

MICROTUNE INC
Form PREM14A
September 23, 2010
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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

Filed by the Registrant
Check the appropriate box:

Filed by a Party other than the Registrant

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

MICROTUNE, INC.

(Name of Registrant as Specified In Its Charter)

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(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 Microtune, Inc. (Microtune common stock)

(2) Aggregate number of securities to which transaction applies:
54,284,357 shares of Microtune common stock, options to purchase 2,547,330 shares of Microtune common stock, and restricted stock units with respect to 85,750 shares of Microtune common stock

(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):
\$2.92 per share of Microtune common stock and restricted stock units, \$2.92 minus the weighted average exercise price of \$2.494 per share of outstanding options having an exercise price less than \$2.92 per share(1)

(4) Proposed maximum aggregate value of transaction:
\$159,845,875.02(1)

(5) Total fee paid:
\$11,397.01(1)

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.. 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.

Amount Previously Paid:

Form, Schedule or Registration Statement No.:

Filing Party:

Date Filed:

(1) Pursuant to an Agreement and Plan of Merger by and between Zoran Corporation, Maple Acquisition Corp. and the Registrant dated as of September 7, 2010, Maple Acquisition Corp. will merge with and into the Registrant and each outstanding share of the Registrant's common stock shall be converted into the right to receive \$2.92, without interest, except for shares that are owned by the Registrant as treasury stock or owned by Zoran Corporation or any wholly-owned subsidiary of Zoran Corporation or the Registrant, which will be cancelled without any payment therefore. Each holder of options to acquire shares of the Registrant's common stock shall be entitled to receive, in consideration of the cancellation of such stock options, an amount (without interest and less any applicable taxes) equal to the product of (i) the excess of \$2.92 per share of the Registrant's common stock over the exercise price per share of the Registrant's common stock subject to such stock option, multiplied by (ii) the total number of shares subject to such stock option. Each restricted stock unit (other than restricted stock units held by a non-employee director of the Registrant) shall be assumed and converted by Zoran Corporation in accordance with the Agreement and Plan of Merger. Outstanding restricted stock units held by non-employee directors of the Registrant shall be cancelled in exchange for payment of \$2.92 per restricted stock unit, without interest. As of September 17, 2010, there were 54,284,357 shares of the Registrant's common stock outstanding, 2,547,330 shares of the Registrant's common stock subject to outstanding stock options with a weighted average exercise price that is less than \$2.92 per share, and restricted stock units with respect to 85,750 shares of the Registrant's common stock held by non-employee directors of the Registrant. The filing fee was determined by adding (w) the product of (i) the number of issued and outstanding shares of the Registrant's common stock multiplied by (ii) the transaction consideration of \$2.92 per share of the Registrant's common stock, plus (x) the product of (i) the total number of shares of the Registrant's common stock subject to outstanding stock options with an exercise price that is less than \$2.92 per share multiplied by (ii) the excess of \$2.92 over the weighted average exercise price for such stock options, plus (y) the product of (i) the number of shares of the Registrant's common stock subject to restricted stock units that are held by non-employee directors of the Registrant multiplied by (ii) the transaction consideration of \$2.92 per share of the Registrant's common stock ((w), (x) and (y) together, the Merger Consideration). The filing fee was calculated in accordance with Regulation 240.0-11 under the Exchange Act by multiplying the Merger Consideration by 0.00007130.

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Preliminary Proxy Statement Subject to Completion, dated September 23, 2010

2201 10th Street

Plano, Texas 75074

[], 2010

Dear Stockholder,

You are cordially invited to attend a special meeting of Microtune, Inc. stockholders to be held on [], 2010, starting at [], Central time, at [].

At the special meeting, you will be asked to consider and vote upon a proposal to adopt the merger agreement under which Microtune would be acquired by Zoran Corporation. We entered into this merger agreement on September 7, 2010. If the merger is completed, you, as a holder of Microtune common stock, will be entitled to receive \$2.92 in cash, without interest, for each share of Microtune common stock owned by you at the consummation of the merger, as more fully described in the enclosed proxy statement.

We are also asking you to approve a proposal to adjourn the special meeting, if necessary, to solicit additional proxies if there are insufficient votes at the time of the special meeting to adopt the merger agreement.

After careful consideration, our board of directors, with one director abstaining from voting, has unanimously determined that the merger and the other transactions contemplated by the merger agreement are fair to, advisable and in the best interests of Microtune stockholders and unanimously recommends that you vote FOR the adoption of the merger agreement.

Your vote is very important, regardless of the number of shares of common stock you own. We cannot consummate the merger unless the merger agreement is adopted by the affirmative vote of the holders of outstanding shares of our common stock representing at least a majority of shares entitled to vote at the special meeting. **Therefore, if you abstain or do not vote on the adoption of the merger agreement, this will have the same effect as a vote by you against the adoption of the merger agreement.**

The attached proxy statement provides you with detailed information about the special meeting, the merger agreement and the merger. A copy of the merger agreement is attached as Annex A to this document. We encourage you to read this document and the merger agreement carefully and in their entirety. You may also obtain more information about Microtune from documents we have filed with the Securities and Exchange Commission.

