

Report of Organizational Actions Affecting Basis of Securities

OMB No. 1545-0123

► See separate instructions.

Part I Reporting Issuer

1 Issuer's name MICROCHIP TECHNOLOGY INCORPORATED		2 Issuer's employer identification number (EIN) 86-0629024	
3 Name of contact for additional information GARY W. McDANIEL	4 Telephone No. of contact 480-792-7200	5 Email address of contact GARY.MCDANIEL@MICROCHIP.COM	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 2355 WEST CHANDLER BOULEVARD		7 City, town, or post office, state, and ZIP code of contact CHANDLER, AZ 85224	
8 Date of action DECEMBER 1, 2020		9 Classification and description CONVERTIBLE NOTE EXCHANGE TRANSACTIONS	
10 CUSIP number SEE ATTACHED	11 Serial number(s) N/A	12 Ticker symbol MCHP	13 Account number(s) N/A

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ► SEE ATTACHED

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ► SEE ATTACHED

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ► SEE ATTACHED

Part II Organizational Action (continued)17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ SEE ATTACHED18 Can any resulting loss be recognized? ▶ SEE ATTACHED19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ N/A**Sign
Here**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature ▶

Date ▶

Print your name ▶

Title ▶

**Paid
Preparer
Use Only**

Print/Type preparer's name

Preparer's signature

Date

Check ☐ if
self-employed

PTIN

Firm's name ▶

Firm's EIN ▶

Firm's address ▶

Phone no.

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054

Form 8937, Part I, Line 10**Notes Surrendered in the Exchange**

1.625% Convertible Senior Subordinated Notes due 2025: CUSIP 595017AD6

1.625% Convertible Senior Subordinated Notes due 2027: CUSIP 595017AF1

2.250% Convertible Junior Subordinated Notes due 2037: CUSIP 595017AH7

Consideration Received in the Exchange

0.125% Convertible Senior Subordinated Notes due 2024: CUSIP 595017AU8

Microchip Common Stock: CUSIP 595017104

Form 8937, Part II, Line 14

On November 20, 2020, Microchip Technology Incorporated (“Microchip” or the “Company”) entered into separate privately negotiated exchange agreements (the “Exchange Agreements”) with certain holders (each, a “Holder” and collectively, the “Holders”) of the Company’s 1.625% Convertible Senior Subordinated Notes due 2025 (the “2025 Notes”), 1.625% Convertible Senior Subordinated Notes due 2027 (the “2027 Notes”), and 2.250% Convertible Junior Subordinated Notes due 2037 (the “2037 Notes” and, together with the 2025 Notes and the 2027 Notes, collectively, the “Existing Notes”), pursuant to which Microchip agreed to issue, deliver, and pay, as the case may be, (a) 0.125% Convertible Senior Subordinated Notes due 2024 (the “New Notes”), (b) shares of Microchip’s common stock, par value \$0.001 per share (the “Common Stock”), and (c) cash, in exchange for a portion of the Existing Notes (each, an “Exchange Transaction” and collectively, the “Exchange Transactions”). The foregoing amounts of New Notes, Common Stock, and cash were dependent on the principal amount of Existing Notes tendered and the type of consideration selected by a holder.

Exchange Consideration

On or about December 1, 2020, pursuant to the Exchange Agreements, the Company issued, delivered and paid, as the case may be, (i) approximately \$49.0 million in cash and 1,613,698 shares of Common Stock in exchange for approximately \$90.0 million aggregate principal amount of 2025 Notes and accrued and unpaid interest thereon, (ii) approximately \$158.2 million in cash, 2,983,858 shares of Common Stock, and approximately \$601.5 million aggregate principal amount of New Notes in exchange for approximately \$588.8 million aggregate principal amount of 2027 Notes and accrued and unpaid interest thereon, and (iii) approximately \$227.7 million in cash, 3,872,088 shares of Common Stock and \$64.0 million aggregate principal amount of New Notes in exchange for approximately \$407.7 million aggregate principal amount of 2037 Notes and accrued and unpaid interest thereon.

