ALTERA CORP
Form DEF 14A
March 23, 2011

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 Materials Pursuant to Rule S240.14a-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.
[ ] 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 price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

[ ] Fee paid previously with preliminary materials.

[ ] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

NOTICE OF 2011 ANNUAL MEETING OF STOCKHOLDERS
May 10, 2011
1:30 p.m.
The Annual Meeting of Stockholders of Altera Corporation, a Delaware corporation, will be held on Tuesday, May 10, 2011, at 1:30 p.m. local time, at Altera's offices at 101 Innovation Drive, San Jose, California 95134, for the following purposes:

(1) To elect the seven directors named in the proxy statement to serve until the next annual meeting of stockholders.
(2) To approve an amendment to the 2005 Equity Incentive Plan to increase by 10,000,000 the number of shares of common stock reserved for issuance under the plan.
(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 an amendment to our Amended and Restated Certificate of Incorporation to eliminate supermajority voting.
(5) To approve an amendment to our Amended and Restated Certificate of Incorporation to add a forum selection clause.
(6) To approve an amendment to our By-Laws to provide that stockholders holding over 20% of our shares may call a special meeting of stockholders.
(7) To hold an advisory vote on executive compensation.
(8) To hold an advisory vote on the frequency of holding an advisory vote on executive compensation.
(9) To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2011.
(10) 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 11, 2011 are entitled to notice of, and to vote at, the meeting.

On or about March 23, 2011, we will mail a Notice of Internet Availability of Proxy Materials to our stockholders of record on March 11, 2011, 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
March 23, 2011

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?”, OR, IF YOU REQUESTED PRINTED PROXY MATERIALS, YOUR ENCLOSED PROXY CARD.

Table Of Contents

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

PROXY STATEMENT FOR
ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON
May 10, 2011

GENERAL

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 10, 2011, 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 2010 Annual Report to Stockholders will be made available on or about March 23, 2011 to our stockholders of record on March 11, 2011. 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 seven 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 increase by 10,000,000 the number of shares of common stock reserved for issuance under the plan.
- 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 an amendment to our Amended and Restated Certificate of Incorporation to eliminate a supermajority voting requirement.
- Proposal Five: To approve an amendment to our Amended and Restated Certificate of Incorporation to add a forum selection clause.
- Proposal Six: To approve an amendment to our By-Laws to provide that stockholders holding over 20% of our shares may call a special meeting of stockholders.
- Proposal Seven: To hold an advisory vote on executive compensation.
- Proposal Eight: To hold an advisory vote on the frequency of holding an advisory vote on executive compensation.
- Proposal Nine: To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2011.
- 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 seven directors named in this proxy statement.
- FOR the amendment to the 2005 Equity Incentive Plan.
- FOR the amendment to the 1987 Employee Stock Purchase Plan.
- FOR the amendment to our Amended and Restated Certificate of Incorporation to eliminate a supermajority voting requirement.
- FOR the amendment to our Amended and Restated Certificate of Incorporation to add a forum selection clause.
- FOR the amendment to our By-Laws.
- FOR the approval, on an advisory basis, of the compensation of our named executive officers.
- FOR the selection, on an advisory basis, of every year as the frequency for holding an advisory vote on executive compensation.
- FOR the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2011.

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 11, 2011, the record date for the annual meeting, are entitled to notice of, and to vote at, the annual meeting. On the record date, 322,029,687 shares of common stock were issued and outstanding.

Stockholders at the close of business on the record date may examine a list of all stockholders as of the record date for any purpose germane to the annual meeting for ten days preceding the annual meeting 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 9, 2011.
- 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), for every year as the frequency for an advisory vote on executive compensation (Proposal 8), and in favor of Proposals 2 through 7 and Proposal 9. 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 Proposals 6 and 9, but cannot vote on non-routine matters, including Proposals 1, 2, 3, 4, 5, 7, and 8. 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 9, 2011 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.
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. Neither broker non-votes nor abstentions are treated as a vote cast on any measure requiring the approval of a plurality of the votes cast (Proposal 8) or a majority of the votes cast (Proposals 1 and 5). Proposal 4 requires the approval of 80% of our outstanding shares. Broker non-votes and abstentions will have the same effect as a vote against Proposal 4. All other matters must be approved by a majority of the votes which could be cast by the holders of all outstanding shares of common stock entitled to vote on the matter. Since broker non-votes are not considered entitled to vote, they will have no effect on the outcome of the vote on Proposals 2, 3, 6, and 9. Abstentions will have the effect of a vote against these proposals.

What is the vote required for each proposal?

Proposal	Vote Required
Proposal One: To elect 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 increase by 10,000,000 the number of shares of common stock reserved for issuance under the plan.	Majority of shares outstanding and entitled to vote on the proposal
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 shares outstanding and entitled to vote on the proposal
Proposal Four: To approve an amendment to our Certificate of Incorporation to eliminate supermajority voting requirements.	80% of outstanding shares
Proposal Five: To approve an amendment to our Certificate of Incorporation to add a Delaware forum selection clause.	Majority of shares outstanding and entitled to vote on the proposal
Proposal Six: To approve an amendment to our By-Laws to provide that stockholders holding over 20% of our shares may call a special meeting of stockholders.	Majority of shares outstanding and entitled to vote on the proposal
Proposal Seven: To hold an advisory vote on executive compensation.	Majority of shares outstanding and entitled to vote on the proposal
Proposal Eight: To hold an advisory vote on the frequency of holding an advisory vote on executive compensation.	Plurality of votes cast
Proposal Nine: To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2011.	Majority of shares outstanding and entitled to vote on the proposal

Who is paying for the costs of this proxy solicitation?

We will bear the expense of soliciting proxies. We have retained Phoenix Advisory Partners to assist with the solicitation of proxies for a fee of $9,000, 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 personally or by telephone, telegram, or facsimile 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 2012 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 By-Laws, any stockholder who intends to submit a proposal at our 2012 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 no earlier than 120 days or 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 September 25, 2011 and not later than November 24, 2011. In addition, your notice must set forth the information required by our By-Laws 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.

Requirements for Stockholder Proposals and Director Nominations to be Brought Before the 2012 Annual Meeting of Stockholders: Pursuant to Sections 2.10 and 2.11 of our By-Laws, if a stockholder wishes to present a proposal before the 2012 annual meeting of stockholders, but does not wish to have the proposal considered for inclusion in the proxy statement, or wishes to bring a director nominee before the meeting, the stockholder must give written notice to us at the address noted above. In addition, the notice must set forth the information required by our By-Laws with respect to each such proposal or director nominee. The notice must be submitted by February 10, 2012, the date 90 days prior to the anniversary date of the annual meeting.

BOARD AND CORPORATE GOVERNANCE MATTERS

Our board of directors is currently comprised of seven members.

The nominating and governance committee of the board of directors has nominated the seven 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 will tender his/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 ninety days from when the election results are certified. The director who tenders his/her resignation does not participate in the board's decision.

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	47	Chairman of the Board, President, and Chief Executive Officer	2000
Robert J. Finocchio, Jr.	59	Lead Independent Director	2002
Kevin McGarity	65	Director	2004
T. Michael Nevens	61	Director	2009
Krish A. Prabhu	56	Director	2008
John Shoemaker	68	Director	2007
Susan Wang	60	Director	2003

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 fifteen 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 twenty-five 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.

ROBERT J. FINOCCHIO, JR. has served as one of our directors since January 2002. He has been a dean's executive professor at Santa Clara University, Leavey School of Business, since September 2000. Prior to joining us, he served as Chief Executive Officer and President of Informix Corporation, an information management software company, from July 1997 to July 1999 and as Chairman of Informix from July 1997 to September 2000. From December 1988 to May 1997, Mr. Finocchio was employed by 3COM Corporation, a global data networking company. Mr. Finocchio also serves as a director of Echelon Corporation. He was previously a director of Palmsource Inc., Pinnacle Systems, Inc., and Sun Microsystems, Inc. We believe Mr. Finocchio's qualifications to sit on our board of directors include his prior experience as a Chief Executive Officer of a technology company, his significant executive management and board experience at public and private companies within some of our end markets, including our largest market, the communications industry, his financial expertise, and his knowledge of the communications, software, and computer industries.

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 living 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 thirty-eight 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.

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 and 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. Mr. Nevens previously served as a director of Broadvision, Inc. and Borland Software, Inc. 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.

KRISH A. PRABHU has served as one of our directors since May 2008. 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 Venture 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. Currently, Mr. Prabhu is an advisor to various companies in the telecommunications and semiconductor industries, and he serves as a director of ADVA AG Optical Networking, Tekelec, Inc. and ADC Telecommunications, Inc. Since January 2011, he has served as Interim Chief Executive Officer of Tekelec, Inc. We believe Mr. Prabhu's qualifications to sit on our board of directors include his experience as a Chief Executive Officer of a 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.

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 and as a user of semiconductor technology, and his experience in leadership development and succession management.

SUSAN WANG has served as one of our directors since October 2003. In 2002, Ms. Wang retired from her position as Executive Vice President and Chief Financial Officer of Solectron Corporation, a worldwide provider of electronics manufacturing services, where she worked from 1984. She is a certified public accountant. Ms. Wang also serves as a director of Nektar Therapeutics, RAE Systems, Inc. and Suntech Power Holdings Co., Ltd. She previously served as a director of Calpine Corporation and Avanex Corporation. We believe Ms. Wang's qualifications to sit on our board of directors include her extensive executive management, board, and audit committee experience at public and private companies within the technology industry, her financial expertise, her knowledge of manufacturing and supply chains, her familiarity with acquisitions and integrations, and her international 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, and 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.

Our corporate governance guidelines, together with our current committee charters and the two codes described above, are available, free of charge, in the “Corporate Governance” section of our website at 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, including:

- The board of directors has adopted clear corporate governance policies;
- Six of the seven directors standing for re-election at the annual meeting are independent of us and our management;
- The independent directors meet regularly, at least twice a year, without management present;
- All members of the audit committee, compensation committee, and nominating and governance committee are independent directors;
- The board of directors has 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

The board believes it is currently in the best interests of the stockholders to have our Chief Executive Officer, John Daane, also serve as our Chairman of the Board and to have a Lead Independent Director. Mr. Finocchio, who was elected by the independent directors in executive session, currently serves as our Lead Independent Director. The board believes that having our CEO serve as Chairman of the Board and having a Lead Independent Director helps to 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 of directors also 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 which helps to ensure that management is working in the best interests of stockholders.

