

ALTERA CORP
Form DEFA14A
June 01, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

SCHEDULE 14A

(Rule 14A-101)

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE
SECURITIES EXCHANGE ACT OF 1934

Filed by the Registrant

Filed by a Party other than 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

Soliciting Materials Pursuant to Section 240.14a-12

ALTERA CORPORATION

(Name of Registrant as Specified in its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- x 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 the transaction applies:

 - 2) Aggregate number of securities to which transaction applies:

 - 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

 - 4) Proposed maximum aggregate value of transaction:

 - 5) Total fee paid:
- .. Fee paid previously with preliminary materials.
- .. 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:

Acquisition of Altera
June 1, 2015

Risk Factors and Additional Information

Today's presentations contain forward-looking statements. All statements made that are not historical facts are subject to a number of uncertainties, and actual results may differ materially. Please refer to the risk factors set forth at the end of this presentation for more information related to this proposed transaction and the business combination. Please also refer to Intel's and Altera's most recent earnings reports and 10-K filings for more information on the risk factors related to our respective businesses.

If
we
use
any
non-GAAP
financial
measures
during
the
presentations,
you
will
find
on
www.intelacquiresaltera.transactionannouncement.com
the
reconciliation to the most directly comparable GAAP financial measure.
Intel
and
Altera

intend
to
use
www.intelacquiresaltera.transactionannouncement.com
to
post
all
information
about
the
proposed
transaction.

Additional Information and Where to Find It

Altera plans to file a proxy statement (the "Proxy Statement") with the Securities and Exchange Commission (the "SEC") in connection with the solicitation of proxies for the special meeting of Altera's stockholders to be held in connection with the transaction (the "Special Meeting"). After filing its Proxy Statement in definitive form with the SEC, the Company will mail the Proxy Statement to each stockholder. **STOCKHOLDERS ARE URGED TO READ THE PROXY STATEMENT (INCLUDING ANY AMENDMENTS THERETO) AND ANY OTHER RELEVANT DOCUMENTS THAT ALTERA WILL FILE WITH THE SEC WHEN THEY BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION.** Stockholders may obtain, free of charge, copies of the other documents filed by the Company with the SEC in connection with the Special Meeting at the SEC's website (<http://www.sec.gov>), at the transaction website at www.intelacquiresaltera.transactionannouncement.com at Altera's website (<http://www.altera.com>) (under

Investor Meeting
November, 2014
Intel's Growth Strategy

Transaction Summary

Purchase Price

\$54 per share in cash

Financial Impact

Expected to be accretive to non-GAAP EPS & Free Cash
Flow (FCF) in the first year after close

Financing

Cash on hand + new debt

Closing

Expected in approximately 6-9 months

Unanimously approved by Intel and Altera
Boards of Directors

Subject to approval by Altera's stockholders, regulatory approvals, and other customary closing conditions
Equity Value

~\$16.7 billion

The FPGA business is aligned to our growth strategy, Altera is well positioned, and FPGAs benefit from Moore's Law. We expect this transaction to create significant value for our stockholders.

Executive Summary

Altera's products combined with our IP portfolio are expected to enable a new class of products that meet customer needs in the data center and IoT market segments.

Altera Stats

Current Intel Foundry Relationship

Altera Overview

World leader in programmable logic devices (PLDs)

Headquartered in San Jose, CA

~3,100 employees worldwide in more than 20 countries

~12,600 customers served through a direct sales force and distributors

FY14 revenue of \$1.9B, gross margin of 66%, and net income of \$0.5B

Cash flow from operations of \$0.7B
or 34%

Established a multi-year agreement in
2013

World class PLD technology + world
class process technology

Manufacturing

Altera's

Stratix®10

PLDs and SoCs using Intel's 14 nm

Tri-Gate process and packaging
technology

2014 TAM: \$115B

18%

78%

4%

ASIC

PLD

ASSP

PLDs,

ASICs

&

ASSPs

2

A Highly Complementary Business

1

Source: Company filings, Gartner

2

Gartner forecast: ASIC/ASSP, FPGA/PLD and SLI/SoC Applications, Worldwide, 2012-2018, 4Q14 Update

2014 Revenue: \$1.9B

Altera
Revenue
by
Segment
1
Industrial, Military
and Automotive
Networking,
Computer
and Storage
22%
16%
18%
PLD
Market
Segment
Share
2
2014 TAM: \$5.0B
39%
49%
12%
Altera
Other
Xilinx
44%
Other
Telecom
and
wireless

In a Growing Market Segment
(\$M)
Source: Gartner
FPGA Market Segment Growth
Forecast
CAGR
7%
Military/Civil
Military/Civil
Aerospace
Aerospace
Industrial
Industrial
Automotive
Automotive
Data
Data
Processing

Processing
Consumer
Consumer
Comms
Comms
0
1,000
2,000
3,000
4,000
5,000
6,000
7,000
8,000
9,000
10,000
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023

