STANDARD &POOR'S

O'Reilly Automotive Inc

S&P Recommendation HOLD ★★★★★

Price $82.83 (as of Feb 3, 2012)

12-Mo. Target Price $80.00

Investment Style Large-Cap Growth

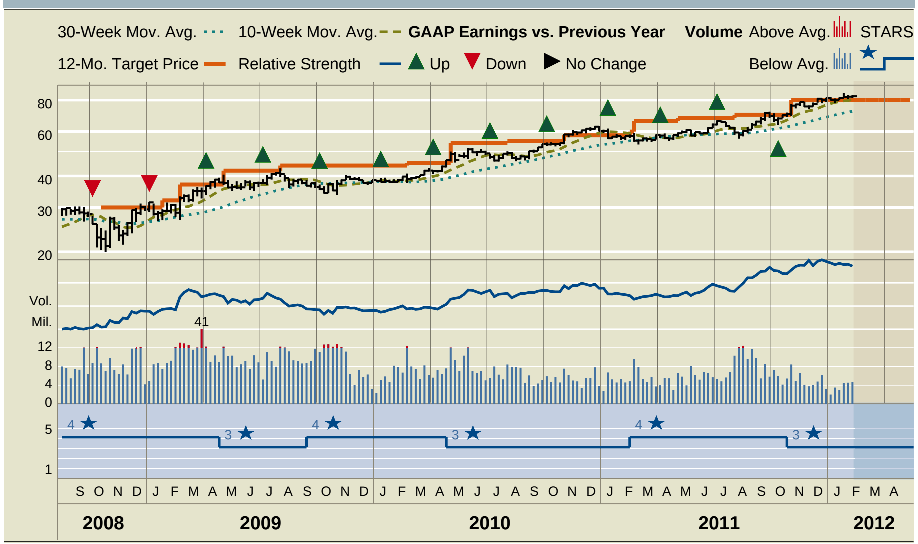
GICS Sector Consumer Discretionary
Sub-Industry Automotive Retail

Summary This company is one of the largest U.S. retailers of car parts and accessories.

Key Stock Statistics (Source S&P, Vickers, company reports)

52-Wk Range	$85.32– 53.33	S&P Oper. EPS 2011E	3.72	Market Capitalization(B)	$10.629	Beta	0.43
Trailing 12-Month EPS	$3.47	S&P Oper. EPS 2012E	4.30	Yield (%)	Nil	S&P 3-Yr. Proj. EPS CAGR(%)	15
Trailing 12-Month P/E	23.9	P/E on S&P Oper. EPS 2011E	22.3	Dividend Rate/Share	Nil	S&P Credit Rating	NR
$10K Invested 5 Yrs Ago	$23,939	Common Shares Outstg. (M)	128.3	Institutional Ownership (%)	90		

Price Performance



Options: ASE, CBOE, Ph

Analysis prepared by Equity Analyst **Michael Souers** on Nov 09, 2011, when the stock traded at **$77.74**.

Highlights

- We look for sales to increase 7.0% in 2012, following our projection of a 7.7% rise in 2011. We expect 2012 sales to be bolstered by the opening of about 170 net new stores and a 4% same-store sales increase. This forecast follows our projection of a 5.0% same-store sales rise in 2011. We believe challenging macro conditions will lead consumers to defer vehicle maintenance when possible, but that industry tailwinds such as the increasing age of vehicles and a recent uptick in miles driven should support continued growth.
- We think operating margins will widen modestly in 2012, as the continued conversion of CSK Auto stores should drive additional cost synergies. Also, we see continued efficiency improvements from current distribution centers and increased buying power with vendors. Lastly, we expect strong comp-store growth to modestly leverage SG&A expenses.
- After slightly higher interest expense and taxes at 38.5%, we see 2012 EPS of $4.30. This represents a 16% increase from the $3.72 we expect the company to earn in 2011, excluding an $0.11 charge related to debt issuance costs.

Investment Rationale/Risk

- We expect ORLY to outpace the industry in terms of square footage, sales and EPS growth over the next few years, and we like its dual sales strategy focused on commercial as well as retail customers. In addition, we think strong recent execution bodes well for continued market share gains in a fragmented industry. We also favor the company's 2008 acquisition of CSK Auto, and expect continued revenue and cost benefits to accrue over the medium term. However, following a greater than 35% increase in price over the past four months, we think the shares are fairly valued at about 18X our 2012 EPS estimate, a modest premium to slower-growing peers.
- Risks to our recommendation and target price include an increase in new car sales and a decline in miles driven. Corporate governance concerns include ORLY's board of directors being controlled by a large percentage of insiders as well as a non-shareholder-approved "poison pill" anti-takeover plan.
- Our 12-month target price of $80 is based on our DCF model, which assumes a weighted average cost of capital of 9.8% and a terminal growth rate of 3.5%.

Qualitative Risk Assessment

LOW | **MEDIUM** | HIGH

Our risk assessment reflects the cyclical nature of the auto parts retailing industry. However, what we see as the company's stronger-than-average balance sheet and its large opportunity for continued domestic expansion offset the industry risk, in our opinion.

Quantitative Evaluations

S&P Quality Ranking **B+**

D | C | B- | B | **B+** | A- | A | A+

Relative Strength Rank **MODERATE**

49

LOWEST = 1 HIGHEST = 99

Revenue/Earnings Data

Revenue (Million $)

	1Q	2Q	3Q	4Q	Year
2011	1,383	1,479	1,535	--	--
2010	1,280	1,381	1,426	1,310	5,398
2009	1,164	1,251	1,258	1,174	4,847
2008	646.2	704.4	1,111	1,115	3,577
2007	613.2	643.1	661.8	604.3	2,522
2006	536.6	591.2	597.1	558.3	2,283

Earnings Per Share ($)

	1Q	2Q	3Q	4Q	Year
2011	0.72	0.96	1.10	**E**0.86	**E**3.72
2010	0.70	0.71	0.82	0.74	2.95
2009	0.46	0.62	0.63	0.52	2.23
2008	0.40	0.48	0.31	0.32	1.49
2007	0.42	0.45	0.46	0.35	1.67
2006	0.35	0.43	0.42	0.35	1.55

Fiscal year ended Dec. 31. Next earnings report expected: Mid February. EPS Estimates based on S&P Operating Earnings; historical GAAP earnings are as reported.

Dividend Data

No cash dividends have been paid.

Please read the Required Disclosures and Analyst Certification on the last page of this report.

