

ALTERA CORP
Form PREM14A
July 21, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A INFORMATION
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 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 Material Pursuant to Section 240.14a-12

ALTERA CORPORATION

(Name of Registrant as Specified In Its Charter)

N/A

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

Payment of Filing Fee (Check the appropriate box):

- 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:

Common stock, par value \$0.001 per share, of Altera Corporation

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

As of May 26, 2015, there were outstanding: (1) 302,353,340 shares of common stock; (2) 1,825,498 shares of common stock issuable upon the exercise of stock options; (3) 5,090,198 shares of common stock underlying restricted stock units; and (4) 1,572,694 shares of common stock underlying performance-based restricted stock units.

(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):

The maximum aggregate value was determined based upon the sum of: (1) 302,353,340 shares of common stock multiplied by \$54.00 per share; (2) stock options to purchase 1,825,498 shares of common stock multiplied by \$19.84 (the difference between \$54.00 and the weighted average exercise price of \$34.16 per share); (3) 5,090,198 shares of common stock underlying restricted stock units multiplied by \$54.00 per share; and (4) 1,572,694 shares of common stock underlying performance-based restricted stock units multiplied by \$54.00 per share. In accordance with Section 14(g) of the Securities Exchange Act of 1934, as amended, the filing fee was determined by multiplying the sum calculated in the preceding sentence by .0001162.

(4) Proposed maximum aggregate value of transaction:

\$16,723,094,408.32

(5) Total fee paid:

\$1,943,223.57

- 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:

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PRELIMINARY PROXY STATEMENT SUBJECT TO COMPLETION

Altera Corporation

101 Innovation Drive

San Jose, CA 95134

[], 2015

Dear Altera Stockholder:

You are cordially invited to attend a special meeting of stockholders of Altera Corporation to be held on [], 2015, at Altera's headquarters located at 101 Innovation Drive, San Jose, CA 95134, at [], Pacific time.

At the special meeting, you will be asked to consider and vote on a proposal to adopt the Agreement and Plan of Merger, dated as of May 31, 2015, which we refer to as the merger agreement, by and among Altera, Intel Corporation, which we refer to as Intel, and 615 Corporation, which we refer to as Acquisition Sub. Pursuant to the terms of the merger agreement, Acquisition Sub will merge with and into Altera, and Altera will become a wholly owned subsidiary of Intel. At the special meeting, you will also be asked to consider and vote on a non-binding, advisory proposal to approve compensation that will or may become payable by Altera to its named executive officers in connection with the merger.

If the merger is completed, you will be entitled to receive \$54.00 in cash, without interest, for each share of common stock that you own (unless you have properly exercised your appraisal rights), which represents a premium of approximately 56% to the closing price of Altera's common stock on March 26, 2015, the day prior to public speculation of acquisition talks between Altera and Intel.

Altera's Board of Directors, after considering the factors more fully described in the enclosed proxy statement, has unanimously (1) determined that the merger agreement, the merger and the other transactions contemplated by the merger agreement are fair to, advisable and in the best interests of Altera and its stockholders; and (2) adopted and approved the merger agreement, the merger and the other transactions contemplated by the merger agreement.

Altera's Board of Directors unanimously recommends that you vote (1) FOR the adoption of the merger agreement; (2) FOR the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes to adopt the merger agreement at the time of the special meeting; and (3) FOR the non-binding, advisory proposal to approve compensation that will or may become payable by Altera to our named executive officers in connection with the merger.

The enclosed proxy statement provides detailed information about the special meeting, the merger agreement and the merger. A copy of the merger agreement is attached as Annex A to the proxy statement.

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The proxy statement also describes the actions and determinations of Altera's Board of Directors in connection with its evaluation of the merger agreement and the merger. We encourage you to read the proxy statement and its annexes, including the merger agreement, carefully and in their entirety, as they contain important information.

Whether or not you plan to attend the special meeting in person, please sign, date and return, as promptly as possible, the enclosed proxy card in the accompanying prepaid reply envelope or grant your proxy electronically over the Internet or by telephone. If you attend the special meeting and vote in person by ballot, your vote will revoke any proxy that you have previously submitted.

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If you hold your shares in street name, you should instruct your bank, broker or other nominee how to vote your shares in accordance with the voting instruction form that you will receive from your bank, broker or other nominee. Your bank, broker or other nominee cannot vote on any of the proposals, including the proposal to adopt the merger agreement, without your instructions.

Your vote is very important, regardless of the number of shares that you own. We cannot complete the merger unless the proposal to adopt the merger agreement is approved by the affirmative vote of the holders of at least a majority of the outstanding shares of common stock.

