

SILICON STORAGE TECHNOLOGY INC
Form DFAN14A
February 03, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
(Rule 14a-101)

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant ..
Filed by a Party other than y
the Registrant

Check the appropriate box:

- .. Preliminary proxy statement.
- .. Confidential, for use of the Commission Only (as permitted by Rule 14a-6(e)(2)).
- .. Definitive Proxy Statement.
- .. Definitive Additional Materials.
- y Soliciting Material Pursuant to § 240.14a-12.

Silicon Storage Technology, Inc.

(Name of Registrant as Specified in its Charter)

Microchip Technology Incorporated

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- y No fee required.
- .. Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(4) Proposed maximum aggregate value of transaction:

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Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Filed by Microchip Technology Incorporated
Pursuant to Rule 14a-12
of the Securities Exchange Act of 1934
Subject Company: Silicon Storage Technology, Inc.
Commission File No.: 000-26944

On February 3, 2010, Microchip Technology Incorporated posted the following materials on their website, www.microchip.com, in connection with their proposed acquisition of Silicon Storage Technology, Inc.

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Silicon Storage Technology Acquisition
February 3, 2010

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SST Acquisition/February 2010

SST Overview

Global leader in embedded Flash technology
and licensing

Other businesses include

Ø Serial/Parallel/Specialty Flash Memory

Ø 8051 Microcontrollers and NAND Controllers

Ø NAND Drives

Ø WiFi Power Amplifiers and Low Noise Amplifiers

Headquartered in Sunnyvale, CA

Ø 574 employees worldwide

~\$180M cash and liquid trading securities on
balance sheet

Ø No debt

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SST Acquisition/February 2010

Compelling Strategic Rationale

Proprietary SuperFlash® technology is a critical
building block technology for advanced
microcontrollers

Ø Licensed by most major foundries and microcontroller
OEM's

Ø Secures critical embedded flash technology for our core
microcontroller business

Ø Enables earlier access to advanced technologies

Ø Enables ability to customize technology variants that give
us an advantage over competing technologies

Adds strong patent portfolio to Microchip IP
portfolio

Ø >360 patents granted; >180 patents pending

Adds 8051 microcontrollers and NAND
controllers to our portfolio

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SST Acquisition/February 2010

Financial Reporting Plan

Licensing, 8051 microcontrollers and NAND controller
will be consolidated into Microchip's financial reporting
for continuing operations

Ø Continue investing in Superflash technology, consistent with
enabling our technology needs and growing the licensing business

Plan to rationalize Serial/Parallel/Specialty Flash
businesses consistent with:

Ø Supporting and growing the licensing business

Ø Emulating Microchip's high margin serial EEPROM business model

Ø Will be treated as an asset held for sale until rationalizing is
completed

Plan to divest NAND Drive and WiFi Amplifier
businesses

Ø Will be assets held for sale

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SST Acquisition/February 2010

Transaction Summary

Transaction value of \$275M

Ø \$95M net of SST's cash and liquid trading securities

Expect excellent blended non-GAAP operating margins after divestitures

Expect transaction to be accretive on a non-GAAP basis in the first full quarter

Expect transaction to close in CQ210

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Forward-Looking Statements

The foregoing slides contain statements regarding our plans for SST's technology and business units, expected Non-GAAP operating margins and the transaction being accretive on a Non-GAAP basis. Such statements 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, including, but not limited to: the actual timing of the closing of the SST acquisition, the satisfaction of the conditions to closing in the SST acquisition agreement, any termination of the SST acquisition agreement, changes in demand or market acceptance of SST's products and technology and the products and technology needs of its customers, changes in demand or market acceptance of our products and the products of our customers; competitive developments including changes in microcontroller technologies; the costs and outcome of any current or future tax audit or any litigation involving our or SST's intellectual property, customers or other issues; disruptions due to natural disasters, terrorist activity, armed conflict, war, worldwide oil prices and supply, public health concerns or disruptions in the transportation system; and general economic, industry or political conditions in the United States or internationally. For a detailed discussion of these and other risk factors, please refer to the filings of Microchip on Forms 10-K and 10-Q. You can obtain copies of Microchip's Forms 10-K and 10-Q and other relevant documents for free at Microchip's Web site (www.microchip.com) or the SEC's Web site (www.sec.gov) or from commercial document retrieval services. Stockholders are cautioned not to place undue reliance on our forward-looking statements, which speak only as of the date such statements are made.

Microchip undertakes no obligation to publicly update any forward-looking statements to reflect events, circumstances or new information after the February 3, 2010 date of these slides or to reflect the occurrence of unanticipated events.

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Additional Information and Where to Find It

In connection with the proposed merger, SST will file a proxy statement and other related documents with the Securities and Exchange Commission, or the SEC. INVESTORS AND SHAREHOLDERS ARE ADVISED TO READ THESE DOCUMENTS WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. Investors and shareholders may obtain a free copy of these documents (when available) and other documents filed by SST at the SEC's web site at www.sec.gov and at the Investor section of their website at www.SST.com. The proxy statement and such other documents may also be obtained for free from SST by directing such request to Silicon Storage Technology, Inc., Attention: Ricky Gradwohl, 1020 Kifer Road, Sunnyvale, California 94086, Telephone: (408) 735-9110.

Microchip, SST and their directors and executive officers may be deemed to be participants in the solicitation of proxies from the shareholders of SST in connection with the Merger. Information regarding the special interests of these directors and executive officers in the transaction will be included in the proxy statement described above. Additional information regarding the directors and executive officers of Microchip is also included in Microchip's proxy statement for its 2009 Annual Meeting of Stockholders, which was filed with the SEC on July 10, 2009. Additional information regarding the directors and executive officers of SST is also included in SST's proxy statement for its 2009 Annual Meeting of Shareholders, which was filed with the SEC on April 30, 2009. These documents are available free of charge at the SEC's web site at www.sec.gov and as described on the previous slide.

Thank You!
www.microchip.com
