



November 5, 2010

Dear Valued Customer,

Microchip completed the acquisition of Silicon Storage Technology (SST) on April 8, 2010. Subsequently we announced the divestiture of the NAND Drive business in May to Greenliant Systems. In July we announced the licensing of certain Serial Flash products to Professional Computer Technology (PCT) for sale to limited geographic and industry segments. Links to both announcements are provided at the end of this letter if you would like more details. While we did evaluate other restructuring alternatives, after a thorough review we have decided to focus our resources and invest for the long term in SST's Memory, RF and Licensing businesses. In our most recent earnings announcement we have included all 3 businesses as essential ongoing businesses for Microchip.

Back in April I had committed that we would continue under a "business as usual" model during the transition as we migrated to Microchip's systems. I am happy to report that the business integration of SST into Microchip's systems is now complete. All SST customers should now be serviced by Microchip's worldwide sales teams and channel partners. In any business integration of this magnitude there could be transitional issues. I am thankful for your patience and trust in us during the transition. We are committed to serving your business and enabling your innovation, as well as to invest in SST's Memory, RF and Licensing initiatives so that they may serve you for many years to come.

Thank you again for your business.

Best Wishes,

A handwritten signature in purple ink that reads "Steve Sanghi".

Steve Sanghi
President and CEO

Press Release Links

http://www.microchip.com/stellent/idcplg?IdcService=SS_GET_PAGE&nodeId=2059&mcparam=en548324

http://www.microchip.com/stellent/idcplg?IdcService=SS_GET_PAGE&nodeId=2018&mcparam=en549230