

O'Reilly Automotive Inc

ORLY
NASDAQ

B Outperform
Data as of 10/07/2011

SCHWAB EQUITY RATING

B Outperform Data as of 10/07/2011
Percentile Ranking: **19**

Last weeks rating: Data as of 09/30/2011
B Outperform
Percentile Ranking: 20

A	1-5	Strongly Outperform	BUY HOLD SELL
B	6-30	Outperform	
C	31-70	Marketperform	
D	71-95	Underperform	
F	96-100	Strongly Underperform	

For details about using Schwab Equity Ratings, please see the Schwab Center for Financial Research report "Managing a Portfolio Using Schwab Equity Ratings" in the Stocks article library under Market Insight.

See page 4 for further documentation on Schwab Equity Ratings, **Important Disclosures, and Regulation Analyst Certification.**

BUSINESS SUMMARY

Source: S&P

O'Reilly Automotive, Inc. operates as a specialty retailer of automotive aftermarket parts, tools, supplies, equipment, and accessories in the United States.

For more details, see page 2.

OVERVIEW

Source: S&P

Price as of 10/12/11 **\$68.37**
Market Capitalization **9.3 Billion**
Asset Class **Mid Cap**
Beta **0.39**

SECTOR/INDUSTRY Schwab Industry Rating **A**

Source: S&P

Sector **Consumer Discretionary**
Industry **Specialty Retail**
Sub-Industry **Automotive Retail**

Schwab Sector Viewpoint **Marketperform**

METRICS

Source: Reuters

VALUE METRICS	ORLY	S&P 500
P/E last 4Q	21.1	13.5
P/E forecast EPS	16.7	-
P/Free Cash Flow last 4Q	16.1	12.4
P/Sales last 4Q	1.66	1.17
Price/Book	2.9	3.6
Dividend Yield(%)	-	2.2

GROWTH METRICS (%)

1 year sales growth	9.9	10.0
3 year sales growth	28.9	5.9
1 year EPS growth	26.9	74.7
3 year EPS growth	20.9	7.2
1-year forecast EPS growth	19.2	-
3-5 year EPS growth forecast	16.5	-
1 year dividend growth	-	3.7
3 year dividend growth	-	3.7

MOMENTUM METRICS (%)

4 week stock price change	-2.0	-2
26 week stock price change	23.5	-8.2

FINANCIAL METRICS (%)

Gross margin	48.6	38.8
Net margin	8.2	8.7
Return on assets	8.9	4.4
Return on equity	15.1	14.8
Return on invested capital	12.2	14.1
Long-term debt/capital	.14	.33

RATIONALE BEHIND OUR **B** RATING ON ORLY

For details about inputs to Schwab Equity Rating, see "Schwab Equity Ratings Foundations" in the "Stocks" article library under Market Insight.

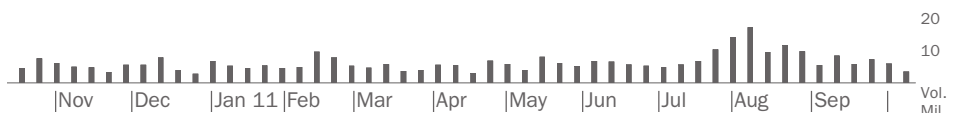
▲ IMPROVED VS. PREVIOUS WEEK
▼ DECLINED VS. PREVIOUS WEEK

	THIS WEEK	LAST WEEK	IMPORTANCE
B FUNDAMENTAL GRADE			
Cash Flow Strength	Positive	Positive	Medium
Capital Intensity	Negative	Negative	Medium
Efficient Management of Working Capital	Neutral	Neutral	Low
Conditional Financial Leverage	Neutral	Neutral	Low
Operating Profitability Change	Neutral	Neutral	Low
D VALUATION GRADE			
Income Statement Valuation	Negative	Negative	Medium
Balance Sheet Valuation	Negative	Negative	Medium
Short Seller Valuation Sentiment	Neutral	Neutral	Medium
A MOMENTUM GRADE			
Recent Brokerage Analyst Sentiment Change	Positive	Positive	High
Track Record of Positive EPS Surprises	Positive	Positive	Low
Recent Price Performance vs. The Market	Positive	Positive	Low
C RISK GRADE			
Long-term Liabilities Change	Positive	Positive	Low
Business Geographic Diversification	Neutral	Neutral	Low

