

Everywhere You Are®



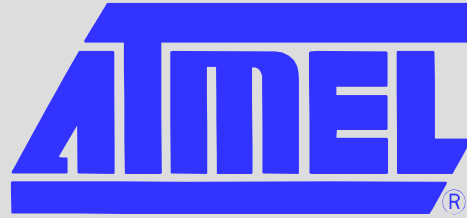
# Annual Stockholders Meeting

May 10, 2006

# Safe Harbor Statement

I would like to remind everyone that certain statements in this presentation regarding the Company's or management's intentions, beliefs or expectations, or that otherwise speak to future events, are "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934. Our actual results could differ materially from those expressed or forecasted in this presentation as a result of a number of factors, risks and uncertainties, including the risk factors set forth in this presentation, and due to risk factors identified in our filings with the Securities and Exchange Commission, including the Company's Annual Report on Form 10-K under Item 1A - Risk Factors and elsewhere in such Form 10-K and in our filings on Form 10-Q. These forward-looking statements include those statements preceded by, followed by or that otherwise include the words "may," "will," "could," "would," "anticipate," "expect," "intend," "believe," "seek," "estimate," "project," "target," "budget," "goal," "plan," "outlook," "view," "continue," the plural of such terms, the negatives of such terms, or other comparable terminology and similar expressions identify forward-looking statements.





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# Annual Stockholders Meeting

May 10, 2006

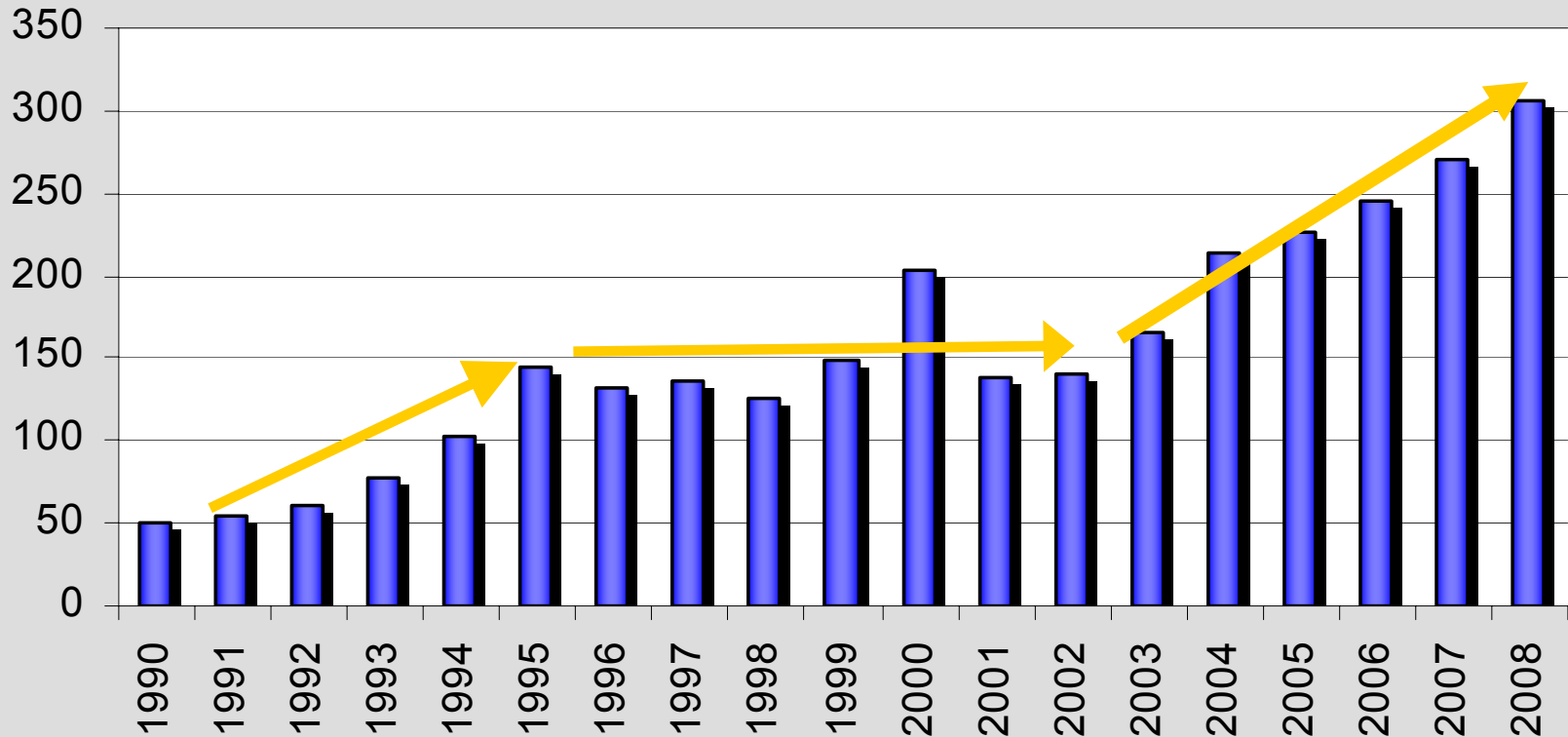
George Perlegos, Chairman and CEO

# Atmel at a Glance

- Atmel is in the Right Markets; with the Best Products; and Leadership Technology
- Focusing in Microcontrollers, Secure Products and Communication Products.
- Revenues Growing
- Gross Margins Expanding
- Operations Generating Cash
- Changing Manufacturing Strategy to use Foundries
- Reducing Costs
- We have a Healthy Balance Sheet



