

AUTOZONE INC
Form DEF 14A
October 25, 2010

Table of Contents

SCHEDULE 14A INFORMATION

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12

AUTOZONE, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
 - (2) Aggregate number of securities to which transaction applies:
 - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
 - (4) Proposed maximum aggregate value of transaction:
 - (5) Total fee paid:
- Fee paid previously with preliminary materials:
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid:
 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
 - (4) Date Filed:
-

Table of Contents

AUTOZONE, INC.

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
DECEMBER 15, 2010**

What: Annual Meeting of Stockholders

When: December 15, 2010, 8:30 a.m. Central Standard Time

Where: J. R. Hyde III Store Support Center
123 South Front Street
Memphis, Tennessee

Stockholders will vote regarding: Election of ten directors

Approval of the AutoZone, Inc. 2011 Equity Incentive Award Plan

Ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the 2011 fiscal year

The transaction of other business that may be properly brought before the meeting

Record Date: Stockholders of record as of October 18, 2010, may vote at the meeting.

By order of the Board of Directors,

Harry L. Goldsmith
Secretary

Memphis, Tennessee
October 25, 2010

We encourage you to vote by telephone or Internet, both of which are convenient, cost-effective and reliable alternatives to returning your proxy card by mail.

TABLE OF CONTENTS

	Page
<u>The Meeting</u>	1
<u>About this Proxy Statement</u>	1
<u>Information about Voting</u>	1
<u>The Proposals</u>	3
<u>PROPOSAL 1 Election of Directors</u>	3
<u>Nominees</u>	4
<u>Corporate Governance Matters</u>	6
<u>Independence</u>	6
<u>Board Leadership Structure</u>	8
<u>Board Risk Oversight</u>	8
<u>Corporate Governance Documents</u>	9
<u>Meetings and Attendance</u>	9
<u>Committees of the Board</u>	9
<u>Audit Committee</u>	9
<u>Compensation Committee</u>	10
<u>Nominating and Corporate Governance Committee</u>	11
<u>Director Nomination Process</u>	12
<u>Procedure for Communication with the Board of Directors</u>	13
<u>Compensation of Directors</u>	13
<u>PROPOSAL 2 Approval of AutoZone, Inc. 2011 Equity Incentive Award Plan</u>	16
<u>PROPOSAL 3 Ratification of Independent Registered Public Accounting Firm</u>	24
<u>Audit Committee Report</u>	25
<u>Other Matters</u>	25
<u>Other Information</u>	26
<u>Security Ownership of Management and Board of Directors</u>	26
<u>Security Ownership of Certain Beneficial Owners</u>	27
<u>Executive Compensation</u>	28
<u>Compensation Discussion and Analysis</u>	28
<u>Compensation Committee Report</u>	38
<u>Compensation Committee Interlocks and Insider Participation</u>	38
<u>Compensation Program Risk Assessment</u>	38
<u>Summary Compensation Table</u>	40
<u>Grants of Plan-Based Awards</u>	42
<u>Outstanding Equity Awards at Fiscal Year-End</u>	44
<u>Option Exercises and Stock Vested</u>	46
<u>Pension Benefits</u>	46
<u>Nonqualified Deferred Compensation</u>	48
<u>Potential Payments upon Termination or Change in Control</u>	49
<u>Related Party Transactions</u>	52
<u>Equity Compensation Plans</u>	53
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	54
<u>Stockholder Proposals for 2011 Annual Meeting</u>	54
<u>Annual Report</u>	54

Table of Contents

**AutoZone, Inc.
123 South Front Street
Memphis, Tennessee 38103**

**Proxy Statement
for
Annual Meeting of Stockholders
December 15, 2010**

The Meeting

The Annual Meeting of Stockholders of AutoZone, Inc. will be held at AutoZone's offices, the J. R. Hyde III Store Support Center, 123 South Front Street, Memphis, Tennessee, at 8:30 a.m. CST on December 15, 2010.

About this Proxy Statement

Our Board of Directors has sent you this Proxy Statement to solicit your vote at the Annual Meeting. This Proxy Statement contains important information for you to consider when deciding how to vote on the matters brought before the Meeting. Please read it carefully.

In this Proxy Statement:

AutoZone, we, and the Company mean AutoZone, Inc., and

Annual Meeting or Meeting means the Annual Meeting of Stockholders to be held on December 15, 2010, at 8:30 a.m. CST at the J. R. Hyde III Store Support Center, 123 South Front Street, Memphis, Tennessee.

Board means the Board of Directors of AutoZone, Inc.

AutoZone will pay all expenses incurred in this proxy solicitation. In addition to mailing this Proxy Statement to you, we have retained D.F. King & Co., Inc. to be our proxy solicitation agent for a fee of \$10,000 plus expenses. We also may make additional solicitations in person, by telephone, facsimile, e-mail, or other forms of communication. Brokers, banks, and others who hold our stock for beneficial owners will be reimbursed by us for their expenses related to forwarding our proxy materials to the beneficial owners.

This Proxy Statement is first being sent or given to security holders on or about October 25, 2010.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON DECEMBER 15, 2010. This Proxy Statement and the annual report to security holders are available at www.autozoneinc.com.

Information about Voting

What matters will be voted on at the Annual Meeting?

At the Annual Meeting, stockholders will be asked to vote on the following proposals:

1. to elect ten directors;

2. to approve the AutoZone, Inc. 2011 Equity Incentive Award Plan;
3. to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the 2011 fiscal year.

Stockholders also will transact any other business that may be properly brought before the Meeting.

Table of Contents

Who is entitled to vote at the Annual Meeting?

The record date for the Annual Meeting is October 18, 2010. Only stockholders of record at the close of business on that date are entitled to attend and vote at the Annual Meeting. The only class of stock that can be voted at the Meeting is our common stock. Each share of common stock is entitled to one vote on all matters that come before the Meeting. At the close of business on the record date, October 18, 2010, we had 44,625,787 shares of common stock outstanding.

How do I vote my shares?

You may vote your shares in person or by proxy:

By Proxy: You can vote by telephone, on the Internet or by mail. *We encourage you to vote by telephone or Internet, both of which are convenient, cost-effective, and reliable alternatives to returning your proxy card by mail.*

1. *By Telephone:* You may submit your voting instructions by telephone by following the instructions printed on the enclosed proxy card. If you submit your voting instructions by telephone, you do not have to mail in your proxy card.

2. *On the Internet:* You may vote on the Internet by following the instructions printed on the enclosed proxy card. If you vote on the Internet, you do not have to mail in your proxy card.

3. *By Mail:* If you properly complete and sign the enclosed proxy card and return it in the enclosed envelope, it will be voted in accordance with your instructions. The enclosed envelope requires no additional postage if mailed in the United States.

In Person: You may attend the Annual Meeting and vote in person. If you are a registered holder of your shares (if you hold your stock in your own name), you need only attend the Meeting. However, if your shares are held in an account by a broker, you will need to present a written consent from your broker permitting you to vote the shares in person at the Annual Meeting.

What if I have shares in the AutoZone Employee Stock Purchase Plan?

If you have shares in an account under the AutoZone Employee Stock Purchase Plan, you have the right to vote the shares in your account. To do this you must sign and timely return the proxy card you received with this Proxy Statement, or grant your proxy by telephone or over the Internet by following the instructions on the proxy card.

How will my vote be counted?

Your vote for your shares will be cast as you indicate on your proxy card. If you sign your card without indicating how you wish to vote, your shares will be voted FOR our nominees for director, FOR the AutoZone, Inc. 2011 Equity Incentive Award Plan, FOR Ernst & Young LLP as independent registered public accounting firm, and in the proxies discretion on any other matter that may properly be brought before the Meeting or any adjournment of the Meeting.

The votes will be tabulated and certified by our transfer agent, Computershare. A representative of Computershare will serve as the inspector of election.

Can I change my vote after I submit my proxy?

Yes, you may revoke your proxy at any time before it is voted at the Meeting by:

giving written notice to our Secretary that you have revoked the proxy, or
providing a later-dated proxy.