The role of the Lead Independent Director is to assist the Chairman of the Board in establishing the strategic direction for board discussions and decision making and to act as a liaison between the Chairman of the Board and the other independent directors. In particular, the responsibilities of the Lead Independent Director are to:

- Lead the independent directors in discussions during executive sessions of the independent directors;
- Discuss with the Chairman of the Board, the full board, and/or members of management any issues or concerns raised by the other independent directors;
- Approve, together with the Chairman of the Board, the agendas for board meetings;
- As he or she deems appropriate, provide input regarding the content of board presentation materials to the Chairman of the Board and the Secretary to the Board;
- Recommend to the board the retention of consultants who report directly to the full board;
- Call special meetings of the board of directors and of the stockholders as specified in the company's By-Laws;
- Perform the duties of the Chairman of the Board in the Chairman's absence; and
- Perform such other duties as the board may from time to time delegate to the Lead Independent Director.

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 directly 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

The board does not have a formal policy requiring the nominating and governance committee to consider the diversity of directors in its nomination process. However, the nominating and governance committee seeks to have a slate of candidates for election that represents a diverse set of views, experiences, and backgrounds. Additionally, the nominating and governance committee considers as one factor in its selection of directors the diversity of the board as it relates to race, gender, and national origin.

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, in the “Corporate Governance” section of our website at www.altera.com.

9

It is the policy of the board of directors that a significant majority of the directors be independent. A director is independent if he/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/she is currently employed, or has been employed within the past three years, by us or any of our affiliates;
- the director (or his/her immediate family member as defined by NASDAQ) accepted compensation from us or any of our affiliates in excess of $120,000 during any twelve 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/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/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/she (or his/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 in the past three years and worked on our audit during that time; or
- 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, six of the seven 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 Chief Executive Officer, being the only director who is not independent.

Board of Directors and Committees

Board Meetings

During 2010, 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 most 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 then-current directors attended last year's annual meeting.

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.

10

Committee Membership

Below is a summary of our committee structure and membership information as of March 23, 2011, the date this proxy statement is made available.

Audit Committee

Each of the current members of the audit committee is: (1) “independent” as that term is defined in Section 10A 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 Susan Wang and Robert J. Finocchio, Jr. each meet the criteria of an “audit committee financial expert” within the meaning of the SEC's regulations. The audit committee held eight meetings during 2010.

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. The audit committee also has the sole authority to hire and review the performance of our Senior Director of Internal Audit and Compliance 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 current NASDAQ listing requirements. The compensation committee held seven meetings during 2010.

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 make recommendations to the board of directors regarding 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 2010, the compensation committee directly engaged Compensia, Inc. as its outside compensation consultant to provide independent advice on executive compensation matters.

Compensation Committee Interlocks and Insider Participation

At no time has John Shoemaker, Kevin McGarity, or Krish A. Prabhu been an officer or employee of the company. 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 2010.

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 of directors in a regular review of succession plans for members of executive management and ensure that the board has in place a succession plan for the CEO; and (5) 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 50th percentile of the peer companies listed in the "Compensation Discussion and Analysis -- Process" section on page 21. The payment schedule applicable to board and committee service is described more fully in the chart below. The retainer payments are made on the date of each year's annual meeting of stockholders and are pro-rated if a director's service begins subsequent to the date of the annual meeting.

Annual Retainer		
Board Membership	$50,000	
Audit Committee	$20,000	Chair
	$12,000	Member
Compensation Committee (1)	$15,000	Chair
	$10,000	Member
Nominating and Governance Committee	$10,000	Chair
	$6,000	Member
Lead Independent Director (1)	$20,000	
Other Director Benefits		
Equity Compensation	Described in further detail below	

(1) Effective November 1, 2010, retainer payments to the Chairman of the Compensation Committee and the Lead Independent Director were increased from $13,000 to $15,000, and from $5,000 to $20,000, respectively.

Pursuant to our 2005 Equity Incentive Plan, which we refer to as the 2005 Plan, at the discretion of the compensation committee, when a non-employee director joins the board, he/she may be granted either: (i) up to a maximum number of restricted stock units, which we refer to as RSUs, and/or a restricted stock grant having an aggregate fair market value (i.e., the closing price of our common stock on the date of grant, as reported on NASDAQ) equal to $300,000, or (ii) up to a maximum aggregate number of 40,000 stock option shares and/or stock appreciation rights, which we refer to as SARs.

Following the date of each annual stockholders meeting, each non-employee director who is re-elected may be granted, at the discretion of the compensation committee, either: (i) up to a maximum number of RSUs and/or a restricted stock grant having an aggregate fair market value equal to $150,000, as measured on the date of grant, or (ii) up to a maximum aggregate number of 20,000 stock option shares and/or SARs.

RSUs and restricted stock grants vest and are exercisable as determined by the compensation committee, provided that RSUs and restricted stock vest over a minimum of three years as measured from the date of grant. 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 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 such awards are discretionary and are not automatic.

In February 2008, the board adopted stock ownership guidelines that provide that each director should own, within five years of the institution of the requirement, 5,500 shares of our common stock. The guidelines provide that an individual may request that the compensation committee suspend the ownership guidelines based on personal hardship.

The following table summarizes the total compensation received by each of our directors in 2010. Our directors do not receive fringe or other benefits.

DIRECTOR COMPENSATION

Name (1)	Fees Earned or Paid in Cash ($)	Restricted Stock Unit Awards ($) (2)	Option Awards ($) (2)	Non-Equity Incentive Plan Compensation ($)	All Other Compensation ($)	Total ($)
(a)	(b)	(c)	(d)	(e)	(f)	(g)
Robert J. Finocchio, Jr.	84,500	117,750	—	—	—	202,250
Kevin McGarity	60,000	117,750	—	—	—	177,750
T. Michael Nevens	62,000	117,750	—	—	—	179,750
Krish A. Prabhu	60,000	117,750	—	—	—	177,750
John Shoemaker	70,000	117,750	—	—	—	187,750
Susan Wang	70,000	117,750	—	—	—	187,750

(1) Mr. Daane, our Chairman of the Board, President, and Chief Executive Officer, 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 grant date fair value of RSU and stock option awards, respectively. 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.

The following table sets forth information with respect to stock option grants and RSU awards made during 2010 to our directors. The vesting schedule and grant term is described in further detail in the “Director Compensation” section on page 12.

Name	Grant Date	Restricted Stock Unit Awards: Number of Shares of Stock or Units (#) (1)	Option Awards: Number of Securities Underlying Options (#) (2)	Exercise or Base Price of Option Awards ($/Sh) (3)	Grant Date Fair Value of Stock and Option Awards ($) (4)
(a)	(b)	(c)	(d)	(e)	(f)
Robert J. Finocchio, Jr.	5/6/2010	5,000	—	—	117,750
Kevin McGarity	5/6/2010	5,000	—	—	117,750
T. Michael Nevens	5/6/2010	5,000	—	—	117,750
Krish A. Prabhu	5/6/2010	5,000	—	—	117,750
John Shoemaker	5/6/2010	5,000	—	—	117,750
Susan Wang	5/6/2010	5,000	—	—	117,750

(1) Represents the number of RSUs awarded to each director pursuant to our 2005 Plan.

(2) Represents the number of non-statutory stock options granted under our 2005 Plan.

(3) The exercise price for the stock option grant shown here is the fair market value (i.e., the closing price) of our common stock on the date of grant, as reported on NASDAQ.

(4) Represents the aggregate grant date fair value of each stock option grant 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 12 to our 2010 Consolidated Financial Statements included in our Annual Report.

The following table provides information regarding outstanding equity awards, including stock options and RSUs, and applicable market values at the end of 2010.

		Option Awards					Stock Awards			
Name	Grant Date	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($) (1)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
Robert J. Finocchio, Jr.	1/8/2002	40,000	—	—	24.92	1/8/2012	—	—	—	—
	4/30/2002	3,333	—	—	20.56	4/30/2012	—	—	—	—
	5/6/2003	10,000	—	—	17.24	5/6/2013	—	—	—	—
	5/11/2004	10,000	—	—	22.03	5/11/2014	—	—	—	—
	5/10/2005	10,000	—	—	20.73	5/10/2015	—	—	—	—
	5/9/2006	10,000	—	—	21.07	5/9/2016	—	—	—	—
	5/8/2007	10,000	—	—	23.52	5/8/2017	—	—	—	—
	5/13/2008	—	—	—	—	—	1,666	59,276	—	—
	5/12/2009	—	—	—	—	—	3,333	118,588	—	—
	5/6/2010	—	—	—	—	—	5,000	177,900	—	—
Kevin McGarity	3/9/2004	40,000	—	—	21.20	3/9/2014	—	—	—	—
	5/11/2004	1,667	—	—	22.03	5/11/2014	—	—	—	—
	5/10/2005	10,000	—	—	20.73	5/10/2015	—	—	—	—
	5/9/2006	10,000	—	—	21.07	5/9/2016	—	—	—	—
	5/8/2007	10,000	—	—	23.52	5/8/2017	—	—	—	—
	5/13/2008	—	—	—	—	—	1,666	59,276	—	—
	5/12/2009	—	—	—	—	—	3,333	118,588	—	—
	5/6/2010	—	—	—	—	—	5,000	177,900	—	—
T. Michael Nevens	11/10/2009	10,833	29,167	—	20.47	11/10/2019	—	—	—	—
	5/6/2010	—	—	—	—	—	5,000	177,900	—	—

Krish A. Prabhu	5/13/2008	25,833	14,167	—	22.78	5/13/2018	—	—	—	—
	5/12/2009	—	—	—	—	—	3,333	118,588	—	—
	5/6/2010	—	—	—	—	—	5,000	177,900	—	—
John Shoemaker	3/19/2007	37,500	2,500	—	20.64	3/19/2017	—	—	—	—
	5/8/2007	1,667	—	—	23.52	5/8/2017	—	—	—	—
	5/13/2008	—	—	—	—	—	1,666	59,276	—	—
	5/12/2009	—	—	—	—	—	3,333	118,588	—	—
	5/6/2010	—	—	—	—	—	5,000	177,900	—	—
Susan Wang	10/7/2003	30,000	—	—	19.00	10/7/2013	—	—	—	—
	5/11/2004	5,833	—	—	22.03	5/11/2014	—	—	—	—
	5/10/2005	10,000	—	—	20.73	5/10/2015	—	—	—	—
	5/9/2006	10,000	—	—	21.07	5/9/2016	—	—	—	—
	5/8/2007	10,000	—	—	23.52	5/8/2017	—	—	—	—
	5/13/2008	—	—	—	—	—	1,666	59,276	—	—
	5/12/2009	—	—	—	—	—	3,333	118,588	—	—
	5/6/2010	—	—	—	—	—	5,000	177,900	—	—

(1) Amounts reflecting market value of RSUs are based on the price of $35.58 per share, which was the closing price of our common stock as reported on NASDAQ on December 31, 2010.

