

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  
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financial  
measures  
during  
the  
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[www.intelacquiresaltera.transactionannouncement.com](http://www.intelacquiresaltera.transactionannouncement.com)  
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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](http://www.intelacquiresaltera.transactionannouncement.com) at Altera's website (<http://www.altera.com>) (under

Investor  
relations ,

SEC Filings ) or by writing to Investor Relations, Altera Corporation, 101 Innovation Drive, San Jose, CA 95134  
Altera, its directors and certain executive officers are participants in the solicitation of proxies from Altera's stockholders in connection with this transaction. Information regarding such participants, including their direct or indirect interests, by security holdings or otherwise, is provided in the Proxy Statement and other relevant documents to be filed with the SEC in connection with the Special Meeting. Information regarding Intel or any Intel director or executive officer to the extent they may be deemed participants in the solicitation of proxies is provided in the Proxy Statement and other relevant documents to be filed with the SEC in connection with the Special Meeting. Information regarding the foregoing can also be found in the Company's definitive proxy statement for its 2015 Annual Meeting of Stockholders, which was filed with the SEC on March 31, 2015, and in any subsequent Statements of Change in Ownership on Form 4 filed by such individuals with the SEC.

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

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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-looking statements set forth in this document. Readers are cautioned not to put undue reliance on forward-looking statements, and Intel and Altera assume no obligation and do not intend to update these forward-looking statements, whether as a result of new information, future events, or otherwise.

Acquisition of Altera  
Q&A