

ORCHARD SUPPLY HARDWARE STORES CORP  
Form SC 13G  
January 10, 2012

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

SCHEDULE 13G

Under the Securities Exchange Act of 1934  
(Amendment No.)\*

Orchard Supply Hardware Stores Corporation  
(Name of Issuer)

Class A Common Stock, par value \$0.01 per share  
(Title of Class of Securities)

685691404  
(CUSIP Number)

December 31, 2011  
(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

Rule 13d-1(b)

Rule 13d-1(c)

Rule 13d-1(d)

\_\_\_\_\_  
\*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the

Act but shall be subject to all other provisions of the Act (however, see the Notes).

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CUSIP No. 685691404

1. NAME OF REPORTING PERSONS  
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS  
(ENTITIES ONLY)

Fairholme Capital Management, L.L.C.

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)  
(a)   
(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH

5. SOLE VOTING POWER

0

6. SHARED VOTING POWER

683,432

7. SOLE DISPOSITIVE POWER

0

8. SHARED DISPOSITIVE POWER

718,299

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

718,299

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW  
(9) EXCLUDES CERTAIN SHARES (SEE  
INSTRUCTIONS)

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN  
ROW (9)

14.9%

12. TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

IA

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CUSIP No. 685691404

1. NAME OF REPORTING PERSONS  
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS  
(ENTITIES ONLY)  
  
Bruce R. Berkowitz
  2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)  
(a)   
(b)
  3. SEC USE ONLY
  4. CITIZENSHIP OR PLACE OF ORGANIZATION  
  
United States of America
- NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH
5. SOLE VOTING POWER  
  
0
  6. SHARED VOTING POWER  
  
683,432
  7. SOLE DISPOSITIVE POWER  
  
0
  8. SHARED DISPOSITIVE POWER  
  
718,299
  9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
  
718,299
  10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW  
(9) EXCLUDES CERTAIN SHARES (SEE  
INSTRUCTIONS)

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN  
ROW (9)

14.9%

12. TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

IN, HC

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CUSIP No. 685691404

1. NAME OF REPORTING PERSONS  
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS  
(ENTITIES ONLY)

Fairholme Funds, Inc.

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)  
(a)   
(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

Maryland

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH

5. SOLE VOTING POWER

0

6. SHARED VOTING POWER

649,963

7. SOLE DISPOSITIVE POWER

0

8. SHARED DISPOSITIVE POWER

649,963

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

649,963

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW  
(9) EXCLUDES CERTAIN SHARES (SEE  
INSTRUCTIONS)

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN  
ROW (9)

13.5%

12. TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

IV

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CUSIP No. 685691404

Item 1. (a). Name of Issuer:

Orchard Supply Hardware Stores Corporation

(b). Address of issuer's principal executive offices:

6450 Via Del Oro  
San Jose, CA 95119

Item 2. (a). Name of person filing:

Fairholme Capital Management, L.L.C.  
Bruce R. Berkowitz  
Fairholme Funds, Inc.

(b). Address or principal business office or, if none, residence:

Fairholme Capital Management, L.L.C.  
4400 Biscayne Boulevard, 9th Floor  
Miami, FL 33137

Bruce R. Berkowitz  
c/o Fairholme Capital Management, L.L.C.  
4400 Biscayne Boulevard, 9th Floor  
Miami, FL 33137

Fairholme Funds, Inc.  
c/o Fairholme Capital Management, L.L.C.  
4400 Biscayne Boulevard, 9th Floor  
Miami, FL 33137

(c). Citizenship:

Fairholme Capital Management, L.L.C. – Delaware  
Bruce R. Berkowitz - United States of America  
Fairholme Funds, Inc. - Maryland

(d). Title of class of securities:

Class A Common Stock, par value \$0.01 per share

(e). CUSIP No.:

685691404

Item 3. If This Statement is filed pursuant to §§.240.13d-1(b) or 240.13d-2(b), or (c), check whether the person filing is a