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, 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, 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 also seeks to have a slate of candidates for election that represents a diverse set of views, experiences, and backgrounds. Additionally, the nominating and governance committee considers as one factor in its selection of directors the diversity of the board as it relates to race, gender, and national origin. 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 timeframe described below under the caption “Stockholder Proposals”:

- Biographical information about the candidate and a statement about his/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.

Greater detail about the submission process for stockholder proposals is set forth in our by-laws, 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.

Robert J. Finocchio, Jr., Chairman
John Shoemaker, Member
NOMINATING AND GOVERNANCE COMMITTEE

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 who served as one of our directors during 2010; (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:			
Wellington Management Company, LLP (3)	31,648,794	9.83	%
BlackRock, Inc. (4)	27,676,514	8.59	%
FMR LLC (5)	25,155,395	7.81	%
PRIMECAP Management Company (6)	19,897,000	6.18	%
The Vanguard Group, Inc. (7)	16,760,707	5.20	%
Directors and Executive Officers:			
John P. Daane (8)	936,881	*	
Robert J. Finocchio, Jr. (9)	108,334	*	
Kevin McGarity (10)	76,668	*	
T. Michael Nevens (11)	15,000	*	
Krish A. Prabhu (12)	30,834	*	
John Shoemaker (13)	46,668	*	
Susan Wang (14)	70,834	*	
Misha Burich (15)	16,418	*	
Ronald J. Pasek (16)	5,413	*	
Danny K. Biran	8,429	*	
William Y. Hata (17)	327,178	*	
All directors and executive officers as a group (16 persons) (18)	2,159,516	*	

* Less than 1%

(1) The persons named in the table above 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 322,029,687 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 or exercisable, and RSUs that vest, within sixty days after the record date, as well as RSUs that are subject to further vesting requirements, 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 filing with the SEC on February 14, 2011, indicating beneficial ownership as of December 31, 2010. Wellington Management Company, LLP serves as an investment advisor with power to direct investments and/or sole

power to vote securities owned by various individual and institutional investors. The address for Wellington is 280 Congress Street, Boston, MA 02210.

(4) Based on a filing with the SEC on February 3, 2011, indicating beneficial ownership as of December 31, 2010. BlackRock, Inc. beneficially owns these shares as a result of being the parent holding company or control person of BlackRock Japan Co. Ltd., BlackRock Advisors (UK) Limited, BlackRock Asset Management Deutschland AG, BlackRock Institutional Trust Company, N.A., BlackRock Fund Advisors, BlackRock Asset Management Canada Limited, BlackRock Asset Management Australia Limited, BlackRock Advisors, LLC, BlackRock Financial Management, Inc., BlackRock Fund Managers (Isle of Man) Limited, BlackRock Investment Management, LLC, BlackRock Investment Management (Australia) Limited, BlackRock (Luxembourg) S.A., BlackRock (Netherlands) B.V., BlackRock Fund Managers Limited, BlackRock Pensions Limited, BlackRock Asset Management Ireland Limited, BlackRock International Limited and BlackRock Investment Management (UK) Limited. The address for BlackRock is 40 East 52nd Street, New York, NY 10022.

(5) Based on a filing with the SEC on February 14, 2011, indicating beneficial ownership as of December 31, 2010. FMR LLC beneficially owns these shares as a result of being the parent holding company of Fidelity Management & Research Company, an investment adviser to various registered investment companies. The address for FMR is 82 Devonshire Street, Boston, MA 02109.

(6) Based on a filing with the SEC on February 14, 2011, indicating beneficial ownership as of December 31, 2010. PRIMECAP Management Company serves as an investment advisor with power to direct investments and/or sole power to vote securities owned by various individual and institutional investors. The address for PRIMECAP is 225 South Lake Ave., #400, Pasadena, CA 91101.

(7) Based on a filing with the SEC on February 10, 2011, indicating beneficial ownership as of December 31, 2010. The Vanguard Group, Inc. serves as an investment advisor with power to direct investments and/or sole power to vote securities owned by various individual and institutional investors, including Vanguard Fiduciary Trust Company, its wholly-owned subsidiary. The address for Vanguard Group is 100 Vanguard Blvd., Malvern, PA 19355.

(8) Includes (i) 550,000 shares that Mr. Daane has a right to acquire within 60 days of the record date through exercise of options and/or vesting of RSUs, and (ii) 270,000 shares held indirectly by Mr. Daane through a trust.

(9) Includes 93,333 shares that Mr. Finocchio has the right to acquire within 60 days of the record date through exercise of options.

(10) Represents 71,667 shares that Mr. McGarity has the right to acquire within 60 days of the record date through exercise of options.

(11) Represents 15,000 shares that Mr. Nevens has the right to acquire within 60 days of the record date through exercise of options.

(12) Represents 29,167 shares that Mr. Phrabhu has the right to acquire within 60 days of the record date through exercise of options.

(13) Represents 41,667 shares that Mr. Shoemaker has the right to acquire within 60 days of the record date through exercise of options.

(14) Represents 65,833 shares that Ms. Wang has the right to acquire within 60 days of the record date through exercise of options.

(15) Includes 7,500 shares that Mr. Burich has the right to acquire within 60 days of the record date through exercise of options and/or vesting of RSUs.

(16) Includes 4,688 shares that Mr. Pasek has the right to acquire within 60 days of the record date through exercise of options and/or vesting of RSUs.

(17) Includes (i) 287,500 shares that Mr. Hata has the right to acquire within 60 days of the record date through exercise of options and/or vesting of RSUs.

(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 programs for our CEO and CFO in fiscal year 2010, as well as each of our three most highly compensated executive officers employed at the end of fiscal year 2010, all of whom we refer to collectively as our named executive officers or NEOs. Our named executive officers for fiscal year 2010 are:

- Chairman of the Board and CEO, John P. Daane;
- Senior Vice President, Finance and Chief Financial Officer, Ronald J. Pasek;
- Senior Vice President, Marketing, Danny K. Biran;
- Senior Vice President, Research and Development, Misha R. Burich; and
- Senior Vice President, Worldwide Operations and Engineering, William Y. Hata.

Executive Summary

Our compensation programs are intended to align our named executive officers' interests with those of our stockholders by rewarding performance that meets or exceeds the goals the compensation committee establishes with the objective of increasing stockholder value. Our named executive officers' total compensation is comprised of a mix of base salary, annual incentive compensation, and long-term incentive awards. In line with our pay for performance philosophy, the total compensation received by our named executive officers will vary based on individual and corporate performance measured against annual performance goals. Additionally, because a large percentage of our named executive officers' pay is comprised of equity compensation, their pay increases with increases in our stock price.

We delivered outstanding financial results for fiscal year 2010. The company's revenues grew to $1.95 billion, an increase of 64% over the prior year. Net income increased to $783 million in 2010, an increase of 212%. The company's strong earnings and cost reduction focus helped drive a cash balance at year end 2010 of $2.8 billion, an increase of $1.2 billion over the prior year-end. The company's total shareholder return over the prior 1- , 3-, and 5-year periods was 58%, 89%, and 99%, respectively.

Our fiscal year 2010 corporate performance was a crucial factor in the compensation outcomes for fiscal year 2010 and the compensation committee's 2011 compensation decisions:

- Operating margin is the key metric for annual incentive awards. Performance with respect to this metric was above target and resulted in annual incentive awards between target and maximum for the NEOs.
- Long-term incentives make up a significant portion of each of the NEO's compensation and the value of their equity awards is directly linked to the performance of our stock.
- Based on our review of competitive positioning relative to our peer group, we increased the fiscal year 2010 salaries of Messrs. Daane, Biran, and Hata and the fiscal year 2011 salary of Mr. Biran. Prior to this, Mr. Daane had not received a salary increase since 2003. Mr. Biran last received a salary increase in 2009, Mr. Hata in 2008, and Mr. Burich in 2003.

We made an adjustment to our compensation programs for fiscal year 2011 to further align our executive compensation structure with our stockholders' interests by adding a revenue growth measure to our 2011 Bonus Plan. In addition to strong operating results, profitable, sustained growth is a fundamental objective of our board of directors, management, and stockholders. For 2011, we reflected this priority in our bonus plan by introducing revenue growth as a second company performance measure with a 25% weighting, while continuing to emphasize operating margin targets with a 75% weighting. The performance minimums, targets, and maximums for 2011 are set forth below.

Performance Targets	Operating Margin	Revenue Growth
Minimum	27%	3%
Target	32%	8%
Maximum	37%	13%

19

Each company performance measure works independently to drive 2011 Bonus Plan payouts. For example, if the company were to miss the 3% minimum threshold for revenue growth, but meet or exceed the 27% threshold for operating margin, the 2011 Bonus Plan would still fund, on a weighted basis, at the rate dictated by the level of operating margin performance. These two factors in combination with individual performance could drive payouts under the 2011 Bonus Plan up to the 250% maximum payout.

