

LSI LOGIC CORP
Form SC TO-I
August 20, 2002

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE TO

(Rule 13e-4)

*Tender Offer Statement Under Section 14(d)(1) or 13(e)(1)
of the Securities Exchange Act of 1934*

LSI Logic Corporation

(Name of Subject Company (Issuer) and Filing Person (Offeror))

Options to Purchase Common Stock, Par Value \$0.01 Per Share
(Title of Class of Securities)

502161

(CUSIP Number of Class of Securities Underlying Common Stock)

David G. Pursel

Vice President, General Counsel and Corporate Secretary

LSI Logic Corporation
1551 McCarthy Boulevard
Milpitas, California 95035
(408) 433-8000

(Name, address and telephone number of person authorized to receive notices and
communications on behalf of filing person)

Copies to:

Michael A. Occhiolini, Esq.
Wilson Sonsini Goodrich & Rosati,
Professional Corporation
650 Page Mill Road
Palo Alto, California 94304-1050
(650) 493-9300

CALCULATION OF FILING FEE

Transaction Valuation*

Amount of Filing Fee

\$37,717,485.00

\$3,470.01

* Calculated solely for purposes of determining the filing fee. This amount assumes that options to purchase 48,448,408 shares of common stock of LSI Logic Corporation having an aggregate value of \$37,717,485.00 as of August 16, 2002 will be exchanged or cancelled

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pursuant to this offer. The aggregate value of such options was calculated based on the Black-Scholes option pricing model. The amount of the filing fee, calculated in accordance with the Securities Exchange Act of 1934, as amended, equals \$92 for each \$1,000,000 of the value of the transaction.

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

Amount Previously Paid: Not applicable.
Form or Registration No.: Not applicable.
Filing party: Not applicable.
Date filed: Not applicable.

Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

Check the appropriate boxes below to designate any transactions to which the statement relates:

third party tender offer subject to Rule 14d-1.

issuer tender offer subject to Rule 13e-4.

going-private transaction subject to Rule 13e-3.

amendment to Schedule 13D under Rule 13d-2.

Check the following box if the filing is a final amendment reporting the results of the tender offer:

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- Item 2. Subject Company Information.
- Item 3. Identity and Background of Filing Person.
- Item 4. Terms of the Transaction.
- Item 5. Past Contacts, Transactions, Negotiations and Arrangements.
- Item 6. Purposes of the Transaction and Plans or Proposals.
- Item 7. Source and Amount of Funds or Other Consideration.
- Item 8. Interest in Securities of the Subject Company.
- Item 9. Person/Assets, Retained, Employed, Compensated or Used.
- Item 10. Financial Statements.
- Item 11. Additional Information.
- Item 12. Exhibits.
- Item 13. Information Required by Schedule 13E-3.

SIGNATURE

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 - EXHIBIT(A)(1)(B)
 - EXHIBIT(A)(1)(C)
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 - EXHIBIT(A)(1)(E)
 - EXHIBIT(A)(1)(F)
 - EXHIBIT(A)(1)(G)
 - EXHIBIT(A)(1)(H)
 - EXHIBIT(A)(1)(I)
 - EXHIBIT(A)(1)(J)
 - EXHIBIT(D)(2)
 - EXHIBIT(D)(4)
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This Tender Offer Statement on Schedule TO relates to an offer by LSI Logic Corporation, a Delaware corporation (LSI Logic or the Company), to exchange (the Exchange Offer) options to purchase an aggregate of 48,448,408 shares of the Company's common stock, whether vested or unvested, that have been granted under its 1991 Equity Incentive Plan and 1999 Nonstatutory Stock Option Plan (the Eligible Options) and that are held by eligible employees. These Eligible Options may be exchanged for new options that will be granted under the Company's 1999 Nonstatutory Stock Option Plan (the New Options), upon the terms and subject to the conditions set forth in (i) the Offer to Exchange, dated August 20, 2002 (the Offer to Exchange), (ii) the related letter from Wilfred J. Corrigan dated August 20, 2002, (iii) the list of Frequently Asked Questions, (iv) the Election Form, and (v) the Withdrawal Form. These documents, as they may be amended or supplemented from time to time, together constitute the Disclosure Documents and are attached to this Schedule TO as Exhibits (a)(1)(a) through (a)(1)(e), respectively. An eligible employee refers to all persons who are employees hired on or before 5:00 p.m., Pacific Time, on August 15, 2002, and who receive pay as regular employees of LSI Logic or one of its subsidiaries in the United States, Germany, Hong Kong, Japan, The People's Republic of China or the United Kingdom and remain employees through the date on which the New Options are granted, except members of the Company's Board of Directors and the Company's executive officers.