If you have any questions or need assistance voting your shares, please contact our proxy solicitor:

D.F. King & Co., Inc.

48 Wall Street

New York, NY 10005

Call toll-free: (877) 896-3192

On behalf of the Board of Directors, thank you for your support.

Sincerely,

[]

John P. Daane

President, Chief Executive Officer, and
Chairman of the Board

The accompanying proxy statement is dated [], 2015 and, together with the enclosed form of proxy card, is first being mailed on or about [], 2015.

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PRELIMINARY PROXY STATEMENT SUBJECT TO COMPLETION

Altera Corporation

101 Innovation Drive

San Jose, CA 95134

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON [], 2015

Notice is hereby given that a special meeting of stockholders of Altera Corporation, a Delaware corporation, referred to as Altera, will be held on [], 2015, at Altera's headquarters located at 101 Innovation Drive, San Jose, CA 95134, at [], Pacific time, for the following purposes:

1. To consider and vote on the proposal to adopt the Agreement and Plan of Merger, dated as of May 31, 2015, as it may be amended from time to time, referred to as the merger agreement, by and among Altera, Intel Corporation and 615 Corporation;
2. To consider and vote on any proposal to adjourn the special meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies if there are insufficient votes to adopt the merger agreement at the time of the special meeting;
3. To consider and vote on the proposal to approve, by non-binding, advisory vote, compensation that will or may become payable by Altera to its named executive officers in connection with the merger contemplated by the merger agreement; and
4. To transact any other business that may properly come before the special meeting or any adjournment, postponement or other delay of the special meeting.

Only stockholders of record as of the close of business on [], 2015, are entitled to notice of the special meeting and to vote at the special meeting or any adjournment, postponement or other delay thereof.

Altera's Board of Directors unanimously recommends that you vote (1) FOR the adoption of the merger agreement; (2) FOR the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes to adopt the merger agreement at the time of the special meeting; and (3) FOR the non-binding, advisory proposal to approve compensation that will or may become payable by Altera to its named executive officers in connection with the merger.

Whether or not you plan to attend the special meeting in person, please sign, date and return, as promptly as possible, the enclosed proxy card in the accompanying prepaid reply envelope or grant your proxy electronically over the Internet or by telephone. If you attend the special meeting and vote in person by ballot, your vote will revoke any

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proxy that you have previously submitted. If you hold your shares in street name, you should instruct your bank, broker or other nominee how to vote your shares in accordance with the voting instruction form that you will receive from your bank, broker or other nominee. Your bank, broker or other nominee cannot vote on any of the proposals, including the proposal to adopt the merger agreement, without your instructions.

By Order of the Board of Directors,

[]

Katherine E. Schuelke

Senior Vice President, General Counsel and
Secretary

Dated: [], 2015

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YOUR VOTE IS IMPORTANT

Whether or not you plan to attend the special meeting in person, we encourage you to submit your proxy as promptly as possible (1) over the internet; (2) by telephone; or (3) by signing and dating the enclosed proxy card and returning it in the accompanying prepaid reply envelope. You may revoke your proxy or change your vote at any time before it is voted at the special meeting.

If you hold your shares in street name, you should instruct your bank, broker or other nominee how to vote your shares in accordance with the voting instruction form that you will receive from your bank, broker or other nominee. Your bank, broker or other nominee cannot vote on any of the proposals, including the proposal to adopt the merger agreement, without your instructions.

If you are a stockholder of record, voting in person by ballot at the special meeting will revoke any proxy that you previously submitted. If you hold your shares through a bank, broker or other nominee, you must obtain a legal proxy in order to vote in person at the special meeting.

If you fail to (1) return your proxy card; (2) grant your proxy electronically over the Internet or by telephone; or (3) vote by ballot in person at the special meeting, your shares will not be counted for purposes of determining whether a quorum is present at the special meeting and, if a quorum is present, will have the same effect as a vote **AGAINST** the proposal to adopt the merger agreement, but will have no effect on the other two proposals.

We encourage you to read the accompanying proxy statement and its annexes, including all documents incorporated by reference into the accompanying proxy statement, carefully and in their entirety. If you have any questions concerning the merger, the special meeting or the accompanying proxy statement, would like additional copies of the accompanying proxy statement or need help voting your shares of common stock, please contact our proxy solicitor:

D.F. King & Co., Inc.

