January 30, 2020

BY EMAIL (shareholderproposals@sec.gov)

U.S. Securities and Exchange Commission
Division of Corporation Finance
Office of Chief Counsel
100 F Street, N.E.
Washington, D.C. 20549

RE: O’Reilly Automotive, Inc.
Securities Exchange Act of 1934 – Supplement
to Letter dated December 27, 2019 Relating to
Rule 14a-8 Exclusion of Shareholder Proposal of
Terry L Miller, Debra Shank Miller, The Virginia
Lopez Family Trust and Yu & Ho Liv Tr Sep Prop

Ladies and Gentlemen:

We refer to our letter dated December 27, 2019 (the “No-Action Request”), submitted on behalf of our client, O’Reilly Automotive, Inc., a Missouri corporation (the “Company”), pursuant to which we requested that the Staff of the Division of Corporation Finance (the “Staff”) of the U.S. Securities and Exchange Commission (the “Commission”) concur with the Company’s view that the shareholder proposal and supporting statement (the “Proposal”) submitted by As You Sow on behalf of Terry L Miller and Debra Shank Miller (collectively, the “Millers”), and co-filed by The Virginia Lopez Family Trust and Yu & Ho Liv Tr Sep Prop (collectively, the “Trusts”), may be excluded from the proxy materials to be distributed by the Company in connection with its 2020 annual meeting of shareholders (the “2020 proxy materials”). The Millers and the Trusts are sometimes referred to collectively as “the Proponents.”
This letter is in response to the letter to the Staff, dated January 17, 2019, submitted on behalf of the Proponents (the “Proponents’ Letter”), and supplements the No-Action Request. In accordance with Rule 14a-8(j), a copy of this letter also is being sent to the Proponents.

As noted in the No-Action Request, a company may exclude a shareholder proposal pursuant to Rule 14a-8(d) and Rule 14a-8(f)(1) if the proposal exceeds 500 words. Based on the principles applied in the precedent cited in the No-Action Request, the Company determined that the Proposal exceeded 500 words and sent a deficiency letter notifying the Proponents of the same. Because the Proponents failed to submit a revised Proposal to remedy the greater-than-500-words deficiency, about which they were properly and timely notified, the Company believes that the Proposal is excludable under Rule 14a-8(d) and Rule 14a-8(f)(1).

In addition, a company may exclude a shareholder proposal pursuant to Rule 14a-8(i)(10) if “the company has already substantially implemented the proposal,” even if the proposal has not been implemented exactly as proposed by the proponent. As a result, the Company is not required to address each and every aspect of the proposal in order to exclude it under Rule 14a-8(i)(10). Indeed, as explained in the No-Action Request, the Commission specifically rejected the “previously formulistic application” of the rule that required full implementation when it adopted the “substantially implemented” standard. See Exchange Act Release No. 34-12598 (July 7, 1976). Therefore, even if the actions taken by the Company are not exactly as envisaged by the Proponents, the Company believes that its policies and public disclosures satisfy the Proposal’s essential objective. Accordingly, the Company believes that the Proposal is excludable under Rule 14a-8(i)(10) as substantially implemented.

For the reasons stated above and in the No-Action Request, we respectfully request that the Staff concur that it will take no action if the Company excludes the Proposal from its 2020 proxy materials. Should the Staff disagree with the conclusions set forth in this letter, or should any additional information be desired in support of the Company’s position, we would appreciate the opportunity to confer with the Staff concerning these matters prior to the issuance of the Staff’s response. Please do not hesitate to contact me at the telephone number or email address appearing on the first page of this letter.

Very truly yours,

Kimberly A. deBeers

cc: Andrew Behar
CEO
As You Sow
January 17, 2020

Via electronic mail

Office of Chief Counsel
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Re: Shareholder Proposal to O’Reilly Automotive Regarding Human Capital Management Disclosure on Behalf of the Millers and Others

Ladies and Gentlemen:

As You Sow submitted a shareholder proposal to O’Reilly Automotive (the “Company”) on behalf of Terry L Miller and Debra Shank Miller (the “Millers”), which was also co-filed by The Virginia Lopez Family Trust and Yu & Ho Liv Tr Sep Prop (the “Proponents”). I have been asked by the Proponent to respond to the letter dated December 27, 2019 ("Company Letter") sent to the Securities and Exchange Commission by Kimberly Debeers of Skadden Arps. In that letter, the Company contends that the Proposal may be excluded from the Company’s 2020 proxy statement.

I have reviewed the Proposal, as well as the letter sent by the Company, and based upon the foregoing, as well as the relevant rules, it is my opinion that the Proposal must be included in the Company’s 2020 proxy materials and that it is not excludable under Rule 14a-8. A copy of this letter is being emailed concurrently to Kimberly Debeers of Skadden Arps.

SUMMARY

The Proposal states:

Therefore, be it resolved: Shareholders request that the Board of Directors issue a report to shareholders describing the company's policies, performance, and improvement targets related to material human capital risks and opportunities by 180 days after the 2020 Annual Meeting, at reasonable expense and excluding confidential information, prepared in consideration of the metrics and guidelines set forth in the SASB Multiline and Specialty Retailers & Distributors provisions on workforce diversity and inclusion and labor practices standard's requirements.

The full Proposal including supporting statement is attached to this letter.

The Company Letter first asserts that the proposal and supporting statement are excludable as exceeding 500 words. Applying SEC word counting precedents, the total words tally less than
500.

The Company Letter next asserts that the Proposal is substantially implemented. However, the Company’s existing disclosures do not fulfill the guidelines or essential purpose of the Proposal.

ANALYSIS

1. Rule 14a-8(d)

The Company Letter asserts that the proposal is excludable pursuant to Rule 14a-8(d) as containing in excess of 500 words. The Proposal contains less than 500 words utilizing SEC word counting conventions. This is based on the following SEC related rules and precedents on word counting:

- The word count does not include the heading words “Whereas” and “Therefore be it resolved”. These are headers common to every proposal, and do not count in the word count because they do not change the meaning of the proposal. *J.P. Morgan Chase & Co.* (March 29, 2018). “Headings” are not counted toward the word limit unless they are argumentative. Staff Legal Bulletin 14.

- URLs are considered "one word" for purposes of word count. Staff Legal Bulletin 14

- Generally, two words combined by hyphenation may be treated and counted as two words. However, when a hyphenated word is a bona fide compound word it only counts as one word. The Proposal uses some hyphenated terms that are commonly understood as compound words: “non-management”, “in-store” and repeated use of “industry-specific.” The Chicago Manual of Style (and other style guides) define the normal use of compound words, including hyphenated words following the style rule of using a hyphenated compound word for the compound adjective before a noun.

- Abbreviations that are themselves words of common parlance are not treated as multiple words. This includes the words US and EEO-1. An attempt to treat "U.S." as two words has been rejected by the Staff. *Abercrombie & Fitch Co.* (April 12, 2010). The term “EEO-1” is a name of a specific form, and therefore considered as one word for purposes of word count - not two words. Similarly, the acronym SEC as used in the proposal are terms of common usage, similar to ILO, and not an abbreviation that counts as multiple words. For example, in *Abercrombie* the Company inappropriately treated “ILO” as an acronym that needed definition within the Proposal in order to count as one word. The proponent had noted that it was reasonable to interpret “ILO,” in the context of that proposal and in common usage, as a one-word acronym reference to the International Labour Organisation, without defining it as such. The Staff concurred.

- SASB as used is one word throughout because it is initially spelled out.

Applying Staff rules and precedent, the present Proposal does not exceed the word count limit of 500 words. Therefore, the Proposal is not excludable on the basis of exceeding
maximum word count rules.

2. Rule 14a-8(i)(10)

The Company Letter next requests no-action relief asserting that the Company has substantially implemented the Proposal pursuant to Rule 14a-8(i)(10).

The Company notes that Staff has consistently permitted the exclusion of a proposal when it has determined that the company’s policies, practices and procedures or public disclosures compare favorably with the guidelines of the proposal. The Company Letter asserts that the Proposal simply requests implementation of financially material disclosure, and that no request is made to implement specific policies, practices or procedures. Therefore, according to the Company Letter, the essential objective of the Proposal is disclosure of the Company’s “approach to material human capital risks and opportunities, including with respect to workforce diversity and inclusion and labor practices.” (p. 5)

In fact, the Resolved Clause of the Proposal requests that the Company issue a report in consideration of “the metrics and guidelines set forth in the SASB Multiline and Specialty Retailers & Distributors standard.” This involves disclosure of metrics that are grounded in materiality, and with consideration of the applicability of the specific SASB standards. O’Reilly’s public disclosures do not compare favorably to the guidelines of the proposal because they do not address SASB’s metrics and guidelines, nor do they address material human capital risks. There is no evidence that the Company considered the SASB standards in preparing its disclosures.

O’Reilly’s public disclosures regarding human capital are nothing more than a series of aspirational statements and policies that can be found within the boilerplate reporting of any public company.

In the no action process, the Company has the burden of demonstrating the availability of the exemptions.1 O’Reilly cannot demonstrate that its disclosure comes anywhere near that requested in the body of the Proposal, which describes the financially material human capital management standards set out for specialty retailers by the SASB. As stated in the Proposal:

“SASB Labor Practices standards encompass average hourly wage and percentage of in-store employees earning minimum wage; voluntary and involuntary turnover rate for in-store employees; and total amount of monetary losses as a result of legal proceedings associated with labor law violations;

SASB Workforce Diversity and Inclusion metrics concern the percentage of each gender category for global operations; and standard EEO-1 racial and ethnic group categories for U.S. operations for management and non-managerial employees.”

1 See 17 C.F.R. § 240.14a-8(g).
The Company is in effect asking the Staff to ignore these clear references in the body of the Proposal in order to assert substantial implementation. The Company cannot claim that its existing disclosure comes close to implementing the metrics and guidelines of the standard, as requested in the Resolved Clause.

**Material Human Capital Management Disclosure**

The Supreme Court took up the definition of materiality in 1976’s *TSC Industries v. Northway.*

The Court arrived at a definition of materiality that is now widely known:

> What the standard does contemplate is a showing of a substantial likelihood that, under all the circumstances, the omitted fact would have assumed actual significance in the deliberations of the reasonable shareholder. Put another way, there must be a substantial likelihood that the disclosure of the omitted fact would have been viewed by the reasonable investor as having significantly altered the ‘total mix’ of information made available.

The Court’s exposition therefore highlighted that the essential aspect of the materiality test was that a fact be decision-useful in the eyes of the reasonable investor. Furthermore, the Court held that it was the responsibility of the issuer to look through the eyes of the reasonable investor when judging the kinds of disclosures that might be material: “The determination [of materiality] requires delicate assessments of the inferences a ‘reasonable shareholder’ would draw from a given set of facts and the significance of those inferences to him. . .”

The SEC over time has provided additional context to the Court's definition. For example, SEC Staff has affirmed that when management and investors disagree as to the materiality of a fact, benefit of the doubt should accrue to the investor: “In the articulation of the materiality standards, it was recognized that doubts as to materiality of information would be commonplace, but that, particularly in view of the prophylactic purpose of the securities laws and the fact that disclosure is within management's control, ‘it is appropriate that these doubts be resolved in favor of those the statute is designed to protect.’”

The central role of the investor in determining which disclosure topics are material has recently been re-emphasized by SEC Commissioner Robert Jackson: “Of course it’s true that materiality—the importance of a subject to a reasonable investor—is the touchtone of our securities laws. But too much of corporate America has forgotten who decides what is material….I want to remind everyone, and the corporate counsel with whom shareholder

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[5] SEC, Commission Guidance Regarding Disclosures Related to Climate Change, Sec. Act Rel. No. 9106 (Feb. 8, 2010) at 11. (Citation omitted.)
proponents engage with each year, that it is the investor who tells us what’s important.” It is the privilege of investors to evaluate the materiality, and hence the appropriateness, of disclosures.

In the context of the Proposal, decision-usefulness necessarily implies comparability, as “…investment decisions essentially involve a choice between competing investment alternatives.” Comparability is stifled, however, in the absence of metrics.

