

ALTERA CORP  
Form DEF 14A  
April 02, 2014

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
SCHEDULE 14A INFORMATION  
Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934  
(Amendment No. )

Filed by the Registrant  [X]  
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))
- [X] Definitive Proxy Statement
- [ ] Definitive Additional Materials
- [ ] Soliciting Material Pursuant to §240.14a-12

ALTERA 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):

- [X] No fee required.
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NOTICE OF 2014 ANNUAL MEETING OF STOCKHOLDERS

May 13, 2014

2:30 p.m.

The Annual Meeting of Stockholders of Altera Corporation, a Delaware corporation, will be held on Tuesday, May 13, 2014, at 2:30 p.m. local time, at Altera's offices at 101 Innovation Drive, San Jose, California 95134, for the following purposes:

- (1) To elect the directors named in the proxy statement to serve until the next annual meeting of stockholders.  
To approve an amendment to the 2005 Equity Incentive Plan to (i) extend the term of the plan, (ii) increase by (2) 3,000,000 the number of shares of common stock reserved for issuance under the plan and (iii) make certain other changes as described in more detail in the proxy statement.
- (3) To approve an amendment to the 1987 Employee Stock Purchase Plan to increase by 1,000,000 the number of shares of common stock reserved for issuance under the plan.
- (4) To approve, on an advisory basis, named executive officer compensation.
- (5) To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2014.
- (6) If properly presented at the annual meeting, to consider a stockholder proposal regarding an independent chair of the board.
- (7) To transact such other business as may properly come before the meeting or any postponement or adjournment of the meeting.

The foregoing items of business are more fully described in the attached proxy statement. Only stockholders who owned shares of our common stock at the close of business on March 14, 2014 are entitled to notice of, and to vote at, the meeting.

On or about April 2, 2014, we will mail a Notice of Internet Availability of Proxy Materials to our stockholders of record on March 14, 2014, other than those stockholders who previously requested electronic or paper delivery of communications from us. The notice will contain instructions on how to access an electronic copy of our proxy materials, including this proxy statement and our annual report, as well as instructions with respect to how to vote your shares.

All stockholders are cordially invited to attend the meeting in person. However, to assure your representation at the meeting, you are urged to vote your shares as soon as possible.

For the Board of Directors  
ALTERA CORPORATION  
Katherine E. Schuelke  
Secretary  
San Jose, California  
April 2, 2014

YOUR VOTE IS IMPORTANT.

FOR SPECIFIC INSTRUCTIONS ON HOW TO VOTE YOUR SHARES, PLEASE REFER TO THE INSTRUCTIONS ON THE NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS THAT YOU RECEIVED IN THE MAIL, THE QUESTION "HOW DO I VOTE?" IN THE PROXY STATEMENT, OR, IF YOU REQUESTED PRINTED PROXY MATERIALS, YOUR ENCLOSED PROXY CARD.

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101 Innovation Drive, San Jose, California 95134  
(408) 544-7000

PROXY STATEMENT FOR  
ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON  
May 13, 2014

The enclosed proxy is solicited on behalf of the board of directors of Altera Corporation, a Delaware corporation, for use at our annual meeting of stockholders to be held on May 13, 2014, or at any adjournment, continuation or postponement of the meeting. The annual meeting will be held at our principal executive offices at 101 Innovation Drive, San Jose, California 95134.

A Notice of Internet Availability of Proxy Materials, this proxy statement, any accompanying proxy card or voting instruction form, and our 2013 Annual Report to Stockholders will be made available on or about April 2, 2014 to our stockholders of record on March 14, 2014. Paper copies of the proxy materials may be obtained by following the instructions on the Notice of Internet Availability of Proxy Materials. Upon request, we will provide any exhibit listed in the Annual Report.

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND THESE PROXY MATERIALS

What matters will be voted on at the annual meeting?

The following matters will be voted on at the annual meeting:

• Proposal One: To elect the directors named in the proxy statement to serve until the next annual meeting of stockholders.

• Proposal Two: To approve an amendment to the 2005 Equity Incentive Plan to (i) extend the term of the plan, (ii) increase by 3,000,000 the number of shares of common stock reserved for issuance under the plan and (iii) make certain other changes as described in more detail in the proxy statement.

• Proposal Three: To approve an amendment to the 1987 Employee Stock Purchase Plan to increase by 1,000,000 the number of shares of common stock reserved for issuance under the plan.

• Proposal Four: To approve, on an advisory basis, named executive officer compensation.

• Proposal Five: To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2014.

• Proposal Six: If properly presented at the annual meeting, to consider a stockholder proposal regarding an independent chair of the board.

• Such other business as may properly come before the meeting or any postponement or adjournment of the meeting.

How does the board of directors recommend I vote?

The board of directors recommends that you vote:

• FOR the election of the directors named in this proxy statement.

FOR the amendment to the 2005 Equity Incentive Plan to (i) extend the term of the plan, (ii) increase by 3,000,000 the number of shares of common stock reserved for issuance under the plan and (iii) make certain other changes as described in more detail in the proxy statement.

FOR the amendment to the 1987 Employee Stock Purchase Plan to increase the number of shares of common stock reserved for issuance under the plan.

FOR the approval, on an advisory basis, of the compensation of our named executive officers.

FOR the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2014.

AGAINST the stockholder proposal regarding an independent chair of the board.

Why did I receive a notice in the mail regarding Internet availability of proxy materials instead of a full set of proxy materials?

Under rules adopted by the U.S. Securities and Exchange Commission, or the SEC, we furnish our proxy materials to our stockholders over the Internet, rather than mailing printed copies of those materials to each stockholder. Each stockholder who receives a Notice of Internet Availability of Proxy Materials has the right to vote on all matters presented at the meeting.

You will not receive a printed copy of the proxy materials unless you request one. Instead, the Notice of Internet Availability of Proxy Materials will provide instructions as to how you may access and review a copy of our proxy materials on the Internet, including this proxy statement and our Annual Report. The Notice of Internet Availability of Proxy Materials also includes instructions for requesting a printed copy of the proxy materials. If you share an address with another stockholder and have received only one Notice of Internet Availability of Proxy Materials, you may write or call us at the address and phone number provided above to request a separate copy of these materials at no cost to you. Beneficial owners (as described below) may contact their broker or other nominee to request a separate copy of these materials.

Can I vote my shares by filling out and returning the Notice of Internet Availability of Proxy Materials?

No. The Notice of Internet Availability of Proxy Materials only identifies the items to be voted on at the annual meeting. You cannot vote by marking the Notice of Internet Availability of Proxy Materials and returning it. The notice provides instructions on how to cast your vote. For additional information please see “How do I vote and what are the voting deadlines?”

Who is entitled to vote at the annual meeting?

Stockholders who owned shares of our common stock at the close of business on March 14, 2014, the record date for the annual meeting, are entitled to notice of, and to vote at, the annual meeting. On the record date, 314,780,246 shares of common stock were issued and outstanding.

Stockholders may examine a list of all stockholders entitled to vote at the annual meeting for any purpose germane to the annual meeting for ten days preceding the annual meeting during ordinary business hours at our offices in San Jose, California.

What is the difference between holding shares as a stockholder of record and as a beneficial owner?

Stockholders of Record. You are a stockholder of record if, at the close of business on the record date, your shares were registered directly in your name with Computershare Trust Company, N.A., our transfer agent.

Beneficial Owner. You are a beneficial owner if, at the close of business on the record date, your shares were held by a brokerage firm or other nominee and not in your name. Being a beneficial owner means that, like most of our stockholders, your shares are held in “street name.” As the beneficial owner, you have the right to direct your broker or nominee how to vote your shares by following the voting instructions your broker or other nominee provides. If you do not provide your broker or nominee with instructions on how to vote your shares, your broker or nominee will be able to vote your shares with respect to some of the proposals, but not all. Please see “What happens if I do not give specific voting instructions?” for additional information.



