



2013 Letter to Stockholders

To Our Stockholders

During 2013 we achieved substantial improvement in several important financial and operating metrics and introduced an extensive portfolio of new microcontroller and touch products which sets the foundation for strong, profitable growth in 2014 and beyond. Our non-GAAP gross and operating margins increased significantly as we exited the year and our non-GAAP earnings per share rose each quarter on a sequential basis. We increased market share in our core microcontroller business, achieved strong momentum by introducing a record number of new 32-bit microcontroller products, implemented structural improvements in our operations, and made key executive additions to our organization. These changes have substantially improved our market and competitive position.

Revenue for our microcontroller business increased during 2013, with our core microcontroller business generating robust, double digit growth resulting in increased market share. We accelerated new product development, with over 125 new core 32-bit products released, leading to record 32-bit design activity. Along with 32-bit revenue growth, we grew our core 8-bit product revenue as we increased our already substantial position in that market.

The “Internet of Things” offers enormous growth opportunities for the semiconductor industry and for Atmel. We are uniquely positioned to enjoy substantial success with industry-leading ultra-low power microcontrollers, connectivity solutions, sensor management, software stacks and powerful, easy to use development tools -- the fundamental building blocks necessary to enable the development of this rapidly growing and attractive market.

We enter 2014 with a revitalized maXTouch[®] product portfolio and an improved design pipeline that is generating significant design wins. As the leading supplier of large form factor touch controllers for Android and Windows-based systems, we remain well positioned to benefit from increased adoption of tablet, Ultrabook, and convertible PCs as users transition to touch based systems. Furthermore, our next generation maXTouch T Series for smartphones and mid-sized tablets should allow us to increase market share in these markets during 2014. In markets beyond smartphones and tablets, Atmel is the leading touch supplier with substantial design wins in the industrial, consumer and automotive end markets. During 2014, we expect to see continued penetration of touch in these markets and look for our maXTouch T Series, and future maXTouch products to maintain a leadership position in this technology sector.

Also during 2013, our XSense[®] metal mesh sensors commenced volume production to multiple customers including tier-one OEMs, HP and ASUS. As the business wins new designs and increased customer acceptance, we expect it to generate meaningful growth in 2014 and beyond.

We enter 2014 with an enhanced and innovative product portfolio, a substantially improved financial foundation, a deeper and more experienced management team and multiple highly attractive market opportunities. Combined with operational enhancements we have already implemented, we expect solid top-line growth and substantial margin expansion during 2014.

Returning capital to our stockholders remains an important principle to increasing long-term stockholder value. During 2013 we returned approximately \$88 million to our stockholders in the form of share repurchases.

In closing, we are confident that Atmel’s long-term strategy, exceptional product portfolio, and dedicated and passionate employees will create increased value for our loyal customer base and stockholders.

A handwritten signature in black ink, appearing to read 'S. Laub', is positioned above the printed name.

Steven Laub
President and Chief Executive Officer
Atmel Corporation



This Annual Report contains forward-looking statements that involve risk and uncertainties, including our strategies and expected financial performance; our future business prospects; the effects of our strategic transactions and restructuring efforts; our market opportunities; our competitive position; and expectations for revenue from our products. We caution you that such statements reflect our best judgment based on factors currently known to us, and that actual events or results could differ materially. Please refer to the documents that we file from time to time with the SEC, including our Form 10-K for the year ended December 31, 2013, a copy of which is enclosed herein. We do not assume any obligation to update the forward-looking statements provided to reflect events that occur or circumstances that exist after the date on which they are made.