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Letter of Comment No: 2466
File Reference: 1102-100

From: doreilly@oreillyauto.com
Sent: Monday, May 17, 2004 12:22 PM
To: Director - FASB
Subject: File reference No. 1102-100

Our company (ORLY-Nasdaq) employs 16,500 people in 18 states, selling auto parts to retail and commercial users from over 100 store locations. We have been public for 11 years and have grown approximately 10x the size from when we went public.

Put very simply, the measured usage of stock options to our team members has been a very integral part of our growth strategy, and has been immensely movitivational to our store managers (over 1100) and our entire management team. If we are forced to mandatorily expense the options issued we will be forced to cease this wonderful form of incentivising our team members to grow the company in the most profitable fashion. There's no way we will incur this phantom expense. It is incredibly short sighted in our opinion to make this change just because others in the world marketplace do so.

In it's present form, stock options perform extremely efficient and stimulative roles to grow companies and control costs. The government gets it's revenue from the taxable gains and employees love the true sense of actual ownership interest and incentive. There is just no way to compare other plans with the effectiveness of stock options and it is ridiculous to upset such an overwhelmingly successful way of doing business.

The bottom line is diluted EPS are already reflective of the option shares. To put it even more simple....."if it's not broken, why in the world are you trying to fix it???".

Sincerely,

David O'Reilly

David O'Reilly, CEO
O'Reilly Auto Parts
Office 417-874-7159
Fax 417-829-5861