How do I vote and what are the voting deadlines?

**Stockholders of Record:** If you are a stockholder of record, there are several ways for you to vote your shares.

**By Mail.** If you received printed proxy materials, you may submit your vote by completing, signing, and dating each proxy card received and returning it in the prepaid envelope. Sign your name exactly as it appears on the proxy card. Proxy cards submitted by mail must be received no later than the annual meeting to be voted at the annual meeting.

**By telephone or over the Internet.** You may vote your shares by telephone or via the Internet by following the instructions provided in the Notice of Internet Availability of Proxy Materials. If you vote by telephone or via the Internet, you do not need to return a proxy card by mail. Internet and telephone voting are available 24 hours a day. Votes submitted by telephone or through the Internet must be received by 11:59 p.m. Eastern Time on May 12, 2014.

**In person at the Annual Meeting.** You may vote your shares in person at the annual meeting. Even if you plan to attend the annual meeting in person, we recommend that you also submit your proxy card or voting instructions or vote by telephone or via the Internet by the applicable deadline so that your vote will be counted if you later decide not to attend the meeting.

**Beneficial Owners:** If you are a beneficial owner of your shares, you should have received a Notice of Internet Availability of Proxy Materials or voting instructions from the broker or other nominee holding your shares. You should follow the instructions in the Notice of Internet Availability of Proxy Materials or voting instructions provided by your broker or nominee in order to instruct your broker or other nominee on how to vote your shares. The availability of telephone and Internet voting will depend on the voting process of the broker or nominee. Shares held beneficially may be voted in person at the annual meeting only if you obtain a legal proxy from the broker or nominee giving you the right to vote the shares.

How are proxies voted?

If you submit your proxy—whether via the Internet, by telephone, in person or by mail—the shares represented by your proxy will be voted at the annual meeting in accordance with your instructions.

What happens if I do not give specific voting instructions?

**Stockholders of Record:** If you are a stockholder of record and you do not cast a vote or submit a proxy, no votes will be cast on your behalf on any of the items of business at the annual meeting. If you are a stockholder of record and you submit a proxy but do not provide voting instructions, the shares represented by your proxy will be voted in favor of the director nominees (Proposal 1), in favor of Proposals 2, 3, 4 and 5, and against Proposal 6. In addition, if any other matters properly come before the annual meeting, it is the intention of the persons named on your voting form to vote the shares they represent as directed by the board of directors. We have not received notice of any other matters that may properly be presented at the annual meeting.

**Beneficial Owners of Shares Held in Street Name:** If you are a beneficial owner and you do not provide the broker or other nominee with voting instructions, the broker or other nominee will determine if it has the discretionary authority to vote on the particular matter. Under the rules of the various national and regional securities exchanges, brokers and other nominees holding your shares may vote on routine matters, including Proposal 5, but cannot vote on non-routine matters, including Proposals 1, 2, 3, 4 and 6. If you hold your shares in street name and you do not instruct your broker or other nominee how to vote on non-routine matters, no votes will be cast on your behalf. This is generally referred to as a “broker non-vote.”

How do I revoke my proxy?

**Stockholders of Record:** If you are a stockholder of record, you may revoke your proxy at any time prior to the annual meeting by: (1) submitting a later-dated vote, in person at the annual meeting, by Internet, by telephone, or by mail; or (2) delivering instructions to us, care of our Secretary, at the address of our principal executive offices. Any notice of revocation sent to us must include the stockholder's name and must be received prior to the meeting to be effective. Only your latest Internet or telephone proxy received by 11:59 p.m. Eastern Time on May 12, 2014 will be counted. Your attendance at the annual meeting after having submitted a valid proxy will not in and of itself constitute a revocation of your proxy. You will be required to give oral notice of your intention to vote in person to the inspector of elections at the annual meeting.



Beneficial Owners of Shares Held in Street Name: If your shares are held in “street name,” you should follow the directions provided by your broker or other nominee regarding how to revoke your proxy.

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How are votes counted and who will count the votes?

Each share of common stock outstanding on the record date is entitled to one vote. Cumulative voting is not permitted. The inspector of elections appointed for the annual meeting will tabulate the votes.

What constitutes a quorum and why is a quorum required?

A quorum, which is a majority of the outstanding shares as of the record date, must be present in order to hold the meeting and to conduct business. Your shares will be counted as being present at the meeting if you appear in person at the meeting, if you vote your shares by telephone or over the Internet, or if you submit a properly executed proxy card. Shares represented by proxies marked with abstentions or represented by “broker non-votes” will be counted as shares that are present for purposes of determining whether a quorum exists.

What is the effect of broker non-votes and abstentions?

Broker non-votes and abstentions are counted for purposes of determining whether or not a quorum is present. Shares not present at the meeting and shares voting “abstain” have no effect on the election of directors. For each of the other proposals, abstentions have the same effect as negative votes. Broker non-votes (shares held by brokers that do not have discretionary authority to vote on a matter and have not received voting instructions from their clients) have no effect. If you are a beneficial holder and do not provide specific voting instructions to your broker, the organization that holds your shares will not be authorized to vote on most items being put to a vote, including the election of directors. Accordingly, we encourage you to vote promptly, even if you plan to attend the annual meeting.

What is the vote required for each proposal?

Proposal

Vote Required

Proposal One: To elect the directors named in the proxy statement to serve until the next annual meeting of stockholders.

Majority of the votes cast

Proposal Two: To approve an amendment to the 2005 Equity Incentive Plan to (i) extend the term of the plan, (ii) increase by 3,000,000 the number of shares of common stock reserved for issuance under the plan and (iii) make certain other changes as described in more detail in the proxy statement.

Majority of votes cast in person or by proxy and entitled to vote at the meeting

Proposal Three: To approve an amendment to the 1987 Employee Stock Purchase Plan to increase by 1,000,000 the number of shares of common stock reserved for issuance under the plan.

Majority of votes cast in person or by proxy and entitled to vote at the meeting

Proposal Four: To approve, on an advisory basis, named executive officer compensation.

Majority of votes cast in person or by proxy and entitled to vote at the meeting

Proposal Five: To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2014.

Majority of votes cast in person or by proxy and entitled to vote at the meeting

Proposal Six: If properly presented at the annual meeting, to consider a stockholder proposal regarding an independent chair of the board.

Majority of votes cast in person or by proxy and entitled to vote at the meeting

Who is paying for the costs of this proxy solicitation?

We will bear the expense of soliciting proxies. We have retained AST Phoenix Advisors to assist with the solicitation of proxies for a fee of \$9,500, plus reimbursement for out-of-pocket expenses. We may reimburse brokerage firms and other persons representing beneficial owners of shares for their expenses in forwarding soliciting materials to such beneficial owners. Proxies may also be solicited in person, by telephone, or by electronic communication by certain of our directors, officers, and other employees, without additional compensation.

What is the deadline to propose actions for consideration or to nominate individuals to serve as directors at the 2015 annual meeting of stockholders?

