



MICROCHIP

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***Presented by:
Steve Sanghi
President & CEO***



- **Cautionary Statement:**

Statements about the expected timing, financial impact and effects of the proposed transaction, and other statements in this presentation that are not historical facts, are forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements involve risks and uncertainties that could cause actual results to differ materially from such forward looking statements. Such risks and uncertainties include the actual timing of the closing of the acquisition, the satisfaction of the conditions to closing in the acquisition agreement, any termination of the acquisition agreement, the effect of the acquisition on Microchip's and Atmel's existing relationships with customers, employees and vendors and on Microchip's and Atmel's respective operating results and businesses; general economic, industry or political conditions in the U.S. or internationally; and the risks described from time to time in SEC reports including filings on Forms 10-K, 10-Q and 8-K. You can obtain copies of applicable Forms 10-K, 10-Q and 8-K and other relevant documents for free at Microchip's website (www.microchip.com), at Atmel's website (www.atmel.com) or the SEC's website (www.sec.gov) or from commercial document retrieval services. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date such statements are made. We do not undertake any obligation to publicly update any forward-looking statements to reflect events, circumstances or new information after the date hereof.

- **Additional Information and Where to Find It**

Microchip will file a Registration Statement on Form S-4 that will include a proxy statement of Atmel in connection with the acquisition transaction. Investors and security holders are urged to read such document when it becomes available because it will contain important information about the transaction. Investors and security holders may obtain free copies of such document (when it becomes available) and other documents filed with the SEC at the SEC's web site at www.sec.gov. Microchip, Atmel and their directors and executive officers may be deemed to be participants in the solicitation of proxies from the stockholders of Atmel in connection with the acquisition transaction. Information regarding the special interests of these directors and executive officers in the transaction will be included in the proxy statement/prospectus described above. Additional information regarding the directors and executive officers of Microchip is also included in Microchip's proxy statement for its 2015 Annual Meeting of Stockholders, which was filed with the SEC on July 10, 2015. Additional information regarding the directors and executive officers of Atmel is also included in Atmel's proxy statement for its 2015 Annual Meeting of Stockholders, which was filed with the SEC on April 3, 2015. These documents are available free of charge at the SEC's web site at www.sec.gov and as described above.



