

O REILLY AUTOMOTIVE INC  
Form DEF 14A  
March 21, 2014

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant ☒   
Filed by a Party other than the Registrant ☐

Check the appropriate box:

- ☐ Preliminary Proxy Statement  
☐ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))  
☒ Definitive Proxy Statement  
☐ Definitive Additional Materials  
☐ Soliciting Material Under Rule 14a-12

O'Reilly Automotive, Inc.

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☒ No fee required.

☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies: \_\_\_\_\_

2) Aggregate number of securities to which transaction applies: \_\_\_\_\_

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): \_\_\_\_\_

4) Proposed maximum aggregate value of transactions: \_\_\_\_\_

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☐ Fee paid previously with preliminary materials.

☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form

or schedule and the date of its filing.

1) Amount previously paid: \_\_\_\_\_

2) Form, Schedule or Registration Statement No.: \_\_\_\_\_

3) Filing Party:  
\_\_\_\_\_

4) Date Filed: \_\_\_\_\_

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March 21, 2014

Dear Shareholder:

You are cordially invited to attend the 2014 Annual Meeting of Shareholders of O'Reilly Automotive, Inc. to be held at the Doubletree Hotel Springfield, 2431 North Glenstone Avenue, Springfield, Missouri 65803, on Tuesday, May 6, 2014, at 10:00 a.m. central time.

Details of the business to be conducted at the Annual Meeting are given in the attached Notice of Annual Meeting of Shareholders and Proxy Statement.

In addition to the specific matters to be acted upon, there will be a report on the progress of the Company and an opportunity for questions of general interest to the shareholders.

It is important that your shares be represented at the meeting. Whether or not you plan to attend in person, please complete, sign, date and return the enclosed proxy card in the envelope provided at your earliest convenience or vote via telephone or Internet using the instructions on the proxy card. If you attend the meeting, you may vote your shares in person even if you have previously signed and returned your proxy.

In order to assist us in preparing for the Annual Meeting, please let us know if you plan to attend by contacting Tricia Headley, our Corporate Secretary, at 233 South Patterson Avenue, Springfield, Missouri 65802, (417) 874-7161.

We look forward to seeing you at the Annual Meeting.

David O'Reilly  
Chairman of the Board

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O'REILLY AUTOMOTIVE, INC.  
233 South Patterson Avenue  
Springfield, Missouri 65802

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NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To be held on May 6, 2014

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Springfield, Missouri  
March 21, 2014

The Annual Meeting of Shareholders ("Annual Meeting") of O'Reilly Automotive, Inc. (the "Company"), will be held on Tuesday, May 6, 2014, at 10:00 a.m. central time, at the Doubletree Hotel Springfield, 2431 North Glenstone Avenue, Springfield, Missouri 65803.

The Annual Meeting is being held for the following purposes:

- (1) To elect as Directors, the six nominees named in the attached proxy statement;
- (2) To amend the Restated Articles of Incorporation of the Company's subsidiary O'Reilly Automotive Stores, Inc.;
- (3) To conduct an advisory (non-binding) vote on executive compensation;
- (4) To ratify the appointment of Ernst & Young, LLP, as independent auditors for the fiscal year ending December 31, 2014;
- (5) To consider and act upon one shareholder proposal, if properly presented at the Annual Meeting; and
- (6) To transact such other business as may properly come before the meeting or any adjournments thereof.

The Board of Directors has fixed the close of business on February 28, 2014, as the record date for the determination of shareholders entitled to notice of and to vote at the Annual Meeting and any adjournments or postponements thereof. A list of all shareholders entitled to vote at the Annual Meeting, arranged in alphabetical order and showing the address of and number of shares held by each shareholder, will be available during usual business hours at the office of the Corporate Secretary, Tricia Headley, at 2831 South Ingram Mill Road, Springfield, Missouri 65804, to be examined by any shareholder for any purpose reasonably related to the Annual Meeting for ten days prior to the date thereof. The list will also be available for examination throughout the course of the meeting.

Your vote is important to ensure a quorum at the meeting. Even if you own only a few shares, and whether or not you expect to be present at the meeting, we request you mark, date, sign and mail the enclosed proxy card in the postage-paid envelope provided or vote your shares by telephone or Internet as directed on the enclosed proxy card. Telephone and Internet voting facilities for shareholders of record will be available 24 hours a day and will close on Monday, May 5, 2014, at 11:59 p.m. eastern time.