**The Dearth of Financially Material Metrics in Sustainability Disclosure has Frustrated Investors**

The Sustainability Accounting Standards Board (SASB) has produced a series of exhaustive analyses of U.S. issuers’ financial disclosures. The Board has found that while most issuers already address most SASB topics in their filings, “most sustainability disclosure consists of boilerplate language, which is largely useless to investors: The most common form of disclosure across the majority of industries and topics was generic boilerplate language, which is inadequate for investment decision-making.” Moreover, “[s]ustainability performance metrics are rarely disclosed and lack comparability when they are: Companies used metrics—obviously more useful to investment analysis—in around 29 percent of the cases in which a disclosure occurred. Importantly, even in these cases, the metrics were non-standardized and therefore lacked comparability from one firm to the next.” The SASB sums up the issue with the statement, “…by and large, companies continue to take a minimally compliant approach to sustainability disclosure.”

There is widespread investor dissatisfaction with current sustainability reporting regimes that are not explicitly financially material. According to a 2016 PwC survey, while 60% of issuers believed that the data they disclosed are comparable to that of other companies, 92% of investors said that companies are not disclosing ESG data in a way that makes it easy to compare. This sentiment is supported by a 2018 academic study of institutional investors representing 43% percent of global institutional assets under management. In response to the question, “Which of the following factors limit your firm's ability to use ESG [Environmental, Social, and Governance] information in your investment decisions,” the most common response was “Lack of comparability across firms.”

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9 “73 percent of companies in the analysis reported on at least three-quarters of the sustainability topics included in their industry standard.” Id. at 2.
10 Id.
11 Id.
12 Id. at 3.
13 PWC Governance Insights Center, Investors, Corporates, and ESG: Bridging the Gap (2016), copy on file with author.
15 Id. Table 3.
respondents “believe that companies don’t disclose ESG risks that could affect their business and that they should disclose them more fully.”16 A recent McKinsey survey found that “it is apparent that investors want companies to provide more sustainability disclosures that are material to financial performance.”17 Clearly, disclosure that is not grounded in metrics, or relies on metrics that are not comparable, cannot meet the test of being decision-useful to the reasonable investor.

SASB’s Financially Material Standards are Supported by Investors

The SASB’s standards have attracted wide support from the investment community. The SASB Investor Advisory Group, 48 global asset owners and asset managers, includes seven of the world’s ten largest investment advisers. Members of this group “[b]elieve SASB’s approach—which is industry-specific and materiality-focused—will help provide investors with relevant and decision-useful information,” and “[b]elieve that SASB standards can inform integration of sustainability factors into investment and/or stewardship processes, such as corporate engagement and proxy voting.”18 Members of the SASB Investor Advisory Group and SASB Alliance, “a growing movement of organizations that believe standardized, industry-specific, and materiality-based standards help companies and investors adapt to the market’s expectations,” comprise among others pension funds of six states.19

The Company’s largest shareholders also believe that the SASB standards are financially material. Vanguard, the Company’s largest shareholder as of September, 2019,20 has stated: “Our participation in the Investor Advisory Group to the Sustainability Accounting Standards Board (SASB) reflects our belief that materiality-driven, sector-specific disclosures will better illuminate risks in a way that aids market efficiency and price discovery.”21 More recently a Vanguard spokeswoman was quoted in the press as saying, “Vanguard is pursuing an active engagement strategy that focuses on…comparable and investor-relevant disclosures.”22 BlackRock, the Company’s second-largest shareholder, in 2016 praised SASB as a “preeminent example of an industry body seeking standardized ESG disclosures that are relevant to business performance.”23 More recently the asset manager has re-affirmed its commitment, stating, “We have engaged with companies on sustainability-related questions for several years, urging management teams to make progress while also deliberately giving companies time to build the

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18 https://www.sasb.org/investor-use/supporters/.
foundations for disclosure consistent with the Sustainability Accounting Standards Board (SASB) and TCFD [Task Force on Climate-Related Financial Disclosures]. We are asking companies to publish [SASB-aligned] disclosures.”

BlackRock believes that the Sustainability Accounting Standards Board (SASB) provides a clear set of standards for reporting sustainability information across a wide range of issues, from labor practices to data privacy to business ethics… We will use these disclosures and our engagements to ascertain whether companies are properly managing and overseeing these risks within their business and adequately planning for the future. In the absence of robust disclosures, investors, including BlackRock, will increasingly conclude that companies are not adequately managing risk.

As of September 2019, at least 24% of the Company’s stock was held by members of the SASB Investor Advisory Group or the SASB Alliance (Vanguard, BlackRock, State Street Corp, Invesco and Fidelity).

The Increasing Materiality of Human Capital Disclosures

The SEC has recognized the increasing materiality of human capital disclosures regarding workforce stability and diversity. Last year, the Commission issued a release proposing for public comment amendments to modernize the description of business, legal proceedings, and risk factor disclosures that registrants are required to make pursuant to Regulation S-K. Among the discussion topics proposed for “Narrative Description of Business,” Item 101(c), were proposals for the modernization of human capital management disclosures. The Commission noted that, “[b]ecause human capital may represent an important resource and driver of performance for certain companies, and as part of our efforts to modernize disclosure, we propose to amend Item 101(c) to refocus registrants’ human capital resources disclosures.”

One important source for input on this matter is a report submitted by the SEC Investor Advisory Committee (IAC). The IAC found that, “[i]nstitutional and retail investors have a pronounced interest in clear and comparable information about how firms approach [Human Capital Management]. This interest is reflected in ongoing projects by the Sustainability Accounting Standards Board (SASB) (emphasis added).”

Among the IAC’s specific material disclosure recommendations were those concerning “the...
stability of the workforce, including voluntary and involuntary turnover,” and “race/ethnicity and
gender diversity data.” SEC Chair Jay Clayton, in addressing the IAC with reference to Human
Capital Management, re-iterated that the Commission’s disclosure requirements must be rooted
in the principles of materiality and comparability, and noted that, “for human capital, I believe it
is important that the metrics allow for period to period comparability for the company (emphasis
added).” Investors have a right to material and comparable Human Capital Management
disclosure from O’Reilly.

Assessing O’Reilly’s Human Capital Management Disclosures

As demonstrated above, both the Commission and the mainstream investor community have set a
high bar for the materiality of human capital management disclosure.

In this context, O’Reilly’s claims that its human capital disclosure is material are almost
shocking. The paragraph in the Company’s no-action request describing its diversity efforts is
complete boilerplate, sometimes using phrases that are devoid of meaning, such as “the
Company’s “Talent Acquisition team” offers “diversity resources in each state of [the
Company’s] operation” in order to “help find the best and most diversified candidates for
employment.” What are “diversity resources?” What are “most diversified candidates?” The
company also claims to substantially implement diversity disclosure because it claims to be open
to “respecting and encouraging diversity of thoughts and being open” to novel ideas.
Encouraging diversity of thoughts and being open to novel ideas is an ineffective and arguably
inappropriate approach to the promotion of racial and ethnic diversity. The company is grasping
at straws here.

The Company also claims implementation by “enforcing the Company’s Equal Employment
Opportunity policies” and by “highlighting the Company’s “zero tolerance policy regarding
discrimination and harassment.” The Report states that the Company is dedicated to “providing a
work environment that is free from discrimination and harassment” and explains that both
discrimination and harassment are “strictly prohibited and will not be tolerated,” and “any team
member who violates this policy is subject to discipline, up to and including termination.”
But it does not provide the requested metrics that would allow investor assessment of how this is
working out. Company statements that it is merely adhering to the law appear to be nothing
more than boilerplate

O’Reilly also claims that its existing disclosure “provides an overview of the Company’s labor
practices, including with respect to employee compensation and benefits, health and wellness
programs, engagement and advancement programs, community outreach initiatives and human
rights standards for its suppliers.” (P.5-6) Proponents note that the SASB standard concerns only
employee compensation, turnover, and settlements of wage disputes. On employee
compensation, O’Reilly merely explains that it pays market-driven wages with incentive pay.

31 Id. At 4.
32 Remarks for Telephone Call with SEC Investor Advisory Committee Members, Chairman Jay Clayton, Feb. 6,
The Company’s disclosure is silent on turnover and wage disputes.

In short, O’Reilly’s public disclosures do not substantially implement the Resolution.

CONCLUSION

Based on the foregoing, we believe it is clear that the Company has provided no basis for the conclusion that the Proposal is excludable from the 2020 proxy statement pursuant to Rule 14a-8. As such, we respectfully request that the Staff inform the company that it is denying the no action letter request. If you have any questions, please contact me at 413 549-7333 or sanfordlewis@strategiccounsel.net.

Sincerely,

Sanford Lewis

Cc: Kimberly Debeers
December 27, 2019

BY EMAIL (shareholderproposals@sec.gov)

U.S. Securities and Exchange Commission
Division of Corporation Finance
Office of Chief Counsel
100 F Street, N.E.
Washington, D.C. 20549

RE: O’Reilly Automotive, Inc.
Securities Exchange Act of 1934 – Rule 14a-8
Exclusion of Shareholder Proposal of Terry L
Miller, Debra Shank Miller, The Virginia
Lopez Family Trust and Yu & Ho Liv Tr Sep Prop

Ladies and Gentlemen:

Pursuant to Rule 14a-8(j) promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), we are writing on behalf of our client, O’Reilly Automotive, Inc., a Missouri corporation (the “Company”), to request that the Staff of the Division of Corporation Finance (the “Staff”) of the Securities and Exchange Commission (the “Commission”) concur with the Company’s view that, for the reasons stated below, it may exclude the shareholder proposal and supporting statement (the “Proposal”) submitted by As You Sow on behalf of Terry L Miller and Debra Shank Miller (collectively, the “Millers”), and co-filed by The Virginia Lopez Family Trust and Yu & Ho Liv Tr Sep Prop (collectively, the “Trusts”), from the proxy materials to be distributed by the Company in connection with its 2020 annual meeting of shareholders (the “2020 proxy materials”). The Millers and the Trusts are sometimes referred to collectively as “the Proponents.”

In accordance with Section C of Staff Legal Bulletin No. 14D (Nov. 7, 2008) (“SLB 14D”), we are emailing this letter and its attachments to the Staff at
shareholderproposals@sec.gov. In accordance with Rule 14a-8(j), we are simultaneously sending a copy of this letter and its attachments to As You Sow, on behalf of the Proponents, as notice of the Company’s intent to omit the Proposal from the 2020 proxy materials.

Rule 14a-8(k) and Section E of SLB 14D provide that shareholder proponents are required to send companies a copy of any correspondence that the shareholder proponents elect to submit to the Commission or the Staff. Accordingly, we are taking this opportunity to remind the Proponents that if the Proponents submit correspondence to the Commission or the Staff with respect to the Proposal, a copy of that correspondence should concurrently be furnished to the Company.

I. The Proposal

The resolution contained in the Proposal is copied below:

Therefore, be it resolved: Shareholders request that the Board of Directors issue a report to shareholders describing the company’s policies, performance, and improvement targets related to material human capital risks and opportunities by 180 days after the 2020 Annual Meeting, at reasonable expense and excluding confidential information, prepared in consideration of the metrics and guidelines set forth in the SASB Multiline and Specialty Retailers & Distributors standard’s provisions on workforce diversity and inclusion and labor practices requirements.

II. Bases for Exclusion

We hereby respectfully request that the Staff concur in the Company’s view that it may exclude the Proposal from the 2020 proxy materials pursuant to:

- Rule 14a-8(d) and Rule 14a-8(f)(1) because the Proposal exceeds 500 words; and
- Rule 14a-8(i)(10) because the Company has substantially implemented the Proposal.

Additionally, in the event the Proposal is not excluded, we respectfully request that the Staff concur with the Company’s view that the Trusts may be excluded as co-filers pursuant to Rule 14a-8(b)(1) and Rule 14a-8(f)(1) because the Trusts failed to provide timely proof of the requisite stock ownership after receiving notice of such deficiency.

III. Background

The Company received the Proposal, accompanied by a cover letter from As You Sow, on behalf of the Millers, on November 25, 2019. Also on November 25, 2019, the Company received a copy of the Proposal, accompanied by a cover letter from As You Sow, on behalf of the Trusts, indicating that the Trusts were co-filing the Proposal with the Millers. On November 27, 2019, after confirming that the Proponents were not shareholders of record, in accordance
with Rule 14a-8(f)(1), the Company sent a letter to As You Sow (the “Deficiency Letter”) by email requesting a written statement from the record owner of the Proponents’ shares verifying that the Proponents have beneficially owned the requisite number of shares of Company common stock continuously for at least one year as of the date the Proposal was submitted. In addition, the Deficiency Letter noted that the Proposal contains more than 500 words and requested that the Proposal be revised so that it does not exceed 500 words. On December 5, 2019, the Company received a letter from Charles Schwab verifying the Millers’ stock ownership (the “Broker Letter”). Copies of the Proposal, the Deficiency Letter, the Broker Letter and related correspondence are attached hereto as Exhibit A.