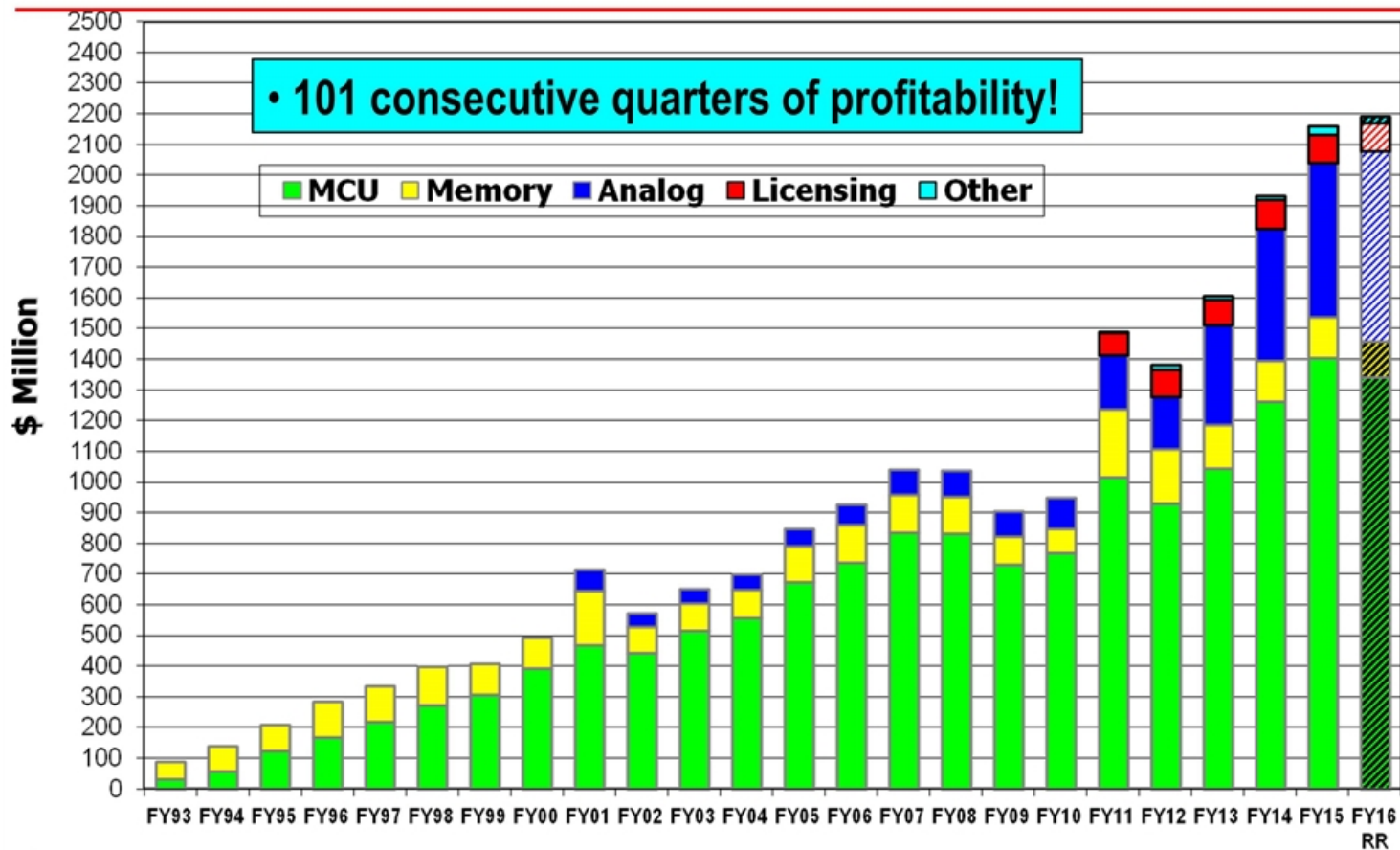
Corporate Overview

- **Leading provider of:**
 - High-performance, field-programmable RISC Microcontrollers and Digital Signal Controllers
 - Mixed-Signal, Analog, Interface and Timing products
 - Wired, wireless and RF connectivity products
 - Non-volatile EEPROM and Flash Memory products
 - Flash IP solutions
- **~ \$2.2 Billion revenue run rate**
- **~ 10,000 employees worldwide**
- **Headquartered near Phoenix in Chandler, AZ**





