

CATALYST SEMICONDUCTOR INC
Form DEFA14A
July 17, 2008

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 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 §240.14a-12

Catalyst Semiconductor, Inc.

(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):

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(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 the transaction: ..

(5) Total fee paid: ..

- .. Fee paid previously with preliminary materials.

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

Filed by Catalyst Semiconductor, Inc.

Pursuant to Rule 14a-12 under the Securities Exchange Act of 1934

Subject Company: Catalyst Semiconductor, Inc.

Commission File No.: 000-21488

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Safe Harbor Statement and Non-GAAP Financial
Measure Information

During the course of this presentation, ON Semiconductor may make projections or other forward-looking statements regarding future events or its future financial performance. The words estimate,

intend,

expect,

plan,

should

or similar

expressions are intended to identify forward-looking statements. ON Semiconductor wishes to caution that such statements are subject to risks and uncertainties that could cause actual events or results to differ materially. Important factors relating to our business, including factors that could cause actual results to differ from our forward-looking statements, are described in our Form 10-K and other filings with the SEC. ON Semiconductor assumes no obligation to update forward-looking statements to reflect actual results or changed assumptions or other factors.

Some data in this presentation may include non-GAAP financial measures. You can find reconciliations of these non-GAAP financial measures to the most directly comparable measures under generally accepted accounting principles within the following

presentation

at

our

website

(<http://www.onsemi.com>)

at

the

Investors

section

under the category Annual Reports/Financial Releases.

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This document contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to, statements related to the benefits of the

proposed transaction between ON Semiconductor Corporation (ON) and Catalyst Semiconductor, Inc. (Catalyst Semiconductor) and the future financial performance of ON. These forward-looking statements are based on information

available

to

ON

and

Catalyst

Semiconductor

as

of

the

date

of

this

release

and

current

expectations,

forecasts and assumptions and involve a number of risks and uncertainties that could cause actual results to differ materially from those anticipated by these forward-looking statements. Such risks and uncertainties include a variety of factors, some of which are beyond ON s or Catalyst Semiconductor s control. In particular, such risks and uncertainties include difficulties encountered in integrating merged businesses; the risk that the transaction does not close, including the

risk

that

the

requisite

stockholder

and

regulatory

approvals

may

not

be

obtained;

the

variable

demand

and

the

aggressive pricing environment for semiconductor products; dependence on each company s ability to successfully manufacture in increasing volumes on a cost-effective basis and with acceptable quality for its current products; the adverse impact of competitive product announcements; revenues and operating performance; changes in overall economic conditions; the cyclical nature of the semiconductor industry; changes in demand for our products; changes in inventories at customers and distributors; technological and product development risks; availability of raw materials; competitors' actions; pricing and gross margin pressures; loss of key customers; order cancellations or reduced bookings; changes in manufacturing yields; control of costs and expenses; significant litigation; risks associated with acquisitions and dispositions; risks associated with leverage and restrictive covenants in debt agreements; risks associated with international operations; the threat or occurrence of international armed conflict and terrorist activities

both in the United States and internationally; risks and costs associated with increased and new regulation of corporate governance and disclosure standards (including pursuant to Section 404 of the Sarbanes-Oxley Act of 2002); and risks involving environmental or other governmental regulation. Information concerning additional factors that could cause results to differ materially from those projected in the forward-looking statements is contained in ON's Annual Report on Form 10-K as filed with the Securities and Exchange Commission (the SEC) on February 12, 2008, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and other of ON's SEC filings, and Catalyst Semiconductor's Annual Report on Form 10-K as filed with the SEC on July 3, 2008, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and other of Catalyst Semiconductor SEC filings. These forward-looking statements should not be relied upon as representing ON's or Catalyst Semiconductor's views as of any subsequent date and neither undertake any obligation to update forward-looking statements to reflect events or circumstances after the date they were made.

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This communication is being made in respect of the proposed transaction involving ON and Catalyst Semiconductor. In connection with the proposed transaction, ON plans to file with the SEC a Registration Statement on

Form S-4 containing a Proxy Statement of Catalyst Semiconductor and a Prospectus of ON and each of ON and Catalyst Semiconductor plan to file with the SEC other documents regarding the proposed transaction.

The definitive

Proxy Statement/ Prospectus will be mailed to stockholders of Catalyst Semiconductor. INVESTORS AND SECURITY HOLDERS ARE URGED TO READ THE PROXY STATEMENT/PROSPECTUS AND OTHER DOCUMENTS FILED WITH THE SEC CAREFULLY IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION.

