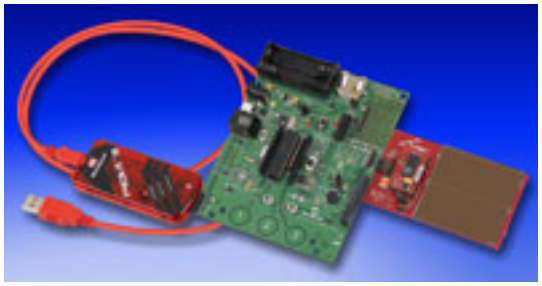
Microchip Announces SST NOR-Flash Product Line License Agreement



Microchip Technology Inc. announced 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. “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."

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