Annual Net Sales Growth





Worldwide Technical Support Centers



The only non-commissioned sales team in the semiconductor industry



Global Development Centers

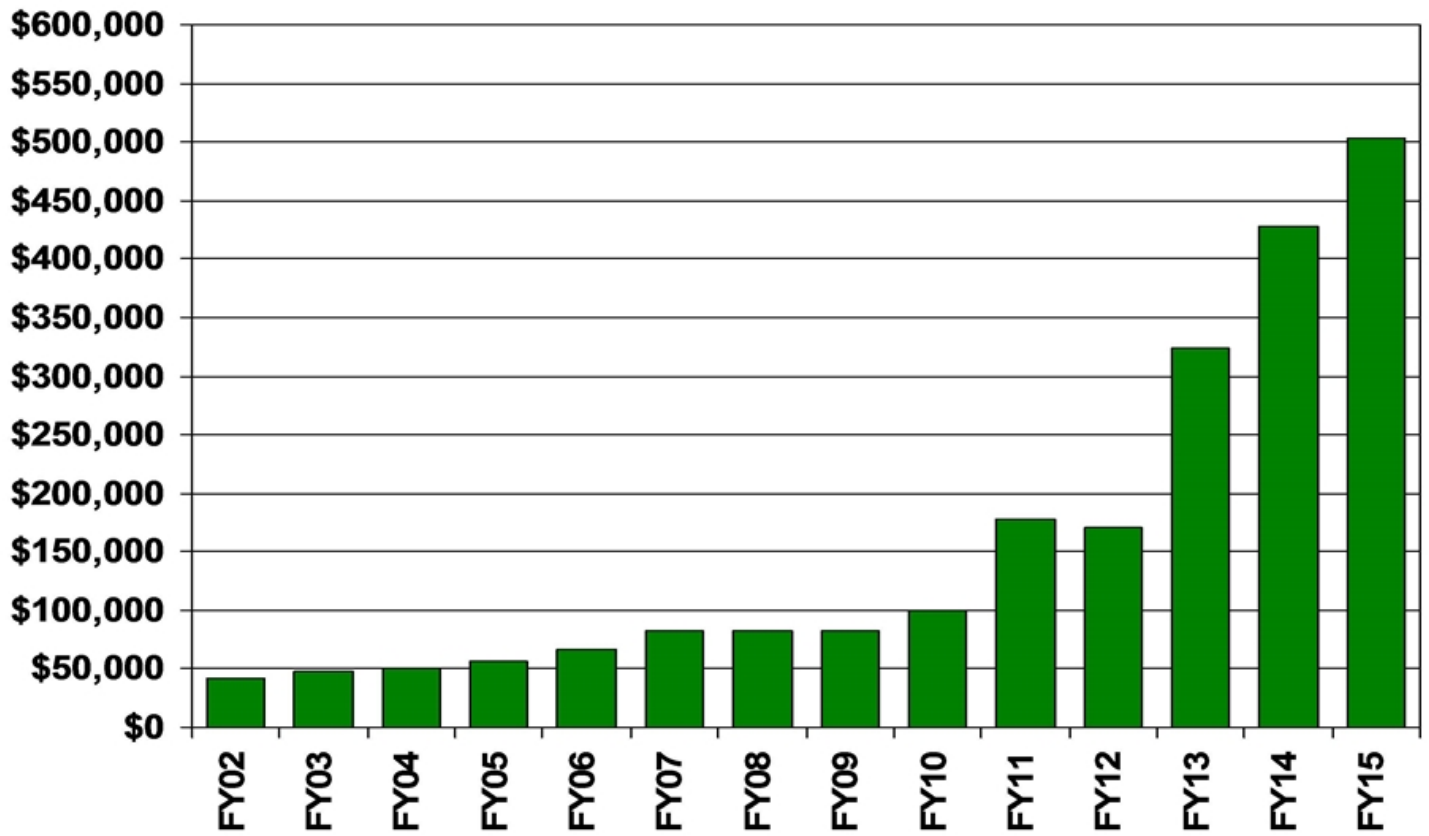




Worldwide Manufacturing

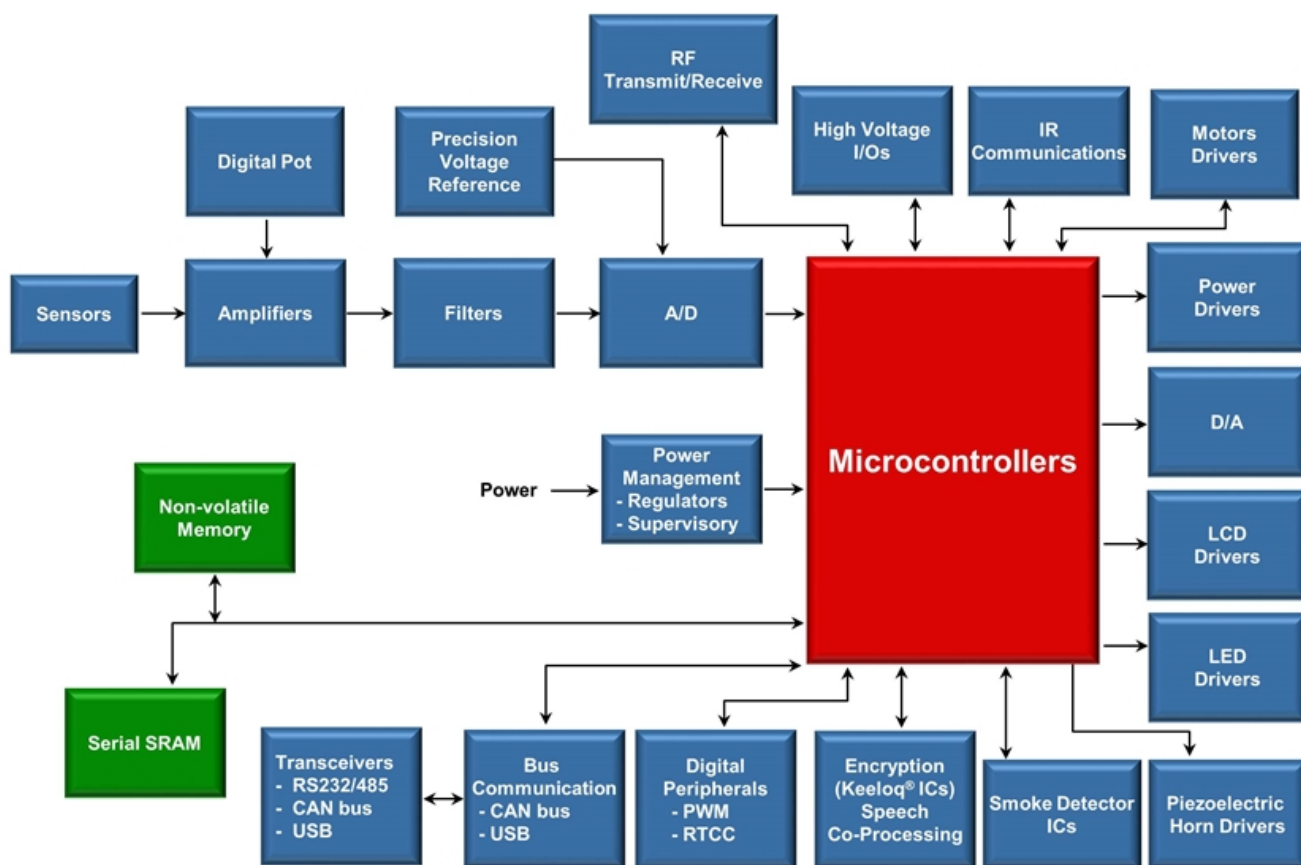


Analog Yearly Revenue (k\$)