A copy of the Company's Annual Shareholders' Report for fiscal year 2013 accompanies this notice.

By Order of the Board of Directors,  
Tricia Headley  
Secretary

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TABLE OF CONTENTS

	Page
Proxy Statement	3
General Information about the Meeting and Voting	3
Security Ownership of Certain Beneficial Owners	7
Security Ownership of Directors and Management	7
Proposal 1 - Election of Directors	9
Information Concerning the Company's Board of Directors	11
Compensation of Executive Officers	18
Compensation Committee Report	24
Executive Compensation Tables	25
Audit Committee Report	32
Proposal 2 - Amendment to the Restated Articles of Incorporation of the Company's subsidiary O'Reilly Automotive Stores, Inc.	33
Proposal 3 - Advisory Vote on Executive Compensation	34
Proposal 4 - Ratification of Selection of Independent Auditors	35
Proposal 5 - Shareholder Proposal	36
Equity Compensation Plans	38
Annual Shareholders' Report	38
Future Proposal of Shareholders	38
Other Business	38
Miscellaneous	38
Communication with the Board of Directors	38
Householding of Materials	39
Additional Information	39

O'REILLY AUTOMOTIVE, INC.  
233 South Patterson Avenue  
Springfield, Missouri 65802

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## PROXY STATEMENT

The enclosed proxy is solicited by the Board of Directors (the "Board") of O'Reilly Automotive, Inc. (the "Company" or "O'Reilly"), for use at our Annual Meeting of Shareholders ("Annual Meeting") to be held at the Doubletree Hotel Springfield, 2431 North Glenstone Avenue, Springfield, Missouri 65803, on Tuesday, May 6, 2014, at 10:00 a.m., central time, and at any adjournments thereof. Whether or not you expect to attend the meeting in person, please return your executed proxy card in the enclosed postage-paid envelope or vote via telephone or Internet, using the instructions discussed below and on the proxy card, and the shares represented thereby will be voted in accordance with your instructions. This proxy statement and the accompanying proxy card are first being mailed to shareholders on or about March 21, 2014.

Solicitation of proxies is being made by us and may be made by mail, electronic mail, telephone or fax. The cost of solicitation of proxies will be borne by us and will also include reimbursement paid to brokerage firms and others for their reasonable out-of-pocket expenses of forwarding solicitation materials to their principals.

## GENERAL INFORMATION ABOUT THE ANNUAL MEETING AND VOTING

What is the purpose of the Annual Meeting?

At our Annual Meeting, shareholders will act upon the matters described in the accompanying notice of meeting. In addition, our management will report on the Company's performance during fiscal 2013 and respond to questions from shareholders.

When and where will the 2014 Annual Meeting be held?

The Annual Meeting will be held at the Doubletree Hotel Springfield, 2431 North Glenstone Avenue, Springfield, Missouri 65803, on Tuesday, May 6, 2014, at 10:00 a.m. central time.

Who may vote?

Any shareholder of record, as of the record date, is entitled to receive this notice and vote their shares at the Annual Meeting.

What is a "shareholder of record"?

A shareholder of record is a shareholder whose ownership of our common stock is reflected directly on the books and records of our transfer agent, Computershare Trust Company, N.A. ("Computershare").

What is the record date for the Annual Meeting?

The record date is February 28, 2014. Shareholders of record at the close of business on February 28, 2014, will be entitled to vote at the Annual Meeting. Each share of common stock will have one vote on each matter to be voted upon.

Which O'Reilly shares are included in the proxy card I received?

The proxy card you received covers the number of common shares to be voted in your account as of the record date.

What is the difference between holding shares as a registered shareholder and as a beneficial owner?

A registered shareholder owns shares that are registered directly in their name with the Company's transfer agent, Computershare. A beneficial owner owns shares held in a stock brokerage account or by a bank.

Why would I receive more than one proxy card?

You may receive more than one proxy card if you owned shares in more than one account. You should vote the shares on each of your proxy cards.

What matters will be voted on at the Annual Meeting?