O'Reilly Automotive Inc

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Business Summary November 09, 2011

CORPORATE OVERVIEW. O'Reilly Automotive is one of the largest specialty retailers of automotive aftermarket parts, tools, supplies, equipment and accessories in the United States, with 3,570 stores in 38 states as of December 31, 2010. This includes the July 2008 acquisition of CSK Auto, one of the largest specialty retailers of auto parts in the Western U.S. At the time of acquisition, CSK was comprised of 1,342 stores operating under four brand names: Checker Auto Parts, Schuck's Auto Supply, Kragen Auto Parts, and Murray's Discount Auto Parts. As of December 31, 2010, ORLY had converted all of the CSK stores to O'Reilly systems, merged 41 CSK stores with existing O'Reilly locations, closed 17 stores, and opened five new stores in CSK historical markets.

ORLY stores carry, on average, about 22,000 SKUs, and average approximately 7,100 total square feet in size. The company's stores carry an extensive product line of new and remanufactured automotive hard parts (alternators, starters, fuel pumps, water pumps, brake shoes and pads), maintenance items (oil, antifreeze, fluids, filters, lighting, engine additives, appearance products), accessories (floor mats, seat covers), and a complete line of autobody paint, automotive tools, and professional service equipment. Merchandise consists of nationally recognized brands and a wide variety of private label products. ORLY offers engine machining services through its stores, but does not sell tires or perform automotive repairs or installations.

ORLY currently operates 23 distribution centers, in Alabama, Arizona, Arkansas, California, Colorado, Georgia, Indiana, Iowa, Michigan, Minnesota, Missouri, Montana, North Carolina, Oklahoma, Tennessee,Texas, Utah and Washington. Inventory management and distribution systems electronically link each of ORLY's stores to a distribution center, providing for efficient inventory control and management. The distribution system provides each of the stores with same day or overnight access to over 118,000 SKUs, many of which are hard-to-find items.

CORPORATE STRATEGY. The company has a dual market strategy, targeting do-it-yourself (DIY) customers as well as professional installers. ORLY believes this gives it a competitive advantage, allowing the company to target a larger base of consumers of automotive aftermarket parts; capitalize on existing retail and distribution infrastructure; operate profitably not only in large metropolitan markets but also in less densely populated areas, which typically attract fewer competitors; and enhance service levels to the DIY market by offering a broad selection of products and extensive product knowledge required by professional installers. In 2010, 62% of sales were to the DIY market, and 38% to professional installers. O'Reilly seeks to aggressively add new stores to achieve greater penetration in existing markets and to expand into new, contiguous ones. In 2011, ORLY plans to open approximately 170 net new stores.

MARKET PROFILE. According to statistics provided by the Automotive Aftermarket Industry Association (AAIA), the U.S. automotive aftermarket was projected to be a $217.0 billion industry in 2010, following a 4.5% increase from 2009. We believe the industry is highly fragmented and mature, and is driven by the following factors: the number and age of automotive vehicles in use; the number of miles driven annually per vehicle; the number of licensed drivers; the percentage of total light vehicle fleets represented by light trucks (including SUVs), which generate higher average aftermarket product purchases versus purchases generated by cars; and the existence of $50 billion per year of unperformed and underperformed maintenance by U.S. vehicle owners, according to the AAIA. The average age of vehicles is the most important driver for the industry, in our opinion, and has been trending very favorably over the past decade. The average age of passenger cars increased from 9.1 years in 1999 to 10.6 years in 2008 (latest available data), while the average age of light trucks increased from 8.5 years to 9.3 years over that time. We expect the average age of vehicles on the road to continue to increase given the economic pressures on consumers, as well as the improved engineering of vehicles.

FINANCIAL TRENDS. From 2007 through 2010, ORLY posted a three-year compound annual growth rate (CAGR) in sales of 30%, well above the Standard & Poor's Automotive Retail sub-industry average of 0%. ORLY's sales growth has been a function of acquisitions, new store growth and strong same-store sales growth, with comp-store growth averaging 5.3% over the past three years.

O'Reilly Automotive's return on invested capital (ROIC) increased to 12.4% in 2010 from 9.9% in 2009, which we believe was largely caused by synergies related to the acquisition of CSK Auto, whose stores were far less productive and had lower margins. ORLY's ROIC compares favorably with the S&P Consumer Discretionary sector average of 10.9%, but slightly lags the S&P Automotive Retail sub-industry average of 12.8%. We expect ongoing cost synergies from the CSK Auto acquisition, along with a modest increase in sales, to drive ORLY's ROIC higher in 2011.

Corporate Information

Investor Contact
T.G. McFall

Office
233 S Patterson Ave, Springfield, MO 65802.

Telephone
417-862-6708.

Fax
417-863-2242.

Website
http://www.oreillyauto.com

Officers

Chrmn
D. O'Reilly

CEO & Co-Pres
G.L. Henslee

Vice Chrmn
C.H. O'Reilly, Jr.

COO & Co-Pres
T.F. Wise

Vice Chrmn
L.P. O'Reilly

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P. R. Lederer
J. R. Murphy
D. O'Reilly
L. P. O'Reilly
C. H. O'Reilly, Jr.
R. O'Reilly-Wooten
R. Rashkow

Domicile
Missouri

Founded
1957

Employees
46,858

Stockholders
86,000

O'Reilly Automotive Inc

STANDARD &POOR'S

Quantitative Evaluations

S&P Fair Value Rank	3+	1 2 **3** 4 5 (LOWEST – HIGHEST). Based on S&P's proprietary quantitative model, stocks are ranked from most overvalued (1) to most undervalued (5).
Fair Value Calculation	$81.20	Analysis of the stock's current worth, based on S&P's proprietary quantitative model suggests that ORLY is slightly overvalued by $1.63 or 2.0%.
Investability Quotient Percentile		99 (LOWEST = 1, HIGHEST = 100). ORLY scored higher than 99% of all companies for which an S&P Report is available.
Volatility		**LOW** AVERAGE HIGH
Technical Evaluation	BULLISH	Since August, 2011, the technical indicators for ORLY have been BULLISH.
Insider Activity		**UNFAVORABLE** NEUTRAL FAVORABLE

Expanded Ratio Analysis

	2010	2009	2008	2007
Price/Sales	1.59	1.08	1.08	1.49
Price/EBITDA	9.58	7.66	8.35	9.80
Price/Pretax Income	12.44	10.58	12.74	12.24
P/E Ratio	20.46	17.09	20.70	19.41
Avg. Diluted Shares Outstg (M)	142.0	137.9	125.4	116.1

