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O REILLY AUTOMOTIVE INC  
Form 11-K  
June 25, 2004

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

FORM 11 - K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

(Mark One)

(X) Annual Report Pursuant to Section 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 2003

Or

( ) Transition Report Pursuant to Section 15(d) of the Securities Exchange Act of 1934

For the transition period from \_\_\_\_\_ to

Commission file number: 0-21318

A. Full title of the plan and the address of the plan, if different from that of the Issuer named below.

O'Reilly Automotive, Inc.  
Profit Sharing and Savings Plan

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

O'Reilly Automotive, Inc.  
233 South Patterson  
Springfield, Missouri 65802

REQUIRED INFORMATION

The following audited financial statements are being furnished for the O'Reilly Automotive, Inc. Profit Sharing and Savings Plan (the "Plan"):

1. Statements of Net Assets Available for Benefits as of December 31, 2003 and 2002.
2. Statement of Changes in Net Assets Available for Benefits for the year ended December 31, 2003.

EXHIBITS

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| Exhibit No. | Description  |
|-------------|--|
| 23.1        | Consent of Independent Registered Public Accounting Firm |

SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

O'REILLY AUTOMOTIVE, INC.  
PROFIT SHARING AND SAVINGS PLAN

By: /s/ James R. Batten  
-----  
Executive Vice President and CFO  
O'Reilly Automotive, Inc.

Financial Statements and Schedule

(Modified Cash Basis)

O'Reilly Automotive, Inc.  
Profit Sharing and Savings Plan

December 31, 2003 and 2002, and the year ended  
December 31, 2003  
with Report of Independent Registered Public Accounting Firm

O'Reilly Automotive, Inc.  
Profit Sharing and Savings Plan  
(Modified Cash Basis)

Financial Statements  
and Schedule

December 31, 2003 and 2002, and the year ended  
December 31, 2003

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Schedule H, Line 4i - Schedule of Assets (Held at End of Year).....10  
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O'Reilly Automotive, Inc.  
Profit Sharing and Savings Plan

Report of Independent Registered Public Accounting Firm

The Plan Administrators and Participants  
O'Reilly Automotive, Inc.  
Profit Sharing and Savings Plan

We have audited the accompanying statements of net assets available for benefits (modified cash basis) of the O'Reilly Automotive, Inc. Profit Sharing and Savings Plan (the Plan) as of December 31, 2003 and 2002, and the related statement of changes in net assets available for benefits (modified cash basis) for the year ended December 31, 2003. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, the financial statements and supplemental schedule were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States.

In our opinion, the financial statements referred to above present fairly, in all material respects, information regarding the Plan's net assets available for benefits (modified cash basis) as of December 31, 2003 and 2002, and changes therein (modified cash basis) for the year ended December 31, 2003, on the basis of accounting described in Note 1.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule (modified cash basis) of assets (held at end of year) as of December 31, 2003 is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule (modified cash basis) is the responsibility of the Plan's management. The supplemental schedule (modified cash basis) has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ Ernst & Young LLP  
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Kansas City, Missouri  
June 8, 2004

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O'Reilly Automotive, Inc.  
Profit Sharing and Savings Plan

Statements of Net Assets Available for Benefits  
(Modified Cash Basis)

|                                     | December 31, |              |
|-------------------------------------|--------------|--------------|
|                                     | 2003         | 2002         |
|                                     | -----        |              |
| Assets:                             |              |              |
| Investments, at fair value (Note 3) | \$81,848,066 | \$58,676,893 |
|                                     | -----        |              |
| Net assets available for benefits   | \$81,848,066 | \$58,676,893 |
|                                     | =====        |              |

See accompanying notes.