At the Annual Meeting, shareholders will be asked to vote on four proposals that were solicited by the Board (Proposals 1 through 4), as well as one shareholder proposal (Proposal 5), if properly presented at the Annual Meeting:

- 1) To elect as Directors, the six nominees named in this proxy statement;
- 2) To amend the Restated Articles of Incorporation of the Company's subsidiary O'Reilly Automotive Stores, Inc.;
- 3) To conduct an advisory (non-binding) vote on executive compensation;
- 4) To ratify the appointment of Ernst & Young, LLP, as independent auditors for the fiscal year ending December 31, 2014; and

5) A shareholder proposal, if properly presented.

May I vote with my proxy card in person at the Annual Meeting?

If you wish to vote your shares in person at the Annual Meeting, you may bring a signed proxy card with your choices specified by marking the appropriate boxes on the card.

May I vote without attending the Annual Meeting?

If you do not plan to attend the Annual Meeting, you have three options to vote your shares:

- Via Mail: You may vote by properly completing and signing the enclosed proxy card and returning the card in the enclosed, postage-paid envelope. Please specify your choices on the proxy card by marking the appropriate boxes.
- (1) Shares will be voted in accordance with your written instructions; however, it is not necessary to mark any boxes if you wish to vote in accordance with the Board's recommendations, outlined further below. Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or send it to O'Reilly Automotive, Inc. Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.
- Via the Internet: You may vote on the Internet by visiting [www.proxyvote.com](http://www.proxyvote.com). Have your proxy card in hand
- (2) when you access the website and follow the instructions to obtain your records and create an electronic voting instruction form.
- Via Telephone: Using any touch-tone telephone, you may vote your shares by dialing toll-free to 1-800-690-6903.
- (3) Have your proxy card in hand when calling and follow the instructions.

If you choose to vote on the Internet or by telephone, please note the voting will close at 11:59 p.m. eastern time, on Monday, May 5, 2014.

If you do not attend the Annual Meeting, your shares cannot be voted unless a signed proxy card is returned, shares are voted using the Internet or the telephone, or other specific arrangements have been made to have your shares represented. Whether or not you attend the meeting, we encourage you to vote your shares promptly.

May I change my vote after I submit my proxy?

You may change your vote after submitting a proxy card. If, after sending in your proxy, you decide to vote in person or desire to revoke your proxy for any other reason, you may do so by notifying the Secretary of the Company in writing at our principal office at any time prior to the voting of the proxy. Our principal executive office is located at 233 South Patterson Avenue, Springfield, Missouri 65802.

Are my votes confidential?

All shareholder meeting proxies, ballots and tabulations that identify the vote of a particular shareholder will be kept confidential, except as necessary to allow the inspectors of election to certify the voting results or to meet legal requirements. Representatives of Broadridge Financial Solutions ("Broadridge") will act as the inspector of election and will count the votes.

How will my vote be counted?

All votes will be tabulated by Broadridge. All properly executed proxies received by the Board pursuant to this solicitation will be voted in accordance with the shareholder's directions specified in the proxy card. If no such directions have been specified by marking the appropriate squares in the signed and returned proxy card, the shares will be voted by the persons named in the enclosed proxy card as follows:

- (1) FOR the election as Directors, the six nominees named in this proxy statement;
- (2) FOR the amendment to the Restated Articles of Incorporation of the Company's subsidiary O'Reilly Automotive Stores, Inc.;
- (3) FOR the approval, by an advisory (non-binding) vote, of the 2013 compensation of our Named Executive Officers;



- (4) FOR the ratification of the selection of Ernst & Young, LLP, as our independent auditors for the fiscal year ending December 31, 2014; and
- (5) AGAINST the shareholder proposal, if properly presented.

The Board is not aware of any matter to be presented for action at the Annual Meeting other than the matters set forth herein. Our shareholders have no dissenter's or appraisal rights in connection with any of the proposals described herein.

No nominee has indicated that he or she would be unable or unwilling to serve as a Director, if elected. However, should any nominee become unable or unwilling to serve for any reason, it is intended that the persons named in the proxy will vote for the election of such other persons in their stead as may be designated by the Board. The Board is not aware of any reason that might cause any nominee to be unavailable to serve as a Director.

How does the Board recommend I vote?

The Board recommends a vote "FOR" each of the nominees for Director named in this proxy statement. The Board recommends a vote "FOR" the amendment to the Restated Articles of Incorporation of the Company's subsidiary O'Reilly Automotive Stores, Inc. The Board recommends a vote "FOR" the approval, by an advisory (non-binding) vote, of the 2013 compensation of our Named Executive Officers. The Board recommends a vote "FOR" the ratification of the selection of Ernst & Young, LLP, as our independent auditors for the year ending December 31, 2014. The Board recommends a vote "AGAINST" the shareholder proposal, if properly presented.

