UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of The Securities Exchange Act of 1934

May 21, 2018
Date of Report (Date of earliest event reported)

MICROCHIP TECHNOLOGY INCORPORATED
(Exact name of registrant as specified in its charter)

Delaware	0-21184	86-0629024
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

2355 West Chandler Boulevard
Chandler, Arizona 85224-6199
(Address of principal executive offices)

(480) 792-7200
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 7.01. Regulation FD Disclosure.

Risk Factors

In connection with meetings with prospective investors, Microchip Technology Incorporated (the “Company” or “Microchip”) is furnishing information regarding certain additional risk factors related to the previously announced acquisition of Microsemi Corporation (“Microsemi”) on Exhibit 99.1 to this report.

Unaudited Pro Forma Condensed Combined Financial Data of the Company

The Company is disclosing unaudited pro forma condensed combined financial data of the Company, which gives effect to the consummation of the acquisition of Microsemi, the debt financing, the Company’s revolving credit facility under the Amended and Restated Credit Agreement, dated May 18, 2018, by and among the Company, the lenders from time to time party thereto and the administrative agent named therein (the “Amended and Restated Credit Agreement”), the term loan facility to be implemented pursuant to an amendment to the Amended and Restated Credit Agreement and the anticipated use of proceeds from such transactions. The unaudited pro forma condensed combined financial data of the Company is attached hereto as Exhibit 99.2 and is incorporated herein by reference.

The information in this Current Report (including the exhibits hereto) is furnished pursuant to Item 7.01 and shall not be deemed to be “filed” for the purpose of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section. This Current Report will not be deemed an admission as to the materiality of any information in this Current Report that is required to be disclosed solely by Regulation FD. In addition, this information shall not be incorporated by reference into any registration statement filing under the Securities Act, or the Exchange Act, as amended, regardless of any general incorporation language in such filing, unless it is specifically incorporated by reference in such filing.

The Company does not have, and expressly disclaims, any obligation to release publicly any updates or any changes in its expectations or any change in events, conditions, or circumstances on which any forward-looking statement is based, except as may be required by law.

The information contained in this Current Report shall not constitute an offer to sell or the solicitation of an offer to buy any securities.

Forward-Looking Statements

Certain statements herein (and in the exhibits hereto) constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements relate to a variety of matters, including but not limited to: the ability to complete any debt financing; the ability to borrow funds under the revolving credit facility and term loan facility pursuant to the Amended and Restated Credit Agreement; the timing and consummation of the proposed acquisition of Microsemi by Microchip; the ability of the parties to consummate the proposed acquisition and the satisfaction of the conditions precedent to consummation of the proposed acquisition, including the ability to secure regulatory approvals in a timely manner or at all; and other statements that are not historical fact. These statements are made on the basis of the current beliefs, expectations, and assumptions of the management of Microchip and Microsemi regarding future events and are subject to significant risks and uncertainties, many of which are beyond the control of Microchip or Microsemi. Such statements are predictions, and actual events or results may differ materially.

Additional factors that may cause results to differ materially from those described in the forward-looking statements are set forth in the Annual Report on Form 10-K of Microchip for the year ended March 31, 2018, which was filed with the Securities and Exchange Commission (the “SEC”) on May 18, 2018, in the Annual Report on Form 10-K of Microsemi for the year ended October 2, 2017, which was filed with the SEC on November 14, 2017 and in each company’s other filings on Form 10-Q and Form 8-K made with the SEC. Such filings are available at the SEC’s website at www.sec.gov.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
99.1	Certain Risk Factors Related to the Merger
99.2	Unaudited pro forma condensed combined financial information of Microchip Technology Incorporated and Microsemi Corporation

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: May 21, 2018

MICROCHIP TECHNOLOGY INCORPORATED,
a Delaware corporation

By: /s/ J. Eric Bjornholt

J. Eric Bjornholt
Vice President and Chief Financial Officer

EXHIBIT 99.1

Certain Risk Factors Related to the Merger

Microchip may fail to realize the anticipated strategic and financial benefits expected from its acquisition of Microsemi.

Microchip may not realize all of the anticipated benefits of the Merger or realize such benefits in the anticipated time frame after the completion of the Merger. Microchip's ability to realize the anticipated benefits of the Merger will depend on, among other things, Microchip's ability to combine its business with Microsemi's business in a manner that facilitates growth, realizes anticipated cost savings and retains Microsemi's customers, suppliers and employees. Microchip must successfully combine the businesses of Microchip and Microsemi in a manner that enables these anticipated benefits to be realized and Microchip must achieve the anticipated growth and cost savings without adversely affecting its revenue and financial results or the revenue and financial results of Microsemi. Microchip may not be able to achieve the cost reductions it has publicly announced prior to the Merger in the amount and time frame previously described.

Microchip may not be able to obtain its preferred form of financing to consummate the Merger, and the terms of the financing may be less favorable to Microchip than expected.

