

**CHARTER FOR THE AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS
OF
MICROCHIP TECHNOLOGY INCORPORATED**

AMENDED AND RESTATED MAY 11, 2004

PURPOSE:

The purpose of the Audit Committee of the Board of Directors (the “Committee”) of Microchip Technology Incorporated (the “Company”) shall be:

- to be responsible for the appointment, compensation, retention and oversight of the Company’s independent auditors;
- to oversee the accounting and financial reporting processes of the Company and the audits of the financial statements of the Company;
- to provide oversight and monitoring of Company management and the independent auditors and their activities with respect to the Company’s financial reporting process and internal controls;
- to provide the Company’s Board of Directors with the results of its monitoring and recommendations derived therefrom; and
- to provide to the Board of Directors such additional information and materials as it may deem necessary to make the Board of Directors aware of significant financial matters that require the attention of the Board of Directors.

The Committee will undertake those specific duties and responsibilities listed below and such other duties as the Board of Directors may from time to time prescribe.

MEMBERSHIP:

The Committee members will be appointed annually by, and will serve at the discretion of, the Board of Directors and will consist of at least three members of the Board of Directors. The members will meet the following criteria:

1. Each member will be an independent director, in accordance with the audit committee requirements of the Nasdaq National Market (“Nasdaq”) and the Securities and Exchange Commission (“SEC”), as determined by the Company’s Board of Directors;
2. Each member will be able to read and understand fundamental financial statements, in accordance with the requirements of Nasdaq and the SEC;
3. At least one member will have past employment experience in finance or accounting, requisite professional certification in accounting, or other comparable experience or background, including a current or past position as a chief executive or financial officer or other senior officer with financial oversight responsibilities; and

4. At least one member shall qualify as an “audit committee financial expert” as defined by SEC rules and regulations and as determined by the Company’s Board of Directors.

POWERS:

The Committee shall have the power to:

- conduct or authorize investigations into any matters within the Committee’s scope of responsibilities;
- engage independent counsel and other advisers, as it determines necessary to carry out its duties, and to determine the appropriate funding level for such activities and for ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties; and
- authorize funding for payment of compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company.

RESPONSIBILITIES:

The responsibilities of the Committee shall include:

- The appointment, compensation, retention and oversight of the Company’s independent auditors (including resolving disagreements between management and the independent auditors regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit review, or attest services or related work;
- Providing oversight and monitoring of Company management and their activities with respect to the Company’s financial reporting process, accounting policies, tax matters, disclosure controls and procedures and internal controls;
- The pre-approval of all audit and audit related services and non-audit services provided by the independent auditors to the Company, as required under applicable law and Nasdaq and SEC rules and regulations. The Committee may delegate to one or more designated Committee members the authority to grant preapprovals required by the foregoing sentence. The decisions of any Committee member to whom authority is delegated hereunder shall be presented to the Committee at its next scheduled meeting;
- Reviewing the independent auditors’ proposed audit scope and approach;
- Periodically and to the extent appropriate under the circumstances, it may be advisable for the Committee, with the assistance of the independent auditors and/or management, to consider and review the following:
 - Any significant changes required in the independent auditors’ audit plan.
 - The effect or potential effect of any accounting initiatives or similar accounting developments on the Company’s financial statements.
 - Any correspondence with regulators or governmental agencies and any employee complaints or published reports that raise material issues regarding the Company’s financial statements or accounting policies.
 - Other matters related to the conduct of the audit, which are to be communicated to the Committee under generally accepted auditing standards, applicable laws and Nasdaq and SEC rules and regulations.