48 Wall Street

New York, NY 10005

Call toll-free: (877) 896-3192

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SUMMARY

This summary highlights selected information from this proxy statement related to the merger of 615 Corporation with and into Altera Corporation, which we refer to as the merger, and may not contain all of the information that is important to you. To understand the merger more fully and for a more complete description of the legal terms of the merger, you should carefully read this entire proxy statement, the annexes to this proxy statement and the documents that we refer to in this proxy statement. You may obtain the information incorporated by reference in this proxy statement without charge by following the instructions in the section of this proxy statement captioned Where You Can Find More Information. The merger agreement is attached as Annex A to this proxy statement. We encourage you to read the merger agreement, which is the legal document that governs the merger, carefully and in its entirety.

Except as otherwise specifically noted in this proxy statement, Altera, we, our, us and similar words refer to Altera Corporation, including, in certain cases, our subsidiaries. Throughout this proxy statement, we refer to Intel Corporation as Intel and 615 Corporation as Acquisition Sub. In addition, throughout this proxy statement we refer to the Agreement and Plan of Merger, dated as of May 31, 2015, as it may be amended from time to time, by and among Altera, Intel and Acquisition Sub, as the merger agreement. Throughout this proxy statement, we refer to programmable logic devices as PLDs and field-programmable gate arrays as FPGAs.

Parties Involved in the Merger

Altera Corporation

Altera provides programmable solutions that enable designers of electronic systems to rapidly and cost-effectively innovate, differentiate and win in their markets. Altera offers field-programmable gate arrays, systems-on-chip, complex programmable logic devices, and complementary technologies, such as power solutions to provide high-value solutions to customers worldwide.

Altera's common stock is listed on The NASDAQ Global Select Market, which we refer to as NASDAQ, under the symbol ALTR.

Intel Corporation

Intel is a world leader in computing innovation. The company designs and builds the essential technologies that serve as the foundation for the world's computing devices. As a leader in corporate responsibility and sustainability, Intel also manufactures the world's first commercially available conflict-free microprocessors.

Intel's common stock is listed on NASDAQ under the symbol INTC.

615 Corporation

Acquisition Sub is a wholly owned direct subsidiary of Intel and was formed on May 28, 2015, solely for the purpose of engaging in the transactions contemplated by the merger agreement and has not engaged in any business activities other than in connection with the transactions contemplated by the merger agreement.

Effect of the Merger

Upon the terms and subject to the conditions of the merger agreement, Acquisition Sub will merge with and into Altera, with Altera continuing as the surviving corporation and as a wholly owned subsidiary of Intel. Throughout this

proxy statement, we use the term surviving corporation to refer to Altera as the surviving corporation following the merger. As a result of the merger, Altera will cease to be a publicly traded company. If the merger is completed, you will not own any shares of the capital stock of the surviving corporation.

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The time at which the merger will become effective, which we refer to as the effective time of the merger, will occur upon the filing of a certificate of merger with the Secretary of State of the State of Delaware (or at such later time as Altera, Intel and Acquisition Sub may agree and specify in such certificate of merger).

Effect on Altera if the Merger is Not Completed

If the merger agreement is not adopted by Altera stockholders or if the merger is not completed for any other reason, Altera stockholders will not receive any payment for their shares of common stock. Instead, Altera will remain an independent public company, our common stock will continue to be listed and traded on NASDAQ and registered under the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act, and we will continue to file periodic reports with the Securities and Exchange Commission, which we refer to as the SEC. Under specified circumstances, Altera will be required to reimburse Intel's expenses or pay Intel a termination fee upon the termination of the merger agreement. In addition, under specified circumstances, Intel will be required to pay Altera a termination fee upon the termination of the merger agreement. For more information, see the section of this proxy statement captioned *The Merger Agreement Termination Fees*.

Merger Consideration

In the merger, each outstanding share of common stock (other than shares held by (1) Altera, Intel or their respective subsidiaries; and (2) Altera stockholders who have properly and validly exercised their appraisal rights under Delaware law with respect to such shares) will be converted into the right to receive \$54.00 in cash, without interest and less any applicable withholding taxes, which amount we refer to as the per share merger consideration. At or prior to the effective time of the merger, Intel will deposit sufficient funds to pay the aggregate per share merger consideration with a designated paying agent. Once a stockholder has provided the paying agent with his, her or its stock certificates and the other items specified by the paying agent, the paying agent will promptly pay the stockholder the per share merger consideration. For more information, see the section of this proxy statement captioned *The Merger Agreement Exchange and Payment Procedures*.

After the merger is completed, you will have the right to receive the per share merger consideration, but you will no longer have any rights as a stockholder (except that Altera stockholders who properly exercise their appraisal rights will have the right to receive a payment for the fair value of their shares as determined pursuant to an appraisal proceeding as contemplated by Delaware law, as described below under the section of this proxy statement captioned *The Merger Appraisal Rights*).