There is no financing condition under the Merger Agreement, which means that if the conditions to closing are otherwise satisfied or waived, Microchip is obligated to consummate the Merger whether or not it has sufficient funds to pay the consideration under the Merger Agreement. In connection with the Merger Agreement, Microchip entered into a debt commitment letter pursuant to which a syndicate of banks has committed to provide to Microchip, among other things, a Term Loan Facility, subject to the execution of definitive documentation and customary closing conditions. Microchip currently intends to finance the cash portion of the Merger consideration, repay and redeem the outstanding indebtedness of Microsemi and pay related fees and expenses in connection with the Merger using a combination of the Term Loan Facility, the Revolving Credit Facility, other debt financing and cash on hand. Obligations of the lenders under the debt commitment letter are subject to a number of conditions, and Microchip cannot provide any assurances that it will be able to close the financing provided by the commitment letter on the terms and in the amounts anticipated. If terms for the debt financing are less favorable than expected, financing costs would likely increase, potentially significantly, and Microchip's financing or operating flexibility may be constrained. If Microchip cannot close on any element of its financing plan, including the financing provided by the commitment letter, it will need to pursue other financing options, which will likely result in less favorable financing terms that would likely increase costs and/or materially adversely affect its credit rating or its financing and operating flexibility following the closing of the Merger.

Microchip may be unable to realize the anticipated synergies related to the Merger which could have a material adverse effect on Microchip's business, financial condition and results of operations.

Following the consummation of the Merger, Microchip expects to realize significant synergies from cost savings and revenue growth after the closing of the Merger. Microchip also expects to incur one-time costs to achieve these synergies, although those costs have not yet been quantified. While Microchip believes these synergies are achievable, Microchip's ability to achieve such estimated synergies in the amounts and timeframe expected is subject to various assumptions by Microchip's management based on expectation that are subject to a number of risks and which may or may not be realized, as well as the incurrence of other costs in its operations that may offset all or a portion of such synergies. As a consequence, Microchip may not be able to realize all of these synergies within the timeframe expected or at all. In addition, Microchip may incur additional and/or unexpected costs to realize these synergies. Failure to achieve the expected synergies could significantly reduce the expected benefits associated with the Merger and adversely affect the business of Microchip following the Merger. Microchip has incurred and will continue to incur substantial expenses in connection with the negotiation and consummation of the transactions contemplated by the Merger Agreement. These costs, as well as other unanticipated costs and expenses, could have a material adverse effect on the financial condition and operating results of Microchip following the consummation of the Merger and many of these costs will be borne by Microchip even if the Merger is not consummated.

Following the consummation of the Merger, Microchip may be unable to successfully integrate Microsemi's business and realize the anticipated benefits of the Merger.

Microchip and Microsemi currently operate as independent public companies. After the closing of the Merger, Microchip will be required to devote significant management attention and resources to integrating the business and operations of Microsemi. Potential difficulties Microchip may encounter in the integration process include the following:

- the inability to successfully combine the businesses of Microchip and Microsemi in a manner that permits Microchip to achieve the cost savings or revenue enhancements anticipated to result from the Merger, which would result in the anticipated benefits and synergies of the Merger not being realized in the time frame currently anticipated or at all;
- the loss of sales, customers (including direct and indirect U.S government customers and defense contractors), distributors or suppliers of Microsemi as a result of such parties deciding not to continue business at the same or similar levels with Microchip after the Merger;
- difficulty integrating the direct sales and distribution channels of Microchip and Microsemi to effectively sell the products of the continued company following the closing;
- the complexities associated with managing Microchip and integrating personnel from Microsemi, resulting in a significantly larger combined company, while at the same time providing high quality products to customers;
- unanticipated issues in coordinating accounting, information technology, communications, administration and other systems;
- identifying and eliminating redundant and underperforming functions and assets;
- difficulty addressing possible differences in corporate culture and management philosophies;
- the failure to retain key employees of either Microsemi or Microchip;
- potential unknown liabilities and unforeseen increased expenses, delays or regulatory conditions associated with the Merger, including shareholder litigation relating to the Merger;
- performance shortfalls as a result of the diversion of management's attention caused by consummating the Merger and integrating Microsemi's operations;
- managing the increased debt levels incurred in connection with the Merger; and
- a deterioration of credit ratings.

For all of these reasons, you should be aware that it is possible that the integration process following the consummation of the Merger could result in the distraction of Microchip's management, the disruption of Microchip's ongoing business or inconsistencies in its products, standards, controls, procedures and policies, any of which could materially adversely affect the ability of Microchip to maintain relationships with customers, distributors, vendors and employees or to achieve the anticipated benefits of the Merger, or could otherwise materially adversely affect the business and financial results of Microchip.

An inability to realize the anticipated benefits and cost synergies of the Merger, as well as any delays encountered in the integration process, could have a material adverse effect on the revenues, level of expenses and operating results of the combined company, which may materially adversely affect the value of Microchip's stock following the consummation of the Merger.

The business relationships of Microchip and Microsemi may be subject to disruption due to uncertainty associated with the Merger.