The information in the Disclosure Documents, including all schedules and annexes to the Disclosure Documents, is incorporated by reference in answer to the items required in this Schedule TO.

Item 1. Summary Term Sheet.

The information set forth under the caption Summary Term Sheet in the Offer to Exchange is incorporated herein by reference.

Item 2. Subject Company Information.

(a) *Name and Address.*

LSI Logic is the issuer of the securities subject to the Exchange Offer. The address of the Company's principal executive office is 1551 McCarthy Boulevard, Milpitas, California 95035 and the telephone number at that address is (408) 433-8000. The information set forth in the Offer to Exchange under the caption The Offer Information concerning LSI Logic is incorporated herein by reference.

(b) *Securities.*

The subject class of securities consists of the Eligible Options. The actual number of shares of common stock subject to the New Options to be issued in the Exchange Offer will depend on the number of shares of common stock subject to the unexercised options tendered by eligible employees and accepted for exchange and cancelled. The information set forth in the Offer to Exchange under the captions Summary Term Sheet, Risks of Participating in the Offer, and the sections under the caption The Offer entitled Number of options; expiration date, Acceptance of options for exchange and issuance of new options, Source and amount of consideration; terms of new options is incorporated herein by reference.

(c) *Trading Market and Price.*

The information set forth in the Offer to Exchange under the caption The Offer Price range of shares underlying the options is incorporated herein by reference.

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Item 3. Identity and Background of Filing Person.

(a) *Name and Address.*

The filing person is the issuer. The information set forth under Item 2(a) above is incorporated by reference.

Pursuant to General Instruction C to Schedule TO, the information set forth on Schedule A to the Offer to Exchange is incorporated herein by reference.

Item 4. Terms of the Transaction.

(a) *Material Terms.*

The information set forth in the Offer to Exchange under the captions Summary Term Sheet and the sections under the caption The Offer entitled Eligibility, Number of options; expiration date, Procedures for electing to exchange options, Withdrawal rights and change of election, Acceptance of options for exchange and issuance of new options, Conditions of the offer, Source and amount of consideration; terms of new options, Price range of shares underlying the options, Status of options acquired by us in the offer; accounting consequences of the offer, Legal matters; regulatory approvals, Material U.S. federal income tax consequences, Material income tax consequences and certain other considerations for employees who are tax residents of Germany, Material income tax consequences and certain other considerations for employees who are tax residents of Hong Kong, Material income tax consequences and certain other considerations for employees who are tax residents of Japan, Material income tax consequences and certain other considerations for employees who are tax residents of The People's Republic of China, Material income tax consequences and certain other considerations for employees who are tax resident and ordinarily resident in the United Kingdom, and Extension of offer; termination; amendment is incorporated herein by reference.

(b) *Purchases.*

The information set forth in the Offer to Exchange under the caption The Offer Interests of directors and officers; transactions and arrangements concerning the options is incorporated herein by reference.

Item 5. Past Contacts, Transactions, Negotiations and Arrangements.

(c) *Agreements Involving the Subject Company's Securities.*

The information set forth in the Offer to Exchange under the caption The Offer Interests of directors and officers; transactions and arrangements concerning the options is incorporated by reference. The eligible option plans and related option agreements attached hereto as Exhibits (d)(1), (d)(2), (d)(3) and (d)(4) contain information regarding the subject securities.

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Item 6. Purposes of the Transaction and Plans or Proposals.

(a) ***Purposes.***

The information set forth in the Offer to Exchange under the captions Summary Term Sheet and The Offer Purpose of the offer is incorporated herein by reference.

(b) ***Use of Securities Acquired.***

The information set forth in the Offer to Exchange under the captions The Offer Acceptance of options for exchange and issuance of new options and The Offer Status of options acquired by us in the offer; accounting consequences of the offer is incorporated herein by reference.

(c) ***Plans.***

The information set forth in the Offer to Exchange under the captions The Offer Purpose of the offer and the The Offer Information concerning LSI Logic is incorporated herein by reference.

Item 7. Source and Amount of Funds or Other Consideration.

(a) ***Source of Funds.***

The information set forth in the Offer to Exchange under the captions The Offer Source and amount of consideration; terms of new options is incorporated herein by reference.

(b) ***Conditions.***

Not applicable.

(d) ***Borrowed Funds.***

Not applicable.

Item 8. Interest in Securities of the Subject Company.

(a) ***Securities Ownership.***

The information set forth in the Offer to Exchange under the caption The Offer Interests of directors and officers; transactions and arrangements concerning the options is incorporated herein by reference.