Our Analog & Memory Enables Providing Complete Solutions



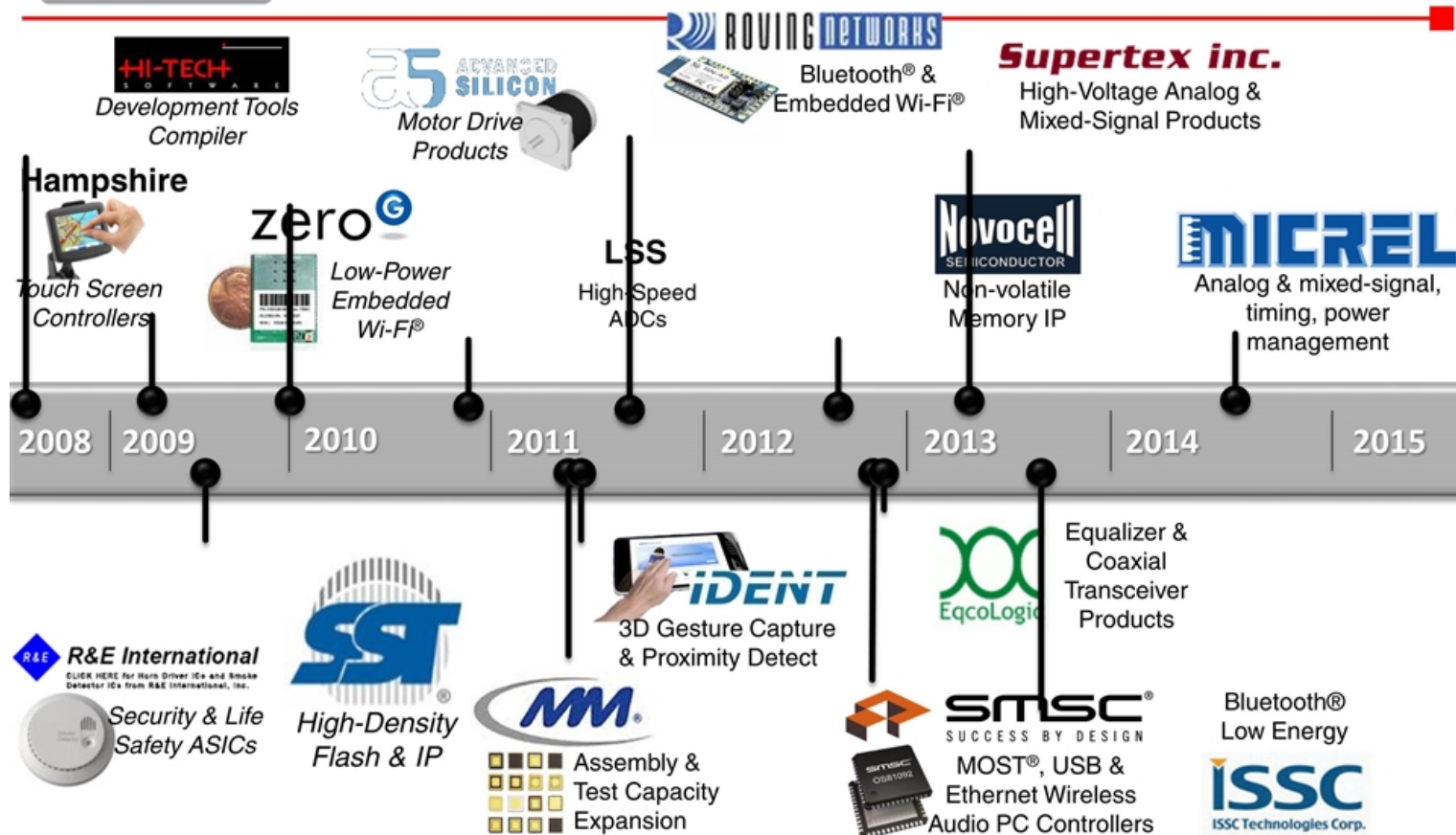


MICROCHIP

***Incremental Growth
Through Acquisitions***

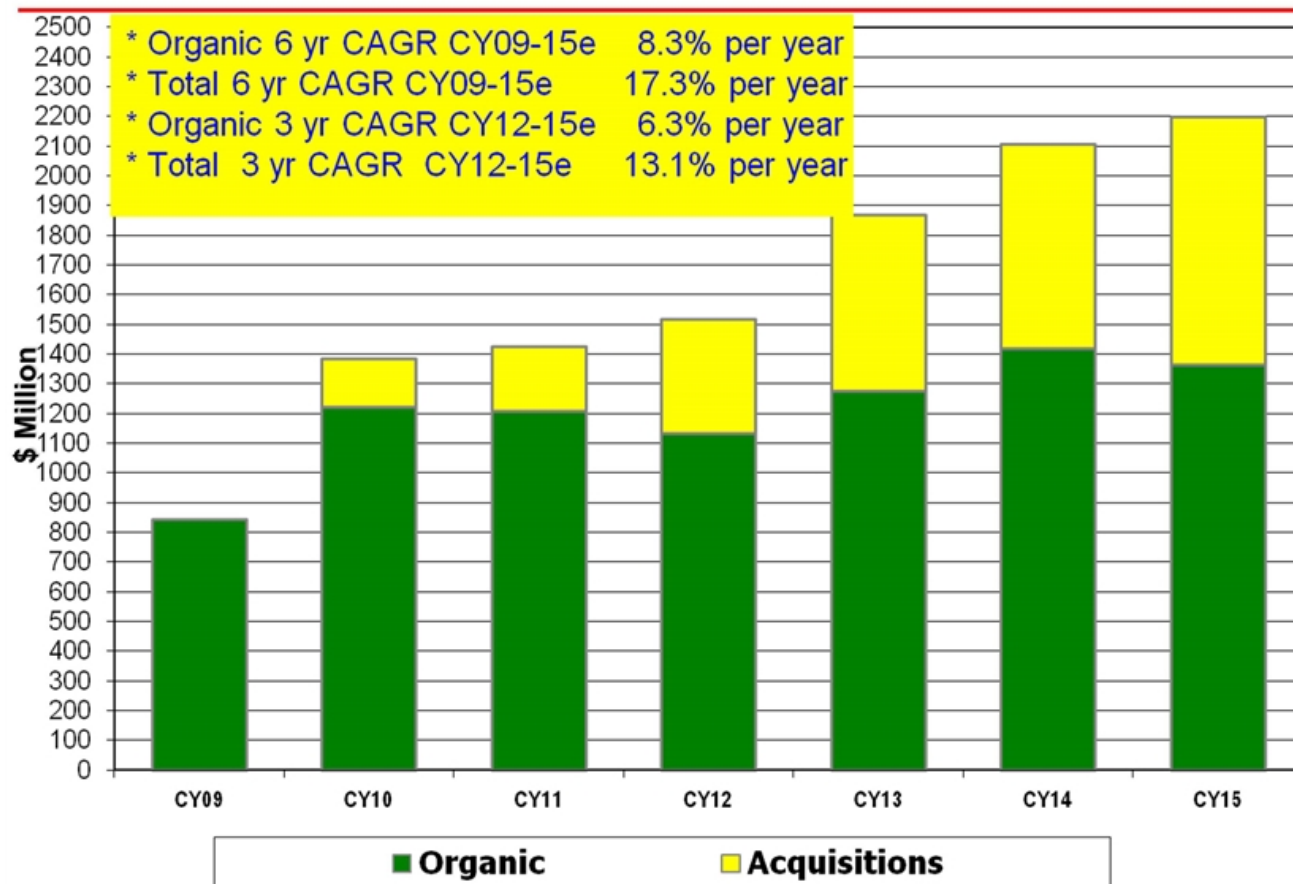


Expanding Microchip Solutions Through Acquisitions





Net Sales Growth by CY 09-15





6 Yr CAGR Comparison of Net Sales

● Microchip Technology (Total)	17.3%
● Microchip Technology (Organic)	8.3%
● Analog Devices	8.1%
● Linear Technology	8.1%
● Semiconductor Industry *	6.7%
● Silicon Labs	6.4%
● Maxim	5.1%
● Freescale	4.1%
● Texas Instruments	3.8%



Explanation Notes

- **Non GAAP Financial Measures:**

We are using non-GAAP net sales and non-GAAP diluted earnings per share which exclude the items noted below, as applicable, to permit additional analysis of our performance. Our non-GAAP adjustments, where applicable, include the effect of share-based compensation, expenses related to our acquisition activities (including intangible asset amortization, inventory valuation costs, severance costs, and legal and other general and administrative expenses associated with acquisitions), GAAP non recognition of revenue for inventory in the distribution channel at the acquisition dates for our acquisitions, non-cash interest expense on our convertible debentures, the related income tax implications of these items and non-recurring tax events. We believe that our disclosure of non-GAAP net sales provides investors with useful information regarding the actual end market demand for our products.

Management believes these non-GAAP measures are useful to investors because they enhance the understanding of our historical financial performance and comparability between periods. Many of our investors have requested that we disclose this non-GAAP information because they believe it is useful in understanding our performance as it excludes non-cash and other charges that many investors feel may obscure our underlying operating results. Management uses these non-GAAP measures to manage and assess the profitability of our business. Specifically, we do not consider such items when developing and monitoring our budgets and spending. Our determination of the above non-GAAP measures 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 using non-GAAP measures, including that they exclude financial information that some may consider important in evaluating our performance. Management compensates for this by presenting information on both a GAAP and non-GAAP basis for investors and providing reconciliations of the GAAP and non-GAAP results.

