

ALTERA CORP
Form 424B2
May 01, 2012
Table of Contents

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Registration No. 333-180984

The information in this preliminary prospectus supplement and the accompanying prospectus is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION

PRELIMINARY PROSPECTUS SUPPLEMENT DATED MAY 1, 2012

PROSPECTUS SUPPLEMENT

(To Prospectus dated April 26, 2012)

\$

ALTERA CORPORATION

% Senior Notes due

We are offering \$ aggregate principal amount of our % Senior Notes due (the notes). We will pay interest semi-annually on the notes on and of each year, beginning , 2012. The notes will mature on , .

In the event of a change of control triggering event, as defined in this prospectus supplement, the holders may require us to purchase for cash all or a portion of their notes at a purchase price equal to 101% of the principal amount of the notes, plus accrued and unpaid interest, if any. We may redeem all or some of the notes at our option and from time to time at the redemption prices described under Description of Notes Optional Redemption in this prospectus supplement.

The notes will be our unsecured senior obligations and will rank equally with all of our other existing and future unsecured senior indebtedness. The notes will be issued in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. The notes are not and will not be listed on any securities exchange or quoted on any automated quotation system.

See **Risk Factors** beginning on page S-8 of this prospectus supplement for a discussion of certain risks you should consider in connection with an investment in these notes.

	Public Offering Price(1)	Underwriting Discount	Proceeds, Before Expenses, to Us
Per note			
Total for notes			

(1) Plus accrued interest, if any, from _____, 2012, if settlement occurs after that date.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus to which it relates is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the notes in book-entry form only through the facilities of The Depository Trust Company for the accounts of its participants, including Clearstream Banking, société anonyme, and Euroclear Bank, S.A./N.V., as operator for the Euroclear System, on or about _____, 2012.

Joint Book-Running Managers

BofA Merrill Lynch

J.P. Morgan

Morgan Stanley

The date of this prospectus supplement is _____, 2012.

Table of Contents

**TABLE OF CONTENTS
PROSPECTUS SUPPLEMENT**

<u>About This Prospectus Supplement</u>	S-ii
<u>Forward-Looking Statements</u>	S-iii
<u>Summary</u>	S-1
<u>Risk Factors</u>	S-8
<u>Use of Proceeds</u>	S-19
<u>Capitalization</u>	S-20
<u>Description of Notes</u>	S-21
<u>Material U.S. Federal Income Tax Considerations</u>	S-35
<u>Underwriting (Conflicts of Interest)</u>	S-39
<u>Legal Matters</u>	S-42
<u>Experts</u>	S-42

PROSPECTUS

	Page
<u>About This Prospectus</u>	1
<u>Forward-Looking Statements</u>	2
<u>Our Business</u>	3
<u>Ratio of Earnings to Fixed Charges</u>	4
<u>Retrospectively Revised Financial Information for Adoption of a New Accounting Standard (Unaudited)</u>	5
<u>Use of Proceeds</u>	6
<u>Description of Senior Debt Securities</u>	7
<u>Forms of Senior Debt Securities</u>	16
<u>Plan of Distribution</u>	18
<u>Legal Matters</u>	21
<u>Experts</u>	21
<u>Where You Can Find More Information</u>	21
<u>Incorporation by Reference</u>	22

Table of Contents

ABOUT THIS PROSPECTUS SUPPLEMENT

This document consists of two parts. The first part is the prospectus supplement, which describes the specific terms of this offering. The second part is the prospectus, which describes more general information, some of which may not apply to this offering. You should read both this prospectus supplement and the accompanying prospectus, together with the additional information described under the heading "Incorporation by Reference" on page 22 of the accompanying prospectus.

In this prospectus supplement, except as otherwise indicated or unless the context otherwise requires, "Altera", "the company", "we", "us" and "our" refer to Altera Corporation and its consolidated subsidiaries. If the information set forth in this prospectus supplement differs in any way from the information set forth in the accompanying prospectus, you should rely on the information set forth in this prospectus supplement.

Currency amounts in this prospectus supplement are stated in U.S. dollars.

This prospectus supplement and the accompanying prospectus may be used only for the purpose for which they have been prepared. No one is authorized to give information other than that contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. We and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you.