IV. The Company May Exclude the Proposal Pursuant to Rule 14a-8(d) and Rule 14a-8(f)(1) Because the Proposal Exceeds 500 Words.

Rule 14a-8(d) provides that a proposal, including any supporting statement, may not exceed 500 words. The Staff has explained that “[a]ny statements that are, in effect, arguments in support of the proposal constitute part of the supporting statement.” See Staff Legal Bulletin No. 14 (July 13, 2001) (“SLB 14”). Under Rule 14a-8(f)(1), a company may exclude a shareholder proposal that exceeds 500 words if the proponent fails to submit a revised proposal that does not exceed 500 words, provided that the company notifies the proponent of the deficiency within 14 calendar days of receiving the proposal and the proponent fails to correct the deficiency within 14 days of receiving such notice.

On numerous occasions, the Staff has concurred that a company may exclude a proposal under Rule 14a-8(d) and Rule 14a-8(f)(1) because the proposal exceeds 500 words. See, e.g., Danaher Corp. (Jan. 19, 2010); Procter & Gamble Co. (July 29, 2008); Amgen, Inc. (Jan. 12, 2004) (in each instance permitting exclusion of a proposal that contained more than 500 words). See also Amoco Corp. (Jan. 22, 1997) (permitting exclusion of a proposal where the company argued that the proposal included 503 words and the proponent stated that the proposal included 501 words).

For purposes of calculating the number of words in a proposal, the Staff has indicated that hyphenated terms should be treated as multiple words. See Minnesota Mining & Manufacturing Co. (Feb. 27, 2000) (permitting exclusion of a proposal that contained 504 words, but would have contained 498 words if hyphenated terms and words separated by “/” were counted as one word). Similarly, the Staff has indicated that numbers and symbols should be treated as separate words. See Intel Corp. (Mar. 8, 2010) (stating that, in determining that the proposal appeared to exceed the 500-word limitation, “we have counted each percent symbol and dollar sign as a separate word”).

Following the principles applied in the precedent described above, the Company has determined that the Proposal contains 507 words. As part of its calculation, the Company has treated hyphenated words, such as “low-average,” “labor-related” and “decision-useful,” as multiple words and “&” as a separate word. Based on this reasoned approach, the Company has
determined that the Proposal exceeds 500 words. As a result, the Company sent the Deficiency Letter notifying the Proponents that the Proposal was more than 500 words. However, the Proponents did not submit a revised Proposal.

Accordingly, because the Proposal exceeds 500 words and the Proponents declined to submit a revised Proposal in response to the Deficiency Letter, the Company believes that the Proposal may be excluded from its 2020 proxy materials pursuant to Rule 14a-8(d) and Rule 14a-8(f)(1).

V. The Proposal May be Excluded Pursuant to Rule 14a-8(i)(10) Because the Company Has Substantially Implemented the Proposal.

Rule 14a-8(i)(10) permits a company to exclude a shareholder proposal if the company has already substantially implemented the proposal. The Commission adopted the “substantially implemented” standard in 1983 after determining that the “previous formalistic application” of the rule defeated its purpose, which is to “avoid the possibility of shareholders having to consider matters which already have been favorably acted upon by the management.” See Exchange Act Release No. 34-20091 (Aug. 16, 1983) (the “1983 Release”) and Exchange Act Release No. 34-12598 (July 7, 1976). Accordingly, the actions requested by a proposal need not be “fully effected” provided that they have been “substantially implemented” by the company. See 1983 Release.

Applying this standard, the Staff has consistently permitted the exclusion of a proposal when it has determined that the company’s policies, practices and procedures or public disclosures compare favorably with the guidelines of the proposal. See, e.g., United Cont’l Holdings, Inc. (Apr. 13, 2018); eBay Inc. (Mar. 29, 2018); Kewaunee Scientific Corp. (May 31, 2017); Wal-Mart Stores, Inc. (Mar. 16, 2017); Dominion Resources, Inc. (Feb. 9, 2016); Ryder Sys., Inc. (Feb. 11, 2015); Wal-Mart Stores, Inc. (Mar. 27, 2014); Peabody Energy Corp. (Feb. 25, 2014); The Goldman Sachs Group, Inc. (Feb. 12, 2014); Hewlett-Packard Co. (Dec. 18, 2013); Deere & Co. (Nov. 13, 2012); Duke Energy Corp. (Feb. 21, 2012); Exelon Corp. (Feb. 26, 2010).

In addition, the Staff has permitted exclusion under Rule 14a-8(i)(10) where a company already addressed the underlying concerns and satisfied the essential objectives of the proposal, even though the proposal had not been implemented exactly as proposed by the proponent. In AutoZone, Inc. (Oct. 9, 2019), for example, the proposal requested that the company issue a sustainability report prepared in consideration of the SASB Multiline and Specialty Retailers & Distributors Standard (the “SASB Standard”). In particular, the proposal requested that the company describe its policies, performance and improvement targets related to material sustainability risks and opportunities. The company argued that its existing sustainability disclosure, including its sustainability report, addressed all of the SASB Standard topics, but the company acknowledged that it did not address improvement targets as requested by the proposal. Nevertheless, the Staff concluded that the company had substantially implemented the proposal. See also, e.g., Advance Auto Parts, Inc. (Apr. 9, 2019) (same); Oshkosh Corp. (Nov. 4, 2016).
(permitting exclusion under Rule 14a-8(i)(10) of a proposal requesting six changes to the company’s proxy access bylaw, where the company amended its proxy access bylaw to implement three of six requested changes); *MGM Resorts Int’l* (Feb. 28, 2012) (permitting exclusion under Rule 14a-8(i)(10) of a proposal requesting a report on the company’s sustainability policies and performance and recommending the use of the Governance Reporting Initiative Sustainability Guidelines, where the company published an annual sustainability report that did not use the Governance Reporting Initiative Sustainability Guidelines or include all of the topics covered therein); *Alcoa Inc.* (Feb. 3, 2009) (permitting exclusion under Rule 14a-8(i)(10) of a proposal requesting a report that describes how the company’s actions to reduce its impact on global climate change may have altered the current and future global climate, where the company published general reports on climate change, sustainability and emissions data on its website).

The Company has substantially implemented the Proposal, the essential objective of which is disclosure of the Company’s approach to material human capital risks and opportunities, including with respect to workforce diversity and inclusion and labor practices.

In particular, the Company already provides the requested disclosure in the form of its Sustainability, Social, & Governance Report (the “Report”), which is publicly available on the Company’s website.  

Specifically, the Report provides an overview of the Company’s commitment to workforce diversity and inclusion. The Report describes the Company’s commitment to diversity as helping to “build bridges for team members to trust, respect, and understand one another.” In addition, the Report explains that the Company’s “Talent Acquisition team” offers “diversity resources in each state of [the Company’s] operation” in order to “help find the best and most diversified candidates for employment.” The Report also emphasizes that the Company is “equally committed to maintain a workplace that respects the diversity of [its] team members” by enforcing the Company’s Equal Employment Opportunity policies and “respecting and encouraging diversity of thoughts and being open” to novel ideas. In addition, the Report explains that the Company reinforces its commitment to diversity and inclusion by highlighting the Company’s “zero tolerance policy regarding discrimination and harassment.” The Report states that the Company is dedicated to “providing a work environment that is free from discrimination and harassment” and explains that both discrimination and harassment are “strictly prohibited and will not be tolerated,” that the Company provides “ongoing training to [its] team members to both educate and maintain compliance” and that “any team member who violates this policy” is subject to discipline, up to and including termination.

The Report also provides an overview of the Company’s labor practices, including with respect to employee compensation and benefits, health and wellness programs, engagement and   

advancement programs, community outreach initiatives and human rights standards for its suppliers. The Report notes, for example, that the Company pays competitive, “market-driven wages to its team members” along with “incentive pay that increases [team members’] hourly wage based upon their individual performance or the performance of their store.” In addition, the Report explains that all “full-time team members, once meeting eligibility requirements, may participate in the Company’s 401(k) plan with corresponding [Company] matches and contributions.” The Report also emphasizes that all team members may participate in the Company’s “Employee Stock Purchase Program (ESPP) that allows [team members] to allocate a percentage of their pay to purchase [Company] stock at a 15% discount.”

In addition, the Report details the Company’s health and wellness programs that it makes available to employees as part of its labor practices. For example, the Report notes that the Company “offers up to three different levels of health care plans to eligible team members,” allowing them to “choose a plan in terms of coverage and cost that best fit their needs.” The Report also states that the Company “funds a significant percentage” of the cost for such coverage and offers “wellness discounts for voluntary participation in wellness programs and making healthy lifestyle choices.” Further, the Report explains that the Company offers “vision and dental plans” as well as “optional plans for life insurance, legal services, and identity theft protection,” among others, and a free Employee Assistance Program for team members facing “unique personal needs and/or life challenges.” In addition, the Report details that planning is underway for the Company’s “first ever wellness and acute care clinic offering no additional cost services to 1,600 team members in [the Company’s] corporate office.” The Report also emphasizes that in 2018, the Company “created an education assistance program that helps those [team members] who qualify to pursue advanced outside educational programs.”

Another labor practice covered by the Report is the Company’s employee engagement and advancement programs. The Report explains that “[t]o enhance opportunities for all of [the Company’s] team members, the Company offers a number of programs designed to ready team members to take on more responsibility and for promotion.” In addition, the Report indicates that the Company “offers a variety of specific training programs that address a broad spectrum of topics” and notes that Company “team members received an estimated 1.7 million hours of training in 2018.” The Report describes several of those programs, including the Company’s “Leadership Enhancement and Development Program (LEAD),” “Field Manager Training Programs,” “Management Development Program (MDP),” “FastTrack Training Program,” “Distribution Center Leadership Development Program (DCLD)” and “Annual Leadership Conference,” among others. The Report notes in particular that the LEAD identifies team members for “next-level management positions” and invites those team members to “complete development activities to prepare them for advancement.” The Report also explains that the MDP invites store managers to visit the Company’s corporate office where they receive “training on how to become successful store leaders.”

Further, the Report provides several examples of the Company’s community outreach initiatives as an extension of its labor practices. The Report states that the Company’s efforts have resulted in “donations of more than $18.7 million to charities and community groups
Office of Chief Counsel
December 27, 2019
Page 7

Addressing a variety of needs” in employees’ communities, such as “hunger, veteran support, at-risk children, sheltering the victims of domestic abuse, literacy, cancer research, homelessness, and humane societies.” In addition, the Report cites the Company’s “long relationship with United Way,” which the Company describes as allowing it and its and team members to “make a real difference in the communities and areas” where the Company’s employees work and “serve by helping local programs financially and by volunteering.” The Report also highlights that the Company and its team members have “donated more than $6.3 million and thousands of hours of work.”

Moreover, in addition to detailing the Company’s own labor practices, the Report states that the Company “supports efforts to eradicate slavery and human trafficking in [its] supply chains.” The Report notes that the Company’s suppliers are required to “acknowledge there is no slavery or human trafficking involved with the products they supply” to the Company. In addition, the Report states that the Company “seeks to partner with those [suppliers] that share [its] beliefs.”

Given the Report’s detailed overview and examples of the Company’s human capital risks and opportunities, including with respect to workforce diversity and inclusion and the various labor practices described above, the Company has satisfied the Proposal’s essential objective. Therefore, even though the Proposal may not be implemented exactly as proposed by the Proponents, the Company believes that its policies and public disclosures compare favorably with those requested by the Proposal.

Accordingly, consistent with the precedent described above, the Company believes that the Proposal may be excluded from its 2020 proxy materials pursuant to Rule 14a-8(i)(10) as substantially implemented.

VI. The Trusts May be Excluded as Co-Filers Pursuant to Rule 14a-8(b)(1) and Rule 14a-8(f)(1) Because the Trusts Failed to Provide Timely Proof of the Requisite Stock Ownership After Receiving Notice of Such Deficiency.