Requirements for Stockholder Proposals to be Considered for Inclusion in the Company's Proxy Materials: In accordance with Rule 14a-8 under the Securities Exchange Act of 1934, or the Exchange Act, and as provided in Section 2.10 of our Bylaws, any stockholder who intends to submit a proposal at our 2015 annual meeting of stockholders and who wishes to have the proposal considered for inclusion in the proxy statement for that meeting must, in addition to complying with Rule 14a-8 under the Exchange

Act and all other applicable laws and regulations governing submission of such proposals, deliver the notice of the proposal to us for consideration not less than 120 days nor more than 180 days prior to the anniversary of the date on which we first mailed our proxy materials for the previous year's annual meeting of stockholders, or not earlier than October 4, 2014 and not later than December 3, 2014. In addition, the notice must set forth the information required by our Bylaws with respect to each proposal. Such proposal should be sent to us, care of our Secretary, at Altera Corporation, 101 Innovation Drive, San Jose, California 95134. Nothing in Section 2.10 of our Bylaws shall affect the right of a stockholder to request inclusion of a proposal in the proxy statement to the extent that such right is provided by applicable law.

Requirements for Stockholder Proposals and Director Nominations to be Brought Before the 2015 Annual Meeting of Stockholders: Pursuant to Sections 2.10 and 2.11 of our Bylaws, if a stockholder wishes to present a proposal or director nomination before the 2015 annual meeting of stockholders, the stockholder must give written notice to us at the address noted above not less than 120 days nor more than 180 days prior to the anniversary of the date on which we first mailed our proxy materials for the previous year's annual meeting of stockholders, or not earlier than October 4, 2014 and not later than December 3, 2014. In addition, the notice must set forth the information required by our Bylaws with respect to each such proposal or director nominee.

**BOARD AND CORPORATE GOVERNANCE MATTERS**

Our board of directors is currently comprised of nine members. Since the last annual meeting of stockholders, the board elected Krish A. Prabhu to serve as a member of the board, effective May 6, 2013. Susan Wang retired from the board at the end of her term on May 6, 2013.

The nominating and governance committee of the board of directors has nominated the nine current directors for re-election at the annual meeting. Unless otherwise directed, the proxy holders will vote the proxies received by them for the nominees named below. If any nominee is unable or declines to serve as a director at the annual meeting, the proxies will be voted for any nominee who is designated by the present board of directors to fill the vacancy. It is not expected that any nominee will be unable or will decline to serve as a director. The directors elected at the annual meeting will hold office until the next annual meeting or until their successors are elected and qualified.

Directors are elected by a majority of the votes cast at the annual meeting except in the case of a contested election. A contested election occurs when the number of nominees exceeds the number of directors to be elected, in which case directors are elected by a plurality of the votes cast. A majority of votes cast means that the number of votes cast “for” a director exceeds the number of votes cast “against” that director. If a director nominee who is serving as a director at the time of the election does not receive a majority of the votes cast, such nominee must tender his or her resignation to the board of directors. The nominating and governance committee will then make a recommendation to the board of directors to either accept or reject the resignation. The board of directors will act on the nominating and governance committee's recommendation and publicly disclose its reasons and decision within 90 days from when the election results are certified. The director who tenders his or her resignation does not participate in the board's decision with respect to his or her resignation.

The names of the nominees and certain information about them are set forth below.

Name of Nominee	Age	Position(s) with Altera	Director Since
John P. Daane	50	Chairman of the Board, President and Chief Executive Officer	2000
T. Michael Nevens	64	Lead Independent Director	2009
A. Blaine Bowman	67	Director	2012
Elisha W. Finney	52	Director	2011
Kevin McGarity	68	Director	2004
Krish A. Prabhu	59	Director	2013
Shane V. Robison	60	Director	2012
John Shoemaker	71	Director	2007
Thomas H. Waechter	61	Director	2012

There is no family relationship between any of our directors or executive officers.

The nominating and governance committee annually assesses the performance of individual directors and the board as a whole. This assessment includes an evaluation of the skills, relevant business experience and expertise, diversity and ability and willingness of board members to devote the necessary time to board service on an ongoing basis. The assessment is done in the context of what the perceived needs of the board are at that time. The nominating and governance committee is then responsible for nominating candidates for election to the board of directors based on that assessment. Candidates nominated for election to the board are expected to have high personal and professional ethics, integrity and an inquiring and independent mind, along with practical wisdom and mature judgment. Each of the following individuals who have been nominated for election to the board of directors has those characteristics. Additionally, as described below, each candidate has unique skills and experiences that contribute to the board's decision-making processes.

JOHN P. DAANE joined us as President and Chief Executive Officer in November 2000 and was elected as one of our directors in December 2000. He was elected Chairman of the Board in May 2003. Prior to joining us, Mr. Daane spent 15 years at LSI Logic Corporation, a semiconductor manufacturer, most recently as Executive Vice President, Communications Products Group, with responsibility for ASIC technology development and the Computer, Consumer, and Communications divisions. We believe Mr. Daane's qualifications to sit on our board of directors

include his extensive knowledge of the company, its products, strategies, and customers, his more than 25 years of experience in the semiconductor industry, his strong leadership skills and his broad experience in executive management roles in marketing and engineering within the semiconductor industry.

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T. MICHAEL NEVENS has served as one of our directors since November 2009. From 1980 until 2002, Mr. Nevens held various management positions at McKinsey & Company, including managing partner of the Global Technology Practice. He also served on the board of the McKinsey Global Institute, which conducts research on economic and policy issues. Mr. Nevens is currently a Senior Advisor to Permira, an international private equity fund, and he serves as a director of NetApp, Inc. and Ciena Corporation. We believe Mr. Nevens' qualifications to sit on our board of directors include his extensive experience as a consultant to many semiconductor and other high technology companies; his understanding of semiconductor industry business models, economics, segments, and competition; and his experience as a director of other public and private technology companies.

A. BLAINE BOWMAN has served as one of our directors since July 2012. Mr. Bowman previously served as President, CEO and Chairman of the Board of directors for Dionex Corporation, a maker of chromatography separation technologies, acquired by Thermo Fisher Scientific in 2011. Mr. Bowman retired as President and CEO of Dionex in 2002 and as Chairman of the Board in 2005. He joined Dionex in 1977 and was named President and CEO in 1980. He currently serves as a director for Illumina, Inc., a life sciences company that develops tools for DNA, RNA, and protein analysis. We believe Mr. Bowman's qualifications to sit on our board of directors include his experience as a chief executive officer of a public company, his extensive executive management experience, his experience with corporate transactions and his financial expertise.

ELISHA W. FINNEY has served as one of our directors since September 2011. Ms. Finney is currently Executive Vice President, Finance and Chief Financial Officer of Varian Medical Systems, Inc., a manufacturer of medical devices and software, where she has worked since 1988. Prior to joining Varian Medical Systems, Ms. Finney held management positions at Fox Group and Beatrice Foods, Inc. We believe Ms. Finney's qualifications to sit on our board of directors include her experience as a Chief Financial Officer of a public company, her financial expertise, her experience working for a company within one of our end markets, her familiarity with business development and mergers and acquisitions, and her experience promoting diversity and leadership development.

KEVIN MCGARITY has served as one of our directors since March 2004. From 1988 until 1999, he served as Senior Vice President of Worldwide Marketing and Sales for Texas Instruments, Inc., a diversified semiconductor company. In addition, during his career with Texas Instruments, he also had responsibility for Global Semiconductor IT and Quality and spent five years working in Europe in a variety of managerial positions. He currently is a consultant to global companies in the semiconductor industry. Mr. McGarity also serves as a director of Fairchild Semiconductor International, Inc. We believe Mr. McGarity's qualifications to sit on our board of directors include his 42 years of experience in the semiconductor industry as a sales and marketing executive of Texas Instruments and a board member of Fairchild, his knowledge of our sales channels, competitors, and end markets and his international work experience in Europe and Asia.