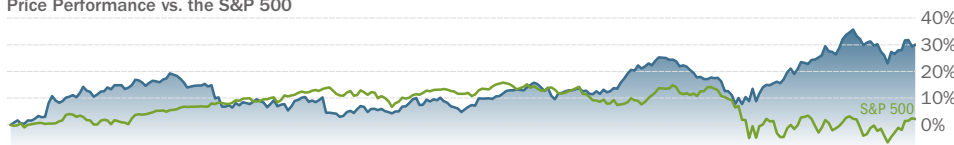
PRICE & VOLUME HISTORY

Data source: Reuters

ORLY Daily Close Prices ▲ ▼ QUARTERLY POSITIVE/NEGATIVE EARNINGS SURPRISE ANNOUNCEMENT --- 200-DAY MOVING AVERAGE



Price Performance vs. the S&P 500



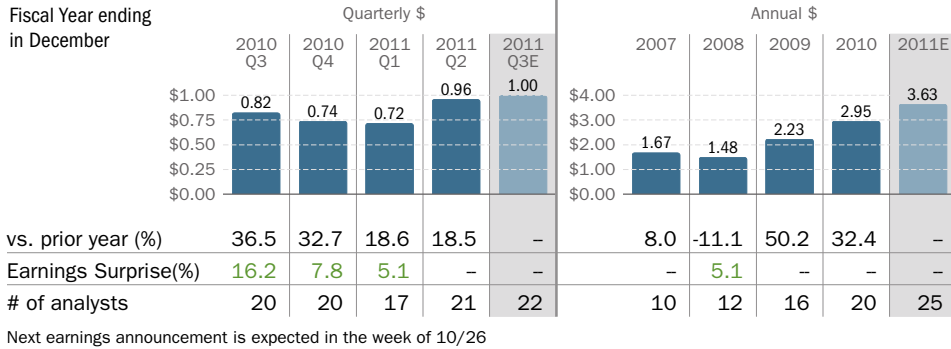
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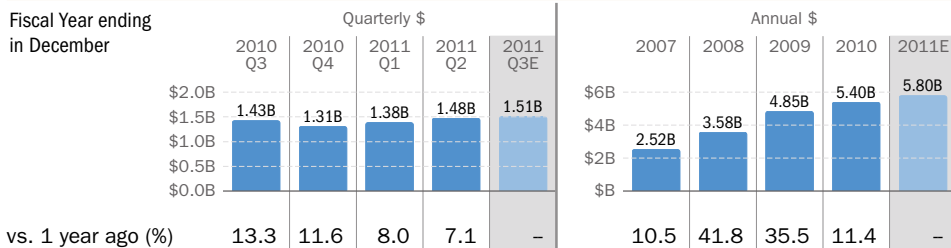
EARNINGS PER SHARE

Earnings data source: Reuters



REVENUE

Revenue data source: Reuters



ANNUAL EARNINGS FORECAST

Source: Reuters

	MEAN FORECAST	CONSENSUS CHANGE IN LAST 30 DAYS	FORECAST RANGE	NUMBER OF FORECASTS
12/31/2011	\$3.63	\$0.00	\$3.55-\$4.20	25
12/31/2012	\$4.09	\$0.00	\$3.84-\$4.29	25
Next 5 Yr. Growth Rate	16.5%	0.0%	14.0%-19.0%	9

DIVIDENDS

Dividends data source: Reuters

This company does not pay a dividend.