Any written notice should be sent to the Secretary at 123 South Front Street, Dept. 8074, Memphis, Tennessee 38103.

Table of Contents

How many shares must be present to constitute a quorum for the Meeting?

Holders of a majority of the shares of the voting power of the Company's stock must be present in person or by proxy in order for a quorum to be present. If a quorum is not present at the scheduled time of the Annual Meeting, we may adjourn the Meeting, without notice other than announcement at the Meeting, until a quorum is present or represented. Any business which could have been transacted at the Meeting as originally scheduled can be conducted at the adjourned meeting.

Are there any agreements with stockholders concerning the Annual Meeting?

ESL Investments, Inc. and its affiliates (collectively, "ESL"), entered into an agreement with AutoZone dated as of June 25, 2008 (the "ESL Agreement"), in which ESL agreed to appear at each meeting of the stockholders of the Company and at each adjournment or postponement thereof, or otherwise cause all shares of AutoZone common stock owned by ESL to be counted as present for the purpose of establishing a quorum. ESL also agreed to vote its shares of AutoZone common stock in excess of 37.5% of the then-outstanding common stock in the same proportion as shares not owned by ESL are actually voted.

Under the terms of the ESL Agreement, the Company agreed to take certain actions with regard to the size and composition of the Board of Directors, including considering the potential appointment to the Board of two directors identified by ESL who were reasonably acceptable to a majority of the members of the Nominating and Corporate Governance Committee of the Board and were independent under the Company's Corporate Governance Principles and the rules of the New York Stock Exchange. William C. Crowley and Robert R. Grusky were identified by ESL and were appointed to the Board in accordance with the ESL Agreement and were re-elected by AutoZone's stockholders at AutoZone's 2008 and 2009 Annual Meetings. Both Messrs. Crowley and Grusky have been nominated for re-election at this Annual Meeting.

The ESL Agreement will continue in effect until the earliest of (a) the date upon which the common stock owned by ESL constitutes less than 25% of the then-outstanding shares of AutoZone common stock, (b) the date upon which the common stock owned by ESL exceeds 50% of the then-outstanding shares of AutoZone common stock, provided ESL has acquired additional shares representing above 10% of the then-outstanding shares subsequent to the date of the ESL Agreement, and (c) the date upon which the parties mutually agree in writing to terminate the ESL Agreement.

As of October 18, 2010, ESL was the beneficial holder of 15,495,882 shares of common stock, representing approximately 34.7% of the outstanding common stock. See "Security Ownership of Certain Beneficial Owners" on page 27 for more information about ESL's ownership of AutoZone common stock.

THE PROPOSALS

PROPOSAL 1 Election of Directors

Ten directors will be elected at the Annual Meeting to serve until the annual meeting of stockholders in 2011. Directors are elected by a plurality, so the ten persons nominated for director and receiving the most votes will be elected. Pursuant to AutoZone's Corporate Governance Principles, however, any nominee for director who receives a greater number of votes withheld from his or her election than votes for such election is required to tender his or her resignation for consideration by the Nominating and Corporate Governance Committee of the Board. The Nominating and Corporate Governance Committee will recommend to the Board the action to be taken with respect to such resignation.

Abstentions and broker non-votes have no effect on the election of directors. Broker non-votes are shares held by banks or brokers on behalf of their customers that are represented at the Meeting but are not voted. Due to recent regulatory changes, holders of such shares must instruct the bank or broker holding the shares how to vote in the election of directors (Proposal 1), or no votes will be cast on their behalf, resulting in broker non-votes.

Table of Contents

The Board of Directors recommends that the stockholders vote FOR each of these nominees. These nominees have consented to serve if elected. Should any nominee be unavailable to serve, your proxy will be voted for the substitute nominee recommended by the Board of Directors, or the Board of Directors may reduce the number of directors on the Board.

Each of the nominees named below was elected a director at the 2009 annual meeting.

Nominees

The nominees are:

William C. Crowley, 53, has been a director since 2008. He has been Executive Vice President of Sears Holdings Corporation, a broadline retailer, since March 2005, and was a director from March 2005 until May 2010. Additionally, he served as Chief Administrative Officer of Sears Holdings Corporation from September 2005 until August 2010. Mr. Crowley also served as the Chief Financial Officer of Sears Holdings Corporation from March 2005 until September 2006 and from January 2007 until October 2007. Mr. Crowley has served as a director of Sears Canada, Inc. since March 2005 and as the Chairman of the Board of Sears Canada, Inc. since December 2006. Since January 1999, Mr. Crowley has also been President and Chief Operating Officer of ESL Investments, Inc., a private investment firm. From May 2003 until March 2005, Mr. Crowley served as director and Senior Vice President, Finance of Kmart Holding Corporation. Mr. Crowley is also a director of AutoNation, Inc. and Orchard Supply Hardware.

Experience, Skills and Qualifications: The Board believes Mr. Crowley is qualified to serve as a director of the Company based on his experience in retail operations, his background in corporate finance and investment banking, his knowledge of the automotive aftermarket industry, his board experience and his owner orientation, as well as his integrity, energy, and willingness to spend time on and interest in AutoZone.

Sue E. Gove, 52, has been a director since 2005. She has been the Executive Vice President and Chief Operating Officer of Golfsmith International Holdings, Inc. since September 2008 and has been Chief Financial Officer since March 2009. Ms. Gove previously had been a self-employed consultant since April 2006, serving clients in specialty retail and private equity. Ms. Gove was a consultant for Prentice Capital Management, LP from April 2007 to March 2008. She was a consultant for Alvarez and Marsal Business Consulting, L.L.C. from April 2006 to March 2007. She was Executive Vice President and Chief Operating Officer of Zale Corporation from 2002 to March 2006 and a director of Zale Corporation from 2004 to 2006. She was Executive Vice President, Chief Financial Officer of Zale Corporation from 1998 to 2002 and remained in the position of Chief Financial Officer until 2003.

Experience, Skills and Qualifications: The Board believes Ms. Gove is qualified to serve as a director of the Company based on her experience in executive retail operations and finance roles, her knowledge of accounting, financial reporting, and financial systems, her executive management skills, her owner orientation, and her board experience, as well as her integrity, energy, and willingness to spend time on and interest in AutoZone.

Earl G. Graves, Jr., 48, has been a director since 2002 and was elected Lead Director in January 2009. He has been the President and Chief Executive Officer of Earl G. Graves Publishing Company, publisher of Black Enterprise Magazine, since January 2006, and was President and Chief Operating Officer from 1998 to 2006. Mr. Graves has been employed by the same company in various capacities since 1988.

Experience, Skills and Qualifications: The Board believes Mr. Graves is qualified to serve as a director of the Company based on his business, management and strategic planning experience, his knowledge of advertising and marketing, his owner orientation, and his board experience, as well as his integrity, energy, and willingness to spend

time on and interest in AutoZone.

Robert R. Grusky, 53, has been a director since 2008. Mr. Grusky founded Hope Capital Management, LLC, an investment firm for which he serves as Managing Member, in 2000. He

Table of Contents

co-founded New Mountain Capital, LLC, a private equity firm, in 2000 and was a Principal, Managing Director and Member of New Mountain Capital from 2000 to 2005 and has been a Senior Advisor since then. From 1998 to 2000, Mr. Grusky served as President of RSL Investments Corporation, the primary investment vehicle for the Hon. Ronald S. Lauder. Prior thereto, Mr. Grusky also served in a variety of capacities at Goldman, Sachs & Co. in its Mergers & Acquisitions Department and Principal Investment Area. Mr. Grusky is also a director of AutoNation, Inc. and Strayer Education, Inc.

Experience, Skills and Qualifications: The Board believes Mr. Grusky is qualified to serve as a director of the Company based on his experience in investment management and investment banking, his knowledge of finance, his commercial experience/business analytical skills, his owner orientation, and his board experience, as well as his integrity, energy, and willingness to spend time on and interest in AutoZone.