# Worldwide Semiconductor Billings

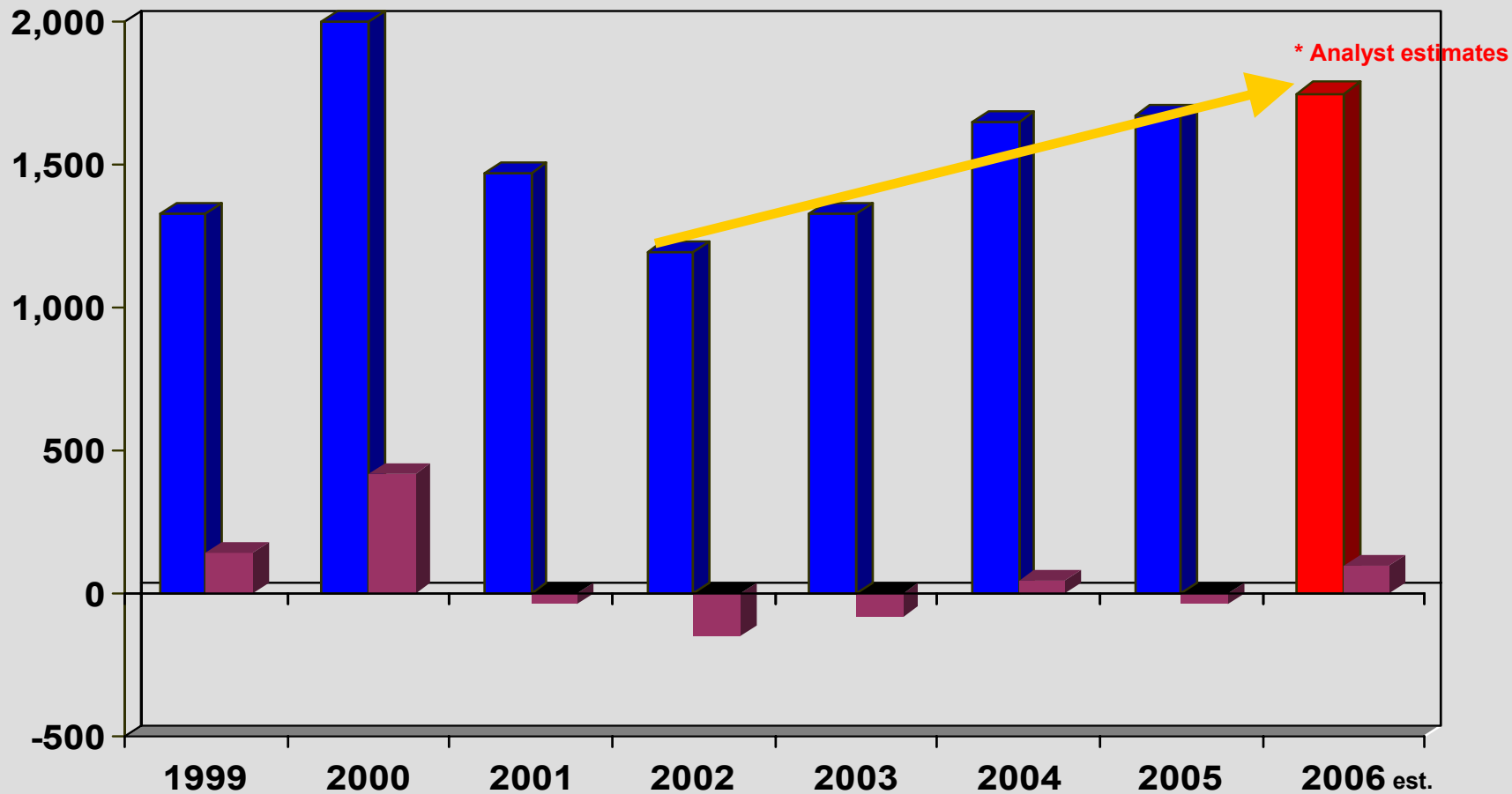


SIA Data



# Financials at a Glance

\$ Millions



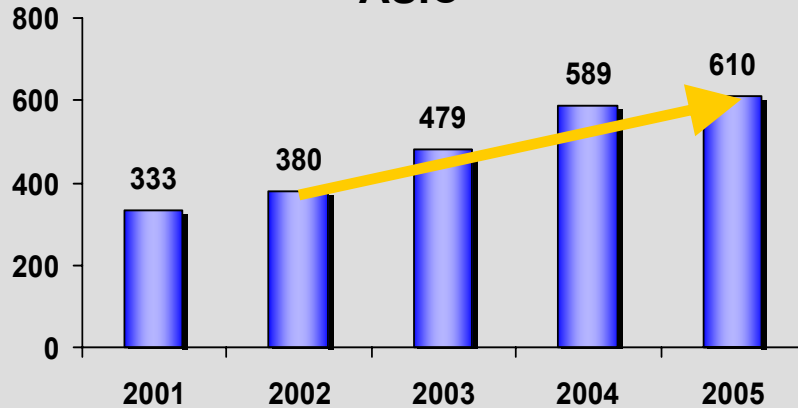
■ Revenue ■ Operating Income



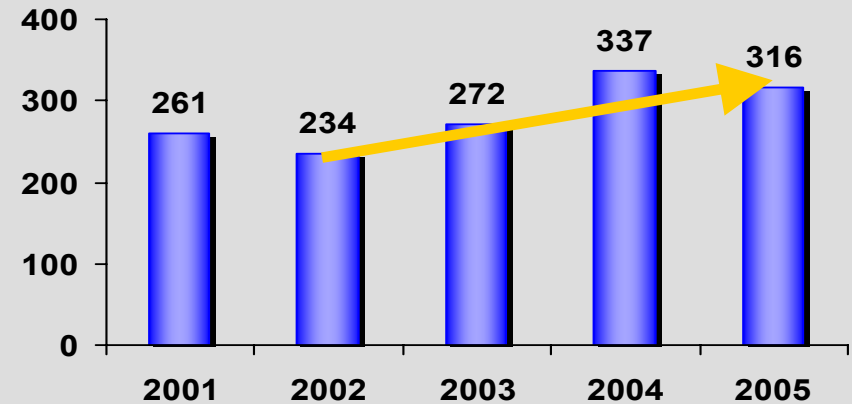
# Revenues by Business Unit

\$ Millions

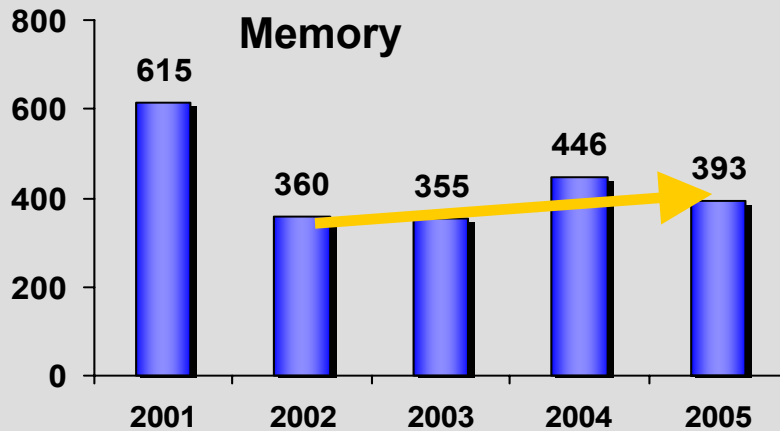
## ASIC



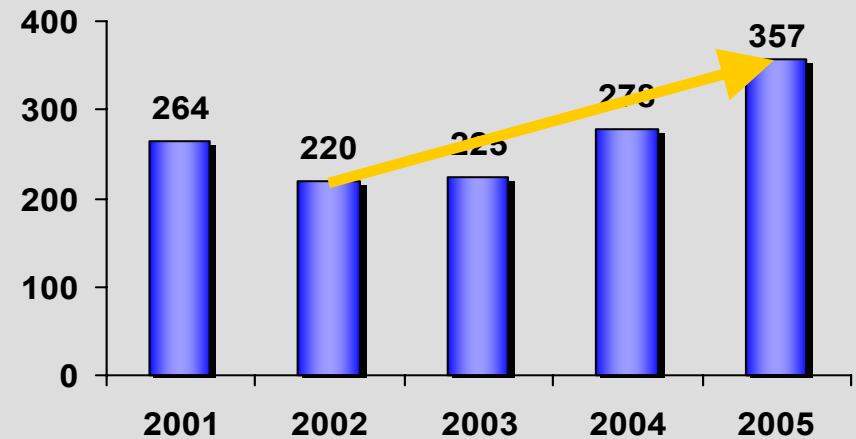
## Microcontroller



## Nonvolatile Memory

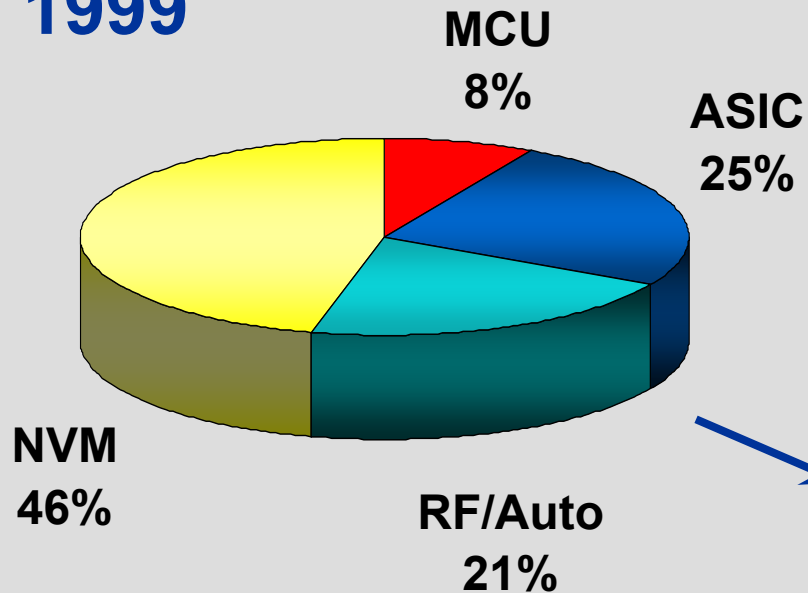


## RF and Automotive

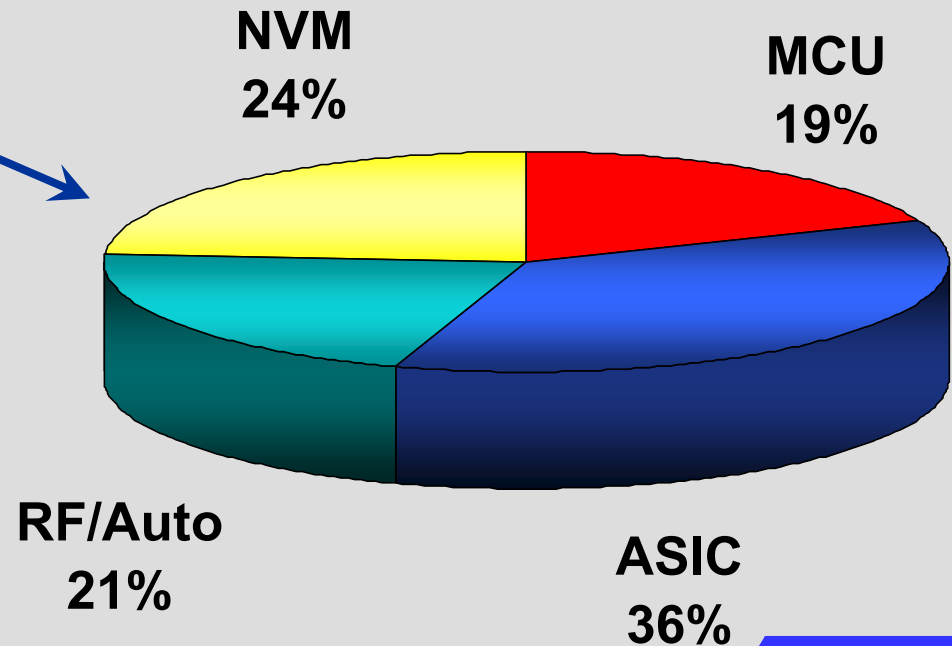


# Targeting Growth Markets

**1999**



**2005**





# Microcontrollers

- **Leader in 8-bit Flash MCU Market**
  - Consumer and industrial markets
- **Proprietary Architecture in AVR<sup>®</sup>**
  - Revenue growth > 10% in '05
  - Fastest benchmarked 8-bit microcontroller
  - Complete family of products – over 200 devices
- **Standard 8051 Architecture**
  - Providing customer with flexibility
- **Military & Aerospace ASSPs**
  - High margin, sustained profitability
- **Microcontroller IP used in a variety of Atmel designs**
  - More than 50% of revenue includes a MCU core

PWM AVR

ASIC AVR

BALLAST AVR

RF AVR

ZIGBEE<sup>™</sup> AVR

USB AVR

SECURE AVR<sup>™</sup>

XMEGA AVR

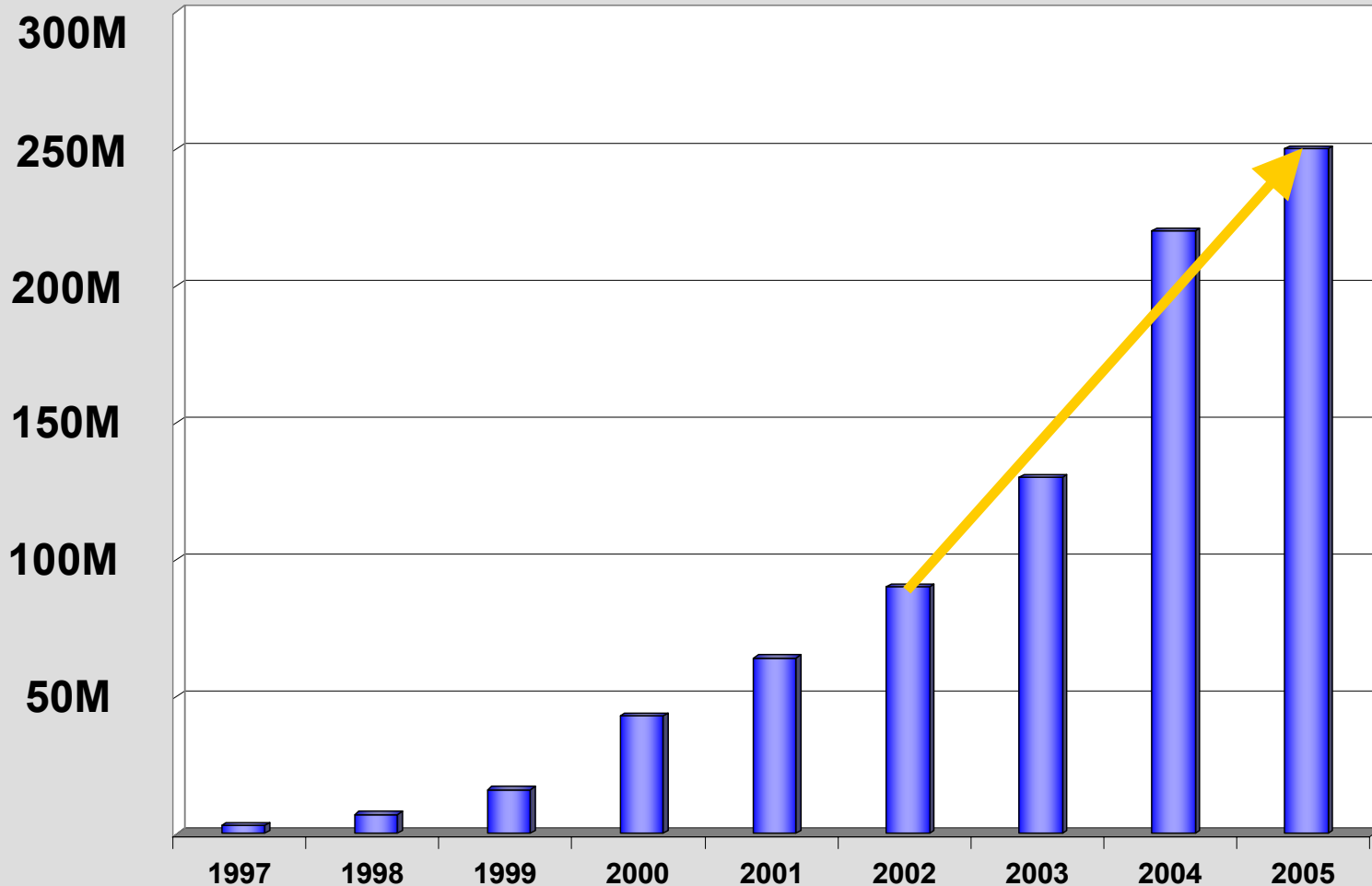
LCD AVR

CAN AVR



# AVR<sup>®</sup> MCU Unit Growth

Shipped over 700 million units of AVR since 1997.