The Special Meeting

Date, Time and Place

A special meeting of stockholders will be held on [], 2015, at Altera's headquarters located at 101 Innovation Drive, San Jose, CA 95134, at [], Pacific time. We refer to the special meeting, and any adjournment, postponement or other delay of the special meeting, as the special meeting.

Purpose

At the special meeting, we will ask stockholders to vote on proposals to (1) adopt the merger agreement; (2) adjourn the special meeting to a later date or dates to solicit additional proxies if there are insufficient votes to adopt the merger agreement at the time of the special meeting; and (3) approve, by non-binding, advisory vote, compensation that will or may become payable by Altera to our named executive officers in connection with the merger.

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Record Date; Shares Entitled to Vote

You are entitled to vote at the special meeting if you owned shares of common stock at the close of business on [], 2015, which we refer to as the record date. You will have one vote at the special meeting for each share of common stock that you owned as of the close of business on the record date.

Quorum

As of the record date, there were [] shares of common stock outstanding and entitled to vote at the special meeting. The presence in person or by proxy of the holders of shares of common stock having a majority of the votes which could be cast by the holders of all outstanding shares of common stock entitled to vote at the special meeting will constitute a quorum at the special meeting.

Required Vote

The affirmative vote of the holders of a majority of the outstanding shares of common stock is required to adopt the merger agreement. Approval of the proposal to adjourn the special meeting, whether or not a quorum is present, requires the affirmative vote of a majority of the votes cast on the proposal in person or represented by proxy at the special meeting. Approval, by non-binding, advisory vote, of compensation that will or may become payable by Altera to our named executive officers in connection with the merger requires the affirmative vote of a majority of the votes cast on the proposal in person or represented by proxy at the special meeting.

Share Ownership of Our Directors and Executive Officers

As of the record date, our directors and executive officers beneficially owned and were entitled to vote, in the aggregate, [] shares of common stock, representing approximately []% of the shares of common stock outstanding on the record date. Our directors and executive officers have informed us that they currently intend to vote all of their shares of common stock (1) **FOR** the adoption of the merger agreement; (2) **FOR** the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes to adopt the merger agreement at the time of the special meeting; and (3) **FOR** the non-binding, advisory proposal to approve compensation that will or may become payable by Altera to our named executive officers in connection with the merger.

Voting and Proxies

Any stockholder of record entitled to vote may submit a proxy by returning a signed proxy card in the accompanying prepaid reply envelope or granting a proxy electronically over the Internet or by telephone. A stockholder of record may also vote in person by appearing at the special meeting and voting by ballot. If you are a beneficial owner and hold your shares of common stock in street name through a bank, broker or other nominee, you should instruct your bank, broker or other nominee on how you wish to vote your shares of common stock using the instructions provided by your bank, broker or other nominee. Under applicable stock exchange rules, banks, brokers or other nominees have the discretion to vote on routine matters. **The proposals to be considered at the special meeting are non-routine matters, and banks, brokers and other nominees cannot vote on these proposals without your instructions. Therefore, it is important that you cast your vote or instruct your bank, broker or nominee on how you wish to vote your shares.**

If you are a stockholder of record, you may change your vote or revoke your proxy at any time before it is voted at the special meeting by (1) signing another proxy card with a later date and returning it prior to the special meeting;

(2) submitting a new proxy electronically over the Internet or by telephone after the date of the earlier submitted proxy; (3) delivering a written notice of revocation to our Corporate Secretary; or (4) attending the special meeting and voting in person by ballot.

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If you hold your shares of common stock in street name, you should contact your bank, broker or other nominee for instructions regarding how to change your vote. You may also vote in person at the special meeting if you obtain a legal proxy from your bank, broker or other nominee.

Recommendation of the Altera Board and Reasons for the Merger

Altera's Board of Directors, which we refer to as the Altera Board, after considering various factors described in the section of this proxy statement captioned **The Merger Recommendation of the Altera Board and Reasons for the Merger**, has unanimously (1) determined that the merger agreement, the merger and the other transactions contemplated by the merger agreement are fair to, advisable and in the best interests of Altera and its stockholders; and (2) adopted and approved the merger agreement, the merger and the other transactions contemplated by the merger agreement. The Altera Board unanimously recommends that you vote (1) **FOR** the adoption of the merger agreement; (2) **FOR** the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes to adopt the merger agreement at the time of the special meeting; and (3) **FOR** the proposal to approve, by non-binding, advisory vote, compensation that will or may become payable by Altera to our named executive officers in connection with the merger.

