

MICROCHIP TECHNOLOGY INC  
Form S-4/A  
July 01, 2015  
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As filed with the Securities and Exchange Commission on July 1, 2015

Registration No. 333-204463

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**Amendment No. 3**

to

**FORM S-4**

**REGISTRATION STATEMENT**

*Under*

***THE SECURITIES ACT OF 1933***

**MICROCHIP TECHNOLOGY INCORPORATED**

**(Exact name of registrant as specified in its charter)**

**Delaware**  
**(State or other jurisdiction of**

**3674**  
**(Primary Standard Industrial**

**86-0629024**  
**(I.R.S. Employer**

**incorporation or organization)**      **Classification Code Number)**      **Identification Number)**  
**2355 West Chandler Boulevard**  
**Chandler, Arizona 85224**  
**(480) 792-7200**

**(Address, Including Zip Code, and Telephone Number, including Area Code, of Registrant's Principal Executive Offices)**

**Steve Sanghi**  
**President and Chief Executive Officer**  
**Microchip Technology Incorporated**  
**2355 West Chandler Boulevard**  
**Chandler, Arizona 85224**  
**(480) 792-7200**

**(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)**

*Copies to:*

<b>Robert T. Ishii, Esq.</b>	<b>Raymond D. Zinn</b>	<b>William M. Kelly, Esq.</b>
<b>J. Robert Suffoletta, Esq.</b>	<b>President and Chief Executive Officer</b>	<b>Davis Polk &amp; Wardwell LLP</b>
<b>Wilson Sonsini Goodrich &amp; Rosati, Professional Corporation</b>	<b>Micrel, Incorporated</b>	<b>1600 El Camino Real</b>
<b>650 Page Mill Road</b>	<b>2180 Fortune Drive</b>	<b>Menlo Park, California 94025</b>
<b>Palo Alto, California 94304</b>	<b>San Jose, California 95131</b>	<b>(650) 752-2000</b>
<b>(650) 493-9300</b>	<b>(408) 944-0800</b>	

**Approximate date of commencement of the proposed sale of the securities to the public:**

**As soon as practicable after this registration statement becomes effective and upon completion of the merger described in the enclosed document.**

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, as amended, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act (check one):

Large accelerated filer  Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration statement shall become effective on such date as the Commission acting pursuant to said Section 8(a), may determine.**

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**Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This document shall not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.**

**PRELIMINARY SUBJECT TO COMPLETION DATED July 1, 2015**

**MICREL, INCORPORATED**

**2180 Fortune Drive**

**San Jose, California 95131**

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS**

**To Be Held On [ ], 2015**

Dear Shareholders of Micrel, Incorporated:

Microchip Technology Incorporated and Micrel, Incorporated have entered into a merger agreement under which Microchip will acquire Micrel (the "merger"). We are pleased to invite you to attend a special meeting of shareholders of Micrel that is being held in connection with the merger. The meeting will be held at Micrel's principal executive offices located at 2180 Fortune Drive, San Jose, CA 95131, on [ ], 2015, at 8:00 a.m., California time, to consider and vote upon the following matters:

a proposal to adopt the Agreement and Plan of Merger, dated as of May 7, 2015, as it may be amended from time to time (the "merger agreement"), by and among Microchip Technology Incorporated, Mambo Acquisition Corp., Mambo Acquisition LLC and Micrel, Incorporated, a copy of which is included as Annex A to the proxy statement/prospectus of which this notice forms a part;

a proposal to adjourn the Micrel special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to adopt the merger agreement if there are insufficient votes at the time of such adjournment to approve such proposal; and

a proposal, on an advisory (non-binding) basis, to approve the compensation that may be paid or become payable to Micrel's named executive officers in connection with the merger, and the agreements and understandings pursuant to which such compensation may be paid or become payable, as described in the section entitled "The Merger Interests of Micrel's Directors and Executive Officers in the Merger Golden Parachute Compensation".