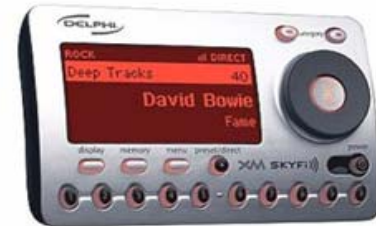
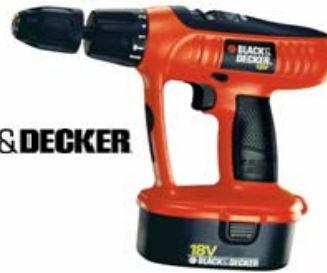


# High Volume AVR MCU Applications



XBOX™

BLACK & DECKER



SIRIUS  
Satellite Radio



COMPAQ



SONY

GARMIN



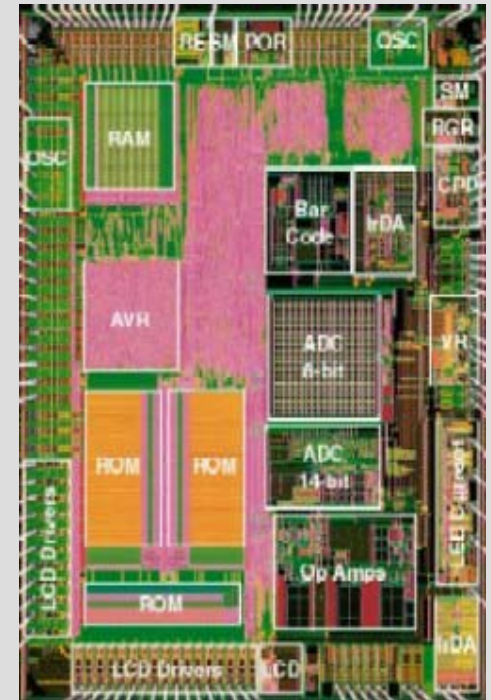
Honeywell



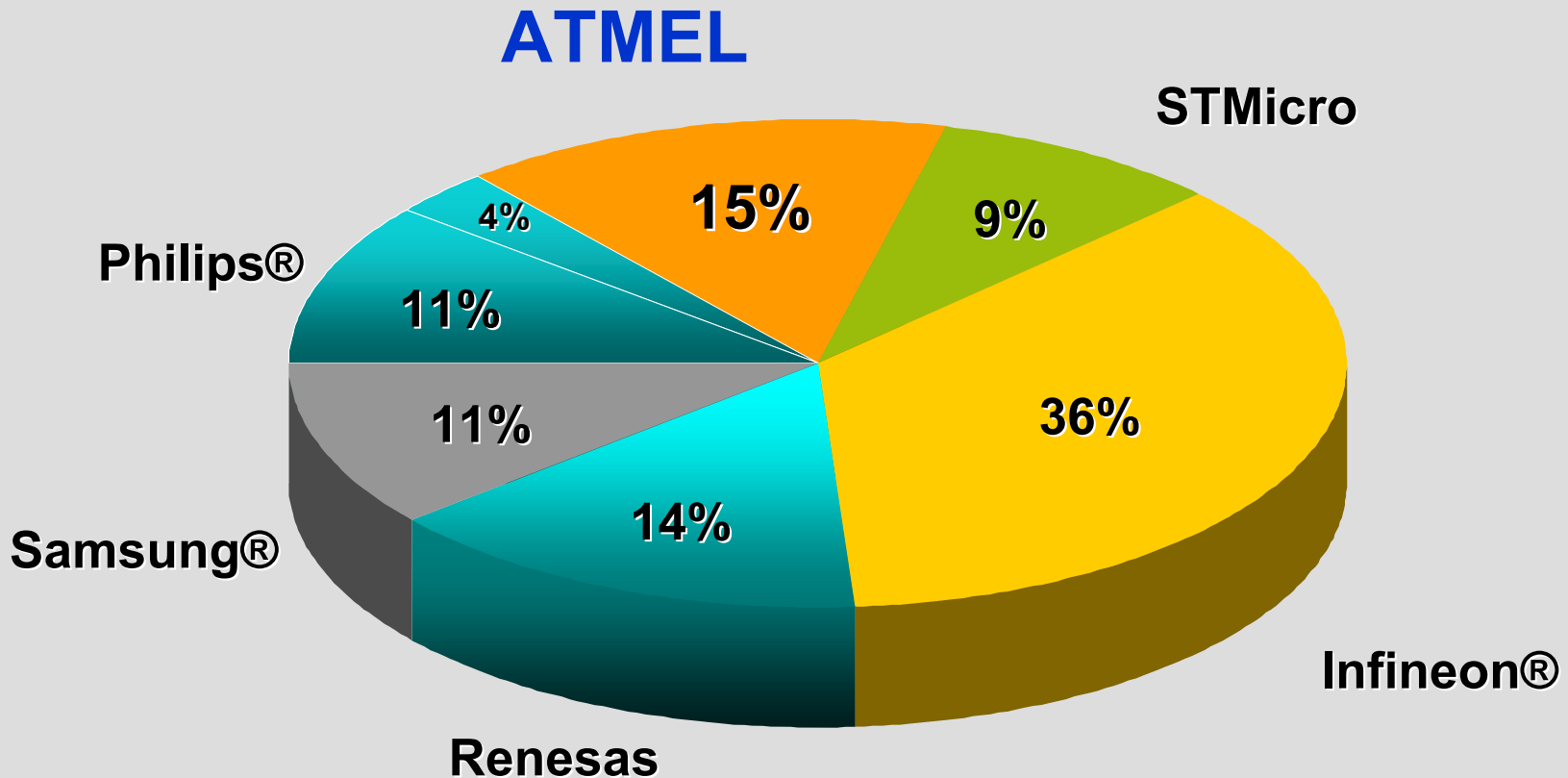
ATMEL®

# ASICs and ASSPs

- **Provide Complete System Solutions (SOC)**
  - Customers obtain virtually all pieces of a system from Atmel
- **#2 Global Provider of Smart Cards**
  - Over 20% Growth in '05
  - Flexible and Secure solutions available
- **ARM®-based ASICs and ASSPs**
  - Dedicated solutions for customers
  - Migrate ASICs to industry leading ASSPs
- **Emerging Markets for ASICs**
  - VoIP, Zigbee™, Imaging, Bluetooth®



# 2005 Smart Card IC Market Share\*



\*Company estimates for 2005 Smart Card ICs



# RF & Automotive

## ■ Wireless Data Communication

- GPS for cars (#3) and handsets (new market)
- Broadcast radio for the automobile (#1 in Europe)
- Automotive RF – RKE (#2 in Europe) and TPM
- RFID – member of EPCglobal



## ■ BiCMOS RF

- Front-end chipset for CDMA phones (top tier customer)
- Zigbee and WiMax provide future growth

# High Volume RF/Auto Applications

Engine Control



Smart RF and Zigbee



Global Positioning



Climate Control



Remote Keyless Entry



Tire Pressure Monitor



VoIP Telephone

Power Window



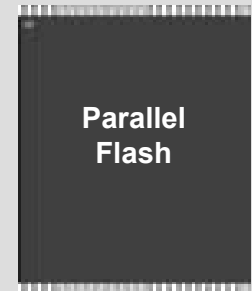
## DAB/DMB



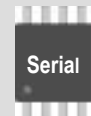
# Nonvolatile Memory

- **Serial E<sup>2</sup> (50% of business unit)**
  - Fastest and most flexible solution in the market
  - Over 400M pure memory units per quarter
  - Leverage R&D for embedded applications
- **Leader in Serial DataFlash®(25%)**
  - Unique architecture 256 bit per sector
  - We offer 1M to 64M densities
  - At .09 Micron we will offer 256M, 512M & 1 Gigabit
  - Hard disks, DVD's, PC BIOS, etc.. Low cost 8 pins
- **Atmel's Direction:**
  - Create a Very High Density Serial E<sup>2</sup> market that is the lowest cost solution for Non Volatile Storage.

**Go From  
This**

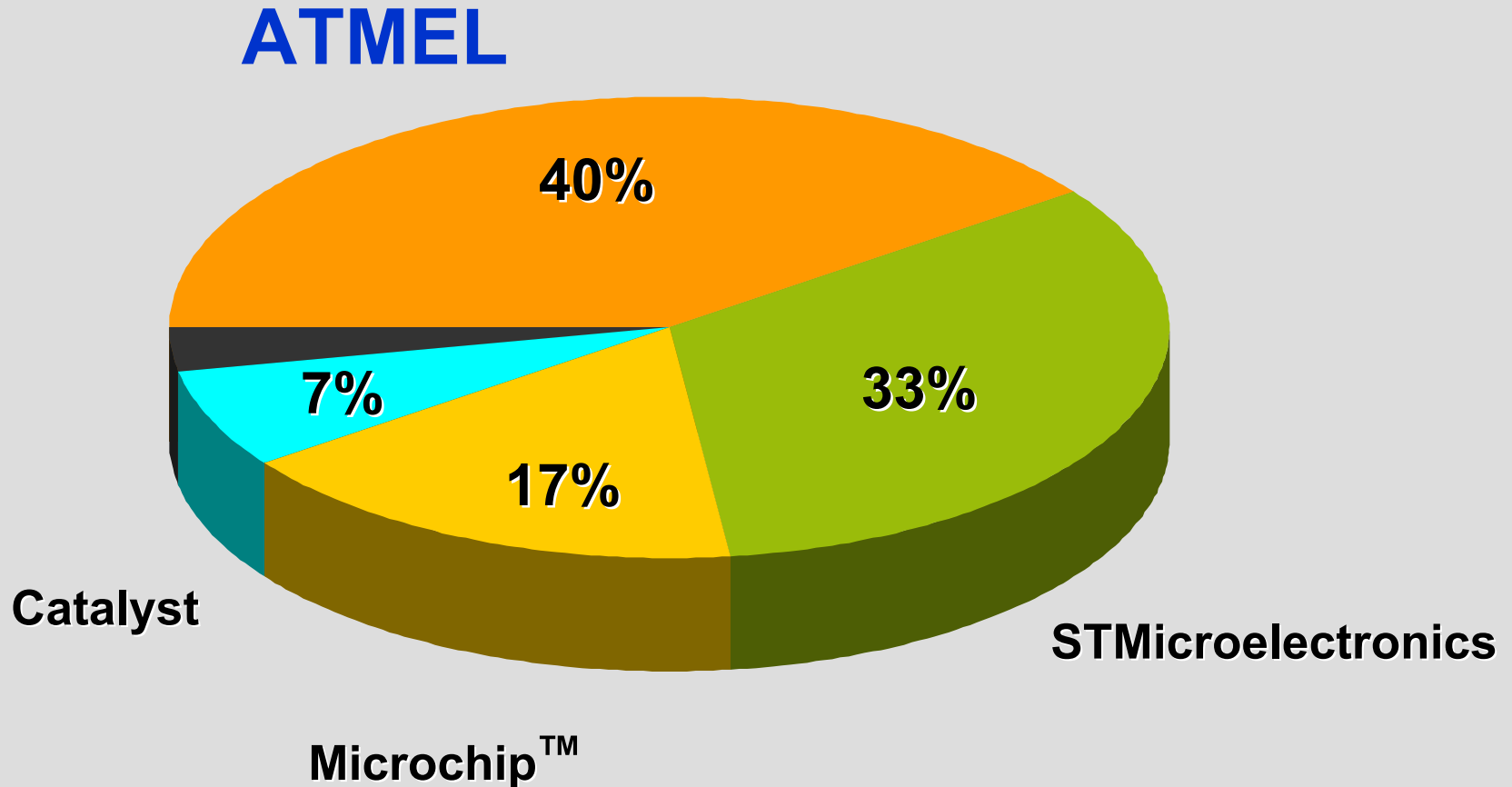


**To This**





# Serial & Parallel E<sup>2</sup> Market Share\*



\*Company estimates for 2005 Serial and Parallel E<sup>2</sup> Markets



# Strength in Manufacturing



UTILIZATION:	90%
PROCESS:	CMOS, NVM, BiCMOS, SiGe BiCMOS
WAFER SIZE:	150mm
TECHNOLOGY:	0.5 $\mu$ m to 0.25 $\mu$ m
CAPACITY:	15,000 w/w