Parties with which Microchip or Microsemi do business may experience uncertainty associated with the proposed Merger, including with respect to current or future business relationships with Microchip, Microsemi, or the combined company. Microchip's and Microsemi' business relationships may be subject to disruption, as customers, distributors, suppliers, vendors, and others may seek to receive confirmation that their existing business relations with Microsemi will not be adversely impacted as a result of the Merger or attempt to negotiate changes in existing business relationships or consider entering into business relationships with parties other than Microchip, Microsemi, or the combined company as a result of the Merger. These disruptions could have a material adverse effect on the businesses, financial condition, or results of operations of the combined company, including an adverse effect on Microchip's ability to realize the anticipated benefits of the Merger. The risks and adverse effects of such disruptions could be exacerbated by any delay in consummating the Merger.

The consummation of the Merger is subject to a number of conditions and if these conditions are not satisfied or waived, the Merger will not be consummated.

The proposed acquisition of Microsemi by Microchip pursuant to the Merger Agreement is subject to a number of conditions that must be satisfied prior to the consummation of the Merger and the closing of the Merger may not occur, even with stockholder approval. Should the Merger fail to close for any reason, the business, reputation, financial condition and results of operations of Microsemi and/or Microchip may be materially adversely affected. The closing conditions under the Merger Agreement include, among others:

- adoption of the Merger Agreement by the affirmative majority vote of the outstanding shares of Microsemi common stock;
- the termination or expiration of any applicable waiting period under applicable antitrust laws; and
- no governmental entity of competent jurisdiction will have (1) enacted, issued, promulgated, entered, enforced or deemed applicable to the Merger any material applicable law that is in effect and has the effect of making the consummation of the Merger illegal in any jurisdiction or (2) issued or granted any order (whether temporary, preliminary or permanent) that has the effect of making the consummation of the merger illegal in any jurisdiction.

For both Microchip and Microsemi, the obligation to consummate the Merger is also subject to the accuracy of representations and warranties of, and the performance of obligations of, the other party, in each case as set forth in the Merger Agreement, subject to specified materiality exceptions. As a result of the above mentioned conditions and the other conditions described in the Merger Agreement, there can be no assurance that the Merger will be consummated, even if Microsemi stockholder approval of the Merger is obtained. Any adverse changes in the business, financial condition, results of operations or prospects of Microchip or Microsemi prior to the completion of the Merger will not permit Microchip to terminate the Merger, even if such changes would have a material adverse effect on Microsemi or Microchip.

As a result of the Merger, Microchip's goodwill and intangible assets on its consolidated balance sheet will increase substantially. If its goodwill or intangible assets become impaired in the future, Microchip would be required to record a material, non-cash charge to earnings, which would also reduce its stockholders' equity.

Under GAAP, goodwill and intangible assets are reviewed for impairment on an annual basis (or more frequently if events or circumstances indicate that their carrying value may not be recoverable). If Microchip's goodwill or other intangible assets are determined to be impaired in the future, Microchip will be required to record a non-cash charge to earnings during the period in which the impairment is determined, and any such charges may be material.

The pro forma financial data filed as Exhibit 99.2 to Microchip's Current Report on Form 8-K filed with the SEC on May 21, 2018 may not be an indication of the combined company's financial condition or results of operations following the Merger.

The pro forma financial data included herein are for illustrative purposes only, based on various estimated adjustments, assumptions, and preliminary estimates and may not be an indication of the combined company's financial condition or results of operations following the Merger for several reasons. The actual financial condition and results of operations of the combined company following the Merger may not be consistent with, or evident from, these pro forma financial data. In addition, the assumptions used in preparing the pro forma financial data may not prove to be accurate, and other factors may materially adversely affect the combined company's financial condition or results of operations following the Merger.

Pending shareholder litigation against Microsemi and Microchip could result in an injunction preventing consummation of the Merger, the payment of damages if the Merger is consummated and/or an adverse effect on the combined company's business, financial condition or results of operations following the Merger.

In connection with the Merger, various putative class action complaints have been filed by purported stockholders of Microsemi against Microsemi and its current directors. As of April 26, 2018, Microsemi had received the following complaints, each filed in the United States District Court for the Central District of California: Michael Rubin v. Microsemi, Case No. 8:18-cv-00653, filed April 20, 2018; Robert Johnson v. Microsemi, Case No. 8:18-cv-00698, filed April 24, 2018; and Jordan Rosenblatt v. Microsemi, Case No. 8:18-cv-00724 filed April 26, 2018. The complaints purport to be brought on behalf of all similarly situated stockholders of Microsemi and generally allege violations of Sections 14(a) and 20(a) of the Securities Exchange Act of 1934 in connection with the definitive proxy statement of Microsemi. The complaints seek to enjoin the vote on and closing of the Merger, rescission, damages, and attorneys' and experts' fees and costs. We expect that additional lawsuits with respect to the Merger may be filed in the future.

The outcome of any such lawsuit is uncertain. If any lawsuit is successful in obtaining an injunction prohibiting Microsemi or Microchip from consummating the Merger on the agreed upon terms, the injunction may prevent the Merger from being consummated within the expected timeframe, or at all. Furthermore, if the Merger is prevented or delayed, the lawsuits could result in substantial costs. The defense or settlement of any lawsuit or claim that remains unresolved at the time the Merger is consummated may adversely affect the combined company's business, financial condition or results of operations.