SCHWAB SECTOR STOCK LIST

Price as of: 10/12/2011

TICKER	COMPANY	PRICE	SCHWAB EQUITY RATING	GICS INDUSTRY
CBS	CBS Corp 'B'	\$23.44	A	Broadcasting
DAN	Dana Holdings	12.91	A	Auto Parts & Equipment
LINTA	Liberty Interactive 'A'	15.45	A	Catalog Retail
M	Macy's Inc	28.42	A	Department Stores
TRW	TRW Automotive Hldg	38.86	A	Auto Parts & Equipment

OTHER OPINIONS

S&P's Recommendation RATING SINCE 02/17/2011
★ ★ ★ ★ ★

Credit Suisse Rating RATING SINCE 06/12/2008
UNDERPERFORM NEUTRAL **OUTPERFORM**

Argus 12 Month Rating
RATING NOT AVAILABLE

Ned Davis Rating RATING SINCE 06/20/2011
SELL NEUTRAL **BUY**

Market Edge Second Opinion® RATING SINCE 08/29/2011
AVOID NEUTRAL **LONG**

Reuter's Average Rating RATING SINCE 10/08/2011
NO OPINION SELL UNDER-PERFORM HOLD **OUT-PERFORM** BUY

BUSINESS DESCRIPTION

Source: Reuters

O'Reilly Automotive, Inc. and its subsidiaries (collectively O'Reilly) are specialty retailers of automotive aftermarket parts, tools, supplies, equipment and accessories in the United States, selling its products to both do-it-yourself (DIY) customers and professional service providers. Its stores offer products, including new and remanufactured automotive hard parts, such as alternators, starters, fuel pumps, water pumps, brake system components, batteries, belts, hoses, chassis parts and engine parts; maintenance items, such as oil, antifreeze, fluids, filters, wiper blades, lighting, engine additives and appearance products, and accessories, such as floor mats, seat covers and truck accessories. Its stores offer services, including used oil and battery recycling, battery diagnostic testing, electrical and module testing, loaner tool program, drum and rotor resurfacing, custom hydraulic hoses, and machine shops.

O'Reilly Automotive Inc



1 08/08/11 ORLY says its Board of Directors approved a resolution to increase the authorization amount under its share repurchase program by an additional \$500M, raising the aggregate authorization under the program to \$1B.

2 07/28/11 12:11 pm ET ... S&P MAINTAINS BUY RECOMMENDATION ON SHARES OF O'REILLY AUTOMOTIVE (ORLY 60.73**):** Excluding one-time items, Q2 EPS of \$0.96, vs. \$0.81, is \$0.01 above our estimate and in line with consensus from Capital IQ. Comp-store sales rose 4.4%, and expense controls aided operating margins by 80 bps. We favor industry fundamentals, and expect further market share gains by ORLY. We are increasing our '11 and '12 operating EPS forecasts to \$3.61 and \$4.06 from \$3.55 and \$3.94, and are also raising our DCF-based target price by \$2 to \$70. We think shares are attractive, given strong LT growth prospects, trading at under 15X our '12 EPS estimate, a slight premium to peers. /Michael Souers

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IMPORTANT DISCLOSURES FOR ONLY

Regulation Analyst Certification: The views expressed in this research report accurately reflect Schwab's quantitative research model, and no part of Schwab's compensation was, is or will be, directly or indirectly, related to the specific recommendations or views disclosed in the research report.

Note the Price Chart in the disclosures of this report which shows the rating and price history over applicable periods for this stock, including if and when coverage was terminated or suspended.

Within the previous 12 months, the percentage of companies that have a Schwab Equity Rating and for which Schwab has provided investment banking services are as follows:

- Less than 1% in Buy Category (Schwab Equity Ratings of A or B)
- Less than 1% in Hold Category (Schwab Equity Ratings of C)
- Less than 1% in Sell Category (Schwab Equity Ratings of D or F)

Price History for ORLY

Schwab Equity Rating History for ORLY



SCHWAB EQUITY RATINGS MEANING AND DISTRIBUTION

Schwab Equity Ratings are assigned to approximately 3000 of the largest (by market capitalization) stocks of issuers headquartered or incorporated in the U.S. or in certain foreign nations where companies typically incorporate or locate for tax or operational reasons. The explanation and table below are included to assist you in using Schwab Equity Ratings as one component of your own research to evaluate stocks and investment opportunities.