UTILIZATION:	85%
PROCESS:	CMOS, NVM, Mixed Signal
WAFER SIZE:	200mm
TECHNOLOGY:	0.35 $\mu$ m to 0.13 $\mu$ m
CAPACITY:	7,500 w/w



UTILIZATION:	85%
PROCESS:	CMOS, SiGe BiCMOS, NVM,
WAFER SIZE:	200mm
TECHNOLOGY:	0.18 $\mu$ m & 0.13 $\mu$ m
CAPACITY:	8,000 w/w

\* Capacity provided is based on clean room space



# Blue Chip Customer Base

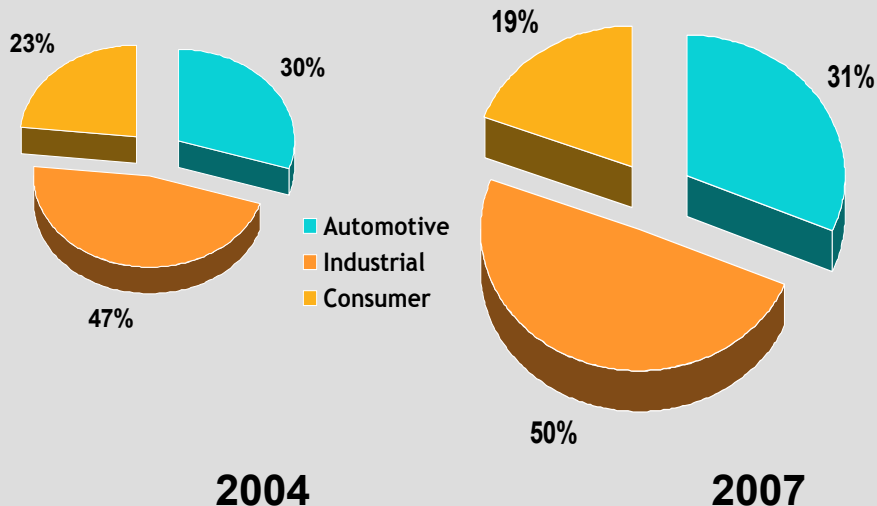


# WorldWide MCU Market

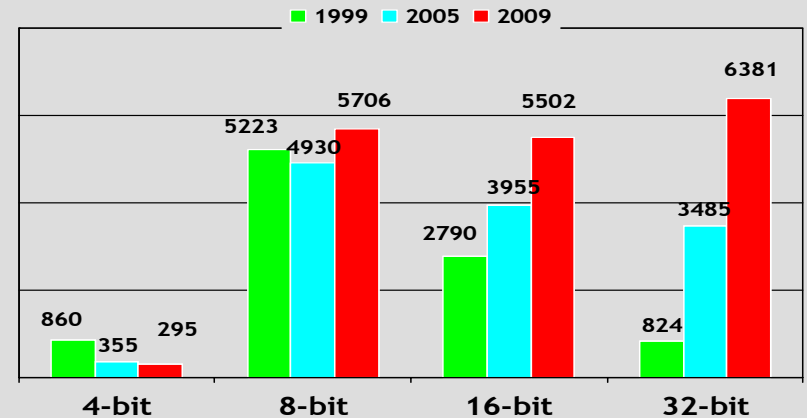
- Driving factors for massive 32-bit MCU growth, CAGR of 15% through 2009
  - Requirement for cleaner and safer cars. (legislation)
  - Connectivity. (internet access, services)
  - Flash based. (flexibility, field upgrade)
  - Consumer appetite for technology rich products. (performance & features)
  - System level integration, low power & cost (technology)

## 16 & 32-bit MCU by application

Source: Frost & Sullivan



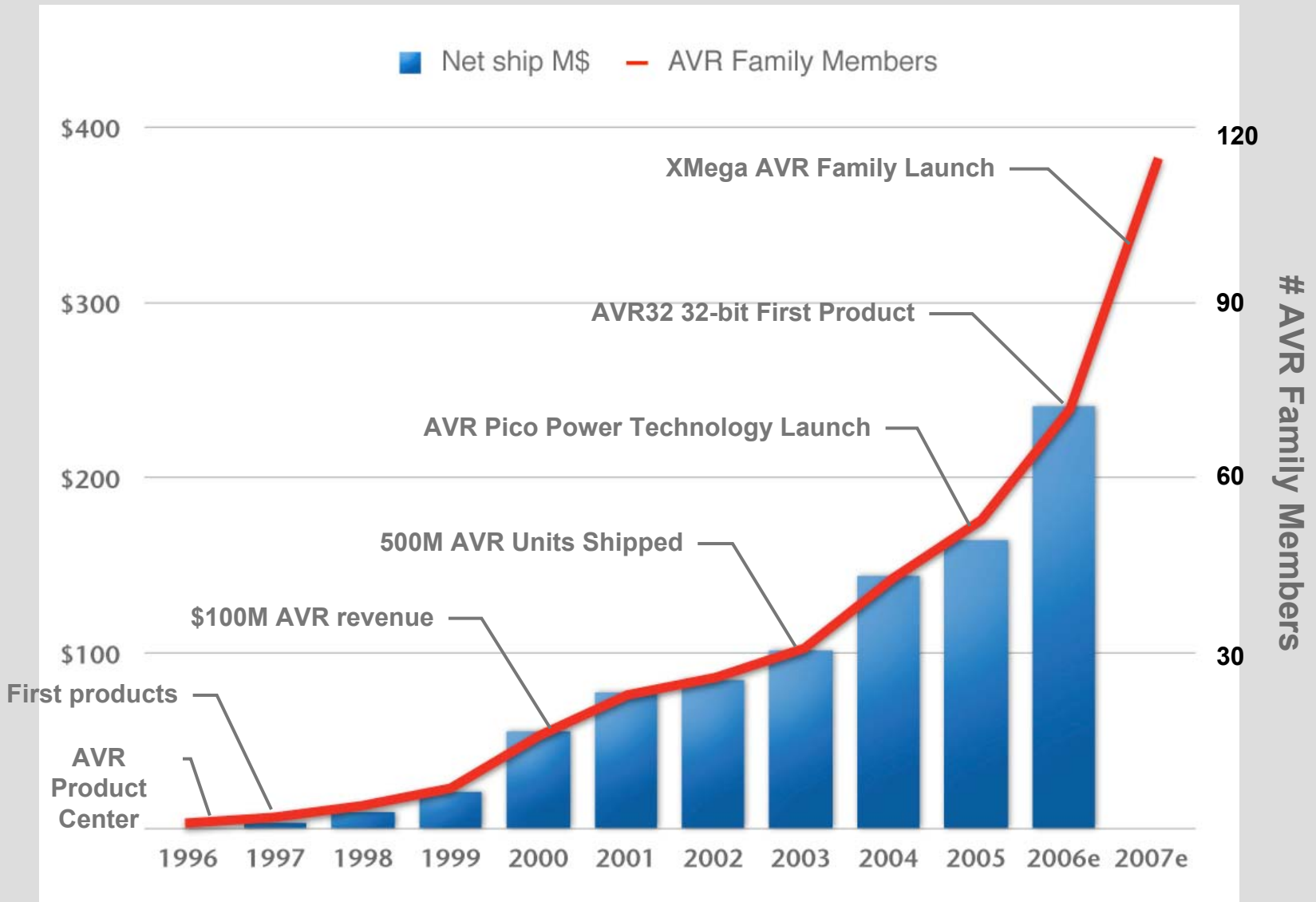
## Shifts in MCU Market (\$M, 1999-2009)