EXHIBIT 99.2

Unaudited pro forma condensed combined financial information

On March 1, 2018, we entered into an Agreement and Plan of Merger (the “Merger Agreement”) by and among Microchip Technology Incorporated, a Delaware corporation (“Microchip”, or the “Company”), Maple Acquisition Corporation, a Delaware corporation and a wholly-owned subsidiary of Microchip (the “Merger Sub”), and Microsemi Corporation (“Microsemi”), a Delaware corporation, pursuant to which, Merger Sub will be merged with and into Microsemi, with Microsemi surviving as a direct wholly-owned subsidiary of Microchip (the “Merger”). The following unaudited pro forma combined balance sheet and statements of operations are presented to give effect to the Merger. The pro forma information was prepared based on the historical financial statements and related notes of Microchip and Microsemi, as adjusted for the pro forma impact of applying the acquisition method of accounting in accordance with GAAP. The pro forma adjustments are based upon available information and assumptions that Microchip believes are reasonable. The allocation of the purchase price of the Microsemi acquisition reflected in these unaudited pro forma combined financial statements has been based upon preliminary estimates of the fair value of assets acquired and liabilities assumed upon consummation of the Merger. The pro forma adjustments are therefore preliminary and have been prepared to illustrate the estimated effect of the Merger and the related financing transactions undertaken in connection with the Merger set forth in Note 1 (the “Transactions”). This preliminary information is subject to change and such changes may be material.

The unaudited pro forma combined balance sheet has been prepared to reflect the transaction as if the transaction had occurred on March 31, 2018. The unaudited pro forma combined statements of operations combine the results of operations of Microchip and Microsemi for the fiscal year ended March 31, 2018 and four fiscal quarters ended April 1, 2018, respectively, as if the transaction had occurred on April 1, 2017. Microsemi’s fiscal year ended on October 1, 2017. Therefore, the results of operations for Microsemi for the four fiscal quarters ended April 1, 2018 have been calculated as described in Note 7.

The unaudited pro forma combined financial statements were prepared using the acquisition method of accounting with Microchip treated as the acquiring entity. Accordingly, the aggregate value of the consideration to be paid by Microchip to complete the Merger has been allocated to the assets to be acquired and liabilities to be assumed from Microsemi based upon their estimated fair values on the closing date of the Transactions. Microchip has not completed the detailed valuations necessary to estimate the fair value of the assets acquired and the liabilities assumed from Microsemi and the related allocations of purchase price, nor has Microchip identified all adjustments necessary to conform Microsemi’s accounting policies to Microchip’s accounting policies. Additionally, a final determination of the fair value of assets acquired and liabilities assumed from Microsemi will be based on the actual net tangible and intangible assets and liabilities of Microsemi that will exist as of the closing date. Accordingly, the pro forma purchase price adjustments presented herein are preliminary, and may be revised to reflect any final purchase price adjustments and any additional analyses we perform. Microchip estimated the fair value of Microsemi’s assets and liabilities based on discussions with Microsemi’s management and due diligence. As the final valuations are completed, increases or decreases in the fair value of relevant balance sheet amounts will result in adjustments, which may result in material differences from the information presented herein.

The unaudited pro forma condensed combined financial information includes certain pro forma adjustments that are intended to provide information about the continuing impact of the Merger on Microchip’s financial position and results of operations. The historical financial information is adjusted in the unaudited condensed combined pro forma financial statements to give effect to unaudited pro forma adjustments that are (1) directly attributable to the Merger, (2) factually supportable, and (3) with respect to the unaudited pro forma condensed combined statement of operations, expected to have a continuing impact on the consolidated operating results. The pro forma adjustments set forth in the unaudited pro forma condensed combined financial information reflect, among other things, the following:

- estimated issuance of additional indebtedness to finance the transaction;
- issuance of cash consideration by Microchip in the transaction;
- alignment of Microsemi’s accounting policies to Microchip’s accounting policies;

- transaction costs in connection with the Merger;
- impact of purchase accounting; and
- tax effect of pro forma adjustments at the estimated effective income tax rate applicable to the adjustments.

Microchip expects to incur costs and realize benefits associated with integrating the operations of Microchip and Microsemi. The unaudited pro forma combined financial statements do not reflect the costs of any integration activities or any benefits that may result from operating efficiencies or revenue synergies. The unaudited pro forma condensed combined statement of operations does not reflect any non-recurring charges directly related to the Merger that the combined company may incur upon completion of the Transactions. These revisions, if any, could have a material impact on the accompanying unaudited pro forma condensed consolidated financial statements and Microchip's future results of operations and financial position. Increases or decreases in the estimated fair value of the net assets acquired may change the amount of the purchase price allocated to goodwill resulting from the transaction and other acquired assets and liabilities. This may impact the unaudited condensed combined pro forma statement of operations due to an increase or decrease in the amount of amortization or depreciation of the adjusted assets.

