



January 3, 2018

To our clients and partners –

We would like to wish all of you a happy and prosperous New Year. It has been a very good year for Microchip and we have you, our clients and our partners, to thank.

We have all just come through an exciting couple of years. For the first time in many years, we experienced significant, sustained growth in the semiconductor space as the global market for electronic products boomed. At the same time, the semiconductor industry has been transformed through a series of high-profile mergers and acquisitions.

The good news is the industry seems to be experiencing growth rates higher than the low single-digit levels of 2008 – 2016. The not-so-good news is this rapid growth has exposed weaknesses in some suppliers' ability to support their products. As our competitors work to rationalize their production and portfolios, we are seeing a significant increase in the number of device end-of-life notices being issued, as well as price increases for small and medium sized businesses intended to discourage business.

We at Microchip have a 25-year practice of letting you, our clients, decide when we discontinue a product: We call it customer-driven obsolescence. Until you decide you no longer need a product, we will continue to supply it, year in and year out.

If your current supplier is causing you to bear the cost and disruption of redesigning your products because they are no longer making theirs, we urge you to consider Microchip as a replacement to that supplier. We won't let you down, and we'll help you make the transition.

2018 is going to be another interesting year, full of opportunities and challenges. Microchip remains committed to helping our clients bring innovative products to market....and keeping you in the market for the lifetime of your product.

Thank you for your business, and may 2018 be your most successful year ever!

Steve Sanghi
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