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O'Reilly Automotive, Inc.  
Profit Sharing and Savings Plan

Statement of Changes in Net Assets Available for Benefits  
(Modified Cash Basis)

Year ended December 31, 2003

Additions:

|   |            |
|---|------------|
| Dividend and interest income  | \$ 439,661 |
| Contributions:  |            |
| Rollovers from other plans  | 701,629    |
| Employer  | 3,127,834  |
| Employee  | 4,737,728  |
|   | -----      |
|   | 8,567,191  |
|   | =====      |
| Net realized and unrealized appreciation<br>in fair value of investments (Note 3) | 20,020,028 |
|   | -----      |
| Total additions   | 29,026,880 |

Deductions:

|  |             |
|--|-------------|
| Distributions to participants                              | (5,855,707) |
|  | -----       |
| Net increase   | 23,171,173  |
| Net assets available for benefits,<br>at beginning of year | 58,676,893  |
|  | -----       |

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|  |                        |
|--|------------------------|
| Net assets available for benefits,<br>at end of year | \$ 81,848,066<br>===== |
|--|------------------------|

See accompanying notes.

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O'Reilly Automotive, Inc.  
Profit Sharing and Savings Plan  
(Modified Cash Basis)

Notes to Financial Statements

December 31, 2003

### 1. Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies of the O'Reilly Automotive, Inc. (the "Company") Profit Sharing and Savings Plan (the "Plan"):

#### Basis of Presentation

The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis, contributions are recorded when received rather than in the period to which they relate, and expenses are recorded when paid rather than when incurred.

#### Valuation of Investments

The value of investments in common and collective trusts, registered investment company funds and O'Reilly Automotive, Inc. common stock is based on quoted market values received from SunTrust Bank, Central Florida, N.A. (SunTrust) on the last business day of the plan year. Participant loans are valued at their outstanding balances, which approximates fair value.

#### Administrative Expenses

The Plan pays all administrative expenses.

#### Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

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O'Reilly Automotive, Inc.  
Profit Sharing and Savings Plan  
(Modified Cash Basis)

Notes to Financial Statements (Continued)

### 2. Description of the Plan

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The following description of the Plan is provided for general information only. Participants should refer to the plan agreement for a more complete description of the Plan's provisions.

The Plan is a defined contribution pension plan providing retirement benefits to substantially all employees of the Company who have attained age 21 and completed six months. and The Plan is sponsored by the Company and is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

The Plan allows participants to contribute up to 100% of their annual compensation to the Plan up to \$12,000. The Company has elected to contribute 50% of each employee's voluntary contribution up to 2% of the employee's compensation and 25% of the next 4% of each employee's voluntary contribution. Additionally, the Company may make voluntary contributions to the Plan annually, as determined by its Board of Directors, up to a maximum aggregate company contribution of 15% of participants' annual compensation. Participants are eligible for these voluntary contributions after at least 1,000 hours of service in a 12 consecutive month period of employment. All employer contributions are invested in the O'Reilly Automotive, Inc. Stock Fund. Participants may elect to allocate their contributions to their account balances in various equity, bond or fixed income funds or the O'Reilly Automotive, Inc. Stock Fund, or a combination thereof. During the year ended December 31, 2003, the Plan received discretionary contributions from the Company amounting to approximately \$2,300,000, not including matching contributions.

Each participant's account is credited with the participant's contribution and an allocation of the Company's contribution and Plan earnings. Allocations of Company contributions are based on participant contributions and compensation. Allocations of Plan earnings are based on participants' account balances. Forfeitures of terminated participants' non-vested accounts are applied to administrative expenses and employer contributions. Total forfeitures at the end of 2003, amounting to \$487,408, were first applied to administrative expenses and then reduced employer contributions.

Participants are immediately vested with respect to their voluntary contributions. With respect to employer contributions, participants become 20% vested after two years of service with the Company. Vesting increases in 20% increments annually to 100% after six years.