Form 8937, Part II, Line 15**Effect on Basis to U.S. Holders**

The following summary of certain U.S. federal income tax consequences is for informational purposes only and is not a substitute for careful tax planning and advice based upon your individual circumstances.

The discussion below is limited to a Holder that is a "United States person," as defined in Section 7701(a)(30) of the Internal Revenue Code (each, a "U.S. Holder" and collectively, the "U.S. Holders"). Additionally, the discussion below assumes that each Holder is an original purchaser of the Existing Notes. For instance, the discussion below does not address the market discount rules under Sections 1276 through 1278. All holders of Existing Notes are urged to consult their tax advisor for the U.S. federal, state, local and other tax consequences applicable under the applicable Exchange Agreement.

In General

The exchange of a debt instrument that constitutes a "security" for U.S. federal income tax purposes for consideration received in an Exchange Transaction should be treated as part of a "Recapitalization" within the meaning of Section 368(a)(1)(E) of the Internal Revenue Code if some or all of the consideration received in the Exchange Transaction constitutes stock or "securities" for U.S. federal income tax purposes.

It is anticipated that each series of Existing Notes would constitute a security for U.S. federal income tax purposes and the discussion below assumes such treatment. Whether an Exchange Transaction constitutes a recapitalization to a particular holder will therefore depend on the consideration that such holder received in the Exchange Transaction. Each Holder should consult with its own tax advisor regarding the U.S. federal income tax treatment of the Existing Notes and the Exchange Transaction to the Holder.

Effect on Basis to U.S. Holders if the Exchange Is a Recapitalization

Recapitalization Treatment if the New Notes Are Securities

If a U.S. Holder receives only Common Stock or only New Notes and the New Notes are securities, then, subject to the discussion below regarding cash received for accrued, unpaid interest, it is anticipated that such exchange to that U.S. Holder would constitute a Recapitalization. Moreover, if a U.S. Holder receives Common Stock and New Notes, then, subject to the discussion below regarding cash received for accrued, unpaid interest, it is anticipated that such exchange to that U.S. Holder would constitute a Recapitalization. The following discussion assumes the New Notes are securities, but see the following subsection if the New Notes are not securities.

A U.S. Holder generally would not recognize gain or loss unless (1) the principal amount of any New Notes received exceeded the principal amount of the Existing Notes surrendered (any excess, the "excess principal amount"), or (2) any cash was received; in which case, the U.S. holder would only recognize any gain (but not loss) realized up to an amount equal to the sum of the fair market value of such excess principal amount of securities and any cash received.

A U.S. Holder's tax basis in the Common stock or New Notes received in exchange for Existing Notes (apart from any portion thereof that may be allocable to accrued, unpaid interest or any portion of the New Notes that constitute excess principal amount) generally will equal such holder's adjusted tax basis in Existing Notes surrendered, plus the amount of gain recognized by the holder, less the sum of (i) any cash received and (ii) the fair market value of any excess principal amount of securities received. If both Common Stock and New Notes were received in the Exchange Transaction, a holder's basis in the Existing Notes would be allocated between the portion of the New Notes that does not constitute excess

principal amount and Common Stock in proportion to their fair market values. A U.S. Holder's tax basis in the portion of the New Notes that constitutes excess principal amount will be equal to its fair market value.

A U.S. Holder's holding period in the Common Stock or New Notes received (apart from any portion thereof that may be allocable to accrued, unpaid interest and any excess principal amount) generally will include the holder's holding period in the Existing Notes surrendered if the Existing Notes were held as a capital asset. A U.S. Holder's holding period in any portion of the New Notes that constitutes excess principal amount would begin on the day following the day of receipt.

To the extent any portion of a U.S. Holder's share of the consideration is allocable to interest on its Existing Notes that accrued but was not paid while such holder held the Existing Notes, such portion would be generally treated as a payment of interest.