Investors and security holders will be able to obtain free copies of the Registration Statement and the Proxy Statement/Prospectus (when available) and other documents filed with the SEC by ON and Catalyst Semiconductor through the web site maintained by the SEC at www.sec.gov. In addition, investors and security holders

will be able

to obtain

free copies

of the

Registration Statement

and the

Proxy Statement/Prospectus

(when available)

and other documents filed with the SEC from ON by directing a request to ON Semiconductor Corporation, 5005 East McDowell

Road,
Phoenix,

AZ,
85008,

Attention:
Investor

Relations

(telephone:
(602)
244-3437)

or
going
to
ON s
corporate website at www.onsemi.com, or from Catalyst Semiconductor by directing a request to Catalyst Semiconductor,

Inc.,
2975
Stender
Way,
Santa
Clara,
CA
94054,

Attention:
Investor
Relations

(telephone:408-542-
1000) or going to Catalyst Semiconductor s corporate website at www.catsemi.com.

ON and Catalyst Semiconductor, and their respective directors and executive officers, may be deemed to
be

participants
in
the
solicitation

of
proxies
in
respect

of
the
proposed
transaction.

Information
regarding

ON s
directors

and executive officers is contained in its annual proxy statement filed with the SEC on April 4, 2008. Information regarding Catalyst Semiconductor s directors and executive officers is contained in Catalyst Semiconductor s annual proxy statement filed with the SEC on August 24, 2007. Additional information regarding the interests of such potential participants will be included in the Proxy Statement/Prospectus and the other relevant documents filed with the SEC (when available).

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Why is ON Semiconductor Acquiring

Catalyst Semiconductor

About ON Semiconductor

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Common Questions

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-
The acquisition of Catalyst Semiconductor will add to ON Semiconductor's high gross

margin analog and mixed signal products offerings

-

Catalyst Semiconductor's EEPROM technology will strengthen our ASIC and power product capabilities expanding our ability to more comprehensively address our customers needs

-

Catalyst Semiconductor's proprietary intellectual property and proven design capabilities To compete successfully in today's global marketplace, size and scale are important. ON Semiconductor can provide Catalyst with:

Enhanced scale

Deeper customer relationships and sales channels

Integrated manufacturing capabilities

An expanded addressable market

-

ON Semiconductor's world-class operational capabilities and supply chain enable Catalyst Semiconductor's products to better penetrate a variety of markets including, but not limited to: telecommunications, networking systems, automotive, industrial and consumer markets

Why is ON Semiconductor

Acquiring Catalyst Semiconductor

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World class, high

volume, cost
effective products

Leading standard
products in
Automotive,
Computing,
Consumer and
Communications
end markets

Industry leader in
power management

Leader in analog,
mixed signal and
EEPROM
technologies

Top 4 player in
EEPROM sector

Proprietary
technology and
proven design
capabilities

Leading standard and custom
products increase customer
value proposition

Expanded analog and mixed
signal design and strong
EEPROM capabilities

Expanded presence in
automotive, consumer and
industrial end markets

Integrated manufacturing
capabilities including advanced
sub-micron Gresham fabrication
facility which can extend the
product roadmap and increase
the total addressable market
A Winning Combination

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Why is ON Semiconductor Acquiring Catalyst
Semiconductor

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Vision and Mission of ON Semiconductor

Our Vision

Our Mission

Dedicated to becoming the premier supplier of

Dedicated to becoming the premier supplier of

high performance energy efficient silicon
high performance energy efficient silicon
solutions worldwide
solutions worldwide

To provide our customers with high quality,
To provide our customers with high quality,
cost efficient solutions to solve the demanding
cost efficient solutions to solve the demanding
power and signal management design
power and signal management design
challenges
challenges

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July 2008
Industry Dynamics Continue to Favor
ON Semiconductor

Rationalization of the Supplier Base

ON Semiconductor is the one-stop shop for the semiconductor requirements of our customers

From custom ASICs to standard components, we are an expert in power efficiency with the broadest selection of semiconductor products

We shipped more than 32 billion units in 2007, more than five products for every person in the world with 95 percent on-time delivery to our key customer requested dates

Customers and Consumers are focused on Energy Efficiency

Government agencies such as EnergyStar , California CEC, European Code of Conduct and the China CSC as well as consumers are focused on the power consumption of electronic devices

ON is a leader in the Green wave with its GreenPoint power solutions and Greenline products that meet these emerging standards at a lower total design cost

Consumer Driven Semiconductor Growth

High Volume, Competitive Costs, High Quality Levels, Flexible Capacity, Quick Design Turns

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Focus on the Right Applications