The changes we made to our compensation program for fiscal year 2011 build upon our solid existing compensation governance framework and strong pay for performance practices, which are exemplified by:

- A “no-hedging” policy in our insider trading policy that prohibits our directors, named executive officers, and other executive officers from hedging the economic interest in the Altera shares they hold.
- The absence of perquisites and tax gross-ups, except for potential gross-ups related to relocation expenses.
- Our review of the external marketplace and succession planning in making compensation determinations.
- The compensation committee's engagement of its own independent consultant that does not provide any services to management and has no prior relationship with any of our NEOs.
- An absence of any NEO employment, severance or change-in-control agreements.

Compensation Philosophy and Objectives

The compensation committee is responsible for establishing all elements of our executive pay plans in consultation with the board of directors and its outside compensation consultant. Our compensation philosophy is developed around the fact that we are in a highly competitive global industry that competes for the best talent on a worldwide level. Continuing to develop and bring to market the products that drive our financial performance requires that we attract, motivate, and retain the best people possible on a worldwide basis. The compensation committee also seeks to establish compensation plans that drive shareholder value and that do not encourage excessive risk-taking. Consequently, when reviewing executive compensation programs each year, the compensation committee seeks to incentivize achievement of both short-term and long-term performance goals, such as achieving annual financial targets in the former case, and achieving stock price appreciation in the latter case. Due to the highly cyclical nature of the semiconductor industry, this may lead to years where financial results drive lower bonus and equity compensation, despite excellent individual performance. Conversely, in years of rapid growth combined with high individual and company performance, the bonus and equity results may be higher. The compensation committee strives to balance the company's short-term financial and operational results with the longer-term strategic decisions needed to maintain the company's growth and achieve long-term goals.

The primary objectives of Altera's executive compensation program are to:

- attract, motivate, and retain highly qualified executives;
- align management and stockholder interests by tying a substantial percentage of executives' compensation, in the form of cash and long-term equity incentives, to the financial performance of the company (i.e., “pay for performance”);
- reward superior performance by basing decisions regarding cash incentive compensation on the overall performance of executives, including performance against individual and group goals; and
- compensate executives at levels competitive with peer companies.

In general, the types of compensation and benefits provided to our named executive officers, all of whom we refer to collectively as our named executive officers, or NEOs, are equivalent to those provided to most other employees, and include salary, cash bonuses, equity compensation, and other benefits. The amount and mix of compensation differs, however, depending on an employee's position, level of responsibility, experience, and performance.

The compensation committee is responsible for implementing our executive compensation program. The committee does not have a pre-established policy or target for allocating between either cash and equity or short-term and long-term incentive compensation, nor do its decisions regarding one component of compensation necessarily influence decisions regarding other components. However, as an executive's level of responsibility increases, the percentage of total compensation represented by variable, incentive compensation increases; the CEO's percentage is the highest. Additionally, while the compensation committee considers internal equity in setting compensation, the company did not have formal internal equity guidelines applicable to 2010. The majority of executives' total compensation historically has been provided in the form of long-term equity incentives because the compensation committee believes that this is the most effective way to align executives' interests with those of our stockholders.

Process

On an annual basis, the compensation committee: (1) leads the independent members of the board of directors in a discussion and evaluation of the performance of the CEO, (2) evaluates and establishes the compensation of the CEO based on the CEO's self-assessment and the independent directors' assessment of the CEO's performance, and (3) evaluates and establishes the compensation of each executive officer based on his or her self-assessment, the recommendation of the CEO, and the committee's own assessment of the performance of each executive officer. The compensation committee makes compensation decisions for the other executive officers in the same way and using similar factors as with respect to the CEO.

Compensation decisions related to our annual performance review process are made based in part on an evaluation of the executive's contributions and performance, including achievement of individual and group goals that are established by each executive officer and reviewed with the board of directors prior to the start of the fiscal year. At the end of the year, each executive officer prepares a self-assessment of his or her performance against goals and on other accomplishments, which is presented to the board of directors. Additionally, the CEO provides input to the compensation committee on the performance of each executive officer.

In establishing and changing compensation paid to our executive officers, the compensation committee compares each element of compensation (salary, bonus, and equity) paid to each executive officer to the compensation paid to executives in similar positions at the peer companies listed below. This comparison is based on data from the Radford Global Technology Survey, which we refer to as the Radford Survey, and, where available, reported proxy data. The Radford Survey data and peer proxy data for our peer companies has certain limitations which make exact comparisons between compensation of similar executive officer positions difficult. For example, not all of our peers have the same set of executive officers and executive officer duties and responsibilities may vary from one company to another. Second, except in the case of our CEO and CFO, the executive officer positions that are within the top five highest paid executives (the so-called NEOs) vary from one company to another. Additionally, in some cases, our peers do not report to the survey the values for certain elements of compensation for certain officers. Finally, actual equity compensation values (as opposed to Black Scholes values) are difficult to compare because values are effected greatly by the grant date and the form of compensation. For example, RSUs have value at the date of grant, whereas stock options will have value only if the stock price appreciates after the grant date. Because of these limitations in the peer proxy and survey data, the compensation committee also takes into account Radford Survey data for a larger list of companies and other competitive compensation information provided by the committee's compensation consultant. For 2011 compensation changes, the compensation committee also considered the Radford Survey data for high technology companies with revenues between $1 and $3 billion.

In making recommendations to the compensation committee regarding the compensation of other executive officers, the CEO takes into account the data discussed in the previous paragraph together with his evaluation of the individual and relative performance of executive officers, the individual's scope of responsibility at and contributions to the company, the executive officer's experience, and the similarity or dissimilarity of responsibilities between the company's executive officer and peer company executives. The CEO's recommendations are generally approved by the compensation committee with minor adjustments.

The committee believes that it must maintain flexibility and judgment in making compensation decisions in light of the inherent limitations of competitive compensation data, in order to retain the best talent, and to reward superior performance. While the compensation committee generally targets total cash compensation to fall between the 50th and 75th percentile of the total cash compensation paid to executives at peer companies, actual total cash compensation paid may be above or below the targeted range due to a number of factors including but not limited to: company and individual performance; differences in responsibilities between executives at peer companies; executives' experience and tenure with the company; an executive's performance and contributions relative to other executives at the company; and succession planning concerns. The compensation committee generally targets equity compensation to fall between the 50^{th} and 75^{th} percentile of the equity compensation paid to executives at peer companies, but the value of equity compensation grants to particular executives may be above or below the targeted range due to the factors listed above with regards to total cash compensation as well as the following additional factors: perceived limitations in the compensation survey data as it relates to equity compensation; the executive's potential future contributions to the company; the executive's expected tenure; and the retention value, or holding power, of existing equity compensation grants.

The companies that comprise our peer group are:

- Analog Devices, Inc.
- Atmel Corporation
- Autodesk, Inc.
- Brocade Communications Systems
- Cadence Design Systems, Inc.
- Fairchild Semiconductor International, Inc.
- KLA-Tencor Corporation
- Lam Research Corporation
- Linear Technology Group Ltd.
- LSI Corporation
- Marvell Technology Group Ltd.
- Maxim Integrated Products, Inc.
- Memc Electronic Materials, Inc.
- Microchip Technology, Inc.
- National Semiconductor Corporation
- Novellus Systems, Inc.
- Nvidia Corporation
- On Semiconductor Corporation
- Spansion, Inc.
- Synopsys, Inc.
- Teradyne, Inc
- Xilinx, Inc.

The compensation committee reviews the composition of the peer group annually to ensure that the companies remain relevant for comparative purposes. The following criteria were used to develop the peer group for 2011 compensation decisions: each company must be an independent public corporation, headquartered in the U.S., within the semiconductor industry with revenues between $1 billion and $5 billion, or a business related to the semiconductor industry with revenues between $1 billion and $3 billion. As a result of the 2011 peer group review, the compensation committee removed Broadcom Corporation, Cypress Semiconductor Corporation, Intersil Corporation, Mentor Graphics Corporation, and Sandisk because these companies no longer satisfied the revenue criteria.

In 2010, the compensation committee directly engaged Compensia, Inc. as its outside compensation consultant to provide independent advice on executive compensation matters. Compensia provided insight into a wide range of external market factors, including: (1) current compensation trends; (2) market survey data and peer group practices; and (3) general observations on our executive compensation program, including program design alternatives. No member of the compensation committee has any affiliation with Compensia.

Components of Compensation

Our compensation program for executive officers, including named executive officers, consists of three elements: base salary, annual cash bonus, and long term equity incentive compensation, which are summarized in the table below.

Compensation element	Key features	Purpose
Base salary	Fixed cash compensation that is based on scope of responsibilities, performance, experience, and competitive pay practices	Provides a fixed, baseline level of compensation
Cash incentive compensation	Cash payment tied to company and individual performance during the fiscal year. Includes any discretionary cash bonus in addition to annual cash incentive compensation	Rewards Altera's achieving or exceeding annual performance objectives and individual contributions to the company's performance; discretionary bonuses in addition to annual cash incentive compensation reward exceptional contributions to the company's success and provide competitive compensation to attract and retain highly qualified executives
Long term equity compensation	Equity compensation in the form of stock options and/or RSUs.	Attracts, retains, and motivates executives to build stockholder value over the life of the stock options and RSUs and provides retention value over the vesting term of the RSUs

Overview of 2010 Bonus Plan

In February 2010, the compensation committee adopted a bonus plan applicable to 2010, which we refer to as the 2010 Bonus Plan. The purpose of the 2010 Bonus Plan was to promote the interests of the company and stockholders by providing financial rewards upon achievement of specified business objectives, as well as to help us attract and retain key employees by providing compensation opportunities linked to performance results.

