

ATMEL CORP  
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Subject Company: Atmel Corporation

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### **Dialog - Employee Q&A document**

Here are some questions you might have about our acquisition of Atmel.

#### **Q1: What was announced today?**

We have agreed to purchase Atmel Corporation. Atmel is a US-listed semiconductor company specialising in microcontroller, security and automotive sectors. Atmel are a similar size to Dialog and our businesses are complementary. Together we will have over \$2.7 billion in revenue and an unparalleled portfolio of technology and innovative products addressing the attractive Mobile, IoT, Industrial and Automotive end markets. You can find out more about them at [www.atmel.com](http://www.atmel.com).

#### **Q2: Why are we doing this?**

As you know, two key elements of our strategy are acquisition and customer diversification. Buying Atmel achieves both of these. At a stroke, we will double the size of the company creating more opportunities and reduce our dependence on key customers.

This is a highly complementary acquisition and our belief is that in bringing our two companies together we will create a stronger combined business. This business will have the scale, technology, products and worldwide team to win in the dynamic semiconductor market and drive the maximum value for our stockholders.

We will acquire Atmel's market leading microcontrollers, wireless connectivity solutions, capacitive touch, security, automotive and memory solutions and also be able to access Atmel's leading distribution channels and tens of thousands of customers.

Combined, we will have a strong presence in the mobile, industrial, and automotive end markets as well as an industry leading position in the rapidly expanding Internet-of-Things marketplace.

#### **Q3: What will Dialog look like after we acquire Atmel?**

The combined company will have over \$2.7B in revenue based on the latest trailing twelve months figures.

Combined there will be approximately 6,500 employee across over 40 sites.

**Q4: How are we able to buy a company which is the same size as ours?**

Our success and your contribution that success has put us in the position where we can make transformative acquisitions like this. We're buying the company for cash and stock, and also taking out a term loan to fund the acquisition. You can see full details of the financial aspects of the transaction in our press release announcing the deal.

**Q5: What does this mean for Dialog employees?**

For the moment, it is business as usual. We expect the transaction will close (i.e. go through all the legal and regulatory processes) in the first quarter of 2016. In that time, nothing will change: please focus on your existing goals, projects and customers. Until the transaction closes, however, we remain separate companies.

After those several months, when our businesses are combined, we anticipate there will be new opportunities that will come with our new scale and size. During 2016, we will be working with our new colleagues to keep growing the business and ensure we keep our focus on what is important, in line with the Spirit of Dialog.

**Q6: What are the plans to integrate our two companies? How will Atmel fit into the existing structure of Dialog? Who will lead the integration efforts?**

There is minimal overlap between our two businesses, so many areas will remain unchanged. Where there is overlap, we will work to keep the best of both companies to ensure continued success. Given the complementary nature of our technologies, and our shared commitment to innovation, we anticipate a smooth transition.

As you can imagine, there is lots to consider, and lots of decisions to make. We're going to appoint an integration leader to ensure a smooth integration. Some of you will be heavily involved in the process but for others it will be business as usual.

**Q7: Are we planning to keep our locations? Will sites/facilities be shut-down or consolidated?**

As you know, a key element of our business model is to act like a start up and have lots of small sites to keep us agile and close to customers. We're not planning to change this approach.

There are some cities where we both have offices, so there could be some potential to combine them at some point in the future, but it is still early in the process so nothing much is going to happen for several months we are still operating as a completely separate businesses.

We'll make every effort to ensure that employees are informed about developments as they occur throughout this process.

**Q8: How will this affect me and my goals?**

Until closing, it will be business as usual for most of us. During this time, Atmel and Dialog will be separate companies and not much will change. Please focus on your key goals, projects, customers, and products.

**Q9: Can I trade in Dialog shares?**

Yes. Subject to our closed periods of course dates of these are announced regularly on the intranet. Please contact Jennifer Lees if you have any questions about this.

**Q10: Can I tell people I know at Atmel?**

The announcement and press release are public information, so of course you can discuss this public information with anyone you know at Atmel, any other company, or friends and family.

As is always the case, you may not share any confidential information, nor specifics about our business, operations or financial performance. Until the transaction is completed, we will continue to operate as separate companies, and you should maintain the confidentiality of any Dialog information. You are of course bound by your employment contract and confidentiality agreement.