These unaudited pro forma condensed combined financial statements reflect adjustments that, in the opinion of Microchip's management, are necessary to present fairly the unaudited pro forma condensed combined results of operations and combined consolidated financial position of Microchip as of and for the periods indicated. The unaudited pro forma condensed combined financial information is for illustrative and informational purposes only and is not intended to represent or be indicative of what the financial condition or results of operations would have been had Microchip operated historically on a stand-alone basis or if the transaction had occurred on the dates indicated. The unaudited pro forma condensed combined financial information should not be considered representative of future combined financial condition or consolidated results of operations. Assumptions underlying the pro forma adjustments are described in the accompanying notes and should be read in conjunction with the unaudited pro forma condensed consolidated financial statements.

The unaudited pro forma financial statements and the accompanying notes should be read together with the historical financial statements of Microchip for the fiscal year ended March 31, 2018 filed by Microchip with the Securities and Exchange Commission ("SEC") ("2018 Annual Report") and the historical financial statements of Microsemi for the fiscal year ended October 1, 2017 and fiscal quarters ended December 31, 2017 and April 1, 2018, filed by Microsemi with the SEC.

Unaudited pro forma condensed combined balance sheet
As of March 31, 2018
(in millions)

	March 31, 2018 Microchip historical	April 1, 2018 Microsemi historical (unaudited)	Pro forma adjustments (Note 6)	Footnote (Note 6)	Pro forma combined
ASSETS					
Cash and cash equivalents	$ 901.3	$ 223.2	$ (893.0)	(1)	$ 231.5
Short-term investments	1,295.3	—	(1,295.3)	(1)	—
Accounts receivable, net	563.7	292.2	—		855.9
Inventories	476.2	265.6	412.7	(2)	1,154.5
Prepaid expenses and other current assets	119.8	71.9	—		191.7
Total current assets	3,356.3	852.9	(1,775.6)		2,433.6
Property, plant and equipment, net	767.9	223.8	22.4	(3)	1,014.1
Goodwill	2,299.0	2,538.4	1,639.5	(4)	6,476.9
Intangible assets, net	1,662.0	698.6	4,701.4	(5)	7,062.0
Long-term deferred tax assets	100.2	68.7	—	(8)	168.9
Other assets	71.8	87.7	—		159.5
Total assets	$ 8,257.2	$ 4,470.1	$ 4,587.7		$17,315.0
LIABILITIES AND EQUITY					
Accounts payable	$ 144.1	$ 162.6	$ —		$ 306.7
Accrued liabilities	235.9	131.0	125.0	(6)	491.9
Deferred income on shipments to distributors	333.8	—	—		333.8
Current portion of long-term debt	1,309.9	81.4	—		1,391.3
Total current liabilities	2,023.7	375.0	125.0		2,523.7
Long-term debt	1,758.4	1,800.5	6,019.1	(7)	9,578.0
Long-term income tax payable	748.6	86.1	—		834.7
Long-term deferred tax liability	205.8	84.6	642.0	(8)	932.4
Other long-term liabilities	240.9	37.5	—		278.4
Stockholders' equity:					
Preferred stock	—	—	—		—
Common stock	0.2	23.6	(23.6)	(9)	0.2
Additional paid-in capital	2,562.5	1,474.1	(1,461.1)	(9)	2,575.5
Treasury stock	(662.6)	—	—		(662.6)
Accumulated other comprehensive loss	(17.6)	1.8	(1.8)	(9)	(17.6)
Retained earnings	1,397.3	586.9	(711.9)	(9)	1,272.3
Total stockholders' equity	3,279.8	2,086.4	(2,198.4)		3,167.8
Total liabilities and equity	$ 8,257.2	$ 4,470.1	$ 4,587.7		$17,315.0

See accompanying notes to the Unaudited pro forma condensed combined financial information

Unaudited pro forma condensed combined statement of income for the year ended March 31, 2018
(in millions, except per share amounts)

	Year ended March 31, 2018 Microchip historical	Four fiscal quarters ended April 1, 2018 Microsemi historical (unaudited)	Pro forma adjustments (Note 6)	Footnote (Note 6)	Pro forma combined
Net sales	$ 3,980.8	$ 1,894.3	$ —		$ 5,875.1
Cost of sales	1,560.1	718.5	—		2,278.6
Gross profit	2,420.7	1,175.8	—		3,596.5
Operating expenses:					
Research and development	529.3	354.2	—		883.5
Selling, general and administrative	452.1	349.6	—		801.7
Amortization of acquired intangible assets	485.5	192.0	308.0	(A)	985.5
Special (income) charges, net	17.5	23.6	—		41.1
	1,484.4	919.4	308.0		2,711.8
Operating income	936.3	256.4	(308.0)		884.7
Losses on equity method investments	(0.2)	—	—		(0.2)
Other income (expense):					
Interest income	22.0	—	(22.0)	(B)	—
Interest expense	(199.0)	(90.3)	(263.0)	(C)	(552.3)
Loss on settlement of convertible debt	(16.0)	—	—		(16.0)
Other income, net	(5.8)	(39.3)	—		(45.1)
Income before income taxes	737.3	126.8	(593.0)		271.1
Income tax provision (benefit)	481.9	(49.1)	(131.4)	(D)	301.4
Net income	$ 255.4	$ 175.9	$ (461.6)		$ (30.3)
Basic net income per common share attributable to common stockholders	$ 1.10	$ 1.51			$ (0.13)
Diluted net income per common share attributable to common stockholders	$ 1.03	$ 1.49			$ —
Basic common shares outstanding	232.9	117.6	(117.6)	(E)	232.9
Diluted common shares outstanding	248.9	119.8	(119.8)	(E)	248.9