Participating employees are entitled to borrow from the Plan the lesser of \$50,000 or 50% of the employee's vested account balance at a rate equal to one percentage point above the prime interest rate in effect, as reported in the The Wall Street Journal, on the last business day of the

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O'Reilly Automotive, Inc.  
Profit Sharing and Savings Plan  
(Modified Cash Basis)

Notes to Financial Statements (Continued)

### 2. Description of the Plan (continued)

month prior to the date the loan is made. Loans are repaid by payroll deductions over a period no longer than five years.

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of plan termination,

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participants will become 100% vested in their accounts.

Benefit distributions are payable in monthly payments to the beneficiary or in a lump sum, as elected by the participant. At December 31, 2003, and 2002, terminated employees had approximately \$39,645 and \$212,352, respectively, included in net assets available for benefits which were to be paid in 2004 and 2003, respectively. The Plan pays all administrative expenses. During 2003, administrative expenses totaled \$462,101 and are included in the net realized/unrealized appreciation in fair value of investments in the accompanying Statement of Changes in Net Assets Available for Benefits.

### 3. Investments

At December 31, 2003 and 2002, the Plan's investments are held by SunTrust, in a bank-administered trust fund. SunTrust has authority for the purchase and sale of investments based on participant discretion, subject to certain restrictions as specified in the trust agreement and in ERISA.

The fair value of individual investments that represent 5% or more of the Plan's net assets are as follows:

|   | December 31, |              |
|---|--------------|--------------|
|   | 2003         | 2002         |
| SunTrust common collective trusts:      |              |              |
| Classic Balanced Fund                   | \$ 3,976,163 | \$ 3,588,094 |
| Stable Asset Fund                       | 9,814,175    | 9,137,535    |
| Classic 500 Index Fund                  | 5,945,203    | 4,268,155    |
| Classic Investment Grade Bond Fund      | *            | 3,065,989    |
| Registered investment company fund:     |              |              |
| O'Reilly Automotive, Inc. common stock: |              |              |
| Participant Directed                    | 45,201,043   | 29,033,640   |

\* Below 5% threshold

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O'Reilly Automotive, Inc.  
Profit Sharing and Savings Plan  
(Modified Cash Basis)

Notes to Financial Statements (Continued)

### 3. Investments (Continued)

During 2003, the Plan's investments (including investments purchased, sold, as well as held, during the year) appreciated (depreciated) in fair value as follows:

Net Realized And  
Unrealized  
Appreciation  
(Depreciation) in Fair  
Value of Investments

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Year ended December 31, 2003

|  |    |            |
|--|----|------------|
| Stable Asset Fund                      | \$ | 393,204    |
| Classic 500 Index Fund                 |    | 1,185,990  |
| Classic Investment Grade Bond Fund     |    | (11,340)   |
| Classic Balanced Fund                  |    | 301,695    |
| Classic Capital Appreciation Fund      |    | 342,837    |
| Classic Life Vision-Moderate Growth    |    | 31,554     |
| Classic Life Vision-Growth & Income    |    | 31,024     |
| Classic Life Vision-Aggressive Growth  |    | 29,918     |
| Franklin Small Cap Growth Fund         |    | 131,559    |
| Fidelity Advisor Equity Income Fund    |    | 260,859    |
| Templeton Growth Fund                  |    | 96,954     |
| Fidelity Advisor Equity Growth Fund    |    | 27,505     |
| Janus Worldwide Fund                   |    | 239,923    |
| Classic Small Cap Fund                 |    | 202,808    |
| Classic Small Cap Growth Stock Fund    |    | 102,082    |
| Classic Mid-cap Equity                 |    | 131,540    |
| Classic Value Income Stock Fund        |    | 225,908    |
| American Century Value Advisor Fund    |    | 132,622    |
| O'Reilly Automotive, Inc. common stock |    | 16,163,386 |
|  |    | -----      |
|  | \$ | 20,020,028 |
|  |    | =====      |

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O'Reilly Automotive, Inc.  
Profit Sharing and Savings Plan  
(Modified Cash Basis)

Notes to Financial Statements (Continued)

#### 4. Income Tax Status

The Plan has received a determination letter from the Internal Revenue Service dated September 9, 2003, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the "Code") and, therefore, the related trust is exempt from taxation. Subsequent to this issuance of the determination letter, the Plan was amended. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Plan Administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes the Plan as amended is qualified and the related trust is tax exempt.