Figures based on calendar year-end price

Key Growth Rates and Averages

Past Growth Rate (%)	1 Year	3 Years	5 Years	9 Years
Sales	11.36	29.51	23.75	19.28
Net Income	36.38	32.50	19.67	20.33
Ratio Analysis (Annual Avg.)				
Net Margin (%)	7.77	6.44	6.96	6.95
% LT Debt to Capitalization	10.01	18.08	13.19	12.47
Return on Equity (%)	14.23	12.07	12.71	13.29

Company Financials Fiscal Year Ended Dec. 31

Per Share Data ($)	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Tangible Book Value	17.24	13.82	11.16	13.38	11.97	10.19	8.56	7.18	6.10	5.27
Cash Flow	4.09	3.30	2.41	2.35	2.11	1.95	1.54	1.31	1.11	0.92
Earnings	2.95	2.23	1.49	1.67	1.55	1.45	1.05	0.92	0.77	0.63
S&P Core Earnings	2.95	2.23	1.48	1.67	1.55	1.27	1.97	1.67	1.39	1.15
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices:High	63.05	42.93	32.68	38.84	38.30	32.53	23.54	22.45	18.63	19.22
Prices:Low	37.47	26.47	20.00	30.43	27.49	21.98	18.03	11.46	12.05	7.75
P/E Ratio:High	21	19	22	23	25	22	22	24	24	31
P/E Ratio:Low	13	12	13	18	18	15	17	12	16	12
Income Statement Analysis (Million $)										
Revenue	5,398	4,847	3,577	2,522	2,283	2,045	1,721	1,512	1,312	1,092
Operating Income	895	686	462	384	347	310	245	208	175	144
Depreciation	161	148	117	78.9	64.9	57.2	54.3	42.4	36.9	30.5
Interest Expense	39.3	45.2	28.5	6.28	4.32	5.06	4.70	6.86	9.25	9.09
Pretax Income	689	497	303	307	282	251	188	160	131	107
Effective Tax Rate	NA	38.1%	38.4%	36.9%	36.9%	34.6%	37.3%	37.5%	37.4%	37.8%
Net Income	419	308	186	194	178	164	118	100	82.0	66.4
S&P Core Earnings	419	307	186	194	178	143	110	90.9	74.8	60.9
Balance Sheet & Other Financial Data (Million $)										
Cash	29.7	26.9	31.3	58.4	29.9	31.4	69.0	21.1	29.3	15.0
Current Assets	2,301	2,227	1,875	1,102	1,001	911	813	687	631	551
Total Assets	5,048	4,781	4,193	2,280	1,977	1,714	1,432	1,188	1,009	857
Current Liabilities	1,229	1,231	1,054	529	434	486	334	246	147	121
Long Term Debt	357	684	718	75.2	110	25.5	100	121	190	166
Common Equity	3,210	2,686	2,282	1,592	1,364	1,181	973	784	651	556
Total Capital	3,568	3,370	3,000	1,695	1,512	1,249	1,112	935	857	731
Capital Expenditures	365	415	342	283	229	205	173	136	102	68.5
Cash Flow	581	456	303	273	243	221	172	142	119	96.9
Current Ratio	1.9	1.8	1.8	2.1	2.3	1.9	2.4	2.8	4.3	4.5
% Long Term Debt of Capitalization	10.0	20.3	24.1	4.4	7.3	2.0	9.0	12.9	22.2	22.7
% Net Income of Revenue	7.8	6.3	5.2	7.7	7.8	8.0	6.8	6.6	6.2	6.1
% Return on Assets	8.5	6.9	5.8	9.1	9.6	10.4	9.1	9.1	8.8	8.4
% Return on Equity	14.2	12.4	9.6	13.1	14.2	15.3	13.3	14.0	13.6	13.0

Data as orig reptd.; bef. results of disc opers/spec. items. Per share data adj. for stk. divs.; EPS diluted. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

O'Reilly Automotive Inc

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Sub-Industry Outlook

Our fundamental outlook for the automotive retailers sub-industry is positive, reflecting our view of improving sales prospects. Sales should benefit from fully replenished inventories, after 2011's various Asian crises. We see an expanding economy, albeit at a slowing rate, and an improved credit environment and pent-up demand helping sales. We believe we will see increased year-over-year new vehicle sales volume in 2012. On the negative side, reduced new vehicle sales in recent years should, over time, hurt parts and services revenue, and oil & gas price increases could hurt sales as well as alter the mix of vehicles.

In 2011, U.S. light vehicle sales volume increased 10%, to 12.7 million, and we estimate further improvement to 13.7 million in 2012, although we are concerned about reduced economic growth and consumer confidence. With expected higher sales, we look for dealer profits to improve in 2012.

We have a positive outlook on the automotive aftermarket retailers, which sell replacement parts and accessories to both do-it-yourself (DIY) consumers and do-it-for-me (DIFM) professionals. Favorable trends include the increasing average age of vehicles on the road, which is driven by the reluctance or inability of consumers to purchase new vehicles; the relatively high percentage of the total light vehicle fleet representing light trucks (including SUVs), which generate higher aftermarket product purchases versus purchases generated by cars; and a recent uptick in miles driven despite slightly higher gasoline prices, which should lead to an increase in maintenance activity necessary to keep cars running smoothly. While we expect consumers to continue to defer unnecessary maintenance, we think the pent-up demand from previously deferred maintenance, along with the other favorable drivers, will lead to modestly higher sales in 2012.

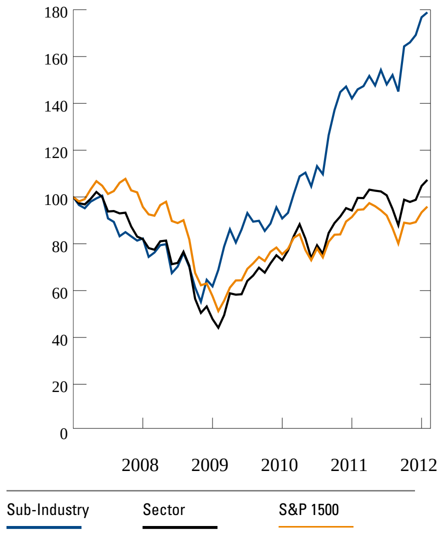
In 2011, the S&P Automotive Retail Index was up 15.0%, versus a 0.3% decrease for the S&P 1500 Index. Year to date through January 20, the index was up 4.8% versus a 4.7% gain for the S&P 1500.