Schwab rates stocks using a scale of A/B/C/D/F. Schwab's outlook is that "A" rated stocks, on average, will strongly outperform and "F" rated stocks, on average, will strongly underperform the equities market over the next 12 months. Schwab Equity Ratings are based upon a disciplined, systematic approach that evaluates each stock on the basis of a wide variety of investment criteria from four broad categories: Fundamentals, Valuation, Momentum, and Risk. This approach attempts to gauge investor expectations since stock prices tend to move in the same direction as changes in investor expectations. Stocks with low and potentially improving investor expectations tend to receive the best Schwab Equity Ratings ("A" or "B" ratings), while stocks with high and potentially falling investor expectations tend to receive the worst Schwab Equity Ratings ("D" or "F" ratings). From time to time, Schwab may update the Schwab Equity Ratings methodology.

Schwab Equity Ratings Distribution

Schwab Equity Rating	Percentile Ranking Distribution	Distribution of Rating Within Sector	12 Month Return Outlook	General Buy/Hold/Sell Guidance*
A	1 - 5	Top 5%	Strongly Outperform	Buy
B	6 - 30	Next 25%	Outperform	Buy
C	31 - 70	Next 40%	Marketperform	Hold
D	71 - 95	Next 25%	Underperform	Sell
F	96 - 100	Bottom 5%	Strongly Underperform	Sell

*The general buy/hold/sell guidance is relative to other rated equities only. Before considering whether to take any action, an investor should consider whether equities generally are performing well in comparison to other asset classes and whether other equities in the same sector or category with the same or better rating may be more appropriate.

Investment Rating Explanation

A (Strongly Outperform): If an investor is looking to add a stock to his or her portfolio, "A" rated stocks may be the best candidates for consideration.

B (Outperform): An investor looking to add a stock to his or her portfolio might also consider a "B" rated stock, though preference should be given to "A" rated stocks.

C (Marketperform): An investor would not usually consider a "C" rated stock for purchase. An investor that has a "C" rated stock in his or her portfolio should consider continuing to hold the stock, and might monitor the stock's ongoing performance and compare the potential benefits of owning a stock with higher ratings.

D (Underperform): An investor holding a "D" rated stock should consider whether it is appropriate to continue to hold that stock in his or her portfolio. An investor would not usually consider a "D" rated stock for purchase.

F (Strongly Underperform): An investor holding an "F" rated stock should consider whether it is appropriate to eliminate that stock from his or her portfolio. An investor would not usually consider an "F" rated stock for purchase.

Percentile Rankings Explanation: Each of the approximately 3000 stocks rated in the Schwab Equity Ratings universe is given a score that is derived from several research factors. The assignment of a final Schwab Equity Rating depends on how well a given stock scores on each of the factors and then on how that stock's average factor score compares to the average factor scores of other stocks in the same sector. The result is a stock's within-sector, or "sector-neutral," percentile ranking. The lowest percentile rankings represent the best scores and correspond to the best letter grades. For example, in a sector with 400 stocks, the top 20 stocks (5 percent) would receive a percentile ranking of 1 and the bottom 20 stocks would receive a percentile ranking of 100. Furthermore, stocks ranked in percentile groups 1-5 within a sector are rated "A" and those in percentile groups 6-30 are rated "B." The Schwab Equity Ratings distribution table above illustrates the percentile rankings and approximate Schwab Equity Ratings distributions.

Descriptions for Non-Rated Stocks

Category	Definition	Description
NR	Not Rated	Schwab has decided not to publish a rating on this stock due to unusual or extraordinary business circumstances related to this company. Although Schwab generally does not monitor C, D, and F rated stocks for unusual or extraordinary business circumstances, from time to time, a rating of NR may appear on a particular stock.
NA	Not Available	A Schwab Equity Rating is not available on this stock due to insufficient information about this stock.
NC	Not Covered	This stock is not currently in the Schwab Equity Rating universe or is prohibited from coverage for regulatory or other reasons.

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Modifiers

Category	Definition	Description
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*	Check News	Check current news because a potentially significant event has been announced for an A or B rated stock.
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Although Schwab generally does not monitor C, D, and F rated stocks for current news, from time to time, asterisks may appear on a particular stock due to certain circumstances (e.g. a merger or acquisition announcement). In any event, you should always check news on a stock before placing a trade. The absence of an asterisk does not imply that there is no current pertinent news on a particular stock.