KRISH A. PRABHU has served as one of our directors since May 2013. Mr. Prabhu previously served on our board of directors from May 2008 until July 2012. Mr. Prabhu has served as Chief Technology Officer of AT&T Inc., a telecommunications company, since January 2012 and as President of AT&T Labs since June 2011. From 2004 to 2008, Mr. Prabhu served as Chief Executive Officer and President of Tellabs, Inc., a global supplier to the telecommunications industry. He served as a Venter Partner with Morgenthaler Venture Partners, a venture capital buyout firm, from November 2001 to 2004. He also held various executive and senior management roles at Alcatel, an international telecommunications company, from 1991 to 2001. We believe Mr. Prabhu's qualifications to sit on our board of directors include his experience as a chief executive officer of a global communications system company, his extensive knowledge of the communications industry, which is our largest end market, his experience in engineering and as a user of our technology, and his international experience.

SHANE V. ROBISON has served as one of our directors since November 2012. Since May 2013, Mr. Robison has served as the Chief Executive Officer and Chairman of Fusion-io, Inc., a developer and marketer of storage memory platforms, where he also has served as a director since December 2011. Prior to that, he served as Executive Vice President, Chief Technology Officer and Chief Strategy Officer for Hewlett-Packard Company, a technology

hardware and software company, from 2002 to 2011. Additionally, during his 32-year career, Mr. Robison held senior executive leadership positions in product development and business management with AT&T Labs, Cadence Design Systems, Inc. and Apple Inc. We believe Mr. Robison's qualifications to sit on our board of directors include his extensive executive management experience, his knowledge of the electronic design automation industry, his experience in engineering and strategy development and his experience in mergers and acquisitions.

JOHN SHOEMAKER has served as one of our directors since March 2007. From 1990 to 2004, Mr. Shoemaker held various executive and senior management roles at Sun Microsystems, Inc., a network computing company. Prior to joining Sun Microsystems, Mr. Shoemaker served in a number of senior executive positions with Xerox Corporation. Mr. Shoemaker is currently a director of Extreme Networks, Inc. He previously served as Chairman of the Board of SonicWALL, Inc. We believe Mr. Shoemaker's qualifications to sit on our board of directors include his significant executive management and board experience at public and private companies within some of our end markets, his experience in engineering, manufacturing and operations, and as a user of semiconductor technology, and his experience in leadership development and succession management.



THOMAS H. WAECHTER has served as one of our directors since January 2012. Mr. Waechter currently is President, Chief Executive Officer and a member of the board of directors of JDS Uniphase Corporation (JDSU), a provider of communications test and measurement solutions and optical products. Prior to joining JDSU in 2007, Mr. Waechter held a wide variety of executive positions including Chief Operating Officer at Harris Stratex Networks (now Aviat Networks, Inc.), President and Chief Executive Officer at Stratex Networks, President and Chief Executive Officer at REMEC Corporation and President and Chief Executive Officer of Spectrian Corporation. Additionally, he held a number of global executive-level positions during his 14-year career with Schlumberger Ltd. as well as a senior executive position with Asyst Technologies, Inc. We believe Mr. Waechter's qualifications to sit on our board of directors include his experience as a chief executive officer of a public company, his extensive executive management experience, his experience in mergers and acquisitions, and his international work experience.

#### Corporate Governance

We believe that good corporate governance is important to ensure that we are managed for the long-term benefit of our stockholders. Our board of directors has adopted corporate governance guidelines to assist it in fulfilling its responsibilities to stockholders and to our employees, customers, suppliers, and local communities in which we operate.

We have a code of business conduct and ethics that applies to our officers, directors, and employees, which is designed to promote compliance with the laws applicable to our business, accounting standards, and proper and ethical business methods and practices. Additionally, the audit committee has adopted a code of ethics for senior financial officers and certain other employees of the finance department. If we make any material amendments to the code of ethics applicable to our principal executive officer, principal financial officer, principal accounting officer and controller, or persons performing similar functions, or grant any waiver from any provision of the code to any such person, we will promptly disclose the nature of the amendment or waiver on our website at [www.altera.com](http://www.altera.com).

Our corporate governance guidelines, together with our current committee charters and the two codes described above, are available, free of charge, under "Corporate Governance" in the "Investor Relations" section of our website at [www.altera.com](http://www.altera.com), or by calling our Investor Relations Department at (408) 544-7000, or by writing to us at Investor Relations, Altera Corporation, 101 Innovation Drive, San Jose, California 95134.

Our corporate governance practices are in compliance with the listing requirements of the Nasdaq Global Select Market, or NASDAQ, and the corporate governance requirements of the Sarbanes-Oxley Act of 2002 and the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, including:

- The board of directors has adopted clear corporate governance policies;
- Eight of the nine directors standing for re-election at the annual meeting are independent of us and our management;
- The independent directors meet after every regularly scheduled board meeting without management present;
- All members of the audit committee, compensation committee and nominating and governance committee are independent directors;
- The independent directors have elected a lead independent director;
- The charters of the board committees clearly establish each committee's respective roles and responsibilities;
- We have a code of business conduct and ethics that applies to all of our officers, directors and employees;
- We have a code of ethics for senior financial officers that applies to our principal executive officer, principal financial officer, all other officers in the finance department, as well as certain other employees of the finance department; and
- We have a hotline available to all employees, and our audit committee has procedures in place for the anonymous submission of any employee complaint, including those relating to accounting, internal controls, or auditing matters.

## Board Leadership Structure

Our board of directors has adopted a policy requiring that the nominating and governance committee conduct periodic reviews of the board's leadership structure. During such periodic reviews, and in particular when there is a change in our senior leadership including a change in the chief executive officer, the nominating and governance committee will consider whether to propose that the board elect a chair who meets the standards for independence as defined by applicable law and the rules of NASDAQ (an "Independent Director").

The nominating and governance committee may consider the following factors in deciding whether or not to recommend the election of a chair who is an Independent Director: the tenure and experience of the chief executive officer, the company's financial performance and strategic direction, succession planning, industry knowledge of members of the board, the willingness and ability of Independent Directors to serve as chair, the current performance of the company's management, the current performance of the board, and the relationship between the board and members of management.

If the board elects a chair who is not an Independent Director, the Independent Directors, meeting in executive session, will elect a lead independent director. Under our corporate governance guidelines, the lead independent director shall:

- preside at all meetings of the board at which the chair is not present, including executive sessions of the Independent Directors;
- serve as liaison between the chair and the Independent Directors;
- discuss with the chair, the full board, and/or members of management any issues or concerns raised by the other Independent Directors;
- approve the agendas for board meetings;
- approve meeting schedules to assure that there is sufficient time for discussion of all agenda items;
- review the materials that are sent to the board prior to board meetings;
- recommend to the board the retention of consultants who report directly to the full board;
- have the authority to call special meetings of the board and of the stockholders as specified in our Bylaws;
- have the authority to call meetings of the Independent Directors;
- if requested by major shareholders, be available for consultation and direct communication; and
- perform such other duties as the board may from time to time delegate to the lead independent director.

The board believes it is currently in the best interests of the stockholders to have our Chief Executive Officer, John P. Daane, also serve as our chair and to have a lead independent director, T. Michael Nevens, who was elected by the Independent Directors in executive session. This leadership structure helps foster open and timely communication between the board and management, ensures alignment between the board, management, and stockholders, and also provides significant independent oversight and direction to management. The board believes that Mr. Daane is in the best position to provide strategic leadership to the board based on his knowledge of the company, our industry, our competitors, and our customers. Additionally, the board believes that Mr. Daane has established a culture of accountability and transparency at the company and with the board that helps to ensure that management is working in the best interests of stockholders.

