

Microchip Technology Incorporated
Schedule of Outstanding Debt and Leverage Metrics
Dollar amounts in millions

| | Coupon Interest Rate | Maturity | Balance at 12/31/2019 |
|---|-------------------------------------|-----------------|----------------------------------|
| <i>Senior Secured Indebtedness</i> | | | |
| Revolving Credit Facility | | | \$2,624.5 |
| Term Loan Facility | | | 1,723.5 |
| 2023 Notes | 4.333% | 6/1/2023 | 1,000.0 |
| 2021 Notes | 3.922% | 6/1/2021 | 1,000.0 |
| Total Senior Secured Indebtedness | | | <u>6,348.0</u> |
| <i>Senior Subordinated Convertible Debt - Principal Outstanding</i> | | | |
| 2025 Senior Convertible Debt | 1.625% | 2/15/2025 | 1,725.0 |
| 2027 Senior Convertible Debt | 1.625% | 2/15/2027 | 2,070.0 |
| <i>Junior Subordinated Convertible Debt - Principal Outstanding</i> | | | |
| 2037 Junior Convertible Debt | 2.250% | 2/15/2037 | 686.3 |
| Total Convertible Debt | | | <u>4,481.3</u> |
| Total Gross Debt ¹ | | | <u><u>\$10,829.3</u></u> |
| Cash and Short-term Investments | | | \$402.3 |
| Total Gross Debt Less Cash and Short-term Investments | | | \$10,427.0 |
| Credit Agreement Leverage Metrics ² | | | |
| Senior Leverage Ratio | | | 2.9872 |
| Total leverage Ratio (excludes 2037 Junior Convertible Debt) | | | 4.7730 |
| Net Leverage Ratio (excludes 2037 Junior Convertible Debt) | | | 4.5836 |

Notes

1 - Refer to Note 12, Debt and Credit Facility of our Form 10-K for the fiscal year ended March 31, 2019 filed with the SEC on May 30, 2019 (the "Form 10-K") and our Form 10-Q as previously filed with the SEC for further information on our indebtedness.

2 - The following leverage metrics are based on the definitions in our Amended and Restated Credit Facility Agreement dated May 18, 2018 and Amendment No.1 to Amended and Restated Credit Facility Agreement dated September 26, 2019 based on last twelve month adjusted EBITDA (as defined in the Credit Agreement) and including the adjusted EBITDA of acquired companies divided into:

- for the Senior Leverage Ratio, Total Senior Secured Indebtedness;
- for the Total Leverage Ratio, Gross Debt less the 2037 Junior Convertible Debt; and
- for the Net Leverage Ratio, Gross Debt less the 2037 Junior Convertible Debt less Cash and Short-term Investments.

Refer to page 2 of this document for the calculation of adjusted EBITDA and our disclosures related to the use of this Non-GAAP measure.

Microchip Technology Incorporated
GAAP to Non-GAAP reconciliation - adjusted EBITDA
Dollar amounts in millions

The following calculation of adjusted EBITDA is based on the definition contained in our Credit Agreement.

| | For the three months ended: | | | |
|--|------------------------------------|------------------|------------------|-------------------|
| | 3/31/2019 | 6/30/2019 | 9/30/2019 | 12/31/2019 |
| Reconciliation of GAAP net income to adjusted EBITDA | | | | |
| Net income | \$ 174.7 | \$ 50.7 | \$ 108.9 | \$ 311.1 |
| Additions: | | | | |
| Interest expense | 136.3 | 132.6 | 129.6 | 119.7 |
| Income tax (benefit) provision | (23.5) | (10.2) | (55.4) | (300.5) |
| Depreciation | 48.4 | 46.2 | 39.5 | 41.4 |
| Amortization | 190.4 | 260.9 | 258.1 | 258.6 |
| Special charges and other, net as reflected on the Consolidated Statements of Income | (23.3) | 8.1 | 3.6 | 17.8 |
| IT security remediation expenses | — | 3.0 | 2.0 | 0.7 |
| Share-based compensation | 39.0 | 40.7 | 45.3 | 43.5 |
| Acquired inventory valuation costs | 1.8 | — | — | — |
| Acquisition-related costs | 3.4 | 6.6 | 8.1 | 10.2 |
| Other (income) and expense as reflected on the Consolidated Statements of Income | (10.5) | (2.7) | 1.4 | 1.5 |
| Subtractions: | | | | |
| Interest Income | (0.7) | (0.7) | (1.0) | (0.6) |
| Losses on investments accounted for under the equity method of accounting | 0.1 | — | — | — |
| Loss on settlement of debt | 8.3 | 1.9 | 0.1 | — |
| Consolidated adjusted EBITDA | <u>\$ 544.4</u> | <u>\$ 537.1</u> | <u>\$ 540.2</u> | <u>\$ 503.4</u> |

Adjusted EBITDA for the twelve months ended December 31, 2019 \$ 2,125.1

Disclosure Regarding adjusted EBITDA as a Non-GAAP Financial Measure: Adjusted EBITDA is a non-GAAP financial measure and the above calculation of adjusted EBITDA is based on the definition in our Credit Agreement. In the above table, adjusted EBITDA is reconciled to Net Income as determined in accordance with GAAP. Our calculation of adjusted EBITDA might not be the same as similarly titled measures used by other companies, and it should not be construed as a substitute for amounts determined in accordance with GAAP. There are limitations associated with the use of adjusted EBITDA, including that it excludes financial information that some may consider important in evaluating our performance. We compensate for this by presenting such information on both a GAAP and non-GAAP basis and providing a reconciliation of the GAAP and non-GAAP results.