See accompanying notes to the Unaudited pro forma condensed combined financial information

Notes to the unaudited pro forma condensed combined financial information

Note 1—Description of the transaction

On March 1, 2018, Microchip announced its agreement to acquire Microsemi. Under the terms of the merger agreement executed on March 1, 2018, Microsemi stockholders will receive $68.78 per share in cash for each share of Microsemi common stock. The acquisition price represents a total equity value of about $8.1 billion, and a total enterprise value of about $9.8 billion, after excluding Microsemi's cash and investments, net of debt, on its balance sheet as of April 1, 2018 of approximately $1.7 billion. In connection with the financing of the Merger, on May 18, 2018, Microchip entered into an Amended and Restated Credit Agreement, by and among Microchip, the lenders from time to time party thereto and JPMorgan Chase Bank, N.A., as administrative agent (the "Amended and Restated Credit Agreement"), pursuant to which Microchip's existing Amended and Restated Credit Agreement, dated as of June 27, 2013, as amended and restated as of February 4, 2015, and as further amended or supplemented, among the Company, the lenders from time to time party thereto and JPMorgan Chase Bank, N.A., as administrative agent (the "Existing Microchip Credit Agreement"), was amended and restated in its entirety. The Amended and Restated Credit Agreement provides for (1) an approximately $3.8 billion secured revolving credit facility (the "Revolving Credit Facility"), which consists of an approximately $244.3 million tranche of revolving loan commitments that terminate on February 4, 2020 and a $3.6 billion tranche of revolving loan commitments that terminate on May 18, 2023 and (2), by its terms, permits a senior secured term loan facility (the "Term Loan Facility") and the issuance of one or more series of senior secured or unsecured notes in an aggregate principal amount of up to $5.0 billion, in each case, to finance the Merger.

Microchip intends to finance the purchase price of the Merger through a combination of:

(1) loans under the Term Loan Facility under the Amended and Restated Credit Agreement;

(2) revolving loans under the Revolving Loan Facility under the Amended and Restated Credit Agreement;

(3) other debt financing; and

(4) Microchip's and Microsemi's cash and cash equivalents on hand at closing.

Note 2—Basis of pro forma presentation

The unaudited pro forma combined balance sheet has been prepared to reflect the Transactions as if they had occurred on March 31, 2018. The unaudited pro forma combined statements of operations combine the results of operations of Microchip and Microsemi for the fiscal year ended March 31, 2018 and the four fiscal quarters ended April 1, 2018, respectively as if the Transactions had occurred on April 1, 2017. Microsemi's most recent fiscal year ended October 1, 2017. Therefore, we have calculated its operating results for the twelve months ended April 1, 2018 as disclosed in Note 7. The unaudited pro forma combined balance sheet as of March 31, 2018 was prepared utilizing the Microsemi historical balance sheet as of April 1, 2018. The unaudited pro forma combined statements of operations for the year ended March 31, 2018 was prepared utilizing the Microsemi historical income statement for the four fiscal quarters ended April 1, 2018.

The unaudited pro forma combined financial statements have been prepared for illustrative purposes only and are not necessarily indicative of the consolidated financial position or results of operations in future periods or the results that actually would have been achieved had Microchip and Microsemi been a combined company during the respective periods presented. These unaudited pro forma combined financial statements should be read in conjunction with Microchip's 2018 Annual Report as well as Microsemi's historical consolidated financial statements and related notes included in its Annual Report on Form 10-K for the fiscal year ended October 1, 2017 filed with the SEC on November 14, 2017 and Microsemi's historical consolidated financial statements and related notes included in its Quarterly Report on Form 10-Q for the six months ended April 1, 2018 filed with the SEC on April 27, 2018 incorporated by reference herein. Certain reclassifications have been made to the historical presentation of Microchip and Microsemi to conform to the presentation used in the unaudited pro forma condensed combined financial statements, as described below in Note 5.

Microchip expects to incur costs and realize benefits associated with integrating the operations of Microchip and Microsemi. The unaudited pro forma combined financial statements do not reflect the costs of any integration activities or any benefits that may result from operating efficiencies or revenue synergies. The unaudited pro forma condensed combined statement of operations does not reflect any non-recurring charges directly related to the acquisition that the combined company may incur upon completion of the Transactions.