- (a)  Broker or dealer registered under section 15 of the Act (15 U.S.C. 78o).
  - (b)  Bank as defined in section 3(a)(6) of the Act (15 U.S.C. 78c).
  - (c)  Insurance company as defined in section 3(a)(19) of the Act (15 U.S.C. 78c).
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- (d)  Investment company registered under section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a-8).
- (e)  An investment adviser in accordance with § 240.13d-1(b)(1)(ii)(E);
- (f)  An employee benefit plan or endowment fund in accordance with § 240.13d-1(b)(1)(ii)(F);
- (g)  A parent holding company or control person in accordance with §240.13d-1(b)(1)(ii)(G);
- (h)  A savings association as defined in Section 3(b) of the Federal Deposit Insurance Act (12 U.S.C.1813);
- (i)  A church plan that is excluded from the definition of an investment company under section 3(c)(14) of the Investment Company Act of 1940 (15 U.S.C. 80a-3);
- (j)  A non-U.S. institution in accordance with §240.13d-1(b)(1)(ii)(J);
- (k)  Group, in accordance with §240.13d-1(b)(1)(ii)(K). If filing as a non-U.S. institution in accordance with §240.13d-1(b)(1)(ii)(J), please specify the type of institution:

Item 4.

Ownership.

Provide the following information regarding the aggregate number and percentage of the class of securities of the issuer identified in Item 1.

718,299 shares of Class A Common Stock, par value \$0.01 per share, of Orchard Supply Hardware Stores Corporation are owned, in the aggregate, by Bruce R. Berkowitz ("Mr. Berkowitz") and various investment vehicles managed by Fairholme Capital Management, L.L.C. ("FCM") of which 641,893 are owned by The Fairholme Fund and 8,070 are owned by The Fairholme Allocation Fund, each a series of Fairholme Funds, Inc. Because Mr. Berkowitz, in his capacity as the Managing Member of FCM or as President of Fairholme Funds, Inc., has voting or dispositive power over all shares beneficially owned by FCM, he is deemed to have beneficial ownership of all such shares so reported herein.

While the advisory relationship causes attribution to Mr. Berkowitz, Fairholme Funds, Inc. or FCM of certain indicia of beneficial ownership for the limited purpose of this Schedule 13G, Mr. Berkowitz, Fairholme Funds, Inc. and FCM hereby disclaim ownership of these shares for purposes of interpretations under the Internal Revenue Code of 1986, as amended, or for any other purpose, except to the extent of their pecuniary interest.

- (a) Amount beneficially owned:

Fairholme Capital Management, L.L.C.: 718,299

Bruce R. Berkowitz: 718,299  
Fairholme Funds, Inc.: 649,963

(b) Percent of class:

Fairholme Capital Management, L.L.C.: 14.9%  
Bruce R. Berkowitz: 14.9%  
Fairholme Funds, Inc.: 13.5%

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(c) Number of shares as to which Fairholme Capital Management has:

|       |   |          |
|-------|---|----------|
| (i)   | Sole power to vote or to direct the vote                | 0,       |
| (ii)  | Shared power to vote or to direct the vote              | 683,432, |
| (iii) | Sole power to dispose or to direct the disposition of   | 0,       |
| (iv)  | Shared power to dispose or to direct the disposition of | 718,299  |

Number of shares as to which Bruce R. Berkowitz:

|       |   |          |
|-------|---|----------|
| (i)   | Sole power to vote or to direct the vote                | 0,       |
| (ii)  | Shared power to vote or to direct the vote              | 683,432, |
| (iii) | Sole power to dispose or to direct the disposition of   | 0,       |
| (iv)  | Shared power to dispose or to direct the disposition of | 718,299  |

Number of shares as to which Fairholme Funds, Inc.:

|       |   |          |
|-------|---|----------|
| (i)   | Sole power to vote or to direct the vote                | 0,       |
| (ii)  | Shared power to vote or to direct the vote              | 649,963, |
| (iii) | Sole power to dispose or to direct the disposition of   | 0,       |
| (iv)  | Shared power to dispose or to direct the disposition of | 649,963  |

Instruction: For computations regarding securities which represent a right to acquire an underlying security see §240.13d-3(d)(1).

