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O REILLY AUTOMOTIVE INC  
Form 8-K  
July 29, 2005

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K  
CURRENT REPORT

Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of report (Date of earliest event reported): July 26, 2005

O'REILLY AUTOMOTIVE, INC.  
(Exact Name of Registrant as Specified in Its Charter)

Missouri

44-0618012

-----  
(State or Other Jurisdiction  
of Incorporation)

(IRS Employer Identification No.)

233 S. Patterson  
Springfield, Missouri 65802

-----  
(Address of Principal Executive Offices) (Zip Code)

417-862-6708

-----  
(Registrant's Telephone Number, Including Area Code)

(Not Applicable)

-----  
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240-13e-4(c))

Section 2 - Financial Information  
Item 2.02 Results of Operations and Financial Condition.

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On July 26, 2005, O'Reilly Automotive, Inc. issued a press release announcing second quarter earnings. The text of the press release is attached hereto as Exhibit 99.1.

Section 7 - Regulation FD  
ITEM 7.01. REGULATION FD DISCLOSURE

On July 26, 2005, O'Reilly Automotive, Inc. issued a press release announcing second quarter earnings. The text of the press release is attached hereto as Exhibit 99.1.

Section 9 - Financial Statements and Exhibits  
Item 9.01 Financial Statements and Exhibits

Exhibit Number	Description
99.1	Press Release dated July 26, 2005

The information in this Current Report on Form 8-K, including the exhibit hereto, shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: July 29, 2005

O'REILLY AUTOMOTIVE, INC.

By:/s/ James R. Batten

James R. Batten  
Executive Vice President of Finance  
Chief Financial Officer and Treasurer  
(principal financial officer)

FOR IMMEDIATE RELEASE

For further information contact:

Greg Henslee  
Jim Batten  
(417) 862-3333

O'REILLY AUTOMOTIVE, INC. REPORTS RECORD  
2005 SECOND QUARTER RESULTS  
9.6% INCREASE IN COMPARABLE STORE PRODUCT SALES  
26.7% INCREASE IN EARNINGS PER SHARE

Springfield, MO, July 26, 2005 -- O'Reilly Automotive, Inc. ("O'Reilly" or "the

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Company") (Nasdaq: ORLY) today announced record revenues and earnings for the second quarter of 2005, representing 47 quarters of record revenues and earnings for O'Reilly since becoming a public company in April 1993.

Net income, before cumulative effect of accounting change, for the second quarter ended June 30, 2005, totaled \$42.9 million, up 27.3% from \$33.7 million for the same period in 2004. Diluted earnings per common share, before cumulative effect of accounting change, for the second quarter of 2005 increased 26.7% to \$0.38 on 113.1 million shares compared to \$0.30 for the second quarter of 2004 on 111.4 million shares.

Product sales for the three months ended June 30, 2005, totaled \$521.2 million, up 19.8% from \$435.2 million for the same period a year ago. Gross profit for the second quarter of 2005 increased to \$229.0 million (or 43.9% of product sales) from \$189.4 million (or 43.5% of product sales) for the second quarter of 2004, representing an increase of 20.9%. Operating, Selling, General and Administrative ("OSG&A") expenses increased to \$160.8 million (or 30.9% of product sales) for the second quarter of 2005 from \$135.2 million (or 31.1% of product sales) for the second quarter of 2004, representing an increase of 18.9%.

Net income, before cumulative effect of accounting change, for the first six months of 2005 totaled \$76.1 million, up 24.8% from \$61.0 million for the same period a year ago. Diluted earnings per common share, before cumulative effect of accounting change, for the first six months of 2005 increased 21.8% to \$0.67 on 112.8 million shares compared to \$0.55 a year ago on 111.1 million shares.

Product sales for the first six months of 2005 totaled \$987.4 million, up 17.8% from \$838.5 million for the same period a year ago. Gross profit for the first six months of 2005 increased to \$425.1 million (or 43.1% of product sales) from \$359.0 million (or 42.8% of product sales) for the same period a year ago, representing an increase of 18.4%. OSG&A expenses increased to \$303.4 million (or 30.7% of product sales) for the first six months of 2005 from \$260.8 million (or 31.1% of product sales) for the same period a year ago, representing an increase of 16.3%.