## Board Oversight of Risk

One of the board's primary responsibilities, which it may execute through one or more of its committees, is to monitor the material risks facing the company and evaluate management's plans for dealing with such risks. While the board has risk oversight responsibility, management is responsible for assessing and managing material risk exposures. The board of directors provides risk oversight by: (1) discussing and developing a shared understanding with management of the company's philosophy of risk management and appetite for risk; (2) understanding and assessing

the company's risk management processes; (3) understanding the company's strategic goals and objectives and assessing how they may be affected by material risk exposures; and (4) receiving regular reports from management on various types of risks and management's processes for managing such risks.

In general, the board of directors oversees strategic risks such as those relating to competitive dynamics, end market trends and developments, and changes in macroeconomic conditions. The board also provides risk oversight relating to various operational risks such as risks relating to product development, marketing, sales, and supply chain management. The board has delegated oversight of certain categories of risk to various committees. This delegation is documented in the committees' charters. In particular, the audit committee has risk oversight responsibility relating to financial reporting risk, legal compliance risk, risks relating to treasury operations, tax compliance risk and risks relating to the security and back up of information systems. The compensation committee has risk oversight responsibility relating to the design and operation of compensation programs, policies and practices. The nominating and governance committee has risk oversight responsibility relating to the adequacy of succession planning for the CEO and other executive officers, as well as for corporate governance risk. The board's role in risk oversight has not had any effect on the board's leadership structure.

#### Director Diversity

Our corporate governance guidelines require the nominating and governance committee to consider, among other things, the diversity of directors in its nomination process. The nominating and governance committee seeks to nominate a slate of candidates that are diverse not only as to experience and backgrounds but also as to race, gender, age, and national origin as well as other attributes. Consequently, the nominating and governance committee actively seeks out highly qualified women and members of minority groups to include in the pool of candidates who are considered for nomination to the board.

#### Director Independence

In accordance with current NASDAQ listing standards, the board of directors, on an annual basis, affirmatively determines the independence of each director and nominee for election as a director, including all elements of independence set forth in the NASDAQ listing standards. The director independence standards are set forth in our corporate governance guidelines, which are available, free of charge, under "Corporate Governance" in the "Investor Relations" section of our website at [www.altera.com](http://www.altera.com).

It is the policy of the board of directors that a significant majority of the directors be independent. A director is independent if he or she has no material relationship with us or our affiliates (either directly or indirectly as a partner, stockholder or officer of an organization that has a relationship with us or our affiliates) and meets the standards for independence as defined by applicable law and the rules of NASDAQ. Such relationships can include commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships, among others.

More specifically, a director is not considered independent if:

- he or she is currently employed, or has been employed within the past three years, by us or any of our affiliates;
- the director (or his or her immediate family member as defined by NASDAQ) accepted compensation from us or any of our affiliates in excess of \$120,000 during any 12 month period within the past three years (other than compensation for board service, retirement plan benefits, or non-discretionary compensation, or compensation paid to a family member who is an employee (other than an executive officer));
- the director has an immediate family member who is, or has been in the past three years, employed by us or any of our affiliates as an executive officer;
- the director (or his or her immediate family member) is or has been a partner, controlling stockholder or an executive officer of any business to which we made, or from which we received, payments (other than those which arise solely from investments in our securities) that exceed five percent of such entity's consolidated gross revenues for that year, or \$200,000, whichever is more, in any of the past three years;
- the director (or his or her immediate family member) is or has been employed as an executive officer of another entity where any of our executive officers serve on that entity's compensation committee;
- he or she (or his or her immediate family member) is a current partner of our independent registered public accounting firm, PricewaterhouseCoopers LLP, or either the director (or an immediate family member) has been a partner or employee of PricewaterhouseCoopers LLP in the past three years and worked on our audit during that time; or
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the director participated in the preparation of our (or any of our current subsidiaries') financial statements at any time during the past three fiscal years.

The determination of director independence is made during the annual review process; the board considers relationships that the board members (and those of their immediate family members) have with us and our affiliates and other potential conflicts of

interest. Based on the most recent review, there were no transactions, arrangements or relationships between us (or our affiliates) and any board member that would impair the independence of any board member.

Currently, eight of the nine directors nominated for re-election meet the standards for independence as defined by NASDAQ, with John P. Daane, our Chairman of the Board, President and CEO, being the only director who is not independent. Susan Wang, who retired from the board at the end of her term on May 6, 2013, also met the standards for independence as defined by NASDAQ.

#### Board of Directors and Committees

##### Board Meetings

During 2013, the board of directors held seven meetings. Each director attended at least seventy-five percent of the aggregate number of meetings of the board of directors and meetings held by all committees of the board on which such director served. Our independent directors hold executive sessions without management present at all regularly-scheduled meetings of the board of directors. We expect each of our directors to attend the annual meeting every year, unless extenuating circumstances prevent their attendance. All of our current directors attended last year's annual meeting, except John Shoemaker who was absent due to extenuating circumstances.

##### Stockholder Communications with Board of Directors

Stockholders wishing to communicate with a board member, or the full board, may send a written communication to us, care of the Secretary of the company, at the address of our principal executive offices. Our Secretary will forward the communication to the board or to any individual director or directors to whom the communication is addressed unless the communication is unduly hostile, threatening, illegal or harassing, in which case our Secretary has the authority to discard the communication or take appropriate legal action regarding the communication.

##### Committee Membership

Below is a summary of our committee structure and membership information as of April 2, 2014, the date this proxy statement is made available.

Director	Audit Committee	Compensation Committee	Nominating and Governance Committee
John P. Daane	-	-	-
A. Blaine Bowman	Member	-	-
Elisha W. Finney	Chair	-	-
Kevin McGarity	-	Member	-
T. Michael Nevens	Member	-	Chair
Krish A. Prabhu	-	Member	-
Shane V. Robison	-	Member	-
John Shoemaker	-	Chair	Member
Thomas H. Waechter	-	-	Member

##### Audit Committee

Each of the current members of the audit committee is: (1) "independent" as that term is defined in Section 10A-3 of the Securities and Exchange Act of 1934, as amended, or the Exchange Act; (2) "independent" as defined by current NASDAQ listing requirements; and (3) financially literate and has the requisite financial sophistication as required by NASDAQ rules applicable to issuers listed on NASDAQ. In addition, the board of directors has determined that Elisha W. Finney (Chair) and A. Blaine Bowman each meet the criteria of an "audit committee financial expert" within the meaning of the SEC's regulations. The audit committee held eight meetings in 2013.

The duties of the audit committee are to oversee: (1) the integrity of reported financial results; (2) the quality and adequacy of disclosures; (3) the soundness and effectiveness of our accounting policies and internal control over financial reporting; (4) our compliance with significant applicable financial, legal, and ethical requirements; (5) the independence and performance of our independent registered public accounting firm ("external auditor") and internal auditors; and (6) communications among the external auditor, internal auditors, financial and senior management, and the board of directors. The audit committee has ultimate authority and responsibility to select, approve the

compensation of, evaluate and, when appropriate, replace our external auditor.

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The audit committee also has the sole authority to hire and review the performance of our Director of Internal Audit and to review and approve the scope of internal audit plans. The audit committee has established procedures for: (a) the receipt, retention, and treatment of complaints received by us regarding accounting, internal controls or auditing matters; and (b) the confidential, anonymous submission by our employees of concerns regarding questionable accounting or auditing matters.

#### Compensation Committee

Each of the current members of the compensation committee is “independent” as defined by Section 10C-1 of the Exchange Act and current NASDAQ listing requirements. The compensation committee held five meetings in 2013. The duties of the compensation committee are to: (1) lead the independent members of the board of directors in a discussion and evaluation of the performance of the CEO on at least an annual basis; (2) evaluate and establish the compensation of the CEO and other executive officers; and (3) evaluate and establish the compensation of directors. In addition, the compensation committee has the sole authority to engage outside advisers to assist in its work, such as compensation consultants.

