

March 21, 2020



MICROCHIP TECHNOLOGY INCORPORATED ANNOUNCES NOTE EXCHANGES

CHANDLER, Arizona, March 21, 2020 (GLOBE NEWSWIRE) -- Microchip Technology Incorporated (NASDAQ:MCHP) ("Microchip") announced today that on March 21, 2020, Microchip entered into separate privately-negotiated agreements with certain holders of Microchip's outstanding 1.625% Convertible Senior Subordinated Notes due 2025 (the "Notes") (the "Exchange Transactions").

Pursuant to the Exchange Transactions, Microchip has agreed to exchange \$615.0 million in aggregate principal amount of the Notes and accrued and unpaid interest thereon for cash and shares of Microchip's common stock, par value \$0.001 per share (the "Common Stock"). Upon the closing of the Exchange Transactions, Microchip estimates that it will pay an aggregate of approximately \$615.0 million in cash plus accrued interest and issue approximately 3.1 million shares of Common Stock for the Notes. The foregoing estimates are based on a price of \$60.56 per share of Common Stock, which was the reference price used in the Exchange Transactions. The actual amounts of cash and shares of Common Stock are subject to adjustment during an averaging period beginning on March 23, 2020, and could vary substantially depending on changes in the trading price of the Common Stock during the averaging period.

Microchip expects the closings of the Exchange Transactions to occur on March 27, 2020. Immediately following the closings of the Exchange Transactions, \$1.11 billion in aggregate principal amount of the Notes will remain outstanding.

To fund the cash portion of the Exchange Transactions, Microchip entered into a commitment letter (the "Commitment Letter"), dated as of March 21, 2020, with JPMorgan Chase Bank, N.A., Truist Bank, SunTrust Robinson Humphrey, Inc., Wells Fargo Bank, National Association, Wells Fargo Securities, LLC and BNP Paribas (the "Commitment Parties"), pursuant to which, subject to the terms and conditions set forth therein, the Commitment Parties have committed to provide a 364-day senior secured bridge term loan facility in an aggregate principal amount of \$615.0 million (the "Bridge Loan"). The funding of the Bridge Loan provided for in the Commitment Letter is contingent on the satisfaction of customary conditions, including (i) the execution and delivery of definitive documentation with respect to the Bridge Loan in accordance with the terms sets forth in the Commitment Letter, and (ii) the consummation of the Exchange Transactions.

Microchip also entered into a Second Amendment to Amended and Restated Credit Agreement, dated as of March 21, 2020 (the "Amendment"), which amends the Amended and Restated Credit Agreement, dated as of May 29, 2018, among Microchip, the lenders from time to time party thereto, and JPMorgan Chase Bank, N.A., as administrative agent (as amended, the "Credit Agreement"). The Amendment amends the Credit Agreement to revise certain negative covenants, including covenants that restrict Microchip and its

subsidiaries' ability to, among other things, incur subsidiary indebtedness, grant liens and enter into certain restrictive agreements, in each case, to permit the Bridge Loan. The Amendment also amended the financial covenants to require Microchip to maintain (1) a total leverage ratio (determined in accordance with the Credit Agreement) of not greater than 6.00 to 1.00 for any fiscal quarter ended on or after the date of the Amendment to, but excluding the first anniversary of the date of the Amendment, 5.75 to 1.00 for any fiscal quarter ended on or after the first anniversary of the date of the Amendment to, but excluding the second anniversary of the date of the Amendment, and 5.25 to 1.00 for any fiscal quarter thereafter, and (2) a senior leverage ratio (determined in accordance with the Credit Agreement) of not greater than 4.75 to 1.00 for any fiscal quarter ended on or after the date of the Amendment to, but excluding the first anniversary of the date of the Amendment, 4.25 to 1.00 for any fiscal quarter ended on or after the first anniversary of the date of the Amendment to, but excluding the second anniversary of the date of the Amendment, and 3.75 to 1.00 for any fiscal quarter thereafter.

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.

Forward-Looking Statements

The statements in this release regarding the estimated amounts of cash and shares of Common Stock to be paid or delivered, as applicable, in the Exchange Transactions; Microchip's ability to complete the Exchange Transactions, the closing date of the Exchange Transactions and Microchip's ability to enter into the Bridge Loan 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 our actual results to differ materially, including, but not limited to: any continued economic uncertainty due to public health issues (including the COVID-19 virus), monetary policy, political, geopolitical, trade or other issues in the U.S. or internationally, any unexpected fluctuations or weakness in the U.S. and global economies (including China), changes in the market price of the Common Stock during the averaging period, changes in demand or market acceptance of our products and the products of our customers; our ability to successfully integrate the operations and employees, retain key employees and customers and otherwise realize the expected synergies and benefits of our acquisitions; the impact of current and future changes in U.S. corporate tax laws (including the Tax Cuts and Jobs Act of 2017), foreign currency effects on our business; the mix of inventory we hold and our ability to satisfy short-term orders from our inventory; changes in utilization of our manufacturing capacity and our ability to effectively manage and expand our production levels; competitive developments including pricing pressures; the level of orders that are received and can be shipped in a quarter; changes or fluctuations in customer order patterns and seasonality; the impact of any future significant acquisitions that we may make; our ability to obtain a sufficient supply of wafers from third party wafer foundries and the cost of such wafers, the costs and outcome of any current or future litigation or other matters involving our Microsemi acquisition, the Microsemi business, intellectual property, customers, or other issues; the costs and outcome of any current or future tax audit or investigation regarding our business or the business of Microsemi; disruptions in our business or the businesses of our customers or suppliers due to natural disasters (including any floods in Thailand), cybersecurity incidents, terrorist activity, armed conflict, war, worldwide oil prices and supply, public health concerns (including the COVID-19 virus) or disruptions in the transportation system; 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 filings on Forms 10-K and 10-Q. You can obtain copies of Forms 10-K and 10-Q and other relevant documents for free at Microchip's website (www.microchip.com) or the SEC's website (www.sec.gov) or from commercial document retrieval services.

Stockholders of Microchip 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 this March 21, 2020 press release, or to reflect the occurrence of unanticipated events.

The Microchip name and logo are registered trademarks of Microchip Technology Incorporated in the USA and other countries. All other trademarks mentioned herein are the property of their respective companies.

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Source: Microchip Technology Inc.