J. R. Hyde, III, 67, has been a director since 1986 and was non-executive Chairman of the Board from 2005 until June 2007. He has been the President of Pittco, Inc., an investment company, since 1989 and has been the Chairman of the Board and a director of GTx, Inc., a biotechnology, pharmaceutical company since 2000. Mr. Hyde, AutoZone's founder, was AutoZone's Chairman from 1986 to 1997 and its Chief Executive Officer from 1986 to 1996. He was Chairman and Chief Executive Officer of Malone & Hyde, AutoZone's former parent company, until 1988. Mr. Hyde is also a director of FedEx Corporation.

Experience, Skills and Qualifications: The Board believes Mr. Hyde, the founder and a former Chairman and Chief Executive Officer of AutoZone, is qualified to serve as a director of the Company based on his extensive knowledge of AutoZone's business and the automotive aftermarket industry, his expertise in strategic business development and executive management, his owner orientation, and his board experience as well as his integrity, energy, and willingness to spend time on and interest in AutoZone.

W. Andrew McKenna, 64, has been a director since 2000 and served as Lead Director from June 2007 through January 2009. He is a private investor. Until his retirement in 1999, he had held various positions with The Home Depot, Inc., including Senior Vice President Strategic Business Development from 1997 to 1999; President, Midwest Division from 1994 to 1997; and Senior Vice President Corporate Information Systems from 1990 to 1994. He was also President of SciQuest.com, Inc. in 2000. Mr. McKenna was a director of Danka Business Systems PLC from 2002 to 2008, serving as Chairman of the Board from March 2005 to March 2006.

Experience, Skills and Qualifications: The Board believes Mr. McKenna is qualified to serve as a director of the Company based on his executive experience in the retail industry and other industries, his expertise in strategic business development, his background in finance and audit, his owner orientation, and his board experience, as well as his integrity, energy, and willingness to spend time on and interest in AutoZone.

George R. Mrkonic, Jr., 58, has been a director since 2006. He served as Vice Chairman of Borders Group, Inc. from 1994 to 2002. He has held senior level executive positions with W.R. Grace and Company, Herman's World of Sporting Goods, EyeLab, Inc., and Kmart Specialty Retail Group. He is also a director of Brinker International, Inc., Syntel, Inc. and Pacific Sunwear. Mr. Mrkonic was a director of Nashua Corporation from 2000 to 2009.

Experience, Skills and Qualifications: The Board believes Mr. Mrkonic is qualified to serve as a director of the Company based on his experience as a senior executive in retail companies, his knowledge of corporate strategy, finance, and management, his owner orientation, and his board experience, as well as his integrity, energy, and willingness to spend time on and interest in AutoZone.

Luis P. Nieto, 55, has been a director since 2008. He was president of the Consumer Foods Group or ConAgra Foods Inc., one of the largest packaged foods companies in North America, from 2008 until his retirement in June 2009.

Previously, he was president of ConAgra Refrigerated Foods from 2006 to 2008 and ConAgra Meats from 2005 to 2006. Prior to joining ConAgra, Mr. Nieto was President and Chief

Table of Contents

Executive Officer of the Federated Group, a leading private label supplier to the retail grocery and foodservice industries from 2002 to 2005. From 2000 to 2002, he served as President of the National Refrigerated Products Group of Dean Foods Company. He held other positions at Dean Foods Group from 1998 to 2000. Prior to joining Dean Foods, Mr. Nieto held positions in brand management and strategic planning with Mission Foods, Kraft Foods and the Quaker Oats Company. Mr. Nieto is also a director of Ryder System, Inc.

Experience, Skills and Qualifications: The Board believes Mr. Nieto is qualified to serve as a director of the Company based on his expertise in brand management and marketing, including experience managing a diverse portfolio of brands and products, as well as his knowledge of finance and operations, his executive management experience, his owner orientation and his board experience, as well as his integrity, energy, and willingness to spend time on and interest in AutoZone.

William C. Rhodes, III, 45, was elected Chairman in June 2007. He has been President, Chief Executive Officer, and a director since 2005. Prior to his appointment as President and Chief Executive Officer, Mr. Rhodes was Executive Vice President Store Operations and Commercial. Prior to fiscal 2005, he had been Senior Vice President Supply Chain and Information Technology since fiscal 2002, and prior thereto had been Senior Vice President Supply Chain since 2001. Prior to that time, he served in various capacities within the Company, including Vice President Stores in 2000, Senior Vice President Finance and Vice President Finance in 1999 and Vice President Operations Analysis and Support from 1997 to 1999. Prior to 1994, Mr. Rhodes was a manager with Ernst & Young, LLP. Mr. Rhodes is a member of the Board of Directors of Dollar General Corporation.

Experience, Skills and Qualifications: The Board believes Mr. Rhodes, AutoZone's Chairman and Chief Executive Officer, is qualified to serve as a director of the Company based on his 15 years' experience with the Company, which have included responsibility for corporate strategy, executive management, operations and supply chain; his knowledge and understanding of the automotive aftermarket and retail industries; his strong financial background and his owner orientation, as well as his integrity and energy.

Theodore W. Ulyot, 43, has been a director since 2006. He has been the Vice President and General Counsel of Facebook, Inc. since October 2008. Previously, Mr. Ulyot was a partner in the Washington, D.C. office of Kirkland & Ellis LLP from May 2008 through October 2008. He was the Executive Vice President and General Counsel of ESL Investments, Inc., a private investment firm, from October 2005 to April 2008. Mr. Ulyot served in the George W. Bush Administration from January 2003 to October 2005, including as Chief of Staff at the Department of Justice and as a Deputy Assistant to the President. Earlier in his career, he was General Counsel of AOL Time Warner Europe and a law clerk to Supreme Court Justice Antonin Scalia.

Experience, Skills and Qualifications: The Board believes Mr. Ulyot is qualified to serve as a director of the Company based on the breadth of his legal experience in corporate, government and private practice; his experience in dealing with complex legal issues; his public policy background; his experience in the Internet sector, including social media; his international experience and his owner orientation, as well as his integrity, energy, and willingness to spend time on and interest in AutoZone.

Corporate Governance Matters

Independence

How many independent directors does AutoZone have?

Our Board of Directors has determined that eight of our current ten directors are independent: William C. Crowley, Sue E. Gove, Earl G. Graves, Jr., Robert R. Grusky, W. Andrew McKenna, George R. Mrkonic, Jr., Luis P. Nieto, Jr.,

and Theodore W. Ullyot. All of these directors meet the independence standards of our Corporate Governance Principles and the New York Stock Exchange listing standards.

Table of Contents

How does AutoZone determine whether a director is independent?

In accordance with AutoZone's Corporate Governance Principles, a director is considered independent if the director:

has not been employed by AutoZone within the last five years;

has not been employed by AutoZone's independent auditor in the last five years;

is not, and is not affiliated with a company that is, an adviser, or consultant to AutoZone or a member of AutoZone's senior management;

is not affiliated with a significant customer or supplier of AutoZone;

has no personal services contract with AutoZone or with any member of AutoZone's senior management;

is not affiliated with a not-for-profit entity that receives significant contributions from AutoZone;

within the last three years, has not had any business relationship with AutoZone for which AutoZone has been or will be required to make disclosure under Rule 404(a) or (b) of Regulation S-K of the Securities and Exchange Commission as currently in effect;

receives no compensation from AutoZone other than compensation as a director;

is not employed by a public company at which an executive officer of AutoZone serves as a director;

has not had any of the relationships described above with any affiliate of AutoZone; and

is not a member of the immediate family of any person with any relationships described above.

The term "affiliate" as used above is defined as any parent or subsidiary entity included in AutoZone's consolidated group for financial reporting purposes.

In determining whether any business or charity affiliated with one of our directors did a significant amount of business with AutoZone, our Board has established that any payments from either party to the other exceeding 1% of either party's revenues would disqualify a director from being independent.

In determining the independence of our directors, the Board considers relationships involving directors and their immediate family members that are relevant under applicable laws and regulations, the listing standards of the New York Stock Exchange, and the standards contained in our Corporate Governance Principles (listed above). The Board relies on information from Company records and questionnaires completed annually by each director.

