

SERENA SOFTWARE INC
Form DEFA14A
November 14, 2005

SCHEDULE 14A INFORMATION

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 Material Pursuant to §240.14a-12

SERENA SOFTWARE, 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):

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:

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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 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:

This filing consists of a slide presentation to the Company's employees regarding the proposed merger.

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Company All Hands
Mark Woodward, President and CEO
November 11, 2005

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Today's News

Serena has entered into a definitive agreement to be acquired by Silver Lake Partners in a transaction valued at approximately \$1.2 billion

Given Serena's alternatives, the Board and a special committee of the Board determined the \$24 per share cash offer is best for shareholders and recommended they vote for the transaction

As a private company we will have greater strategic flexibility than is possible as a public entity

Members of the management team are expected to be equity owners of the resulting private company
Same dedicated leadership, employees, outstanding culture and commitment to customer success

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Company All Hands

Agenda:

What is today's news?

What does it mean to Serena employees?

Why are we doing this now?

Who is Silver Lake Partners? How will they help Serena?

What will not change? What will change?

When does the transaction take place?

What does this mean to shareholders and customers?

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What is today's news?

Silver Lake Partners taking Serena private by purchasing the outstanding shares/options and convertible notes through a leveraged buy out (LBO)

Leveraged
means that the resulting private company will be
taking on some debt to accomplish this
Target close in Q1 FY07, subject to shareholder approval,

regulatory approvals and other customary closing conditions,
including receipt of debt financing
Announced to the public this morning

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What is today's news?

\$24 per share, all cash, for a total of approximately \$1.2 billion

Definitive agreement has been signed

All equity interests and convertible notes

Structure

Silver Lake equity

Debt financing

Doug Troxel

Management

Transaction delivers immediate cash payment to shareholders

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What does this mean to Serena employees?

No changes to salary, bonus or major benefits expected other than those already in process at this time

No reduction in force planned as a result of the transaction

Current stock option plan will be replaced by long-term performance based cash incentive plan

Different than current plan structure

Future of stock options in the industry

New accounting rules change ability to use stock based incentives

Being replaced by performance based cash incentives

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What does this mean to Serena employees?

Employees shares and options will vest in full immediately prior to the closing

Amount is \$24 per share, less the applicable exercise price

ex: if you have 100 options priced at \$16 you would receive \$8 per option or \$800

ESPP and all vested, unvested shares are eligible for sale

ESPP shares acquired up to December 1
st
, 2005

The ESPP program will be suspended at that time
At closing, employees will get paperwork required to execute
the sale of shares

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Why are we doing this now?

Serena's board of directors and a special committee of the board comprised of independent directors made the determination that a \$24 cash offer is best for shareholders

We have already begun transformation, need to focus on addressing challenges ahead

Re-positioning the company to support Change Governance vision

Successfully navigate major product line transitions

Adapt our go-to-market to more solutions oriented focus
Focus

Focus on building a new Serena
Shed perception as mainframe only
player

Gain greater flexibility as a result of being private

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Why are we doing this now?

Greater strategic flexibility

Ability to address issues that are core to growing business but
can be very challenging as a public company

Business model

We are evaluating more customer friendly pricing/licensing options

Investment philosophy

Investment in infrastructure

Branding

Responsiveness to external trends, threats and opportunities

Software as service

Open source

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Who is Silver Lake Partners?

World's preeminent private equity firm focused
exclusively on technology

Major new partner with shared commitment to

Maximize potential of opportunities ahead

Gain access to world class expertise, resources and network
Committed to the Serena Change Governance vision

and believe it is key to future growth

Understand the value of the mainframe

Management support

Believes the need for our technology will grow over time

Backed up their belief with their substantial investment

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Silver Lake Partners is focused on making large private equity investments in
leading technology companies operating at scale

\$5.9 billion of committed capital

Offices in New York, Silicon Valley and
London

30 investment professionals

Partner with management

Serve as a value-added investor

Focus on market leaders

Invest in growth

Structure creatively

Silver Lake's
approach

is to offer the insights of a strategic industry participant,
the operating skills of a world-class management team,
and the financial discipline of a leading private equity firm.

Organizational Overview

Strategy

Firm Overview

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Leading pure-play online brokerage

\$900 million

~\$65 billion combined revenues, ~270,000 combined employees in 100+ countries

Annual

Revenues

Leading disc drive maker

\$6.0 billion

Leading electronics manufacturing services (EMS) provider
\$16.0 billion

Leading provider of enterprise and mass markets voice and data
communications services
\$23.0 billion

(B)
Company Description

Leading business intelligence software provider
\$1.0 billion

Portfolio
Company

(a)
\$850 million

Leading provider of IT research products

Silver
Lake
has
invested
in
dynamic
companies
operating
globally
in
critical
sectors
of
the
technology economy

(a)
Pending transaction

(b)
Former portfolio companies

Leading provider of network and application management solutions
\$200 million

Leading provider of electronic trading solutions and execution services
\$400 million

(a)

Leading provider of product lifecycle management (PLM) solutions
\$1.0 billion
\$3.6 billion

Leading provider of software and processing solutions for financial

institutions and of information availability services
\$9.0 billion

Leading provider of digital media services for media companies

Leading U.S. electronic stock exchange
\$600 million
(formerly Agilent
SPG)
\$2.0 billion
(a)

Leading supplier of advanced semiconductor components, modules,
and subsystems

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How will Silver Lake help Serena?