In 2013, the compensation committee directly engaged Compensia, Inc. (“Compensia”) as its outside compensation consultant to provide independent advice on executive compensation matters. Compensia does not provide any other services to the company and works with the company's management only on matters for which the compensation committee is responsible. The compensation committee has assessed the independence of Compensia pursuant to SEC rules and concluded that no conflict of interest exists that would prevent Compensia from serving as an independent consultant to the compensation committee. The compensation committee periodically seeks input from Compensia on a range of external market factors, including evolving compensation trends, appropriate peer companies and market survey data. Compensia also provides general observations on the company's compensation programs, but it does not determine or recommend the amount or form of compensation for the named executive officers.

#### Compensation Committee Interlocks and Insider Participation

At no time has John Shoemaker (Chair), Kevin McGarity, Krish A. Prabhu, Shane V. Robison or Thomas H. Waechter been an officer or employee of the company. Mr. Waechter served on the compensation committee in 2013 until May 2013. In addition, none of our executive officers serves as a member of the board of directors or compensation committee of any company that has one or more of its executive officers serving as a member of our board of directors or compensation committee.

#### Nominating and Governance Committee

Each of the current members of the nominating and governance committee is “independent” as defined by current NASDAQ listing requirements. The nominating and governance committee held three meetings in 2013. The duties of the nominating and governance committee are to: (1) identify individuals qualified to become board members and to nominate directors for election; (2) lead the board in its annual review of the performance, size, and membership of the board and its committees; (3) nominate for election by the board the members of each board committee including the chair of each committee; (4) lead the board in a regular review of succession plans for members of executive management and to ensure that the board develops a succession plan for the CEO; (5) review, on a regular basis, the board's leadership structure and to make recommendations to the board regarding such structure, including whether the board should elect a chair who meets the standards for independence defined by applicable law and the rules of NASDAQ; and (6) review and make recommendations to the board concerning corporate governance matters. As part of its annual performance review process, the nominating and governance committee seeks input from each board member regarding the performance of individual directors, each committee, and the board as a whole. The committee reports this information to the board and also takes into account the results of this annual performance review in its decisions regarding director nominations.



## Director Compensation

We pay our non-employee directors an annual retainer for board and committee service. The annual retainers are targeted so that total cash compensation approximates the 50<sup>th</sup> percentile of the peer companies listed in the "Compensation Discussion and Analysis —Process" section on page 23. The payment schedule applicable to board and committee service is described more fully in the chart below. We make retainer payments to non-employee directors in two semi-annual payments paid in advance. These payments are pro-rated in the event a director joins the board mid-term.

Annual Retainer		
Board Membership	\$50,000	
Lead Independent Director	\$20,000	
Audit Committee	\$20,000	Chair
	\$12,000	Member
Compensation Committee	\$15,000	Chair
	\$10,000	Member
Nominating and Governance Committee	\$10,000	Chair
	\$6,000	Member
Other Director Benefits		
Equity Compensation	Described in detail below	

Pursuant to our 2005 Equity Incentive Plan (the "2005 Plan"), at the discretion of the compensation committee, when a non-employee director joins the board, he or she may be granted either: (1) a combination of restricted stock units ("RSUs"), restricted stock awards, and/or stock options (but not solely stock options) representing up to a maximum number of whole shares having an aggregate value of \$300,000, or (2) a combination of stock options and/or stock appreciation rights ("SARs"), representing up to a maximum aggregate number of 40,000 shares.

Following the date of each annual meeting of stockholders, each non-employee director who is re-elected may be granted, at the discretion of the compensation committee, either: (1) a combination of RSUs, restricted stock awards, and/or stock options (but not solely stock options) representing up to a maximum number of shares having an aggregate value of \$200,000, or (2) a combination of stock options and/or SARs representing up to a maximum aggregate number of 20,000 shares.

Our board of directors and stockholders approved, in March 2013 and May 2013, respectively, an amendment to the 2005 Plan to provide that RSUs and restricted stock awards granted to our non-employee directors in connection with their re-election to the board will vest in full on the date immediately preceding the next annual stockholder meeting following the date of grant, subject to their continued service on the board on the vesting date. RSUs and restricted stock awards granted to non-employee directors in connection with their initial election or appointment to the board vest and are exercisable as determined by the compensation committee, provided that RSUs and restricted stock awards vest over a minimum of three years as measured from the date of grant. Prior to the amendment of the 2005 Plan in May 2013, the 2005 Plan provided that all grants of RSUs and restricted stock awards to all eligible recipients under the 2005 Plan vested over a minimum of three years as measured from the date of grant of the award.

Proposal Two of this proxy statement proposes certain amendments to the grant value limits and vesting of non-employee director awards under the 2005 Plan. The term of any stock option and/or SAR grant is ten years. The exercise price of any stock option and/or SAR grant is equal to the fair market value of our common stock on the grant date. Non-employee directors are also eligible to receive other types of awards under the 2005 Plan (including bonus stock), but no such awards have been granted.

In September 2013, the board revised its stock ownership guidelines to provide that each non-employee director should own the lesser of (1) shares of our common stock or equity awards with a value of three and a half times his or her annual retainer, or (2) 6,000 shares of our common stock. In calculating whether a non-employee director has met the share ownership guidelines, fifty percent of the value of in-the-money stock options as well as shares of our common stock that are owned are taken into account. Each non-employee director has until the later of December 31, 2018 or five years after appointment or election to meet the stock ownership guidelines. As of the record date, each of our non-employee directors who has served on the board for at least five years complied with the guidelines. See "Security Ownership of Certain Beneficial Owners and Management" on page 18 for further detail.

The following table summarizes the total compensation received by each of our non-employee directors in 2013. Our directors do not receive fringe or other benefits.

Name	Fees Earned or Paid in Cash (\$)	Restricted Stock Unit Awards (\$) (2)	Option Awards (\$) (2)	Non-Equity Incentive Plan Compensation (\$)	All Other Compensation (\$)	Total (\$)
(1)	(b)	(c)	(d)	(e)	(f)	(g)
A. Blaine Bowman (3)	62,000	120,299	—	—	—	182,299
Elisha W. Finney	70,000	144,359	—	—	—	214,359
Kevin McGarity	60,000	144,359	—	—	—	204,359
T. Michael Nevens	92,000	144,359	—	—	—	236,359
Krish A. Prabhu (4)	60,000	144,359	—	—	—	204,359
Shane V. Robison (3)	60,000	72,180	—	—	—	132,180
John Shoemaker	71,000	144,359	—	—	—	215,359
Thomas H. Waechter	56,000	144,359	—	—	—	200,359
Susan Wang (5)	—	—	—	—	—	—

(1) Mr. Daane, our Chairman of the Board, President and CEO, does not receive any compensation for his service as a member of the board of directors.

(2) The amounts in columns (c) and (d) reflect the aggregate grant date fair value of RSU and stock option awards, respectively, granted to non-employee directors during 2013. These amounts reflect the value determined by the company in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 718, for accounting purposes, and do not reflect whether the recipient has actually realized a financial benefit from the award. Pursuant to SEC rules, these amounts exclude the impact of estimated forfeitures related to service-based vesting conditions. For information on valuation assumptions, see Note 15 to our Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2013.

(3) Mr. Bowman was elected to the board of directors effective July 30, 2012 and Mr. Robison was elected to the board of directors effective November 7, 2012. Their RSU awards were prorated based on the length of the terms they served prior to the 2013 annual meeting of stockholders.