As part of its most recent independence determinations, the Board noted that AutoZone does not have, and did not have during fiscal 2010, significant commercial relationships with companies at which Board members served as officers or directors, or in which Board members or their immediate family members held an aggregate of 10% or more direct or indirect interest. The Board considered the fact that Mr. Crowley is an officer of Sears Holdings Corporation and is also Chief Operating Officer of ESL Investments, Inc., which beneficially owns 34.7% of AutoZone's outstanding stock. ESL Investments, Inc., with its affiliates, is a substantial stockholder of Sears Holdings Corporation. During fiscal 2010, Sears Holdings Corporation did business with AutoZone in arm's length transactions which were not, individually or cumulatively, material to either AutoZone or Sears Holding Corporation.

The Board also reviewed donations made by the Company to not-for-profit organizations with which Board members or their immediate family members were affiliated by membership or service or as directors or trustees.

Based on its review of the above matters, the Board determined that none of Messrs. Crowley, Graves, Grusky, McKenna, Mrkonic, Nieto or Ulliot or Ms. Gove has a material relationship with the Company and that all of them are independent within the meaning of the AutoZone Corporate Governance Principles and applicable law and listing standards. The Board also determined that Mr. Rhodes is not independent since he

Table of Contents

is an employee of the Company and Messrs. Hyde and Rhodes are not independent because they serve on the boards of not-for-profit organizations which receive more than one percent (1%) of their revenues from the Company.

Board Leadership Structure

Our Board believes that having a combined Chairman/CEO, independent members and chairs for each of our Board committees and a Lead Director currently provides the best board leadership structure for AutoZone. This structure, together with our other corporate governance practices, provides strong independent oversight of management while ensuring clear strategic alignment throughout the Company. Our Lead Director is a non-employee director who is elected by the Board. Earl G. Graves, Jr., a director since 2002, currently serves as our Lead Director.

Our Lead Director:

Chairs Board meetings when the Chairman is not present, including presiding at all executive sessions of the Board (without management present) at every regularly scheduled Board meeting;

Works with management to determine the information and materials provided to Board members;

Approves Board meeting agendas, schedules and other information provided to the Board;

Consults with the Chairman on such other matters as are pertinent to the Board and the Company;

Has the authority to call meetings of the independent directors;

Is available for direct communication and consultation with major shareholders upon request; and

Serves as liaison between the Chairman and the independent directors.

Board Risk Oversight

Oversight of risk management is a responsibility of the Board of Directors and is an integral part of the Board's oversight of AutoZone's business. AutoZone's management takes a variety of calculated risks in order to enhance Company performance and shareholder value. The primary responsibility for the identification, assessment and management of the various risks resides with AutoZone's management. The Board of Directors is primarily responsible for ensuring that management has established and adequately resourced processes for identifying and preparing the Company to manage risks effectively. Additionally, the Board reviews the Company's principal strategic and operating risks as part of its regular discussion and consideration of AutoZone's strategy and operating results. The Board also reviews periodically with the General Counsel legal matters that may have a material adverse impact on the Company's financial statements, the Company's compliance with laws and any material reports received from regulatory agencies.

The Audit Committee is involved in the Board's oversight of risk management. At each of its regular meetings, the Audit Committee reviews the Company's major financial exposures and the steps management has taken to identify, assess, monitor, control, remediate and report such exposures. The Audit Committee, along with management, also evaluates the effectiveness of the risk avoidance and mitigation processes in place. Such risk-related information is then summarized, reported and discussed at each quarterly Board of Directors meeting.

To assist with risk management and oversight, AutoZone has adopted the concept of enterprise risk assessment (ERM) using the framework issued in 2004 by the Committee of Sponsoring Organizations of the Treadway Commission.

The Company's Director of Internal Audit, who reports directly to the Audit Committee, has been charged with leading the implementation of the Company's ERM processes with the assistance of Company management. The Director of Internal Audit presents to the Audit Committee a comprehensive review of the Company's ERM processes annually. This presentation includes an overview of all significant risks that have been identified and assessed and the strategies developed by management for managing such risks. The Director of Internal Audit leads open discussions with the Audit Committee members to analyze the significance of the risks identified and to verify that the list is all-inclusive.

Company

Table of Contents

management is also involved in these discussions to ensure that the Board gains a full understanding of the risks and the strategies that management has implemented to manage the risks.

Other Board committees also consider significant risks within their areas of responsibility. The Compensation Committee considers risk in connection with the design of AutoZone's compensation programs. The Nominating and Corporate Governance Committee oversees risks related to the Company's governance policies and practices.

Corporate Governance Documents

Our Board of Directors has adopted Corporate Governance Principles; charters for its Audit, Compensation, and Nominating & Corporate Governance Committees; a Code of Business Conduct & Ethics for directors, officers and employees of AutoZone; and a Code of Ethical Conduct for Financial Executives. Each of these documents is available on our corporate website at www.autozoneinc.com and is also available, free of charge, in print to any stockholder who requests it.

Meetings and Attendance

How many times did AutoZone's Board of Directors meet during the last fiscal year?

During the 2010 fiscal year, the Board of Directors held five meetings.

Did any of AutoZone's directors attend fewer than 75% of the meetings of the Board and their assigned committees?

All our directors attended at least 75% of the meetings of the Board and their assigned committees during the fiscal year.

What is AutoZone's policy with respect to directors' attendance at the Annual Meeting?

As a general matter, all directors are expected to attend our Annual Meetings. At our 2009 Annual Meeting, all directors were present.

Do AutoZone's non-management directors meet regularly in executive session?

The non-management members of our Board regularly meet in executive sessions in conjunction with each regularly scheduled Board meeting. Our Lead Director, Mr. Graves, presides at these sessions.

Committees of the Board

What are the standing committees of AutoZone's Board of Directors?

AutoZone's Board has three standing committees: Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee, each consisting only of independent directors.

Audit Committee

What is the function of the Audit Committee?

The Audit Committee is responsible for:

the integrity of the Company's financial statements,
the independent auditor's qualification, independence and performance,
the performance of the Company's internal audit function, and
the Company's compliance with legal and regulatory requirements.

Table of Contents

The Audit Committee performs its duties by:

evaluating, appointing or dismissing, determining compensation for, and overseeing the work of the independent public accounting firm employed to conduct the annual audit, which reports to the Audit Committee;

pre-approving all audit and permitted non-audit services performed by the independent auditor, considering issues of auditor independence;

conducting periodic reviews with Company officers, management, independent auditors, and the internal audit function;

reviewing and discussing with management and the independent auditor the Company's annual audited financial statements, quarterly financial statements, internal controls report and the independent auditor's attestation thereof, and other matters related to the Company's financial statements and disclosures;

overseeing the Company's internal audit function;

reporting periodically to the Board and making appropriate recommendations; and

preparing the report of the Audit Committee required to be included in the annual proxy statement.

Who are the members of the Audit Committee?

The Audit Committee consists of Ms. Gove, Mr. McKenna (Chair), Mr. Mrkonic, and Mr. Nieto.

Are all of the members of the Audit Committee independent?

Yes, the Audit Committee consists entirely of independent directors under the standards of AutoZone's Corporate Governance Principles and the listing standards of the New York Stock Exchange.

Does the Audit Committee have an Audit Committee Financial Expert?

The Board has determined that Ms. Gove, Mr. McKenna, Mr. Mrkonic and Mr. Nieto each meet the qualifications of an audit committee financial expert as defined by the Securities and Exchange Commission. All members of the Audit Committee meet the New York Stock Exchange definition of financial literacy.

How many times did the Audit Committee meet during the last fiscal year?

During the 2010 fiscal year, the Audit Committee held ten meetings.

Where can I find the charter of the Audit Committee?

The Audit Committee's charter is available on our corporate website at www.autozoneinc.com and is also available, free of charge, in print to any stockholder who requests it.

Compensation Committee

What is the function of the Compensation Committee?

The Compensation Committee has the authority, based on its charter and the AutoZone Corporate Governance Principles, to:

review and approve AutoZone's compensation objectives;

review and approve the compensation programs, plans and awards for executive officers, including recommending equity-based plans for stockholder approval;

act as administrator as may be required by AutoZone's short- and long-term incentive plans and other stock or stock-based plans; and

Table of Contents

review the compensation of AutoZone's non-employee directors from time to time and recommend to the full Board any changes that the Compensation Committee deems necessary.