--Efraim Levy, CFA

Stock Performance

GICS Sector: Consumer Discretionary
Sub-Industry: Automotive Retail

Based on S&P 1500 Indexes
Month-end Price Performance as of 01/31/12



NOTE: All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS)

Sub-Industry : Automotive Retail Peer Group*: Automotive Retail

Peer Group	Stock Symbol	Stk.Mkt. Cap. (Mil. $)	Recent Stock Price($)	52 Week High/Low($)	Beta	Yield (%)	P/E Ratio	Fair Value Calc.($)	Quality Ranking	S&P IQ %ile	Return on Revenue (%)	LTD to Cap (%)
O'Reilly Automotive	**ORLY**	**10,629**	**82.83**	**85.32/53.33**	**0.43**	**Nil**	**24**	**81.20**	**B+**	**99**	**7.8**	**10.0**
Advance Auto Parts	AAP	5,573	76.92	77.55/49.50	0.49	0.3	16	84.70	A-	100	5.8	22.4
America's Car-Mart	CRMT	376	39.17	41.23/22.77	0.94	Nil	14	38.90	B	76	7.4	20.4
Asbury Automotive	ABG	778	24.47	24.85/14.96	2.71	Nil	16	20.80	B-	58	1.0	64.6
AutoNation Inc	AN	5,179	37.02	41.55/30.46	1.29	Nil	19	29.70	B	92	2.0	NA
AutoZone Inc	AZO	13,901	353.18	356.80/247.36	0.35	Nil	17	432.20	B+	99	10.5	159.8
CarMax Inc	KMX	6,730	29.70	37.02/22.77	1.40	Nil	17	30.70	B+	37	4.1	61.6
Group 1 Automotive	GPI	1,249	54.93	55.54/33.31	1.80	0.9	18	51.50	B	95	0.9	31.8
Lithia Motors'A'	LAD	553	24.95	24.98/13.28	1.99	1.1	15	20.10	B-	81	0.7	44.7
Monro Muffler Brake	MNRO	1,363	44.25	44.85/28.70	0.49	0.8	27	37.10	B+	90	7.2	15.7
Penske Automotive Group	PAG	2,158	23.91	24.03/14.87	2.09	1.7	14	18.30	B+	91	1.1	42.1
Pep Boys-Manny,Mo,Jack	PBY	797	15.11	15.22/8.18	1.63	Nil	19	15.10	B-	22	1.9	38.1
Sonic Automotive'A'	SAH	690	16.97	17.01/10.11	NM	0.6	9	14.00	B	85	1.4	55.0

NA-Not Available NM-Not Meaningful NR-Not Rated. *For Peer Groups with more than 15 companies or stocks, selection of issues is based on market capitalization.

S&P Analyst Research Notes and other Company News

October 27, 2011
ORLY posts $1.10 vs. $0.82 Q3 EPS on 4.8% higher comp store sales, 8% higher total sales, fewer shares. S&P Capital IQ consensus was $1.00.

October 27, 2011
01:44 pm ET ... O'REILLY AUTOMOTIVE INC. (ORLY 76.41) UP 6.21, O'REILLY AUTO (ORLY) POSTS SOLID Q3. RAYMOND JAMES UPS TARGET, KEEPS STRONG BUY... Analyst Dan Wewer tells salesforce ORLY posted $1.10 Q3 EPS which was well above his/Street's $1.01/$1.00 forecasts. Notes this marks 11th consecutive Q co. has generated EPS growth in excess of 18%. Importantly, says this is a high quality EPS beat, driven by better than planned sales, margins, expense management. Notes beat also underscores his view that auto parts retailers possess strongest fundamentals in hardline retail. Says his new $85 (up from $81) target reflects ORLY's better than expected EPS, free cash flow, top-line growth, and return on capital. M.Morrow

October 27, 2011
12:40 pm ET ... S&P CUTS OPINION ON SHARES OF O'REILLY AUTOMOTIVE TO HOLD FROM BUY, ON VALUATION (ORLY 75.65***): Excluding one-time items, Q3 EPS of $1.10, vs. $0.86, is $0.09 above our estimate. Comp-store sales rose 4.8%, and operating margins improved by 130 bps on expense control and leverage from strong sales. We are increasing our '11 and '12 operating EPS forecasts to $3.72 and $4.30 from $3.61 and $4.06, and are also raising our DCF-based target price by $10 to $80. However, while we favor recent execution and industry fundamentals, we think shares are now fairly, following a greater than 30% increase in price over the past 3 months. /Michael Souers

October 27, 2011
12:40 pm ET ... RETRANSMIT - S&P CUTS OPINION ON O'REILLY AUTO. TO HOLD FROM BUY, ON VALUATION (ORLY 75.65***): Excluding one-time items, Q3 EPS of $1.10, vs. $0.86, is $0.09 above our estimate. Comp-store sales rose 4.8%, and operating margins improved by 130 bps on expense control and leverage from strong sales. We are increasing our '11 and '12 operating EPS forecasts to $3.72 and $4.30 from $3.61 and $4.06, and are also raising our DCF-based target price by $10 to $80. However, while we favor recent execution and industry fundamentals, we think shares are now fairly valued, following a greater than 30% increase in price over the past 3 months. /Michael Souers

August 8, 2011
ORLY says its Board of Directors approved a resolution to increase the authorization amount under its share repurchase program by an additional $500M, raising the aggregate authorization under the program to $1B.

July 28, 2011
12:11 pm ET ... S&P MAINTAINS BUY RECOMMENDATION ON SHARES OF O'REILLY AUTOMOTIVE (ORLY 60.73****): Excluding one-time items, Q2 EPS of $0.96, vs. $0.81, is $0.01 above our estimate and in line with consensus from Capital IQ. Comp-store sales rose 4.4%, and expense controls aided operating margins by 80 bps. We favor industry fundamentals, and expect further market share gains by ORLY. We are increasing our '11 and '12 operating EPS forecasts to $3.61 and $4.06 from $3.55 and $3.94, and are also raising our DCF-based target price by $2 to $70. We think shares are attractive, given strong LT growth prospects, trading at under 15X our '12 EPS estimate, a slight premium to peers. /Michael Souers

April 28, 2011
11:57 am ET ... S&P MAINTAINS BUY RECOMMENDATION ON SHARES OF O'REILLY AUTOMOTIVE (ORLY 58.27****): Excluding one-time items, Q1 EPS of $0.83, vs. $0.70, is $0.04 higher than both our view and consensus from Capital IQ (an entity that operates independently of S&P Equity Research). We continue to like industry fundamentals, and while recent rise in gas prices might dampen discretionary sales, it may also slow new auto sales, which would be beneficial. Also, we think ORLY's long term growth potential is significant. We are increasing our '11 and '12 operating EPS estimates to $3.55 and $3.94, from $3.44 and $3.80, and we raise our DCF-based target price by $2 to $68. /M.Souers

February 17, 2011
ORLY posts $0.69 vs. $0.52 Q4 adjusted EPS (excluding certain items) on 9.2% higher same-store sales, 12% higher total sales. Looking ahead, ORLY expects to report adjusted EPS of $0.74-$0.78 for the Q1 and $3.37-$3.47 for full-year 2011. Also sees same-store sales growth of 3%-5% for the Q1 and 3%-6% for the full year. ORLY's full-year EPS guidance compares with the Street's median forecast of $3.47.