A reconciliation of Microchip's GAAP to non-GAAP revenue and diluted earnings per share can be found on Microchip's website at www.microchip.com

- **Explanation of Organic Revenue, non-GAAP Earnings Per Share and Calendar Year (CY) 2015 Revenue:**

For purposes of separating organic revenue and earnings from revenue and earnings from acquisitions, Microchip takes the first full quarter of revenue and earnings from an acquired company following the date of acquisition as its baseline revenue and earnings. Any increases or decreases in revenue and earnings after the first full quarter are included as organic revenue and earnings.

CY 2015 revenue is based on publicly available information and assumes that Microchip and the companies listed on slide 3 achieve revenue at the midpoint of their guidance for the December 2015 quarter. Note that the revenue information for Analog Devices is presented based on their 12 month period ending in January 2016.

- **Semiconductor Industry revenue CAGR:**

The information presented on slide 3 for the semiconductor industry CAGR is from www.semiconductor.org and includes an assumed fourth quarter of calendar 2015 quarterly sequential revenue decline of 4%.



Our Vision: *Be The Very Best Embedded Control Solutions Company Ever*





Mission

- *Microchip is a leading supplier of field-programmable embedded control solutions by delivering the popular PIC® microcontrollers, a broad spectrum of innovative analog and mixed-signal products, wired and wireless connectivity products, related non-volatile memory products and Flash-IP solutions.*
- *In order to contribute to the ongoing success of our **customers, shareholders and employees**, our mission is to focus resources on high value, high quality products and services and to continuously improve all aspects of our business, providing an industry leading return on investment.*



Guiding Values

- *Quality comes first*
- *Customers are our focus*
- *Continuous improvement is essential*
- *Employees are our greatest strength*
- *Products and technology are our foundation*
- *Total cycle times are optimized*
- *Safety is never compromised*
- *Profits and growth provide for everything we do*
- *Communication is vital*
- *Suppliers, representatives and distributors are our partners*
- *Professional ethics are practiced*

