

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

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FILER

**NETGEAR, INC**

CIK: [1122904](#) | IRS No.: [770419172](#) | State of Incorporation: **DE** | Fiscal Year End: **1231**  
Type: **8-K** | Act: **34** | File No.: [000-50350](#) | Film No.: [13552090](#)  
SIC: [3661](#) Telephone & telegraph apparatus

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of  
The Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): January 28, 2013**

**NETGEAR, INC.**

(Exact name of Registrant as specified in its charter)

**Delaware**

(State or other jurisdiction  
of incorporation)

**000-50350**

(Commission  
File Number)

**77-0419172**

(I.R.S. Employer  
Identification Number)

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**350 East Plumeria Drive**

**San Jose, CA 95134**

(Address, including zip code, of principal executive offices)

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**(408) 907-8000**

Registrant's telephone number, including area code

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 1.01. Entry into a Material Definitive Agreement.**

On January 28, 2013, NETGEAR, Inc. (“NETGEAR” or the “Company”) and certain of its subsidiaries entered into an Asset Purchase Agreement (the “Purchase Agreement”) with Sierra Wireless, Inc. (“Sierra Wireless”) and certain of its subsidiaries, pursuant to which NETGEAR would acquire the AirCard business of Sierra Wireless (the “Acquisition”). The Acquisition includes the acquisition of select assets, and the assumption of select liabilities, related to the AirCard business of Sierra Wireless.

Under the terms of the Purchase Agreement, NETGEAR will pay \$138 million in cash in the Acquisition, which may be subject to adjustments based on agreed upon inventory levels and the amount of specified liabilities at the time of the closing of the acquisition. A portion of the consideration will be placed in escrow to satisfy certain indemnification obligations of Sierra Wireless described in the Purchase Agreement.

NETGEAR and Sierra Wireless have made customary representations, warranties and covenants in the Purchase Agreement, including covenants regarding Sierra Wireless' operation of its AirCard business prior to the closing of the Acquisition. The Purchase Agreement also provides for bilateral indemnification following the closing of the Acquisition by NETGEAR and Sierra Wireless with respect to breaches of certain representations or warranties, breaches of covenants and certain specified matters.

The acquisition is subject to customary closing conditions, including the receipt of necessary regulatory clearances. The Purchase Agreement may be terminated by either NETGEAR or Sierra Wireless under certain specified circumstances, including if the Acquisition is not consummated within 180 days following the date of the Purchase Agreement. The transaction is expected to close by the end of NETGEAR's fiscal first quarter.

There are no material relationships between NETGEAR or its affiliates and Sierra Wireless, other than with respect to the Purchase Agreement.

The foregoing description of the Purchase Agreement is qualified in its entirety by reference to the complete terms and conditions of the Purchase Agreement, which will be filed with the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2012.

**Item 2.02 Results of Operations and Financial Condition.**

On January 28, 2013, the Company issued a press release announcing its preliminary financial results and updated financial guidance for its fourth fiscal quarter ended December 31, 2012, the text of which is furnished herewith as Exhibit 99.1.

The information furnished pursuant to this Item 2.02 and the exhibit to this Current Report are being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that Section. The information furnished pursuant to this Item 2.02 and the exhibit to this Current Report shall not be incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

**Item 7.01. Regulation FD Disclosure.**

The information furnished pursuant to Item 2.02 is incorporated herein by reference.

**Item 9.01 Financial Statements and Exhibits.**

**(d) Exhibits**

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release dated January 28, 2013

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NETGEAR, INC.

By: /s/ Andrew W. Kim

Andrew W. Kim

Vice President, Legal and Corporate Development

Dated: January 28, 2013

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## EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release dated January 28, 2013



## NEWS RELEASE

EXHIBIT 99.1

### NETGEAR ENTERS INTO AGREEMENT TO ACQUIRE SELECT ASSETS OF SIERRA WIRELESS AIRCARD BUSINESS

*Acquisition accelerates mobile initiative of NETGEAR service provider business and will be immediately accretive to earnings upon closing*

**SAN JOSE, Calif. - January 28, 2013** - NETGEAR®, Inc. (NASDAQGM: NTGR), a global networking company that delivers innovative products to consumers, businesses and service providers, today announced that on January 28, 2013, it entered into an agreement to acquire select assets and operations of the Sierra Wireless, Inc. ("Sierra Wireless") AirCard® business. NETGEAR management will hold an investor conference call tomorrow, January 29, 2013 at 8:30 a.m. EST (5:30 a.m. PST) to discuss the agreement.

On January 28, 2013, NETGEAR entered into an Asset Purchase Agreement with Sierra Wireless to acquire the operations of the AirCard business, including customer relationships, certain intellectual property, inventory and fixed assets of the Sierra Wireless AirCard business. The purchase price is approximately \$138 million in cash. The final purchase price is subject to adjustments to be made after closing. The transaction, which is subject to customary closing conditions, including the receipt of necessary regulatory clearances, is expected to close by the end of NETGEAR's fiscal first quarter.