Whether or not you plan to attend the special meeting, please complete, date, sign and return, as promptly as possible, the enclosed proxy card in the enclosed prepaid envelope, or submit your proxy through the Internet or by telephone. If you have Internet access, we encourage you to record your vote through the Internet at www.proxyvote.com. If you attend the special meeting and vote in person, your vote by ballot will revoke any proxy previously submitted.

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Thank you in advance for your continued support and your consideration of this matter.

Sincerely,

James A. Fontaine

Chief Executive Officer and President

Neither the Securities and Exchange Commission nor any state securities regulatory agency has approved or disapproved the merger, passed upon the merits or fairness of the merger or passed upon the adequacy or accuracy of the disclosure in this document. Any representation to the contrary is a criminal offense.

This proxy statement is dated [], 2010, and is first being mailed to stockholders on or about such date.

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2201 10th Street

Plano, Texas 75074

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

To Be Held on [], 2010

To the Stockholders of Microtune, Inc.:

A special meeting of stockholders of Microtune, Inc., a Delaware corporation (Microtune), will be held on [], 2010, starting at [], Central time, at [], for the following purposes:

1. To consider and vote on a proposal to adopt the Agreement and Plan of Merger, dated as of September 7, 2010, among Microtune, Zoran Corporation, a Delaware corporation (Zoran), and Maple Acquisition Corp., a Delaware corporation and wholly-owned subsidiary of Zoran (Sub), as it may be amended from time to time, pursuant to which Sub will merge with and into Microtune; and
2. To consider and vote on a proposal to adjourn or postpone the special meeting to a later date or time, if necessary or appropriate, to solicit additional proxies in the event there are insufficient votes at the time of such adjournment or postponement to adopt the merger agreement.

Our board of directors has specified the close of business on [], 2010 as the record date for the purpose of determining the stockholders who are entitled to receive notice of, and to vote at, the special meeting. Only stockholders of record at the close of business on the record date are entitled to notice of and to vote at the special meeting and at any adjournment or postponement thereof. Each stockholder is entitled to one vote for each share of Microtune common stock held on the record date.

Your vote is very important, regardless of the number of shares you own. The adoption of the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of our common stock. **If you abstain or do not vote on the adoption of the merger agreement, this will have the same effect as a vote by you against the adoption of the merger agreement.** Approval of the proposal to adjourn the special meeting, if necessary, to solicit additional proxies requires the affirmative vote of a majority of the shares of our common stock represented and voting at the special meeting.

Regardless of whether you plan to attend the special meeting in person, we request that you complete, sign, date and return the enclosed proxy card or submit your proxy by telephone or the Internet prior to the special meeting to ensure that your shares will be represented at the special meeting. If you have Internet access, we encourage you to record your vote via the Internet at www.proxyvote.com. Properly executed proxy cards with no instructions indicated on the proxy card will be voted **FOR** the adoption of the merger agreement and **FOR** the adjournment or postponement of the special meeting, if necessary or appropriate, to solicit additional proxies. **If your shares are held in street name, which means through a brokerage firm, bank or other nominee, you should instruct your broker, bank or other nominee how to vote your shares using the voting instruction form furnished by your broker, bank or other nominee.** If you do not instruct your broker, bank or other nominee how to vote, your shares will not be voted on any proposal on which your broker, bank or other nominee does not have discretionary authority to vote. This is called a broker non-vote. In these cases, the broker, bank or other nominee can register your shares as being present at the meeting for the purposes of determining the presence of a quorum but will not be able to vote on matters for which specific authorization is required. **If you do not instruct your broker, bank or other nominee how to vote, it will have the same effect as a vote against the adoption of the merger agreement, but it will not have an effect on the proposal to**

adjourn the special meeting. Your prompt attention is greatly appreciated.

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If you attend the special meeting, you may revoke your proxy and vote in person if you wish, even if you have previously returned your proxy card. **If you hold your shares in street name, however, you must obtain a legal proxy card from your broker, bank or other nominee in order to vote in person at the special meeting.** Please contact your broker, bank or other nominee for instructions on how to obtain such a legal proxy card. If your shares are held by a broker, bank or other nominee, and you plan to attend the special meeting, please also bring to the special meeting this legal proxy card and your statement evidencing your beneficial ownership of our common stock. Please carefully review the instructions in the enclosed proxy statement and the enclosed proxy card or the information forwarded by your broker, bank or other nominee regarding each of these options.

Under Delaware law, Microtune stockholders who do not vote in favor of the merger agreement and the merger will have the right to seek appraisal of the fair value of their shares as determined by the Delaware Court of Chancery if the merger is completed, but only if they submit a written demand for such an appraisal prior to the vote on the merger agreement and the merger and comply with the other Delaware law procedures explained in the accompanying proxy statement.

Our board of directors (except for one director who abstained from voting) has unanimously approved the merger agreement, the merger and the transactions contemplated by the merger agreement and determined that the merger is fair and advisable to, and in the best interests of, Microtune and our stockholders.