Rule 14a-8(b)(1) provides that, in order to be eligible to submit a proposal, a shareholder must have continuously held at least $2,000 in market value, or 1%, of the company’s securities entitled to be voted on the proposal for at least one year as of the date the proposal is submitted and must continue to hold those securities through the date of the meeting. If the proponent is not a registered holder, he or she must provide proof of beneficial ownership of the securities. Under Rule 14a-8(f)(1), a company may exclude a shareholder proposal if the proponent fails to provide evidence that it meets the eligibility requirements of Rule 14a-8(b), provided that the company notifies the proponent of the deficiency within 14 calendar days of receiving the proposal and the proponent fails to correct the deficiency within 14 days of receiving such notice.

The Staff has consistently permitted exclusion of shareholder proposals under Rule 14a-8(f)(1) where a proponent has failed to provide timely evidence of eligibility to submit
a shareholder proposal in response to a timely deficiency notice from the company. See, e.g., Comcast Corp. (Feb. 26, 2018) (permitting exclusion of a proposal under Rule 14a-8(f)(1) where the proponent failed to supply any evidence of eligibility to submit a shareholder proposal after receiving the company’s timely deficiency notice); Facebook, Inc. (Feb. 26, 2018) (same); Amazon.com, Inc. (Feb. 6, 2018) (same); see also, e.g., Exxon Mobil Corp. (Feb. 14, 2018) (permitting exclusion of a proposal under Rule 14a-8(f)(1) where the proponent supplied evidence of eligibility to submit a shareholder proposal 53 days after receiving the company’s timely deficiency notice); Ambac Financial Group, Inc. (Dec. 15, 2016) (permitting exclusion of a proposal under Rule 14a-8(f)(1) where the proponent supplied evidence of eligibility to submit a shareholder proposal 48 days after receiving the company’s timely deficiency notice); Prudential Financial, Inc. (Dec. 28, 2015) (permitting exclusion of a proposal under Rule 14a-8(f)(1) where the proponent supplied evidence of eligibility to submit a shareholder proposal 23 days after receiving the company’s timely deficiency notice).

In this instance, the Trusts failed to provide timely evidence of eligibility to submit a shareholder proposal to the Company after a timely deficiency notice from the Company. Specifically, after receiving the Proposal on November 25, 2019, the Company sent the Deficiency Letter timely notifying the Trusts of the procedural defect under Rule 14a-8(b). The Deficiency Letter specifically confirmed that the Trusts are “not a registered holder of [the Company’s] common shares” and requested “a written statement from the record holder of the [Trusts’] common shares . . . verifying that the [Trusts] had beneficially held the requisite number of [the Company’s] common shares continuously for at least one year preceding and including November 25, 2019, which is the date [the Trusts] submitted the Proposal to [the Company].” The Deficiency Letter also clearly explained the proof of ownership requirements of Rule 14a-8(b) and how to satisfy those requirements. Consistent with Rule 14a-8(f)(1), the Deficiency Letter requested that proof of the Trusts’ ownership be provided within 14 days of As You Sow’s receipt of the Deficiency Letter, which was November 27, 2019. The Company has not received any further correspondence from the Trusts, and has not received verification of the Trusts’ ownership of the Company’s common stock since sending the Deficiency Letter to As You Sow. Therefore, the Trusts have failed to provide proof of their stock ownership within the required timeframe after receiving notice of such deficiency.

Accordingly, consistent with the precedent described above, the Company believes that the Trusts may be excluded as co-filers pursuant to Rule 14a-8(b)(1) and Rule 14a-8(f)(1) as the Trusts have failed to provide timely proof of the requisite stock ownership after receiving notice of such deficiency.

VII. Conclusion

Based upon the foregoing analysis, we respectfully request that the Staff concur that it will take no action if the Company excludes the Proposal from its 2020 proxy materials or, if applicable, excludes the Trusts as co-filers of the Proposal. Should the Staff disagree with the conclusions set forth in this letter, or should any additional information be desired in support of
the Company’s position, we would appreciate the opportunity to confer with the Staff concerning these matters prior to the issuance of the Staff’s response. Please do not hesitate to contact me at the telephone number or email address appearing on the first page of this letter.

Very truly yours,

Kim deBeers
Kimberly A. deBeers

Enclosures

cc: Andrew Behar
CEO
As You Sow
EXHIBIT A

(see attached)
VIA OVERNIGHT MAIL & EMAIL

November 25, 2019

Tricia Headley
Corporate Secretary
O'Reilly Automotive, Inc.
233 South Patterson Avenue
Springfield, Missouri 65802
theadley@oreillyauto.com

Dear Ms. Headley,

Terry L Miller & Debra Shank Miller are shareholders of O'Reilly Automotive, Inc. As You Sow submits the enclosed shareholder proposal on behalf of Terry L Miller & Debra Shank Miller (Proponent) for inclusion in the company’s 2020 proxy statement, and for consideration by shareholders in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities Exchange Act of 1934.

A letter from the Proponent authorizing As You Sow to act on their behalf is enclosed. A representative of the Proponent will attend the stockholders’ meeting to move the resolution as required.

We are available to discuss this issue and are optimistic that such a discussion could result in resolution of the Proponent’s concerns. To schedule a dialogue, please contact Andrew Behar, CEO at abehar@asyousow.org. Please send all correspondence to Mr. Behar with a copy to shareholderengagement@asyousow.org. Also, please note that our address has changed. Our new address is set forth above.

Sincerely,

Danielle Fugere
President

Enclosures
- Shareholder Proposal
- Shareholder Authorization
Whereas: Human capital management disclosures are garnering attention in Congress\(^1\) and the SEC;\(^2\)

The retail sector’s low-average wages, which help our Company maintain low prices on products, may increase labor-related risks. Companies can face decreases in market share and revenue from negative consumer sentiment in the event of public disagreement between companies and workers;

Underrepresentation of women and minorities in management structures may lay a foundation for allegations of discriminatory practices in promotions or wages. Litigation can eat into thin margins and cause reputational damage;

The Sustainability Accounting Standards Board (SASB) has established sector-specific standards to assist companies in disclosing financially material, decision-useful sustainability information to investors. The standards identify a minimum set of sustainability issues most likely to impact operating performance or financial condition of the typical company in an industry. Businesses use SASB standards to better identify, manage, and communicate to investors sustainability information that is comparable, consistent, and financially material, thereby enabling better investment and voting decisions;

The SASB standards are recognized as financially material by mainstream investors. The SASB Investor Advisory Group, 46 global asset owners and managers “[b]elieve SASB’s approach—which is industry-specific and materiality-focused--will help provide investors with relevant and decision-useful information.”\(^3\) Members of the SASB Investor Advisory Group and SASB Alliance, “a growing movement of organizations that believe standardized, industry-specific, and materiality-based standards help companies and investors adapt to the market’s expectations,” comprise seven of the ten largest worldwide money managers\(^4\) as well as pension funds of six states;\(^5\)

SASB Labor Practices standards encompass average hourly wage and percentage of in-store employees earning minimum wage; voluntary and involuntary turnover rate for in-store employees; and total amount of monetary losses as a result of legal proceedings associated with labor law violations;


\(^3\) Support from Investors. https://www.sasb.org/investor-use/supporters/

https://www.pionline.com/assets/docs/CO119854528.PDF

\(^5\) SASB Alliance Organizational Members. https://www.sasb.org/alliance-membership/organizational-members/
SASB Workforce Diversity and Inclusion metrics concern the percentage of each gender category for global operations; and standard EEO-1 racial and ethnic group categories for U.S. operations for management and non-managerial employees;

Yet, our Company does not disclose this financially material information. Its absence challenges investors’ ability to comprehensively evaluate our company’s management of sustainability risks and opportunities;

Therefore, be it resolved: Shareholders request that the Board of Directors issue a report to shareholders describing the company’s policies, performance, and improvement targets related to material human capital risks and opportunities by 180 days after the 2020 Annual Meeting, at reasonable expense and excluding confidential information, prepared in consideration of the metrics and guidelines set forth in the SASB Multiline and Specialty Retailers & Distributors standard’s provisions on workforce diversity and inclusion and labor practices requirements.
November 9, 2019

Andrew Behar
CEO
As You Sow
2150 Kittredge St., Suite 450
Berkeley, CA 94704

Re: Authorization to File Shareholder Resolution

Dear Mr. Behar,

The undersigned ("Stockholder") authorizes As You Sow to file or co-file a shareholder resolution on Stockholder’s behalf with the named Company for inclusion in the Company’s 2020 proxy statement, in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities and Exchange Act of 1934. The resolution at issue relates to the below described subject.

Stockholder: Terry L Miller & Debra Shank Miller
Company: O'Reilly Automotive, Inc. (ORLY)
Subject: Human capital management disclosures

The Stockholder has continuously owned over $2,000 worth of Company stock, with voting rights, for over a year. The Stockholder intends to hold the required amount of stock through the date of the Company’s annual meeting in 2020.

The Stockholder gives As You Sow the authority to address, on the Stockholder’s behalf, any and all aspects of the shareholder resolution, including designating another entity as lead filer and representative of the shareholder. The Stockholder understands that the Stockholder’s name may appear on the company’s proxy statement as the filer of the aforementioned resolution, and that the media may mention the Stockholder’s name in relation to the resolution.

The shareholder further authorizes As You Sow to send a letter of support of the resolution on Stockholder’s behalf.

Sincerely,

Terry L Miller
Debra Shank Miller

Terry L Miller & Debra Shank Miller
Terry L Miller & Debra Shank Miller
VIA OVERNIGHT MAIL & EMAIL

November 25, 2019

Tricia Headley
Corporate Secretary
O’Reilly Automotive, Inc.
233 South Patterson Avenue
Springfield, Missouri 65802
theadley@oreillyauto.com

Dear Ms. Headley,

The following O’Reilly Automotive, Inc. shareholders are co-filing a shareholder proposal for action at the next annual meeting of the company.

- The Virginia Lopez Family Trust
- Yu & Ho Liv Tr Sep Prop

The shareholders are co-filing this resolution with Terry L Miller & Debra Shank Miller, who is the lead filer of the proposal. Terry L Miller & Debra Shank Miller have submitted the enclosed shareholder proposal for inclusion in the 2020 proxy statement in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities Exchange Act of 1934. Terry L Miller & Debra Shank Miller (represented by As You Sow) is authorized to act on the co-filers’ behalf with regard to withdrawal of the proposal.

Letters authorizing As You Sow to act on co-filers’ behalf are enclosed. A representative of the lead filer will attend the stockholders’ meeting to move the resolution as required. To schedule a dialogue, please contact Andrew Behar, CEO at abehar@asyousow.org. Please send all correspondence to Mr. Behar with a copy to shareholderengagement@asyousow.org. Also, please note that our address has changed. Our new address is set forth above.

Sincerely,

Danielle Fugere
President

Enclosures
- Shareholder Proposal
- Shareholder Authorizations
Whereas: Human capital management disclosures are garnering attention in Congress¹ and the SEC;²

The retail sector's low-average wages, which help our Company maintain low prices on products, may increase labor-related risks. Companies can face decreases in market share and revenue from negative consumer sentiment in the event of public disagreement between companies and workers;

Underrepresentation of women and minorities in management structures may lay a foundation for allegations of discriminatory practices in promotions or wages. Litigation can eat into thin margins and cause reputational damage;

The Sustainability Accounting Standards Board (SASB) has established sector-specific standards to assist companies in disclosing financially material, decision-useful sustainability information to investors. The standards identify a minimum set of sustainability issues most likely to impact operating performance or financial condition of the typical company in an industry. Businesses use SASB standards to better identify, manage, and communicate to investors sustainability information that is comparable, consistent, and financially material, thereby enabling better investment and voting decisions;

The SASB standards are recognized as financially material by mainstream investors. The SASB Investor Advisory Group, 46 global asset owners and managers “[b]elieve SASB’s approach--which is industry-specific and materiality-focused--will help provide investors with relevant and decision-useful information.”³ Members of the SASB Investor Advisory Group and SASB Alliance, “a growing movement of organizations that believe standardized, industry-specific, and materiality-based standards help companies and investors adapt to the market’s expectations,” comprise seven of the ten largest worldwide money managers⁴ as well as pension funds of six states;⁵

SASB Labor Practices standards encompass average hourly wage and percentage of in-store employees earning minimum wage; voluntary and involuntary turnover rate for in-store employees; and total amount of monetary losses as a result of legal proceedings associated with labor law violations;

³ Support from Investors. https://www.sasb.org/investor-use/supporters/
⁵ SASB Alliance Organizational Members. https://www.sasb.org/alliance-membership/organizational-members/
SASB Workforce Diversity and Inclusion metrics concern the percentage of each gender category for global operations; and standard EEO-1 racial and ethnic group categories for U.S. operations for management and non-managerial employees;

Yet, our Company does not disclose this financially material information. Its absence challenges investors’ ability to comprehensively evaluate our company’s management of sustainability risks and opportunities;

Therefore, be it resolved: Shareholders request that the Board of Directors issue a report to shareholders describing the company’s policies, performance, and improvement targets related to material human capital risks and opportunities by 180 days after the 2020 Annual Meeting, at reasonable expense and excluding confidential information, prepared in consideration of the metrics and guidelines set forth in the SASB Multiline and Specialty Retailers & Distributors standard’s provisions on workforce diversity and inclusion and labor practices requirements.
Andrew Behar  
CEO  
As You Sow  
2150 Kittredge St., Suite 450  
Berkeley, CA 94704

Re: Authorization to File Shareholder Resolution

Dear Andrew Behar,

As of the date of this letter, the undersigned authorizes As You Sow (AYS) file, cofile, or endorse the shareholder resolution identified below on Stockholder’s behalf with the identified company, and that it be included in the proxy statement as specified below, in accordance with Rule 14-a8 of the General Rules and Regulations of the Securities and Exchange Act of 1934.

