



April 1, 2020

Dear Valued Client,

First and foremost, given the vast impact of COVID-19, we hope that you, your families, and those you work with are safe and healthy. These are extremely difficult times for us all.

The COVID-19 global pandemic has impacted just about every business in the world, including ours. Fighting COVID-19 is a war against an invisible enemy and we are all in it together. We are in a race to protect our employees and their families, contribute in multiple ways to fight the virus, and most critically to support our clients in an environment of enhanced global operational restrictions. We are intensely focused on understanding and mitigating the possible risks to our supply of products that you need for us to deliver for the continuation of your manufacturing.

At this difficult juncture when the entire world is focused on the joint battle against the common enemy, COVID-19, we face possible major supply disruptions as municipality after municipality orders its citizens to “shelter in place” causing many of our factories to have significantly reduced labor and some threatened to be shut down. In addition, many hundreds of our employees are quarantined due to various first-hand or second-hand exposure to someone who has tested positive. In this environment, we are focused on reduction of risk and the creation of a level of stability of demand as well as supply.

Today we see a bipolar demand scenario with many companies wanting to take delivery of more product than they have on order with us, while at the same time some companies are looking at the possibility of not needing as much as they have ordered. It is a very complex balancing act, amplified by the operational restrictions in some jurisdictions, and we are seeking to smooth the variations out a bit so that we can best serve the prioritized needs of ALL of our clients.

To better create a realistic picture of the short term demand, and to stabilize the variations created by supply chain complexities, we are asking your support to do the following so that we may serve you better.

***Please review your outstanding orders for standard products that you have placed with MCHP for the next 3 months and make any negative or positive adjustments to those orders for standard products that are outside the 30 day cancellation window. We ask that this be completed by April 15.***

On April 16 we will be changing the “no cancellation - no reschedule” window for standard products from 30 days, and extending it to 45 days. This will give us a bit more stability in the demand side of our world and will allow us to do a better job of meeting our commitments to you in this time of volatile operational restrictions. We expect this window shift will only last a few months and we shall keep you informed when it changes.

If you are conducting business with MCHP under the terms of a signed agreement, those terms as detailed in that agreement will of course be honored.

Thank you for your business and your confidence in us.

Sincerely,

Steve Sanghi, Chairman and CEO  
Ganesh Moorthy, President and COO