Source: WSTS, IC Insights

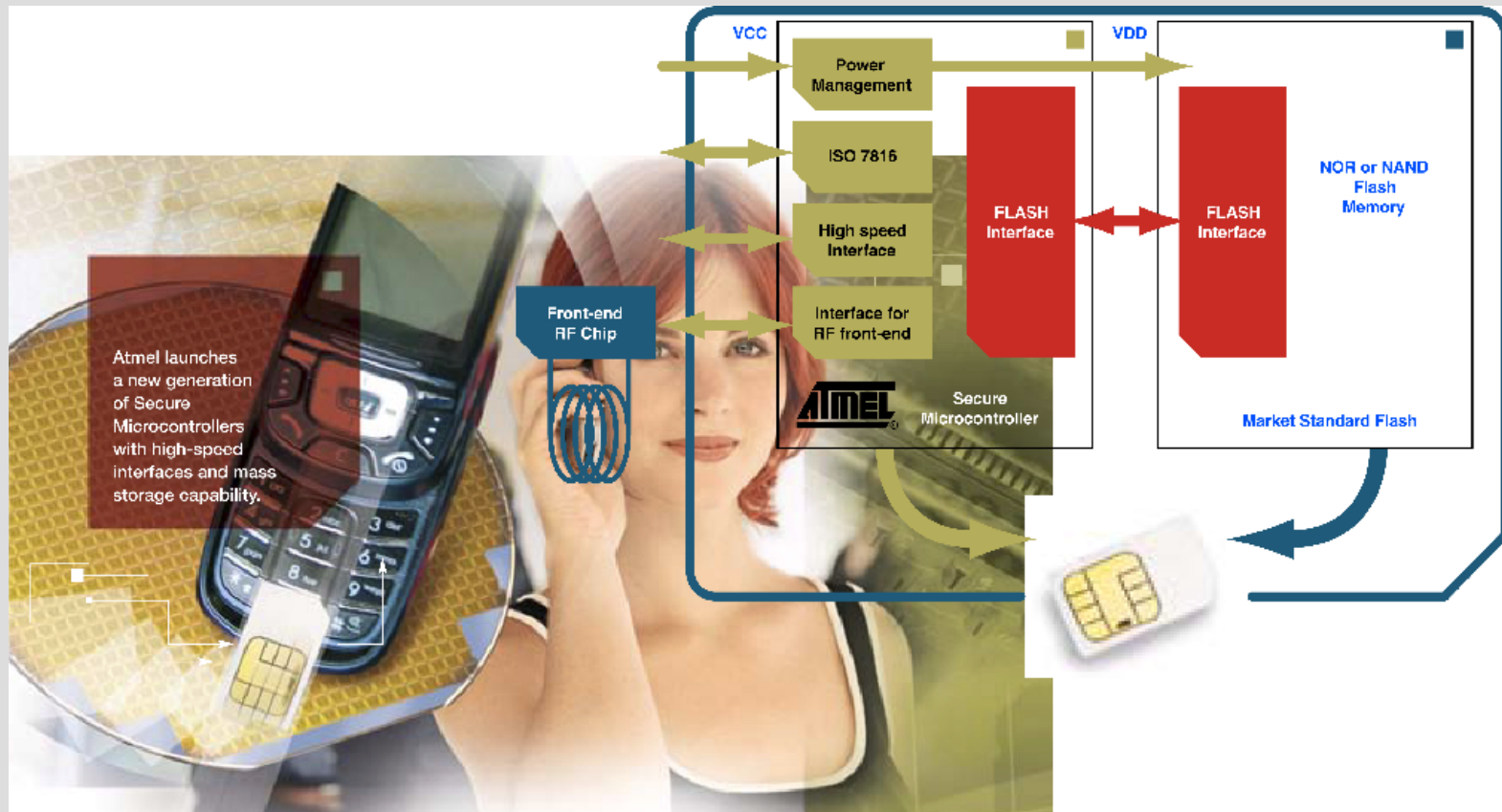


# AVR<sup>®</sup> Microcontroller - Continued Growth





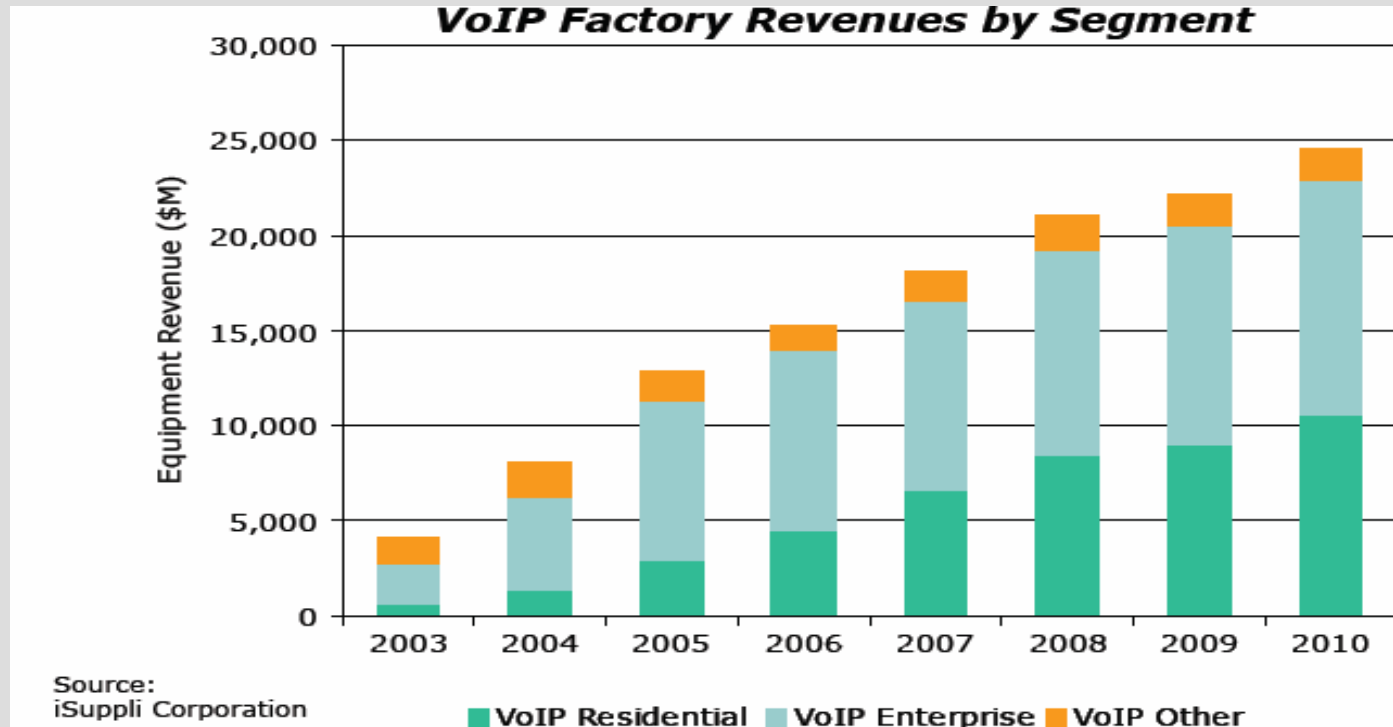
# AT91SC For Next Generation (U) SIM



Atmel Launches a new generation of Secure Microcontrollers with high-speed interfaces and mass storage capability.



# Voice over IP – a \$15B market



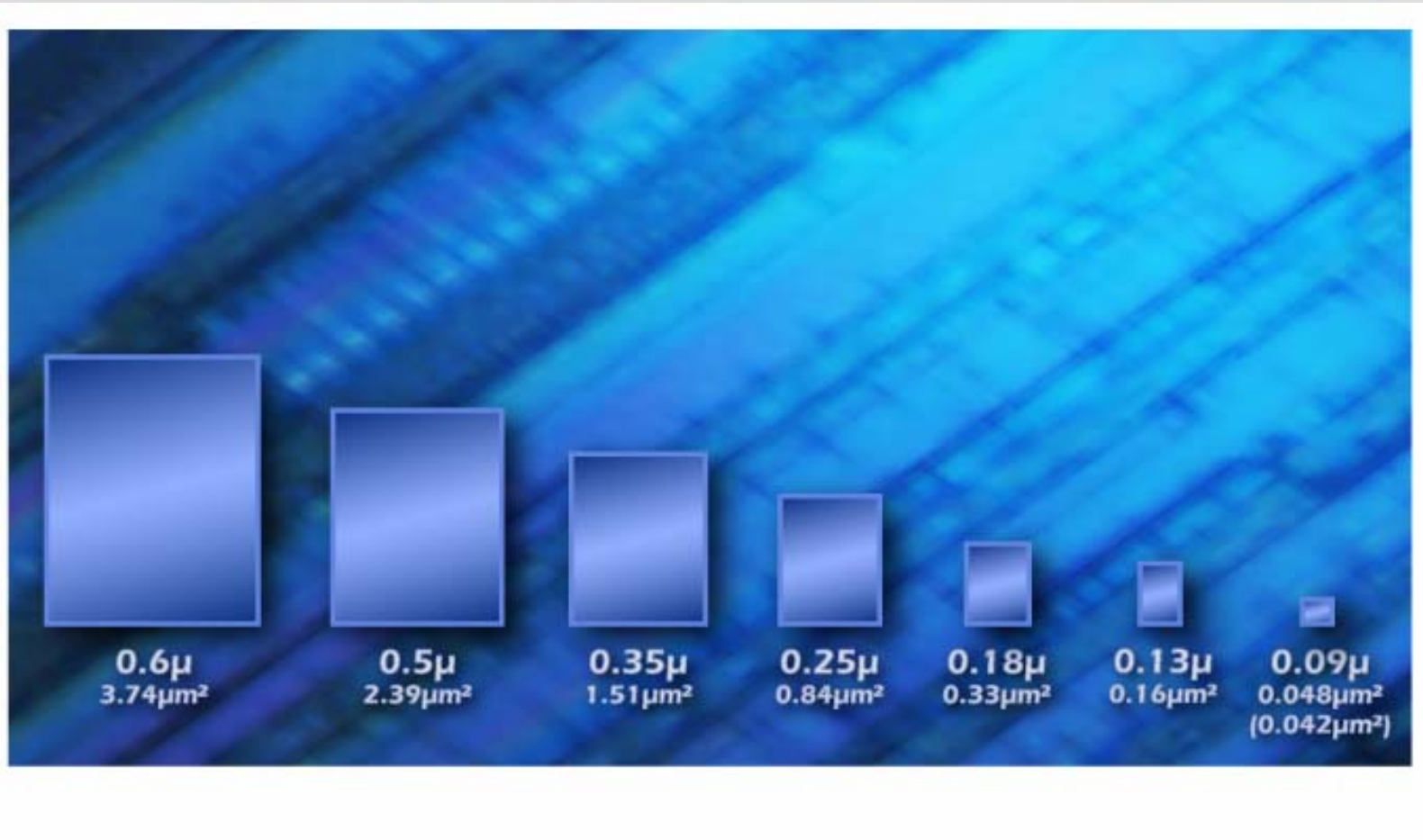
September 5, 2005 *iSuppli Corporation*-By 2010 **Enterprise VoIP** will represent 50% of the \$20 Billion VoIP equipment market.

The **residential space**, the second largest segment in VoIP, is in its early adopter stage and offers unlimited potential for the knowledgeable supplier.



# MEMORY TECHNOLOGY DEVELOPMENT

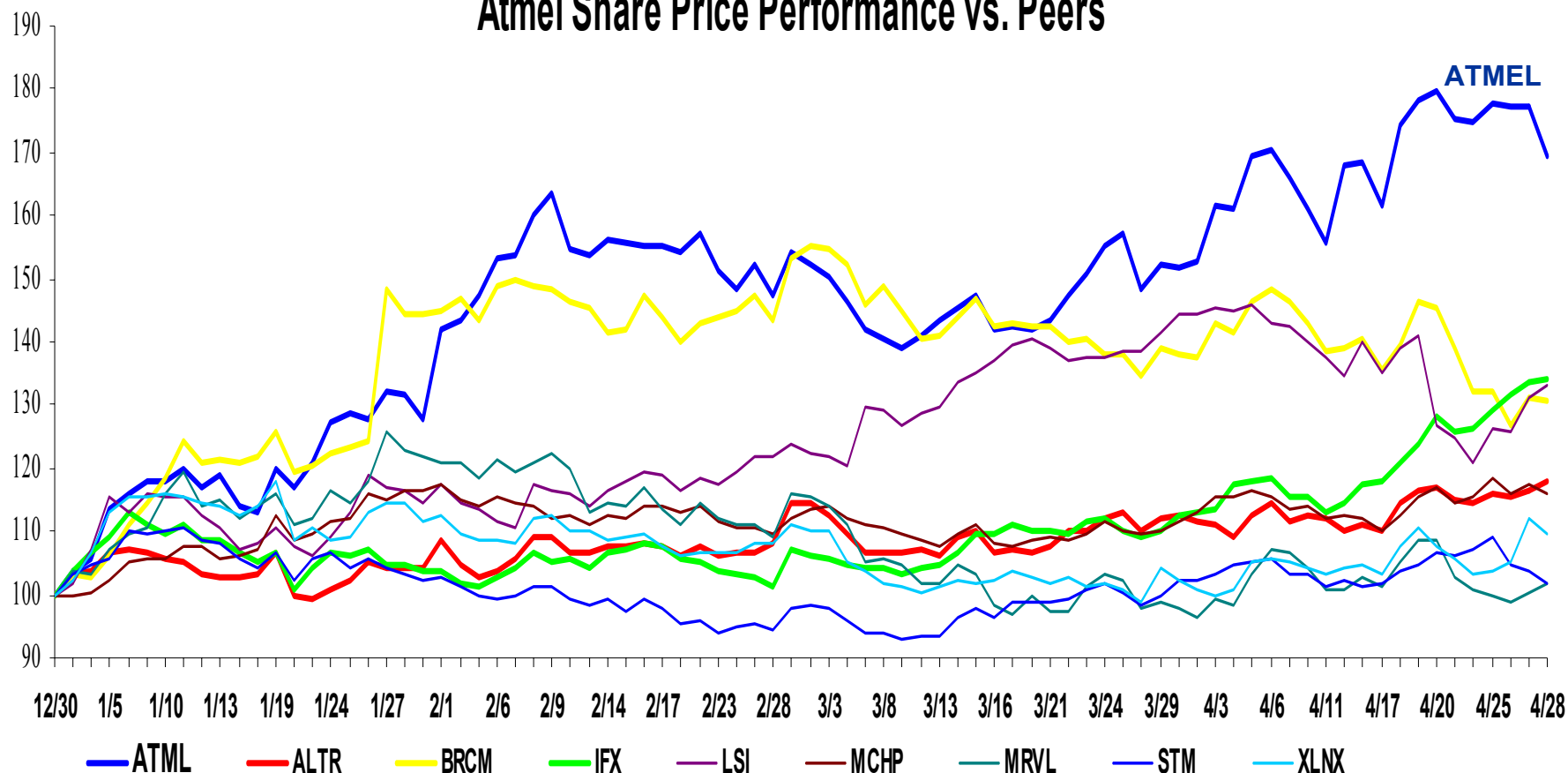
DataFlash® & Flash

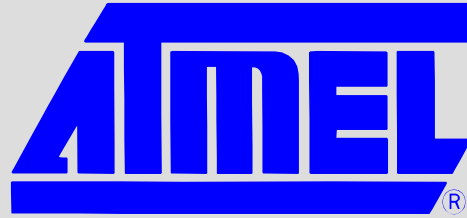




# ATML Stock Up Over 70% YTD

## Atmel Share Price Performance vs. Peers





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# Annual Stockholders Meeting