All of our executive officers were eligible to participate in the 2010 Bonus Plan. Payouts under the 2010 Bonus Plan were determined at the sole discretion of the compensation committee. In exercising its discretion, the compensation committee took into account (1) the company's operating income as a percentage of revenue for 2010, which we refer to as operating margin or the financial performance metric, (2) the individual's target bonus percentage, and (3) the individual's performance during the year. Operating margin was defined as earnings before income, interest expense, and taxes (including the expense associated with the payout under the 2010 Bonus Plan) divided by net sales. The compensation committee has discretion to exclude significant, non-recurring items, as well as amounts attributable to Altera's non-qualified deferred compensation plan, from the calculation of the financial performance metric. Significant non-recurring transactions are defined as items that could have a material effect on the outcome of the calculated bonus, are unusual in nature and occur infrequently. For purposes of the calculation, items are deemed to have a material effect if they have a positive or negative impact on operating margin income of greater than 1% of net sales or $10 million for the full year impact (net of any resulting dollar savings) of each type of unusual or infrequently occurring item (whether they occur in one or more transactions). Unusual in nature refers to those transactions or events that possess a high degree of abnormality and are of a type clearly unrelated to, or only incidentally related to, the ordinary and typical activities of Altera and the industry. Examples of significant, non-recurring items that the compensation committee may elect to exclude from the calculation of the operating margin metric include, but are not limited to, the following: (1) restructuring charges as defined by United States Generally Accepted Accounting Provisions, or US GAAP; (2) business combinations as defined by US GAAP;

(3) asset impairment or discontinuation of operations recognized under US GAAP; and (4) earthquake, tsunami, flood, hurricane, typhoon, or fire resulting in an expense recognized under US GAAP.

The financial performance metric determined a potential payout percentage, as specified in the table below.

Operating Margin	Potential Payout Percentage
Less than 22	0
22	10
23	30
24	50
25	70
26	95
27	100
28	110
29	120
30	140
31	170
32 or higher	200

In January 2011, the compensation committee certified that the financial performance metric for 2010 was 44.4%, which resulted in a potential payout percentage of 200%. The compensation committee did not exclude from the calculation of the financial performance metric any significant, non-recurring items, other than the amounts attributable to our non-qualified deferred compensation plan.

The compensation committee multiplied the potential payout percentage by the individual's target bonus percentage and then increased or decreased that bonus percentage based on an evaluation of the individual's performance, as described further below. The target bonus percentages varied depending on the executive's position and level of responsibility within the company. Payouts under the plan were capped at two times the applicable target bonus percentage. The target and maximum bonus percentages in 2010 were: (1) 125% and 250%, respectively, in the case of our CEO; and (2) 60% and 120%, respectively, in the case of our other named executive officers. The final bonus percentage was then multiplied by the individual's 2010 salary and rounded up or down slightly to arrive at a 2010 Bonus Plan payout.

The compensation committee evaluated the performance of the CEO and each executive officer in order to determine a 2010 Bonus Plan payout. In evaluating performance, the compensation committee considered, among other factors, performance against individual and group goals that were generally established prior to the start of the fiscal year. However, in some cases, non-financial goals were added or eliminated after the start of the fiscal year due to changes in responsibilities or changes in corporate goals or priorities. Goals were not modified after the start of the fiscal year to compensate for unexpected changes in the company's financial performance. Our named executive officers' 2010 goals fell within the following categories:

(1) Market share and financial goals. The goals in this category identified matters such as specific customers, categories of customers, and end market sub-segments we were targeting in order to increase revenue and market share vis-à-vis our competitors. They also related to achievement of key business metrics.

(2) Sales and marketing plans, strategies, and campaigns. Many of the goals within this category related to our plans and strategies for increasing design wins that would result in future revenues.

(3) Planned improvements in business processes, compliance, and profitability. The goals represented by this category included efficiency improvements in a broad range of business processes as well as financial compliance and controllership.

(4) Product development plans and schedules. The goals within this category related to the timing of and contingencies for the development and release of future products.

(5) Personnel and organizational matters. The goals within this category related to the individuals and departments that comprised our internal organization, including but not limited to succession planning, retention, and employee-development plans.

We are not disclosing the specific goals and objectives within the above categories because we believe such disclosure would cause us competitive harm in that it would reveal confidential future business plans and objectives. Nor are we disclosing the weightings that applied to the goals; such information is confidential and would cause future competitive harm since the weightings indicate the priority we place on certain activities or programs. Moreover, such information is potentially misleading because an executive may have more than one goal within the above categories; as a result, the weighting applied to a particular category of goals would in fact be an accumulation of the weightings applied to individual goals.

The degree of difficulty for a named executive officer to achieve his target bonus can be seen by looking at historical results. Achievement against the financial metrics has varied considerably over the past several years and achievement against individual goals varies year to year and between executives. Our operating margin (including equity expense and excluding amounts attributable to our non-qualified deferred compensation plan) was 29.6% in fiscal year 2008, 25.5% in fiscal year 2009, and 44.4% in fiscal year 2010. Operating margin in 2010 increased substantially from 2009 as a result of considerably higher revenues. As a consequence, bonus payouts were substantially higher in 2010 than in 2009, which is in line with our pay for performance philosophy. The table below indicates the actual payouts received (as a percentage of base salary) under the 2010 Bonus Plan and under prior non-equity incentive plans that had financial and individual performance metrics comparable to those in the 2010 Bonus Plan. The variation in payouts from year to year is consistent with the compensation committee's policy of tying variable, incentive compensation to the company's financial performance as well as individual performance.

Name	Year	Target Percentage (% of Base Salary)	Performance Against Financial Goals (% of Target)	Individual Performance Percentage	Actual Payout % Under Non-Equity Incentive Plan (% of Base Salary)
John P. Daane	2010	125.0	200.0	100.0	250.0
	2009	100.0	82.5	90.0	74.0
	2008	100.0	178.0	100.5	179.0
Ronald J. Pasek (1)	2010	60.0	200.0	90.0	108.0
	2009	N/A	N/A	N/A	N/A
	2008	N/A	N/A	N/A	N/A
Misha R. Burich	2010	60.0	200.0	90.0	108.0
	2009	60.0	82.5	95.0	47.0
	2008	60.0	178.0	96.7	103.0
Danny K. Biran (2)	2010	60.0	200.0	100.0	120.0
	2009	60.0	82.5	85.0	42.0
	2008	N/A	N/A	N/A	N/A
William Y. Hata	2010	60.0	200.0	95.0	114.3
	2009	60.0	82.5	100.0	49.5
	2008	60.0	178.0	105.4	112.0

(1) Mr. Pasek became CFO in late December of fiscal 2009, and, consequently, no fiscal 2008 or 2009 amounts are provided.
(2) Mr. Biran became an officer of the company in May 2009, and, consequently, no fiscal 2008 amounts are provided.

The following table shows the actual payouts received by our named executive officers under the 2010 Bonus Plan.

Name	Base Salary($)	Bonus Target Percentage (% of Base Salary)	Potential Payout Percentage (based on Financial Performance Metrics) (1)	Individual Performance Percentage	Actual Payout Under 2010 Bonus Plan ($)(2)(3)
	(A)	(B)	(C)	(D)	A*B*C*D = (E)
John P. Daane	750,000	125	200	100	1,875,000
Ronald J. Pasek	400,000	60	200	90	432,000
Misha R. Burich	375,000	60	200	90	405,000
Danny K. Biran	350,000	60	200	100	420,000
William Y. Hata	350,000	60	200	95	400,000

(1) Based on operating income as a percentage of revenue (including equity expense and excluding amounts attributable to our non-qualified deferred compensation plan) of 44.4%.

(2) Subject to Maximum Payout Percentage of 250% of base salary, in the case of our CEO, and 120% in the case of our other NEOs.

(3) Amounts are rounded and are reflected in column (g) of the "Summary Compensation Table" on page 30.

Overview of 2011 Bonus Plan

In February 2011, the compensation committee adopted a bonus plan applicable to 2011, which we refer to as the 2011 Bonus Plan. The purpose of the 2011 Bonus Plan is to promote the interests of the company and its stockholders by providing key employees with financial rewards upon achievement of specified business objectives, as well as to help the company attract and retain key employees. The actual payouts will be determined in the sole discretion of the compensation committee. In exercising this discretion, the committee will take into account: (1) the company's operating income as a percentage of revenue for 2011, which we refer to as the operating margin metric, (2) the company's percent of revenue growth (as measured by net sales) in 2011 as compared to 2010, which we refer to as the revenue growth metric and collectively with the operating margin metric, the financial performance metrics, and (3) the individual's performance during the year.

The operating margin metric and the revenue growth metric will each determine a financial performance metric potential payout percentage (as specified in the table below) that may be earned by an individual. The compensation committee will then have the discretion to increase, decrease or eliminate the amount payable under the 2011 Bonus Plan based on the executive officer's performance during the year, including his or her performance against goals that have been approved by the compensation committee.

For purposes of determining the operating margin metric, "operating income" is defined as earnings before interest and other income, interest expense, and taxes (including the expense associated with the 2011 Bonus Plan payout) divided by net sales.

For purposes of determining the operating margin metric and the revenue growth metric, "net sales" is defined consistently with the convention used in Altera's reporting to the U.S. Securities and Exchange Commission.

The compensation committee has discretion to exclude significant, non-recurring items, as well as amounts attributable to Altera's non-qualified deferred compensation plan, from the calculation of the financial performance metrics. Significant non-recurring transactions are defined as items that could have a material effect on the outcome of the calculated bonus, are unusual in nature and occur infrequently. For purposes of the calculation, items are deemed to have a material effect if they have a positive or negative impact on net sales or operating margin income of greater than 1% of net sales or $10 million for the full year impact (net of any resulting dollar savings) of each type of unusual or infrequently occurring item (whether they occur in one or more transactions). Unusual in nature refers to those transactions or events that possess a high degree of abnormality and are of a type clearly unrelated to, or only incidentally related to, the ordinary and typical activities of Altera and the industry. Infrequency of occurrence refers to events or transactions of a type that would not reasonably be expected to recur in the foreseeable future based on the nature of the company's normal operations and the industry. Examples of significant, non-recurring items that the compensation committee may elect to exclude from the calculation of the Financial Performance Metrics include, but are not limited to, the following: (1) restructuring charges as defined by United States Generally Accepted Accounting Provisions, or US GAAP; (2) business combinations as defined by US GAAP; (3) asset impairment or discontinuation of operations recognized under US GAAP; and (4) earthquake, tsunami, flood, hurricane, typhoon, or fire resulting in an expense recognized under US GAAP.