Comparable store product sales for stores open at least one year increased 9.6% and 8.4% for the second quarter and first six months of 2005 respectively.

On June 15, 2005, the Company issued dividend payments for all shareholders as of record on May 31, 2005, for a two-for-one stock split that was announced on May 24, 2005.

"We're very proud of Team O'Reilly's outstanding second quarter performance. The 9.6% comparable store product sales increase was the result of the outstanding efforts of each team member to give every customer the best service in our business," said Greg Henslee, CEO and Co-President.

"In addition to opening 41 stores during the quarter, we successfully closed our acquisition of Midwest Auto Parts which included 72 stores and 2 distribution centers in St. Paul, Minnesota, and Billings, Montana. We look forward to working with our new team members to grow the business in that region," said Ted Wise, COO and Co-President.

The Company will host a conference call Wednesday, July 27, 2005, at 10:00 a.m. central time to discuss its results, as well as future expectations. Interested parties may listen to the conference call live on the Company's web site, [www.oreillyauto.com](http://www.oreillyauto.com), by clicking "News." A replay will also be available on the web site shortly after the call.

O'Reilly Automotive, Inc. is one of the largest specialty retailers of automotive aftermarket parts, tools, supplies, equipment and accessories in the

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United States, serving both the do-it-yourself and professional installer markets. Founded in 1957 by the O'Reilly family, the Company operated 1,399 stores within the states of Alabama, Arkansas, Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Minnesota, Mississippi, Missouri, Montana, Nebraska, North Carolina, North Dakota, Oklahoma, South Carolina, South Dakota, Tennessee, Texas, Virginia, Wisconsin and Wyoming as of June 30, 2005.

The Company claims the protection of the safe-harbor for forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements can be identified by forward-looking words such as "expect," "believe," "anticipate," "good," "plan," "intend," "estimate," "project," "will" or similar words. In addition, statements contained within this press release that are not historical facts are forward-looking statements, such as statements discussing among other things, expected growth, store development and expansion strategy, business strategies, future revenues and future performance. These forward-looking statements are based on estimates, projections, beliefs and assumptions and are not guarantees of future events and results. Such statements are subject to risks, uncertainties and assumptions, including, but not limited to, competition, product demand, the market for auto parts, the economy in general, inflation, consumer debt levels, governmental approvals, our ability to hire and retain qualified employees, risks associated with the integration of acquired businesses, weather, terrorist activities, war and the threat of war. Actual results may materially differ from anticipated results described or implied in these forward-looking statements. Please refer to the Risk Factors sections of the Company's Form 10-K for the year ended December 31, 2004, for more details.

### O'REILLY AUTOMOTIVE, INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2005	December 31, 2004
	-----	-----
	(Unaudited)	(Note)
	(In thousands, except share data)	
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 36,452	\$ 69,028
Accounts receivable, net	75,481	60,928
Amounts receivable from vendors, net	47,304	52,976
Inventory	695,842	625,320
Other current assets	13,093	5,225
	-----	-----
Total current assets	868,172	813,477
Property and equipment, at cost	895,448	791,794
Accumulated depreciation and amortization	248,527	224,301
	-----	-----
Net property and equipment	646,921	567,493
Notes receivable, less current portion	31,290	21,690
Other assets, net	61,726	29,697
	-----	-----
Total assets	\$ 1,608,109	\$ 1,432,357
	=====	=====
<b>Liabilities and shareholders' equity</b>		
<b>Current liabilities:</b>		

