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Letter of Comment No: 3266 File Reference: 1102-100

From: jbatten@oreillyauto.com

Sent: Monday, June 07, 2004 3:47 PM

To: Director - FASB

Subject: File Reference No. 1102-100

We are writing to express our concern regarding the proposed accounting treatment for stock options. As a specialty retailer of automotive parts and accessories, we have successfully used a broad based option plan to motivate and retain our store managers and other team members throughout our company.

Mandating that stock options should be expensed will discourage companies like ours from using options. This will discourage our store managers and others who look to options as a long-term incentive.

We believe that corporate governance will NOT be improved by implementing FASB's plan and will in fact, cloud financial statements and harm comparability. FASB's plan allows companies to make various assumptions which will hinder consistency among companies and make the disclosures suspect. Investors will likely be more confused than ever.

No valuation model suggested to date is reliable, consistent or comparable. Implementing expensing in the absence of a good valuation model would demonstrate poor judgement on FASB's part. Even if such a model existed, the cost of options is already reflected in earnings via the dilution of options in the weighted average share calculation for diluted EPS.

To summarize, we have found that our broad based stock option plan has very closely aligned the interests of our team members with those of our shareholders and the loss of such plans would be devastating.

Please reconsider your position and look beyond the theoretical discussion to the practical implications of your current plan.

Sincerely,

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