OUR BOARD OF DIRECTORS (EXCEPT FOR ONE DIRECTOR WHO ABSTAINED FROM VOTING) UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE ADOPTION OF THE MERGER AGREEMENT.

By Order of the Board of Directors,

James A Fontaine

Chief Executive Officer and President

Plano, Texas

[], 2010

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ADDITIONAL INFORMATION

This document incorporates important business and financial information about Microtune from documents that are not included in or delivered with this document. See *Where You Can Find More Information* on page 79. You can obtain documents incorporated by reference in this document by requesting them in writing or by telephone from Microtune, Inc., 2201 10th Street, Plano, Texas 75074, Attn: Investor Relations Department, Telephone: (972) 673-1850. You will not be charged for any of these documents that you request. If you wish to request documents, you should do so by [], 2010 in order to receive them before the special meeting.

For additional questions about the merger, assistance in submitting proxies or voting shares of our common stock, or additional copies of the proxy statement or the enclosed proxy card, please contact our proxy solicitor:

199 Water Street, 26th Floor

New York, NY 10038

Banks and Brokers Call 212.440.9800

All others call Toll-Free 1.866.729.6811

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QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETING

The following questions and answers address briefly some questions you may have regarding the special meeting and the proposed merger. These questions and answers may not address all questions that may be important to you as a holder of shares of Microtune common stock. For important additional information, please refer to the more detailed discussion contained elsewhere in this proxy statement, the annexes to this proxy statement and the documents referred to in this proxy statement. We sometimes make reference to Microtune, Inc. and our subsidiaries in this proxy statement by using the terms Microtune, the Company, we, our or us.

Q: Why am I receiving this proxy statement?

A: Our board of directors is furnishing this proxy statement to you in connection with the solicitation of proxies to be voted at a special meeting of stockholders or any adjournments or postponements thereof.

Q: When and where will the special meeting of stockholders be held?

A: The special meeting of Microtune stockholders will be held on [], 2010, starting at [], Central time, at []. You should read the section entitled The Special Meeting beginning on page 11.

Q: What are the proposals that will be voted on at the special meeting?

A: You will be asked to consider and vote on a proposal to adopt the merger agreement whereby Microtune would be acquired by Zoran Corporation (Zoran). The proposed acquisition would be accomplished by a merger of Maple Acquisition Corp. (Sub), a wholly-owned subsidiary of Zoran, with and into Microtune. Microtune would be the surviving corporation in the merger and, as a result of the merger, become a wholly-owned subsidiary of Zoran. In addition, you are being asked to grant Microtune management the authority to adjourn or postpone the special meeting to a later date, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the meeting to adopt the merger agreement.

Q: What will a Microtune stockholder receive when the merger occurs?

A: Upon completion of the merger, you will be entitled to receive \$2.92 in cash, without interest and less any applicable withholding taxes, in exchange for every share of Microtune common stock that you own immediately prior to the completion of the merger. This does not apply to shares held by Microtune as treasury stock, by Zoran or any wholly-owned subsidiary or Zoran or Microtune or by Microtune stockholders, if any, who have properly and validly perfected their appraisal rights.

Q: Am I entitled to appraisal rights in connection with the merger?

A: Yes, but only if you do not vote for the adoption of the merger agreement and do file a demand for appraisal with respect to shares held continuously through the effective time of the merger and meet the other requirements of the Delaware General Corporation Law, which we may refer to as Delaware law. Stockholders are entitled to appraisal rights under Section 262 of Delaware law, provided they satisfy the special criteria and conditions set forth in Section 262 of Delaware law. For more information regarding appraisal rights, see Appraisal Rights on page 71. In addition, a copy of Section 262 of Delaware law is attached as Annex D to this proxy statement.

Q: What will happen in the merger to stock options, restricted stock, restricted stock unit awards and other equity-based awards that have been granted to employees, officers and directors of Microtune?

A: Zoran will not assume any Microtune options. Immediately prior to the consummation of the merger, options to acquire Microtune common stock will fully vest and become exercisable. If you hold an option with an exercise price per share less than \$2.92 and you do not exercise the option prior to the consummation of the merger, you will receive cash for each share of Microtune common stock subject to such option equal to the excess of \$2.92 over the exercise price per share of such option, without interest and less any applicable withholding taxes.

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If you hold unexpired and outstanding restricted stock units or other common stock equivalents of Microtune that remain outstanding as of the consummation of the merger, such restricted stock units or common stock equivalents will be assumed by Zoran upon the consummation of the merger and converted into restricted stock units or other equity-based awards denominated in shares of Zoran common stock based on formulas contained in the merger agreement, except for equity-based awards held by our non-employee directors, which equity-based awards shall each be converted into the right to receive \$2.92 in cash, without interest. A copy of the merger agreement is attached to this proxy statement as Annex A.

Q: What will happen to awards under Microtune's 2010 Employee Stock Purchase Plan as a result of the merger?