Micrel shareholders will have the right to elect to receive merger consideration upon completion of the merger for each of their shares of Micrel common stock in the form of cash or shares of Microchip common stock, subject to the proration procedures described in this proxy statement/prospectus. In the event of proration, a Micrel shareholder who elected cash may receive a portion of the merger consideration in stock and therefore in a form other than that which such shareholder elected. However, because the value of the merger consideration will fluctuate with the market price of Microchip common stock, Micrel shareholders will not know at the time that they vote on the adoption of the merger agreement the number of shares of Microchip common stock or the amount of cash they will receive in the merger.

Completion of the merger is conditioned on, among other things, adoption of the merger agreement by our shareholders. It is the parties' expectation that, subject to the satisfaction of the conditions to the closing of the merger, the merger will be consummated within two (2) business days following the Micrel special meeting. However, it is possible that factors outside the control of Microchip and Micrel could result in the closing of the merger being completed a substantial amount of time after the date on which the Micrel special meeting is held.

Regardless of when the merger closes, the deadline to make a cash or stock election will be at 8:00 a.m., California time, on the date of the Micrel special meeting, the same time at which the Micrel shareholders will vote on the merger.

Micrel will transact no other business at the Micrel special meeting except such business as may properly be brought before the Micrel special meeting or any adjournment or postponement thereof. Please refer to the proxy statement/prospectus of which this notice forms a part for further information with respect to the business to be transacted at the Micrel special meeting.

The Micrel Board of Directors has unanimously approved and adopted the merger agreement and determined that the merger agreement and the transactions contemplated thereby, including the merger, are advisable and in the best interests of Micrel and its shareholders. **The Micrel Board of Directors unanimously recommends that Micrel shareholders vote FOR each of the proposals set forth above.**

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The Micrel Board of Directors has fixed the close of business on June 16, 2105 as the record date for determination of Micrel shareholders entitled to receive notice of, and to vote at, the Micrel special meeting or any adjournments thereof. Only holders of record of Micrel common stock at the close of business on the record date are entitled to receive notice of, and to vote at, the Micrel special meeting. A list of the names of Micrel shareholders of record will be available for ten days prior to the Micrel special meeting for any purpose germane to the Micrel special meeting between the regular business hours of 9:00 a.m. and 5:00 p.m., California time, at Micrel's headquarters, 2180 Fortune Drive, San Jose, California 95131. The Micrel shareholder list will also be available at the Micrel special meeting during the whole time thereof for examination by any shareholder present at such meeting.

Adoption of the merger agreement requires the affirmative vote of holders of a majority of the outstanding shares of Micrel common stock as of the record date for the Micrel special meeting. Approval of the proposal to adjourn the Micrel special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to adopt the merger agreement if there are insufficient votes at the time of such adjournment to approve such proposal requires the affirmative vote of the holders of a majority of the shares of Micrel common stock entitled to vote at the Micrel special meeting and present in person or represented by proxy, whether or not a quorum is present. Approval, on an advisory (non-binding) basis, of the compensation that may be paid or become payable to Micrel's named executive officers in connection with the merger, and the agreements and understandings pursuant to which such compensation may be paid or become payable, requires the affirmative vote of the holders of a majority of the shares of Micrel common stock present in person or represented by proxy at the Micrel special meeting and entitled to vote thereon, assuming a quorum is present.

**Your vote is very important. Whether or not you expect to attend the Micrel special meeting in person, we urge you to submit a proxy to vote your shares as promptly as possible by either: (1) logging onto [www.proxyvote.com](http://www.proxyvote.com) and following the instructions on your proxy card; (2) dialing (800) 690-6903 and listening for further directions; or (3) signing and returning the enclosed proxy card in the postage-paid envelope provided, so that your shares may be represented and voted at the Micrel special meeting. If your shares are held in the name of a bank, brokerage firm or other nominee, please follow the instructions on the voting instruction card furnished by the record holder, as appropriate.**

The enclosed proxy statement/prospectus provides a detailed description of the merger and the merger agreement. We urge you to read carefully and in their entirety the proxy statement/prospectus of which this notice forms a part, including any documents incorporated by reference, and the Annexes. In particular, we urge you to carefully read the section entitled **Risk Factors** beginning on page 17 of the attached proxy statement/prospectus. If you have any questions concerning the merger or this proxy statement/prospectus, would like additional copies or need help voting your shares of Micrel common stock, please contact Micrel's proxy solicitor:

