Karen Salmansohn

From: Director - FASB

Sent: Wednesday, February 0"

Karen Salmansohn To: Subject: FW: FASB Comment L

Importance: High

Letter of Comment No: 256 File Reference: 1102-001

Date Received: 2-3-03



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1-27-20...

----Original Message----

From: Bob Kleist [mailto:BKleist@printronix.com]

Sent: Tuesday, February 04, 2003 6:42 PM

To: Director - FASB

Subject: FASB Comment Letter

Importance: High

Please find below my comments as requested.

Regards,

Robert A. Kleist President & CEO Printronix, Inc.

<<FASB letter on options 1-27-2003.doc>>

February 3, 2003

Gentlemen:

I am offering the following comments on Accounting for Stock-Based Compensation. These comments are based upon the experience of Printronix, Inc., a publicly held high technology company founded in 1974 that competes in a global market for industrial printing solutions.

The proposed expensing of stock options is not helpful to shareholders' understanding of company performance because stock options do not represent an operating expense and the methods of evaluating stock option expense are at best speculative and volatile. The current APB25 method is much more representative because it accounts for the dilution of exercisable but unissued option shares. Options that are not yet exercisable are potential further dilution and it might provide worthwhile additional information to shareholders if this were also disclosed in financial statements.

Stock options have proven to be a useful form of compensation to high technology companies because they are an inducement to acquire and keep key employees. Additionally, they align the interests of many employees with those of shareholders because options are more widely distributed within high technology companies.

In conclusion, we believe FASB should retain the current standard FAS 123 and the proposed mandatory expensing standard should be rejected.

Sincerely,

Robert A. Kleist President and Chief Executive Officer

RAK:bf