A: We will establish an exercise date for outstanding options in the current purchase period that is the earlier of the date scheduled in the plan or two (2) business days prior to the closing of the merger. Future offering periods under the 2010 Employee Stock Purchase Plan will be suspended after this exercise date. At the effective time of the merger, the newly purchased Microtune shares will be converted into the right to receive \$2.92 per share in cash, without interest.

Q: What will happen to Microtune as a result of the merger?

A: Upon completion of the merger, Microtune will become a wholly -owned subsidiary of Zoran. As a result, shares of common stock of Microtune will no longer be listed on any stock exchange, including the Nasdaq Global Market (the "NASDAQ"), or quotation system, and will be deregistered under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Q: How does the merger consideration compare to the market price of Microtune common stock?

A: The merger consideration of \$2.92 per share of Microtune common stock represents an 18.2% premium (and a 47.3% premium after excluding the Company's cash) over the closing price of Microtune shares on the NASDAQ on September 3, 2010, the last trading date before the execution of the merger agreement. The closing price of Microtune common stock on the NASDAQ on September 3, 2010 was \$2.47, the last trading date before the execution of the merger agreement. You are encouraged to obtain current market quotations for Microtune common stock in connection with voting your shares.

Q: Who is entitled to attend and vote at the special meeting?

A: The record date for the special meeting is [], 2010. If you own shares of Microtune common stock as of the close of business on the record date, you are entitled to notice of, and to vote at, the special meeting or any adjournment or postponement of the special meeting. As of the record date, there were approximately [] shares of Microtune common stock issued and outstanding.

Q: How many votes are required to adopt the merger agreement?

A: Under Delaware law, the adoption of the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of Microtune common stock. Accordingly, if you abstain or do not vote on the proposal to adopt the merger agreement, it will have the same effect as a vote by you against the proposal.

Q: How many votes are required to adopt the proposal to adjourn or postpone the special meeting to a later time, if necessary or appropriate, to solicit additional proxies?

A: The adoption of the proposal to adjourn or postpone the special meeting to a later time, if necessary or appropriate, to solicit additional proxies requires the affirmative vote of a majority of shares of Microtune common stock represented in person or by proxy at the special meeting and entitled to vote thereon.

Q: How does the Microtune board of directors recommend that I vote on the proposals?

A: Other than Drew Peck, who abstained from voting and may be referred to herein as the abstaining director, our board of directors has determined that the merger and the other transactions contemplated by the merger

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agreement are fair and advisable to, and in the best interests of, our stockholders and unanimously recommends that you vote **FOR** the proposal to adopt the merger agreement. You should read the section entitled *The Merger Reasons for the Merger; Recommendation of Our Board of Directors* beginning on page 28 of this proxy statement for a discussion of the factors that our board of directors considered in deciding to recommend the adoption of the merger. Our board of directors (other than the abstaining director) also recommends that you vote **FOR** the adoption of the proposal to adjourn or postpone the special meeting, if necessary or appropriate, to solicit additional proxies to facilitate the adoption of the merger agreement.

Q: Do any of Microtune's directors or officers have interests in the merger that may differ from those of Microtune stockholders?

A: Yes, one of our directors, Drew Peck, abstained from voting on the merger due to his affiliation with Steel Horse Advisors, a Division of Green Manning & Bunch, Ltd., which we engaged to provide advice to Microtune in connection with the merger. We have also entered into a Severance and Change of Control Agreement with James A. Fontaine, our Chief Executive Officer and President, and certain other officers. You should read *The Merger Interests of Microtune's Directors and Executive Officers in the Merger* beginning on page 41 of this proxy statement for more information about these arrangements as well as a description of other rights of our directors or officers that may come into effect in connection with the merger.

Q: How are votes counted?

A: Votes will be counted by the inspector of election appointed for the special meeting, who will separately count **FOR** and **AGAINST** votes and abstentions. Because under Delaware law the adoption of the merger agreement requires the affirmative vote of a majority of the outstanding shares of Microtune common stock, the failure to vote or the abstention from voting will have the same effect as a vote **AGAINST** the adoption of the merger agreement. Because the adoption of the proposal to adjourn or postpone the special meeting, if necessary or appropriate, to solicit additional proxies, requires the affirmative vote of a majority of the shares of Microtune common stock represented in person or by proxy at the special meeting, abstentions will count as a vote **AGAINST** the proposal, but the failure to vote your shares will have no effect on the outcome of the proposal to adjourn or postpone the special meeting.

Q: What do I need to do now?

A: After carefully reading and considering the information contained in this proxy statement, including the annexes and the other documents referred to in this proxy statement, please vote your shares as described below. You have one vote for each share of Microtune common stock you own as of the record date.

Q: How do I vote if I am a stockholder of record?

A: You may vote:

by completing, signing and dating each proxy card you receive and returning it in the enclosed prepaid envelope;

by using the telephone number printed on your proxy card;

by using the Internet voting instructions printed on your proxy card; or

in person by appearing at the special meeting.

If you are voting by telephone or via the Internet, your voting instructions must be received by 11:59 p.m., Eastern time, on [], 2010.