**MacKenzie Partners, Inc.**

105 Madison Avenue

New York, New York 10016

[proxy@mackenziepartners.com](mailto:proxy@mackenziepartners.com)

Call Collect: (212) 929-5500

Call Toll-Free: (800) 322-2885

By Order of the Board of Directors of Micrel,  
Incorporated,

COLIN STURT,  
*Secretary*

[ ], 2015

San Jose, California

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**ADDITIONAL INFORMATION**

This proxy statement/prospectus incorporates by reference important business and financial information about Microchip and Micrel from other documents that are not included in or delivered with this proxy statement/prospectus. This information is available to you without charge upon your written or oral request. You can obtain the documents incorporated by reference into this proxy statement/prospectus by requesting them in writing or by telephone from the appropriate company at the following addresses and telephone numbers:

**Microchip Technology Incorporated**

2355 West Chandler Boulevard

Chandler, Arizona 85224

Telephone: (480) 792-7200

Attn: Investor Relations

**Micrel, Incorporated**

2180 Fortune Drive

San Jose, California 95131

Telephone: (408) 944-0800

Attn: Robert E. DeBarr

or

**MacKenzie Partners, Inc.**

105 Madison Avenue

New York, New York 10016

proxy@mackenziepartners.com

Call Collect: (212) 929-5500

Call Toll-Free: (800) 322-2885

Investors may also consult Microchip's and Micrel's websites for more information concerning the merger described in this proxy statement/prospectus. Microchip's website is [www.microchip.com](http://www.microchip.com) and Micrel's website is [www.micrel.com](http://www.micrel.com). Information included on these websites is not incorporated by reference into this proxy statement/prospectus.

**If you would like to request any documents, please do so by [ ], 2015 in order to receive them before the meeting.**

*For more information, see "Where You Can Find More Information" .*



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**ABOUT THIS PROXY STATEMENT/PROSPECTUS**

This proxy statement/prospectus, which forms part of a registration statement on Form S-4 filed with the United States Securities and Exchange Commission (the "SEC") by Microchip, constitutes a prospectus of Microchip under Section 5 of the Securities Act of 1933, as amended (the "Securities Act"), with respect to the shares of Microchip common stock to be issued pursuant to the merger. This proxy statement/prospectus also constitutes a proxy statement for Micrel under Section 14(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). It also constitutes a notice of meeting with respect to the special meeting of Micrel shareholders.

You should rely only on the information contained in or incorporated by reference into this proxy statement/prospectus. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this proxy statement/prospectus. This proxy statement/prospectus is dated [ ], 2015. You should not assume that the information contained in this proxy statement/prospectus is accurate as of any date other than that date. You should not assume that the information incorporated by reference into this proxy statement/prospectus is accurate as of any date other than the date of the incorporated document. Neither our mailing of this proxy statement/prospectus to Micrel shareholders nor the issuance by Microchip of shares of Microchip common stock in connection with the merger will create any implication to the contrary.

**This proxy statement/prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction to or from any person to whom it is unlawful to make any such offer or solicitation. Information contained in this proxy statement/prospectus regarding Microchip has been provided by Microchip and information contained in this proxy statement/prospectus regarding Micrel has been provided by Micrel.**

All references in this proxy statement/prospectus to **Microchip** refer to **Microchip Technology Incorporated**, a Delaware corporation, and/or its consolidated subsidiaries, unless the context requires otherwise; all references in this proxy statement/prospectus to **Micrel** refer to **Micrel, Incorporated**, a California corporation, and/or its consolidated subsidiaries, unless the context requires otherwise; all references to **Merger Sub** refer to **Mambo Acquisition Corp.**, a California corporation and direct wholly owned subsidiary of Microchip formed for the sole purpose of effecting the mergers; all references to **Merger Sub 2** refer to **Mambo Acquisition LLC**, a California limited liability company and direct wholly owned subsidiary of Microchip formed for the sole purpose of effecting the mergers; unless otherwise indicated or as the context requires; all references in this proxy statement/prospectus to **we**, **our** and **us** refer to **Microchip and Micrel**, collectively; unless otherwise indicated or as the context requires, all references to the **merger agreement** refer to the **Agreement and Plan of Merger**, dated as of May 7, 2015, as it may be amended from time to time, by and among Microchip, Merger Sub, Merger Sub 2 and Micrel, a copy of which is included as **Annex A** to this proxy statement/prospectus; and, all references to the **voting agreements** refer to each of the voting agreements, dated as of May 7, 2015, as they each may be amended from time to time, by and among Microchip, Merger Sub, Merger Sub 2 and each of the directors and executive officers of Micrel, a form of which is included as **Annex B** to this proxy statement/prospectus. Also, in this proxy statement/prospectus, **\$** and **USD** refer to U.S. dollars, and **California time** means the local time in California.