The Stockholder: V Lopez Family Trust  
Company: O'Reilly Automotive  
Annual Meeting/Proxy Statement Year: 2020  
Resolution Subject: Human capital management disclosures

The Stockholder gives As You Sow the authority to deal on the Stockholder’s behalf with any and all aspects of the shareholder resolution, including designating another entity as lead filer and representative of the shareholder. The Stockholder understands that the Stockholder’s name may appear on the company’s proxy statement as the filer of the aforementioned resolution, and that the media may mention the Stockholder’s name related to the resolution.

Sincerely,

Name: Virginia Lopez  
Title: Trustee
Dear Andrew Behar,

As of the date of this letter, the undersigned authorizes As You Sow (AYS) file, cofile, or endorse the shareholder resolution identified below on Stockholder’s behalf with the identified company, and that it be included in the proxy statement as specified below, in accordance with Rule 14-a8 of the General Rules and Regulations of the Securities and Exchange Act of 1934.

The Stockholder: Yu & Ho Liv Tr Sep Prop  
Company: O'Reilly Automotive  
Annual Meeting/Proxy Statement Year: 2020  
Resolution Subject: Human capital management disclosures

The Stockholder gives As You Sow the authority to deal on the Stockholder’s behalf with any and all aspects of the shareholder resolution, including designating another entity as lead filer and representative of the shareholder. The Stockholder understands that the Stockholder’s name may appear on the company’s proxy statement as the filer of the aforementioned resolution, and that the media may mention the Stockholder’s name related to the resolution.

Sincerely,

Name: Frances Ho  
Title: Executor
November 27, 2019

Andrew Behar
CEO
As You Sow
2150 Kittredge St., Suite 450
Berkeley, CA 94704

abehar@asyousow.org

RE: Notice of Deficiency

Dear Mr. Behar:

I am writing to acknowledge receipt on November 25, 2019 of the shareholder proposal (the “Proposal”) submitted by you on behalf of Terry L. Miller, Debra Shank Miller, the Virginia Lopez Family Trust and the Yu & Ho Liv Tr Sep Prop (collectively, the “Proponents”) to O’Reilly Automotive, Inc. (“O’Reilly”) pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), for inclusion in O’Reilly’s proxy materials for the 2020 Annual Meeting of Shareholders (the “Annual Meeting”).

Under the proxy rules of the Securities and Exchange Commission (the “SEC”), in order to be eligible to submit a proposal for the Annual Meeting, a proponent must have continuously held at least $2,000 in market value of O’Reilly’s common shares for at least one year preceding and including the date that the proposal is submitted. In addition, the proponent must continue to hold at least this amount of common shares through the date of the Annual Meeting. For your reference, a copy of Rule 14a-8 is attached to this letter as Exhibit A.

Our records indicate that the Proponents are not registered holders of O’Reilly’s common shares. Please provide a written statement from the record holder of the Proponents’ common shares (usually a bank or broker) and a participant in the Depository Trust Company (“DTC”), or an affiliate of a DTC participant, verifying that the Proponents had beneficially held the requisite number of O’Reilly’s common shares continuously for at least one year preceding and including November 25, 2019, which is the date you submitted the Proposal to O’Reilly.

In order to determine if the bank or broker holding the Proponents’ shares is a DTC Participant, the Proponents can check the DTC’s participant list, which is currently available on the Internet at http://www.dtcc.com/client-center/dtc-directories. If the bank or broker holding the Proponents’ shares is not a DTC participant or an affiliate of a DTC participant, the Proponents also will need to obtain proof of ownership from the DTC participant or affiliate of the DTC participant through which the shares are held. The Proponents should be able to identify the DTC participant or affiliate of the DTC participant by asking the Proponents’ broker or bank. If the DTC participant or affiliate of the DTC participant knows the Proponents’ broker or bank’s holdings, but does not know the Proponents’ holdings, the Proponents can satisfy Rule 14a-8 by obtaining and submitting two proof of ownership statements verifying that, preceding and including the date the Proponents submitted the Proposal, the required amount of shares were continuously held for at least one year – with one statement from the Proponents’ broker or bank confirming the Proponents’ ownership, and the other statement from the DTC participant or affiliate of the DTC participant confirming the broker or bank’s ownership. For additional information regarding the acceptable methods of proving the Proponents’ ownership of the minimum number of O’Reilly’s common shares, please see Rule 14a-8(b)(2) in Exhibit A.
In addition, Rule 14a-8(d) under the Exchange Act specifies that any shareholder proposal, including any accompanying supporting statement, may not exceed 500 words. We believe your submission contains more than 500 words. To remedy this defect, you must revise the proposal and supporting statement so that they do not exceed 500 words.

The SEC rules require that your response to this letter be postmarked or transmitted electronically to us no later than 14 calendar days from the date you receive this letter. Once we receive your response, we will be in a position to determine whether the Proposal is eligible for inclusion in the proxy materials for the Annual Meeting. O'Reilly reserves the right to seek relief from the SEC as appropriate.

Very truly yours,

O'REILLY AUTOMOTIVE, INC.

Jeffrey L. Groves
General Counsel
Senior Vice President of Legal
Direct Line: (417) 829-5763
Fax No.: (417) 829-5726

Enclosures

cc: Kimberly A. deBeers
    Skadden, Arps, Slate, Meagher & Flom LLP
EXHIBIT A

(see attached)
§240.14a-8 Shareholder proposals.

This section addresses when a company must include a shareholder's proposal in its proxy statement and identify the proposal in its form of proxy when the company holds an annual or special meeting of shareholders. In summary, in order to have your shareholder proposal included on a company's proxy card, and included along with any supporting statement in its proxy statement, you must be eligible and follow certain procedures. Under a few specific circumstances, the company is permitted to exclude your proposal, but only after submitting its reasons to the Commission. We structured this section in a question-and-answer format so that it is easier to understand. The references to "you" are to a shareholder seeking to submit the proposal.

(a) Question 1: What is a proposal? A shareholder proposal is your recommendation or requirement that the company and/or its board of directors take action, which you intend to present at a meeting of the company's shareholders. Your proposal should state as clearly as possible the course of action that you believe the company should follow. If your proposal is placed on the company's proxy card, the company must also provide in the form of proxy means for shareholders to specify by boxes a choice between approval or disapproval, or abstention. Unless otherwise indicated, the word "proposal" as used in this section refers both to your proposal, and to your corresponding statement in support of your proposal (if any).

(b) Question 2: Who is eligible to submit a proposal, and how do I demonstrate to the company that I am eligible? (1) In order to be eligible to submit a proposal, you must have continuously held at least $2,000 in market value, or 1%, of the company's securities entitled to be voted on the proposal at the meeting for at least one year by the date you submit the proposal. You must continue to hold those securities through the date of the meeting.

(2) If you are the registered holder of your securities, which means that your name appears in the company's records as a shareholder, the company can verify your eligibility on its own, although you will still have to provide the company with a written statement that you intend to continue to hold the securities through the date of the meeting of shareholders. However, if like many shareholders you are not a registered holder, the company likely does not know that you are a shareholder, or how many shares you own. In this case, at the time you submit your proposal, you must prove your eligibility to the company in one of two ways:

(i) The first way is to submit to the company a written statement from the "record" holder of your securities (usually a broker or bank) verifying that, at the time you submitted your proposal, you continuously held the securities for at least one year. You must also include your own written statement that you intend to continue to hold the securities through the date of the meeting of shareholders; or

(ii) The second way to prove ownership applies only if you have filed a Schedule 13D (§240.13d-101), Schedule 13G (§240.13d-102), Form 3 (§249.103 of this chapter), Form 4 (§249.104 of this chapter) and/or Form 5 (§249.105 of this chapter), or amendments to those documents or updated forms, reflecting your ownership of the shares as of or before the date on which the one-year eligibility period begins. If you have filed one of these documents with the SEC, you may demonstrate your eligibility by submitting to the company:

(A) A copy of the schedule and/or form, and any subsequent amendments reporting a change in your ownership level;

(B) Your written statement that you continuously held the required number of shares for the one-year period as of the date of the statement; and

(C) Your written statement that you intend to continue ownership of the shares through the date of the company's annual or special meeting.
(c) Question 3: How many proposals may I submit? Each shareholder may submit no more than one proposal to a company for a particular shareholders' meeting.

(d) Question 4: How long can my proposal be? The proposal, including any accompanying supporting statement, may not exceed 500 words.

(e) Question 5: What is the deadline for submitting a proposal? (1) If you are submitting your proposal for the company's annual meeting, you can in most cases find the deadline in last year's proxy statement. However, if the company did not hold an annual meeting last year, or has changed the date of its meeting for this year more than 30 days from last year's meeting, you can usually find the deadline in one of the company's quarterly reports on Form 10-Q (§249.308a of this chapter), or in shareholder reports of investment companies under §270.30d-1 of this chapter of the Investment Company Act of 1940. In order to avoid controversy, shareholders should submit their proposals by means, including electronic means, that permit them to prove the date of delivery.

(2) The deadline is calculated in the following manner if the proposal is submitted for a regularly scheduled annual meeting. The proposal must be received at the company's principal executive offices not less than 120 calendar days before the date of the company's proxy statement released to shareholders in connection with the previous year's annual meeting. However, if the company did not hold an annual meeting the previous year, or if the date of this year's annual meeting has been changed by more than 30 days from the date of the previous year's meeting, then the deadline is a reasonable time before the company begins to print and send its proxy materials.

(3) If you are submitting your proposal for a meeting of shareholders other than a regularly scheduled annual meeting, the deadline is a reasonable time before the company begins to print and send its proxy materials.

(f) Question 6: What if I fail to follow one of the eligibility or procedural requirements explained in answers to Questions 1 through 4 of this section? (1) The company may exclude your proposal, but only after it has notified you of the problem, and you have failed adequately to correct it. Within 14 calendar days of receiving your proposal, the company must notify you in writing of any procedural or eligibility deficiencies, as well as of the time frame for your response. Your response must be postmarked, or transmitted electronically, no later than 14 days from the date you received the company's notification. A company need not provide you such notice of a deficiency if the deficiency cannot be remedied, such as if you fail to submit a proposal by the company's properly determined deadline. If the company intends to exclude the proposal, it will later have to make a submission under §240.14a-8 and provide you with a copy under Question 10 below, §240.14a-8(j).

(2) If you fail in your promise to hold the required number of securities through the date of the meeting of shareholders, then the company will be permitted to exclude all of your proposals from its proxy materials for any meeting held in the following two calendar years.

(g) Question 7: Who has the burden of persuading the Commission or its staff that my proposal can be excluded? Except as otherwise noted, the burden is on the company to demonstrate that it is entitled to exclude a proposal.

(h) Question 8: Must I appear personally at the shareholders' meeting to present the proposal? (1) Either you, or your representative who is qualified under state law to present the proposal on your behalf, must attend the meeting to present the proposal. Whether you attend the meeting yourself or send a qualified representative to the meeting in your place, you should make sure that you, or your representative, follow the proper state law procedures for attending the meeting and/or presenting your proposal.

