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Microchip Technology Announces Exchange of Convertible Notes

CHANDLER, Ariz., Aug. 12, 2021 (GLOBE NEWSWIRE) -- (NASDAQ: MCHP) – Microchip Technology Incorporated, a leading provider of smart, connected and secure embedded control solutions, today announced that it has entered into separate privately negotiated exchange agreements (the “Exchange Agreements”) with certain holders of its outstanding 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 “Notes”), pursuant to which Microchip will deliver and pay, as the case may be, an aggregate of (a) approximately 2.7 million shares of Microchip’s common stock, par value \$0.001 per share (the “Common Stock”), based on the Reference Price (as defined below) and (b) approximately \$266.0 million in cash, collectively, including accrued interest, in exchange for approximately \$70.4 million principal amount of the 2025 Notes, approximately \$100.7 million principal amount of the 2027 Notes and approximately \$92.5 million principal amount of the 2037 Notes (the “Exchange Transactions”).

The foregoing amounts of cash and stock are subject to adjustment during a one-day measurement period ending August 12, 2021. Accordingly, such approximate amounts are estimates based on an assumed price per share of Common Stock equal to the closing price per share of Common Stock on The Nasdaq Global Select Market on the date of the applicable Exchange Agreement and the Reference Price used in the Exchange Transactions. The actual amounts of cash paid and shares of Common Stock issued could vary depending on changes in the trading price of the Common Stock during the measurement period. The Exchange Transactions are expected to close on or about August 17, 2021. Following the closing of the Exchange Transactions, approximately \$71.0 million in aggregate principal amount of 2025 Notes will remain outstanding, approximately \$232.7 million in aggregate principal amount of 2027 Notes will remain outstanding and approximately \$30.1 million in aggregate principal amount of 2037 Notes will remain outstanding, in each case, with terms unchanged. Microchip will not receive any cash proceeds from the Exchange Transactions. In exchange for delivering and paying, as applicable, the shares of Microchip’s Common Stock and cash pursuant to the Exchange Transactions, Microchip will receive and cancel the exchanged Notes. Microchip will fund the cash portion of the Exchange Transactions with borrowings under that certain Amended and Restated Credit Agreement, dated as of May 29, 2018, among the Company, the lenders from time to time party thereto and JPMorgan Chase Bank, N.A., as administrative agent, as amended, and with existing cash and cash equivalents.

The Exchange Transactions are being conducted as a private placement and the shares of Common Stock to be issued in the Exchange Transactions will be issued pursuant to the exemption from the registration requirements of the Securities Act afforded by Section 4(a)(2) of the Securities Act and were offered only to persons believed to be either (i) an institutional “accredited investor” within the meaning of Rule 501(a)(1), (2), (3) or (7) of

Regulation D promulgated under the Securities Act or (ii) a “qualified institutional buyer” within the meaning of Rule 144A promulgated under the Securities Act. The Company is relying on this exemption from registration based on the representations made by the holders of the Notes participating in the Exchange Transactions.

About Microchip:

Microchip Technology Incorporated is a leading provider of smart, connected and secure embedded control solutions. Its easy-to-use development tools and comprehensive product portfolio enable customers to create optimal designs, which reduce risk while lowering total system cost and time to market. The company's solutions serve more than 120,000 customers across the industrial, automotive, consumer, aerospace and defense, communications and computing markets. Headquartered in Chandler, Arizona, Microchip offers outstanding technical support along with dependable delivery and quality. For more information, visit the Microchip website at www.microchip.com.

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

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Source: Microchip Technology Inc.