What constitutes a quorum?

On February 28, 2014, there were 106,398,395 shares of common stock outstanding, which constitutes all of the outstanding shares of our voting capital stock. A majority of the outstanding shares entitled to vote at the Annual Meeting, represented in person or by proxy, will constitute a quorum at the meeting.

What votes are required?

The affirmative vote of a majority of the shares present in person or represented by proxy at the Annual Meeting and entitled to vote is required to elect each person nominated for Director in Proposal 1. There is no cumulative voting for directors. Shares present at the meeting, but which are represented by proxies that are marked "WITHHOLD AUTHORITY" with respect to the election of all persons or any person to serve on the Board or for which no direction is given, will be considered in determining whether the requisite number of affirmative votes are cast on such matter. Proxies marked "WITHHOLD AUTHORITY" will have the same effect as a vote against the nominee as to which such direction applies. Shares not present at the meeting will not affect the election of Directors.

The affirmative vote of a majority of the outstanding shares of common stock entitled to vote thereon is required to approve Proposal 2. Shares represented by a proxy which directs that the shares abstain from voting shall be deemed to be represented at the meeting as to such matter and will have the same effect as a vote against Proposal 2.

The vote required for Proposals 3, 4 and 5, and for any other matter properly brought before the meeting will be the affirmative vote of the majority of the shares of common stock present in person or represented by proxy at the Annual Meeting and entitled to vote on the proposal, so long as a quorum is present. Shares represented by a proxy which directs that the shares abstain from voting shall be deemed to be represented at the meeting as to such matter and will have the same effect as a vote against such matter.

While counted for quorum purposes, shares represented by a proxy as to which there is a "broker non-vote" (for example, where a broker does not have discretionary authority to vote the shares) as to one or more matters to be voted on shall not be deemed represented at the meeting for purposes of such matter or matters. Therefore, "broker non-votes" will have no effect on the vote on either Proposal 1, 3, 4 or 5. However, for Proposal 2, which requires the approval of a majority of the outstanding shares of common stock entitled to vote, "broker non-votes" will have the same effect as a vote against such Proposal. Brokers cannot vote your shares on any proposals described in this proxy statement, other than Ratification of Selection of Independent Auditors, without your specific instructions.

Are the Notice, proxy statement and Annual Report available on the Internet?

The Notice, proxy statement and Annual Report are available at [www.proxyvote.com](http://www.proxyvote.com). The required control number can be found on your proxy card in the box next to the arrow.

Where may I find the voting results of the Annual Meeting?

We plan to announce the preliminary voting results at the Annual Meeting. We plan to publish the final results in a Current Report on Form 8-K to be filed with the Securities and Exchange Commission within four business days following the Annual Meeting, if final voting results are available at that time. If the final voting results are not available within that time, we will report preliminary results in a Current Report on Form 8-K within four business days following the Annual Meeting and will report final voting results in an amended Current Report on Form 8-K when available.

Will a proxy solicitor be used?

Yes, the Company has engaged Georgeson, Inc. ("Georgeson") to assist in the solicitation of proxies for the Annual Meeting and estimates it will pay Georgeson a fee of approximately \$15,000. The Company has also agreed to reimburse Georgeson for

reasonable administrative and out-of-pocket expenses incurred in connection with the proxy solicitation and indemnify Georgeson against certain losses, costs and expenses.

What are the deadlines for consideration of stockholder proposals or director nominations for the 2015 Annual Meeting of Shareholders?

Shareholder proposals intended to be presented at the 2015 Annual Meeting of Shareholders and included in the Company's proxy statement and form of proxy relating to that meeting pursuant to Rule 14a-8 under the Exchange Act must be received by the Company at the Company's principal executive offices by November 21, 2014. The Company's Bylaws require that shareholder proposals made outside of Rule 14a-8 be submitted not later than February 4, 2015, and not earlier than January 5, 2015.

## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

The following table summarizes information as of December 31, 2013, with respect to each person or other entity (other than management) known to the Company to be the beneficial owner of more than five percent (5%) of its outstanding shares of common stock.

