



FOR IMMEDIATE RELEASE

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**O'REILLY AUTOMOTIVE, INC. REPORTS SECOND QUARTER RESULTS**  
**12.1% OPERATING MARGIN**  
**21.3% INCREASE IN NET INCOME**

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**Springfield, MO, July 27, 2004** -- O'Reilly Automotive, Inc. ("O'Reilly" or "the Company") (Nasdaq: ORLY) today announced record revenues and earnings for the second quarter of 2004, representing 43 quarters of record revenues and earnings for O'Reilly since becoming a public company in April 1993.

Net income for the second quarter ended June 30, 2004, totaled \$32.7 million, up 21.3% from \$26.9 million for the same period in 2003. Diluted earnings per share for the second quarter of 2004 increased 18% to \$0.59 on 55.7 million shares compared to \$0.50 for the second quarter of 2003 on 54.2 million shares. Product sales for the second quarter ended June 30, 2004, totaled \$435.2 million, up 10.7% from \$393.1 million for the same period a year ago. Gross profit for the second quarter of 2004 increased to \$187.8 million (or 43.2% of product sales) from \$165.7 million (or 42.2% of product sales) for the second quarter of 2003, representing an increase of 13.3%.

Net income for the first six months of 2004 totaled \$59.8 million, up 28.1% from \$46.7 million for the same period a year ago. Diluted earnings per common share for the first six months of 2004 increased 25.6% to \$1.08 on 55.6 million shares compared to \$0.86 a year ago on 54.0 million shares. Product sales for the first six months of 2004 totaled \$838.5 million, up 14.5% from \$732.6 million for the same period a year ago. Gross profit for the first six months of 2004 increased to \$357.1 million (or 42.6% of product sales) from \$306.7 million (or 41.9% of product sales) for the same period a year ago, representing an increase of 16.5%.

Comparable store product sales for stores open at least one year increased 3.8% and 7.8% for the second quarter and first six months of 2004, respectively.

"We are pleased with our overall performance this quarter," said David O'Reilly, co-chairman and chief executive officer. "Despite unusually high amounts of rainfall in the South and significantly cooler temperatures throughout our markets, we posted a 3.8% increase in comparable store product sales for the quarter. We continue to generate positive free cash flow and ended the quarter with \$88 million in cash."

The Company will host a conference call Wednesday, July 28, 2004, at 10:00 a.m. central time to discuss its results, as well as future expectations. The call will be available by web cast at [www.oreillyauto.com](http://www.oreillyauto.com), [www.vcall.com](http://www.vcall.com) or [www.streetevents.com](http://www.streetevents.com). Investors 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 United States, serving both the do-it-yourself and professional installer markets. Founded in 1957 by the O'Reilly family, the Company operated 1,170 stores within the states of Alabama, Arkansas, Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Mississippi, Missouri, Nebraska, North Carolina, Oklahoma, Tennessee, Texas and Virginia as of June 30, 2004.

The Company claims the protection of the safe-harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. These statements discuss, 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 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, 2003, for more details.

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

	<u>June 30,</u> 2004	<u>December 31,</u> 2003
	(Unaudited)	(Note)
	(In thousands, except per share data)	
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 88,117	\$ 21,094
Accounts receivable, net	60,573	52,235
Amounts receivable from vendors, net	51,603	50,695
Inventory	582,993	554,309
Deferred income taxes	2,393	4,753
Other current assets	7,084	4,399
Total current assets	<u>792,763</u>	<u>687,485</u>
Property and equipment, at cost	704,045	626,142
Accumulated depreciation	<u>196,512</u>	<u>177,084</u>
Net property and equipment	507,533	449,058
Notes receivable	22,456	24,313
Other assets, net	29,963	26,736
Total assets	<u>\$ 1,352,715</u>	<u>\$ 1,187,592</u>
<b>Liabilities and shareholders' equity</b>		
Current liabilities:		
Income taxes payable	\$ 17,380	\$ 6,872
Accounts payable	258,987	176,513
Accrued payroll	19,447	17,307
Accrued benefits and withholdings	32,831	27,368
Other current liabilities	21,442	16,883
Current portion of long-term debt	776	925
Total current liabilities	<u>350,863</u>	<u>245,868</u>
Long-term debt, less current portion	100,616	120,977
Deferred income taxes	35,400	29,448
Other liabilities	7,691	7,014
Shareholders' equity:		
Common stock, \$0.01 par value:		
Authorized shares – 90,000,000		
Issued and outstanding shares – 55,108,052 at June 30, 2004,		
and 54,664,976 at December 31, 2003		
	551	547
Additional paid-in capital	316,769	302,691
Retained earnings	<u>540,825</u>	<u>481,047</u>
Total shareholders' equity	<u>858,145</u>	<u>784,285</u>
Total liabilities and shareholders' equity	<u>\$ 1,352,715</u>	<u>\$ 1,187,592</u>

