

**Testimony of Jeff Thomas
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**Before the Committee on Financial Services
Subcommittee on Capital Markets, Insurance and Government Sponsored Enterprises**

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Introduction

Chairman Baker and members of the subcommittee: good afternoon and thank you for hearing my testimony today.

My name is Jeff Thomas. I am a Field Applications Engineer, or FAE, for Altera Corporation in San Jose, CA. Altera Corporation designs and sells programmable logic devices which are semiconductor chips that are used in a broad range of applications. In my role as an FAE, I provide on-site technical support to one of our largest customers, a major telecommunication company.

My responsibilities include training engineers on how to use our chips, helping our customers debug their systems, and ensuring that our chips work properly. In an average day, I will give a presentation on our latest technology, work in our customer's lab to help them debug a circuit, and write some code to help our customer implement their design.

I volunteered to participate in this hearing because stock options played a large role in my decision to pursue a career in a high tech field.

Personal History

I graduated from Carnegie Mellon University in 2000 with a bachelor's degree in Electrical and Computer Engineering. I had job offers from a broad range of companies. During my time at CMU, I had two summer internships at Fortune 500 companies. Both companies offered me a job upon graduation, but neither offered broad-based stock option plans.

I also interviewed with a number of high tech firms. All of my job offers from high tech firms included some type of employee stock option program. I decided that I wanted to work for a company where I had a stake in the success of the company. I liked the idea of being able to profit not only from my salary, but also from the growth of the company.

In retrospect, I can definitely say that I have seen difference in the behavior and performance of employees at high tech firms who have a vested interest in their company's success versus the people I worked with at companies that do not offer broad-based stock option plans.

Personal Experience

My first day at Altera, I was granted stock options that would vest over the next four years. Each year, 25% of my options vest, which means that if I have stayed with the company and the stock price has gone up, I can buy and sell the options and realize a profit.

Also, each year at my annual review, I am granted a new batch of options, based on my performance, that follow a similar vesting schedule. This ensures that I am motivated to stay with the company and work to increase the company's value.

Altera Perspective

Stock options are a great incentive for employees. People work hard, not only to advance their personal careers, but also to grow the company as a whole. They allow all employees to share in the success of the company. As the sales and profits of the company increase, employees benefit through appreciation of the stock price. This fosters an environment where employees will go out of their way and beyond their job description to grow the company.

Stock options are also a strong motivation to stay with a company. Because of the vesting schedule, employees are incentivized to stay with a good company to continue to increase their ownership stake. Since I believe in Altera's long term vision, I want to stay with the company and continue to build my share in the company through the stock option program. Because everyone at Altera has a stake in the company, they are committed to making the company successful in the long term.

Industry Perspective

This behavior is not unique to Altera. I see the same type of dedication and work ethic at other companies in Silicon Valley. All of my friends, whether they work at big telecom companies or small start-ups, share the same desire to see their company succeed because of their ownership stake. Engineers in the Valley often work long hours and weekends to ensure that their company succeeds. Each person has a personal stake in the company beyond their paycheck.

Already in my career, I have seen the effect of broad based stock option plans in action. I have been able to compare this to the atmosphere at companies that do not offer such a program. I can definitely say that employees who have stock options show a much stronger dedication to their company. Throughout my career, I want to continue working for a company that offers stock options to all employees because it means that everyone at the company is working toward the shared goal of increasing the company's value.

Conclusion

I believe that anything that would make it more difficult for a company to grant stock options to a broad base of employees will reduce the company's overall performance. The success of Silicon Valley is based on the work ethic and dedication of its employees. This work ethic is a direct result of the fact that employees know that they will share in the success of their company.

If a company is unable to grant its employees an ownership stake, those employees will become much less concerned with the overall success of the company. I sincerely hope you will consider the positive impacts of stock options while you are determining the fate of this bill.

Thank you again Mr. Chairman and members of the subcommittee for hearing my testimony today. I would be happy to answer any questions you might have at this time.