A 2011 Bonus Plan payout percentage will be determined for each executive officer according to the following formula:

(Operating Margin Metric Payout Percentage * 75%) + (Revenue Growth Metric Payout Percentage * 25%)
* Bonus Target Percentage = Bonus Payout Percentage

The 2011 Bonus Plan payout percentage will then be multiplied by the executive officer's base salary to determine a potential bonus payout amount. As with the 2010 Bonus Plan, each named executive officer's payout is determined based in part on his or her target bonus percentage, which varies depending on the executive officer's position and level of responsibility within the company, and is subject to a cap of 2.5 times the target percentage. The target and maximum payout percentages are: (1) 125% and 312.5%, respectively, in the case of our CEO, and (2) 75% and 187.5%, respectively, for our CFO and other named executive officers.

The potential payout percentages are shown in the table below (if the results of the financial performance metric fall between the amounts indicated, the potential payout percentage will be calculated on a proportional basis).

Revenue Growth Percentage	Operating Margin Percentage	Potential Payout Percentage
Less than 3	Less than 27	0
3	27	10
4	28	30
5	29	50
6	30	70
7	31	95
8	32	100
9	33	110
10	34	120
11	35	140
12	36	170
13 or higher	37 or higher	200

Overview of Equity Compensation for 2010

RSUs were granted to each of our named executive officers in 2010 in recognition of the value of their significant contributions to the company and our interest in retaining their services. The number of shares covered by the grant was based on individual performance, peer group data, and the compensation committee's assessment of the retention value of existing equity grants. The difference in the value of the equity grants made to our named executive officers was based on competitive peer group data for their respective positions as well as the compensation committee's assessment of each executive's potential future contribution to the company. Vesting as to 70% of the total RSUs granted was contingent on (i) the company achieving net income (including equity compensation expense) from continuing operations as a percentage of net sales of 17% or greater in 2010 (referred to as the financial performance metric), and (ii) the NEO satisfying certain service requirements (i.e., continued employment with the company over a four-year vesting period). We refer to this 70% portion of the total RSUs granted as the performance-based RSUs. Vesting of the remaining 30% of the total RSUs granted is contingent on the NEO's continued employment with the company over a four-year vesting period. We refer to this 30% portion of the total RSUs granted as the service-only RSUs. In February 2011, the compensation committee certified that the financial performance metric had been met.

Overview of Equity Compensation for 2011

For 2011, a mix of RSUs and stock options were granted to our CEO, CFO, and other NEOs in order to incentivize both retention and stock appreciation. These equity awards were granted in recognition of the value of their significant contributions to the company and our interest in retaining their services. The mix and number of shares covered by each RSU and option grant was based on individual performance, peer group data, and the compensation committee's assessment of the retention value of existing and new equity grants. The difference in the value of the equity grants made to our named executive officers was based on competitive peer group data for their respective positions, as well as the compensation committee's assessment of each executive's potential future contribution to the company. Vesting of the RSU and stock option grants is contingent on the named executive officer's continued employment with the company over a four-year vesting period.

The compensation committee authorized the following RSU and stock option grants for 2011. With the exception of Mr. Daane's retention grants discussed below, the grant date of all RSUs and stock options was February 25, 2011; the first vesting date is July 31, 2012.

Name	Total RSUs and Options Granted	RSUs	Options
John P. Daane (1)	762,000	402,000	360,000
	238,000	98,000	140,000
Ronald J. Pasek	62,000	26,000	36,000
Misha R. Burich	40,000	40,000	—
Danny K. Biran	104,000	43,000	61,000
William Y. Hata	88,000	36,000	52,000

(1) As further described below, Mr. Daane received a special retention grant of 402,000 RSUs and 360,000 stock options in addition to the 98,000 RSUs and 140,000 stock options that he received as part of his 2010 performance evaluation and 2011 compensation changes.

Mr. Daane's grant is proportionally larger than the grants made to our other named executive officers because the compensation committee decided to make a special retention grant to Mr. Daane in recognition of his substantial contributions during his ten- year tenure to our growth and profitability, as well as his potential future contributions. The compensation committee believed it was in the company's best interest to retain Mr. Daane's services for the next several years so the committee decided to award 402,000 RSUs and 360,000 stock options, which we refer to collectively as the retention grants. The retention grants are included in the table above. The retention grants have a grant date of February 25, 2011 and will vest in four equal annual installments commencing February 25, 2012.

2010 Discretionary Bonus

The compensation committee decided to award a special bonus in the amount of $1.125 million to our CEO in recognition of his substantial contributions to the company during his ten-year tenure, which had a significant impact on our 2010 financial results. This award was entirely discretionary and was not based on achievement of particular goals, nor was the amount determined with reference to any specific financial or other metric.

Other Benefits

Executive officers are eligible to receive benefits at the same level generally available to our U.S.-based employees. These benefits include: employee stock purchase plan, non-qualified deferred compensation plan, medical benefits, life and accident insurance, and an annual 401(k) plan matching contribution of $4,000. We do not provide any other perquisites to our executive officers that are not made available to other employees.

Stock Ownership Guidelines

In February 2008, the board of directors adopted stock ownership guidelines that provide that the CEO and CFO should own, within five years of the institution of the guideline or five years of beginning employment, 100,000 and 15,000 shares, respectively, of common stock in the company. An individual may request that the compensation committee suspend the ownership guidelines based on personal hardship. The board put the guidelines in place to align the interests of management with those of our stockholders, with the belief that the CEO and CFO have the greatest ability to influence our long-term growth and profitability. As of the record date, our CEO owned 386,881 shares (not including shares that he has the right to acquire within sixty days of the record date or shares that are subject to further vesting requirements), thereby meeting the guidelines. Our CFO joined us in late December 2009, and as of the record date, he owned 725 shares of common stock in the company.

28

Other Compensation Considerations

Deductibility of Executive Compensation

Under Section 162(m) of the Internal Revenue Code of 1986, as amended, which we refer to as the Code, we may not receive a federal income tax deduction for compensation paid to our CEO and our three most highly compensated employees, excluding the CFO, (referred to in the Code as “covered persons”) to the extent that any of these persons receive more than $1,000,000 in compensation in any one year. However, if we pay compensation that is “performance-based” under Section 162(m), we can receive a federal income tax deduction even if such compensation exceeds $1,000,000 in a single year, subject to certain conditions. Our 2005 Equity Incentive Plan is structured so that performance-based equity compensation deemed paid to covered persons in connection with the exercise of stock option grants and performance-based RSUs made under the plan will qualify as performance-based compensation that will not be subject to the $1,000,000 limitation. Although the compensation committee generally seeks to structure compensation payable to covered persons to meet the deductibility requirements under Section 162(m), in order to maintain flexibility in compensating executive officers in a manner designed to promote varying corporate goals, the compensation committee has not adopted a policy that all compensation payable to covered persons must be deductible on our federal income tax returns. In addition, the committee cannot ensure that compensation intended to qualify for deductibility under Section 162(m) will in fact be deductible because: (1) a number of requirements must be satisfied in order for the compensation to qualify; and (2) uncertainties as to the application and interpretation surrounding this section currently exist.

Accounting for Stock-Based Compensation

We account for stock-based awards made to all employees and non-employee directors, including stock options, RSUs, and stock purchase rights granted pursuant to our equity compensation and stock purchase plans, in accordance with the requirements of FASB ASC Topic No. 718.

Summary of Named Executive Officer Compensation

Base salaries for some of our named executive officers, as reflected in column (c) of the “Summary Compensation Table” below, increased from 2009 to 2010 in order to keep those individuals' salaries competitive with their peers. As noted above, while maintaining some degree of flexibility and judgment, the compensation committee generally targets total cash compensation to fall between the 50th and 75th percentile of our peer group. Actual total cash compensation paid to our NEOs for 2010 (2010 salary and payouts under the 2010 Bonus Plan) was above this target range as a result of the company's outstanding financial performance.

The amounts shown in column (d) in the below table reflect discretionary bonuses. Mr. Daane's discretionary bonus was made in connection with the committee's recognition of his substantial contributions to the Company over the past ten years, which contributed to the Company's outstanding financial performance in 2010.

The amounts shown in columns (e) and (f) are for RSUs and stock options. All equity grants are described in further detail in the “Grants of Plan-Based Awards During 2010” table on page 31.

Amounts listed in column (g) represent cash incentive awards pursuant to our 2010 Bonus Plan (described in further detail in the “Grants of Plan-Based Awards During 2010” table on page 31) that our named executive officers received for 2010 performance.

The following table summarizes the total compensation paid to each of our named executive officers, comprised of our CEO, CFO, and our three other most highly compensated executive officers who were serving as executive officers at the end of 2010.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary ($)	Bonus ($)	Restricted Stock Unit Awards ($) (1)	Option Awards ($) (1)	Non-Equity Incentive Plan Compensation ($)	All Other Compensation ($)	Total Compensation ($)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
John P. Daane Chairman, President and Chief Executive Officer	2010	741,695	1,125,000 (2)	4,084,500	—	1,875,000	—	7,826,195
	2009	700,027	—	3,517,500	—	520,000	—	4,737,527
	2008	700,027	—	2,104,740	—	1,252,230	—	4,056,997
Ronald J. Pasek (3) Senior Vice President, Finance and Chief Financial Officer	2010	400,015	—	2,173,950	466,778	432,000	—	3,472,743
	2009	13,846 (4)	250,000 (5)	1,714,800	466,778	— (6)	—	2,445,424
Misha R. Burich Senior Vice President, Research and Development	2010	374,938	—	980,280	—	405,000	—	1,760,219
	2009	375,014	—	1,125,600	—	175,000	—	1,675,614
	2008	375,014	—	631,422	—	387,284	—	1,393,720
Danny K. Biran (7) Senior Vice President, Marketing	2010	345,847	—	1,517,100	—	420,000	—	2,282,947
William Y. Hata (8) Senior Vice President, Worldwide Operations and Engineering	2010	346,679	—	980,280	—	400,000	—	1,726,960

(1) Amounts shown in columns (e) and (f) reflect the grant date fair value of awards granted in accordance with FASB ASC Topic No. 718. These amounts do not represent the actual amounts paid to or realized by the NEOs during fiscal 2010. The grant date fair value of the performance-based RSUs included in these amounts also represents the maximum fair value (assuming that all performance conditions will be achieved). See Note 12 of our footnotes to the Consolidated Financial Statements in the company's Annual Report on Form 10-K for additional information. Details of 2010 stock awards can be found in the table "Grants of Plan-Based Awards." Details regarding the 2010, 2009 and

2008 stock awards that are still outstanding can be found in the table "Outstanding Equity Awards at Fiscal Year End."

