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# Microchip Technology Announces Launch of Offering of Depositary Shares Representing Interests in Series A Mandatory Convertible Preferred Stock

CHANDLER, Ariz., March 19, 2025 (GLOBE NEWSWIRE) -- (NASDAQ: MCHP) Microchip Technology Incorporated ("Microchip" or the "Company"), a leading provider of smart, connected, and secure embedded control solutions, today announced the launch of an underwritten public offering (the "offering") of \$1.35 billion of depositary shares ("depositary shares"), each representing a 1/20th interest in a share of newly issued Series A Mandatory Convertible Preferred Stock, par value \$0.001 per share ("preferred stock"), of the Company. Microchip expects to grant the underwriters of the offering a 13-day option to purchase up to an additional \$135 million of depositary shares, solely to cover over-allotments, if any. Microchip intends to use a portion of the net proceeds from the offering to pay the cost of the capped call transactions described below. If the underwriters exercise their option to purchase additional depositary shares, Microchip expects to use a portion of the net proceeds from the sale of such additional depositary shares to enter into additional capped call transactions. Microchip intends to use the remaining net proceeds to repay existing debt, including notes outstanding under its commercial paper program.

J.P. Morgan, BofA Securities and BNP Paribas are acting as lead joint bookrunning managers for the offering. J. Wood Capital Advisors is acting as Microchip's financial advisor for the offering.

Holders of the depositary shares will be entitled to a proportional fractional interest in the rights and preferences of the preferred stock, including conversion, dividend, liquidation and voting rights, subject to the provisions of a deposit agreement. The preferred stock is expected to have a liquidation preference of \$1,000 per share. Unless earlier converted, each share of preferred stock will automatically convert, for settlement on or about March 15, 2028, into a variable number of shares of the Company's common stock, par value \$0.001 per share (the "common stock"), based on the applicable conversion rate, and each depositary share will automatically convert into a number of shares of common stock equal to a proportionate fractional interest in such shares of common stock. The dividend rate, conversion terms and other terms of the preferred stock will be determined at the time of pricing of the offering of the depositary shares. Currently, there is no public market for the depositary shares or the preferred stock. Microchip intends to apply to list the depositary shares on The Nasdaq Global Select Market under the symbol "MCHPP."

In connection with the pricing of the depositary shares, Microchip expects to enter into privately negotiated capped call transactions with one or more of the underwriters or their respective affiliates and/or other financial institutions (the "option counterparties"). The capped call transactions will cover, subject to customary anti-dilution adjustments, the number of shares of common stock underlying the preferred stock sold in the offering, based

on the minimum conversion rate of the preferred stock. The capped call transactions are generally expected to reduce or offset potential dilution to the common stock upon conversion of the preferred stock, with such reduction subject to a cap. If the underwriters exercise their option to purchase additional depositary shares, Microchip expects to enter into additional capped call transactions with the option counterparties.

Microchip has been advised that, in connection with establishing their initial hedges of the capped call transactions, the option counterparties or their respective affiliates expect to enter into various derivative transactions with respect to the common stock concurrently with or shortly after the pricing of the depositary shares. These activities could increase (or reduce the size of any decrease in) the market price of the common stock or the depositary shares at that time. In addition, Microchip has been advised that the option counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivative transactions with respect to the common stock and/or purchasing or selling the common stock or other securities of Microchip in secondary market transactions following the pricing of the depositary shares and prior to the mandatory conversion date of the preferred stock (and are likely to do so during the final averaging period relating to the mandatory conversion of the preferred stock and, to the extent Microchip unwinds a corresponding portion of the capped call transactions, following any early conversion of the preferred stock or repurchase of the depositary shares). This activity could also cause or avoid an increase or a decrease in the market price of the common stock or the depositary shares and could affect the value of the shares of common stock that holders will receive upon conversion of the preferred stock and, to the extent the activity occurs during the final averaging period relating to the mandatory conversion of the preferred stock, it could also affect the number of shares of common stock that holders will receive upon conversion.

A registration statement on Form S-3 relating to these securities has been filed with the Securities and Exchange Commission (the "SEC") and has become effective. The offering may be made only by means of a prospectus supplement and accompanying prospectus. Copies of the preliminary prospectus supplement and accompanying prospectus can be obtained by visiting the SEC's website at <http://www.sec.gov> or by contacting J.P. Morgan Securities LLC, c/o Broadridge Financial Solutions, 1155 Long Island Avenue, Edgewood, NY 11717 or by email at [prospectus-eq\\_fi@jpmchase.com](mailto:prospectus-eq_fi@jpmchase.com) and [postsalemanualrequests@broadridge.com](mailto:postsalemanualrequests@broadridge.com), BofA Securities, Inc, NC1-022-02-25, 201 North Tryon Street, Charlotte, NC 28255-0001, Attention: Prospectus Department, by email at: [dg.prospectus\\_requests@bofa.com](mailto:dg.prospectus_requests@bofa.com), or by telephone at 1-800-294-1322, or BNP Paribas Securities Corp., 787 7th Avenue, New York, New York 10019 or by calling toll-free at 1-800-854-5674.

This announcement is neither an offer to sell nor a solicitation of an offer to buy any of these securities and shall not constitute an offer, solicitation or sale in any jurisdiction in which such offer, solicitation or sale is unlawful.

The Microchip logo and name are registered trademarks of Microchip Technology Incorporated.

### **Cautionary Statement:**

The statements contained in this press release relating to the proposed offering including the expected terms of the offering, use of proceeds, listing of the depositary shares and the capped call transactions are forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements involve

risks and uncertainties that could cause actual results to differ materially, including, but not limited to: uncertainties related to equity and debt market conditions; our balance of cash and investments and the level of cash flow from our business; our available borrowings under our credit agreement; our debt leverage ratios; our ability to successfully execute on our business recovery plan; the costs and outcome of any current or future litigation, audit or investigation and general economic, industry or political conditions in the United States or internationally. For a detailed discussion of these and other risk factors, please refer to Microchip's recent filings on Form 10-K and Form 10-Q. You can obtain copies of our Form 10-Ks, Form 10-Qs and other relevant documents for free at Microchip's website ([www.microchip.com](http://www.microchip.com)) or the SEC's website ([www.sec.gov](http://www.sec.gov)) or from commercial document retrieval services. You are cautioned not to place undue reliance on our forward-looking statements, which speak only as of the date such statements are made. Microchip does not undertake any obligation to publicly update any forward-looking statements to reflect events, circumstances or new information after the date of this press release, or to reflect the occurrence of unanticipated events.

#### INVESTOR RELATIONS CONTACTS:

Eric Bjornholt – CFO ... (480) 792-7804

Sajid Daudi -- Head of investor Relations ... (480) 792-7385



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