

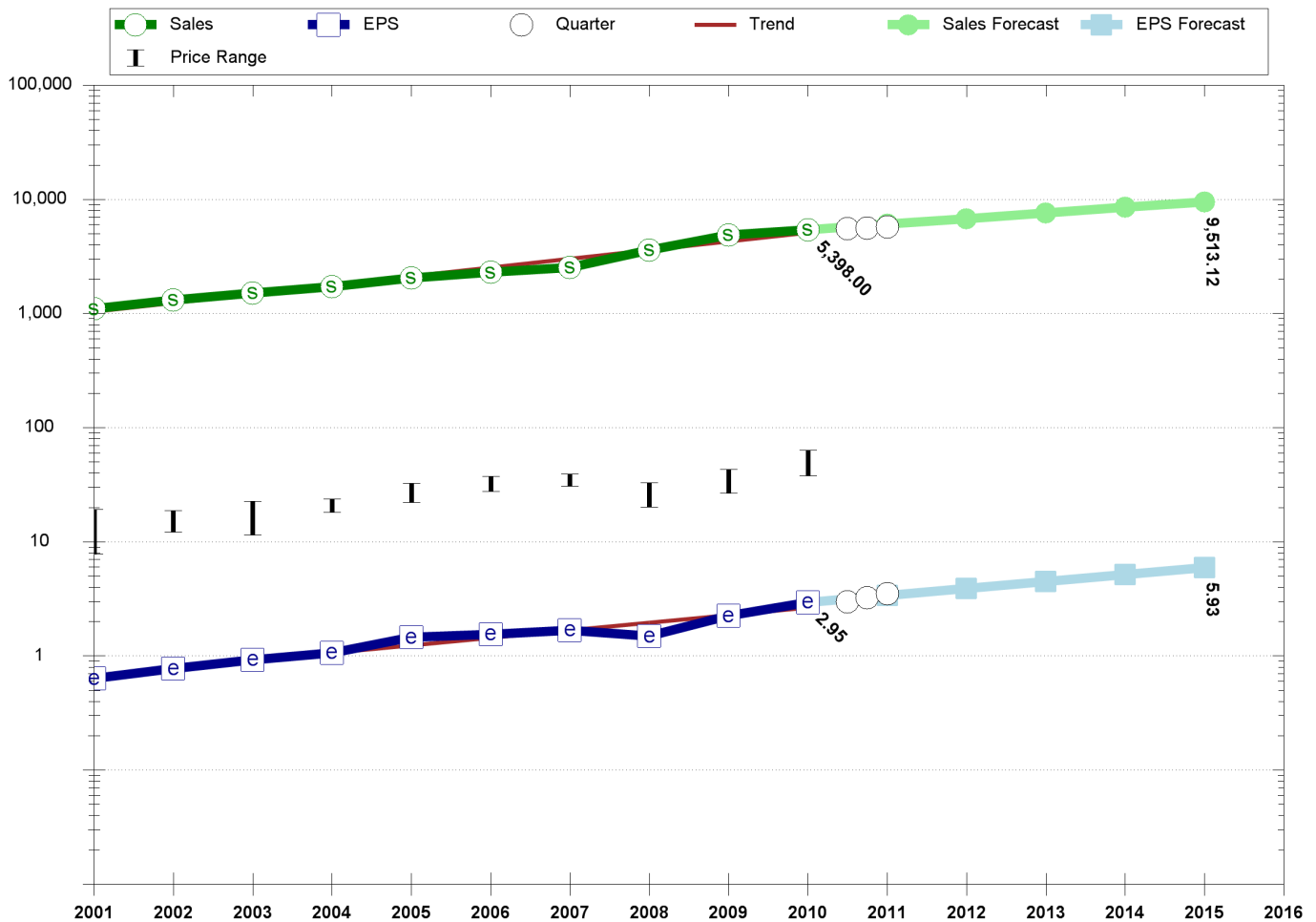
Company	O'Reilly Automotive		Date	11/21/2011	
Prepared by	Taylor IV		Data taken from	BI Stock Data	
Where traded	NAS	Industry	Specialty Retail		
Capitalization ---	Outstanding Amounts	Reference			
Preferred (\$M)	0.0	% Insiders	% Institution		
Common (M Shares)	132.8	1.6	97.2		
Debt (\$M)	797.8	% to Tot Cap	22.0	% Pot Dil	1.7