We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since that date. Neither this prospectus supplement nor the accompanying prospectus constitutes an offer, or a solicitation on our behalf or on behalf of the underwriters, to subscribe for and purchase any of the securities and may not be used for or in connection with an offer or solicitation by anyone in any jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation.

Table of Contents

FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the information incorporated by reference in this prospectus supplement and the accompanying prospectus include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. Forward-looking statements are generally written in the future tense and/or are preceded by words such as will, may, should, could, expect, suggest, believe, anticipate, plan, or other similar words. Examples of forward-looking statements include statements regarding:

the growth prospects of the semiconductor industry and PLD market, including the FPGA and CPLD product sub-segments;

trends in our future sales, including our opportunities for growth by displacing ASICs, ASSPs and other fixed function chip alternatives;

the commercial success of our new products;

our market share in relation to competitors;

the development trend of the process technology gap ;

the analysis that our new product families are more silicon convergence-friendly products;

the timing of initial shipments of our Cyclone® V FPGAs;

the risk of exposure to product liability;

our plan to continue making purchases under the stock purchase program;

the opportunities to further expand our position outside of the United States;

the growth opportunity offered by our embedded initiative;

our research and development costs and efforts;

the timing of shipments of our newer FPGA families;

projections regarding if and when certain product sales may peak or decline;

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our gross margins and factors that affect gross margins;

our provision for tax liabilities and other critical accounting estimates;

our capital expenditures;

our exposure to market risks related to changes in interest rates, equity prices and foreign currency exchange rates; and

future payments required pursuant to other agreements and commitments.

Forward-looking statements are not guarantees of future performance and involve risks and uncertainties. The forward-looking statements contained in this prospectus supplement, the accompanying prospectus, and the information incorporated by reference in this prospectus supplement and the accompanying prospectus are based on information currently available to us and expectations and assumptions that we deem reasonable at the time the statements were made. We do not undertake any obligation to update any forward-looking statements in this prospectus supplement, the prospectus, and the information incorporated by reference in this prospectus supplement and the accompanying prospectus or in any of our other communications, except as required by law. All such forward-looking statements should be read as of the time the statements were made and with the recognition that these forward-looking statements may not be complete or accurate at a later date.

S-iii

Table of Contents

Many factors may cause actual results to differ materially from those expressed or implied by the forward-looking statements contained in this prospectus supplement, the accompanying prospectus, and the information incorporated by reference in this prospectus supplement and accompanying prospectus, including those detailed in the Risk Factors section of our Annual Report on Form 10-K and Quarterly Report on Form 10-Q incorporated by reference in this prospectus supplement and the accompanying prospectus and in the section of this prospectus supplement entitled Risk Factors.

S-iv

Table of Contents

SUMMARY

The following summary highlights information contained elsewhere or incorporated by reference in this prospectus supplement and the accompanying prospectus. It does not contain all of the information that you should consider before investing in the notes. For a more complete discussion of the information you should consider before investing in the notes, you should carefully read this entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein.

Our Company

Founded in 1983, Altera Corporation is a global semiconductor company, serving over 13,000 customers within the Telecom and Wireless, Industrial Automation, Military and Automotive, Networking, Computer and Storage, and Other vertical markets. The Other vertical market includes sub-markets of broadcast, consumer, medical and test.

Altera designs, manufactures, and markets a variety of products:

Programmable logic devices (PLDs), which consist of field-programmable gate arrays (FPGAs) and complex programmable logic devices (CPLDs), are standard semiconductor integrated circuits, or chips, that our customers program to perform desired logic functions in their electronic systems.

HardCopy[®] application-specific integrated circuits (ASICs) transition customer designs from high-density FPGAs to low-cost non-programmable implementations for volume production. Because they are customized only on the last few mask layers, HardCopy ASICs deliver performance that can be an alternative to traditional ASICs, but with reduced development costs and shorter production lead times.

*Pre-defined design building blocks, known as *intellectual property (IP) cores*, can be licensed by customers to add standard functions to their PLD designs.*

*Proprietary *development software*, which operates on personal computers and engineering workstations, is used by customers to develop, compile, and verify their designs, and then program their designs into our PLDs.*

We were one of the first suppliers of complementary metal oxide semiconductor PLDs and are a global leader in this market. Our broad range of PLDs offers unique features as well as differing densities and performance specifications, and serves a wide range of customers.