Note: The balance sheet at December 31, 2003, has been derived from the audited financial statements at that date, but does not include all of the information and footnotes required by accounting principles generally accepted in the United States 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,	
	2004	2003	2004	2003
	(In thousands, except per share data)			
Product sales	\$ 435,167	\$ 393,112	\$ 838,461	\$ 732,587
Cost of goods sold, including warehouse and distribution expenses	<u>247,409</u>	<u>227,399</u>	<u>481,365</u>	<u>425,928</u>
Gross profit	187,758	165,713	357,096	306,659
Operating, selling, general and administrative expenses	<u>135,193</u>	<u>120,987</u>	<u>260,759</u>	<u>228,592</u>
Operating income	52,565	44,726	96,337	78,067
Other expense, net	<u>(438)</u>	<u>(1,652)</u>	<u>(884)</u>	<u>(3,415)</u>
Income before income taxes	52,127	43,074	95,453	74,652
Provision for income taxes	<u>19,475</u>	<u>16,150</u>	<u>35,675</u>	<u>28,000</u>
Net income	<u>\$ 32,652</u>	<u>\$ 26,924</u>	<u>\$ 59,778</u>	<u>\$ 46,652</u>
Net income per common share	<u>\$ 0.59</u>	<u>\$ 0.50</u>	<u>\$ 1.09</u>	<u>\$ 0.87</u>
Net income per common share - assuming dilution	<u>\$ 0.59</u>	<u>\$ 0.50</u>	<u>\$ 1.08</u>	<u>\$ 0.86</u>
Weighted-average common shares outstanding	<u>54,934</u>	<u>53,634</u>	<u>54,814</u>	<u>53,518</u>
Adjusted weighted-average common shares outstanding - assuming dilution	<u>55,720</u>	<u>54,222</u>	<u>55,551</u>	<u>53,988</u>

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

	June 30,	
	2004	2003
Inventory turnover (1)	1.7	1.6
Inventory turnover, net of payables (2)	2.6	2.1
AP to inventory (3)	44.4%	27.0%
Debt-to-capital (4)	10.6%	16.1%
Return on equity (5)	14.4%	13.6%
Return on assets (6)	9.3%	8.8%
Square footage (in thousands)	7,768	6,851
Store count:		
New stores, net (three months ended)	38	30
Total stores	1,170	1,041
Total employment	17,203	15,568

	Three Months Ended	
	June 30,	
	2004	2003
Other information (in thousands):		
Capital expenditures	\$ 41,669	\$ 35,409
Depreciation & amortization	\$ 11,670	\$ 10,211
Interest expense	\$ 975	\$ 2,075
Lease & rental expense	\$ 8,833	\$ 7,943
Sales per weighted-average square foot (7)	\$ 55.98	\$ 57.04
Sales per weighted-average store (in thousands) (8)	\$ 371	\$ 375

- (1) Calculated as cost of sales for the last 12 months divided by average inventory. Average inventory is calculated as the simple average of beginning and ending inventory for the same period used in determining the numerator.
- (2) Calculated as cost of sales divided by average inventory less accounts payable. Average inventory is calculated as the simple average of beginning and ending inventory for the same period used in determining the numerator.
- (3) Accounts payable divided by inventory.
- (4) The sum of long-term debt and current portion of long-term debt, divided by the sum of long-term debt, current portion of long-term debt and total shareholders' equity.
- (5) Last 12 months net income divided by average shareholders' equity. Average shareholders' equity is calculated by taking a simple average of the beginning and ending shareholders' equity for the same period used in determining the numerator.
- (6) Last 12 months net income divided by average total assets. Average total assets is calculated by taking a simple average of the beginning and ending total assets for the same period used in determining the numerator.
- (7) Total sales less jobber sales, divided by weighted-average square feet. Weighted-average sales per square foot is weighted to consider the approximate dates of store openings or expansions.
- (8) Total sales less jobber sales, divided by weighted-average stores. Weighted-average sales per store is weighted to consider the approximate dates of store openings or expansions.

**O'REILLY AUTOMOTIVE, INC. AND SUBSIDIARIES**  
**RECONCILIATION OF FREE CASH FLOW TO OPERATING CASH FLOW**  
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
	(In thousands)			
Net cash provided by operating activities	\$ 78,867	\$ 55,611	\$ 160,878	\$ 112,955
Capital expenditures	<u>41,669</u>	<u>35,409</u>	<u>81,747</u>	<u>67,599</u>
Free cash flow (1)(2)	<u>\$ 37,198</u>	<u>\$ 20,202</u>	<u>\$ 79,131</u>	<u>\$ 45,356</u>

- (1) Free cash flow is calculated as net cash provided by operating activities less capital expenditures.  
(2) The Company believes that presenting free cash flow provides investors a metric to evaluate the Company's ability to fund its planned growth.