Voting via the Internet, by telephone or by mailing in your proxy card will not prevent you from voting in person at the special meeting. You are encouraged to submit a proxy by mail, via the Internet or by telephone even if you plan to attend the special meeting in person to ensure that your shares of Microtune common stock are represented at the special meeting.

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If you return your signed proxy card, but do not mark the boxes showing how you wish to vote, your shares will be voted **FOR** the proposal to adopt the merger agreement and **FOR** the adoption of the proposal to adjourn or postpone the special meeting, if necessary, to solicit additional proxies.

Q: How do I vote if my shares are held by my brokerage firm, bank, trust or other nominee?

A: If your shares are held in a brokerage account or by another nominee, such as a bank or trust, then the brokerage firm, bank, trust or other nominee is considered to be the stockholder of record with respect to those shares. However, you still are considered to be the beneficial owner of those shares, with your shares being held in street name. Street name holders generally cannot vote their shares directly and must instead instruct the brokerage firm, bank, trust or other nominee how to vote their shares. Your brokerage firm, bank, trust or other nominee will only be permitted to vote your shares for you at the special meeting if you instruct it how to vote. Therefore, it is important that you promptly follow the directions provided by your brokerage firm, bank, trust or other nominee regarding how to instruct them to vote your shares. If you wish to vote in person at the special meeting, you must bring a proxy card from your brokerage firm, bank, trust or other nominee authorizing you to vote at the special meeting.

In addition, because any shares you may hold in street name will be deemed to be held by a different stockholder than any shares you hold of record, shares held in street name will not be combined for voting purposes with shares you hold of record. To ensure that all of your shares are voted, you should instruct your brokerage firm, bank, trust or other nominee to vote your shares. Shares held by a corporation or business entity must be voted by an authorized officer of the entity.

Q: What if I fail to instruct my brokerage firm, bank, trust or other nominee how to vote?

A: **Your brokerage firm, bank, trust or other nominee will not be able to vote your shares unless you have properly instructed your nominee on how to vote.** Because the adoption of the merger agreement requires an affirmative vote of a majority of the outstanding shares of Microtune common stock for approval, the failure to provide your nominee with voting instructions will have the same effect as a vote **AGAINST** the proposal to adopt the merger agreement. Because the proposal to adjourn or postpone the special meeting, if necessary, to solicit additional proxies requires the affirmative vote of a majority of the shares of common stock present or represented at the special meeting and entitled to vote thereon, and because your brokerage firm, bank, trust or other nominee does not have discretionary authority to vote on the proposal, the failure to instruct your broker or other nominee with voting instructions on how to vote your shares will have no effect on the approval of that proposal.

Q: What constitutes a quorum for the special meeting?

A: The presence, in person or by proxy, of stockholders representing a majority of the shares of Microtune common stock entitled to vote at the special meeting will constitute a quorum for the special meeting. If you are a stockholder of record and you submit a properly executed proxy card, vote by telephone or via the Internet or vote in person at the special meeting, then your shares will be counted as part of the quorum. If you are a street name holder of shares and you provide your brokerage firm, bank, trust or other nominee with instructions as to how to vote your shares or obtain a legal proxy from such broker or nominee to vote your shares in person at the special meeting, then your shares will be counted as part of the quorum. All shares of Microtune common stock held by stockholders that are present in person or represented by proxy and entitled to vote at the special meeting, regardless of how such shares are voted or whether such stockholders abstain from voting, will be counted in determining the presence of a quorum.

Q: What does it mean if I receive more than one proxy or set of voting instructions?

A: If you receive more than one proxy, it means that you hold shares that are registered in more than one account. For example, if you own your shares in various registered forms, such as jointly with your spouse, as trustee of a trust or as custodian for a minor, you will receive, and you will need to sign and return, a separate proxy card for

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those shares because they are held in a different form of record ownership. Therefore, to ensure that all of your shares are voted, you will need to sign and return each proxy card you receive or vote by telephone or via the Internet by using the different control number(s) on each proxy card. If your shares are held in street name, then you will need to follow each set of voting instructions provided by your broker, bank or other nominee.

Q: What if I share an address with another stockholder?

A: As permitted by the Exchange Act, only one copy of this proxy statement is being delivered to stockholders residing at the same address, unless any stockholder has notified us of its desire to receive multiple copies of the proxy statement. This is known as householding. We will promptly deliver, upon oral or written request, a separate copy of this proxy statement to any stockholder residing at a shared address to which only one copy was mailed. Request for additional copies of this proxy statement, or requests to receive multiple or single copies of proxy statements at a shared address in the future, should be directed to: Microtune, Inc., 2201 10th Street, Plano, Texas 75074, Attention: Corporate Secretary, Telephone (972) 673-1600.

Q: May I change my vote after I have delivered my proxy?