Stock Selection Guide

Symbol: ORLY

1 VISUAL ANALYSIS of Sales, Earnings, and Price

FY2010 Quarter Ending (09/11)	Sales (\$M)	Earnings Per Share
Latest Quarter	1,535.5	1.10
Year Ago Quarter	1,425.9	0.82
Percentage Change	7.68%	34.15%



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|-----------------------------------|--------|--|--------|
| (1) Historical Sales Growth | 19.3% | (3) Historical Earnings Per Share Growth | 16.5% |
| (2) Estimated Future Sales Growth | 12.00% | (4) Estimated Future Earnings Per Share Growth | 15.00% |

2 EVALUATING Management

O'Reilly Automotive

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Last 5 Year Avg.
Pre-tax Profit on Sales (Net Before Taxes/Sales)	9.77%	9.98%	10.59%	10.91%	12.28%	12.36%	12.19%	8.46%	10.25%	12.77%	11.21%
% Earned on Equity (E/S / Book Value)	11.90%	12.53%	12.73%	12.29%	14.18%	12.91%	12.07%	8.72%	11.41%	12.96%	11.62%

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is building block for translating earnings into future stock prices.

PRESENT PRICE 75.8

HIGH THIS YEAR 78.99

LOW THIS YEAR 53.33

	A	B	C	D	E	F	G	H
Year	Price		Earnings	Price Earnings Ratio		Dividend	% Payout	% High Yield
	High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	F / B * 100
1 2006	37.26	27.49	1.55	24.04	17.74	0.000	0.00	0.00
2 2007	38.84	30.43	1.67	23.26	18.22	0.000	0.00	0.00
3 2008	32.68	20.00	1.48	22.08	13.51	0.000	0.00	0.00
4 2009	42.93	26.47	2.23	19.25	11.87	0.000	0.00	0.00
5 2010	63.05	37.47	2.95	21.37	12.70	0.000	0.00	0.00
6 TOTAL		141.9		110.0	74.0		0.0	
7 AVERAGE		28.4		22.0	14.8		0.0	
8 AVERAGE PRICE EARNINGS RATIO 18.4					9 CURRENT PRICE EARNINGS RATIO 21.7			

4 EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE - NEXT 5 YEARS

Avg. High P/E 20.00 X Estimate High Earnings/Share 5.93 = Forecasted High Price \$ 118.60

B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 14.81 X Estimate Low Earnings/Share 2.95 = Forecasted Low Price \$ 43.69

(b) Avg. Low Price of Last 5 Years 28.37

(c) Recent Market Low Price 26.47

(d) Price Dividend Will Support $\frac{\text{Present Dividend}}{\text{High Yield}} = \frac{0.000}{0.00\%} = 0.00$

Selected Forecasted Low Price 43.69

C ZONING using 25%-50%-25%

Forecasted High Price 118.60 Minus Forecasted Low Price 43.69 = 74.91 Range. 25% of Range 18.73

Buy Zone 43.69 to 62.42

Hold Zone 62.42 to 99.87

Sell Zone 99.87 to 118.60

Present Market Price of 75.78 is in the **Hold** Zone

D UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)

$\frac{\text{High Price} - \text{Present Price}}{\text{Present Price}} = \frac{118.60 - 75.78}{75.78} = \frac{42.82}{75.78} = 0.565$
 $\frac{\text{Present Price} - \text{Low Price}}{\text{Present Price} - \text{Low Price}} = \frac{75.78 - 43.69}{75.78 - 43.69} = \frac{32.09}{32.09} = 1.00$
 Ratio = 0.565 / 1.00 = 0.565 To 1

E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

$\frac{\text{High Price}}{\text{Present Market Price}} = \frac{118.60}{75.78} = 1.57$
 $1.57 \times 100 = 156.51 - 100 = 56.51$ % Appreciation

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

A $\frac{\text{Present Full Year's Dividend \$}}{\text{Present Price of Stock}} = \frac{0.000}{75.78} = 0.00 = 0.00\%$ Present Yield

B AVERAGE YIELD - USING FORECAST HIGH P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{0.00\%}{20.00} = 0.00\%$

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation 9.37 %

Average Yield 0.00 %

Annualized Rate of Return 9.37 %