#### 5. Related Party Transactions

Certain Plan investments are shares in registered investment companies managed by SunTrust. SunTrust is the Trustee as described by the Plan and, therefore, these transactions qualify as party-in-interest transactions.

#### 6. Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will



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occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

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Supplemental Schedule  
(Modified Cash Basis)

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O'Reilly Automotive, Inc.  
Profit Sharing and Savings Plan

Schedule H, Line 4i  
Schedule of Assets (Held at End of Year)  
(Modified Cash Basis)

December 31, 2003

| Identity of Issue, Borrower,<br>Lessor, or Similar Party          | Number of Shares | Cost                   | Current Value          |
|---|------------------|------------------------|------------------------|
| SunTrust common and collective trusts*:                           |                  |                        |                        |
| Stable Asset Fund   |                  | \$ 6,888,509           | \$ 9,814,175           |
| Classic Investment Grade Bond Fund                                |                  | 3,082,840              | 3,210,891              |
| Classic Balanced Fund   |                  | 3,537,306              | 3,976,163              |
| Classic Capital Appreciation Fund                                 |                  | 2,276,391              | 2,147,746              |
| Classic Small Cap Fund  |                  | 608,712                | 834,932                |
| Classic 500 Index Fund  |                  | 5,513,202              | 5,945,203              |
| Classic Mid-Cap Equity  |                  | 591,211                | 640,548                |
| Classic Small Cap Growth Stock Fund                               |                  | 339,093                | 396,591                |
| Classic Value Income Stock Fund                                   |                  | 1,219,427              | 1,257,395              |
| Classic Life Vision-Moderate Growth                               |                  | 265,893                | 284,343                |
| Classic Life Vision-Growth & Income                               |                  | 191,833                | 208,286                |
| Classic Life Vision-Aggressive Growth                             |                  | 172,380                | 187,382                |
| Registered investment company funds:                              |                  |                        |                        |
| Fidelity Advisor Equity Income Fund                               |                  | 1,130,702              | 1,240,965              |
| Fidelity Advisor Equity Growth Fund                               |                  | 161,330                | 181,961                |
| Franklin Small Cap Growth Fund                                    |                  | 515,032                | 540,373                |
| Templeton Growth Fund   |                  | 1,674,154              | 1,769,495              |
| American Century Value Advisor Fund                               |                  | 571,196                | 663,367                |
| O'Reilly Automotive, Inc. common stock*                           | 1,172,226        | 22,123,886             | 45,201,043             |
| Participant loans (interest rates ranging<br>from 5.00% to 10.5%) |                  | --                     | 3,347,207              |
|   |                  | -----<br>\$ 50,863,097 | -----<br>\$ 81,848,066 |
|   |                  | =====                  | =====                  |

\* Party-in-interest to the Plan

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O'Reilly Automotive, Inc.  
Profit Sharing and Savings Plan

EXHIBIT INDEX

| Exhibit No.<br>----- | Description<br>-----         |
|----------------------|------------------------------|
| 23.1                 | Consent of Ernst & Young LLP |

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O'Reilly Automotive, Inc.  
Profit Sharing and Savings Plan

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 33-73892) pertaining to the O'Reilly Automotive, Inc. Profit Sharing and Savings Plan of our report dated June 8, 2004, with respect to the financial statements and schedule of the O'Reilly Automotive, Inc. Profit Sharing and Savings Plan included in this Annual Report (Form 11-K) for the year ended December 31, 2003.

/s/ Ernst & Young LLP  
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Kansas City, Missouri  
June 23, 2004