**Q11: Should I contact my counterparts at Atmel?**

Not unless you are specifically asked to, or are directly involved in the integration process. Until the transaction is complete, we are still two completely separate companies.

**Q12: What should I do if I am contacted by the media?**

Please refer them to Mark Tyndall or Jose Cano, via email.

Please do not comment about the transaction on social media, such as LinkedIn, twitter, or other platforms.

**Q13: What happens next?**

For most people at Dialog, it will be business as usual until the transaction is complete. Until then, we will continue to operate as separate companies and you should remain focused on our customers and your goals.

Both Dialog and Atmel will appoint integration planning leaders to ensure a smooth process. Some of you will be involved in integration efforts if so, you will be provided with further guidance.

**Q14: Where can I go for more information? What if I have more questions?**

We will make every effort to ensure that employees are informed about developments as they occur throughout this process. Many decisions still have to be made during the integration process, so answers to all of your questions may not be available until further along in the process. There are many regulatory restrictions on what additional information we can provide. Subject to these restrictions, we will continue to communicate new information to you throughout the process leading up to close and beyond.

If you want more information, you can either contact Jalal or your SVP

As mentioned above, if you have other questions, please do not hesitate to ask them. You can do this by talking to your SVP or Jalal directly.

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This communication is not a prospectus as required by the Prospectus Directive of the European Parliament and of the Council of 4 November 2003 (No 2003/71/EC). It does not constitute or form part of an offer to sell or any invitation to purchase or subscribe for any securities or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the proposed merger or otherwise. Any acceptance or response to the proposed merger should be made only on the basis of the information referred to, in respect of Dialog shareholders, a shareholder circular seeking the approval of Dialog shareholders for the proposed merger, and the issuance of ordinary shares in the form of ADSs to Atmel's stockholders (the Circular) or, in respect of Atmel's stockholders, a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

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

This communication may be deemed to be solicitation material in respect of the proposed merger involving Dialog and Atmel. In connection with the proposed merger, Dialog will file with the U.S. Securities and Exchange Commission (the SEC) a Registration Statement on Form F-4 (the Registration Statement) containing a prospectus with respect to Dialog's ordinary shares to be issued in the proposed merger and a proxy statement of Atmel in connection with the proposed merger (the Proxy Statement/Prospectus). Each of Dialog and Atmel intends to file other documents with the SEC regarding the proposed merger. The definitive Proxy Statement/Prospectus will be mailed to stockholders of Atmel and will contain important information about the proposed merger and related matters. Shareholders of Dialog and stockholders of Atmel are advised to read carefully the formal documentation in relation to the proposed merger once it has been dispatched. The proposals for the proposed merger will, in respect of Dialog shareholders, be made solely through the Circular, and, in respect of Atmel's stockholders, be made solely through the Proxy Statement/Prospectus. Both the Circular and the final Proxy Statement/Prospectus will contain the full terms and conditions of the way in which the proposed merger will be implemented, including details of how to vote with respect to the implementation of the proposed merger. Any acceptance or other response to the proposals should be made only on the basis of the information in respect of the Dialog shareholders, in the Circular, or, in respect of Atmel's stockholders, in the Proxy Statement/Prospectus.

This communication comprises an advertisement for the purposes of paragraph 3.3R of the Prospectus Rules made under Part VI of the FSMA and not a prospectus. Any prospectus in connection with the admission of ordinary shares of Dialog to the Regulated Market of, and to trading on, the Frankfurt Stock Exchange (the UK Prospectus) will be published at a later date.

Copies of the UK Prospectus and the Circular will, from the date of posting to Dialog shareholders, be filed with the UK Listing Authority and submitted to the National Storage Mechanism and available for inspection at [www.Hemscott.com/nsm.do](http://www.Hemscott.com/nsm.do) and available for inspection by Dialog shareholders at the registered office of Dialog Semiconductor plc, Tower Bridge House, St. Katharine's Way, London E1W 1AA, United Kingdom, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) and in the Investor Relations section of Dialog's website at [www.dialog-semiconductor.com](http://www.dialog-semiconductor.com). Investors may obtain, free of charge, copies of the Proxy Statement/Prospectus and Registration Statement, and any other documents filed by Atmel and Dialog with the SEC in

connection with the proposed merger at the SEC's website at [www.sec.gov](http://www.sec.gov). Investors may obtain, free of charge, copies of the Proxy Statement/Prospectus and any other documents filed by Atmel with the SEC in connection with the proposed merger in the Investors section of Atmel's website at [www.atmel.com](http://www.atmel.com). Investors may also obtain, free of charge, copies of the Registration Statement, and any other documents filed by Dialog with the SEC in connection with the proposed merger on Dialog's website at [www.dialog-semiconductor.com](http://www.dialog-semiconductor.com).