Altera was incorporated in 1983, and reincorporated in the State of Delaware in 1997. Our principal executive offices are located at 101 Innovation Drive, San Jose, California 95134. Our telephone number is (408) 544-7000 and our website is www.altera.com. Information contained in or accessible through our website is not part of or incorporated by reference into this prospectus supplement or the accompanying prospectus.

Table of Contents

The Offering

The following is a brief summary of certain terms of this offering. For a more complete understanding of the notes, see the Description of Notes section in this prospectus supplement.

Issuer	Altera Corporation
Notes Offered	\$ aggregate principal amount of % senior notes due .
Maturity Date	
Interest Rate	% per annum.
Interest Payment Dates	and of each year, beginning on , 2012.
Ranking	<p>The notes will:</p> <ul style="list-style-type: none"> rank senior in right of payment to all of our existing and future obligations that are by their terms expressly subordinated or junior in right of payment to the notes; rank equal in right of payment to all our existing and future senior unsecured obligations; and be effectively subordinated in right of payment to all of our subsidiaries existing and future indebtedness and other obligations (including secured and unsecured obligations) and subordinated in right of payment to our existing and future secured indebtedness and other obligations to the extent of the value of the assets securing such indebtedness and other obligations. <p>As of March 30, 2012,</p> <ul style="list-style-type: none"> we had \$500.0 million principal amount of unsecured, senior indebtedness outstanding (excluding intercompany liabilities and liabilities of a type not required to be reflected on a balance sheet in accordance with GAAP), consisting primarily of loans outstanding under our credit facility; we had no subordinated or secured indebtedness outstanding; and

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our subsidiaries had no indebtedness outstanding (excluding intercompany liabilities and liabilities of a type not required to be reflected on a balance sheet in accordance with GAAP).

Change of Control Triggering Event

In the event of a change of control triggering event, as defined in this prospectus supplement, the holders may require us to purchase for cash all or a portion of their notes at a purchase price equal to 101%

S-2

Table of Contents

of the principal amount of the notes, plus accrued and unpaid interest, if any. See Description of Notes Purchase of Notes upon a Change of Control Triggering Event.

Optional Redemption

We may redeem the notes, at any time in whole or in part, at the redemption prices described in this prospectus supplement. See Description of Notes Optional Redemption.

Certain Covenants

The indenture governing the notes will, among other things, limit our ability to:

create liens on certain assets to secure debt;

enter into certain sale and lease-back transactions; and

consolidate, merge, sell or otherwise dispose of all or substantially all of our assets.

See Description of Notes Certain Covenants in this prospectus supplement and Description of Senior Debt Securities in the accompanying prospectus.

Use of Proceeds

We intend to use the net proceeds from this offering, together with cash on hand, to repay all amounts owed under our Credit Agreement, dated August 31, 2007, and to terminate that agreement. As of March 30, 2012, we had \$500.0 million in outstanding borrowings under the agreement and the interest rate on such borrowings was LIBOR plus 0.35%. The agreement has a maturity date of August 31, 2012. See Use of Proceeds.

DTC Eligibility

The notes will be issued in fully registered book-entry form and will be represented by permanent global notes without coupons. Global notes will be deposited with a custodian for and registered in the name of a nominee of The Depository Trust Company (DTC) in New York, New York. Investors may elect to hold interests in the global notes through DTC and its direct or indirect participants as described in this prospectus supplement under Description of Notes Book-Entry Delivery and Form.

Further Issues

We may, without notice to or the consent of the holders or beneficial owners of the notes, create and issue additional notes having the same ranking, interest rate, maturity and other terms as the notes. Any additional notes having similar terms, together with the notes, would be considered part of the same series under the indenture, provided that if such additional debt securities are not fungible with the initial debt securities of such series offered hereby for U.S. federal income tax purposes, such additional debt securities will have a separate CUSIP number.

Trading

The notes will not be listed on any securities exchange or included in any automated quotation system. The notes will be new securities for which there is currently no public market.

Table of Contents

Form and Denomination	The notes will be issued in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.
Risk Factors	You should refer to the section entitled Risk Factors, beginning on page S-8, for a discussion of certain risks involved in investing in the notes.
Conflicts of Interest	Because certain of the underwriters may receive 5% of the net offering proceeds, a conflict of interest is deemed to exist under Rule 5121 of the Financial Industry Regulatory Authority (FINRA). Therefore, the offering will be made in compliance with such rule. See Underwriting (Conflicts of Interest) Conflicts of Interest.