Fairness Opinion of Goldman, Sachs & Co.

Goldman, Sachs & Co., which we refer to as Goldman Sachs, delivered its opinion to the Altera Board that, as of May 31, 2015, and based upon and subject to the factors and assumptions set forth therein, the \$54.00 in cash per share of common stock to be paid to the holders (other than Intel and its affiliates) of common stock pursuant to the merger agreement was fair from a financial point of view to such holders.

The full text of the written opinion of Goldman Sachs, dated May 31, 2015, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Annex B to this proxy statement. Goldman Sachs provided its opinion for the information and assistance of the Altera Board in connection with its consideration of the transactions contemplated by the merger agreement. The Goldman Sachs opinion is not a recommendation as to how any holder of shares of common stock should vote with respect to such transactions or any other matter. Pursuant to an engagement letter between Altera and Goldman Sachs, Altera has agreed to pay Goldman Sachs a transaction fee of \$35 million, a portion of which is payable upon consummation of the transactions contemplated by the merger agreement.

For a more complete description, see the section of this proxy statement captioned **The Merger Fairness Opinion of Goldman, Sachs & Co.**

Treatment of Equity Awards in the Merger

The merger agreement provides that Altera's equity awards that are outstanding immediately prior to the effective time of the merger will be subject to the following treatment in the merger:

Stock Options

At the effective time of the merger, each option to purchase shares of Altera common stock outstanding immediately prior to the effective time of the merger that is then unvested, held by a continuing service provider, not subject to the laws of a non-U.S. jurisdiction, and that Intel has determined can be assumed, will be assumed by Intel and automatically converted into an option to acquire, on substantially the same terms and conditions applicable to such

option immediately prior to the merger, including vesting restrictions, a number of shares of Intel common stock (rounded down to the nearest whole number of shares of Intel common stock) equal to the product of (1) the number of shares of Altera common stock that would be issuable upon exercise of such

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assumed option immediately prior to the effective time of the merger; and (2) an exchange ratio. The per share exercise price for assumed stock options will equal the quotient determined by dividing the per share exercise price for the option immediately prior to the effective time of the merger by an exchange ratio (rounded up to the nearest whole cent).

At the effective time of the merger, each stock option outstanding immediately prior to the effective time of the merger that is not assumed by Intel (including by reason of being vested, because such stock option is not held by a continuing service provider or because Intel will not assume it) will be cancelled and automatically converted into the right to receive an amount in cash (less all applicable deductions and withholdings required by law) determined by multiplying (1) the excess, if any, of \$54.00 over the applicable per share exercise price of such cancelled stock option by (2) the number of shares of Altera common stock subject to such cancelled stock option.

Restricted Stock Units

At the effective time of the merger, each restricted stock unit, which we refer to as an RSU, outstanding immediately prior to the effective time of the merger that is then unvested, held by a continuing service provider and not subject to the laws of a non-U.S. jurisdiction, and that Intel has determined can be assumed, will be assumed by Intel and automatically converted into a restricted stock unit representing the right to acquire, on substantially the same terms and conditions applicable to such RSU immediately prior to the effective time of the merger, including vesting restrictions, a number of shares of Intel common stock (rounded down to the nearest whole number of shares of Intel common stock) calculated by multiplying (1) the number of shares of Altera common stock that would be issuable under such assumed RSU immediately prior to the effective time of the merger by (2) an exchange ratio.

At the effective time of the merger, each RSU outstanding immediately prior to the effective time of the merger that is not assumed by Intel (including by reason of the fact that such RSU is not held by a continuing service provider or because Intel will not assume it) will be cancelled and automatically converted into the right to receive an amount in cash (less all applicable deductions and withholdings required by law) determined by multiplying \$54.00 by the number of shares of Altera common stock subject to such cancelled RSU.

Performance-Based Restricted Stock Units

At the effective time of the merger, each performance-based restricted stock unit, which we refer to as a PRSU, outstanding immediately prior to the effective time of the merger that is then unvested, held by a continuing service provider and not subject to the laws of a non-U.S. jurisdiction, and that Intel has determined can be assumed, will be assumed by Intel and automatically converted into a restricted stock unit representing the right to acquire, on substantially the same terms and conditions applicable to such PRSU immediately prior to the effective time of the merger, including vesting restrictions, a number of shares of Intel common stock (rounded down to the nearest whole number of shares of Intel common stock) calculated by multiplying (1) the number of shares of common stock that would be issuable under such assumed PRSU immediately prior to the effective time of the merger by (2) an exchange ratio. Additional terms applicable to the PRSUs are described under the section of this proxy statement captioned *Interests of Altera's Directors and Executive Officers in the Merger Treatment of Equity-Based Awards*.