**BEFORE MAKING AN INVESTMENT OR VOTING DECISION, WE URGE INVESTORS OF DIALOG AND INVESTORS OF ATMEL TO READ CAREFULLY THE CIRCULAR, UK PROSPECTUS, PROXY STATEMENT/PROSPECTUS AND REGISTRATION STATEMENT (INCLUDING ANY AMENDMENTS OR SUPPLEMENTS THERETO) AND ANY OTHER RELEVANT DOCUMENTS THAT DIALOG OR ATMEL WILL FILE WITH THE UKLA OR SEC WHEN THEY BECOME AVAILABLE, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED MERGER.**

### **Participants in the Solicitation**

Dialog, Atmel and their respective directors and executive officers may be deemed to be participants in the solicitation of proxies from stockholders in connection with the approval of the proposed merger and may have direct or indirect interests in the proposed merger. Information about Dialog's directors and executive officers is set forth in Dialog's Annual report and accounts 2014, which may be obtained free of charge at Dialog's website at [www.dialog-semiconductor.com](http://www.dialog-semiconductor.com). Information about Atmel's directors and executive officers and their respective interests in Atmel by security holdings or otherwise is set forth in Atmel's Proxy Statement on Schedule 14A for its 2015 Annual Meeting of Stockholders, which was filed with the SEC on April 3, 2015, and its Annual Report on Form 10-K for the fiscal year ended December 31, 2014, which was filed with the SEC on February 26, 2015. These documents are available free of charge at the SEC's website at [www.sec.gov](http://www.sec.gov) and from the Investors section of Atmel's website at [www.atmel.com](http://www.atmel.com). Additional information regarding the interests of participants in the solicitation of proxies in connection with the proposed merger will be included in the Proxy Statement/Prospectus and the Registration Statement that Dialog will file with the SEC in connection with the solicitation of proxies to approve the proposed merger.

### **Safe Harbor for Forward-looking Statements**

This announcement contains, or may contain, forward-looking statements in relation to Dialog and Atmel and the future operating performance and outlook of Dialog and the combined company, as well as other future events and their potential effects on Dialog and the combined company that are subject to risks and uncertainties. Generally, the words will, may, should, continue, believes, targets, plans, expects, estimates, aims, intends, expressions or negatives thereof identify forward-looking statements. Forward-looking statements include, but are not limited to, statements relating to: (i) the benefits of the proposed merger, including future financial and operating results of the combined company, Dialog's or Atmel's plans, objectives, expectations and intentions, and the expected timing of completion of the transaction; (ii) expected developments in product portfolio, expected revenues, expected annualized operating costs

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savings, expected future cash generation, expected future design wins and increase in market share, expected incorporation of products in those of customers, adoption of new technologies, the expectation of volume shipments of products, opportunities in the semiconductor industry and the ability to take advantage of those opportunities, the potential success to be derived from strategic partnerships, the potential impact of capacity constraints, the effect of financial performance on share price, the impact of government regulation, expected performance against adverse economic conditions, and other expectations and beliefs of the management of Dialog and Atmel; (iii) the expansion and growth of Dialog's or Atmel's operations; (iv) the expected cost, revenue, technology and other synergies of the proposed merger, the expected impact of the proposed merger on customers and end-users, the combined company's future capital expenditures, expenses, revenues, earnings, economic performance, financial condition, losses and future prospects; (v) business and management strategies and the expansion and growth of the combined company's operations; and (vi) the anticipated timing of shareholder meetings and completion of the proposed merger