Factory Automation

Security Systems

Sensor Interfaces

Wireless or Wired Networking

Communications Interface

Industrial

Medical

Implantable Devices

Remote Patient Monitoring

Medical Imaging

Blood Glucose Monitoring

Hearing Aids

Therapeutics

Automotive

Driver Information and

Telematics

Powertrain

Safety and Chassis

Audio and Infotainment

Exterior & Interior Lighting

Body Electronics

Computing

&

Gaming

CPU / GPU Power Delivery
and Regulation

Efficient Power Supplies

Audio Signaling

Thermal Management

Portable Consumer

Display & Flash LED Lighting

Audio Subsystems

Data Switching

Battery Charging Control

Filtering for Camera and LCD

Interface

Media & Entertainment

Audio Signaling

Digital Audio/Video Transmission

Image Filtering

Digital Audio/Video Switching

Conditional Access Systems

Power Supply Efficiency

HV Communication

IP Cameras

World Class PoE

Surveillance Cameras

Industrial Ethernet

Robust Ethernet Environment

High Power Accuracy

Military & Aerospace

Guidance Systems

Infrared Imaging

Secure Military Communications

Commercial/Military Avionics

Tactical Missiles/Munitions

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The Transformation Continues
Premier Energy
Efficient Supplier
FUTURE
Enhanced

Capabilities

Commodity/mass-market orientation

Strong focus on operations / supply chain / logistics

Sales focused on procurement (transactional)

Strong service differentiation

Emerging design relationships

Loose pricing management

Improving financial health with debt and interest expense reduction
1999-2004

Premier supplier of high performance energy efficient solutions

Customers Strategic Semiconductor Supplier

Strong systems and field applications

Revenues > \$4 billion,
GMs > 50%

Alignment of resources across company

Expansion of product, sales and engineering capabilities through acquisitions

Focused product success in high growth applications

Important Supplier to Category One and Category Two customers

Disciplined pricing process to

capture margin

Projected \$2.2 billion in Sales and
40%+ GMs

Strong cash generation
Responsive and
Flexible Supplier
2004-2008

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Product
Leadership

Customer
Intimacy
Operational
Excellence

Leveraging our operational strengths.

Lower manufacturing costs.

Improve quality and supply chain.
Building intimate relationships with
market-making customers.

Dedicate resources to understand
the needs of our key customers.

Develop solutions for customer s
key applications.
Improving our technological capabilities
to provide leadership in power and signal
management solutions.

Increase rate of technological innovation.

Shorten development cycle times.
ON Semiconductor Business Strategy

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2008
Together We Have A Winning Organization

Operational Excellence

Manufacturing
capability
to
deliver
solutions
at
the
right
value
point

Supply chain management expertise to ensure you get your parts when you want them, where you want them, and how you want them

Customer Intimacy

Worldwide sales, design and support locations

Solution Engineering Centers dedicated to working closely with customers to drive innovative designs with higher performance and getting them to market fast

Product Leadership

Expertise in power efficient products and solutions and memory technologies

Custom, integrated ASICs, EEPROM to standard components

Serving a broad range of end-market applications/end products

System knowledge to meet tomorrow's power management challenges

Analog and power IC and memory design expertise to translate customer requirements into next generation products

Broadest portfolio to offer both parts and system solutions

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Worldwide Design & Manufacturing

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Why is ON Semiconductor Acquiring Catalyst

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Custom and Foundry
Bob Klosterboer

Standard Products
Bill Hall
Catalyst Semiconductor
Gelu Voicu
President and
Chief Executive Officer
Keith Jackson
Finance
Donald Colvin
Integration
Charlotte Diener
COO
Chief
Operating Officer
John Nelson
Sales & Marketing
Bob Mahoney
Human Resources
Colleen McKeown
General Counsel
Sonny Cave
Manufacturing Services
Bill George
Automotive and Power
Regulation Products
Andy Williams
Computing and
Digital and Consumer
Products
Bill Schromm
Organization

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Common Questions

Organization Expectations

HR Policies

2008 Benefits

Travel

Policy

Payroll

Seniority

Vacation and sick leave

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Why is ON Semiconductor Acquiring Catalyst

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Expectations

Your manager should:

Hold department meetings

Help set your focus/priorities

Employees should:

Stay informed by reading FAQs from Catalyst Semiconductor

Ask questions

Send questions to employee.questions@onsemi.com

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July
2008
Expectations
Moving forward

You will see:

Ongoing communications

The Circuit

The employee newsletter

Updated FAQs

Ongoing communication meetings

Commitment to integrating work groups

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Frequently Asked Questions
Top FAQs could be site-specific

1.
Where can I find answers to my questions?
2.
How many people are being laid off?
3.
Are layoffs planned?
4.
When will benefits change?
5.
When do I get paid?
6.
How will salaries be impacted?
7.
Will there be merit changes?
8.
Will my title change?

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Colleen McKeown, SVP, HR and Communication

David Eichler, CFO/HR

Rosa Vasquez, HR

Kerry Chou, HR, Compensation

Mark Carr, VP, HR Operations

Tobin Cookman, HR Director

Robert Colbert, Manager,
Employee Communications

Linda Chan, HR Director Asia

employee.questions@onsemi.com
Human Resources Contacts

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Company intranet

Site/department meetings

employee.questions@onsemi.com

Human Resources

Your leader

The Circuit
the employee newsletter
Employee Resources

Employee
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July
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Questions?

Employee
Presentation

July
2008