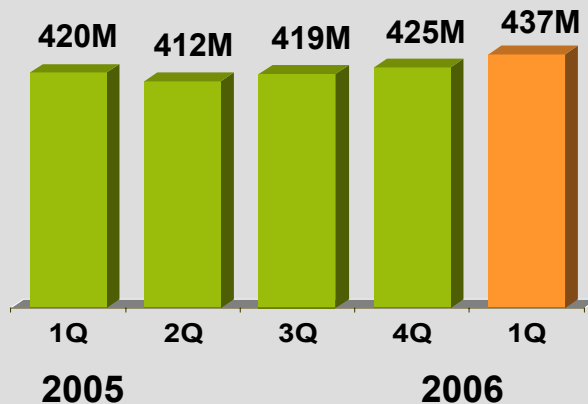
May 10, 2006

Robert Avery, VP Finance and CFO

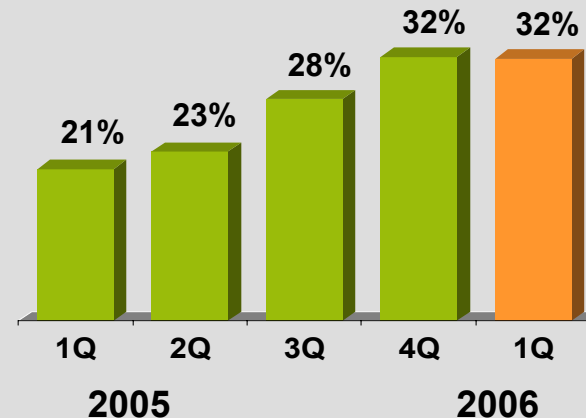
# P&L at a Glance

(GAAP)

## Revenues

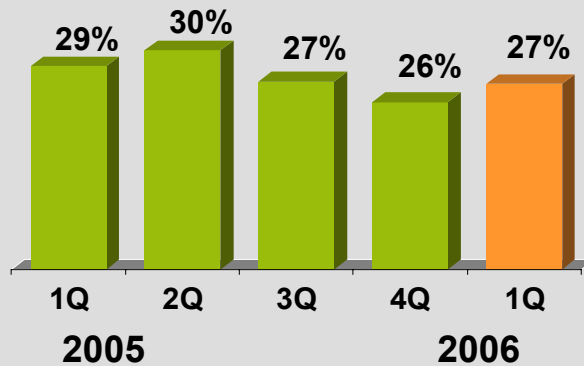


## Gross Margins

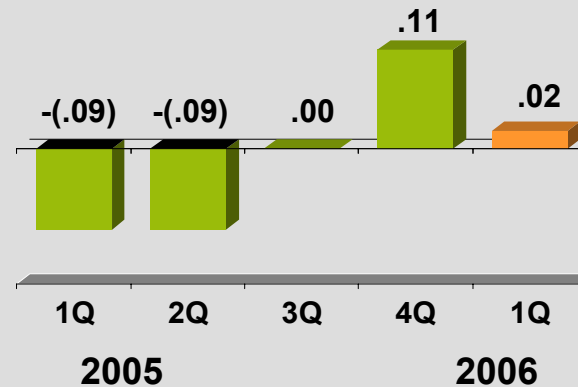


## Operating Expenses

(% of Revenue)