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**QUESTIONS AND ANSWERS**

The following are some questions that you, as a shareholder of Micrel, Incorporated, a California corporation ( Micrel ), may have regarding the merger and the other matters being considered at the special meeting and the answers to those questions. Microchip and Micrel urge you to carefully read the remainder of this proxy statement/prospectus because the information in this section does not provide all the information that might be important to you with respect to the merger and the other matters being considered at the special meeting. Additional important information is also contained in the Annexes to, and the documents incorporated by reference into, this proxy statement/prospectus.

**Q: Why am I receiving this proxy statement/prospectus?**

A: Microchip and its newly formed, direct wholly owned subsidiaries, Mambo Acquisition Corp. ( Merger Sub ) and Mambo Acquisition LLC ( Merger Sub 2 ), have entered into an Agreement and Plan of Merger, dated as of May 7, 2015 (as amended as of June 30, 2015 and as it may be further amended from time to time, the merger agreement ), with Micrel. Subject to the terms and conditions of the merger agreement, at the effective time of the merger, Merger Sub will be merged with and into Micrel, with Micrel surviving the merger as a wholly owned subsidiary of Microchip (the merger ). At the effective time of the second merger, which will be as soon as practicable following the merger on the closing date, and as part of a single integrated transaction with the merger, Micrel will be merged with and into Merger Sub 2, with Merger Sub 2 surviving the second merger as a limited liability company and a wholly owned subsidiary of Microchip (the second merger and, together with the merger, the mergers ). There are no conditions to the second merger other than consummation of the merger. A copy of the merger agreement is included in this proxy statement/prospectus as Annex A. The merger cannot be completed unless, among other things, holders of a majority of the shares of the outstanding Micrel common stock as of the record date for the Micrel special meeting vote to adopt the merger agreement. Furthermore, Micrel is soliciting proxies from its shareholders with respect to two additional proposals, however, completion of the merger is not conditioned upon receipt of these approvals:

a proposal to adjourn the Micrel special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to adopt the merger agreement if there are insufficient votes at the time of such adjournment to approve such proposal (the Micrel adjournment proposal ); and

a proposal to approve, on an advisory (nonbinding) basis, the compensation that may be paid or become payable to Micrel's named executive officers in connection with the merger, and the agreements and understandings pursuant to which such compensation may be paid or become payable (the golden parachute proposal ).

This proxy statement/prospectus contains important information about the merger and the other proposals being voted on at the special meeting, and you should read it carefully. It is a proxy statement because the Micrel Board of Directors is soliciting proxies from its shareholders. It is a prospectus because Microchip will issue shares of Microchip common stock in connection with the merger. The enclosed materials allow you to have your shares voted by proxy without attending the special meeting in person. **Your vote is important. We encourage you to submit your proxy as soon as possible.**

**Q: What will Micrel shareholders receive for their shares of common stock?**

A: If the merger is completed, Micrel shareholders will be entitled to receive, in exchange for each share of Micrel common stock they hold at the effective time of the merger, either stock or cash consideration with a value equal to either \$14.00 or, in certain limited cases, an amount of stock with a value that is less than \$14.00, see The Merger Agreement Consideration to be Received in the Merger Aggregate Stock Election Cap . Micrel shareholders will have the right to elect to receive merger consideration for each of their shares of Micrel common stock in the form of cash or shares of Microchip common stock, subject to proration in the circumstances described below. In the event of proration, a Micrel shareholder who elected

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cash may receive a portion of the merger consideration in stock and therefore in a form other than that which such shareholder elected.