Addresses emerging customer workloads in the ~\$37B data center logic market segment

New IoT products expected to expand serviceable market by ~\$11B

Expected to be ~60% of total value created

OpEx reductions which increase over time

Manufacturing leadership which is expected to improve existing Altera product portfolio and market segment share

Expected to be ~40% of total value created
Strategic Combination Creates Significant Value
Source: Intel estimates
Accretive to Non-GAAP EPS & Free Cash Flow
in the First Year After Close

Product
Synergies
Cost &
Manufacturing
Synergies

Cloud Example: Data Center FPGA Acceleration

Up to 1/3 of Cloud Service Provider Nodes to Use FPGAs by 2020

<https://gigaom.com/2015/02/23/microsoft-is-building-fast-low-power-neural-networks-with-fpgas/>

Image Identification

Security

Convolutional Neural

Network

Encryption

Big Data

Compression

Applications:

Algorithms:

CPU

CPU

FPGA

FPGA

Co-Packaged CPU + FPGA

CPU + FPGA

CPU + FPGA

Integrated CPU + FPGA

CPU

CPU

FPGA

FPGA

Discrete FPGA

>2X performance increase through integration

Reduces total cost of ownership (TCO) by using standard server infrastructure

Increases flexibility by allowing for rapid implementation of customer IP and algorithms

Today

IoT

Application Examples

Processor, mem controller,
security, standard IO

Industrial Specific

Real-time control and acceleration

Industrial

Automation Control

Pre-Programmed

(ASSP replacement)

Processor, mem controller, security,
standard IO

Automotive Specific

Functional Safety,

Computer Vision,

Proprietary Acceleration

Advanced Driver

Assistance Systems

Customer Defined IP
(ASIC replacement)
Base IA Complex
FPGA
One
Silicon Design
Integrated die and
multi-chip packages

Integrated solutions accelerate growth in
key IoT segments by adding new
functionality, improving performance, and
lowering cost

~\$11B incremental SAM by 2020 as
integrated FPGAs become cost
competitive with ASICs & ASSPs

Customers can program their own IP,
replacing ASICs

Intel can pre-program industry-specific IP,
replacing ASSPs

Expected to reduce time-to-market by
more than 50%

Intel's manufacturing leadership will increase the competitiveness of Altera's existing products

Manufacturing Leadership Advantage

Altera and Intel engineering teams will be under one roof as an integrated device manufacturer (IDM), enabling faster design optimization and time-to-market

Acquisition captures the benefits of leadership for Intel's stockholders

A shared history facilitates integration
Engineering teams deeply engaged through existing foundry
relationship
Altera will be an integrated Intel business unit

Dedicated sales force and engineering

Shared infrastructure

OpEx synergies expected to be primarily in G&A
Altera has retention plans in place to ensure a smooth transition
Intel will implement longer-term retention plans post-close
Altera Integration & Organization

The FPGA business is aligned to our growth strategy, Altera is well positioned, and FPGAs benefit from Moore's Law. We expect this transaction to create significant value for our stockholders.

Altera's products combined with our IP portfolio are expected to enable a new class of products that meet customer needs in the data center and IoT market segments.

Summary

Risk Factors
This
presentation
contains
forward
looking
statements
related
to
the
proposed
transaction
between
and
business
combination
of
Intel

and
Altera.

Forward looking statements are predictions, projections and other statements about future events that are based on current expectations

and
assumptions
and,
as
a
result,
are
subject
to
risks
and
uncertainties.

Many
factors
could
cause
actual
results
to
differ
materially
from
the

forward-looking statements in this presentation, including the following, among others:

- delays, disruptions or increased costs in the integration of Altera's technology in existing or new products;
- Altera stockholders may not approve the transaction;
- closing of the transaction may not occur or may be delayed;
- expected synergies, cost savings, and other financial benefits of the transaction may not be realized;
- integration of the acquisition post-closing may not occur as anticipated;
- litigation related to the transaction or limitations or restrictions imposed by regulatory authorities may delay or negatively impact the financial benefits of or our ability to complete the transaction;
- unanticipated
restructuring
costs
may
be
incurred
or
undisclosed
liabilities

assumed;

-

attempts to retain key personnel and customers may not succeed;

-

the business combination or the combined company's products may not be supported by third parties;

-

actions by competitors may negatively impact results; and

-

there may be negative changes in general economic conditions in the regions or the industries in which Intel and Altera operate

In

addition,

please

refer

to

the

documents

that

Intel

and

Altera

file

with

the

SEC

on

Forms

10-K,

10-Q

and

8-K.

These

filings

identify

and

address

other important risks and uncertainties that could cause events and results to differ materially from those contained in the forward

statements set forth in this document. Readers are cautioned not to put undue reliance on forward-looking statements, and Intel

assume no obligation and do not intend to update these forward-looking statements, whether as a result of new information, future

otherwise.

Acquisition of Altera
Q&A