(b) ***Securities Transactions.***

The information set forth in the Offer to Exchange under the caption The Offer Interests of directors and officers; transactions and arrangements concerning the options is incorporated herein by reference.

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Item 9. Person/Assets, Retained, Employed, Compensated or Used.

(a) *Solicitations or Recommendations.*

Not applicable.

Item 10. Financial Statements.

(a) *Financial Information.*

The information set forth in Schedule B to the Offer to Exchange, in the Offer to Exchange under the captions "The Offer Information concerning LSI Logic," "The Offer Financial statements," and "The Offer Additional information," in Item 8 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2001 (file no. 001-10317), and in Item 1 of Part 1 of the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2002 (file no. 001-10317), is incorporated herein by reference.

(b) *Pro Forma Information.*

Not applicable.

Item 11. Additional Information.

(a) *Agreements, Regulatory Requirements and Legal Proceedings.*

The information set forth in the Offer to Exchange under the caption "The Offer Legal matters; regulatory approvals" is incorporated herein by reference.

(b) *Other Material Information.*

Not applicable.

Item 12. Exhibits.

(a) (1) (a) Offer to Exchange dated August 20, 2002.

(b) Letter from Wilfred J. Corrigan dated August 20, 2002.

(c) List of Frequently Asked Questions.

(d) Election Form.

(e) Withdrawal Form.

(f) Form of Promise to Grant Stock Option.

(g) Form of Confirmation of Stock Options Elected for

Exchange.

(h) Presentation to Employees.

(i) Form of Notice of the Exchange Offer to be sent to employees following commencement

of the exchange
offer. (j) Form
of Reminder
Notice about the
Exchange Offer
to be
periodically sent
to employees.

(b) Not
applicable.

(d)(1) LSI
Logic 1991
Equity Incentive
Plan Amended
and Restated,
incorporated
herein by
reference to
Exhibit 4.5 to
the Company's
Registration
Statement on
Form S-8 (File
No. 333-96543)
filed with the
Securities and
Exchange
Commission on
July 16, 2002.

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(2) Form of stock option agreement for LSI Logic 1991 Equity Incentive Plan Amended and Restated.

(3) LSI
Logic 1999
Nonstatutory
Stock Option
Plan,
incorporated
herein by
reference to
Exhibit 4.2 to
the Company's
Registration
Statement on
Form S-8 (File
No. 333-96549)
filed with the
Securities and
Exchange
Commission on
July 16,
2002. (4) Form
of stock option
agreement for
LSI Logic 1999
Non Statutory
Stock Option
Plan.
(g) Not
applicable.
(h) Not
applicable.

Item 13. Information Required by Schedule 13E-3.

(a) Not applicable.

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SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this Schedule TO is true, complete and correct.

LSI Logic Corporation

/s/ Wilfred J. Corrigan

Wilfred J. Corrigan
Chairman and Chief Executive Officer

Date: August 20, 2002

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Exhibit Number	Description
(a)(1)(a)	Offer to Exchange dated August 20, 2002.
(a)(1)(b)	Letter from Wilfred J. Corrigan dated August 20, 2002.
(a)(1)(c)	List of Frequently Asked Questions.
(a)(1)(d)	Election Form.
(a)(1)(e)	Withdrawal Form.
(a)(1)(f)	Form of Promise to Grant Stock Option.
(a)(1)(g)	Form of Confirmation of Stock Options Elected for Exchange.
(a)(1)(h)	Presentation to Employees.
(a)(1)(i)	Form of Notice of the Exchange Offer to be sent to employees following commencement of the exchange offer.
(a)(1)(j)	Form of Reminder Notice about the Exchange Offer to be periodically sent to employees.
(d)(1)	LSI Logic 1991 Equity Incentive Plan Amended and Restated, incorporated herein by reference to Exhibit 4.5 to the Company's Registration Statement on

Form S-8 (File
No. 333-96543)
filed with the
Securities and
Exchange
Commission on
July 16,
2002.(d)(2)
Form of stock
option
agreement for
LSI Logic 1991
Equity Incentive
Plan Amended
and
Restated.(d)(3)
LSI Logic 1999
Nonstatutory
Stock Option
Plan,
incorporated
herein by
reference to
Exhibit 4.2 to
the Company's
Registration
Statement on
Form S-8 (File
No. 333-96549)
filed with the
Securities and
Exchange
Commission on
July 16,
2002.(d)(4)
Form of stock
option
agreement for
LSI Logic 1999
Non Statutory
Stock Plan.