At the effective time of the merger, each PRSU outstanding immediately prior to the effective time of the merger that is not assumed by Intel (including by reason of the fact that such PRSU is not held by a continuing service provider or because Intel will not assume it) will be cancelled and automatically converted into the right to receive an amount in cash (less all applicable deductions and withholdings required by law) determined by multiplying \$54.00 by the number of shares of Altera common stock subject to such cancelled PRSU.

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The terms of the PRSUs provide that in connection with a corporate transaction (as such term is defined in Altera's 2005 Equity Incentive Plan, as amended, and which includes the consummation of the merger) a grantee will vest in a number of shares equal to (1) (a) the number of calendar months (including any partial month) that have elapsed from the vesting commencement date of the PRSU through the effective time of the merger (b) divided by 36, multiplied by (2) the number of calculated shares with the result rounded down to the nearest whole share. The determination of calculated shares is based upon Altera's total shareholder return compared to the Philadelphia Semiconductor Sector Total Return Index for the truncated performance period ending upon the effective time of the merger. The remaining calculated shares subject to a PRSU that do not vest as described upon the effective time will subsequently vest in a time-based manner on the originally scheduled vesting date, subject to the grantee's continued employment through such date.

Employee Stock Purchase Plan

The business day prior to the effective time of the merger will be treated as the final purchase date for purposes of the Altera's 1987 Employee Stock Purchase Plan, which we refer to as the ESPP. Subject to the consummation of the merger, the ESPP will terminate upon the effective time of the merger. Prior to the effective time of the merger, Altera will take all actions necessary to (1) cause any outstanding offering period underway pursuant to the ESPP to be terminated as of one business day prior to the effective time of the merger; (2) make any pro rata adjustments that may be necessary to reflect the shortened offering period while treating the shortened offering period as a fully effective and completed offering period; (3) cause the exercise of each outstanding purchase right under the ESPP as of one business day prior to the effective time of the merger; (4) ensure that no individual is permitted to make a new election to purchase shares in the current offering period (subject to certain exceptions) or increase such participant's election to purchase shares in any current offering period; and (5) provide notice to participants in the ESPP describing the aforementioned treatment of the ESPP. Altera may not amend the ESPP to increase the maximum payroll deduction rate in effect as of the date of the merger agreement or allow participation by individuals who were not otherwise eligible to participate in the ESPP as of the date of the merger agreement.

Employee Benefits

As of the effective time of the merger, Intel has agreed to assume the obligations and succeed to the rights of Altera under each of the change of control and severance agreements with Altera's executive officers, as described under the section of this proxy statement captioned *Interests of Altera's Directors and Executive Officers in the Merger Payments upon Change-in-Control or Termination Following Change-in-Control*, and retention payment obligations for certain Altera employees. Also, for a period of one year following the effective time of the merger, Intel has agreed to maintain for continuing employees compensation (other than equity-based compensation) at levels that, taken as a whole, are no less favorable in the aggregate than the compensation (other than equity-based compensation) provided to continuing employees immediately prior to the effective time of the merger. Additionally, for a period of one year following the effective time of the merger, Intel has agreed to maintain Altera's current severance practices for any continuing employee who is terminated without cause.

For more information, see the section of this proxy statement captioned *The Merger Agreement Employee Benefits*.

Interests of Altera's Directors and Executive Officers in the Merger

When considering the recommendation of the Altera Board that you vote to approve the proposal to adopt the merger agreement, you should be aware that our directors and executive officers may have interests in the merger that are different from, or in addition to, your interests as a stockholder. In (1) evaluating and negotiating the merger agreement; (2) approving the merger agreement and the merger; and (3) recommending that the

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merger agreement be adopted by Altera stockholders, the Altera Board was aware of and considered these interests to the extent that they existed at the time, among other matters. These interests include the following:

accelerated vesting, upon the effective time of the merger, pursuant to the PRSU award agreements of a pro rata portion of the total number of underlying shares based upon the achievement of applicable performance goals as of the consummation of the merger, as described in more detail below under the section of this proxy statement captioned *The Merger Interests of Altera's Directors and Executive Officers in the Merger Treatment of Equity-Based Awards Acceleration of PRSUs*; and

the entitlement of each executive officer to receive payments and benefits, including cash severance benefits and 100% acceleration of the remaining unvested portion of his or her PRSUs, RSUs and stock options, under his or her change in control and severance agreement in connection with an involuntary termination of employment other than for cause, or if the executive officer voluntarily terminates his or her employment for good reason, during the period three months prior to, and 12 months following, the effective time of the merger, as described in more detail below under the section of this proxy statement captioned *The Merger Interests of Altera's Directors and Executive Officers in the Merger Payments upon Change in Control or Termination Following Change-in-Control*.