February 17, 2011
02:35 pm ET ... S&P UPGRADES OPINION ON SHARES OF O'REILLY AUTOMOTIVE TO BUY FROM HOLD (ORLY 55.49****): Excluding one-time items, Q4 EPS of $0.69, vs. $0.52, is $0.06 above our estimate, driven by 9.2% comp-store sales growth. We favor many key industry drivers such as the aging of vehicles, and think ORLY will continue to expand margins through cost savings from a 2008 acquisition. We are increasing our '11 EPS estimate to $3.44 from $3.33, and are setting '12 at $3.80. We are also raising our DCF-based target price by $6 to $66. We think ORLY has strong long-term growth potential, and believe the shares are attractive for potential appreciation. /M. Souers

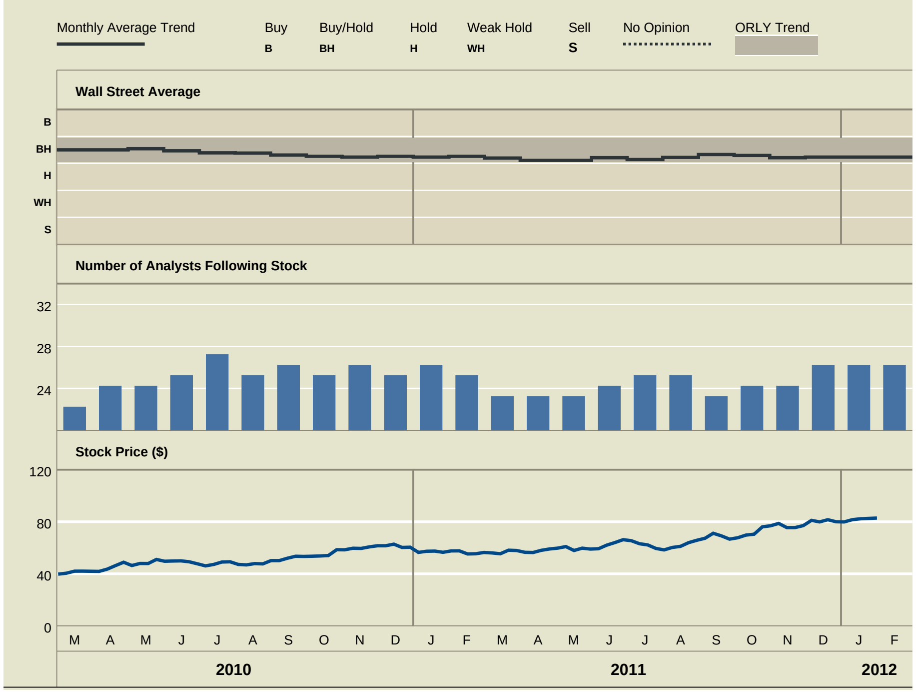
February 7, 2011
11:05 am ET ... S&P REITERATES HOLD RECOMMENDATION ON SHARES OF O'REILLY AUTOMOTIVE (ORLY 57.97***): Ahead of Q4 results to be reported on 2/16, we are increasing our EPS estimate $0.02 to $0.63. We project comp-store sales growth of 7.5%, driven by favorable macro conditions for auto parts retailers and continued share gains. We also expect additional cost savings to result from store conversions. We are increasing our '10 and '11 operating EPS estimates to $3.00 and $3.33 from $2.98 and $3.27, and are raising our DCF-based target price by $2 to $60. However, we think shares are fairly valued, trading at over 17X our '11 EPS estimate, a significant premium to the S&P 500. /M. Souers

October 28, 2010
01:35 pm ET ... S&P REITERATES HOLD RECOMMENDATION ON SHARES OF O'REILLY AUTOMOTIVE (ORLY 56.81***): Excluding one-time items, Q3 EPS of $0.86, vs. $0.63, is $0.12 higher than our estimate, driven by an 11% comp-store sales gain. The macroenvironment remains favorable for auto parts retailers, and ORLY continues to reap benefits from store conversions. We are increasing our '10 and '11 operating EPS estimates to $2.98 and $3.27 from $2.85 and $3.18, and are also raising our DCF-based target price by $3 to $58. Despite these positives, we think further operating margin improvement will come at a more moderate pace, and think shares are fairly valued at current levels. /M. Souers

O'Reilly Automotive Inc

STANDARD &POOR'S

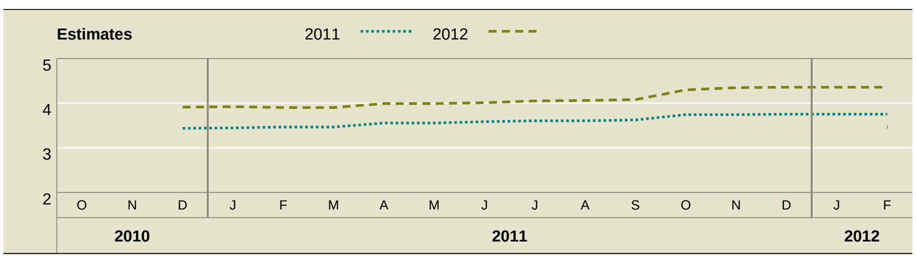
Analysts' Recommendations



Of the total 31 companies following ORLY, 26 analysts currently publish recommendations.