Class of Stock	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Common Stock	T. Rowe Price Associates, Inc. 100 E. Pratt Street Baltimore, Maryland 21202	10,253,314 <sup>(1)</sup>	9.5%
Common Stock	The Vanguard Group 100 Vanguard Boulevard Malvern, PA 19355	7,542,145 <sup>(2)</sup>	7.0%
Common Stock	BlackRock, Inc. 40 East 52nd Street New York, NY 10022	5,813,190 <sup>(3)</sup>	5.4%

(1) As reflected on such beneficial owner's Schedule 13G/A dated February 14, 2014, provided to the Company in accordance with the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These securities are owned by various individual and institutional investors, which T. Rowe Price Associates, Inc. ("Price Associates") serves as investment advisor with power to direct investments and/or sole power to vote the securities. For purposes of the reporting requirements of the Exchange Act, Price Associates is deemed to be beneficial owner of such securities; however, Price Associates expressly disclaims that it is, in fact, the beneficial owner of such securities. Of the 10,253,314 shares reported, Price Associates claimed sole voting power of 2,592,906 shares, no shared voting power, sole dispositive power of 10,253,314 shares and no shared dispositive power. Price Associates acting as investment manager to collective trust accounts and directs the voting of such shares.

(2) As reflected on such beneficial owner's Schedule 13G/A dated February 6, 2014, provided to the Company in accordance with the Exchange Act. Of the 7,542,145 shares reported, The Vanguard Group claimed sole voting power of 177,273 shares, no shared voting power, sole dispositive power of 7,375,472 and shared dispositive power of 166,673.

(3) As reflected on such beneficial owner's Schedule 13G/A dated January 17, 2014, provided to the Company in accordance with the Exchange Act. Of the 5,813,190 shares reported, BlackRock, Inc. claimed sole voting power of 4,787,166 shares, no shared voting power, sole dispositive power of 5,813,190 and no shared dispositive power.

## SECURITY OWNERSHIP OF DIRECTORS AND MANAGEMENT

The following table summarizes, as of February 28, 2014, the beneficial ownership of the Company's outstanding shares of common stock for each current Director (including Directors standing for reelection at the 2014 Annual Meeting) of the Board, each of the Company's Named Executive Officers and all Directors and executive officers as a group. Unless otherwise indicated, the Company believes that the beneficial owners set forth in the following table have sole voting and dispositive power.

Name	Direct Ownership	Indirect Ownership	Current Exercisable Options (a)	Total Ownership (a)	Percent of Class
David O'Reilly (b)	291,931	1,101,928	195,000	1,588,859	1.48%
Charlie O'Reilly (c)	121,881	164,451	—	286,332	*
Larry O'Reilly (d)	257,416	108,890	5,000	371,306	*
Rosalie O'Reilly Wooten (d)	227,017	391,075	—	618,092	*
Jay D. Burchfield (e)	11,251	16,193	15,000	42,444	*

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Thomas T. Hendrickson (f)	3,568	—	5,000	8,568	*
Paul R. Lederer (g)	10,368	6,300	15,000	31,668	*
John R. Murphy (f)	4,568	—	—	4,568	*
Ronald Rashkow (f)	3,709	—	10,000	13,709	*
Greg Henslee (h)	23,064	20,936	362,724	406,724	*
Thomas McFall (i)	4,611	423	151,606	156,640	*
Ted F. Wise (j)	40,264	199,161	272,967	512,392	*
Jeff Shaw (k)	23,842	5,433	44,066	73,341	*
All Directors and executive officers as a group (18 persons)	1,052,495	2,034,552	1,272,858	4,359,905	4.05%

\* denotes less than 1.0%

- (a) With respect to each person, assumes the exercise of all stock options held by such person that were exercisable within 60 days of February 28, 2014.  
The stated number of directly owned shares includes 5,402 restricted shares awarded under the Company's long-term incentive based compensation plan. The stated number of indirectly owned shares includes 1,065,502 shares controlled by Mr. O'Reilly as trustee of a trust for the benefit of his children, 28,846 shares held in a Grantor Retained Annuity Trust ("GRAT") and 7,580 shares held in the O'Reilly Employee Savings Plus Plan with T. Rowe Price Investment Services, Inc. ("T. Rowe") as trustee. A portion of the beneficially owned shares controlled by Mr. O'Reilly, as trustee of a trust for the benefit of his children, are pledged as collateral for a loa
- (b)