Recapitalization Treatment if the New Notes Are Not Securities

If a U.S. Holder receives both Common Stock and New Notes, and the New Notes are not securities, subject to the discussion below regarding cash received for accrued, unpaid interest, it is anticipated that such exchange to that U.S. Holder would constitute a Recapitalization. In that case, the U.S. Holder generally would only recognize any gain (but not loss) realized up to an amount equal to the sum of the fair market value of the New Notes and any cash received.

A U.S. Holder's tax basis in any Common Stock received in the exchange for Existing Notes (apart from any portion thereof that may be allocable to accrued, unpaid interest) generally will equal such holder's adjusted tax basis in Existing Notes surrendered, plus the amount of gain recognized by the holder, less the sum of (i) any cash received and (ii) the fair market value of any New Notes received. A U.S. Holder's tax basis in the New Notes will be equal to their fair market value.

A U.S. Holder's holding period in the Common Stock received (apart from any portion thereof that may be allocable to accrued, unpaid interest) generally will include the holder's holding period in the Existing Notes surrendered if the Existing Notes were held as a capital asset. A U.S. Holder's holding period in the New Notes would begin on the day following the day of receipt.

To the extent any portion of a U.S. Holder's share of the consideration is allocable to interest on its Existing Notes that accrued but was not paid while such holder held the Existing Notes, such portion would be generally treated as a payment of interest.

Effect on Basis to U.S. Holders if the Exchange Is Not a Recapitalization

If a U.S. Holder does not receive Common Stock and the New Notes received are not securities, then it is anticipated that such exchange would not constitute a Recapitalization to such holder.

In that case, a U.S. Holder would generally be expected to recognize gain or loss in an amount equal to the difference, if any, between (i) the U.S. Holder's amount realized and (ii) the U.S. Holder's adjusted tax basis in its Existing Notes. A U.S. Holder's amount realized generally is equal to sum of (i) the amount of cash consideration received, and (ii) the issue price (fair market value) of any New Notes received (subject to the discussion below regarding accrued, unpaid interest). A U.S. Holder's tax basis

in the New Notes received would be equal to their issue price, and the holding period in those New Notes received would begin on the day following the day of receipt.

To the extent any portion of the consideration is allocable to accrued but unpaid interest that accrued while such holder held the Existing Notes, such portion would be treated as a payment of interest.

Form 8937, Part II, Line 16

To the extent an Exchange Transaction constitutes a Recapitalization because the U.S. Holder receives Common Stock or New Notes that constitute securities, such U.S. Holder's aggregate tax basis in such Common Stock or New Notes received in respect of its Existing Notes will generally equal such U.S. Holder's aggregate tax basis in its respective Existing Notes surrendered in the Exchange Transaction (excluding any portion allocable to accrued, unpaid interest or treated as excess principal amount), adjusted as described above. The adjusted basis of any portion of the New Notes that constitute excess principal amount, or if the New Notes do not constitute securities, will be their fair market value.

If an Exchange Transaction does not constitute a Recapitalization because the U.S. Holder does not receive Common Stock and the New Notes do not constitute securities, the tax basis of any New Notes received by a U.S. Holder of such Existing Notes under the Exchange Transaction would equal the issue price of the New Notes.

Form 8937, Part II, Line 17

Internal Revenue Code Sections 354, 356, 358, 1001, 1012, and 1223.

Form 8937, Part II, Line 18

An Exchange Transaction generally should not result in a recognizable loss to a U.S. Holder if an Exchange Transaction qualifies as a Recapitalization to that U.S. Holder. If an Exchange Transaction does not qualify as a Recapitalization, the Exchange Transaction would result in a recognizable loss to a U.S. Holder to the extent a U.S. Holder's tax basis in Existing Notes surrendered plus interest that accrued but was not paid while such holder held such Existing Notes exceeds the sum of the cash and the issue price of any New Notes received therefor.