkok, Thailand. Microchip employs approximately 2,600 people worldwide and has sales offices throughout Asia, Europe, Japan and the Americas.

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