Note 3—Estimated preliminary purchase price consideration

The table below represents the total estimated preliminary purchase price consideration (amounts in millions):

Total number of shares of Microsemi common stock outstanding as of April 24, 2018	118.0
$68.78 per share purchase price	$8,113.3
Exchange of unvested share-based payment awards	13.0
Total	$8,126.3

Note 4—Estimated preliminary purchase price allocation

The table below represents the estimated preliminary purchase price allocation to the net assets acquired based on their estimated fair values, as well as the associated estimated useful lives of the acquired intangible assets (amounts in millions). Such amounts were estimated using the most recent unaudited financial statements of Microsemi as of April 1, 2018. Microchip does not believe the use of Microsemi's balances as of April 1, 2018 instead of March 31, 2018 will result in a materially different allocation, however, certain amounts, such as the balances of cash and cash equivalents, accounts receivable, inventories, accounts payable and other current liabilities may vary based upon changes in Microsemi's balances between April 1, 2018 and the actual closing date of the Merger, with offsetting changes to goodwill. As the final valuations are completed, increases or decreases in the fair value of relevant balance sheet amounts will result in adjustments, which may result in material differences from the information presented herein. Microchip's consolidated financial statements as of June 30, 2018 will include updated amounts if the Merger closes prior to that date.

	Fair Value
Assets acquired	
Cash and cash equivalents	$ 223.2
Accounts receivable, net	292.2
Inventories	678.3
Prepaid expenses and other current assets	71.9
Property, plant and equipment, net	246.2
Goodwill	4,177.9
Intangible assets	5,400.0
Long-term deferred tax asset	68.7
Other assets	87.7
Total assets acquired	11,246.1
Liabilities assumed	
Accounts payable	(162.6)
Other current liabilities	(131.0)
Short-term and long-term debt	(1,976.0)
Long-term deferred tax liabilities	(726.6)
Long-term income tax payable	(86.1)
Other long-term liabilities	(37.5)
Total liabilities assumed	(3,119.8)
Purchase price allocated	$ 8,126.3

Note 5—Reclassification adjustments

Certain reclassifications have been made to the historical presentation of Microsemi to conform to the presentation used in the unaudited pro forma condensed combined financial statements. They include the following:

Unaudited pro forma condensed combined balance sheet

- Approximately $86.1 million reclassified from other long-term liabilities to long-term income tax payable.

Note 6—Pro forma adjustments

The following is a description of the unaudited pro forma adjustments reflected in the unaudited pro forma condensed combined financial statements:

Adjustments to the pro forma condensed combined balance sheet:

(1)The pro forma adjustments to cash and cash equivalents and short-term investments reflects the cash paid for the Merger as follows (amounts in millions):

Cash portion of purchase consideration	$ 8,113.3
Fees and expenses	75.0
Proceeds from the Term Loan Facility	(1,000.0)
Proceeds from the Revolving Credit Facility	(3,000.0)
Proceeds from other debt financing	(2,000.0)
Total proceeds from debt borrowings	(6,000.0)
Total cash and cash equivalents and short-term investments used for purchase consideration	$ 2,188.3

As a condition of closing on the Merger of Microsemi, the Company will be required to settle Microsemi's outstanding indebtedness, which is estimated to require $1.976 billion in cash. The Company expects to use a portion of its cash on hand, cash generated from other debt financing and borrowings under its Term Loan Facility and Revolving Credit Facility to repay or satisfy Microsemi's debt.

(2) The pro forma adjustment to inventory reflects approximately $412.7 million of fair value write-up of acquired inventory at the assumed closing date of the Merger. The increased valuation of the inventory will increase cost of sales as the acquired inventory is sold after the closing date of the Merger. There is no continuing effect of the acquired inventory adjustment on the combined operating results and, as such, this adjustment is not included in the unaudited pro forma condensed combined statements of operations.

(3) The pro forma adjustment to property, plant, and equipment, net, reflects approximately $22.4 million of fair value write-up of acquired owned property and manufacturing equipment.

(4) The pro forma adjustment to goodwill includes the following (amounts in millions):

Elimination of Microsemi's historical goodwill balance	$(2,538.4)
Addition of goodwill as a result of the estimated preliminary purchase price allocation	4,177.9
Total pro forma adjustment to goodwill	$ 1,639.5

(5) The pro forma adjustment to intangible assets, net includes the following (amounts in millions):

Elimination of Microsemi's historical intangible asset balance	$ (698.6)
Addition of intangible assets as a result of the estimated preliminary purchase price allocation [(A)]	5,400.0
Total pro forma adjustment to intangible assets, net	$4,701.4

(A) The addition of intangible assets as a result of the estimated preliminary purchase price allocation is comprised of the following:

	Estimated useful life (in years)	**(in millions)**
Developed technology	10-15	$ 3,100.0
In-process technology	10-15	400.0
Customer relationships	5	1,800.0
Product backlog	1-2	100.0
Total purchased intangible assets		$ 5,400.0

(6) The pro forma adjustments to accrued liabilities represents non-recurring Merger costs of $125.0 million.

(7) The pro forma adjustments to long-term debt include the following (amounts in millions):

Proceeds from the Term Loan Facility	$3,000.0
Proceeds from the Revolving Credit Facility	1,000.0[(a)]
Proceeds from other debt financing	2,000.0
Total proceeds from long-term debt borrowings	6,000.0
Write-off deferred financing fees that are recorded as a reduction of debt	29.5
Incremental amount to repay Microsemi debt upon close of the Merger	64.6
Costs incurred to raise new debt	(75.0)
Total pro forma adjustments to the long-term debt	$6,019.1

(a) As a condition of closing on the Merger of Microsemi, the Company will be required to settle Microsemi's outstanding indebtedness, which is estimated to require $1.976 billion in cash. The Company expects to use a portion of its cash on hand, cash generated from other debt financing and borrowings under its Term Loan Facility and Revolving Credit Facility to repay or satisfy Microsemi's debt.