A: Yes. If you are the stockholder of record of Microtune common stock, you have the right to change or revoke your proxy at any time prior to 11:59 p.m., Eastern time, on the date prior to the special meeting:

by delivering to Microtune's Secretary, a signed written notice of revocation bearing a date later than the date of the proxy, stating that the proxy is revoked;

by attending the special meeting and voting in person (your attendance at the meeting will not, by itself, revoke your proxy; you must vote in person at the meeting);

by submitting a later-dated proxy card before your earlier-dated proxy is voted at the special meeting; or

if you voted by telephone or the Internet, by voting again by telephone or the Internet by the date and time indicated on the applicable proxy card(s);

Written notices of revocation and other communications with respect to the revocation of any proxies should be addressed to:

Microtune, Inc,

2201 10th Street

Plano, Texas 75074

Attn: Phillip D. Peterson

If you are a street name holder of Microtune common stock, you should contact your brokerage firm, bank, trust or other nominee to obtain instructions as to how to change or revoke your proxy.

Q: Should I send in my stock certificates now?

A: No. After the merger is completed, you will be sent a letter of transmittal with detailed written instructions for exchanging your shares of Microtune common stock for the merger consideration. If your shares are held in street name by your brokerage firm, bank, trust or other nominee, you will receive instructions from your brokerage firm, bank, trust or other nominee as to how to effect the surrender of your street name shares in exchange for the merger consideration. **PLEASE DO NOT SEND IN YOUR CERTIFICATES NOW.**

Q: What happens if I sell my shares of Microtune common stock before the special meeting?

A: The record date for stockholders entitled to vote at the special meeting is earlier than the date of the special meeting and the expected closing date of the merger. If you transfer your shares of Microtune common stock after the record date but before the special meeting, you will, unless special arrangements are made, retain your

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right to vote at the special meeting but will transfer the right to receive the merger consideration to the person to whom you transfer your shares. In addition, if you sell your shares prior to the special meeting or prior to the effective time of the merger, you will not be eligible to exercise your appraisal rights in respect of the merger. For a more detailed discussion of your appraisal rights and the requirements for perfecting your appraisal rights, see *Appraisal Rights* on page 71 and Annex D.

Q: When will the merger be completed if the merger agreement is adopted at the special meeting?

A: We are working to complete the merger as quickly as possible and currently anticipate the merger to be completed in the fourth calendar quarter of 2010. However, the exact timing of the completion of the merger cannot be predicted. In addition to obtaining stockholder approval, all other closing conditions related to the merger must be satisfied or waived. We cannot assure you that all of the conditions to the merger will be satisfied or, if satisfied, the date by which they will be satisfied.

Q: Will a proxy solicitor be used?

A: Yes. We have engaged Georgeson, Inc., which we refer to in this proxy statement as *Georgeson*, to assist in the solicitation of proxies for the special meeting. We have agreed to pay Georgeson a base fee of \$15,000, plus additional charges related to telephone calls and out-of-pocket expenses incurred in connection with the proxy solicitation. In addition, our directors, officers and employees may also solicit proxies by personal interview, mail, e-mail, telephone, facsimile or by other means of communication. These persons will not be paid additional remuneration for their efforts. We will also ask brokers, banks and other nominees to forward proxy solicitation material to the beneficial owners of shares of our common stock that the brokers, banks and other nominees hold of record. We will reimburse them for their reasonable out-of-pocket expenses.

Q: What are the material U.S. federal income tax consequences of the merger?

A: The receipt of cash for shares of Microtune common stock by U.S. holders pursuant to the merger will be a taxable transaction for U.S. federal income tax purposes. In general, for U.S. federal income tax purposes, a U.S. holder of Microtune common stock will recognize gain or loss in an amount equal to the difference, if any, between (i) the amount of cash received in the merger and (ii) the holder's adjusted tax basis in the shares. Non-U.S. holders of Microtune common stock generally will not be required to pay U.S. federal income tax on the receipt of cash in exchange for shares of Microtune common stock in the merger. Stockholders, including non-U.S. stockholders, should consult their tax advisors to determine the particular tax consequences to them (including the application and effect of any state, local or non-U.S. income and other tax laws) of the merger. Because your individual circumstances may differ, we recommend that you consult your own tax advisor to determine the particular tax effects of the merger to you. See *The Merger Material U.S. Federal Income Tax Consequences of the Merger* beginning on page 47.

Q: Where can I find more information about Microtune?

A: We file periodic reports and other information with the Securities and Exchange Commission, which we refer to in this proxy statement as the SEC. You may read and copy this information at the SEC's public reference facilities. Please call the SEC at 1-800-SEC-0330 for more information about these facilities. This information is also available on the internet site maintained by the SEC at www.sec.gov. In addition our Annual Report on Form 10-K for the year ended December 31, 2009 and our Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2010 and June 30, 2010 are incorporated by reference into this proxy statement. For a more detailed description of the information available, see *Where You Can Find More Information* beginning on page 79.

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Q: Who can answer further questions?

A: For additional questions about the merger, assistance in submitting proxies or voting shares of Microtune common stock, or additional copies of the proxy statement or the enclosed proxy card, please contact our proxy solicitor:

199 Water Street, 26th Floor

New York, NY 10038

Banks and Brokers Call 212.440.9800

All others call Toll-Free 1.866.729.6811

If your brokerage firm, bank, trust or other nominee holds your shares in street name, you should also call your brokerage firm, bank, trust or other nominee for additional information.

