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Letter of Comment No: 4149 File Reference: 1102-100

From:

ttyler@brocade.com

Sent:

Tuesday, June 15, 2004 7:13 PM

To:

Director - FASB

Subject:

File Reference No. 1102-100, Comment on FASB Stock Option Proposal



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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.

As an employee who currently receives stock options, I view it as an investment in my company, and a partnership to encourage long-term improvement in my company's position. In former companies, I was compensated only with salary and benefits, without stock options or even an employee stock purchase program. While I hoped that my company would endure without my participation in stock programs, I have an even greater vested interest in insuring the long-term growth of my company today. I believe that this strategic alignment of employee and investor interests serves everyone well.

It is true that there have been blatant examples of abuses at senior management levels. Removing the incentive that principally aligns shareholder with employee interests is not the solution. Rigorous enforcement and prosecution is the real solution.

When options are exercised, the cost to the company is reported as an expense. Relying on complex formulations that attempt to predict the future exercise price is not only flawed, it risks the ultimate goal of insuring fair and accurate accounting. If shares are expensed as they are exercised, it cannot get easier than that. As long as a company fully discloses how many shares are outstanding, the savvy investor can make a determination of what future option exercise activity could have to the bottom line.

Do not fool yourself into believing that stock options will continue at the worker level if your suggested changes are implemented. The only people who would continue to receive them are the very caliber of people who violated investor confidence before. That is not a recipe for success.

It is said that today's problem is caused by yesterday's solution. Let us be sure not to cause tomorrow's problem with a visceral reaction to today's problem.

Sincerely,

Thomas Tyler Brocade Communications 1184 Essex Street Livermore, CA 94550