The Compensation Committee may appoint subcommittees from time to time with such responsibilities as it may deem appropriate; however, the committee may not delegate its authority to any other persons.

AutoZone's processes and procedures for the consideration and determination of executive compensation, including the role of the Compensation Committee and compensation consultants, are described in the Compensation Discussion and Analysis on page 28.

Who are the members of the Compensation Committee?

The Compensation Committee consists of Mr. Graves (Chair), Mr. Grusky, Mr. Mrkonic and Mr. Ullyot, all of whom are independent directors under the standards of AutoZone's Corporate Governance Principals and the listing standards of the New York Stock Exchange.

How many times did the Compensation Committee meet during the last fiscal year?

During the 2010 fiscal year, the Compensation Committee held four meetings.

Where can I find the charter of the Compensation Committee?

The Compensation Committee's charter is available on our corporate website at www.autozoneinc.com and is also available, free of charge, in print to any stockholder who requests it.

Nominating and Corporate Governance Committee

What is the function of the Nominating and Corporate Governance Committee?

The Nominating and Corporate Governance Committee ensures that:

qualified candidates are presented to the Board of Directors for election as directors;

the Board of Directors has adopted appropriate corporate governance principles that best serve the practices and objectives of the Board of Directors; and

AutoZone's Articles of Incorporation and Bylaws are structured to best serve the interests of the stockholders.

Who are the members of the Nominating and Corporate Governance Committee?

The Nominating and Corporate Governance Committee consists of Mr. Crowley, Ms. Gove (Chair) and Mr. Nieto, all of whom are independent directors under the standards of AutoZone's Corporate Governance Principals and the listing standards of the New York Stock Exchange.

How many times did the Nominating and Corporate Governance Committee meet during the last fiscal year?

During the 2010 fiscal year, the Nominating and Corporate Governance Committee held four meetings.

Where can I find the charter of the Nominating and Corporate Governance Committee?

The Nominating and Corporate Governance Committee's charter is available on our corporate website at www.autozoneinc.com and is also available, free of charge, in print to any stockholder who requests it.

Table of Contents

Director Nomination Process

What is the Nominating and Corporate Governance Committee's policy regarding consideration of director candidates recommended by stockholders? How do stockholders submit such recommendations?

The Nominating and Corporate Governance Committee's policy is to consider director candidate recommendations from stockholders if they are submitted in writing to AutoZone's Secretary in accordance with the procedure set forth in Article III, Section 1 of AutoZone's Fourth Amended and Restated Bylaws (Bylaws), including biographical and business experience information regarding the nominee and other information required by said Article III, Section 1. Copies of the Bylaws will be provided upon written request to AutoZone's Secretary and are also available on AutoZone's corporate website at www.autozoneinc.com.

What qualifications must a nominee have in order to be recommended by the Nominating and Corporate Governance Committee for a position on the Board?

The Board believes each individual director should possess certain personal characteristics, and that the Board as a whole should possess certain core competencies. Such personal characteristics are integrity and accountability, informed judgment, financial literacy, mature confidence, high performance standards, and passion. They should also have demonstrated the confidence to be truly independent, as well as be business savvy, have an owner orientation and have a genuine interest in AutoZone. Core competencies of the Board as a whole are accounting and finance, business judgment, management expertise, crisis response, industry knowledge, international markets, strategy and vision. These characteristics and competencies are set forth in more detail in AutoZone's Corporate Governance Principles, which are available on AutoZone's corporate website at www.autozoneinc.com.

How does the Nominating and Corporate Governance Committee identify and evaluate nominees for director?

Prior to each annual meeting of stockholders at which directors are to be elected, the Nominating and Corporate Governance Committee considers incumbent directors and other qualified individuals, if necessary, as potential director nominees. In evaluating a potential nominee, the Nominating and Corporate Governance Committee considers the personal characteristics described above, and also reviews the composition of the full Board to determine the areas of expertise and core competencies needed to enhance the function of the Board. The Nominating and Corporate Governance Committee may also consider other factors such as the size of the Board, whether a candidate is independent, how many other public company directorships a candidate holds, and the listing standards requirements of the New York Stock Exchange.

The Nominating and Corporate Governance Committee recognizes the importance of selecting directors from various backgrounds and professions in order to ensure that the Board as a whole has a variety of experiences and perspectives which contribute to a more effective decision-making process. The Board does not have a specific diversity policy, but considers diversity of race, ethnicity, gender, age, cultural background and professional experiences in evaluating candidates for Board membership.

The Nominating and Corporate Governance Committee uses a variety of methods for identifying potential nominees for director. Candidates may come to the attention of the Nominating and Corporate Governance Committee through current Board members, stockholders or other persons. The Nominating and Corporate Governance Committee may retain a search firm or other consulting firm from time to time to identify potential nominees. Nominees recommended by stockholders in accordance with the procedure described above, i.e., submitted in writing to AutoZone's Secretary, accompanied by the biographical and business experience information regarding the nominee and the other

information required by Article III, Section 1 of the Bylaws, will receive the same consideration as the Nominating and Corporate Governance Committee's other potential nominees.

Table of Contents**Procedure for Communication with the Board of Directors*****How can stockholders and other interested parties communicate with the Board of Directors?***

Stockholders and other interested parties may communicate with the Board of Directors by writing to the Board, to any individual director or to the non-management directors as a group c/o Secretary, AutoZone, Inc., 123 South Front Street, Dept. 8074, Memphis, Tennessee 38103. All such communications will be forwarded unopened to the addressee. Communications addressed to the Board of Directors or to the non-management directors as a group will be forwarded to the Chairperson of the Nominating and Corporate Governance Committee and communications addressed to a committee of the Board will be forwarded to the chairperson of that committee.

Compensation of Directors***Director Compensation Table***

This table shows the compensation paid to our non-employee directors during the 2010 fiscal year. No amounts were paid to our non-employee directors during the 2010 fiscal year that would be classified as Non-Equity Incentive Plan Compensation, Changes in Pension Value and Nonqualified Deferred Compensation Earnings or All Other Compensation, so these columns have been omitted from the table.

Name(1)	Fees	Stock	Option	Total
	Earned or Paid in Cash	Awards	Awards	
	(\$) (2)	(\$) (3)	(\$) (4)	(\$)
William C. Crowley	20,071	19,929	164,728	204,728
Sue E. Gove	20,145	19,855	164,728	204,728
Earl G. Graves, Jr.	22,509	22,509	164,728	209,746
Robert R. Grusky	37,657	37,336	109,819	184,812
J.R. Hyde, III	20,008	20,008	164,728	204,744
W. Andrew McKenna	25,070	24,930	164,728	214,728
George R. Mrkonjic, Jr.	20,008	20,008	164,728	204,744
Luis Nieto	37,498	37,498	109,819	184,815
Theodore W. Ulliot	31,248	31,248	27,455	89,951

- (1) William C. Rhodes, III, our Chairman, President and Chief Executive Officer, serves on the Board but does not receive any compensation for his service as a director. His compensation as an employee of the Company is shown in the Summary Compensation Table on page 40.
- (2) Under the AutoZone, Inc. 2003 Director Compensation Plan, non-employee directors receive at least 50% of their annual retainer fees and committee chair fees in AutoZone common stock or in Stock Units (units with value equivalent to the value of shares of AutoZone common stock as of the grant date). They may elect to receive up to 100% of the fees in stock and/or to defer all or part of the fees in Stock Units, as defined herein. This column represents the 50% of the fees that were paid in cash or which the director elected to receive in stock

or Stock Units during fiscal 2010, and any cash paid in lieu of fractional shares under the AutoZone, Inc. 2003 Director Compensation Plan. The stock and stock unit amounts reflect the aggregate grant date fair value computed in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 718. See Note B, Share-Based Payments, to our consolidated financial statements in our Annual Report on Form 10-K for the year ended August 28, 2010 (2010 Annual Report) for a discussion of our accounting for share-based awards and the assumptions used. The other 50% of the fees, which were required to be paid in stock or Stock Units, are included in the amounts in the Stock Awards column.