A Micrel shareholder may specify different elections with respect to different shares that such shareholder holds (*e.g.*, if a Micrel shareholder owns 100 shares of Micrel common stock, that shareholder could make a cash election with respect to 50 shares and a stock election with respect to the other 50 shares).

The aggregate number of shares of Micrel common stock as of immediately prior to closing that holders elect to be paid in Microchip common stock must be equal to or greater than 42% of the shares of Micrel common stock issued and outstanding as of immediately prior to closing (the minimum stock percentage). As a result, if the minimum stock percentage is not reached, then certain adjustments will be made to the merger consideration to proportionately reduce the amount of cash received by Micrel shareholders in the manner described below in the section entitled *The Merger Agreement Consideration to be Received in the Merger Proration*. To the extent that the number of outstanding shares of Micrel increases between the date of the merger agreement and the effective time of the merger, due to the vesting of stock-settled awards or as otherwise permitted by the merger agreement, the aggregate number of shares of Microchip common stock or cash to be issued as consideration in the merger will be increased accordingly, but the minimum stock percentage must still be met. The minimum stock percentage will be increased if necessary to enable tax opinions in connection with the transaction to be rendered, as described below under *What events could result in the necessity to increase the minimum stock percentage?* In addition, if the aggregate consideration to be paid to any holder of Micrel common stock would result in such holder receiving a fractional share of Microchip common stock, cash will be paid in lieu of such fractional share.

As an example, based on the average (rounded to the nearest one tenth of a cent) of the closing sales prices of Microchip common stock for the ten trading days ending on May 4, 2015 (the second to last trading date before May 6, 2015), for each share of Micrel common stock held, a Micrel shareholder would receive either \$14.00 in cash (the per share cash amount) or 0.2902 shares of Microchip common stock, subject to proration of those shareholders who elected cash in the event the minimum stock percentage would not be reached. As another example, based on the average (rounded to the nearest one tenth of a cent) of the closing sales prices of Microchip common stock for the ten trading days ending on June 12, 2015 (the second to last trading date prior to the record date), for each share of Micrel common stock held, a Micrel shareholder would receive either \$14.00 in cash or 0.2940 shares of Microchip common stock, subject to proration of those shareholders who elected cash in the event the minimum stock percentage would not be reached.

The exact amount of cash and number of shares of Microchip common stock you receive will depend on the election you and other holders of Microchip common stock make and the formula in the merger agreement, including its election, proration and adjustment provisions. For a summary of the formula contained in the merger agreement, see *The Merger Agreement Consideration to be Received in the Merger*.

**Q: What events could result in the necessity to increase the minimum stock percentage?**

A: The minimum stock percentage will be increased if necessary to enable tax opinions in connection with the transaction to be rendered. An increase in the minimum stock percentage generally would be necessary only if the value of a share of Microchip common stock on the last trading day immediately prior to the Closing Date or on the Closing Date is significantly lower than the ten-day average used to determine the exchange ratio. In that case, it is possible that even though the minimum stock percentage of 42% is satisfied, the value as of the Closing Date of the shares of Microchip common stock that otherwise would be issued as consideration in the merger



would be less than 40% of the total value of the merger consideration (including both cash and shares), which is the percentage generally required in order for the tax opinions to be rendered. Thus, the increase in the minimum stock percentage is intended to enable the tax opinions to be rendered by increasing the portion of the merger consideration that is paid in the form of shares of Microchip common stock. In the event that this increase in the minimum stock percentage were required, it would occur immediately before the closing, and holders of Micrel common stock affected by the increase would be informed by a joint press release of Microchip and Micrel.

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As an example, assuming that the average closing sale price for a share of Microchip common stock as reported on NASDAQ for the ten most recent trading days ending on the second to last trading day immediately prior to the effective time of the merger was \$48.00, the exchange ratio (rounded to the nearest one thousandth) would be 0.2917. Assuming that the number of shares of Micrel common stock outstanding as of the closing was 60.0 million shares, then applying the minimum stock percentage of 42% would result in 25.2 million shares of Micrel common stock being exchanged for 7,350,840 shares of Microchip common stock, and 34.8 million shares of Micrel common stock being exchanged for cash.