If the proposal to adopt the merger agreement is approved, the common stock held by our directors and executive officers will be treated in the same manner as the common stock held by all other stockholders. For more information, see the section of this proxy statement captioned *The Merger Interests of Altera's Directors and Executive Officers in the Merger*.

Appraisal Rights

If the merger is consummated, Altera stockholders who do not vote in favor of the adoption of the merger agreement and who properly perfect appraisal of their shares will be entitled to appraisal rights in connection with the merger under Section 262 of the General Corporation Law of the State of Delaware, which we refer to as the DGCL. This means that stockholders are entitled to have their shares appraised by the Delaware Court of Chancery and to receive payment in cash of the fair value of their shares of common stock, exclusive of any elements of value arising from the accomplishment or expectation of the merger, together with interest to be paid on the amount determined to be fair value, if any, as determined by the court. Due to the complexity of the appraisal process, stockholders who wish to seek appraisal of their shares are encouraged to seek the advice of legal counsel with respect to the exercise of appraisal rights.

Stockholders considering seeking appraisal should be aware that the fair value of their shares as determined pursuant to Section 262 of the DGCL could be more than, the same as or less than the value of the consideration that they would receive pursuant to the merger agreement if they did not seek appraisal of their shares.

To exercise your appraisal rights, you must (1) submit a written demand for appraisal to Altera before the vote is taken on the proposal to adopt the merger agreement; (2) not submit a proxy or otherwise vote in favor of the proposal to adopt the merger agreement; and (3) continue to hold your shares of common stock of record through the effective time of the merger. Your failure to follow exactly the procedures specified under the DGCL will result in the loss of your appraisal rights. The DGCL requirements for exercising appraisal rights are described in further detail in this proxy statement, and the relevant section of the DGCL regarding appraisal rights is attached as Annex C to this proxy

statement. If you hold your shares of common stock through a bank, broker or other nominee and you wish to exercise appraisal rights, you should consult with your bank, broker or other nominee to determine the appropriate procedures for the making of a demand for appraisal on your behalf by your bank, broker or other nominee.

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Material U.S. Federal Income Tax Consequences of the Merger

For U.S. federal income tax purposes, the receipt of cash by a U.S. Holder (as defined under the section of this proxy statement captioned "The Merger Material U.S. Federal Income Tax Consequences of the Merger") in exchange for such U.S. Holder's shares of common stock in the merger generally will result in the recognition of gain or loss in an amount measured by the difference, if any, between the amount of cash that such U.S. Holder receives in the merger and such U.S. Holder's adjusted tax basis in the shares of common stock surrendered in the merger.

A Non-U.S. Holder (as defined under the section of this proxy statement captioned "The Merger Material U.S. Federal Income Tax Consequences of the Merger") generally will not be subject to U.S. federal income tax with respect to the exchange of common stock for cash in the merger unless such Non-U.S. Holder has certain connections to the United States.

For more information, see the section of this proxy statement captioned "The Merger Material U.S. Federal Income Tax Consequences of the Merger." **Stockholders should consult their own tax advisors concerning the U.S. federal income tax consequences relating to the merger in light of their particular circumstances and any consequences arising under U.S. federal income tax laws or the laws of any state, local or non-U.S. taxing jurisdiction.**

Regulatory Approvals Required for the Merger

Under the merger agreement, the merger cannot be completed until (1) the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, which we refer to as the "HSR Act," has expired or been terminated; and (2) the approval or clearance of the merger has been granted by relevant antitrust authorities in the European Union, China, Japan, South Korea, Taiwan and Israel, and any other jurisdiction that Altera and Intel mutually agree upon.

Legal Proceedings Regarding the Merger

In connection with entering into the merger agreement, six putative class action lawsuits have been filed by purported Altera stockholders in the Delaware Court of Chancery against the Altera Board, Intel, Acquisition Sub, and, in some cases, Altera. The actions are captioned *Sciabucchi v. Daane et al.*, Case No. 11108-VCG; *Goldstein v. Daane et al.*, Case No. 11126-VCG; *Reinauer v. Altera et al.*, Case No. 11144-VCG; *Braunstein v. Daane et al.*, Case No. 11146-VGC; *Litwin v. Daane et al.*, Case No. 11160-VCG; and *Robinson v. Daane et al.*, Case No. 11165-VCG. On June 26, 2015, these actions were consolidated as *In re Altera Corp. Shareholder Litigation*, Case No. 11108-VCG. The complaints allege, among other things, that members of the Altera Board breached their fiduciary duties to Altera stockholders by agreeing to a transaction that does not adequately reflect Altera's true value, and that Intel, Acquisition Sub and/or Altera aided and abetted the Altera Board's breaches of fiduciary duties. The complaints seek to enjoin the merger or, alternatively, seek rescission of the merger or an award of rescissory damages.

