

American Electronics Association

AEA

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TO: AEA HR Company Contact

FROM: George Sollman, President and CEO, Centigram Communications Corporation
Vice Chairman, AEA Silicon Valley Council

DATE: March 1, 1994

SUBJECT: Silicon Valley Employee Stock Option Rally
March 25, 1994 -- 11:00 a.m. to 1:00 p.m.
San Jose Convention Center

The American Electronics Association, the American Entrepreneurs for Economic Growth and Bay Area Venture Capital firms are organizing a massive employee rally to protest a disastrous proposal by the Financial Accounting Standards Board (FASB) that will threaten our jobs. This protest rally is our last and best chance to convince the Clinton Administration that the FASB proposal is bad for Silicon Valley. It will be covered by national and local TV and print press.

As you no doubt are aware, the seven-member FASB is determined to require companies to deduct the value of their stock options from reported earnings. This will have a draconian impact on reported earnings in the high-technology sector, reducing them by 35%-50%. For companies that grant stock options to their employees and are, at the same time, experiencing substantial growth, this proposed change will be devastating.

Most companies will be forced to eliminate broad-based stock option plans under the FASB proposal. These stock options have allowed Silicon Valley to distinguish itself worldwide, by attracting, retaining, and motivating the world's finest employees. These stock options have enabled us to create many jobs and build great companies that compete effectively in a worldwide economy.

To help us defeat the FASB's proposal, we ask you to do the following:

- Meet with your CEO to discuss how best to have employees at every level from your company attend the rally for two hours from 11:00 a.m. to 1:00 p.m. on Friday, March 25 at the San Jose Convention Center.
- Designate a rally coordinator.
- Have your rally coordinator fax back the attached response form to Diane McIntyre ASAP at 415/965-0369.
- Make copies of the flyer, post it; pass the word through your company information channels and alert your business colleagues and friends.

Your leadership has placed Silicon Valley at the forefront and is urgently needed now. This rally can enable public opinion to influence the Clinton Administration and Congress to turn around FASB. Thank you for your support of the March 25th Silicon Valley Employee Stock Option Rally!

BACKGROUND BRIEFING SHEET

Silicon Valley Employee Stock Option Rally Friday, March 25, 1994; 11:00 a.m. - 1:00 p.m. San Jose Convention Center

The Issue: In the face of mounting opposition, the Financial Accounting Standards Board (FASB) continues to push forward with its proposal to value stock options on corporate balance sheets. Companies that grant employee stock options will be required to determine the "fair value" of the options using a complicated options-pricing model, and to recognize this value as an expense on their financial statements. Public and private companies are subject to the FASB proposal.

What is FASB: FASB is an independent standards-setting body funded by industry and accounting firms. FASB's seven board members set the "generally accepted accounting principles" that provide the framework for the consistent reporting of financial results to investors and to the Securities and Exchange Commission (SEC).

The Background: In 1983, FASB embarked on a major project to determine if stock options should be included as a compensation charge on corporate income statements. For a number of reasons, including the difficulty in ascertaining a true value for stock options and industry advocacy, FASB tabled its efforts.

In 1991 and 1992, unfavorable publicity surrounding the compensation of a few high-profile corporate executives spawned legislative action to limit the disbursement of stock options. Senator Carl Levin (D-Michigan) proposed that current accounting rules be changed to force companies to reflect the "present value" of outstanding options on their financial statements as an expense.

In April 1993, FASB announced its intention to require disclosure of stock options on corporate balance sheets (beginning 1/1/94), and to require the valuation of options and a charge against earnings (beginning 1/1/97). On June 30, 1993, FASB released an "Exposure Draft" announcing how it proposed to accomplish this, and opened a six-month public comment period on its proposal. On March 7-8, 21-22 and 25-26, 1994, FASB will hold its final public hearings on the matter. Following this, the seven members of FASB will vote on its proposal.

The Opportunity: FASB holds the last of three hearings in San Jose, March 25-26 at the San Jose Hyatt. The San Jose hearing provides an excellent opportunity for industry to get our message out.

The Strategy: Hold a public rally of Silicon Valley employees that will be covered by National and Local TV and print media; communicate strongly that this is an employee issue and that opposition is strong and deeply entrenched. National media attention in turn will further pressure the Clinton Administration to take a stronger position to urge the SEC to exert their influence on FASB.

Actions Requested of Valley Employees:

- 1) Spread the word about the Rally through any channels available to you. It is critical that we have a large employee turnout.
- 2) Attend the Rally on Friday, March 25.
- 3) Encourage National, Local and Trade press you know to cover the Rally.

Lead Organizing Associations: American Electronics Association, Western Venture Capital Association, National Venture Capital Association

For More Information: Diane McIntyre, Rally Director, 415/390-3800 (operational 3/2/94)

2/23/94

Your Stock Options/Stock Purchase Plans are Threatened because of 7 Bureaucrats

These 7 FASB Bureaucrats plan to enact a proposal that
will eliminate broad-based stock option plans.
Your security and the Valley's security are threatened.

Protest this action by attending the Silicon Valley Employee Stock Option Rally

Friday, March 25, 11:00 a.m. - 1:00 p.m.
San Jose Convention Center
408 Almaden Ave, San Jose

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What sets Silicon Valley apart?

Stock Options

Why do we get the best people?

Stock Options

What's the one incentive left?

Stock Options

**We must be there in large numbers to show the National TV Press
and the Clinton Administration that stock options and stock
purchase plans are important to Valley employees.**

- * Sign our petition to President Clinton
- * Wear your company t-shirt
- * Invite your colleagues and family

Silicon Valley Employee Stock Option Rally

March 25, 1994, 11:00 a.m. - 1:00 p.m.

San Jose Convention Center

(Return this form immediately -- Fax to: 415/965-0369)

YES, we'll be there.

Our company name: _____

We'll have _____ people at the Rally or We'll let you know later how many people to expect.

Contact person for our company is:

name _____

title _____

phone _____ fax _____

street mailing address _____

Yes, book us a bus (minimum 45 people) to bring our people.*

Yes, book us a van (minimum 15, 24, 28 people) to bring our people.*

Yes, we'll plan to hook up with buses at the following pick-up location: (pls. indicate only one location). *Note: pick-up location information will be sent to your company contact person. Pick-up time will range from 10:15 - 10:45 a.m. depending on location.**

Fremont, LogiTech

Menlo Park, Raychem

Milpitas, Adaptec

Mt. View, Shoreline Ampitheater

Redwood Shores, Oracle

San Jose, Aspect Telecommunications

Santa Clara, Applied Materials

(Other pick-up sites are being identified.)

Call us; you can use our parking lot

No, we don't need arranged transportation; we'll:

take Light Rail drive or carpool (pking \$5/car) arrange our own transportation

**You'll be contacted by Rally staff to confirm transportation arrangements before anything is booked. Informal dress encouraged -- all levels of employees.*

FAX BACK TO: 415/965-0369

Questions? Call Diane McIntyre, 415/390-3800