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SUMMARY TERM SHEET

This summary term sheet summarizes selected information in this proxy statement. However, it may not contain all of the information that is important to your consideration of the proposed merger. We encourage you to read this entire proxy statement, including the merger agreement attached to this proxy statement as Annex A, as well as the other annexes to this proxy statement, for a more complete understanding of the matters being considered at the special meeting. Each of the items in this summary includes a page reference directing you to a more complete description of that item.

The Special Meeting

Purpose. At the special meeting, you will be asked to consider and vote on a proposal to adopt the merger agreement and a proposal to adjourn or postpone the special meeting to a later date or time, if necessary, to solicit additional proxies if there are insufficient votes at the time of the special meeting to adopt the merger agreement.

Date, Time and Place. The special meeting will be held on [], 2010, at [], Central time, at [].

Record Date and Quorum. You are entitled to vote at the special meeting if you owned shares of our common stock at the close of business on [], 2010, the record date for the special meeting. Each outstanding share of our common stock on the record date entitles the holder to one vote on each matter submitted to stockholders for approval at the special meeting and any adjournment or postponement thereof. A majority of the shares of Microtune common stock issued, outstanding and entitled to vote at the special meeting, present in person or represented by proxy, constitutes a quorum for the purpose of considering the proposals. As of the record date, there were [] shares of our common stock entitled to vote at the special meeting. See The Special Meeting Record Date and Quorum beginning on page 11.

Stockholder Vote Required to Adopt the Merger Agreement. You are being asked to consider and vote upon a proposal to adopt the merger agreement. For us to complete the merger, stockholders holding a majority of the shares of our common stock outstanding at the close of business on the record date must vote **FOR** the adoption of the merger agreement. **Accordingly, if you abstain or do not vote on the proposal, it will have the same effect as a vote against the proposal. If you sign and return your proxy card without indicating your vote, your shares will be voted FOR the proposal to adopt the merger agreement. If you hold shares in street name and do not provide instruction to your broker, bank or other nominee on how to vote your shares, your shares will not be voted and the effect will be the same as a vote against the proposal.** See The Special Meeting Proxies and Revocation beginning on page 12 and The Special Meeting Vote Required for Approval beginning on page 11.

Stockholder Vote Required to Approve the Adjournment Proposal. The special meeting may be adjourned or postponed for the purpose of soliciting additional proxies if we have not received sufficient votes to adopt the merger agreement at the special meeting. Approval of the proposal to adjourn or postpone the special meeting, if necessary, to solicit additional proxies requires the affirmative vote of a majority of the shares represented and voting at the special meeting. If you abstain, it will have the same effect as a vote against the proposal to adjourn or postpone the special meeting, if necessary, to solicit additional proxies. If you do not vote your shares, it will have no effect on the proposal to adjourn or postpone the special meeting, if necessary, to solicit additional proxies. **If you sign and return your proxy card without indicating your vote, your shares will be voted FOR the proposal to adjourn or postpone the special meeting, if necessary, to solicit additional proxies. If you hold shares in street name and do not instruct your broker, bank or other nominee how to vote your shares, your shares will not be voted, but this will not have an effect on the proposal to adjourn the special meeting.** See The Special Meeting Proxies and Revocation beginning on page 12, The Special Meeting Vote Required for Approval beginning on page 11 and The Special Meeting Adjournments and Postponements beginning on page 13.

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Voting Information. Before voting your shares of our common stock, we encourage you to read this proxy statement in its entirety, including its annexes, and carefully consider how the merger will affect you. To ensure that your shares can be voted at the special meeting, please complete, sign, date and mail the enclosed proxy card (which requires no postage if mailed in the United States), or submit your vote through the Internet or by telephone as soon as possible. If you hold shares in street name, you should follow the instructions provided by your broker, bank or other nominee regarding the voting of your shares. You may also vote in person by attending the special meeting to be held on [], 2010, at [], Central time, at [].

Shares Held by Directors and Executive Officers. As of [], 2010, the record date, our directors and executive officers held and are entitled to vote at the special meeting [] shares of our common stock, representing approximately []%, in the aggregate, of the outstanding shares of our common stock on that date.

See *The Special Meeting* beginning on page 11.

The Parties to the Merger

Microtune, Inc., a Delaware corporation, designs and markets receiver solutions for the cable, automotive entertainment electronics and digital television markets. Our corporate headquarters are located at 2201 10th Street, Plano, Texas 75074, and our telephone number is (972) 673-1600. See also *Where You Can Find More Information* beginning on page 79.

Zoran Corporation, a Delaware corporation, is a leading provider of digital solutions in the digital entertainment and digital imaging market. Zoran has pioneered high-performance digital audio and video, imaging applications, and Connect Share Entertainment technologies for the digital home. Zoran's corporate headquarters are located at 1390 Kifer Road, Sunnyvale, California 94086, and its telephone number is (408) 523-6500. Zoran's website can be found at www.zoran.com.