	No. of Ratings	% of Total	1 Mo. Prior	3 Mos. Prior
Buy	8	31	8	7
Buy/Hold	5	19	5	4
Hold	11	42	11	12
Weak Hold	2	8	2	1
Sell	0	0	0	0
No Opinion	0	0	0	0
Total	**26**	**100**	**26**	**24**

Wall Street Consensus Estimates



Fiscal Years	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2012	4.38	4.67	4.05	24	18.9
2011	3.77	4.40	3.70	25	22.0
2012 vs. 2011	▲ 16%	▲ 6%	▲ 9%	▼ -4%	▼ -14%
Q4'12	1.00	1.04	0.93	13	82.8
Q4'11	0.86	1.02	0.82	23	96.3
Q4'12 vs. Q4'11	▲ 16%	▲ 2%	▲ 13%	▼ -43%	▼ -14%

A company's earnings outlook plays a major part in any investment decision. Standard & Poor's organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years. This graph shows the trend in analyst estimates over the past 15 months.

Wall Steet Consensus Opinion

BUY/HOLD

Companies Offering Coverage

Over 30 firms follow this stock; not all firms are displayed.
Avondale Partners, LLC
BB&T Capital Markets
Barclays Capital
BofA Merrill Lynch
Citigroup Inc
Credit Suisse
Deutsche Bank
FBR Capital Markets & Co.
Gabelli & Company, Inc.
Goldman Sachs
ISI Group Inc.
JP Morgan
Longbow Research LLC
Moody?s
Morgan Keegan & Company
Nomura Securities Co. Ltd.
Northcoast Research
Oppenheimer & Co. Inc.
Piper Jaffray Companies
RBC Capital Markets
Raymond James & Associates
Robert W. Baird & Co.
Rochdale Securities LLC
S&P Equity Research
Sanford C. Bernstein & Co., Inc.
Sidoti & Company, LLC
Stifel, Nicolaus & Co., Inc.
ThinkEquity LLC
UBS Investment Bank
Wedbush Securities Inc.

Wall Street Consensus vs. Performance

For fiscal year 2011, analysts estimate that ORLY will earn $3.77. For the 3rd quarter of fiscal year 2011, ORLY announced earnings per share of $1.10, representing 29% of the total annual estimate. For fiscal year 2012, analysts estimate that ORLY's earnings per share will grow by 16% to $4.38.

O'Reilly Automotive Inc

STANDARD & POOR'S

Glossary

S&P STARS
Since January 1, 1987, Standard and Poor's Equity Research Services has ranked a universe of common stocks based on a given stock's potential for future performance. Under proprietary STARS (STock Appreciation Ranking System), S&P equity analysts rank stocks according to their individual forecast of a stock's future total return potential versus the expected total return of a relevant benchmark (e.g., a regional index (S&P Asia 50 Index, S&P Europe 350 Index or S&P 500 Index)), based on a 12-month time horizon. STARS was designed to meet the needs of investors looking to put their investment decisions in perspective. Data used to assist in determining the STARS ranking may be the result of the analyst's own models as well as internal proprietary models resulting from dynamic data inputs.

S&P 12-Month Target Price
The S&P equity analyst's projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics, including S&P Fair Value.

Investment Style Classification
Characterizes the stock as Growth or Value, and indicates its capitalization level. Growth is evaluated along three dimensions (earnings, sales and internal growth), while Value is evaluated along four dimensions (book-to-price, cash flow-to-price, dividend yield and sale-to-price). Growth stocks score higher than the market average on growth dimensions and lower on value dimensions. The reverse is true for Value stocks. Certain stocks are classified as Blend, indicating a mixture of growth and value characteristics and cannot be classified as purely growth or value.

S&P EPS Estimates
Standard & Poor's earnings per share (EPS) estimates reflect analyst projections of future EPS from continuing operations, and generally exclude various items that are viewed as special, non-recurring, or extraordinary. Also, S&P EPS estimates reflect either forecasts of S&P equity analysts; or, the consensus (average) EPS estimate, which are independently compiled by Capital IQ, a data provider to Standard & Poor's Equity Research. Among the items typically excluded from EPS estimates are asset sale gains; impairment, restructuring or merger-related charges; legal and insurance settlements; in process research and development expenses; gains or losses on the extinguishment of debt; the cumulative effect of accounting changes; and earnings related to operations that have been classified by the company as discontinued. The inclusion of some items, such as stock option expense and recurring types of other charges, may vary, and depend on such factors as industry practice, analyst judgment, and the extent to which some types of data is disclosed by companies.

S&P Core Earnings
Standard & Poor's Core Earnings is a uniform methodology for adjusting operating earnings by focusing on a company's after-tax earnings generated from its principal businesses. Included in the Standard & Poor's definition are employee stock option grant expenses, pension costs, restructuring charges from ongoing operations, write-downs of depreciable or amortizable operating assets, purchased research and development, M&A related expenses and unrealized gains/losses from hedging activities. Excluded from the definition are pension gains, impairment of goodwill charges, gains or losses from asset sales, reversal of prior-year charges and provision from litigation or insurance settlements.

Qualitative Risk Assessment
The S&P equity analyst's view of a given company's operational risk, or the risk of a firm's ability to continue as an ongoing concern. The Qualitative Risk Assessment is a relative ranking to the S&P U.S. STARS universe, and should be reflective of risk factors related to a company's operations, as opposed to risk and volatility measures associated with share prices.

Quantitative Evaluations
In contrast to our qualitative STARS recommendations, which are assigned by S&P analysts, the quantitative evaluations described below are derived from proprietary arithmetic models. These computer-driven evaluations may at times contradict an analyst's qualitative assessment of a stock. One primary reason for this is that different measures are used to determine each. For instance, when designating STARS, S&P analysts assess many factors that cannot be reflected in a model, such as risks and opportunities, management changes, recent competitive shifts, patent expiration, litigation risk, etc.

S&P Quality Ranking
Growth and stability of earnings and dividends are deemed key elements in establishing S&P's Quality Rankings for common stocks, which are designed to capsulize the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+	Highest	B	Below Average
A	High	B-	Lower
A-	Above Average	C	Lowest
B+	Average	D	In Reorganization
NR	Not Ranked		

S&P Fair Value Rank
Using S&P's exclusive proprietary quantitative model, stocks are ranked in one of five groups, ranging from Group 5, listing the most undervalued stocks, to Group 1, the most overvalued issues. Group 5 stocks are expected to generally outperform all others. A positive (+) or negative (-) Timing Index is placed next to the Fair Value ranking to further aid the selection process. A stock with a (+) added to the Fair Value Rank simply means that this stock has a somewhat better chance to outperform other stocks with the same Fair Value Rank. A stock with a (-) has a somewhat lesser chance to outperform other stocks with the same Fair Value Rank. The Fair Value rankings imply the following: 5-Stock is significantly undervalued; 4-Stock is moderately undervalued; 3-Stock is fairly valued; 2-Stock is modestly overvalued; 1-Stock is significantly overvalued.