Values are not what we say – they are what we practice



Average % of Time MCHP Practices the Guiding Values: MCHP Classic Excluding Thailand

Values (Goal: 80%)	2015 Mean	2014 Mean	2013 Mean
Quality Comes First	85.2%	86.7%	86.0%
Customers Are Our Focus	88.6%	89.5%	89.4%
Continuous Improvement Is Essential	84.8%	86.1%	85.7%
Employees Are Our Greatest Strength	<u>78.2%</u>	80.0%	79.7%
Products And Technology Are Our Foundation	85.3%	87.2%	86.2%
Total Cycle Times Are Optimized	82.1%	83.1%	83.0%
Safety Is Never Compromised	90.9%	91.0%	90.6%
Profits And Growth Provide For Everything We Do	89.0%	89.7%	89.7%
Communication Is Vital	84.1%	85.5%	84.7%
Suppliers And Distributors Are Our Partners	87.6%	87.7%	86.8%
Professional Ethics Are Practiced	87.0%	87.5%	87.2%



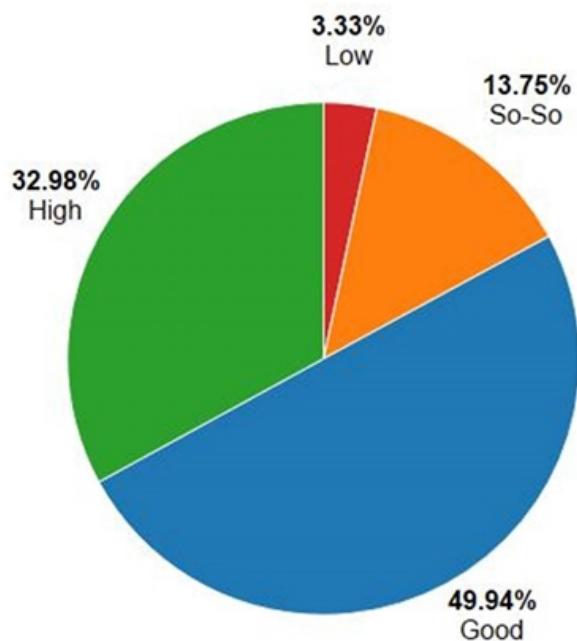
Mode % of Time MCHP Practices the Guiding Values: Employee Population*

Values (Goal: 90%)	2015 Mode	2014 Mode	2013 Mode
Quality Comes First	100%	100%	90%
Customers Are Our Focus	100%	100%	100%
Continuous Improvement Is Essential	100%	100%	100%
Employees Are Our Greatest Strength	100%	100%	100%
Products And Technology Are Our Foundation	100%	100%	100%
Total Cycle Times Are Competitive	90%	90%	90%
Safety Is Never Compromised	100%	100%	100%
Profits And Growth Provide For Everything We Do	100%	100%	100%
Communication Is Vital	100%	100%	100%
Suppliers And Distributors Are Our Partners	100%	100%	90%
Professional Ethics Are Practiced	100%	100%	100%

*Excluding Thailand



Job Satisfaction Rated by Employee Population*



High & Good Combined: 82.9%
2014: 84.8%

*Excluding Thailand



Strategically Compelling

- **Two companies are a strong strategic fit aligned with vision and strategy**
- **Creates a Microcontroller powerhouse with #3 market share position worldwide**
- **Creates a market leader in IoT by combining strong IoT solutions in MCU and wireless including WiFi, Bluetooth, BLE and other RF protocols**
- **Expands joint portfolio of Automotive, Touch, Memory and Security solutions**
- **Allows Microchip's Analog products to be added to more MCU solutions together**
- **Adds operational and customer scale in a consolidating industry**
- **Adds two strong patent portfolios together.**
 - Microchip- 3,277, Atmel – 2,400 patents



Highly Profitable Financial Model *

	Microchip	Atmel	Microchip + Atmel	Long Term Model
Revenue (\$M)	\$2,208	\$1,046	\$3,254	
Gross Margin (%)	57.9%	47.5%	54.6%	59%
R&D (%)	16.2%	19.5%	17.3%	14.5%
SG&A (%)	12.3%	18.4%	14.3%	11.5%
Op Income (\$M)	\$649	\$100	\$750	
Op Income (%)	29.4%	9.6%	23.0%	33%

* In millions, except percentages. All figures are non-GAAP and are based on preliminary results for the December 31, 2015 quarter contained in Microchip's press release dated January 19, 2016 and Atmel's press release dated January 13, 2016. Revenue and operating income dollars are based on preliminary December 2015 quarter results which were annualized by multiplying the December quarter numbers by four.