Maple Acquisition Corp., a Delaware corporation and a wholly-owned subsidiary of Zoran, which we refer to herein as *Sub*, was formed solely for the purpose of effecting the merger. Maple Acquisition Corp. has not carried on any activities to date, except for activities incidental to its formation and activities undertaken in connection with the transactions contemplated by the merger agreement. Upon consummation of the merger, *Sub* will merge with and into Microtune and will cease to exist.

See *The Companies* beginning on page 15.

The Merger

On September 7, 2010, we entered into an Agreement and Plan of Merger, which we refer to in this proxy statement as the *merger agreement*, with Zoran and *Sub*. Pursuant to the merger agreement, *Sub* will merge with and into Microtune, and Microtune will continue as the surviving corporation, which we refer to in this proxy statement as the *surviving corporation*. Following the merger, Zoran will directly own all of the outstanding capital stock of Microtune and you will cease to have any rights as a Microtune stockholder. Microtune will cease to be an independent, publicly traded company and will be a wholly-owned subsidiary of Zoran. A copy of the merger agreement is attached as Annex A to this proxy statement. See *The Merger* beginning on page 16.

Merger Consideration

If the merger is completed, you will be entitled to receive \$2.92 in cash, without interest and less any applicable withholding taxes, for each share of our common stock that you own (unless you exercise and perfect your appraisal rights under the Delaware General Corporation Law with respect to the merger). See *The Merger Agreement*, *The Merger Consideration* and *the Conversion of Capital Stock* beginning on page 51, *Appraisal Rights* beginning on page 71 and Annex D.

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Treatment of Options and Restricted Stock Units

The awards granted under our stock option and equity award plans, which are comprised of options to acquire our common stock and restricted stock unit awards, are collectively referred to as "equity awards" in this proxy statement.

Treatment of Options. Zoran will not assume any Microtune stock options. As a result, all unexpired and unexercised options that are outstanding prior to the effective time of the merger will fully vest and become exercisable. All such options that continue to remain outstanding immediately prior to the effective time of the merger will be cancelled at the effective time of the merger and any such cancelled options that have an exercise price less than \$2.92 per share will be converted into and represent only the right to receive an amount in cash, without interest and less any applicable withholding taxes, equal to the product of (a) the number of shares of our common stock underlying such option, multiplied by (b) the difference between (A) \$2.92, the per share merger consideration, less (B) the exercise price per share of such option in effect immediately before the effective time of the merger.

Treatment of Restricted Stock Units. When the merger is completed, all unexpired and unexercised restricted stock unit awards ("RSUs") that are outstanding immediately before the effective time of the merger (other than RSUs held by our non-employee directors) will be assumed by Zoran and will continue to have, and be subject to, the same terms and conditions in effect for RSUs immediately before the effective time of the merger, except that such RSUs shall be for that number of whole shares of common stock of Zoran equal to the product of the number of shares of Microtune common stock that were issuable under such RSUs and the Exchange Ratio (as defined below) (rounded down to the next whole share) and such RSUs shall be subject to the authority of the Zoran board of directors or a committee thereof. The "Exchange Ratio" is the quotient obtained by dividing \$2.92 by the average of the closing sale prices for a share of Zoran common stock as quoted on the NASDAQ Global Market for the ten consecutive trading days ending with the third trading day that precedes the closing. Each outstanding RSU held by a non-employee director of the Company shall be cancelled in exchange for payment of \$2.92 per RSU, without interest.

See "The Merger Agreement - Treatment of Options, Restricted Stock and Other Equity Awards" beginning on page 52.

Certain of our executive officers have severance agreements under which they will receive a cash payment at closing in lieu of vesting of any of their outstanding performance-vested RSUs that are otherwise scheduled to vest in 2011 under the terms of our 2010 Incentive Compensation Program. The severance agreements for each of our executive officers also contemplate a cash payment in the event of certain termination events, with the amount of the cash payment generally intended to reflect the value of time-vested RSUs that were scheduled to vest during a specified period following the executive's termination of employment. See "The Merger - Interests of Microtune's Directors and Executive Officers in the Merger" beginning on page 41.

Procedures for Receiving the Merger Consideration

If the merger is completed, each of our stockholders will receive materials from the paying agent, American Stock Transfer. As soon as reasonably practicable after the completion of the merger, the paying agent will provide instructions to each holder of record of shares of our common stock that will explain how to surrender stock certificates. Each of our stockholders will receive cash for his, her or its shares from the paying agent after complying with these instructions. If the stockholder's shares of common stock are held in "street name" by his, her or its broker, bank, or other nominee, the stockholder will receive instructions from his, her or its broker, bank, or other nominee as to how to effect the surrender of the "street name" shares and receive the merger consideration for those shares. **Holders of our common stock should not return their stock certificates with the enclosed proxy card, and should not send in their stock certificates without a properly completed letter of transmittal.** See "The Merger Agreement - Payment Procedures" beginning on page 52.

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Recommendation of Our Board of Directors

After careful consideration, our board of directors (other than the abstaining director) has unanimously appr