SCHWAB INDUSTRY RATINGS MEANING AND DISTRIBUTION

About Schwab Industry Ratings

The Schwab Center for Financial Research (SCFR) uses an objective and disciplined approach to rank industries as classified by the widely recognized GICS (Global Industry Classification Standard) groupings. The GICS structure is comprised of sectors, industry groups, industries and sub-industries. Schwab Industry Ratings is a ranking at the industry level.

The term industry is used to describe a business activity (e.g. software, airlines, beverages). If a company participates in multiple business activities, it is usually considered to be in the industry in which most of its revenues is derived.

There are three component grades underlying Schwab Industry Ratings. Each Schwab Industry Rating component grade and respective factors are calculated for each stock in the Schwab Equity Ratings® universe of 3200 stocks and ranked relative to the universe. Stock rankings are then aggregated into an average score for each GICS industry. Next, average scores are ranked relative to the GICS industries and each industry is assigned a Schwab Industry Rating grade of "A", "B", "C", "D" or "F." An industry must include at least 6 companies in order to be rated.

Charles Schwab & Co., Inc. ("Schwab") rates industries "A", "B", "C", "D" or "F". Schwab's outlook is that "A" rated industries, on average, will strongly outperform and "F" rated industries, on average, will strongly underperform the broad equities market over the next 12 months. Schwab Industry Ratings are based upon a disciplined, systematic approach that evaluates each industry on the basis of a wide variety of investment criteria from three broad categories: Fundamental Perspective, Valuation Perspective and Momentum Perspective. This approach attempts to gauge investor expectations and the potential of an industry. Schwab Industry Ratings are not based on the Schwab Equity Ratings of the securities within the industry. Over time, the methodology upon which Schwab Industry Ratings are based may be altered.

How to use Schwab Industry Ratings

There are two uses for Schwab Industry Ratings. The primary use should be for stock selection in conjunction with Schwab Equity Ratings. The other use can be for clients interested in pursuing industry over- and under-weightings within their portfolios and/or industry rotation strategies. It is important for investors to maintain a well diversified portfolio.

How to use Schwab Industry Ratings in conjunction with Schwab Equity Ratings

In conjunction with Schwab Equity Ratings, Schwab Industry Ratings can be useful in screening new stock purchases and in identifying portfolio holdings for possible sale. Schwab Equity Ratings should be given more consideration when making individual stock buy and sell decisions. For example, a "D" or "F" rated stock in an "A" rated industry is still considered a sell candidate by Schwab. Schwab's outlook is that among stocks with similar Schwab Equity Ratings, those with high industry ratings will outperform those with low industry ratings over a 12-month time horizon.

Sector and industry diversification is a critical building block in portfolio construction. A review of sector weights coupled with individual stock concentration is a critical step in evaluating portfolio risk. Simply investing in industries or sectors that Schwab rates highly will not result in a diversified portfolio. To find out how well diversified your portfolio is, Schwab clients should use the Portfolio Checkup tool on schwab.com.

Schwab Industry Ratings Distribution

Schwab Industry Rating	Schwab Industry Rating Distribution	12 Month Investment Outlook for Industry
A	Top 20%	Strongly Outperform
B	Next 20%	Outperform
C	Next 20%	Marketperform
D	Next 20%	Underperform
F	Bottom 20%	Strongly Underperform

Schwab Industry Ratings should not be considered as guidance for buying, holding or selling an individual security. Please refer to the Schwab Equity Ratings for information on general buy, hold and sell guidance for individual equities.

Descriptions for Non-Rated Industries

Category	Definition	Description
NR	Not Rated	Schwab has decided not to publish a rating on this industry due to unusual or extraordinary business circumstances related to this industry.
NC	Not Covered	This industry is not currently in the Schwab Industry Ratings universe or there are an insufficient number of companies in the industry for Schwab to provide a rating.

Modifiers

Category	Definition	Description
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*	Check News	Check current news because a potentially significant event has been announced for a rated industry. Asterisks may appear on a particular industry due to certain circumstances. In any event, you should always check news.
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¹Markit on Demand used Standard & Poor's (S&P) data in making its calculations.