

# **THE BOARD OF DIRECTORS OF ALTERA CORPORATION**

## **AUDIT COMMITTEE CHARTER**

### **PURPOSE**

The Audit Committee (the “Committee”) of Altera Corporation (“Altera”) is chartered to oversee (1) the integrity of reported financial results, (2) the quality and adequacy of disclosures, (3) the soundness of the Altera’s accounting policies and internal controls, (4) Altera’s compliance with significant applicable financial, legal, and ethical requirements, (5) the independence and performance of Altera’s external auditors, and (6) communications among the external auditors, financial and senior management, and the board of directors. In performing its role, the Committee shall comply with all Securities and Exchange Commission (“SEC”) and National Association of Securities Dealers, Inc. (“NASD”) regulations covering audit committees of public corporations. Altera shall provide appropriate funding as determined by the Committee for payment of compensation to the external auditors and any advisors employed by the Committee.

While the Committee has the responsibilities and powers set forth in this charter, it is not the duty of the Committee to plan or conduct audits or to determine that Altera’s financial statements are complete and accurate and are in accordance with generally accepted accounting principles. Those tasks are the responsibility of management and the external auditors. The external auditors are ultimately accountable to the board of directors through its interaction with the Committee.

### **MEMBERSHIP**

The Committee shall consist of at least three members of the board of directors. Each Member (the “Member”), including the chairperson, shall be appointed annually by, and shall serve at the discretion of, the board of directors and shall not receive any compensation from Altera other than compensation for board or committee service. At the time of appointment, each Member shall be an independent director, as such term is defined by applicable law, the SEC and NASD, and shall be generally knowledgeable in financial, accounting, and auditing matters and shall be able to read and understand financial statements. In addition, at least one Member shall be a financial expert, as such term is defined by applicable law and the SEC.

### **DUTIES AND RESPONSIBILITIES**

The specific duties and responsibilities of the Committee include the following:

1. The Committee shall have sole responsibility for hiring and firing the external auditors and shall review and approve the scope of the annual audit plan.
2. The Committee shall review and evaluate the external auditors’ qualifications, independence and performance, taking into account the opinions of Company management.

3. The Committee shall obtain from the external auditors an annual written communication that is prepared in accordance with Standard No. 1 of the Independence Standards Board delineating all relationships of the external auditors with Altera as well as the nature and extent of the professional advisory services provided to Altera. The Committee shall present its conclusions on the foregoing matters to the board of directors and shall take, or recommend that the full board of directors take, appropriate action to oversee the independence of the external auditors. The Committee shall also approve, in advance, all permissible non-audit services performed by the external auditors. The Committee also shall annually review all non-audit services performed by the external auditors in order to ensure that the audit firm remains independent and objective.
4. The Committee shall direct the activities and review the findings of the external auditors. Upon completion of the annual audit, the Committee shall review the audited financial statements and discuss the results of the audit with the external auditors and management. The review will focus on significant areas including, but not limited to:
  - a. all critical accounting policies and practices, such as the application of Altera's revenue recognition and inventory reserve policies;
  - b. litigation reserves;
  - c. other significant commitments and contingencies;
  - d. the effect or potential effect of off-balance sheet structures on Altera's financial statements;
  - e. any correspondence with regulators or governmental agencies and any employee complaints that raise material and credible issues regarding Altera's financial statements or accounting policies;
  - f. the accounting treatment for any significant non-routine transactions;
  - g. any new accounting, reporting, or disclosure requirements, the application of those standards to Altera's public filings, and changes in accounting policy or its application; and
  - h. other matters (i) required by applicable law, the SEC and NASD or (ii) related to the conduct of the audit, which are to be communicated to the Committee under generally accepted auditing standards.
5. The Committee shall obtain timely reports from the external auditors regarding any material written communication between the external auditors and management, such as any management letter or schedule of unadjusted differences.
6. Upon completion of the annual audit, the Committee shall engage in an independent discussion with the external auditors and inquire as to:
  - a. whether there were any difficulties or disputes with management during the audit;

- b. whether there were any accounting or disclosure issues not resolved to the satisfaction of the external auditors;
- c. whether management cooperated with the external auditors during their examination including providing access to all requested information and whether there were any restrictions on the scope of their activities; and
- d. whether there are any other matters that should be discussed with the Committee that have not been raised or covered elsewhere.

The Committee shall receive a confidential assessment of the competence of Altera's financial and accounting personnel and any relevant recommendations made by the external auditors. The Committee shall resolve any disagreements between the external auditors and management regarding financial reporting.

- 7. The Committee shall review the external auditors' assessment of Altera's internal accounting and financial controls and major financial exposures, including those related to risk assessment and risk management, and recommendations and discuss management's responses to those findings.
- 8. Annually, the Committee shall direct independent assessments of the security and back-up and contingency provisions of Altera's computer systems and discuss management's responses to those assessments.
- 9. The Committee shall, unless otherwise performed by a comparable body of the board of directors, review and approve all related-party transactions, as such term is defined by the SEC and NASD.
- 10. The Committee shall review with Altera's legal counsel any legal matters that could have a significant impact on Altera's financial statements.
- 11. The Committee shall routinely review Altera's foreign exchange exposures and hedging practices, share repurchase activity, and tax planning and compliance activities.
- 12. The Committee shall review, and approve changes to, Altera's investment policy and performance.
- 13. The Committee shall review and approve the code of ethics for senior financial officers and any changes to or waivers of such code.
- 14. The Committee shall review at least annually the Company's legal entity structure.
- 15. The Committee shall establish procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls, or auditing matters and confidential and anonymous submission by Company employees of concerns regarding questionable accounting or auditing matters.
- 16. The Committee may form and delegate authority to subcommittees when appropriate.

17. The Committee shall review this charter as circumstances dictate, but no less frequently than annually, and recommend any changes to the board of directors. The Committee shall also annually evaluate its operation against this charter.
18. The Committee shall perform such other functions as assigned by law, Altera's charter or bylaws, or the board of directors.

### **AUTHORITY**

The Committee has the following authority:

1. In discharging its oversight role, the Committee shall have full authority to conduct or authorize any investigation on matters within the scope of the Committee's duties and responsibilities, including matters related to the integrity of reported financial results, the soundness of Altera's accounting policies and internal control systems, and any material illegal act or conflict of interest that could jeopardize Altera's control systems or the integrity of its financial statements and disclosure.
2. The Committee shall have the sole authority to appoint, approve the compensation for, and oversee the external auditors.
3. The Committee shall have the authority to engage and approve the compensation and other retention terms for independent counsel and other advisors as necessary to perform its duties and responsibilities.

### **MEETINGS**

The Committee shall meet, either in person or via telephonic conference, on a regular basis, at least quarterly, or more frequently as circumstances require. The Committee may ask members of management or others to attend the meeting and provide pertinent information as necessary.

### **MINUTES**

The Committee shall maintain written minutes of its meetings and shall file such minutes with the minutes of the meetings of the board of directors.

### **COMMUNICATION AND REPORTING**

The Committee is expected to maintain free and open communication with the external auditors, financial and senior management, and the board of directors. This communication shall include private executive sessions, at least annually, with each of these parties. The Committee chairperson shall also report on the Committee activities to the full board. Finally, the Committee shall provide to Altera's stockholders a report in Altera's annual proxy statement. This Committee report shall comply with the requirements of Item 306 of Regulation S-K and shall include the Committee's review and discussion of matters with management and the external auditors.