S&P Fair Value Calculation
The price at which a stock should trade at, according to S&P's proprietary quantitative model that incorporates both actual and estimated variables (as opposed to only actual variables in the case of S&P Quality Ranking). Relying heavily on a company's actual return on equity, the S&P Fair Value model places a value on a security based on placing a formula-derived price-to-book multiple on a company's consensus earnings per share estimate.

Insider Activity
Gives an insight as to insider sentiment by showing whether directors, officers and key employees who have proprietary information not available to the general public, are buying or selling the company's stock during the most recent six months.

Funds From Operations FFO
FFO is Funds from Operations and equal to a REIT's net income, excluding gains or losses from sales of property, plus real estate depreciation.

Investability Quotient (IQ)
The IQ is a measure of investment desirability. It serves as an indicator of potential medium-to-long term return and as a caution against downside risk. The measure takes into account variables such as technical indicators, earnings estimates, liquidity, financial ratios and selected S&P proprietary measures.

S&P's IQ Rationale:
O'Reilly Automotive

	Raw Score	Max Value
Proprietary S&P Measures	33	115
Technical Indicators	30	40
Liquidity/Volatility Measures	18	20
Quantitative Measures	63	75
IQ Total	**144**	**250**

Volatility
Rates the volatility of the stock's price over the past year.

Technical Evaluation
In researching the past market history of prices and trading volume for each company, S&P's computer models apply special technical methods and formulas to identify and project price trends for the stock.

Relative Strength Rank
Shows, on a scale of 1 to 99, how the stock has performed versus all other companies in S&P's universe on a rolling 13-week basis.

Global Industry Classification Standard (GICS)
An industry classification standard, developed by Standard & Poor's in collaboration with Morgan Stanley Capital International (MSCI). GICS is currently comprised of 10 Sectors, 24 Industry Groups, 68 Industries, and 154 Sub-Industries.

S&P Issuer Credit Rating
A Standard & Poor's Issuer Credit Rating is a current opinion of an obligor's overall financial capacity (its creditworthiness) to pay its financial obligations. This opinion focuses on the obligor's capacity and willingness to meet its financial commitments as they come due. It does not apply to any specific financial obligation, as it does not take into account the nature of and provisions of the obligation, its standing in bankruptcy or liquidation, statutory preferences, or the legality and enforceability of the obligation. In addition, it does not take into account the creditworthiness of the guarantors, insurers, or other forms of credit enhancement on the obligation. The Issuer Credit Rating is not a recommendation to purchase, sell, or hold a financial obligation issued by an obligor, as it does not comment on market price or suitability for a particular investor. Issuer Credit Ratings are based on current information furnished by obligors or obtained by Standard & Poor's from other sources it considers reliable. Standard & Poor's does not perform an audit in connection with any Issuer Credit Rating and may, on occasion, rely on unaudited financial information. Issuer Credit Ratings may be changed, suspended, or withdrawn as a result of changes in, or unavailability of, such information, or based on other circumstances.

Exchange Type
ASE - American Stock Exchange; AU - Australia Stock Exchange; BB - Bulletin Board; NGM - Nasdaq Global Market; NNM - Nasdaq Global Select Market; NSC - Nasdaq Capital Markets; NYS - New York Stock Exchange; OTN - Other OTC (Over the Counter); OTC - Over the Counter; QB - OTCQB; QX - OTCQX; TS - Toronto Stock Exchange; TXV - TSX Venture Exchange; NEX - NEX Exchange.

S&P Equity Research Services
Standard & Poor's Equity Research Services U.S. includes Standard & Poor's Investment Advisory Services LLC; Standard & Poor's Equity Research Services Europe includes McGraw-Hill Financial Research Europe Limited trading as Standard & Poor's; Standard & Poor's Equity Research Services Asia includes Standard & Poor's LLC's offices in Singapore,

Standard & Poor's Investment Advisory Services (HK) Limited in Hong Kong, Standard & Poor's Malaysia Sdn Bhd, and Standard & Poor's Information Services (Australia) Pty Ltd.

Abbreviations Used in S&P Equity Research Reports
CAGR- Compound Annual Growth Rate; **CAPEX**- Capital Expenditures; **CY**- Calendar Year; **DCF**- Discounted Cash Flow; **EBIT**- Earnings Before Interest and Taxes; **EBITDA**- Earnings Before Interest, Taxes, Depreciation and Amortization; **EPS**- Earnings Per Share; **EV**- Enterprise Value; **FCF**- Free Cash Flow; **FFO**- Funds From Operations; **FY**- Fiscal Year; **P/E**- Price/Earnings ; **PEG Ratio**- P/E-to-Growth Ratio; **PV**- Present Value; **R&D**- Research & Development; **ROE**- Return on Equity; **ROI**- Return on Investment; **ROIC**- Return on Invested Capital; **ROA**- Return on Assets; **SG&A**- Selling, General & Administrative Expenses; **WACC**- Weighted Average Cost of Capital

Dividends on American Depository Receipts (ADRs) and American Depository Shares (ADSs) are net of taxes (paid in the country of origin).

Required Disclosures

In contrast to the qualitative STARS recommendations covered in this report, which are determined and assigned by S&P equity analysts, S&P's quantitative evaluations are derived from S&P's proprietary Fair Value quantitative model. In particular, the Fair Value Ranking methodology is a relative ranking methodology, whereas the STARS methodology is not. Because the Fair Value model and the STARS methodology reflect different criteria, assumptions and analytical methods, quantitative evaluations may at times differ from (or even contradict) an equity analyst's STARS recommendations. As a quantitative model, Fair Value relies on history and consensus estimates and does not introduce an element of subjectivity as can be the case with equity analysts in assigning STARS recommendations.

S&P Global STARS Distribution

In North America: As of December 31, 2011, research analysts at Standard & Poor's Equity Research Services North America recommended 39.1% of issuers with buy recommendations, 57.4% with hold recommendations and 3.5% with sell recommendations.

In Europe: As of December 31, 2011, research analysts at Standard & Poor's Equity Research Services Europe recommended 31.5% of issuers with buy recommendations, 50.6% with hold recommendations and 17.9% with sell recommendations.

In Asia: As of December 31, 2011, research analysts at Standard & Poor's Equity Research Services Asia recommended 43.8% of issuers with buy recommendations, 51.0% with hold recommendations and 5.2% with sell recommendations.