(4) Mr. Prabhu was elected to the board of directors effective May 6, 2013. Mr. Prabhu previously served on the Company's board of directors from May 2008 until July 2012.

(5) Ms. Wang retired from the board of directors on May 6, 2013.

The following table sets forth information with respect to stock option and RSU awards granted during 2013 to our non-employee directors. The vesting schedule and grant term is described in further detail in the "Director Compensation" section on page 13.

Name	Grant Date	Restricted	Option	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards (\$)
		Stock Unit Awards: Number of Shares of Stock or Units (#) (3)	Awards: Number of Securities Underlying Options (#) (4)		
(a)	(b)	(c)	(d)	(e)	(f)
A. Blaine Bowman	5/6/2013	3,680	—	—	120,299
Elisha W. Finney	5/6/2013	4,416	—	—	144,359
Kevin McGarity	5/6/2013	4,416	—	—	144,359
T. Michael Nevens	5/6/2013	4,416	—	—	144,359
Krish A. Prabhu (1)	5/6/2013	4,416	—	—	144,359
Shane V. Robison	5/6/2013	2,208	—	—	72,180
John Shoemaker	5/6/2013	4,416	—	—	144,359
Thomas H. Waechter	5/6/2013	4,416	—	—	144,359
Susan Wang (2)	—	—	—	—	—

(1) Mr. Prabhu was elected to the board of directors effective May 6, 2013. Mr. Prabhu previously served on the Company's board of directors from May 2008 until July 2012.

(2) Ms. Wang retired from the board of directors on May 6, 2013.

(3) Represents the number of RSUs awarded to each non-employee director in 2013 pursuant to our 2005 Plan.

(4) Represents the number of non-statutory stock options granted to each non-employee director in 2013 pursuant to our 2005 Plan.

(5) Represents the aggregate grant date fair value of each stock option and/or RSU award, as applicable, computed in accordance with FASB ASC Topic 718. Pursuant to SEC rules, these amounts exclude the impact of estimated forfeitures related to service-based vesting conditions. For information on valuation assumptions, see Note 15 to our Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2013.

The following table provides information regarding outstanding equity awards, including stock options and RSUs, and applicable market values at the end of 2013.

Name	Grant Date	Option Awards		Option Exercise Price (\$)	Option Expiration Date	Stock Awards	
		Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable			Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)
(a) (1)	(b)	(c)	(d)	(e)	(f)	(g)	(h) (3)
A. Blaine Bowman	7/30/2012	10,000	30,000	35.21	7/30/2022	—	—
	5/6/2013	—	—	—	—	3,680	119,636.8
Elisha W. Finney	9/14/2011	20,000	20,000	37.43	9/14/2021	—	—
	5/8/2012	—	—	—	—	1,742	56,632.42
	5/6/2013	—	—	—	—	4,416	143,564.16
Kevin McGarity	5/11/2004	1,667	—	22.03	5/11/2014	—	—
	5/9/2006	10,000	—	21.07	5/9/2016	—	—
	5/8/2007	10,000	—	23.52	5/8/2017	—	—
	5/10/2011	—	—	—	—	1,037	33,712.87
	5/8/2012	—	—	—	—	2,614	84,981.14
	5/6/2013	—	—	—	—	4,416	143,564.16
T. Michael Nevens	11/10/2009	12,500	—	20.47	11/10/2019	—	—
	5/10/2011	—	—	—	—	1,037	33,712.87
	5/8/2012	—	—	—	—	2,614	84,981.14
	5/6/2013	—	—	—	—	4,416	143,564.16
Krish A. Prabhu (2)	5/6/2013	—	—	—	—	4,416	143,564.16
Shane V. Robison	11/7/2012	10,000	30,000	30.57	11/7/2022	—	—
	5/6/2013	—	—	—	—	2,208	71,782.08
John Shoemaker	3/19/2007	40,000	—	20.64	3/19/2017	—	—
	5/8/2007	1,667	—	23.52	5/8/2017	—	—
	5/10/2011	—	—	—	—	1,037	33,712.87
	5/8/2012	—	—	—	—	2,614	84,981.14
	5/6/2013	—	—	—	—	4,416	143,564.16
Thomas H. Waechter	1/26/2012	10,000	30,000	40.38	1/26/2022	—	—
	5/8/2012	—	—	—	—	871	28,316.21
	5/6/2013	—	—	—	—	4,416	143,564.16

(1) Ms. Wang retired from the board of directors on May 6, 2013. Ms. Wang did not have any outstanding equity awards at the end of 2013.

(2) Mr. Prabhu was elected to the board of directors effective May 6, 2013. Mr. Prabhu previously served on the Company's board of directors from May 2008 until July 2012.

(3) Amounts reflecting market value of RSUs are based on the price of \$32.51 per share, which was the closing price of our common stock as reported on NASDAQ on December 31, 2013.



#### Nominating and Governance Committee Report

The nominating and governance committee operates under a written charter adopted by our board of directors. The charter is available in the "Corporate Governance" section of our website at [www.altera.com](http://www.altera.com), or by calling our Investor Relations Department at (408) 544-7000, or by writing us at Investor Relations, Altera Corporation, 101 Innovation Drive, San Jose, California 95134.

#### Nomination of Directors

The nominating and governance committee nominates candidates for election to the board based on an evaluation of the candidate's decision-making ability, skills, business experience and expertise, technological background, personal integrity, reputation, ability and willingness to devote the necessary time to board service on an ongoing basis, and independence as defined by NASDAQ listing standards. The nominating and governance committee seeks to nominate a slate of candidates that are diverse not only as to experience and backgrounds but also as to race, gender, age, and national origin as well as other attributes. Consequently, the nominating and governance committee actively seeks out highly qualified women and members of minority groups to include in the pool of candidates who are considered for nomination to the board. The nominating and governance committee also reviews the activities and associations of potential candidates to ensure that there is no legal impediment, conflict of interest or other consideration that might hinder or prevent a potential candidate from fulfilling the duties of a director. When the nominating and governance committee considers nominating current members of the board of directors for re-election, it reviews each member's contributions to the board, knowledge of the company and issues presented to the board, and preparation for and participation in meetings. This review is part of the board evaluation process discussed on page 12.

The nominating and governance committee has retained Russell Reynolds Associates, Inc. since August 2006 to assist in identifying and evaluating potential director candidates.

The nominating and governance committee will consider prospective nominees proposed by stockholders based on the same criteria it uses for all director candidates. Any stockholder who wants to recommend a prospective nominee should submit the following information to the nominating and governance committee, care of our Secretary, at the address of our principal executive offices, within the time frame described above in the section of these materials entitled "Questions and Answers About the Annual Meeting and These Proxy Materials":

- Biographical information about the candidate and a statement about his or her qualifications;
- Any other information required to be disclosed about the candidate under SEC proxy rules (including the candidate's written consent to being named in the proxy statement and to serve as a director, if nominated and elected);
- The names and addresses of the stockholder(s) recommending the candidate for consideration and the number of shares of our common stock beneficially owned by each and the length of ownership; and
- Any affiliation between the candidate and the stockholder(s) recommending the candidate.

Each nominee for election to the board is also required to disclose in writing to the chair of the nominating and governance committee and to the Company Secretary any compensation he or she is receiving or will receive, directly or indirectly, from any party other than the company for or in connection with service on the board. Any nominee for election to the board who fails or refuses to disclose any such compensation shall be ineligible to stand for election at the annual meeting of stockholders.

Greater detail about the submission process for stockholder proposals is set forth in our Bylaws, a copy of which may be obtained by making a written request to our Secretary at the address of our principal executive offices.

We have not received a qualifying director nominee recommendation from any stockholder (or group of stockholders) that beneficially owns more than five percent of our common stock.