For additional information regarding the notes, see the Description of Notes section in this prospectus supplement and the Description of Senior Debt Securities section in the accompanying prospectus.

Table of Contents**Summary Consolidated Financial Data**

The following table presents summary consolidated financial data as of and for the periods indicated. The statements of income for the years ended December 31, 2011, December 31, 2010 and December 31, 2009 and the balance sheet data as of December 31, 2011 and December 31, 2010 have been derived from the audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2011 filed with the Securities and Exchange Commission (the Commission), which is incorporated herein by reference. The statements of income for each of the three-month periods ended March 30, 2012 and April 1, 2011 and the balance sheet data as of March 30, 2012 have been derived from the unaudited consolidated financial statements included in our Quarterly Report on Form 10-Q for the quarter ended March 30, 2012 filed with the Commission, which is incorporated herein by reference. In the opinion of management, our unaudited summary consolidated financial data reflect all adjustments of a normal recurring nature necessary for a fair statement of such financial data. In the opinion of management, our interim financial statements have been prepared on the same basis as our audited consolidated financial statements. Interim results are not necessarily indicative of results of operations for the full year. You should read the following table in conjunction with our audited consolidated financial statements and related notes in our Annual Report on Form 10-K for the year ended December 31, 2011 and our unaudited consolidated financial statements and related notes in our Quarterly Report on Form 10-Q for the quarter ended March 30, 2012.

	December 31, 2011	Fiscal Year Ended, December 31, 2010	December 31, 2009	Three Months Ended March 30, 2012	Three Months Ended April 1, 2011
(In thousands, except per share amounts)					
Consolidated Statements of Income Data:					
Net sales	\$ 2,064,475	\$ 1,954,426	\$ 1,195,413	\$ 383,754	\$ 535,813
Cost of sales	610,329	566,942	396,584	114,834	146,910
Gross margin	1,454,146	1,387,484	798,829	268,920	388,903
Research and development expense	325,733	264,649	260,208	82,297	74,408
Selling, general and administrative expense	279,217	254,495	234,074	69,785	69,022
Compensation (benefit) expense deferred compensation plan	(1,964)	6,839	11,776	5,736	1,662
Loss (gain) on deferred compensation plan securities	1,964	(6,839)	(11,776)	(5,736)	(1,662)
Interest income and other	(3,526)	(3,330)	(6,083)	(1,807)	(885)
Gain reclassified from other comprehensive income				(102)	
Interest expense	3,730	3,843	5,092	937	1,041
Income before income taxes	848,992	867,827	305,538	117,810	245,317
Income tax expense	78,281	84,943	54,476	1,976	21,248
Net income	\$ 770,711	\$ 782,884	\$ 251,062	\$ 115,834	\$ 224,069
Net income per share:					
Basic	\$ 2.39	\$ 2.55	\$ 0.85	\$ 0.36	\$ 0.70
Diluted	\$ 2.35	\$ 2.49	\$ 0.84	\$ 0.35	\$ 0.68
Shares used in computing per share amounts:					
Basic	321,892	307,302	294,493	322,586	321,020
Diluted	327,606	313,912	297,180	327,061	327,843

Table of Contents

	December 31, 2011	As of December 31, 2010 (In thousands)	March 30, 2012
Consolidated Balance Sheet Data:			
Cash, cash equivalents and short term investments	\$ 3,437,155	\$ 2,765,196	\$ 3,479,184
Other current assets	52,710	114,601	41,557
Total assets	4,282,268	3,759,837	4,379,069
Credit facility	500,000	500,000	500,000
Total stockholders' equity	2,993,896	2,323,652	3,116,879

S-6

Table of Contents

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our ratio of earnings to fixed charges for each of the periods indicated. You should read this table in conjunction with our consolidated financial statements and notes in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011 filed with the Commission on February 17, 2012 and our Quarterly Report on Form 10-Q for the fiscal quarter ended March 30, 2012 filed with the Commission on April 23, 2012, which are incorporated by reference in this prospectus.

**Three Months
Ended
March 30,**

Fiscal Year Ended