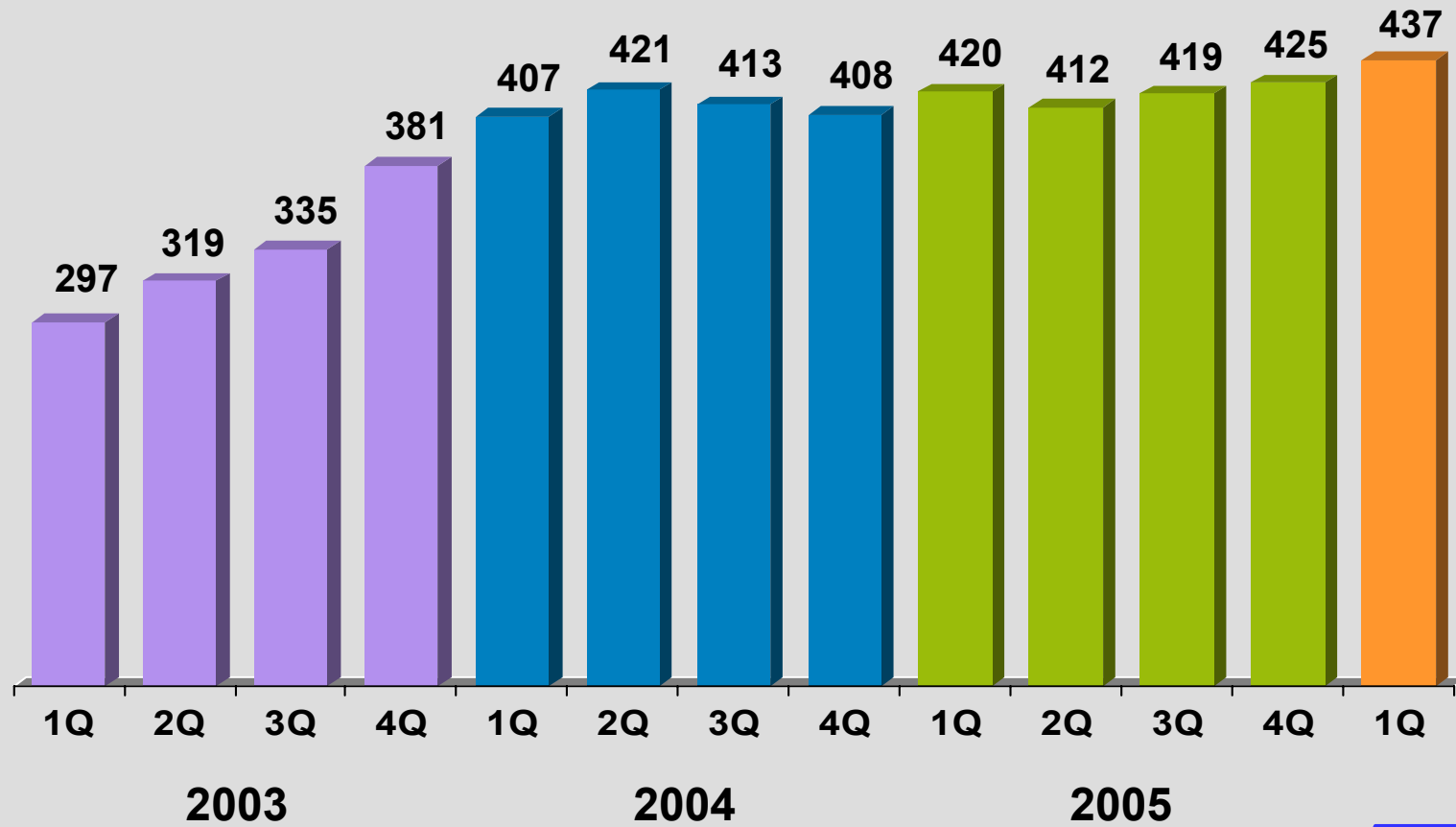


## EPS



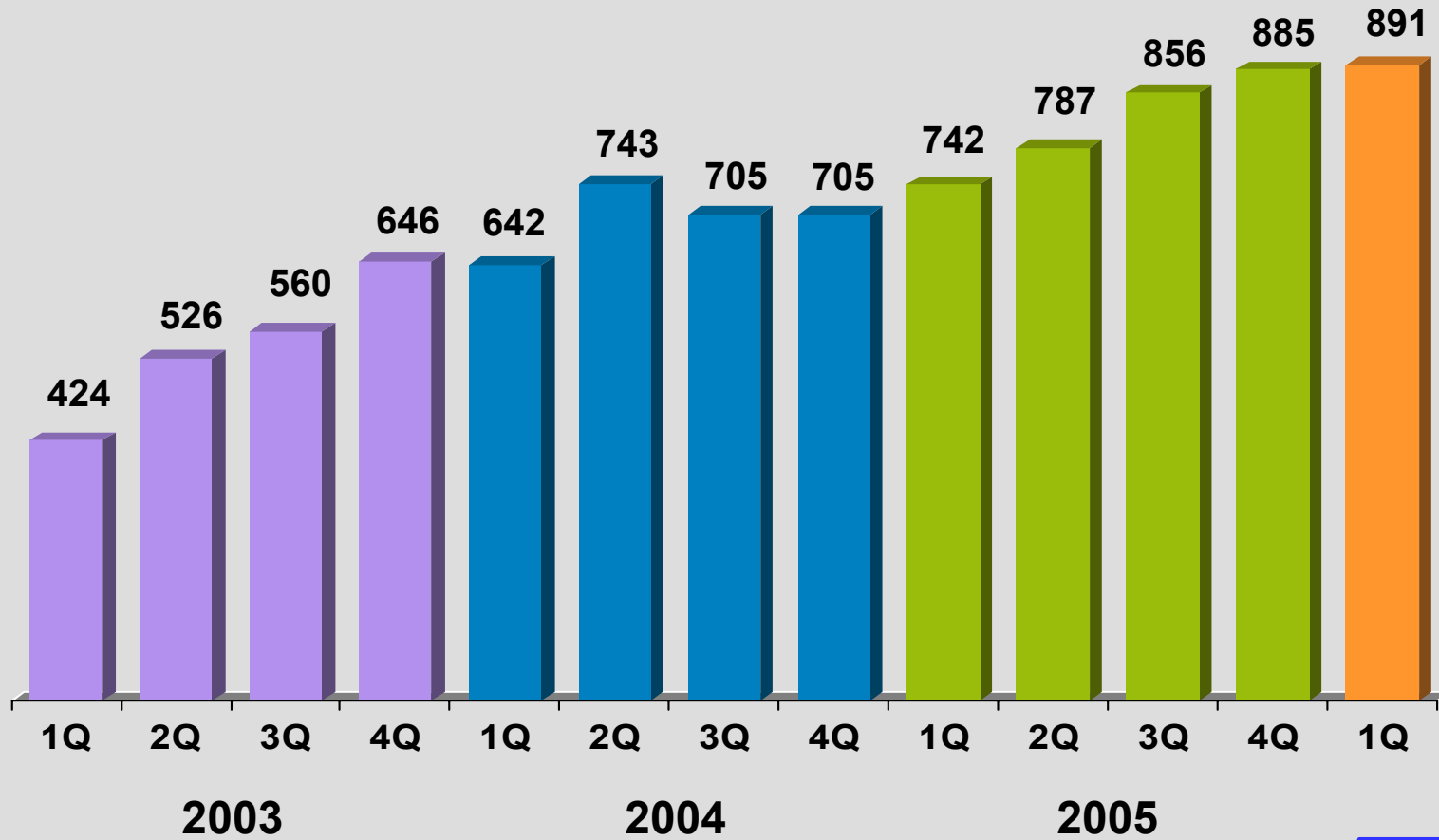
# Revenue - Dollars

Millions

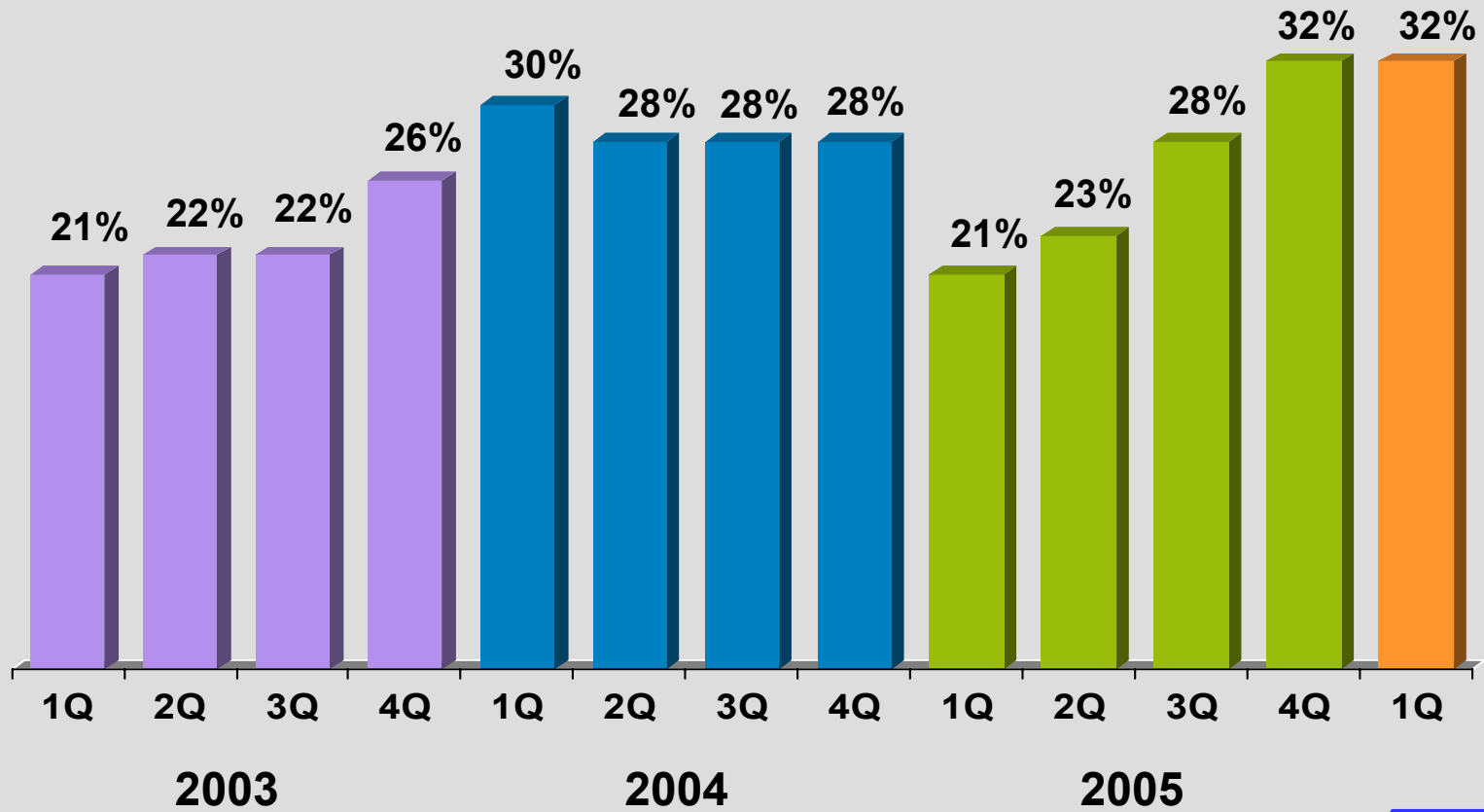


# Revenue – Units Shipped

Millions

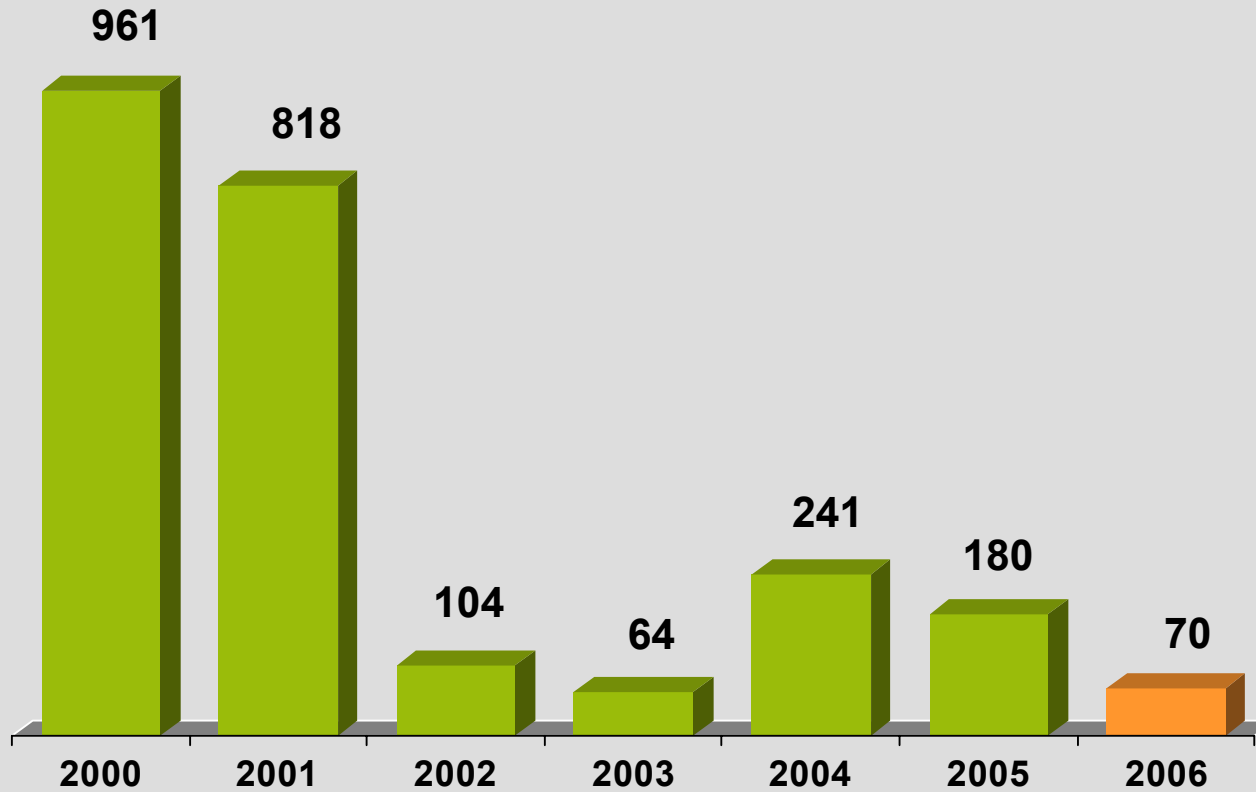


# Gross Margins



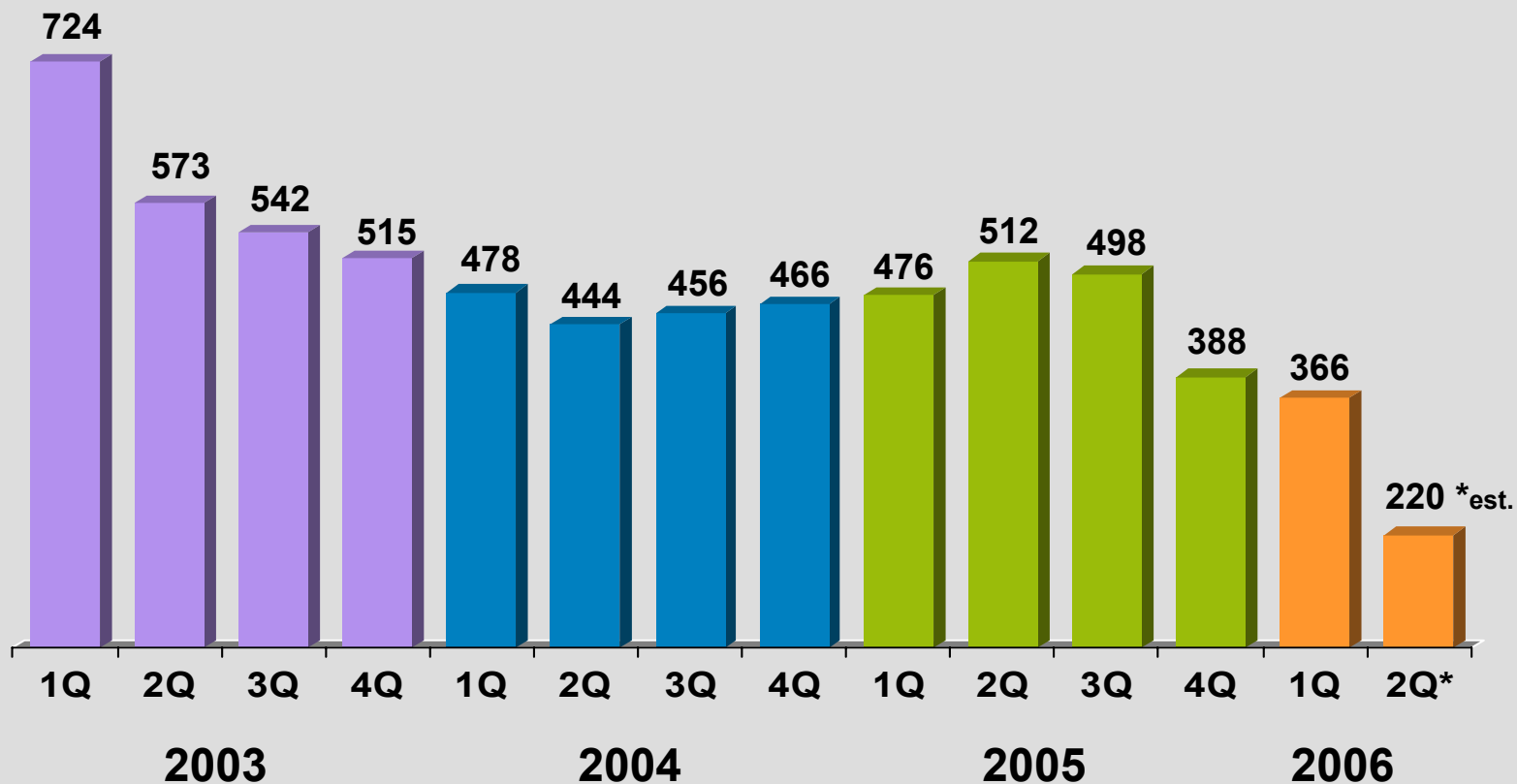
# Capital Spending

\$ Millions



# Debt Reduced

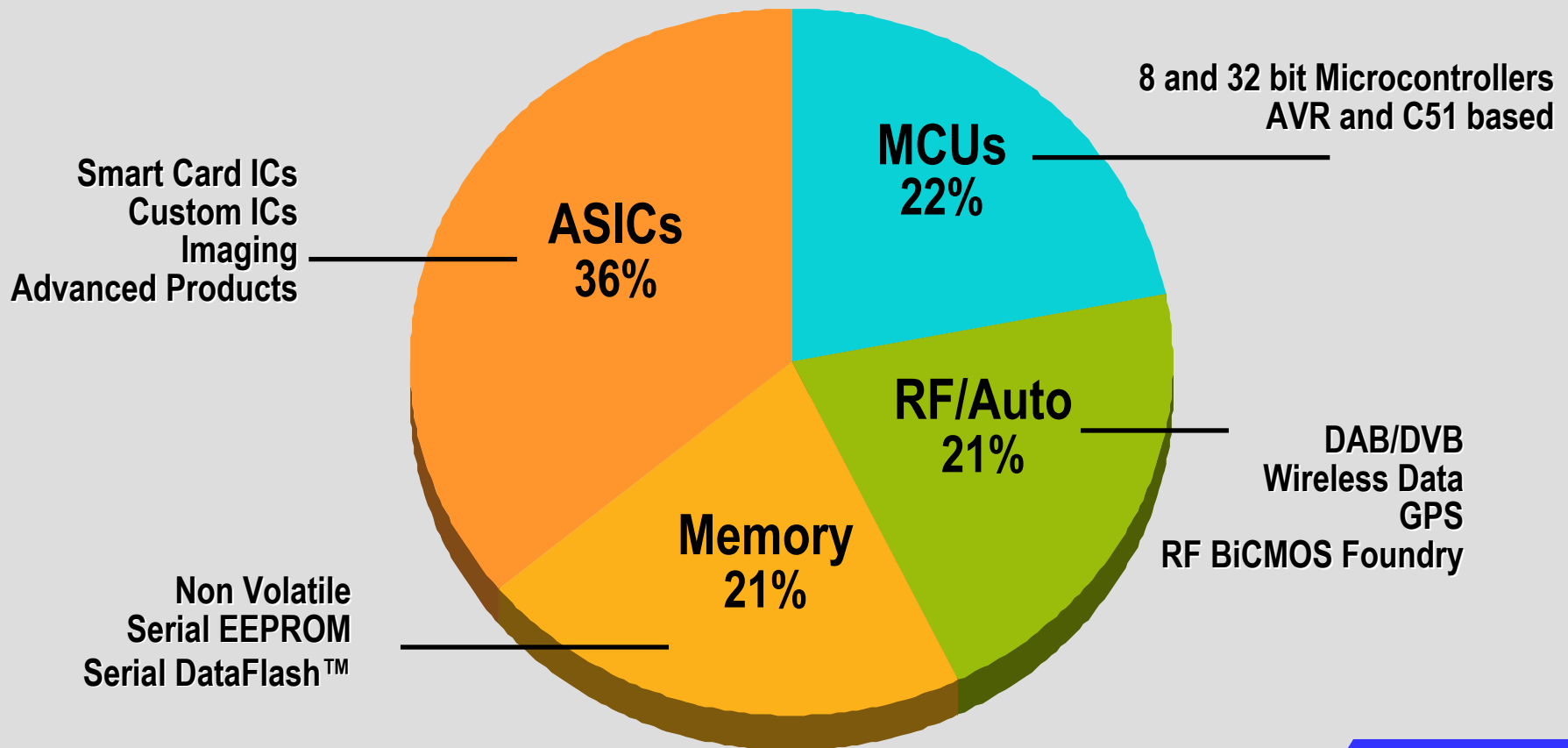
\$ Millions





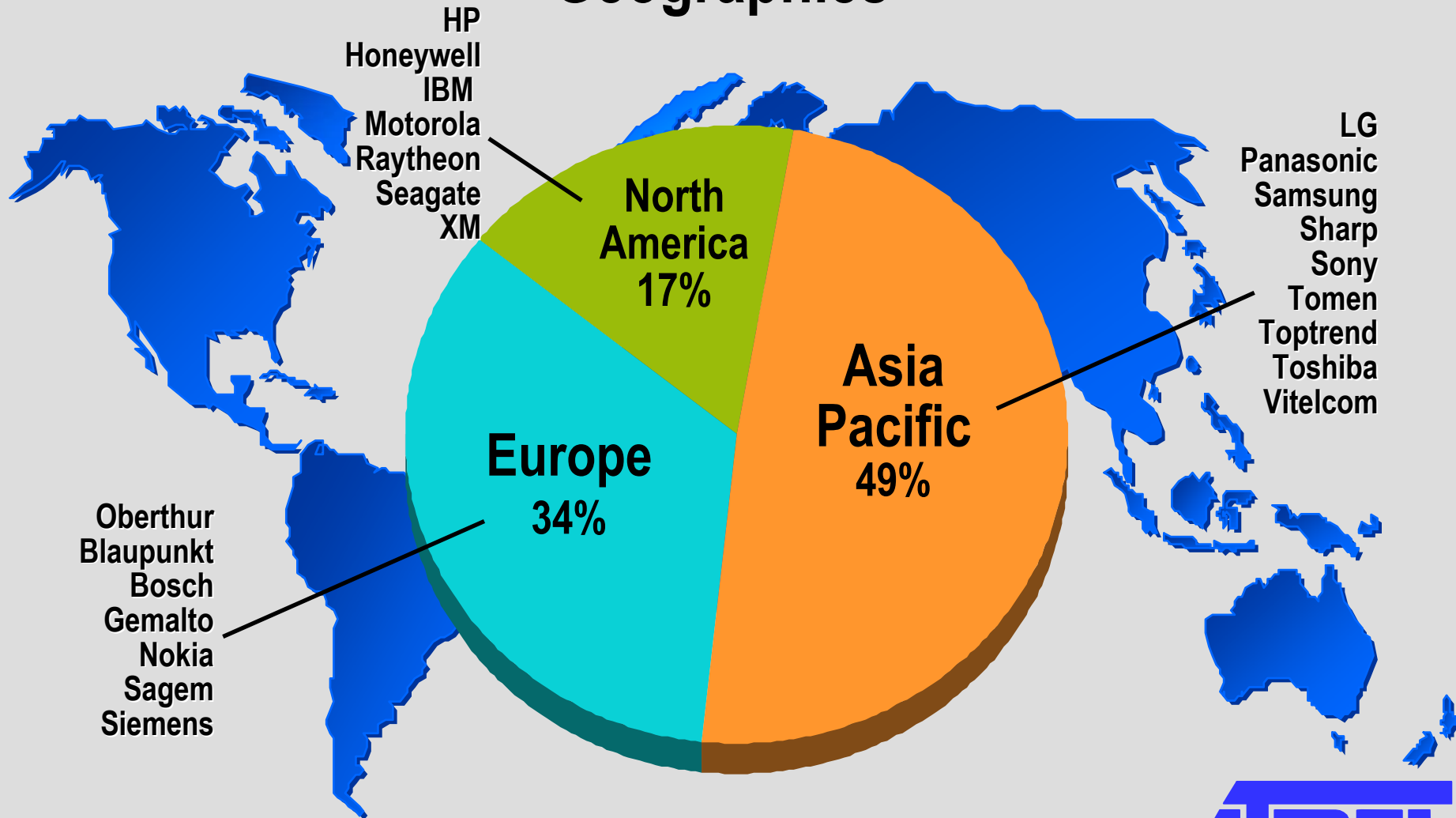
# Q1 2006 Revenue Profile

## Business Segments



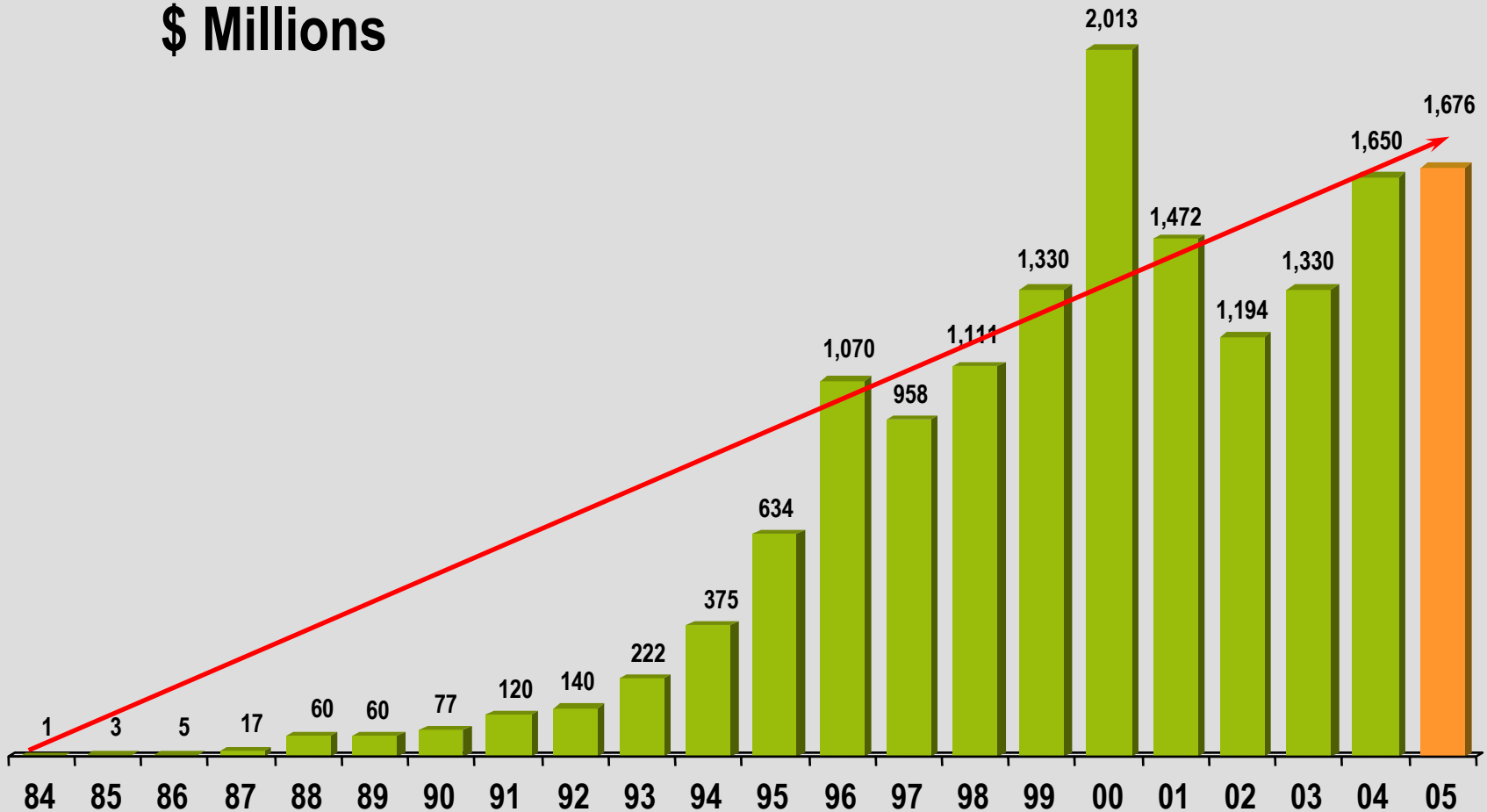
# Q1 2006 Revenue Profile

## Geographies



# Revenues - up and to the right

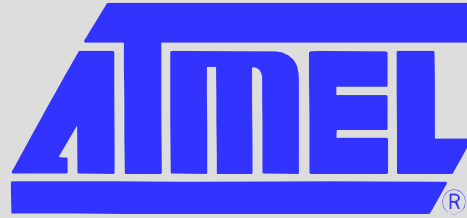
\$ Millions



# Key Takeaways

- **Diversified product portfolio**
  - Microcontrollers, Non- volatile memories, ASICs, ASSPs
- **Extensive IP library**
  - Over 1,300 patents for analog and digital IP
- **Targeted growth markets**
  - Storage, consumer and communications
- **Strategic OEM and channel relationships**
  - Over 60,000 customers reached direct or via distribution
  - Growing demand for Atmel proprietary design applications
- **Financials**
  - Tactical and strategic moves being made regarding cost structure
  - Balance sheet strong





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# Annual Stockholders Meeting

May 10, 2006

Questions and Discussion