At \$14.00 per share, the aggregate amount of merger consideration paid in cash for the 34.8 million shares of Micrel common stock would be \$487.2 million, requiring the remaining 25.2 million shares of Micrel common stock to receive shares of Microchip common stock worth an aggregate of \$324.8 million to satisfy the requirement described above that at least 40% of the value of the aggregate merger consideration be paid using shares of Microchip common stock.

Given that under the foregoing circumstances Microchip would issue 7,350,840 shares of its common stock in the merger, the minimum value of a share of Microchip common stock as of the Closing Date would have to be \$44.19 per share to equal an aggregate of \$324.8 million in merger consideration paid in stock and avoid an increase in the minimum stock percentage.

Should the value of a share of Microchip common stock as of the Closing Date fall to \$40.00 per share (despite the average closing price being equal to \$48.00 per share), the minimum stock percentage would have to be increased to approximately 45% to enable tax opinions in connection with the merger to be rendered.

### **Q: How would you alert shareholders of any increase in the minimum stock percentage?**

A: Microchip and Micrel would issue a joint press release in the United States alerting Micrel shareholders of any increase in the minimum stock percentage. The press release would also be posted on Microchip's webpage for posting press releases at <http://www.microchip.com/newsandevents.aspx> and Micrel's webpage for posting press releases at <http://investor.micrel.com/releases.cfm>.

### **Q: When would you alert shareholders of any increase in the minimum stock percentage?**

A: Microchip and Micrel would alert shareholders of any increase in the minimum stock percentage before the beginning of the trading day on the first trading day after the day on which the increase in the minimum stock percentage is determined to be necessary.

### **Q: What will I receive in the merger in exchange for my equity awards?**

A: If the merger is completed, certain Micrel equity awards ( Micrel roll-over award shares ) will be assumed by Microchip and converted into Microchip equity awards as follows:

***Assumed Micrel Restricted Stock Units.*** Upon consummation of the merger, each outstanding and unvested Micrel restricted stock unit that does not vest by its terms upon the consummation of the merger will be assumed by Microchip and converted into a restricted stock unit with respect to whole shares of Microchip common stock, on the same terms and conditions as applied to such Micrel restricted stock unit immediately prior to the consummation of the merger, with the number of shares of Microchip common stock subject to each such assumed restricted stock unit determined based upon the exchange ratio, which is the quotient, rounded down to the nearest whole share, obtained by dividing the per share cash amount by the average ten-day Microchip closing price for the ten most recent trading days ending on the second to last trading day immediately prior to the closing.

***Assumed Micrel Stock Options.*** Upon consummation of the merger, each outstanding and unvested Micrel stock option that does not vest by its terms upon the consummation of the merger will be assumed by Microchip and converted into a stock option with respect to whole shares of Microchip

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common stock, on substantially the same terms and conditions applied to such Micrel stock option immediately prior to the consummation of the merger, with the number of shares of Microchip common stock subject to each such assumed stock option determined by multiplying the number of unvested Micrel shares subject to the stock option by the exchange ratio rounded down to the nearest share. The per share exercise price of each assumed Micrel stock option shall be equal to the quotient, rounded up to the nearest whole cent, obtained by dividing the exercise price per share at which such assumed Micrel stock option is exercisable immediately prior to the consummation of the merger by the exchange ratio.

If the merger is completed, certain Micrel equity awards ( Micrel cancelled award shares ) will be cancelled and Microchip will pay each holder of any such equity award as follows:

***Cancelled Micrel Restricted Stock Units.*** Upon consummation of the merger, each outstanding Micrel restricted stock unit or portion thereof not assumed by Microchip as described above will be cancelled and the holder thereof will receive a cash payment with respect to each share of Micrel common stock subject to the cancelled award equal to the per share cash amount less applicable tax withholding.

***Cancelled Micrel Stock Options.*** Upon consummation of the merger, each outstanding Micrel stock option or portion thereof not assumed by Microchip as described above that has an applicable exercise price less than the per share cash amount will be cancelled and the holder thereof will receive a cash payment with respect to each share subject to the cancelled stock option equal to the difference between the per share cash amount and the exercise price of the applicable Micrel stock option less applicable tax withholding. For stock options with an applicable exercise price greater than or equal to the merger consideration, no payment will be received.