Enhanced credibility with potential customers and partners

Senior level new customer and partner introductions

Help to improve existing relationships

Leverage extensive network of industry relationships and portfolio companies

Supplement recruiting efforts for senior management talent and board members

Develop and implement appropriate capital structure

Provide capital

Provide advice regarding financing transactions

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How will Silver Lake help Serena?

Assist management with strategic planning and financial analysis

Participate in refining strategy for the company consistent with existing strengths and leadership vision

Evaluate business units and product lines

Prepare consulting and financial analyses

Provide general business development support
Provide outside perspective and assistance on M&A
opportunities

Evaluate strategic acquisitions

Assist in transaction execution

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What will not change?

Day to day activities for most employees will not change

The focus, direction and core strategy of the company

Management, culture and philosophy of Serena

Dedication to serving our customers, delivering value, earning
loyalty

Need to deliver on Q4 commitments

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What will change?

Serena stock will no longer be publicly traded

The composition of our Board of Directors will change

Doug still on board, retains significant ownership

Current outside board members will depart following close of transaction

New board members will join from Silver Lake
Expect a greater ability to be flexible/creative with how we
license and sell our products and services

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What does this mean to customers?

We have a presentation, FAQ and letter for customers

Expect same management team and same commitment to customer success

All agreements will remain in force

Serena gains backing of world class investor and business partner

Increase Serena's flexibility to service more needs, faster and better

Better align the value we deliver with customers needs

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When will everything take place?

Target transaction closing to occur in Q1 FY07

Proxy statement to all shareholders

Certain regulatory approvals are required

Clear HSR

Proxy review by SEC

Shareholder meeting and vote on approval of transaction

Customary closing conditions, including receipt of debt financing pursuant to customary commitment letters

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Communications

FAQ s were emailed to all employees this morning

Many communications will be kept on the Serena intranet site

Will be briefing investors, media and industry and financial analysts
today and into next week

Plan on holding an all hands meeting in Hillsboro on Nov 21

st

Plan on coming to Europe for employee meetings week of Dec 5

th

Sending out communications to important customers and partners

If you have someone that you want to make sure we contact on a proactive basis, please forward that information to Matt DiMaria

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Send Inquiries Only To:

Marketing Hotline: x72491 (503-617-2491)

Marketing Helpdesk on Serena Intranet

NOTE: So that everyone is given the benefit of the answers to your questions, it is unlikely that we will respond to your individual inquiry, but will address your queries in follow-on communications.

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Questions
Mark Woodward, President and CEO
November 11, 2005

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Additional Information and Where to Find It

In
connection
with
the
proposed
merger,
Serena
will

file
a
proxy
statement
with
the Securities and Exchange Commission. INVESTORS AND SECURITY HOLDERS ARE STRONGLY ADVISED TO READ THE PROXY STATEMENT WHEN IT BECOMES AVAILABLE, BECAUSE IT WILL CONTAIN IMPORTANT INFORMATION. Investors and security holders may obtain a free copy of the proxy statement (when available) and other documents filed by Serena at the Securities and Exchange Commission's Web site at <http://www.sec.gov>. The proxy statement and other relevant documents may also be obtained for free from Serena by directing such request to Serena Investor Relations, 2755 Campus Drive, 3rd Floor, San Mateo, California 94403-2538, USA, telephone: (650) 522-6600.
Serena and its directors, executive officers and certain other members of its management
and
employees
may
be
deemed
to
be
participants
in
the
solicitation
of
proxies from its stockholders in connection with the proposed merger. Information regarding
the
interests
of
such
directors
and
executive
officers
is
included
in
Serena's
Proxy Statement for its 2005 Annual Meeting of Stockholders filed with the Securities and Exchange Commission on May 24, 2005, and information concerning all of
Serena's
participants
in
the
solicitation
will

be
included
in
the
proxy
statement
relating
to
the
proposed
merger
when
it
becomes
available.
Each
of
these
documents
is,
or
will
be,
available
free
of
charge
at
the
Securities
and
Exchange
Commission's
Web

site at <http://www.sec.gov>

and from Serena Investor Relations, 2755 Campus Drive,
3rd Floor, San Mateo, California 94403-2538, USA, telephone: (650) 522- 6600.