(2) If the company holds its shareholder meeting in whole or in part via electronic media, and the company permits you or your representative to present your proposal via such media, then you may appear through electronic media rather than traveling to the meeting to appear in person.
(3) If you or your qualified representative fail to appear and present the proposal, without good cause, the company will be permitted to exclude all of your proposals from its proxy materials for any meetings held in the following two calendar years.

(i) **Question 9:** If I have complied with the procedural requirements, on what other bases may a company rely to exclude my proposal? (1) Improper under state law: If the proposal is not a proper subject for action by shareholders under the laws of the jurisdiction of the company's organization;

*NOTE TO PARAGRAPH (i)(1): Depending on the subject matter, some proposals are not considered proper under state law if they would be binding on the company if approved by shareholders. In our experience, most proposals that are cast as recommendations or requests that the board of directors take specified action are proper under state law. Accordingly, we will assume that a proposal drafted as a recommendation or suggestion is proper unless the company demonstrates otherwise.*

(2) **Violation of law:** If the proposal would, if implemented, cause the company to violate any state, federal, or foreign law to which it is subject;

*NOTE TO PARAGRAPH (i)(2): We will not apply this basis for exclusion to permit exclusion of a proposal on grounds that it would violate foreign law if compliance with the foreign law would result in a violation of any state or federal law.*

(3) **Violation of proxy rules:** If the proposal or supporting statement is contrary to any of the Commission's proxy rules, including §240.14a-9, which prohibits materially false or misleading statements in proxy soliciting materials;

(4) **Personal grievance; special interest:** If the proposal relates to the redress of a personal claim or grievance against the company or any other person, or if it is designed to result in a benefit to you, or to further a personal interest, which is not shared by the other shareholders at large;

(5) **Relevance:** If the proposal relates to operations which account for less than 5 percent of the company's total assets at the end of its most recent fiscal year, and for less than 5 percent of its net earnings and gross sales for its most recent fiscal year, and is not otherwise significantly related to the company's business;

(6) **Absence of power/authority:** If the company would lack the power or authority to implement the proposal;

(7) **Management functions:** If the proposal deals with a matter relating to the company's ordinary business operations;

(8) **Director elections:** If the proposal:

(i) Would disqualify a nominee who is standing for election;

(ii) Would remove a director from office before his or her term expired;

(iii) Questions the competence, business judgment, or character of one or more nominees or directors;

(iv) Seeks to include a specific individual in the company's proxy materials for election to the board of directors; or

(v) Otherwise could affect the outcome of the upcoming election of directors.

(9) **Conflicts with company's proposal:** If the proposal directly conflicts with one of the company's own proposals to be submitted to shareholders at the same meeting;
NOTE TO PARAGRAPH (i)(9): A company's submission to the Commission under this section should specify the points of conflict with the company's proposal.

(10) Substantially implemented: If the company has already substantially implemented the proposal;

NOTE TO PARAGRAPH (i)(10): A company may exclude a shareholder proposal that would provide an advisory vote or seek future advisory votes to approve the compensation of executives as disclosed pursuant to Item 402 of Regulation S-K (§229.402 of this chapter) or any successor to Item 402 (a "say-on-pay vote") or that relates to the frequency of say-on-pay votes, provided that in the most recent shareholder vote required by §240.14a-21(b) of this chapter a single year (i.e., one, two, or three years) received approval of a majority of votes cast on the matter and the company has adopted a policy on the frequency of say-on-pay votes that is consistent with the choice of the majority of votes cast in the most recent shareholder vote required by §240.14a-21(b) of this chapter.

(11) Duplication: if the proposal substantially duplicates another proposal previously submitted to the company by another proponent that will be included in the company's proxy materials for the same meeting;

(12) Resubmissions: If the proposal deals with substantially the same subject matter as another proposal or proposals that has or have been previously included in the company's proxy materials within the preceding 5 calendar years, a company may exclude it from its proxy materials for any meeting held within 3 calendar years of the last time it was included if the proposal received:

(i) Less than 3% of the vote if proposed once within the preceding 5 calendar years;

(ii) Less than 6% of the vote on its last submission to shareholders if proposed twice previously within the preceding 5 calendar years; or

(iii) Less than 10% of the vote on its last submission to shareholders if proposed three times or more previously within the preceding 5 calendar years; and

(13) Specific amount of dividends: If the proposal relates to specific amounts of cash or stock dividends.

(j) Question 10: What procedures must the company follow if it intends to exclude my proposal?
(1) If the company intends to exclude a proposal from its proxy materials, it must file its reasons with the Commission no later than 80 calendar days before it files its definitive proxy statement and form of proxy with the Commission. The company must simultaneously provide you with a copy of its submission. The Commission staff may permit the company to make its submission later than 80 days before the company files its definitive proxy statement and form of proxy, if the company demonstrates good cause for missing the deadline.

(2) The company must file six paper copies of the following:

(i) The proposal;

(ii) An explanation of why the company believes that it may exclude the proposal, which should, if possible, refer to the most recent applicable authority, such as prior Division letters issued under the rule; and

(iii) A supporting opinion of counsel when such reasons are based on matters of state or foreign law.

(k) Question 11: May I submit my own statement to the Commission responding to the company's arguments?
Yes, you may submit a response, but it is not required. You should try to submit any response to us, with a copy to the company, as soon as possible after the company makes its submission. This way, the Commission staff will have time to consider fully your submission before it issues its response. You should submit six paper copies of your response.

(1) **Question 12:** If the company includes my shareholder proposal in its proxy materials, what information about me must it include along with the proposal itself?

(1) The company's proxy statement must include your name and address, as well as the number of the company's voting securities that you hold. However, instead of providing that information, the company may instead include a statement that it will provide the information to shareholders promptly upon receiving an oral or written request.

(2) The company is not responsible for the contents of your proposal or supporting statement.

(m) **Question 13:** What can I do if the company includes in its proxy statement reasons why it believes shareholders should not vote in favor of my proposal, and I disagree with some of its statements?

(1) The company may elect to include in its proxy statement reasons why it believes shareholders should vote against your proposal. The company is allowed to make arguments reflecting its own point of view, just as you may express your own point of view in your proposal's supporting statement.

(2) However, if you believe that the company's opposition to your proposal contains materially false or misleading statements that may violate our anti-fraud rule, §240.14a-9, you should promptly send to the Commission staff and the company a letter explaining the reasons for your view, along with a copy of the company's statements opposing your proposal. To the extent possible, your letter should include specific factual information demonstrating the inaccuracy of the company's claims. Time permitting, you may wish to try to work out your differences with the company by yourself before contacting the Commission staff.

(3) We require the company to send you a copy of its statements opposing your proposal before it sends its proxy materials, so that you may bring to our attention any materially false or misleading statements, under the following timeframes:

(i) If our no-action response requires that you make revisions to your proposal or supporting statement as a condition to requiring the company to include it in its proxy materials, then the company must provide you with a copy of its opposition statements no later than 5 calendar days after the company receives a copy of your revised proposal; or

(ii) in all other cases, the company must provide you with a copy of its opposition statements no later than 30 calendar days before its files definitive copies of its proxy statement and form of proxy under §240.14a-6.

December 2, 2019

Terry Miller, Debra Miller
P.O. Box 17311
Seattle, WA 98127

Account number ending in:  ****-** ***
Questions: Contact your advisor or call Schwab Alliance at 1-800-515-2157.

Important information regarding shares in your account.

Dear Terry Miller and Debra Miller,

We're writing to confirm information about the account listed above, which Charles Schwab & Co., Inc. holds as custodian. This account holds in trust 21 shares of O'Reilly Automotive, Inc. ORLY common stock. These shares have been held in the account continuously for at least one year prior to and including November 25, 2019.

These shares are held at Depository Trust Company under the nominee name of Charles Schwab & Co., Inc., which serves as custodian for the registration listed above.

Thank you for choosing Schwab. If you have questions, please contact your advisor or Schwab Alliance at 1-800-515-2157. We appreciate your business and look forward to serving you in the future.

Sincerely,

Kelli Thurmond
Sr Specialist, Operations
MANAGED & ADVISED ACCOUNT OPS
2423 E Lincoln Dr
PHOENIX, AZ 85016-1215

Independent investment advisors are not owned by, affiliated with, or supervised by Charles Schwab & Co., Inc. ("Schwab").
EXHIBIT B

(see attached)
This Sustainability, Social, and Governance Report covers the O'Reilly Auto Parts’ year of progress in 2018.

Overview
03 | About This Report & The O'Reilly Culture
04 | A Letter From Our CEO

About O’Reilly
05 | Our History

Professional Parts People
06 | Our Team
07 | Diversity & Inclusion
08 | Programs & Training
10 | Work Environment & Recognition
11 | Team Member Emergency Fund

Living O’Reilly Green
12 | What it Means
13 | Store Efforts
15 | Distribution Center Efforts
17 | Delivery Fleet Efforts
18 | Corporate Office Efforts
19 | Solar Initiatives & Investments

Community Engagement
21 | Charitable Giving
21 | United Way
22 | Charity Event
22 | Casual for a Cause

Customer Engagement
23 | Store Services
24 | Online Resources

Our Business
25 | Code of Business Conduct & Ethics
26 | T.I.P.S. Hotline
27 | Data Privacy & Security
28 | Corporate Governance
ABOUT THIS REPORT

At O'Reilly Auto Parts, the O'Reilly Culture, which began in Springfield, Missouri with 13 team members in 1957, is the foundation for the way we approach everything, including our relationships with our team members, customers, business partners, and the communities where we live, work and serve, to our ongoing engagement with our shareholders. In this, our first O'Reilly Sustainability, Social and Governance Report, we highlight some of the many ways we "Live Green" by subscribing to the O'Reilly culture values you see below and instilling these principles in our team members each day. These core culture values have paved the way for our past success and will provide the concrete framework for a bright, successful future.

O'REILLY CULTURE VALUES & SUPPORTING BEHAVIORS

**COMMITMENT**
- O'Reilly is committed to our customers and our team members.

**DEDICATION**
- Focus your efforts on doing your best for the Company.

**ENThusiasm**
- Let your passion and determination help you and O'Reilly succeed.

**EXCELLENT CUSTOMER SERVICE**
- Make it your priority to deliver extraordinary, above and beyond service.

**EXPENSE CONTROL**
- Focus on controlling expenses at all times.

**HARD WORK**
- Work harder and smarter than our competition.

**HONESTY**
- Be honest in your dealings with O'Reilly, fellow team members, and our customers.

**PROFESSIONALISM**
- Take pride in your responsibilities and abilities as a professional parts person.

**RESPECT**
- Treat others as you would like to be treated.

**SAFETY/WELLNESS**
- Practice safe choices and healthy habits at work and at home.

**TEAMWORK**
- Build and be part of a positive team.

**WIN-WIN ATTITUDE**
- Work with a positive attitude to help everyone succeed.
A LETTER FROM OUR CEO

O’Reilly has consistently succeeded in delivering superior financial results for our shareholders, and these efforts continue to be top of mind for our management team each and every day. You cannot achieve great financial results without a relentless focus on providing consistently excellent service to your customers, ensuring your team members are motivated and engaged, and forming strong and lasting partnerships with each of the communities where you do business.

As a part of our continued efforts to provide clarity and transparency to our shareholders, we are very pleased to bring you our inaugural O’Reilly Sustainability, Social, & Governance Report. We are committed to sharing this information with you so you can be better informed about the many things we do for our customers, our team members, our communities, and to look at all stakeholders from an engagement perspective.

At O’Reilly, we continually ask ourselves some fundamental questions:
What are we doing for our team members to make their lives better, easier, and healthier? What are we doing to support the communities where we live, work, and serve? What are we doing to make our environmental practices sustainable? What are we doing in our relationship with our shareholders to be transparent and promote good corporate governance?

Of course, the O’Reilly culture values of customer service, to all our customers, is at the center to the answers for each of these questions, and this report will provide the answers to these questions, highlighting the road traveled, where we are today, and a piece of the map for the road ahead.

Thank you for your interest in O’Reilly Auto Parts and for learning more about our company values and how we care.

Greg Johnson
Chief Executive Officer and Co-President
The business was founded in 1957 by Charles F. O'Reilly and his son, Charles H. "Chub" O'Reilly, and initially operated from a single store in Springfield, Missouri.