Based upon 1,715,259 outstanding Micrel restricted stock units and 5,574,298 outstanding Micrel stock options on the record date for the Micrel special meeting and on the average (rounded to the nearest one tenth of a cent) of the closing sales prices of Microchip for the ten trading days ending June 12, 2015 (the second to last trading day before the record date), Microchip will pay aggregate cash consideration of \$12,408,005 to holders of Micrel cancelled award shares as of immediately prior to closing in connection with the merger and will reserve an aggregate of 1,093,427 shares of Microchip common stock in respect of Microchip equity awards issued to holders of Micrel roll-over award shares as of immediately prior to the closing in connection with the merger, although these numbers may change based on the number of outstanding Micrel equity awards on the closing date. See The Merger Agreement Treatment of Micrel Equity Awards .

**Q: What are the details of the consideration election?**

A: You will be allowed to make a cash election with respect to any or all of your shares of Micrel common stock and/or a stock election with respect to any or all of your other shares of Micrel common stock (subject to proration if the minimum stock percentage is not reached):

A cash election with respect to a share of Micrel common stock means a request to receive \$14.00 in cash per share, without interest.

A stock election with respect to a share of Micrel common stock means a request to receive that number of shares of Microchip common stock equal to (1) \$14.00 per share divided by (2) the average ten-day Microchip closing price for the ten most recent trading days ending on the second to last trading day immediately prior to the closing, rounded to the nearest one ten thousandth (the stock consideration ).

The exact amount of cash and number of shares of Microchip common stock you receive will depend on the election you and other Micrel shareholders make and the formula in the merger agreement, including its election, proration and adjustment provisions. In addition, if the aggregate consideration to be paid to any holder of Micrel common stock would result in such holder receiving a fractional share of Microchip common stock, cash will be paid in lieu of such fractional share. For a summary of the formula contained in the merger agreement, see The Merger Agreement Consideration to be Received in the Merger .

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**Q: How do I make an election?**

A: If you are the record holder of shares of Micrel common stock on June 16, 2015 the record date for the Micrel special meeting (the Micrel record date ), you will receive an election form, and a letter of transmittal, (the election form ) allowing you to specify the number of shares of Micrel common stock, if any, you desire to convert into the right to receive merger consideration in the form of cash or shares of Microchip common stock. You must deliver a completed election form by 8:00 a.m. California time on the date of the Micrel special meeting (the election deadline ), to Wells Fargo Bank, N.A., as exchange agent (the exchange agent ). Such election form must be accompanied by the included letter of transmittal and the certificates representing the shares of Micrel common stock, unless such shares of Micrel common stock are held in book-entry form. If you hold your shares of Micrel common stock through a bank, broker or other nominee, your bank, broker or other nominee, as applicable, will provide you with instructions on how to make an election. If your election form is received after the election deadline or you fail to comply with your bank s, broker s or nominee s instructions, your election will be disregarded, and you will receive consideration in whatever form or mix that remains after taking into account other Micrel shareholders preferences.

**Q: How can I change my election?**

A: If you are a record holder of Micrel common stock, you may (i) change your election by written notice received by the exchange agent prior to the election deadline, accompanied by a properly completed and signed revised election form or (ii) revoke your election by written notice received by the exchange agent prior to the election deadline. If your election form is revoked, the certificate(s), if any, for the shares of Micrel common stock to which such election form relates will be promptly returned to you.

**Q: Am I required to make an election in order to receive the merger consideration?**

A: No. If you do not make an election, you will still receive the merger consideration upon completion of a duly executed letter of transmittal and delivery of your stock certificates (or book-entry shares). However, if you have a preference for a specific form of merger consideration and do not make an election, the exchange agent will not take your preference into consideration and you will receive, depending on the elections made by the other shareholders, cash, stock or a mix of both. If the minimum stock percentage is not met, you will receive shares of Microchip common stock.

