

PULSE ELECTRONICS CORP  
Form DEFA14A  
May 05, 2011

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934 (Amendment No. 1)

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

**PULSE ELECTRONICS CORPORATION**

(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:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit 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:

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May 4, 2011

Dear Pulse Shareholder:

As you know, the Pulse Electronics board and management team are working diligently to execute our strategic plan to enhance shareholder value, including improving Pulse's wireless business, lowering operating expenses, optimizing manufacturing efficiencies, implementing a new enterprise resource planning system, and building on our technology leadership.

Yesterday, in addition to announcing first quarter 2011 financial results that were in-line with our expectations, we provided a detailed update on the strong progress we're making on our strategic plan. I want to take this opportunity to share some of the highlights.

### **STRONG PROGRESS ON OUR PLAN TO INCREASE SHAREHOLDER VALUE**

During the first quarter, we were particularly focused on the cost and expense reduction aspect of our plan and took significant actions, which will result in \$6.6 million of expected annual savings:

| <b>Action</b>                                                                                                                                                                             | <b>Expected Annual Savings</b> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|
| ü The consolidation of our corporate headquarters into our U.S. operational headquarters in San Diego is progressing faster and will yield \$0.5 million more than originally forecasted. | \$1.5 million                  |
| ü We closed two of our higher-cost factories in China bringing our total number of factories from 10 to 8.                                                                                | \$2.5 million                  |
| ü We eliminated product lines in our audio business, as we determined our speaker and receiver business was not large enough to stand on its own.                                         | \$1.4 million                  |
| ü We reduced the number of our organization layers and support positions.                                                                                                                 | \$1.2 million                  |

**Total Annual Savings**      \$6.6 million

We expect the savings benefit of these improvements to begin in the second quarter of 2011 and take full effect in the third quarter of 2011. These are significant, real savings that will contribute to our efforts to increase profitability. In total, we expect to lower our operating expenses by at least three percentage points of sales, or approximately \$12 million, over the next 12 to 18 months. We are identifying additional opportunities to reduce costs and operating expenses and increase manufacturing efficiencies, including closing additional manufacturing facilities, and increasing automation. We are pleased with our progress to-date and are continuing to act with urgency.

At our Annual Meeting of Shareholders scheduled for May 18, 2011, you have the opportunity to decide whether your board and management team can continue to execute this comprehensive

plan to enhance shareholder value at Pulse, or if the Company's bright future will be diverted by the self-serving agenda of one of Pulse's direct competitors, Bel Fuse Inc.

**DON'T BE MISLED BY BEL FUSE'S UNCERTAIN PROPOSAL  
AND RELATED NOMINATIONS**

As you know, Bel Fuse is trying to put its hand-picked nominees on your company's board, which we believe is an attempt to seize *creeping control* of Pulse without fairly compensating you. In fact, the Bel Fuse proposal that it is trying to advance through its nominations is so uncertain that it appears to be illusory. Consider the following:

Bel Fuse has not demonstrated committed financing, nor the ability to secure adequate financing;

Bel Fuse has provided no details on the mix of cash and non-voting Bel Fuse stock it is offering;

Bel Fuse has not launched a tender offer; and

Bel Fuse has not retained an investment bank to advise on its proposal.

We do not believe that Bel Fuse's illusory proposal warrants putting Bel Fuse's hand-picked nominees on your board. It is also important to remember that Bel Fuse is a direct competitor to Pulse, which we believe raises serious questions about the risks of having its nominees on Pulse's board. First, given board members have access to a company's proprietary intellectual property and most confidential and competitive information, it is extremely unusual for a company to have directors on its board who were nominated by a direct competitor. Second, a board's responsibilities include working to enhance the company's performance and value. This usually involves growing market share—a goal that a direct competitor typically wants to thwart, not support.

**PROTECT THE VALUE OF YOUR INVESTMENT VOTE THE WHITE CARD  
FOR ALL OF PULSE'S DIRECTOR NOMINEES TODAY**

Pulse's board unanimously recommends that you vote **FOR ALL** the highly qualified director candidates nominated by the Company **TODAY** on the enclosed **WHITE** proxy card by telephone, Internet or by signing, dating and returning the enclosed **WHITE** proxy card in the postage-paid envelope. We also urge you to discard any gold proxy card sent to you by Bel Fuse. Even a withhold vote for Bel Fuse's nominees on Bel Fuse's proxy card will cancel any previous proxy submitted by you that voted FOR ALL the Company's nominees.

Thank you for your continued support of our efforts to build shareholder value at Pulse.

Sincerely,

Ralph Faison

Chairman, President and Chief Executive Officer  
Pulse Electronics Corporation

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**Your Vote Is Important, No Matter How Many Shares You Own.**

If you have questions about how to vote your shares on the **WHITE** proxy card,  
or need additional assistance, please contact the firm

assisting us in the solicitation of proxies:

**INNISFREE M&A INCORPORATED**

Stockholders Call Toll-Free: (888) 750-5834

Banks and Brokers Call Collect: (212) 750-5833

**IMPORTANT**

We urge you NOT to sign any Gold proxy card sent to you by Bel Fuse.

**Safe Harbor**

This document contains statements that are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995 and involve a number of risks and uncertainties. These forward-looking statements are based on the Company's current information and expectations. There can be no assurance the forward-looking statements will be achieved. Actual results may differ materially due to the risk factors listed from time to time in the Company's SEC reports including, but not limited to, those discussed in the Company's Form 10-K for the year ended December 31, 2010 in Item 1a under the caption Factors That May Affect Our Future Results (Cautionary Statements for Purposes of the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995). All such risk factors are incorporated herein by reference as though set forth in full. The Company undertakes no obligation to update any forward looking statement.