Patrick Lo, Chairman and Chief Executive Officer of NETGEAR, commented, "We are excited to announce that we have entered into an agreement to acquire select assets of the Sierra Wireless AirCard business. We expect this acquisition will accelerate the mobile initiative of our service provider business unit to become a global leader in providing the latest in LTE data networking access devices. We believe that LTE network technology represents a huge market opportunity, especially in emerging markets and rural areas where high speed broadband Internet access is currently limited. This asset acquisition reinforces NETGEAR's commitment to develop innovative products for the next generation of Internet service providers"

Christine Gorjanc, Chief Financial Officer of NETGEAR, said, "We are excited about the opportunities this transaction gives us, and we expect this acquisition to be accretive to non-GAAP earnings in the first full quarter that NETGEAR operates the AirCard business. Based on current information, the business we are acquiring has a 12 month trailing net revenue run rate of approximately \$247 million through December 2012."

"We are also taking this opportunity to update NETGEAR's estimates for the recently completed fourth quarter of 2012," Ms. Gorjanc continued. "We currently expect to achieve net revenue of \$305 million to \$310 million and non-GAAP operating margin within the 11% to 11.5% range, both of which are within the guidance we provided last quarter for net revenue and non-GAAP operating margin, respectively. The non-GAAP tax rate for the fourth quarter of 2012 is currently expected to be approximately 40%, which is higher than the approximately 33% that we had previously estimated. We will provide all the details on our 2012 fourth quarter and year-end results in our normally scheduled earnings release in February."

With the completion of the asset acquisition, approximately 160 employees located primarily in Carlsbad, California and Richmond, British Columbia are expected to be integrated into NETGEAR's service provider





## NEWS RELEASE

business under Michael Clegg, Senior Vice President and General Manager of NETGEAR's service provider business unit.

### Investor Conference Call / Webcast Details

NETGEAR will review the asset acquisition tomorrow, Tuesday, January 29, 2013 at 8:30 a.m. EST (5:30 a.m. PST). The dial-in number for the live audio call is (201) 689-8560. A live webcast of the conference call will be available on NETGEAR's website at <http://investor.netgear.com>. A replay of the call will be available 3 hours following the call through midnight EST (9 p.m. PST) on Tuesday, February 5, 2013 by telephone at (858) 384-5517 and via the web at <http://investor.netgear.com>. The account number to access the phone replay is 408122.

### About NETGEAR, Inc.

NETGEAR (NASDAQGM: NTGR) is a global networking company that delivers innovative products to consumers, businesses and service providers. For consumers, the company makes high performance, dependable and easy to use home networking, storage and digital media products to connect people with the Internet and their content and devices. For businesses, NETGEAR provides networking, storage and security solutions without the cost and complexity of Big IT. The company also supplies top service providers with retail proven, whole home solutions for their customers. NETGEAR products are built on a variety of proven technologies such as wireless, Ethernet and powerline, with a focus on reliability and ease-of-use. NETGEAR products are sold in approximately 32,000 retail locations around the globe, and through approximately 40,000 value-added resellers. The company's headquarters are in San Jose, Calif., with additional offices in over 25 countries. NETGEAR is an ENERGY STAR partner. More information is available at <http://investor.netgear.com> or by calling (408) 907-8000. Connect with NETGEAR at <http://twitter.com/NETGEAR> and <http://www.facebook.com/NETGEAR>.

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### Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995 for NETGEAR, Inc.:

This press release contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Specifically, statements concerning the completion of the acquisition of certain assets of the Aircard business of Sierra Wireless, Inc., the timing of the completion of the acquisition, the acceleration of the mobile initiative in NETGEAR's service provider business unit, the market opportunity for LTE network technology, the accretive nature of the acquisition to NETGEAR's earnings, expectations of achieving the guidance for NETGEAR's fourth quarter 2012 net revenue and non-GAAP operating margin, expectations on the fourth quarter 2012 non-GAAP tax rate, and the number of employees expected to join NETGEAR as a result of the acquisition are forward-looking statements within the meaning of the Safe Harbor. These statements are based on management's current expectations and are subject to certain risks and uncertainties, including, without limitation, the following: NETGEAR may not be successful in integrating the Aircard business of Sierra Wireless, including Sierra Wireless's products, technology and personnel; NETGEAR may not be able to retain Sierra Wireless's existing customer base, the actual price, performance and ease of use of Sierra Wireless's products may not meet the price, performance and ease of use requirements of customers; product performance may be adversely affected by real world operating conditions; the ability of NETGEAR to market and sell its products and technology, the impact and pricing of competing products and the introduction of alternative technological solutions. Further information on potential risk factors that could affect NETGEAR and its business are detailed in the Company's periodic filings with the Securities and Exchange Commission, including, but not limited to, those risks and uncertainties listed in the section entitled "Part II - Item 1A. Risk Factors," pages 46 through 65, in the Company's quarterly report on Form 10-Q for the fiscal quarter ended September 30,

2012, filed with the Securities and Exchange Commission on November 6, 2012. NETGEAR undertakes no obligation to release publicly any revisions



## NEWS RELEASE

to any forward-looking statements contained herein to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

**Contact:**

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