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Income taxes payable	\$ 29,379	\$ 9,736
Accounts payable	272,100	240,548
Accrued payroll	16,884	15,130
Accrued benefits and withholdings	43,596	35,794
Deferred income taxes	5,209	7,198
Other current liabilities	51,946	24,817
Current portion of long-term debt	75,587	592
	-----	-----
Total current liabilities	494,701	333,815
Long-term debt, less current portion	25,471	100,322
Deferred income taxes	31,353	38,440
Other liabilities	12,998	11,963
Shareholders' equity:		
Common stock, \$0.01 par value:		
Authorized shares - 250,000,000		
Issued and outstanding shares -		
111,816,886 at June 30, 2005,		
and 55,377,130 at December 31, 2004	1,118	554
Additional paid-in capital	346,278	326,650
Retained earnings	696,190	620,613
	-----	-----
Total shareholders' equity	1,043,586	947,817
	-----	-----
Total liabilities and shareholders' equity	\$ 1,608,109	\$ 1,432,357
	=====	=====

Note: The balance sheet at December 31, 2004, has been derived from the audited financial statements at that date, but does not include all of the information and footnotes required by United States generally accepted accounting principles for complete financial statements.

O'REILLY AUTOMOTIVE, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
	-----	-----	-----	-----
	(In thousands, except per share data)			
Product sales	\$ 521,209	\$ 435,167	\$ 987,448	\$ 838,461
Cost of goods sold, including warehouse and distribution expenses	292,239	245,732	562,309	479,433
	-----	-----	-----	-----
Gross profit	228,970	189,435	425,139	359,028
Operating, selling, general and administrative expenses	160,843	135,193	303,431	260,759
	-----	-----	-----	-----
Operating income	68,127	54,242	121,708	98,269
Other income (expense), net	195	(438)	(473)	(884)
	-----	-----	-----	-----
Income before income taxes and cumulative				

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effect of accounting change	68,322	53,804	121,235	97,385
Provision for income taxes	25,399	20,109	45,099	36,405
	-----	-----	-----	-----
Income before cumulative effect of accounting change	42,923	33,695	76,136	60,980
Cumulative effect of accounting change, net of tax	-	-	-	21,892
	-----	-----	-----	-----
Net income	\$ 42,923	\$ 33,695	\$ 76,136	\$ 82,872
	=====	=====	=====	=====
Net income per common share: (1)				
Income before cumulative effect of accounting change	\$ 0.39	\$ 0.31	\$ 0.68	\$ 0.56
Cumulative effect of accounting change, net of tax	-	-	-	0.20
	-----	-----	-----	-----
Net income	\$ 0.39	\$ 0.31	\$ 0.68	\$ 0.76
	=====	=====	=====	=====
Net income per common share - assuming dilution: (1)				
Income before cumulative effect of accounting change	\$ 0.38	\$ 0.30	\$ 0.67	\$ 0.55
Cumulative effect of accounting change, net of tax	-	-	-	0.20
	-----	-----	-----	-----
Net income	\$ 0.38	\$ 0.30	\$ 0.67	\$ 0.75
	=====	=====	=====	=====
Weighted-average common shares outstanding - basic (1)	111,448	109,868	111,174	109,627
	=====	=====	=====	=====
Adjusted weighted-average common shares outstanding - assuming dilution (1)	113,138	111,441	112,827	111,101
	=====	=====	=====	=====

O'REILLY AUTOMOTIVE, INC. AND SUBSIDIARIES  
 SELECTED FINANCIAL INFORMATION  
 (Unaudited)

	June 30,	
	2005	2004
	-----	-----
Inventory turnover (1)	1.7	1.7
Inventory turnover, net of payables (2)	2.7	2.5
AP to inventory (3)	39.1%	38.8%
Debt-to-capital (4)	8.8%	10.3%
Return on equity (5)	13.8%	14.4%
Return on assets (6)	9.0%	9.3%
Square footage (in thousands) (7)	8,860	7,768
Store count:		
New stores, net (three months ended) (8)	113	38
Total stores	1,399	1,170

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Total employment	19,426	17,203
	Three Months Ended June 30,	
	----- 2005	----- 2004
Other information (in thousands):		
Capital expenditures	\$ 56,924	\$ 41,669
Depreciation & amortization	\$ 13,768	\$ 11,670
Interest expense	\$ 1,034	\$ 975
Lease & rental expense	\$ 10,615	\$ 8,833
Sales per weighted-average square foot (9)	\$ 58.21	\$ 55.98
Sales per weighted-average store (in thousands) (10)	\$ 388	\$ 371