

ikon

From: mr_smith1995@yahoo.com
Sent: Friday, June 18, 2004 12:06 PM
To: Director - FASB
Subject: File Reference No. 1102-100, Comment on FASB Stock

Letter of Comment No: 5114
File Reference: 1102-100



InterScan_SafeSta
mp.bt (296 B...

Dear Mr. Robert Herz:

I am writing in reference to FASB's invitation to comment on its exposure draft, "Share-Based Payment," an amendment of Statements No. 123 and 95. In my 15 year career I have worked for three different companies in silicon valley. In all three companies there have been stock option programs and I have received stock options from all three. My current employer is a small technology company that has only existed since the mid 90's and has grown to \$700M in sales.

I believe a key reason this company has been so successful and has grown so quickly is directly related to the incentives offered employees in stock options. Knowing we had a stake in the bottom line made us very diligent about decisions that affected financial performance. Also having a large stake in the stock motivated everyone to try their hardest.

My previous two companies were already multi-billion dollar successes by the time I was hired. At those companies the stock option program on the individual employee level was puny and insignificant. If those companies were forced to expense stock options, they would probably reduce the program and in truth, I doubt there would be any impact. Stock options are not huge motivator at multi-billion dollar companies. Stock options make a huge difference at small companies.

I believe they are crucial for the success of start-up companies to get and retain top-notch employees. There is a tremendous risk in working at a start-up and good people won't take that risk if there is not an equity position that has the potential to exceed the salary. I know I wouldn't have.

Sincerely,

Mark Smith
Brocade Communications
1881 Newcastle Drive
Los Altos, CA 94024