- (3) The Stock Awards column represents the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 for awards of common stock under the 2003 Director Compensation Plan during fiscal 2010. See Note B, Share-Based Payments, to our consolidated financial statements in our 2010 Annual

Table of Contents

Report for a discussion of our accounting for share-based awards and the assumptions used. The aggregate number of outstanding Stock Units held by each director at the end of fiscal 2010 are shown in the following footnote 4. See Security Ownership of Management and Board of Directors on page 26 for more information about our directors' stock ownership.

- (4) The Option Awards column represents the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 for stock options awarded under the AutoZone, Inc. 2003 Director Stock Option Plan during fiscal 2010. See Note B, Share-Based Payments, to our consolidated financial statements in our 2010 Annual Report for a discussion of our accounting for share-based awards and the assumptions used. As of August 28, 2010, each non-employee director had the following aggregate number of outstanding Stock Units and stock options:

Director	Stock Units (#)	Stock Options* (#)
William C. Crowley		9,526
Sue E. Gove	280	14,215
Earl G. Graves, Jr.	3,349	21,000
Robert R. Grusky	194	7,526
J.R. Hyde, III	7,444	30,000
W. Andrew McKenna	4,247	30,000
George R. Mrkonic, Jr.	1,345	15,857
Luis P. Nieto	1,023	7,412
Theodore W. Ulyot	1,348	8,078

* Includes vested and unvested stock options.

Narrative Accompanying Director Compensation Table**Current Compensation Structure**

Directors may select at the beginning of each calendar year between two pay alternatives. The first alternative includes an annual retainer fee of \$40,000 and a stock option grant. The second alternative includes an annual retainer of \$40,000, a supplemental retainer fee of \$35,000, and a smaller stock option grant. The second alternative was added in 2008 to make the director compensation package more attractive to potential director candidates (and existing directors) who, in a given year, might prefer a higher percentage of fixed compensation. Directors electing either alternative receive a significant portion of their compensation in AutoZone common stock, since at least one-half of the base retainer and, if applicable, one-half of the supplemental retainer must be paid in AutoZone common stock or stock units.

Annual Retainer Fees. Non-employee directors must choose each year between the two compensation alternatives described above. A director electing the first alternative will receive an annual base retainer fee of \$40,000 (the Base Retainer). A director electing the second alternative will receive, in addition to the Base Retainer, an annual supplemental retainer fee in the amount of \$35,000 (the Supplemental Retainer), for a total retainer of \$75,000, but will receive a smaller annual stock option award under the Director Stock Option Plan as explained below under Director Stock Option Plan. There are no meeting fees.

The chair of the Audit Committee receives an additional fee of \$10,000 annually, and the chairs of the Compensation Committee and the Nominating and Corporate Governance Committee each receive an additional fee of \$5,000 per year.

2003 Director Compensation Plan. Under the AutoZone, Inc. First Amended and Restated 2003 Director Compensation Plan (the 2003 Director Compensation Plan), a non-employee director may receive no more than one-half of the annual fees in cash the remainder must be taken in AutoZone common stock. The director may elect to receive up to 100% of the fees in stock or to defer all or part of the fees in units with value equivalent to the value of shares of AutoZone Common Stock (Stock Units). Unless deferred, the

Table of Contents

annual fees are payable in advance in equal quarterly installments on September 1, December 1, March 1, and June 1 of each year, at which time each director receives cash and/or shares of common stock in the amount of one-fourth of the annual fees. The number of shares issued is determined by dividing the amount of the fee payable in shares by the fair market value of the shares as of the grant date.

If a director defers any portion of the annual fees in the form of Stock Units, then on September 1, December 1, March 1, and June 1 of each year, AutoZone will credit a unit account maintained for the director with a number of Stock Units determined by dividing the amount of the fees by the fair market value of the shares as of the grant date. Upon the director's termination of service, he or she will receive the number of shares of common stock with which his or her unit account is credited, either in a lump sum or installments, as elected by the director under the 2003 Director Compensation Plan.

2003 Director Stock Option Plan. Under the AutoZone, Inc. First Amended and Restated 2003 Director Stock Option Plan (the "2003 Director Stock Option Plan"), directors who elect to be paid only the Base Retainer will receive, on January 1 during their first two years of service as a director, an option to purchase 3,000 shares of AutoZone common stock. After the first two years, such directors will receive, on January 1 of each year, an option to purchase 1,500 shares of common stock, and each such director who owns common stock or Stock Units worth at least five times the Base Retainer will receive an additional option to purchase 1,500 shares. Directors electing to be paid the Supplemental Retainer will receive, on January 1 during their first two years of service as a director, an option to purchase 2,000 shares of AutoZone common stock. After the first two years, such directors will receive, on January 1 of each year, an option to purchase 500 shares of common stock, and each such director who owns common stock or Stock Units worth at least five times the Base Retainer will receive an additional option to purchase 1,500 shares. In addition, each new director receives an option to purchase 3,000 shares upon election to the Board, plus a portion of the base annual option grant corresponding to the director's compensation election, prorated for the portion of the year served in office.

Stock option grants are made at the fair market value of the common stock as of the grant date, defined in the plan as the average of the highest and lowest prices quoted for the common stock on the New York Stock Exchange on the business day immediately prior to the grant date. They become fully vested and exercisable on the third anniversary of the date of grant, or the date on which the director ceases to be a director of AutoZone, whichever occurs first.

Stock options expire on the first to occur of (a) 10 years after the date of grant, (b) 90 days after the option holder's death, (c) 5 years after the date the option holder ceases to be an AutoZone director if he or she has become ineligible to be reelected as a result of reaching the term limits or mandatory retirement age specified in AutoZone's Corporate Governance Principles, (d) 30 days after the date that the option holder ceases to be an AutoZone director for reasons other than those listed in the foregoing clause (c), or (e) upon the occurrence of certain corporate transactions affecting AutoZone.

Changes Effective January 1, 2011

The Board of Directors has approved the following changes to AutoZone's director compensation structure effective January 1, 2011, subject to the approval by our stockholders of the AutoZone, Inc. 2011 Equity Incentive Award Plan:

Annual Retainer Fees. Non-employee directors will receive an annual retainer fee of \$200,000 (the "Annual Retainer"). The lead director and the chair of the Audit Committee will receive an additional fee of \$20,000 annually, the chairs of the Compensation Committee and the Nominating and Corporate Governance Committee will each receive an additional fee of \$5,000 per year, and the non-chair members of the Audit Committee will each receive an additional fee of \$5,000 per year (such fees, together with the Annual Retainer, the "Retainer"). There are no meeting fees.

2011 Equity Plan. Under the AutoZone, Inc. 2011 Equity Incentive Award Plan (the 2011 Equity Plan), which, if approved by our stockholders, will replace the 2003 Director Compensation Plan and the 2003 Director Stock Option Plan, a non-employee director will receive the Retainer in Restricted Stock Units,

Table of Contents

which are contractual rights to receive in the future a share of AutoZone common stock. Restricted Stock Units become fully vested on the date they are issued and generally will become unrestricted as of the date that a non-employee director ceases to be a director of the Company (the Payment Date). Restricted Stock Units are paid in shares of AutoZone common stock as soon as practicable after the Payment Date, to be no later than the fifteenth day of the third month following the end of the tax year in which such Payment Date occurs, unless the director has elected to defer receipt.

The Retainer is payable in advance in equal quarterly installments on January 1, April 1, July 1, and October 1 of each year. The number of Restricted Stock Units granted each quarter is determined by dividing the amount of the Retainer by the fair market value of the shares as of the grant date.

If a non-employee director is elected to the Board after the beginning of a calendar quarter, he or she will receive a prorated Retainer based on the number of days remaining in the calendar quarter in which the date of the Board election occurs.

The 2011 Equity Plan is described in more detail in PROPOSAL 2 Approval of the AutoZone, Inc. 2011 Equity Incentive Award Plan on page 16.

