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MP&T Director
File Reference 1101-001
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, Connecticut 06856-5116

## Dear MP&T Director:

We have reviewed proposed Statement of Financial Accounting Standards, Accounting for Stock-Based Compensation-Transition and Disclosure, an amendemnt of FASB Statement No. 123 and have the following observations:

- We agree that if additional transition methods are provided the proposed disclosure requirements are an essential component in improving financial reporting.
- We believe the proposed disclosures are adequate and we do not believe
  that other disclosures about stock-based employee compensation cost
  would be useful, nor do we think that the classification of that cost in the
  income statement is necessary. We take this position as we believe that
  the notes and significant accounting policy disclosures are an integral part
  of the financial statements and a prudent investor should consider all
  aspects of the Company's financial condition included in its reporting.
- We also believe that the ultimate impact of the transaction should be considered in the accounting for the issuance of stock options. Therefore, we recommend that the Board consider including all options that are eligible for exercise in the denominator of the fully diluted EPS calculation as an alternative to fair value accounting. This would maximize the potential dilutive effect on the Company's earnings per share that would be realized upon exercise of the stock options and more closely represent the future impact to the Company. Further, this would eliminate the

subjectivity surrounding the inputs to the Black Scholes model such as expected volatility and expected life of an option.

Regards,

Steve Odland Chairman, President and CEO AutoZone