(2) Represents a discretionary bonus to Mr. Daane for his substantial contributions during his ten-year tenure with the company.

(3) Mr. Pasek became CFO in fiscal 2009 and, consequently, no fiscal 2008 compensation amounts are provided.

(4) Mr. Pasek's annual base salary for fiscal 2009 was $400,000. The amount shown in column (c) is less than his annual salary because his date of hire was in late December 2009.

(5) Represents a hire-on bonus.

(6) Mr. Pasek joined the company in late December 2009 and was not eligible to participate in the 2009 Bonus Plan.

(7) Danny Biran is a named executive officer in fiscal 2010, but was not in 2009 and 2008; consequently, disclosure of his fiscal 2009 and 2008 compensation is not required.

(8) William Hata is a named executive officer in fiscal 2010, but was not in 2009 and 2008; consequently, disclosure of his fiscal 2009 and 2008 compensation is not required.

Grants of Plan-Based Awards During 2010

The following table sets forth information with respect to our 2010 Bonus Plan as well as RSU awards made during 2010 to our named executive officers. To the extent that amounts paid pursuant to our 2010 Bonus Plan were not deferred by the NEO into our non-qualified deferred compensation plan, the amounts were paid out in 2011.

GRANTS OF PLAN-BASED AWARDS

Name	Grant Date	Approval Date (1)	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards (2) Threshold ($)	Target ($)	Maximum ($)	All Other Stock Awards: Number of Shares of Stock or Units (#) (3)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards ($) (4)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
John P. Daane	2/19/2010	2/13/2010	—	—	—	175,000	—	—	4,084,500
	N/A	N/A	—	938,000	1,875,000	—	—	—	—
Ronald J. Pasek	2/1/2010	11/24/2009	—	—	—	80,000	—	—	1,714,800
	11/1/2010	8/30/2010	—	—	—	15,000	—	—	459,150
	2/1/2010	11/24/2009	—	—	—	—	75,000	21.88	466,778
	N/A	N/A	—	240,000	480,000	—	—	—	—
Misha R. Burich	2/19/2010	2/13/2010	—	—	—	42,000	—	—	980,280
	N/A	N/A	—	225,000	450,000	—	—	—	—
Danny K. Biran	2/19/2010	2/13/2010	—	—	—	65,000	—	—	1,517,100
	N/A	N/A	—	210,000	420,000	—	—	—	—
William Y. Hata	2/19/2010	2/13/2010	—	—	—	42,000	—	—	980,280
	N/A	N/A	—	210,000	420,000	—	—	—	—

(1) In 2010, the compensation committee approved all equity-based awards to NEOs (except as described below) by written resolution effective February 13, 2010. In the case of Mr. Pasek, who joined the company on December 21, 2009, the compensation committee approved his compensation package on November 24, 2009 and his initial grant date was February 1, 2010. Mr. Pasek received an additional retention grant on November 1, 2010 due to the fact that because of his hire date, he was not eligible for the executive grant on February 13, 2010. The RSUs granted on February 1, 2010 were valued at $21.88, the RSUs granted on February 19, 2010 were valued at $23.83, and the RSUs granted on November 1, 2010 were valued at $31.21 (the closing price of our common stock as reported on NASDAQ on the respective date).

(2) The amounts shown in columns (d)-(f) reflect the minimum, target and maximum payment amounts that NEOs could have received under the 2010 Bonus Plan, depending on performance against the metrics described in further detail in the "Components of Compensation" section beginning on page 23. The amounts range from zero to a cap based on a certain percentage of the individual's base salary. The applicable caps are as follows: 250% for Mr. Daane; 120% for Messrs. Pasek, Burich, Biran and Hata.

(3) Represents the number of RSUs awarded to each NEO pursuant to our 2005 Plan, as described in further detail in the "Overview of Equity Compensation for 2010" section on page 27.

(4) Represents the full grant date fair value of each RSU award computed in accordance with ASC No. 718-10. These amounts do not represent the actual amounts paid to or realized by the NEOs during fiscal 2010. The grant date fair value of the performance-based RSUs included in these amounts also represents the maximum fair value (assuming that all performance conditions will be achieved). See Note 12 of our footnotes to the Consolidated Financial Statements in the company's Annual Report on Form 10-K.

Option Exercises and Stock Vested In 2010

The following table provides information regarding stock option exercises and RSUs that vested in 2010.

OPTION EXERCISES AND STOCK VESTED

Name	Option Awards (1) Number of Shares Acquired on Exercise (#)	Option Awards (1) Value Realized on Exercise ($)	Stock Awards Number of Shares Acquired on Vesting (#)	Stock Awards Value Realized on Vesting ($)
(a)	(b)	(c)	(d)	(e)
John P. Daane	2,600,000	16,447,170	112,500	3,000,500
Ronald J. Pasek	—	—	—	—
Misha R. Burich	570,000	5,010,966	41,250	1,037,750
Danny K. Biran	150,000	1,239,000	25,000	597,000
William Y. Hata	51,250	315,607	36,250	931,150

(1) Reflects exercise of stock options received pursuant to our 1996 Stock Option Plan (which was replaced by the 2005 Plan in May 2005). The value realized on exercise represents the difference between the exercise price and the fair market value of our common stock on the date of exercise.

Outstanding Equity Awards

The following table provides information regarding outstanding equity awards, including stock options and RSUs, and applicable market values at the end of 2010.

OUTSTANDING EQUITY AWARDS AT 2010 YEAR-END

		Option Awards					Stock Awards			
Name	Grant Date	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable (1)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#) (2)	Market Value of Shares or Units of Stock That Have Not Vested ($) (3)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
John P. Daane	1/5/2004	100,000	—	—	23.47	1/5/2014	—	—	—	—
	3/2/2005	300,000	—	—	21.06	3/2/2015	—	—	—	—
	1/10/2006	300,000	—	—	19.55	1/10/2016	—	—	—	—
	4/30/2007	—	—	—	—	—	25,000	889,500	—	—
	4/28/2008	—	—	—	—	—	50,000	1,779,000	—	—
	3/2/2009	—	—	—	—	—	56,250	2,001,375	—	—
	3/2/2009	—	—	—	—	—	131,250	4,669,875	—	—
	2/19/2010	—	—	—	—	—	52,500	1,867,950	—	—
	2/19/2010	—	—	—	—	—	122,500	4,358,550	—	—
Ronald J. Pasek	2/1/2010	—	75,000	—	21.88	2/1/2020	—	—	—	—
	2/1/2010	—	—	—	—	—	40,000	1,423,200	—	—
	2/1/2010	—	—	—	—	—	40,000	1,423,200	—	—
	11/1/2010	—	—	—	—	—	15,000	533,700	—	—
Misha R. Burich	12/3/2001	15,000	—	—	22.49	12/3/2011	—	—	—	—
	1/29/2007	—	—	—	—	—	7,500	266,850	—	—
	4/28/2008	—	—	—	—	—	15,000	533,700	—	—
	3/2/2009	—	—	—	—	—	18,000	640,440	—	—
	3/2/2009	—	—	—	—	—	42,000	1,494,360	—	—

	2/19/2010	—	—	—	—	—	29,400	1,046,052	—	—
	2/19/2010	—	—	—	—	—	12,600	448,308	—	—
Danny K. Biran	1/29/2007	—	—	—	—	—	5,000	177,900	—	—
	1/28/2008	—	—	—	—	—	10,000	355,800	—	—
	3/16/2009	—	—	—	—	—	30,000	1,067,400	—	—
	2/19/2010	—	—	—	—	—	19,500	693,810	—	—
	2/19/2010	—	—	—	—	—	45,500	1,618,890	—	—
William Y. Hata	12/3/2001	50,000	—	—	22.49	12/3/2011	—	—	—	—
	12/3/2002	100,000	—	—	13.91	12/3/2012	—	—	—	—
	1/5/2004	80,000	—	—	23.47	1/5/2014	—	—	—	—
	1/3/2005	80,000	—	—	20.04	1/3/2015	—	—	—	—
	1/29/2007	—	—	—	—	—	3,750	133,425	—	—
	4/28/2008	—	—	—	—	—	15,000	533,700	—	—
	3/2/2009	—	—	—	—	—	42,000	1,494,360	—	—
	3/2/2009	—	—	—	—	—	18,000	640,440	—	—
	2/19/2010	—	—	—	—	—	12,600	448,308	—	—
	2/19/2010	—	—	—	—	—	29,400	1,046,052	—	—

(1) Stock options are exercisable in accordance with the vesting schedule below:

Name	Grant Date	Vesting
Ronald J. Pasek	2/1/2010	18,750 options vested on 02/01/2011. The remaining 56,250 options vest 1/36 per month thereafter (i.e., 1,562 per month).