Predecessor Plans

The AutoZone, Inc. Second Amended and Restated Director Compensation Plan and the AutoZone, Inc. Fourth Amended and Restated 1998 Director Stock Option Plan were terminated in December 2002 and were replaced by the 2003 Director Compensation Plan and the 2003 Director Stock Option Plan. However, grants made under those plans continue in effect under the terms of the grant made and are included in the aggregate awards outstanding shown above.

Stock Ownership Requirement

The Board has established a stock ownership requirement for non-employee directors. Within three years of joining the Board, each director must personally invest at least \$150,000 in AutoZone stock. Shares and Stock Units issued under the AutoZone, Inc. Second Amended and Restated Director Compensation Plan and the 2003 Director Compensation Plan count toward this requirement.

PROPOSAL 2 Approval of the AutoZone, Inc. 2011 Equity Incentive Award Plan

Our Board is recommending approval of the AutoZone, Inc. 2011 Equity Incentive Award Plan (the Plan) for non-employee members of our Board, as well as employees of AutoZone and our subsidiaries and affiliates. The Board adopted the Plan on October 17, 2010, subject to approval by our stockholders (the Effective Date). If approved, the Plan will replace the Third Amended and Restated 1996 Stock Option Plan, the 2006 Stock Option Plan, the First Amended and Restated 2003 Director Compensation Plan, the First Amended and Restated 2003 Director Stock Option Plan, the Second Amended and Restated 1998 Director Compensation Plan and the Fourth Amended and Restated 1998 Director Stock Option Plan (collectively, the Prior Plans), and no further awards will be granted under the Prior Plans. Any awards under the Prior Plans that are outstanding as of the date of stockholder approval (the Stockholder Approval Date) will continue to be subject to the terms and conditions of the applicable Prior Plan. Unused shares from the 2006 Stock Option Plan, the First Amended and Restated 2003 Director Compensation Plan and the First Amended and Restated 2003 Director Stock Option Plan and shares underlying awards outstanding under those plans as of the Stockholder Approval Date that terminate, expire or lapse will be made available for awards made pursuant to the Plan. In the event the Plan is not approved by the stockholders, awards will continue to be available for issuance pursuant to the Prior Plans.

In accordance with New York Stock Exchange listing requirements, adoption of the Plan requires approval by a majority of shares of votes cast on such proposal, provided that the total vote cast on the proposal represents over 50% of the outstanding shares of Stock entitled to vote on the proposal. Abstentions will have the effect of a vote against this proposal. Broker non-votes will not be counted as voting either for or against the Plan.

Table of Contents

The Board of Directors recommends that the stockholders vote FOR the AutoZone, Inc. 2011 Equity Incentive Award Plan.

The principal features of the Plan are summarized below for the convenience and information of our stockholders. This description is qualified in its entirety by reference to the Plan, which is attached to this Proxy Statement as Exhibit A.

What is the AutoZone, Inc. 2011 Equity Incentive Award Plan?

The Plan will allow AutoZone to provide equity-based compensation to our non-employee directors and employees for their service to AutoZone or our subsidiaries or affiliates. Under the Plan, participants may receive equity-based compensation in the form of stock options, stock appreciation rights, restricted shares, restricted share units, dividend equivalents, deferred stock, stock payments, performance share awards and other incentive awards structured by the Compensation Committee and the Board within parameters set forth in the Plan. The Plan will allow non-employee directors and employees to participate in the ownership of AutoZone and is intended to provide compensation, incentives and rewards for superior performance.

Who is eligible to participate in the Plan?

Persons eligible to participate in the Plan include all non-employee members of the Board, which will consist of nine directors following the Annual Meeting, and approximately 600 officers and employees of AutoZone and our subsidiaries, as determined by the Administrator of the Plan.

How will the Plan be administered?

The Plan generally will be administered by the Compensation Committee of the Board (which we also sometimes refer to as the Administrator in this narrative). The Compensation Committee consists solely of non-employee directors, each of whom is an outside director within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code), a Non-Employee Director as defined in Rule 16b-3 under the Securities Exchange Act of 1934 (the Exchange Act), and an independent director under the rules of the New York Stock Exchange. Except with respect to awards granted to our senior executives who are subject to Section 16 of the Exchange Act or employees who are covered employees within the meaning of Section 162(m) of the Code, the Plan allows the Compensation Committee to delegate the authority to grant or amend awards under the Plan to a committee of one or more members of the Board or one or more of our officers. The full Board will conduct the general administration of the Plan with respect to awards granted to non-employee directors.

The Administrator will have the authority to administer the Plan, including the power to determine eligibility, the types and sizes of awards, the price and timing of awards and the acceleration or waiver of any vesting restriction, as well as the authority to delegate such administrative responsibilities.

How many shares of AutoZone common stock will be available for awards under the Plan?

The aggregate number of shares of our common stock available for equity grants pursuant to the Plan will be equal to the number of shares available for issuance under the 2006 Stock Option Plan, the First Amended and Restated 2003 Director Compensation Plan and the First Amended and Restated 2003 Director Stock Option Plan as of the Stockholder Approval Date, plus the number of shares underlying awards outstanding under those plans as of the Stockholder Approval Date that terminate, expire or lapse on or after such date. AutoZone is not seeking the approval of an increase in the number of shares currently available for issuance and which may be forfeited under plans previously approved by AutoZone's stockholders. Subject to stockholder approval of the Plan, no further shares will be

available for issuance pursuant to the Prior Plans, however any awards under any of the Prior Plans that are outstanding as of such date will continue to be subject to the terms and conditions of the applicable Prior Plan. The maximum number of shares of common stock that may be subject to one or more awards granted to any one participant pursuant to the Plan during any calendar year is 200,000.

Table of Contents

The aggregate number of shares of our common stock available for equity grants pursuant to the Plan will be reduced by two shares for every share delivered in settlement of an award other than (i) a stock option, (ii) a stock appreciation right or (iii) any other award for which the holder pays the intrinsic value existing as of the date of grant (such awards,

Full Value Awards). To the extent that any award other than a Full Value Award is forfeited, expires or is settled in cash without the delivery of shares to the holder, then any shares subject to the award will again be available for the grant of an award pursuant to the Plan; if such forfeited, expired or cash-settled award is a Full Value Award, then the number of shares available under the Plan will be increased by two shares for each share subject to the award that is forfeited, expired or cash-settled. However, shares tendered or withheld in payment of the exercise price of an option or in satisfaction of any tax withholding obligations with respect to an award, shares subject to a stock appreciation right that are not issued in connection with the stock settlement of the stock appreciation right on exercise thereof, and shares purchased on the open market with the cash proceeds from the exercise of options, will not again be available for the grant of an award pursuant to the Plan. Any shares of restricted stock repurchased by the Company at the same price paid by the participant, so that such shares are returned to the Company, will again be available for awards granted pursuant to the Plan. The payment of dividend equivalents in cash in conjunction with any outstanding awards will not be counted against the shares available for issuance under the Plan.

In the event of a corporate transaction, such as a merger, combination, consolidation or acquisition of property or stock, any awards granted under the Plan upon the assumption of, or in substitution for, outstanding equity awards previously granted by another entity, will not reduce the shares authorized for grant under the Plan. Additionally, in the event that AutoZone or its subsidiaries or affiliates acquire or combine with a company that has shares available under a pre-existing plan approved by stockholders, the shares available for grant pursuant to the terms of such pre-existing plan may be used for awards under the Plan under certain circumstances and will not reduce the shares authorized for grant under the Plan.

What types of equity awards are available under the Plan?