They opened for business on Dec. 2, 1957, with one store and 13 employees at 403 Sherman Avenue in Springfield. Their sales totaled $700,000 in 1958, their first full year of business. Due to the hard work and ability of the original employees, several of whom were shareholders in the Company, the business grew and prospered from its very first year. By 1961, the Company's volume had reached $1.3 million — the combined volume of O'Reilly Automotive and Ozark Automotive Distributors, a division formed to serve independent automotive jobbers in the area. In March 1975, the annual sales volume rose to $7 million, and a 52,000 square-foot facility at 233 S. Patterson was built for the O'Reilly/Ozark warehouse operation. By that time, the Company had nine stores, all located in southwest Missouri.

The long-range plans and stability of the Company were solidified by a public offering of company stock in April 1993. Since that time, the Company has grown through the opening of new stores, as well as through numerous mergers and acquisitions, and currently operates stores in 47 states.

Today, O'Reilly Auto Parts is one of the largest specialty retailers of automotive aftermarket parts, tools, supplies, equipment, and accessories in the United States, selling products to both do-it-yourself ("DIY") and professional service provider customers by using our "dual market strategy."
OUR TEAM

We recognize that each and everyone of our more than 80,000 team members play a very important role in our ability to provide outstanding customer service and consistent, successful performance. In our stores, we employ more than 70,000 team members in more than 5,300 locations across 47 states. More than 8,000 team members work in our 27 distribution centers and more than 3,000 team members provide administrative or corporate support functions throughout the country.

We have a strong and experienced management team, built primarily through our promote from within philosophy, comprised of:

194 Senior Managers with an average of 20 Years of Service

254 Corporate Managers with an average of 16 Years of Service

518 District Managers with an average of 13 Years of Service

We maintain an environment that is inclusive where our team members can be successful and have personal and professional opportunities for growth. As a part of our efforts to create a positive work environment, O’Reilly provides a variety of high-quality training programs and services designed to help our team members thrive.
DIVERSITY & INCLUSION

O’Reilly is committed to being the Friendliest Parts Store in Town and our neighborhood parts stores are staffed with team members that reflect the customers they serve. We believe our business is stronger when we demonstrate that commitment through aggressive outreach and recruiting efforts. As we build diversity making us a stronger company, we believe we also build bridges for team members to trust, respect, and understand one another. Our Talent Acquisition team offers diversity resources in each state of operation to help find the best and most diversified candidates for employment.

O’Reilly is equally committed to maintain a workplace that respects the diversity of our team members. This means not only in the manner in which our EEO policies are enforced but also by respecting and encouraging diversity of thoughts and being open to our team members good ideas. An example of this is found in our Innovation Committee where members are encouraged to innovate the way we do business by thinking outside the box and challenging the status quo.
PROGRAMS & TRAINING

COMPENSATION

Our compensation philosophy has always been to incent team members to “run it like you own it.” We have designed our compensation programs to tap into our team members entrepreneurial spirit. O’Reilly pays competitive market-driven wages to its team members. Store team members have the opportunity to earn incentive pay that increases their hourly wage based upon their individual performance or the performance of their store. Managers, district managers, regional managers, and regional vice presidents have the ability to earn additional compensation above their salary or hourly wage based upon the performance of their stores. All full-time team members, once meeting eligibility requirements, may participate in the Company’s 401(k) plan with corresponding company matches and contributions. Team members may also participate in the Employee Stock Purchase Program (ESPP) that allows them to allocate a percentage of their pay to purchase company stock at a 15% discount. Stock option grants at varying levels are available upon promotion into management positions. Stock options vest over a period of time and last 10 years from the date of grant.

HEALTH AND WELLNESS

The Company offers up to three different levels of health care plans to eligible team members, which allows each team member to choose a plan in terms of coverage and cost that best fit their needs. The Company funds a significant percentage of the team member cost for coverage and offers the team member wellness discounts for voluntary participation in wellness programs and making healthy lifestyle choices. The Company also offers vision and dental plans as well as optional plans for life insurance, legal services, and identity theft protection, to name just a few. In addition, the Company offers wellness programs that offer 24/7/365 access to medical providers via phone and video chat, annual in-house flu shot clinics that combine additional voluntary health screenings, access to fitness centers or fitness benefits, monthly wellness tips, and wellness challenges “to keep O’Reilly active.” If team members are facing unique personal needs and/or life challenges, the Company offers a free Employee Assistance Program called O’Care Solutions. Planning is underway for our first ever wellness and acute care clinic offering no additional cost services to 1,600 team members in our corporate offices. In 2018, the Company created an education assistance program that helps those who qualify to pursue advanced outside educational programs.

A CULTURE OF SAFETY AND CARING

We take safety seriously at O’Reilly. Safety is one of the O’Reilly culture values. The Company offers extensive programs and training related to safety initiatives tailored to each team members job.
# Programs & Training

## Promote From Within Philosophy

O’Reilly focuses on promoting from within, providing opportunities for advancement at every level of the Company. Promotion from within builds loyalty and gives team members a clear pathway for advancement and develops an experienced motivated team! When necessary to align the skills of our existing team or in an effort to accelerate growth in a given market, O’Reilly will periodically hire strategic talent from outside the Company. To enhance opportunities for all of our team members, the Company offers a number of programs designed to ready team members to take on more responsibility and for promotion.

### Leadership Enhancement and Development Program (LEAD):

Team members identified as candidates for next-level management positions are nominated for the LEAD program. There, they complete development activities to prepare them for advancement.

### Field Manager Training Programs:

Leaders in field management receive ongoing training that covers leadership skills, team member relations, sales-related topics, customer service training, management training, and more.

### ASE (Automotive Service Excellence) Certification:

This nationally recognized technical certification is available to all part specialists and participation in becoming ASE certified is encouraged.

### Management Development Program (MDP):

Store managers attend special training at our Corporate Office where they receive training on how to become successful store leaders. It also introduces them to the corporate team who are there to provide great customer service to the stores.

### FastTrack Training Program:

FastTrack, O’Reilly’s innovative learning platform, is based on brain science research and designed to build knowledge that aids retention, equipping team members for success. FastTrack training encompasses a variety of concepts from daily store operations to training focused on compliance and regulatory matters. The FastTrack program rewards team members for completing and retaining training. During 2018, FastTrack Rewards paid team members $500,000 for their accomplishments.

### Distribution Center Leadership Development Program (DCLD):

Like the MDP program for stores, DCLD includes training at our Corporate Office to help become effective and successful distribution center leaders.

### Certified Parts Professional Program:

This program recognizes parts specialists and above who have demonstrated they have the knowledge and skills necessary to provide the best customer service in the automotive aftermarket. The Company provides training tools that allow team members to acquire the knowledge required to obtain the designation of a Certified Parts Professional.

### Annual Leadership Conference:

Our store and DC management teams meet annually for a multi-day leadership conference offering training and networking opportunities for over 6,000 of our managers.

One such program is our 360° assessment of all management in our corporate office. This program gives our team members the ability to provide critical feedback regarding their employment experience and used by our managers to increase the level of team member engagement and overall job satisfaction.

O’Reilly offers a variety of specific training programs that address a broad spectrum of topics from store and DC operations, customer satisfaction, the employer/employee relationship and environmental sustainability. O’Reilly team members received an estimated 1.7 million hours of training in 2018.
WORK ENVIRONMENT

The Company is committed to providing a work environment that allows team members to feel highly valued and to be productive and effective in their jobs. The company realizes that productivity at work is related to maintaining a healthy work/life balance. O’Reilly deployed approximately $160 million of Selling, General and Administrative Expenses (SG&A) from tax savings recognized by the Tax Cuts and Jobs Act of 2017 into additional vacation benefits for our team members in addition to increasing wages. In addition, we comply with all applicable federal, state and local laws, and regulations affecting employment practices, such as pay rates and meal breaks, overtime, occupational health and safety, equal employment opportunity, and sexual harassment, among others.

Discrimination & Harassment – The Company is committed to providing a work environment that is free from discrimination and harassment. Both are strictly prohibited and will not be tolerated. This applies to all areas of employment, including hiring, training, advancement, compensation, discipline, and termination. The Company provides ongoing training to our team members to both educate and maintain compliance. The Company has a zero tolerance policy regarding discrimination and harassment, and appropriate progressive discipline, up to and including termination, is taken against any team member who violates this policy.

Safety & Health – The Company is committed to providing a safe and healthy environment for team members and customers. Team members must report all safety concerns or accidents to their supervisor, no matter how slight the problem. Violence, or the threat of violence, is not tolerated. All Company locations must comply with the Occupational Safety and Health Administration requirements.

TEAM MEMBER RECOGNITION

Just as pay, benefits, and growth opportunities are critically important to our Team member success, we believe it is equally important to recognize team members for a job well done.

HOLIDAY AWARDS

During the traditional holiday seasons, team members receive bonuses as a simple thank you for their continued dedication. In 2018, those bonuses totaled more than $7 million.

YOU R.O.C.K. AWARD

Team members found exemplifying the O’Reilly Culture are nominated by management for the “Recognized O’Reilly Culture Keepers” awards that are given monthly throughout the year. The awards range from $100 to $1,000. In 2018, the Company thanked Team O’Reilly by awarding $600,000 in “You R.O.C.K.” awards.

SHAMROCK AWARDS

Peer-to-peer recognition of excellent customer service. A pin and letter of recognition are given as a simple thank you to those living the O’Reilly Culture by providing excellent customer service.

SERVICE AWARDS

Longevity with the Company is prized and is officially recognized every five years of service with a gift to the team member and a certificate recognizing their achievement.

LEADERSHIP CONFERENCE AWARDS

Annually at our Leadership Conference, team members from individual stores and their leaders earn recognition and cash awards for their performance.

CHARLIE O’REILLY LEADERSHIP AWARD

This award is presented annually to an O’Reilly leader who possesses the qualities and characteristics set forth in our culture statement.
TEAM MEMBER EMERGENCY FUND

Like the communities in which they work, our team members are affected by a variety of man-made and natural disasters. Whether it is tornadoes in the Midwest, hurricanes along the coast, wildfires in California, or a personal tragedy, we are all committed to helping each other during difficult times. In order to provide financial support during periods of hardship, O’Reilly has established the Team Member Emergency Fund using ongoing Company contributions, as well as periodic voluntary team member donations, typically in response to catastrophic events.

The Company has sent in excess of $2.1 Million in emergency funds to team members in need.
WHAT IT MEANS TO “LIVE GREEN”

Our business is one that fits naturally with environmental sustainability. We Live Green at O’Reilly Auto Parts by helping you keep your cars running as clean and efficiently as possible, increasing miles per gallon, and extending the life of your car. Each day, our team members conserve resources and reduce operating costs through recycling and intentional energy conservation. We offer convenient drop-off locations to safely handle used oil, oil filters, batteries, radiators, and other parts as well as other programs that remove hazardous waste from our environment. Our environmental awareness includes actions taken across the spectrum of our operations from the stores, distribution centers and corporate office to our delivery fleet and solar project initiatives.

6,749,800
RECYCLED LEAD-ACID BATTERIES

1,760,000
RECYCLED USED MOTOR OIL FILTERS

7,744,190
GALLONS RECYCLED USED MOTOR OIL
LIVING GREEN AT O’REILLY STORES

- Energy management system to efficiently control heating, cooling, and lighting \textit{(approximate 20\% energy savings)}.  
- Installation of interior and exterior LED lighting \textit{(approximate 40\% energy savings)} with reduced landfill materials.  
- Core product returns are collected for remanufacturing \textit{(alternators, starters, A/C Compressors, etc.)}.  
- Replacing less fuel efficient and higher CO2 producing delivery vehicles with more fuel efficient models.  
- Installation of high efficiency HVAC units with 33\% energy savings over previous HVAC units.  
- Installation of Low-E window glass \textit{(approximate 25\% energy savings)}.  
- Waste bucket program that segregates damaged or leaking chemical containers for proper disposal.  
- Reduced use of single use plastic bags in selected states.

- Dumpster lid locking program to control hazardous waste disposal at O’Reilly locations\(^*\).  
- Enhanced training to facilitate recognition and enhanced management of hazardous and universal waste\(^*\).  
- Enhanced waste bucket program that includes neutralized lead acid battery electrolyte\(^*\).  
- Trash bag inspection program to ensure segregation of bucket program and other special handling programs\(^*\).  
- Drain box program to enhance used oil collection containers and maximize recycling of used oil\(^*\).  
- Third party dumpster audits to ensure proper handling and disposal of waste and universal waste\(^*\).