T. Michael Nevens, Chair  
John Shoemaker, Member  
Thomas H. Waechter, Member

NOMINATING AND GOVERNANCE COMMITTEE

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## Security Ownership of Certain Beneficial Owners and Management

The following table sets forth the shares of our common stock beneficially owned by: (1) persons known by us to beneficially own greater than five percent of our outstanding stock; (2) each individual serving as one of our directors; (3) our CEO, our CFO and our three other most highly compensated executive officers; and (4) all of our directors and executive officers as a group as of the record date. Except as otherwise indicated in the accompanying footnotes, beneficial ownership is shown as of the record date.

Name and Address of Beneficial Owner (1)	Shares of Common Stock		
	Number of Shares Beneficially Owned	Percent of Class (2)	
Greater Than Five-Percent Stockholders:			
BlackRock, Inc. (3)	19,103,996	6.07	%
Massachusetts Financial Services Company (4)	17,405,684	5.53	%
Directors and Executive Officers:			
Scott A. Bibaud (5)	21,188	*	
A. Blaine Bowman (6)	13,680	*	
John P. Daane (7)	1,461,675	*	
Elisha W. Finney (8)	26,159	*	
Bradley Howe (9)	14,685	*	
Kevin McGarity (10)	45,141	*	
T. Michael Nevens (11)	19,260	*	
Ronald J. Pasek (12)	61,349	*	
Krish A. Prabhu (13)	4,416	*	
Shane V. Robison (14)	12,208	*	
John Shoemaker (15)	66,808	*	
Thomas H. Waechter (16)	25,288	*	
Jeffrey W. Waters (17)	31,470	*	
All current directors and executive officers as a group (18 persons) (18)	2,159,924	*	

\* Less than 1%

(1) The persons named in the table have sole voting and investment power with respect to all shares of common stock beneficially owned by them, subject to community property laws where applicable and to the information contained in the footnotes to this table. Unless otherwise indicated in a corresponding footnote, the business address of each beneficial owner is 101 Innovation Drive, San Jose, California 95134.

(2) All percentages are calculated based on 314,780,246 shares of common stock outstanding as of the record date, together with applicable stock options and RSUs for each stockholder. Beneficial ownership is determined in accordance with SEC rules and includes voting and investment power with respect to shares. Shares of common stock subject to stock options currently exercisable and stock options and RSUs that vest within 60 days after the record date are deemed outstanding for purposes of computing the percentage ownership of the person holding such options and/or RSUs, but are not deemed outstanding for computing the percentage of any other person.

(3) Based on a Schedule 13G/A filed by BlackRock, Inc. ("BlackRock") with the SEC, as of December 31, 2013, BlackRock reported beneficial ownership of 19,103,996 shares of our common stock, sole voting power as to 15,364,221 of the shares, and sole dispositive power as to 19,103,996 of the shares, as a result of being a parent company or control person of the following subsidiaries, each of which holds less than 5% of the outstanding shares

of common stock: BlackRock (Luxembourg) S.A., BlackRock (Netherlands) B.V., BlackRock (Singapore) Limited, BlackRock Advisors (UK) Limited, BlackRock Advisors, LLC, BlackRock Asset Management Canada Limited, BlackRock Asset Management Deutschland AG, BlackRock Asset Management Ireland Limited, BlackRock Financial Management, Inc., BlackRock Fund Advisors, BlackRock Fund Management Ireland Limited, BlackRock Fund Managers Ltd, BlackRock Institutional Trust Company, N.A., BlackRock International Limited, BlackRock Investment Management (Australia) Limited, BlackRock Investment Management (UK) Ltd, BlackRock Investment Management, LLC, BlackRock Japan Co Ltd and BlackRock Life Limited. BlackRock has its principal business office at 40 East 52nd Street, New York, New York 10022.

- (4) Based on a Schedule 13G filed by Massachusetts Financial Services Company ("MFS") with the SEC, as of December 31, 2013, MFS reported beneficial ownership of 17,405,684 shares of our common stock, consisting of shares beneficially owned by MFS and/or certain other non-reporting entities, sole voting power as to 15,643,645 of the shares, and sole dispositive power as to 17,405,684 of the shares. MFS has its principal business office at 111 Huntington Avenue, Boston, Massachusetts 02199.
- (5) Includes 13,300 shares that Mr. Bibaud has a right to acquire within 60 days of the record date through exercise of options.
- (6) Includes 10,000 and 3,680 shares that Mr. Bowman has the right to acquire within 60 days of the record date through exercise of options and vesting of RSUs, respectively.
- (7) Includes (i) 683,575 shares that Mr. Daane has the right to acquire within 60 days of the record date through exercise of options and (ii) 270,000 shares held indirectly by Mr. Daane through a trust.
- (8) Includes 20,000 and 5,287 shares that Ms. Finney has the right to acquire within 60 days of the record date through exercise of options and vesting of RSUs, respectively.
- (9) Includes 5,810 shares that Mr. Howe has the right to acquire within 60 days of the record date through exercise of options.
- (10) Includes 20,000 and 6,760 shares that Mr. McGarity has the right to acquire within 60 days of the record date through exercise of options and vesting of RSUs, respectively.
- (11) Includes 12,500 and 6,760 shares that Mr. Nevens has the right to acquire within 60 days of the record date through exercise of options and vesting of RSUs, respectively.
- (12) Includes 42,560 shares that Mr. Pasek has the right to acquire within 60 days of the record date through exercise of options.
- (13) Includes 4,416 shares that Mr. Prabhu has the right to acquire within 60 days of the record date through vesting of RSUs.
- (14) Includes 10,000 and 2,208 shares that Mr. Robison has the right to acquire within 60 days of the record date through exercise of options and vesting of RSUs, respectively.
- (15) Includes 41,667 and 6,760 shares that Mr. Shoemaker has the right to acquire within 60 days of the record date through exercise of options and vesting of RSUs, respectively.
- (16) Includes 20,000 and 4,852 shares that Mr. Waechter has the right to acquire within 60 days of the record date through exercise of options and/or vesting of RSUs, respectively.
- (17) Includes 20,990 shares that Mr. Waters has the right to acquire within 60 days of the record date through exercise of options.
- (18) Includes shares in the aggregate that our executive officers and directors have the right to acquire within 60 days of the record date through exercise of stock options and/or vesting of RSUs.



## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

This section describes the compensation for our CEO and CFO in 2013, as well as each of our three most highly compensated executive officers employed at the end of 2013, all of whom we refer to collectively as our named executive officers or NEOs. Our named executive officers for 2013 are:

President, CEO and Chairman of the Board John P. Daane;

- Senior Vice President, Finance and Chief Financial Officer, Ronald J. Pasek;

Senior Vice President, Communications and Broadcast Division, Scott A. Bibaud;

Senior Vice President, Research and Development, Bradley Howe; and

Senior Vice President, Military, Industrial and Computing Division, Jeffrey W. Waters.

### Executive Summary

### 2013 Executive Compensation Highlights

CEO's 2013 Total Compensation: \$5,724,496<sup>(1)</sup>

- Base salary of \$800,031
- Cash incentive of \$0
- Performance-based RSU fair value of \$2,430,810 and time-based RSU fair value of \$2,361,631<sup>(2)</sup>

### Key Changes in our 2013 Compensation Programs and Practices:

- Because our 2013 financial performance did not meet the minimum levels required under the 2013 Executive Bonus Plan, neither Mr. Daane nor any of our executive officers received a cash incentive payment for 2013.
- 50% of the value of Mr. Daane's equity compensation in 2013 was awarded in performance-based restricted stock units and 50% was awarded in time-based restricted stock units.
- The compensation committee adopted