No Solicitation of Other Offers

Under the merger agreement, from the date of the merger agreement until the effective time of the merger, Altera has agreed not to, and to cause its subsidiaries and its and their respective officers, directors, employees, agents, attorneys, accountants, investment bankers, advisors and representatives, whom we collectively refer to as "representatives," not to, among other things: (1) solicit, initiate, knowingly encourage or knowingly facilitate the making, submission or announcement of an acquisition proposal (as defined under the section of this proxy statement captioned "The Merger Agreement No Solicitation of Other Offers"); (2) furnish or otherwise provide access to any non-public information

regarding Altera or its subsidiaries to any person in connection

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with or in response to an acquisition proposal; or (3) engage in discussions or negotiations with any person with respect to an acquisition proposal.

Notwithstanding these restrictions, under certain circumstances prior to the adoption of the merger agreement by Altera stockholders, Altera may furnish information to, and enter into negotiations or discussions with, a person regarding an acquisition proposal if the Altera Board determines in good faith after having taken into account the advice of an independent financial advisor and its outside legal counsel that (1) failure to do so would be inconsistent with its fiduciary obligations to stockholders under applicable law; and (2) such proposal constitutes or is reasonably likely to lead to a superior offer. For more information, see the section of this proxy statement captioned "The Merger Agreement - No Solicitation of Other Offers."

Altera is not entitled to terminate the merger agreement to enter into an agreement for a superior offer unless it complies with certain procedures in the merger agreement, including engaging in good faith negotiations with Intel over a five business day period. If Altera terminates the merger agreement in order to accept a superior offer, it must pay a \$500 million termination fee to Intel. For more information, see the section of this proxy statement captioned "The Merger Agreement - The Altera Board's Recommendation; Adverse Recommendation Change."

Change in the Altera Board's Recommendation

Prior to the adoption of the merger agreement by Altera stockholders, the Altera Board may under certain circumstances withdraw its recommendation that Altera stockholders adopt the merger agreement if it determines in good faith, after taking into account the advice of an independent financial advisor and its outside legal counsel, that failure to do so would be inconsistent with its fiduciary obligations to stockholders under applicable law.

However, the Altera Board cannot withdraw its recommendation that Altera stockholders adopt the merger agreement unless it complies with certain procedures in the merger agreement, including engaging in good faith negotiations with Intel over a specified period. If Intel terminates the merger agreement because the Altera Board withdraws its recommendation that Altera stockholders adopt the merger agreement, Altera must pay a \$500 million termination fee to Intel. For more information, see the section of this proxy statement captioned "The Merger Agreement - The Altera Board's Recommendation; Adverse Recommendation Change."

Conditions to the Closing of the Merger

The obligations of Altera, Intel and Acquisition Sub, as applicable, to consummate the merger are subject to the satisfaction or waiver of certain conditions, including (among other conditions), the following:

the adoption of the merger agreement by Altera stockholders;

the expiration or termination of the applicable waiting period under the HSR Act and under the laws of the European Union, China, Japan, South Korea, Taiwan, Israel and any other jurisdictions that Altera and Intel mutually agree upon;

the merger not being restrained, enjoined, rendered illegal or otherwise prohibited by any law or order of any governmental authority;

the absence of a Company Material Adverse Effect (as such term is defined in the section of this proxy statement captioned "The Merger Agreement - Representations and Warranties");

the accuracy of the representations and warranties of Intel and Acquisition Sub in the merger agreement, subject to materiality qualifiers, as of the effective time of the merger or the date in respect of which such representation or warranty was specifically made;

the accuracy of the representations and warranties of Altera in the merger agreement, as of the effective time of the merger or the date in respect of which such representation or warranty was specifically

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made, except, generally, where the failure to be accurate has not and would not reasonably be expected to have a Company Material Adverse Effect; and

the performance in all material respects by Altera, Intel and Acquisition Sub of their respective covenants required to be performed by them under the merger agreement at or prior to the effective time of the merger.

Termination of the Merger Agreement

The merger agreement may be term