These forward-looking statements are based upon the current beliefs and expectations of the management of Dialog and Atmel and involve risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond Dialog's and Atmel's or the combined company's ability to control or estimate precisely and include, without limitation: (i) the ability to obtain governmental and regulatory approvals of the proposed merger, including the approval of antitrust authorities necessary to complete the proposed merger, or to satisfy other conditions to the proposed merger, including the ability to obtain the requisite Dialog shareholder approvals and Atmel stockholder approvals, on the proposed terms and timeframe; (ii) the possibility that the proposed merger does not close when expected or at all, or that the companies, in order to achieve governmental and regulatory approvals, may be required to modify aspects of the proposed merger or to accept conditions that could adversely affect the combined company or the expected benefits of the proposed merger; (iii) the risk that competing offers or acquisition proposals will be made; (iv) the inherent uncertainty associated with financial projections; (v) the ability to realize the expected synergies or savings from the proposed merger in the amounts or in the timeframe anticipated; (vi) the potential harm to customer, supplier, employee and other relationships caused by the announcement or closing of the proposed merger; (vii) the ability to integrate Atmel's businesses into those of Dialog's in a timely and cost-efficient manner; (viii) the development of the markets for Atmel's and Dialog's products; (ix) the combined company's ability to develop and market products containing the respective technologies of Atmel and Dialog in a timely and cost-effective manner; (x) general global macroeconomic and geo-political conditions; (xi) the cyclical nature of the semiconductor industry; (xii) an economic downturn in the semiconductor and telecommunications markets; (xiii) the inability to realize the anticipated benefits of transactions related to the proposed merger and other acquisitions, restructuring activities, including in connection with the proposed merger, or other initiatives in a timely manner or at all; (xiv) consolidation occurring within the semiconductor industry through mergers and acquisitions; (xv) the impact of competitive products and pricing; (xvi) disruption to Atmel's business caused by increased dependence on outside foundries, financial instability or insolvency proceedings affecting some of those foundries, and associated litigation in some cases; (xvii) industry and/or company overcapacity or under-capacity, including capacity constraints of independent assembly contractors; (xviii) insufficient, excess or obsolete inventory; (xix) the success of customers' end products and timely design acceptance by customers; (xx) timely introduction of new products and



technologies and implementation of new manufacturing technologies; (xxi) the combined company's ability to ramp new products into volume production; (xxii) reliance on non-binding customer forecasts and the absence of long-term supply contracts with customers; (xxiii) financial stability in foreign markets and the impact or volatility of foreign exchange rates and significant devaluation of the Euro against the U.S. dollar; (xxiv) unanticipated changes in environmental, health and safety regulations; (xxv) Atmel's dependence on selling through independent distributors; (xxvi) the complexity of the combined company's revenue recognition policies; (xxvii) information technology system failures; (xxviii) business interruptions, natural disasters or terrorist acts; (xxix) unanticipated costs and expenses or the inability to identify expenses which can be eliminated; (xxx) disruptions in the availability of raw materials; (xxxi) compliance with U.S. and international laws and regulations by the combined company and its distributors; (xxxii) dependence on key personnel; (xxxiii) the combined company's ability to protect intellectual property rights; (xxxiv) litigation (including intellectual property litigation in which the combined company may be involved or in which customers of the combined company may be involved, especially in the mobile device sector), and the possible unfavorable results of legal proceedings; (xxxv) the market price or increased volatility of Dialog's ordinary shares and ADSs (if the merger is completed); and (xxxvi) other risks and uncertainties, including those detailed from time to time in Dialog's and Atmel's periodic reports and other filings with the SEC or other regulatory authorities, including Atmel's Annual Report on Form 10-K for the fiscal year ended December 31, 2014 and Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2015 (whether under the caption Risk Factors or Forward Looking Statements or elsewhere). Neither Dialog nor Atmel can give any assurance that such forward-looking statements will prove to be correct. The reader is cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this announcement. Neither Dialog nor Atmel nor any other person undertakes any obligation to update or revise publicly any of the forward-looking statements set out herein, whether as a result of new information, future events or otherwise, except to the extent legally required.

Nothing contained herein shall be deemed to be a forecast, projection or estimate of the future financial performance of Dialog, Atmel, or the combined company, following the implementation of the proposed merger or otherwise. No statement in this announcement should be interpreted to mean that the earnings per share, profits, margins or cash flows of Dialog or the combined company for the current or future financial years would necessarily match or exceed the historical published figures.

### **Overseas Jurisdictions**

The release, publication or distribution of this announcement in jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons into whose possession this announcement comes should inform themselves about and observe any such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction.

This announcement has been prepared for the purposes of complying with English Law and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws and regulations of any jurisdiction outside the United Kingdom.