- Reviewing the performance of the independent auditors, who shall be accountable to the Audit Committee;
- Reviewing the independence of the independent auditors, including a review of the services provided by the independent auditors and related fees, in accordance with applicable laws and Nasdaq and SEC rules and regulations. Requesting from the independent auditors of a formal written statement delineating all relationships between the auditor and the Company, consistent with Independent Standards Board Standard No. 1, and engaging in a dialogue with the auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the auditors;
- Obtaining from the independent auditor assurance that it has complied with Section 10A of the Securities Exchange Act of 1934;
- Monitoring partner rotation of the Company's independent auditors and hiring of former employees of the Company's independent auditors in accordance with applicable laws and Nasdaq and SEC rules and regulations;
- Monitoring the Company's independent auditors compliance with records retention requirements in accordance with applicable laws and Nasdaq and SEC rules and regulations;
- Directing the Company's independent auditors to review before filing with the SEC the Company's interim financial statements included in Quarterly Reports on Form 10-Q, using professional standards and procedures for conducting such reviews;
- Discussing with the Company's independent auditors the matters required to be discussed by Statement on Accounting Standard No. 61, as it may be modified or supplemented;
- In consultation with the independent auditors and management, consider and review at the completion of the annual examinations and such other times as the Committee may deem appropriate:
 - The Company's annual financial statements and related notes.
 - The independent auditors' audit of the financial statements and their report thereon.
 - The independent auditors' report regarding critical accounting policies, alternative treatments of financial information and other material written communications between the independent auditors and management as defined under applicable laws and Nasdaq and SEC rules and regulations.
 - Whether the Company has entered into any "off-balance sheet transactions" as defined by applicable SEC rules and regulations.
 - Any deficiency in, or suggested improvement to, the procedures or practices employed by the Company as reported by the independent auditors in their annual management letter.
- Reviewing and discussing with management, before filing with the SEC, the audited financial statements and Management's Discussion and Analysis in the Company's Annual Report on Form 10-K. Making a recommendation to the Board of Directors whether the audited financial statements should be included in the Company's Annual Report on Form 10-K;
- Reviewing and discussing with management, before release, the unaudited interim financial results in the Company's quarterly earnings releases;

- Reviewing and discussing with management and the independent auditors their respective evaluations of the Company's internal controls;
- Overseeing compliance with the requirements of the SEC for disclosure of independent auditor's services and Audit Committee members and activities;
- Establish procedures to promote and protect employee reporting of suspected fraud or wrongdoing relating to accounting, internal accounting controls or auditing matters, including procedures for:
 - Receiving, retaining and addressing complaints received by the Company relating to such matters;
 - Enabling employees to submit to the Committee, on a confidential and anonymous basis, any concerns regarding such matters; and
 - Protecting reporting employees from retaliation.
- Reviewing management's monitoring of compliance with the Company's code of conduct;
- Reviewing and approving all related party transactions as required by applicable laws and Nasdaq and SEC rules and regulations;
- Providing the Audit Committee Report in the Company's proxy statement as required by Item 306 of Regulation S-K, as well as the additional disclosures required by Item 7(d)(3) of Schedule 14A;
- Reviewing the Committee's own structure, processes and membership requirements;
- Reviewing and assessing the adequacy of this Charter at least annually; and
- Performing such other duties as may be requested by the Board of Directors.

MEETINGS:

The Committee will meet at least quarterly during each fiscal year, or more frequently as circumstances dictate. The Committee may establish its own schedule, which it will provide to the Board of Directors in advance.

The Committee will meet separately with the independent auditors as well as members of the Company's management, as it deems appropriate in order to review the financial controls of the Company.

MINUTES:

The Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board of Directors.

COMPENSATION:

Members of the Committee shall receive such fees, if any, for their service as Committee members as may be determined by the Board of Directors in its sole discretion. Such fees may include retainers or per meeting fees. Fees may be paid in such form of consideration as is determined by the Board of Directors.

Members of the Committee may not receive any compensation from the Company except the fees that they receive for service as a member of the Board of Directors or any committee thereof.

REPORTS:

Apart from the report prepared pursuant to Item 306 of Regulation S-K and Item 7(d)(3) of Schedule 14A, the Committee will summarize its examinations and recommendations to the Board from time to time as may be appropriate, consistent with this Charter.