\(^*\) in selected states
## O’Reilly Store Recycling Efforts

<table>
<thead>
<tr>
<th>Approximate Recycled in 2018</th>
<th>Equivalent Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>6,749,800 Batteries</strong> (Consumer Vehicle Lead-Acid Batteries)</td>
<td>171,000,000 lbs. recycled lead, 35% energy savings vs. new metal, 340,000 cubic yards of landfill space, 20,000,000 lbs. recycled plastics, 88% energy savings vs. raw materials</td>
</tr>
<tr>
<td><strong>7,056 55 Gallon Drums of Used Motor Oil Filters</strong></td>
<td>1,760,000 uncrushed filters, 1,760,000 lbs. recyclable steel, 138,000 gallons residual oil, 344,000 quarts new motor oil, equivalent 5,800,000 gallons crude oil</td>
</tr>
<tr>
<td><strong>7,744,190 Gallons of Used Motor Oil</strong></td>
<td>19,400,000 quarts new motor oil, equivalent 325,000,000 gallons crude oil, 67% less energy to refine vs. crude</td>
</tr>
</tbody>
</table>
LIVING GREEN AT O’REILLY DISTRIBUTION CENTERS

- Newer DCs use LED lighting (approximate 40% energy savings) and older DCs are transitioning to LED lighting.
- In the process of converting DC roofs to white Duralast Membrane for solar reflectivity with R30 insulation.
- Installation of motion sensors on internal lighting.
- Installation of external lighting photo sensors and timed industrial fans.

O’REILLY DISTRIBUTION CENTERS RECYCLING EFFORTS

<table>
<thead>
<tr>
<th>Approximate Recycled in 2018</th>
<th>Equivalent Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>10,953 TONS</strong> of Cardboard (baled/compacted)</td>
<td>186,000 trees, 2,700,000 lbs. CO2 absorbed, 4,300,000 kWh energy, 504,000 gallons of oil, 99,000 cubic yards of landfill space, 24% energy savings vs. new cardboard</td>
</tr>
<tr>
<td><strong>98 TONS</strong> of Paper (office paper, magazines, and newspapers)</td>
<td>1,700 trees, 25,000 lbs. CO2 absorbed, 402,000 kWh energy, 37,000 gallons of oil, 300 cubic yards of landfill space, 690,000 gallons of water, 5,900 pounds less air pollutants, 75% energy savings vs. new paper</td>
</tr>
</tbody>
</table>
## O'Reilly Distribution Centers Recycling Efforts Continued

<table>
<thead>
<tr>
<th>Approximate Recycled in 2018</th>
<th>Equivalent Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>10,937 TONS</strong> of Metal (rotors, brake pads, radiators, etc.)</td>
<td>7,000,000 kWh energy, 830,000 gallons of oil, 44,000 cubic yards of landfill space, 25% energy savings vs. new metal</td>
</tr>
<tr>
<td><strong>274 TONS</strong> of Plastic (shrink wrap and strapping)</td>
<td>1,600,000 kWh energy, 188,000 gallons of oil, 8,000 cubic yards of landfill space, 88% energy savings vs. raw materials</td>
</tr>
<tr>
<td><strong>303 TONS</strong> of Totes (high-quality recyclable plastic)</td>
<td>1,700,000 kWh energy, 208,000 gallons of oil, 9,000 cubic yards of landfill space, 88% energy savings vs. raw materials</td>
</tr>
<tr>
<td><strong>1,065,835</strong> Pallets (recycled and returned to suppliers)</td>
<td>133,000 trees, 2,000,000 lbs. CO2 absorbed annually</td>
</tr>
<tr>
<td><strong>22 TONS</strong> of Wood Scrap (not pallets)</td>
<td>350 trees, 5,000 lbs. CO2 absorbed</td>
</tr>
<tr>
<td><strong>139 TONS</strong> of Industrial Batteries</td>
<td></td>
</tr>
</tbody>
</table>
LIVING GREEN AT O’REILLY DISTRIBUTION CENTERS’ DELIVERY FLEET

• Onboard computers monitor driver behavior and vehicle performance resulting in increased miles per gallon and fuel savings.
• Routing system minimizes miles driven between DC and stores.
• Ongoing driver scorecards and coaching to reinforce actions that reduce fuel usage.
• Enhance tractor technology that minimize fleet fuel usage.
• Advanced aerodynamics on tractors to reduce fuel usage.
LIVING GREEN AT THE O’REILLY CORPORATE OFFICE

- High-efficiency HVAC units.
- Office lighting motion sensors.
- In the process of converting all office space to LED lighting (approximate 40% energy savings).
- Installation of Low-E glass in corporate office buildings (approximate 25% energy savings).
- Energy management system to efficiently control heating, cooling, and lighting.

- Toner cartridge recycling
- Recycling old computers, monitors, and printers

O’REILLY CORPORATE OFFICE RECYCLING EFFORTS

<table>
<thead>
<tr>
<th>Approximate Recycled in 2018</th>
<th>Equivalent Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>279 TONS</strong> of Paper (office paper, magazines, and newspapers)</td>
<td>4,800 trees, 70,000 lbs. CO2 absorbed, 1,140,000 kWh energy, 105,000 gallons of oil, 930 cubic yards of landfill space, 1,950,000 gallons of water, 17,000 pounds less air pollutants, 75% energy savings vs. new paper</td>
</tr>
</tbody>
</table>
SOLAR INITIATIVES

O'Reilly Auto Parts currently has a total of **4,246 solar panels** in use.

Our solar panels will produce approximately 2,100,000 kWh of electricity annually which translates to approximately 200 average U.S. households electrical energy needs met, or an offset of estimated 63,000 gallons of gasoline consumed.

Solar panels were added in:
- 2015 to selected stores in **Southwest Missouri**
- 2017 to selected stores in **South Carolina**

*Solar projects are under review for stores in Hawaii and North Carolina, as well as for our corporate office and select distribution centers.*
SOLAR FARM INVESTMENTS

During 2018, O’Reilly made a significant investment in North Carolina solar farms with a total of 147,822 solar panels. As a result, it is expected the solar panels will produce approximately 52,000,000 kWh of electricity annually which translates to meeting approximately 5,000 average U.S. households electrical energy needs, or an offset of approximately 1,556,000 gallons of gasoline consumed. We expect to continue these investments during 2019 and beyond.
CHARITABLE GIVING

We live, work, and serve in our own communities wherever there is an O'Reilly Auto Parts store, distribution center, or office.

Our efforts resulted in donations of more than $18.7 million to charities and community groups addressing a variety of needs: hunger, veteran support, at-risk children, sheltering the victims of domestic abuse, literacy, cancer research, homelessness, and humane societies.

UNITED WAY

O'Reilly has a long relationship with United Way and has found that supporting the United Way allows the company and our team members to make a real difference in the communities and areas where we work and serve by helping local programs financially and by volunteering. O'Reilly and its team members have donated more than $6.3 million and thousands of hours of work.
O’REILLY AUTO PARTS CHARITY EVENT

The O’Reilly charity event has raised over $1.1 million that benefited dozens of charities doing work in the fields of at-risk individuals/families, hunger, homelessness, health, poverty, domestic violence, and literacy.

CASUAL FOR A CAUSE

One Wednesday each month, corporate team members raise money by paying $2 to wear jeans to work.

In 2018, these small gifts raised thousands of dollars for local charities.
STORE SERVICES

We know our customers are often in search of some basic information about their car or just need a little bit of help.

That’s why we offer the following services:

FREE BATTERY TESTING
FREE ALTERNATOR & STARTER TESTING
FREE WIPER BLADE & BULB INSTALLATION
FREE CHECK ENGINE LIGHT TESTING
FREE FLUID & BATTERY RECYCLING
FREE LOANER TOOL PROGRAM ** (with deposit refund)
FREE OIL & OIL FILTER RECYCLING

* Not all services offered at every location. **We also refer customers to a professional technician for difficult or complex repairs.
ONLINE RESOURCES

O’Reilly offers an ever-expanding digital library with a growing number of How-To maintenance “how to” videos and maintenance tips at www.OREillyAuto.com.

We believe that with a little instruction in automotive maintenance and repair, it’s possible to greatly increase the lifespan and dependability of your car, truck, or SUV. We provide online resources covering a variety of tips, tricks, and step-by-step D.I.Y. instructions to help customers keep their vehicle in great shape.
CODE OF BUSINESS
CONDUCT & ETHICS

O’Reilly’s Code of Business Conduct and Ethics is our statement of expectations regarding the ethical standards each director, officer, and team member should adhere to when acting on behalf of O’Reilly. The Code contains compliance standards and procedures to facilitate effectiveness and to ensure a prompt and consistent response to any violation. The Code is mandatory reading and must be acknowledged annually by those in management. It deals with conflicts of interest, confidentiality, protection of company information, protections of company assets, compliance with laws and regulations, the Foreign Corrupt Practices Act, insider trading, gifts, items related to accurate and timely financial reporting, antitrust, and the Company’s zero-tolerance workplace harassment policy. A copy of the Code of Conduct may be found at:

We build our code of conduct into our agreements with our product suppliers to ensure they take no action in their business dealings with O’Reilly that violates our code. The Company supports efforts to eradicate slavery and human trafficking in supply chains. Our suppliers acknowledge there is no slavery or human trafficking involved with the products they supply O’Reilly and O’Reilly seeks to partner with those that share our beliefs.
T.I.P.S. HOTLINE

If something is wrong or simply appears wrong, we want to know. Our O’Reilly culture of honesty and fair dealing leads us to an open door policy where team members are encouraged to report suspected business abuse or any type of misconduct. If they choose not to report directly, the T.I.P.S. Hotline is an anonymous third party hotline provided by the company to allow team members a convenient and confidential way to communicate.

We encourage team members to report known or suspected violations of the Company’s Code of Business Conduct and Ethics.
DATA PRIVACY & SECURITY

We value and respect the privacy of all customers whether at our stores or on our online platforms. Our retail point-of-sale systems use end-to-end tokenization and encryption of credit card data. In addition, we have in place appropriate security measures to prevent unauthorized access to our customers’ personally identifiable information including security access controls, information security technologies and policies, and information disposal procedures, with training for our team members regarding these items. Our full privacy policy can be found at: www.OReillyAuto.com/legal-policies#privacy-policy.

Data Privacy
O’Reilly does not sell your information. We use a customer’s personal information only to support and further our customer service to you, such as filling orders, preventing fraud, creating individualized marketing offers, and complying with legal requirements.

Data Security
Whether someone is shopping using our websites, mobile services, or physical stores, our associates utilize security measures to prevent unauthorized access to personal information. These measures include security access controls, information security technologies and policies, information disposal procedures, and participation in security training programs.
CORPORATE GOVERNANCE

We value and appreciate our relationship with our shareholders and have frequent engagement with them every year. In 2018, we engaged with our shareholders hundreds of times, covering a diverse range of issues from informational and financial to sustainability and governance-related. Listening and engaging with our shareholders has aided in framing governance policies that are best in class as well as consistent with SEC regulations and NASDAQ listing requirements.

- The diversity percentage of the Company’s board of directors is 33%.
- The election of the board of directors is unstaggered with each member elected annually.
- Proxy access exists through an amendment in the Company’s bylaws.
- The Company has no poison pill (a defensive tactic used to prevent a takeover).
- The Company has a claw back policy requiring disgorgement of certain compensation.
- Directors are elected by majority vote.
- The Company separates chief executive officer and chairman positions.
- The Company has a lead independent director with substantial authority and responsibility.
- Directors are required to and do meet stock ownership requirements.

- In 2018, the Company revised its policy from discouraging pledging and hedging practices to precluding the same.
- Holders of 15% of the Company’s outstanding stock may call a special meeting. (Subject to Shareholder approval in next proxy)
- A majority vote is required to approve an amendment to the charter or bylaws.
- A majority of the board is comprised of independent directors.
- Members of each of the Compensation, Audit, and Nominating/Governance Committees are independent directors.
- Independent directors meet quarterly in a session independent of affiliated directors.
- The charters of the committees of the board of directors clearly establishes the committees’ respective roles and responsibilities which are annually benchmarked.
- The Code of Business Conduct and Ethics is reviewed and affirmed by the board of directors annually.