(8) The pro forma adjustments to deferred tax assets and liabilities include deferred tax assets and liabilities established on the preliminary purchase price allocation.

(9) The pro forma adjustments to total equity include the following (amounts in millions):

Elimination of Microsemi's historical equity balances	$(2,086.4)
Expense recognized on transaction fees	(125.0)
Exchange of unvested share-based payment awards	13.0
Total pro forma adjustment to intangible assets, net	$(2,198,4)

(b) Such estimated amount does not include certain payments that may be made to certain members of management of Microsemi.

Adjustments to the pro forma condensed combined statements of operations:

(A) The amortization of acquired intangible assets pro forma adjustments are as follows (amounts in millions):

	Year ended March 31, 2018
Elimination of Microsemi's historical acquired intangible asset amortization	$ (192.0)
Addition of the Microchip's estimated acquired intangible asset amortization	500.0
Total pro forma amortization of acquired intangible assets adjustments	$ 308.0

(B) The pro forma adjustments to interest income relates to the lost interest income of Microchip as the Company will be required to utilize its cash and investments concurrently with the closing of the Merger to pay off Microsemi's outstanding debt.

(C) The pro forma adjustments to interest expense are as follows (amounts in millions):

	Year ended March 31, 2018
Elimination of Microsemi's historical interest expense	$ (90.3)
Interest expense on debt borrowed to complete the Merger and repay Microsemi's outstanding debt	340.0
Interest expense related to the amortization of deferred financing fees	13.3
Total pro forma interest expense adjustments	$ 263.0

The Company will incur interest charges on additional debt under Microchip's Term Loan Facility, Revolving Credit Facility and other debt financing for the Merger, including the borrowings that will be used to repay or satisfy Microsemi's outstanding debt concurrently with the closing of the Merger. The interest was calculated using a weighted average interest rate of 4.25% on approximately $8.0 billion of debt used to finance the Merger plus $13.3 million of estimated amortization of deferred financing fees. A change in 0.10% in the interests rate on the debt would change interests expenses on a pro forma basis by $6.4 million for the fiscal year ended March 31, 2018.

(D) The pro forma adjustments to income tax provision (benefit) represent the estimated tax effect of pro forma adjustments (A) to (C) above at estimated tax rates. The pro forma tax benefit on these adjustments was lower than the U.S. Federal statutory rate as certain adjustments would affect foreign income, which is taxed at a lower rate.

(E) The pro forma adjustments to basic and diluted common shares outstanding were to eliminate Microsemi's shares outstanding.

Note 7—Calculation of Microsemi operatings results for the four fiscal quarters ended April 1, 2018

Microsemi's operating results for the four fiscal quarters ended April 1, 2018 were calculated as set forth in the table below. The fiscal year results for the year ended October 1, 2017 were scheduled from Microsemi's Annual Report on Form 10-K filed with the SEC on November 14, 2017. Microsemi's historical results for the year-to-date periods as of April 1, 2018 and April 2, 2017, were scheduled from the Quarterly Report on Form 10-Q for the six months ended April 1, 2018 filed with the SEC on April 27, 2018.

(in millions)	(X) Year ended October 1, 2017 Microsemi historical	(Y) Six months ended April 1, 2018 Microsemi historical	(Z) Six months ended April 2, 2017 Microsemi historical	(X) + (Y)-(Z) Four fiscal quarters ended April 1, 2018 Microsemi historical
		(unaudited)	(unaudited)	
Net sales	$ 1,811.8	$ 960.9	$ 878.4	$ 1,894.3
Cost of sales	654.3	382.0	317.8	718.5
Gross profit	1,157.5	578.9	560.6	1,175.8
Operating expenses:				
Research and development	341.6	181.8	169.2	354.2
Selling, general and administrative	330.7	185.1	166.2	349.6
Amortization of acquired intangible assets	191.7	92.4	92.1	192.0
Special (income) charges, net	23.2	8.6	8.2	23.6
	887.2	467.9	435.7	919.4
Operating income	270.3	111.0	124.9	256.4
Other expense:				
Interest expense, net	(97.7)	(44.4)	(51.8)	(90.3)
Other expense, net	(36.5)	(4.4)	(1.6)	(39.3)
Income before income taxes	136.1	62.2	71.5	126.8
Income tax (benefit) provision	(40.2)	2.0	10.9	(49.1)
Net income	$ 176.3	$ 60.2	$ 60.6	$ 175.9
Basic net income per common share attributable to common stockholders	$ 1.54	$ 0.51	$ 0.53	$ 1.51
Diluted net income per common share attributable to common stockholders	$ 1.51	$ 0.50	$ 0.52	$ 1.49
Basic common shares outstanding	114.9	117.2	114.4	117.6
Diluted common shares outstanding	117.1	119.3	116.6	119.8