Two opposing teams





Next Steps

- **Microchip and Atmel executives will work towards completing the acquisition expeditiously.**
- **We expect to close transaction in mid CQ2, 2016.**
- **We will form an integration team consisting of employees from both companies who will outline the integration strategy in areas of IT, HR, Finance, legal, operations, product lines and sales.**



Stock Options

- Unless you exercise your vested stock option prior to the effective time, your vested stock options will be “net exercised” immediately prior to the effective time and then receive merger consideration.
- Your unvested stock options will be accelerated and vested and then treated as vested stock options as above.



Restricted Stock Units

- Your RSUs will be assumed by Microchip under the same terms and vesting schedule as you have today with Atmel.
- Number of RSUs you will receive =

Current # of RSUs x \$8.15/Average Microchip closing price

- **Average Microchip closing price: Microchip's avg. closing stock price for the ten trading days ending on the last trading day immediately prior to the Effective Time.**



ESPP

- **Atmel's ESPP will be terminated.**
- **We will develop a schedule for employees to join Microchip's ESPP.**
- **Microchip's U.S. ESPP plan has a two years look back period and a 15% discount.**
- **Our international ESPP plan has a 6 months look back period and has a 15% discount.**



401K

- **Atmel's 401K plan will be frozen.**
- **The employees can enroll into Microchip's 401K plan.**
- **Microchip's 401K plan has a match contribution by Microchip.**
- **Match is quarterly and is discretionary based on business results.**
- **Target match is 50% of the first 4% of basic contributions.**
- **Atmel's 401K plan will undergo a typical IRS audit. Once approved, you will have the option to distribute or roll your monies into an IRA or Microchip 401(k) Plan.**



Microchip Community Awards



2011-2015- Microchip again wins Alfred P. Sloan Award for workplace flexibility for fifth consecutive year, company receives national recognition for business practices



2011-2015 Microchip Technology has been selected as one of Arizona's "100 Best" Companies!



2010-2015 Microchip named Phoenix Business Journal's "Best Place to Work " for fifth straight year



2012 -2015 Bay Area News "Top Workplaces Program " for fourth straight year -



Best Companies New York - First time honor 2016



Microchip selected as "India's Best Companies to work for" 2012



Microchip Training Awards

- **Criteria**

- Strategic application of training to drive business objectives
- Robust, formal training program
- Training budget, resources and tuition reimbursement
- Hours of training per employee

- **Top 125 in 2012 (Rank # 116)**
- **Top 125 in 2013 (Rank #124)**
- **Top 125 in 2014 (Rank #107)**
- **Top 125 in 2015 (Rank #100)**
- **Top 125 in 2016 (TBA)**



Best Employers in Thailand 2009





Microchip Thailand Awards Cont'd

- **2015 ER Award. Outstanding Employee Labor and Welfare from Ministry of Labor nationally.**
- **2015 Thailand Outstanding Cooperative Education Award.**
- **2015 Outstanding Thailand Wellness Program Award by Ministry of Public Health.**
- **2015 CSR–DIW AWARD Corporate Social Responsibility Department Of Industrial Works.**
- **2015 National safety award from ministry of labor**
- **2015 ECO Industry Award from The Industrial Environment Institute**
- **2015 Zero Waste to landfill Award from Department of Industrial Works**



DRIVING

**How The Aggregate System
Turned Microchip Technology
from a Failing Company
to a Market Leader**

EXCELLENCE

MICHAEL J. JONES

STEVE SANGHI
CEO of Microchip Technology Inc.

Source: Driving Excellence
John Wiley and Sons,
April 2006



Microchip Summary

- **Leading provider of embedded control solutions**
 - **Leadership position shaped by our vision, unique culture and guiding values**
 - **Dedicated to the success of our customers, investors and employees**
 - **Excited to have Atmel employees join the team!**
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MICROCHIP

Thank You!