Item 5. Ownership of Five Percent or Less of a Class.

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than five percent of the class of securities, check the following .

N/A



Item 6. Ownership of More Than Five Percent on Behalf of Another Person.

If any other person is known to have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, such securities, a statement to that effect should be included in response to this item and, if such interest relates to more than 5 percent of the class, such person should be identified. A listing of the shareholders of an investment company registered under the Investment Company Act of 1940 or the beneficiaries of employee benefit plan, pension fund or endowment fund is not required.

N/A

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on by the Parent Holding Company or Control Person.

If a parent holding company or control person has filed this schedule, pursuant to Rule 13d-1(b)(1)(ii)(G), so indicate under Item 3(g) and attach an exhibit stating the identity and the Item 3 classification of the relevant subsidiary. If a parent holding company or control person has filed this schedule pursuant to Rule 13d-1(c) or Rule 13d-1(d), attach an exhibit stating the identification of the relevant subsidiary.

N/A

Item 8. Identification and Classification of Members of the Group.

If a group has filed this schedule pursuant to §240.13d-1(b)(1)(ii)(J), so indicate under Item 3(j) and attach an exhibit stating the identity and Item 3 classification of each member of the group. If a group has filed this schedule pursuant to Rule 13d-1(c) or Rule 13d-1(d), attach an exhibit stating the identity of each member of the group.

N/A

Item 9. Notice of Dissolution of Group.

Notice of dissolution of a group may be furnished as an exhibit stating the date of the dissolution and that all further filings with respect to transactions in the security reported on will be filed, if required, by members of the group, in their individual capacity. See Item 5.

N/A

Item 10. Certification.

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were acquired and are held in the ordinary course of

business and were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

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SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

January 10, 2012

(Date)

Bruce R. Berkowitz

By: /s/ Paul Thomson

(Attorney-in-fact)

Fairholme Capital Management, L.L.C.

By: /s/ Paul Thomson

(Attorney-in-fact)

Fairholme Funds, Inc.

By: /s/ Paul Thomson

(Attorney-in-Fact)

The original statement shall be signed by each person on whose behalf the statement is filed or his authorized representative. If the statement is signed on behalf of a person by his authorized representative other than an executive officer or general partner of the filing person, evidence of the representative's authority to sign on behalf of such person shall be filed with the statement, provided, however, that a power of attorney for this purpose which is already on file with the Commission may be incorporated by reference. The name and any title of each person who signs the statement shall be typed or printed beneath his signature.

Note. Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See s.240.13d-7 for other parties for whom copies are to be sent.

Attention. Intentional misstatements or omissions of fact constitute Federal criminal violations (see 18 U.S.C. 1001).

AGREEMENT

The undersigned agree that this Schedule 13G dated January 10, 2012 relating to the Class A Common Stock, par value \$0.01 per share, of Orchard Supply Hardware Stores Corporation, shall be filed on behalf of the undersigned.

January 10, 2012

(Date)

Bruce R. Berkowitz  
By: /s/ Paul Thomson  
(Attorney-in-fact)

Fairholme Capital Management, L.L.C.  
By: /s/ Paul Thomson  
(Attorney-in-fact)

Fairholme Funds, Inc.  
By: /s/ Paul Thomson  
(Attorney-in-Fact)  
Bruce R. Berkowitz

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LIMITED POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned constitutes and appoints Paul R. Thomson, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his capacity as Managing Member of Fairholme Capital Management, LLC, for the sole purpose of signing on his behalf any and all Regulatory Filings under the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940 and any amendments and supplements thereto, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to accomplish the above, as fully as to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, and may lawfully do or cause to be done by virtue hereof. This Power of Attorney shall continue effective until revoked by me at any time.

Dated this 29th day of April, 2010.

/s/ Bruce R. Berkowitz  
Bruce R. Berkowitz  
Fairholme Capital Management, LLC  
Managing Member

SK 22146 0001 1256847