Globally: As of December 31, 2011, research analysts at Standard & Poor's Equity Research Services globally recommended 38.3% of issuers with buy recommendations, 55.7% with hold recommendations and 6.0% with sell recommendations.

★★★★★ **5-STARS (Strong Buy)**: Total return is expected to outperform the total return of a relevant benchmark, by a wide margin over the coming 12 months, with shares rising in price on an absolute basis.

★★★★☆ **4-STARS (Buy)**: Total return is expected to outperform the total return of a relevant benchmark over the coming 12 months, with shares rising in price on an absolute basis.

★★★☆☆ **3-STARS (Hold)**: Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months, with shares generally rising in price on an absolute basis.

★★☆☆☆ **2-STARS (Sell)**: Total return is expected to underperform the total return of a relevant benchmark over the coming 12 months, and the share price not anticipated to show a gain.

★☆☆☆☆ **1-STARS (Strong Sell)**: Total return is expected to underperform the total return of a relevant benchmark by a wide margin over the coming 12 months, with shares falling in price on an absolute basis.

Relevant benchmarks: In North America the relevant benchmark is the S&P 500 Index, in Europe and in Asia, the relevant benchmarks are generally the S&P Europe 350 Index and the S&P Asia 50 Index.

For All Regions: All of the views expressed in this research report accurately reflect the research analyst's personal views regarding any and all of the subject securities or issuers. No part of analyst compensation was, is, or will be directly or indirectly, related to the specific recommendations or views expressed in this research report.

S&P Global Quantitative Recommendations Distribution

In Europe: As of December 31, 2011, Standard & Poor's Quantitative Services Europe recommended 49.0% of issuers with buy recommendations, 19.0% with hold recommendations and 31.0% with sell recommendations.

In Asia: As of December 31, 2011, Standard & Poor's Quantitative Services Asia recommended 43.8% of issuers with buy recommendations, 20.0% with hold recommendations and 31.0% with sell recommendations.

Globally: As of December 31, 2011, Standard & Poor's Quantitative Services globally recommended 45.0% of issuers with buy recommendations, 19.0% with hold recommendations and 34.0% with sell recommendations.

Additional information is available upon request.

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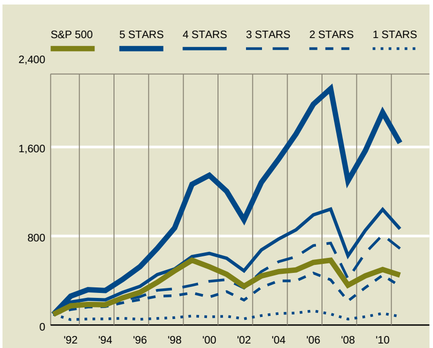
U.S. STARS Cumulative Model Performance

Hypothetical Growth Due to Price Appreciation of $100
For the Period 12/31/1986 through 01/31/2012



The performance above represents only the results of Standard & Poor's model portfolios. Model performance has inherent limitations. Standard & Poor's maintains the models and calculates the model performance shown, but does not manage actual assets. The U.S. STARS model performance chart is only an illustration of Standard & Poor's (S&P) research; it shows how U.S. common stocks, ADRs (American Depositary Receipts) and ADSs (American Depositary Shares), collectively "equities", that received particular STARS rankings performed. STARS categories are models only; they are not collective investment funds. The STARS performance does not show how any actual portfolio has performed. STARS model performance does not represent the results of actual trading of investor assets. Thus, the model performance shown does not reflect the impact that material economic and market factors might have had on decision-making if actual investor money had been managed. Performance is calculated using a time-weighted rate of return. While model performance for some or all STARS categories performed better than the S&P 500 for the period shown, the performance during any shorter period may not have, and there is no assurance that they will perform better than the S&P 500 in the future. STARS does not take into account any particular investment objective, financial situation or need and is not intended as an investment recommendation or strategy. Investments based on the STARS methodology may lose money. High returns are not necessarily the norm and there is no assurance that they can be sustained. Past model performance of STARS is no guarantee of future performance.

For model performance calculation purposes, the equities within each STARS category at December 31, 1986 were equally weighted. Thereafter, additions to the composition of the equities in each STARS category are made at the average value of the STARS category at the preceding month end with no rebalancing. Deletions are made at the closing price of the day that the deletion is made. Performance was calculated from inception through March 31, 2003 on a monthly basis. Thereafter, performance is calculated daily. Equities in each STARS category will change over time, and some or all of the equities that received STARS rankings during the time period shown may not have maintained their STARS ranking during the entire period.

The model performance does not consider taxes and brokerage commissions, nor does it reflect the deduction of any advisory or other fees charged by advisors or other parties that investors will incur when their accounts are managed in accordance with the models. The imposition of these fees and charges would cause actual performance to be lower than the performance shown. For example, if a model returned 10 percent on a $100,000 investment for a 12-month period (or $10,000) and an annual asset-based fee of 1.5 percent were imposed at the end of the period (or $1,650), the net return would be 8.35 percent (or $8,350) for the year. Over 3 years, an annual 1.5% fee taken at year end with an assumed 10% return per year would result in a cumulative gross return of 33.1%, a total fee of $5,375 and a cumulative net return of 27.2% (or $27,200). Fees deducted on a frequency other than annual would result in a different cumulative net return in the preceding example.

The Standard & Poor's 500 index is the benchmark for U.S. STARS. The S&P 500 index is calculated in U.S. dollars and does not take into account the reinvestment of dividends. Indexes are unmanaged, statistical composites and their returns do not include payment of any sales charges or fees an investor would pay to purchase the securities they represent. Such costs would lower performance. It is not possible to invest directly in an index. The S&P 500 index includes a different number of constituents and has different risk characteristics than the STARS equities. Some of the STARS equities may have been included in the S&P 500 index for some (but not necessarily all) of the period covered in the chart, and some such equities may not have been included at all. The S&P 500 excludes ADRs and ADSs. The methodology for calculating the return of the S&P 500 index differs from the methodology of calculating the return for STARS. Past performance of the S&P 500 index is no guarantee of future performance.

An investment based upon the models should only be made after consulting with a financial advisor and with an understanding of the risks associated with any investment in securities, including, but not limited to, market risk, currency risk, political and credit risks, the risk of economic recession and the risk that issuers of securities or general stock market conditions may worsen, over time. Foreign investing involves certain risks, including currency fluctuations and controls, restrictions on foreign investments, less governmental supervision and regulation, less liquidity and the potential for market volatility and political instability. As with any investment, investment returns and principal value will fluctuate, so that when redeemed, an investor's shares may be worth more or less than their original cost.

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