**Q: When and where will the special meeting be held?**

A: The Micrel special meeting will be held at Micrel s principal executive offices located at 2180 Fortune Drive, San Jose, CA 95131, on [ ], 2015, at 8:00 a.m., California time.

**Q: What are the proposals on which I am being asked to vote?**

A: Micrel is soliciting proxies from its shareholders with respect to three proposals:

a proposal to adopt the merger agreement, approval of which is a condition to completion of the merger;

the Micrel adjournment proposal, approval of which is not a condition to completion of the merger; and

the golden parachute proposal, approval of which is not a condition to completion of the merger.

**Q: What constitutes a quorum at the meeting?**

A: Shareholders who hold shares representing at least a majority of the outstanding shares of Micrel common stock entitled to vote at the Micrel special meeting must be present in person or represented by proxy to

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constitute a quorum for the transaction of business at the Micrel special meeting. The Micrel shareholders, by a majority vote at the meeting by the holders of Micrel common stock entitled to vote and present in person or represented by proxy, whether or not a quorum is present, may adjourn the meeting to another time or place without further notice. If the adjournment is for more than 45 days or, if after the adjournment, a new record date is fixed for the adjourned meeting, a new notice of the adjourned meeting will be given to each shareholder of record entitled to vote at the adjourned meeting.

Failures to vote will not be included in the calculation of the number of shares of Micrel common stock represented at the Micrel special meeting for purposes of determining whether a quorum has been achieved. Abstentions will be included in the calculation of the number of shares of Micrel common stock represented at the Micrel special meeting for purposes of determining whether a quorum has been achieved. If brokers do not have discretion to vote on any of the proposals at a shareholders meeting, broker non-votes will not count toward the calculation of a quorum. As each of the proposals to be voted on at the Micrel special meeting is considered non-routine, brokers do not have discretion to vote on such proposals and, as such, broker non-votes will not be included in the calculation of the number of shares of Micrel common stock represented at the Micrel special meeting for purposes of determining whether a quorum has been achieved.

**Q: How do I vote?**

A: If you are a shareholder of record of Micrel as of the close of business on the Micrel record date, you may vote in person by attending the Micrel special meeting or, to ensure your shares are represented at the Micrel special meeting, you may authorize a proxy to vote by:

logging onto [www.proxyvote.com](http://www.proxyvote.com) and following the instructions on your proxy card to submit a proxy via the internet anytime up to 8:59 p.m., California time, on [ ], 2015, and following the instructions provided on that site;

dialing (800) 690-6903 and listening for further directions to submit a proxy by telephone anytime up to 8:59 p.m., California time, on [ ], 2015, and following the instructions provided in the recorded message; or

signing and returning the accompanying proxy card in the enclosed postage-paid envelope. Micrel shareholders of record may submit the proxies through the mail by signing, dating, completing and returning their proxy card in the enclosed, pre-addressed, postage-paid envelope. To be valid, a returned proxy card must be signed and dated.

**Q: If my shares are held in a stock brokerage account, or in street name by my broker, bank or nominee, will my broker, bank or nominee automatically vote my shares for me?**

A: No. If you hold your shares in a stock brokerage account or if your shares are held by a bank or nominee (in street name), you must provide the record holder of your shares with instructions on how to vote your shares. Please follow the voting instructions provided by your bank, broker or other nominee. Please note that you may not vote



shares held in street name by returning a proxy card directly to Micrel or by voting in person at your special meeting unless you provide a legal proxy, which you must obtain from your bank, broker or other nominee. Further, brokers who hold shares of Micrel common stock on behalf of their customers may not give a proxy to Micrel to vote those shares without specific instructions from their customers.

**Q: What if I return my proxy card without indicating how to vote?**

A: If you sign and return your proxy card without indicating how to vote on any particular proposal, your shares will be voted in accordance with the recommendation of the Micrel Board of Directors, as applicable, with respect to such proposal.

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**Q: If I am a Micrel shareholder, should I send in my Micrel stock certificates with my proxy card?**

A: No. Please DO NOT send your Micrel stock certificates with your proxy card. You are being provided an election form and instructions regarding the surrender of your stock certificates. If you wish to make an election with respect to your shares of Micrel common stock, you should, prior to the election deadline, send your Micrel stock cer