(2) RSUs vest as follows:

Name	Grant Date	Vesting
John P. Daane	4/30/2007	25,000 RSUs each vested on 04/30/2008, 04/30/2009 and 04/30/2010, and 25,000 RSUs will vest on 04/30/2011.
	4/28/2008	25,000 RSUs each vested on 4/30/2009 and 04/30/2010, and 25,000 RSUs each will vest on 04/30/2011 and 04/30/2012.
	3/2/2009	18,750 RSUs vested on 07/31/2010, and 18,750 RSUs each will vest on 07/31/2011, 07/31/2012 and 07/31/2013.
	3/2/2009	43,750 RSUs vested on 07/31/2010, and 43,750 RSUs each will vest on 07/31/2011, 07/31/2012 and 07/31/2013.
	2/19/2010	13,125 RSUs each will vest on 07/31/2011, 07/31/2012, 07/31/2013 and 07/31/2014.
	2/19/2010	30,625 RSUs each will vest on 07/31/2011, 07/31/2012, 07/31/2013 and 07/31/2014.
Ronald J. Pasek	2/1/2010	23,333 RSUs vested on 01/30/2011, 23,333 and 23,334 RSUs will vest on 01/29/2012 and 01/30/2013 respectively. 10,000 RSUs will vest on 01/30/2014.
	11/1/2010	3,750 RSUs each will vest on 10/30/2011, 10/30/2012, 10/30/2013 and 10/30/2014.
Misha R. Burich	1/30/2006	6,250 RSUs each vested on 01/30/2007, 01/30/2008, 01/30/2009 and 01/29/2010.
	01/29/2007	7,500 RSUs each vested on 01/30/2008, 01/30/2009, 01/29/2010 and 01/30/2011.
	4/28/2008	7,500 RSUs each vested on 04/30/2009 and 04/30/2010, and 7,500 RSUs each will vest on 04/30/2011 and 04/30/2012.
	3/2/2009	6,000 RSUs vested on 07/31/2010, and 6,000 RSUs each will vest on 07/31/2011, 07/31/2012 and 07/31/2013.
	3/2/2009	14,000 RSUs vested on 07/31/2010, and 14,000 RSUs each will vest on 07/31/2011, 07/31/2012 and 07/31/2013.
	2/19/2010	3,150 RSUs each will vest on 07/31/2011, 07/31/2012, 07/31/2013 and 07/31/2014.
	2/19/2010	7,350 RSUs each will vest on 07/31/2011, 07/31/2012, 07/31/2013 and 07/31/2014.
Danny K. Biran	1/29/2007	5,000 RSUs vested on 01/30/2008, 01/30/2009, 01/29/2010 and 01/30/2011.
	1/28/2008	5,000 RSUs each vested on 01/30/2009, 01/29/2010 and 01/30/2011, and 5,000 RSUs will vest on 01/29/2012.
	3/16/2009	10,000 RSUs vested on 07/31/2010, and 10,000 RSUs each will vest on 07/31/2011, 07/31/2012 and 07/31/2013.
	2/19/2010	4,875 RSUs each will vest on 07/31/2011, 07/31/2012, 07/31/2013 and 07/31/2014.

	2/19/2010	11,375 RSUs each will vest on 07/31/2011, 07/31/2012, 07/31/2013 and 07/31/2014.
William Y. Hata	1/29/2007	3,750 RSUs each vested on 01/30/2008, 01/30/2009, 01/29/2010 and 01/30/2011.
	4/28/2008	7,500 RSUs each vested on 04/30/2009 and 04/30/2010, and 7,500 RSUs each will vest on 04/30/2011 and 04/30/2012.
	3/2/2009	6,000 RSUs vested on 07/31/2010, and 6,000 RSUs each will vest on 07/31/2011, 07/31/2012 and 07/31/2013.
	3/2/2009	14,000 RSUs vested on 07/31/2010, 14,000 RSUs each will vest on 07/31/2011, 07/31/2012 and 07/31/2013.
	2/19/2010	3,150 RSUs each will vest on 07/31/2011, 07/31/2012, 07/31/2013 and 07/31/2014.
	2/19/2010	7,350 RSUs each will vest on 07/31/2011, 07/31/2012, 07/31/2013 and 07/31/2014.

(3) Amounts reflecting market value of RSUs are based on the price of $35.58 per share, which was the closing price of our common stock as reported on NASDAQ on December 31, 2010.

Non-Qualified Deferred Compensation

All of our employees in director-level and above positions, including our named executive officers, are eligible to defer a portion of their base salary, cash incentive compensation, and/or sales incentives into our Non-Qualified Deferred Compensation Plan ("Deferred Compensation Plan"). We do not pay any additional compensation or guarantee minimum returns to any participant in the Deferred Compensation Plan. We incur only incidental expenses to administer the Deferred Compensation Plan. We might obtain a tax benefit based on payment of a participant's compensation, but any benefit is delayed until funds (including earnings or losses on the amounts invested pursuant to the plan) are eventually distributed.

Pursuant to the Deferred Compensation Plan, eligible employees can defer: (1) up to 100% of their base salary, cash incentive compensation, and/or sales incentives if the employee does not participate in our 401(k) plan, and (2) up to 65% of their base salary and cash incentive compensation and up to 80% of their sales incentives if the employee participates in our 401(k) plan. In general, deferral elections are made in November of each year for amounts to be earned in the upcoming year. Participants may invest amounts in individual stocks or funds available under the Deferred Compensation Plan (in general, those traded on a nationally recognized exchange), with the exception of investing in securities of Altera, Xilinx, Inc., or Lattice Semiconductor Corporation. Plan earnings are calculated by reference to actual earnings of mutual funds or other securities chosen by individual participants.

Except for a change in control or certain unforeseeable emergencies (as defined in the Deferred Compensation Plan), benefits are not distributed until a "distribution event" has occurred. At the election of each participant, the distribution event may be: (1) the attainment of a specified date or age; (2) the earlier of a specified date or age, or termination; or (3) termination of employment. Distributions can be made in the form of cash or in kind, and the method of distribution can be a lump sum payment or annual installments (not to exceed ten years).

The following table provides information regarding contributions, earnings, and the aggregate balance of non-qualified deferred compensation for our named executive officers in 2010.

NON-QUALIFIED DEFERRED COMPENSATION

Name	Executive Contributions in Last FY ($) (1)	Registrant Contributions in Last FY ($)	Aggregate Earnings in Last FY ($)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at Last FYE ($) (2)
(a)	(b)	(c)	(d)	(e)	(f)
John P. Daane	—	—	17	(854,757)	—
Ronald J. Pasek	—	—	—	—	—
Misha R. Burich	246,070	—	83,590	—	2,798,440
Danny K. Biran	—	—	—	—	—
William Y. Hata	178,903	—	130,971	—	1,187,948

(1) To the extent that a contribution was made from base salary, that amount is also included in the 2010 amounts shown in column (c) of the "Summary Compensation Table" on page 30. Contributions made from cash incentive compensation and/or sales incentives are reflected in the fiscal 2009 amounts shown in column (g) of the "Summary Compensation Table" because such amounts were earned in fiscal 2009 but paid, and therefore contributed, in 2010.

(2) Amounts shown in column (f) were previously reported as salary, cash incentive compensation and/or sales incentives in 2010 and prior fiscal years, as applicable.

Equity Compensation Plan Information

The following table provides information as of December 31, 2010 regarding equity compensation plans approved and not approved by our security holders.

EQUITY COMPENSATION PLAN INFORMATION

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants, and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants, and Rights ($/Sh) (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity Compensation Plans Approved by Security Holders	17,792,124 (1) (2)	$20.61 (3)	19,283,007 (4)
Equity Compensation Plans Not Approved by Security Holders	--	--	--
Total	17,792,124	20.61	19,283,007

(1) Includes shares subject to outstanding options granted under our 2005 Equity Incentive Plan (“2005 Plan”) and prior equity incentive plans no longer in effect.

(2) Includes 7,613,227 restricted stock units granted under our 2005 Plan.

(3) This weighted-average exercise price does not include outstanding restricted stock units.

(4) Consists of 17,055,087 shares available for future issuance under our 2005 Plan and 2,227,920 shares available for future issuance under our 1987 Employee Stock Purchase Plan.

Compensation Committee Report

The compensation 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, 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.

The compensation committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the compensation committee recommended to our board of directors that the Compensation Discussion and Analysis be included in this proxy statement.

John Shoemaker, Chairman
Kevin McGarity, Member
Krish A. Prabhu, Member
COMPENSATION COMMITTEE

Risk Assessment of Compensation Programs

The compensation committee considers potential risks when reviewing and approving compensation programs. We have designed our compensation programs, including our incentive compensation plans, with specific features to address potential risks while rewarding employees for achieving long-term financial and strategic objectives through prudent business judgment and appropriate risk-taking. The following elements have been incorporated in our programs available for our executive officers:

- A balanced mix of compensation components. The target compensation mix for our executive officers is composed of salary, annual cash incentives and long-term equity incentives, representing a mix that is not overly weighted toward short-term cash incentives.
- Multiple performance factors. Our incentive compensation plans take into account both company-wide metrics and individual performance which encourage focus on the achievement of personal objectives for the overall benefit of the company. The 2011 annual cash incentive is dependent on two performance metrics, operating margin and revenue growth, as well as individual goals related to specific strategic or operational objectives. Individual and group goals are approved by the board of directors. Other long-term incentives are equity-based, with vesting over a minimum period of three years to complement our annual cash-based incentives.
- Capped incentive awards. 2011 annual incentive awards are capped at 250% of target.
- Stock ownership guidelines. Guidelines call for significant share ownership by our CEO and CFO, which aligns the interests of these executives with the long-term interests of stockholders.

Additionally, the compensation committee considered an assessment of compensation-related risks for all of our employees. Based on this assessment, the committee concluded that our compensation programs do not create risks that are reasonably likely to have a material adverse effect on the company. In making this determination, the committee reviewed the key design elements of our compensation programs, as well as the means by which any potential risks may be mitigated, such as through our internal controls and oversight by management and the board of directors. In addition, management completed an inventory of incentive programs below the executive level and reviewed the design of these incentives to conclude that such incentive programs do not encourage excessive risk-taking.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our officers and directors and persons who own more than ten percent of a registered class of our equity securities to file reports of ownership on Form 3 and changes in ownership on Form 4 or 5 with the SEC. Such officers, directors, and ten percent stockholders are also required by SEC rules to furnish us with copies of all Section 16(a) reports they file.

Based solely on our review of the copies of such forms received by us or written representations from certain reporting persons that no Forms 5 were required for such persons, we believe that, during the year ended December 31, 2010, all Section 16(a) filing requirements applicable to our officers, directors, and ten percent stockholders were complied with.

Audit Committee Report

The audit 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, or by calling our Investor Relations Department at (408) 544-7000, or by writing us at Altera Corporation, 101 Innovation Drive, San Jose, California 95134, Attn: Investor Relations.

In general, the audit committee charter sets forth:

- the scope of the audit committee's responsibilities and the means by which it carries out those responsibilities;
- the external auditor's accountability to the board of directors and the audit committee; and
- the audit committee's responsibility to monitor the independence of the external and internal auditors.

Management is responsible for: (1) preparation, presentation, and integrity of our consolidated financial statements; (2) selection of accounting and financial reporting principles; and (3) maintenance of effective internal control over financial reporting and procedures designed to ensure compliance with accounting standards, applicable laws, and regu