Stock Options. The Plan provides for the grant of incentive stock options, as defined under Section 422 of the Code (ISOs), and non-qualified stock options. The option exercise price of all stock options granted pursuant to the Plan will not be less than 100% of the fair market value of our common stock on the date of grant. Stock options may be exercised as determined by the Administrator, but in no event may (a) an ISO have a term extending beyond the tenth anniversary of the date of grant and (b) a non-qualified stock option have a term extending beyond the date that is ten years and one day after the date of grant. ISOs granted to any person who owns, as of the date of grant, stock possessing more than ten percent of the total combined voting power of all classes of our stock, however, shall have an exercise price that is not less than 110% of the fair market value of our common stock on the date of grant and may not have a term extending beyond the fifth anniversary of the date of grant. The aggregate fair market value of the shares with respect to which options intended to be ISOs are exercisable for the first time by an employee in any calendar year may not exceed \$100,000, or such other amount as the Code provides. The Plan prohibits, without stockholder approval: (i) the amendment of options to reduce the exercise price, and (ii) the replacement of an option with cash or any other award when the price per share of the option exceeds the fair market value of the underlying shares.

Restricted Stock. A restricted stock award is the grant of shares of our common stock at a price determined by the Administrator that may be subject to substantial risk of forfeiture until specific conditions are met. Conditions may be based on continuing service to us or any of our subsidiaries or affiliates or achieving performance goals. During the period of restriction, all shares of restricted stock will be subject to restrictions and vesting requirements, which will lapse in accordance with a schedule or other conditions determined by the Administrator. Restricted stock is nontransferable and may not be sold or encumbered until all restrictions are terminated or expire.

Dividend Equivalents. Dividend equivalents may be granted pursuant to the Plan, except that no dividend equivalents may be payable with respect to options or stock appreciation rights awarded pursuant to the Plan. A dividend equivalent is the right to receive the equivalent value of dividends paid on shares. If granted, they are credited as of dividend payment dates occurring between the date an award is granted and

Table of Contents

the date it vests, is exercised, is distributed or expires, as determined by the Administrator. Dividend equivalents may be converted to cash or additional shares of our common stock subject to limitations as may be determined by the Administrator.

Stock Payments. A stock payment is a payment in the form of shares of our common stock or an option or other right to purchase shares, as part of a bonus, deferred compensation or other arrangement. The number or value of shares of any stock payment will be determined by the Administrator and may be based on the achievement of performance criteria or other specific criteria determined by the Administrator. Except as otherwise determined by the Administrator, shares underlying a stock payment which is subject to a vesting schedule or other conditions will not be issued until those conditions have been satisfied. Stock payments may, but are not required to, be made in lieu of cash compensation otherwise payable to any individual who is eligible to receive awards.

Deferred Stock. Deferred stock is a right to receive shares of our common stock in the future. The number of shares of any deferred stock award will be determined by the Administrator and may be based on the achievement of performance or other specific criteria on a specified date or dates or over any period or periods determined by the Administrator. Except as otherwise determined by the Administrator, shares underlying a deferred stock award which is subject to a vesting schedule or other conditions set by the Administrator will not be issued until those conditions have been satisfied. Deferred stock may constitute or provide for a deferral of compensation, subject to Section 409A of the Code and there may be certain tax consequences if the requirements of Section 409A of the Code are not met.

Restricted Stock Units. A restricted stock unit provides for the issuance of our common stock at a future date upon the satisfaction of specific conditions. The Administrator will specify in an award agreement the dates or conditions under which the restricted stock units will become fully vested and nonforfeitable, and may specify other conditions to vesting as it deems appropriate. The Administrator will also specify, or permit the holder to elect, the conditions and dates upon which the shares underlying the restricted stock units will be issued, which may not be earlier than the date as of which the restricted stock units vest and which conditions and dates will be subject to compliance with Section 409A of the Code. Restricted stock units may be paid in cash, shares or both, as determined by the Administrator. On the distribution dates, AutoZone will transfer to the participant one unrestricted, fully transferable share of our common stock (or the fair market value of one share in cash) for each restricted stock unit scheduled to be paid out on such date and not previously forfeited. The Administrator may specify in the award agreement a purchase price to be paid by the participant for such shares of our common stock. Restricted stock units may constitute or provide for a deferral of compensation, subject to Section 409A of the Code and there may be certain tax consequences if the requirements of Section 409A of the Code are not met.

Stock Appreciation Rights. A stock appreciation right (SAR) entitles its holder, upon exercise, to receive from us an amount equal to the difference between the exercise price of the SAR and the fair market value of a share of AutoZone common stock on the exercise date, multiplied by the number of shares with respect to which the SAR is being exercised, subject to any limitations imposed by the Administrator. The exercise price per share will be set by the Administrator, but may not be less than 100% of the fair market value on the date the SAR is granted. The Administrator will also determine the vesting period of the SAR. Stock appreciation rights may be exercised as determined by the Administrator but may not have a term extending beyond the date that is ten years and one day after the date of grant. Payment of a SAR may be in cash, shares or a combination of both, as determined by the Administrator. The Plan prohibits, without stockholder approval: (i) the amendment of SARs to reduce the exercise price, and (ii) the replacement of a SAR with cash or any other award when the price per share of the SAR exceeds the fair market value of the underlying shares.

Performance Share Awards. Performance share awards are rights to receive a number of shares of common stock or the cash value of such shares based on the attainment of specified performance goals or other criteria determined by the Administrator.

Table of Contents

Other Incentive Awards. Other incentive awards are awards other than those enumerated in this summary that are denominated in, linked to or derived from shares of our common stock or value metrics related to our shares, and may remain forfeitable unless and until specified conditions are met.

What are performance awards?

Performance awards include any of the awards above that are granted subject to vesting and/or payment based on the attainment of specified performance goals. The Administrator will determine whether performance awards are intended to constitute qualified performance-based compensation (QPBC) within the meaning of Section 162(m) of the Code, in which case the applicable performance criteria will be selected from the list below in accordance with the requirements of Section 162(m) of the Code.

Section 162(m) of the Code imposes a \$1,000,000 cap on the compensation deduction that we may take in respect of compensation paid to our covered employees , but excludes from the calculation of amounts subject to this limitation any amounts that constitute QPBC. However, QPBC performance criteria may be used with respect to performance awards that are not intended to constitute QPBC.

In order to constitute QPBC under Section 162(m) of the Code, in addition to certain other requirements, the relevant amounts must be payable only upon the attainment of pre-established, objective performance goals set by our Compensation Committee and linked to stockholder-approved performance criteria. For purposes of the Plan, one or more of the following performance criteria will be used in setting performance goals applicable to QPBC, and may be used in setting performance goals applicable to other performance awards:

- (i) earnings or net earnings (either before or after one or more of the following: (A) interest, (B) taxes, (C) depreciation, (D) amortization and (E) non-cash equity-based compensation expense);
- (ii) gross or net sales or revenue;
- (iii) net income (either before or after taxes);
- (iv) adjusted net income;
- (v) operating earnings, profit or pre-tax profit or margin;
- (vi) cash flow (including, but not limited to, operating or net cash flow and free cash flow);
- (vii) return on assets;
- (viii) return on capital (including return on invested capital);
- (ix) return on stockholders' equity;
- (x) total stockholder return;
- (xi) return on sales;
- (xii) gross or net profit, operating margin or gross profit margin;
- (xiii) costs;

- (xiv) funds from operations;
- (xv) expenses;
- (xvi) working capital;
- (xvii) earnings per share;
- (xviii) diluted or adjusted earnings per share;
- (xix) price per share of common stock;
- (xx) implementation or completion of critical projects;
- (xxi) market share;

Table of Contents

(xxii) economic value goals (including economic value added);

(xxiii) customer retention;

(xxiv) sales or sales-related goals (including sales per square foot and comparable store sales);

(xxv) earnings before interest and taxes margin; and

(xxvi) return on inventory

any of which may be measured either in absolute terms or as compared to any incremental increase or decrease or as compared to results of a peer group or to market performance indicators or indices. The Plan also permits the Administrator to provide for objectively determinable adjustments to the applicable performance criteria in setting performance goals for QPBC awards.

How does vesting of awards occur under the Plan?

The award agreement governing an award under the Plan will specify when the right to exercise the award will vest, in whole or in part, and will denote any events or conditions upon which vesting is contingent or which may accelerate vesting.

At the time an award is granted or at any time after such grant, the Administrator may specify events, including a change in control, that will accelerate the vesting or exercise date of all or part of the award.

Are awards under the Plan transferable?

With limited exceptions for estate planning, domestic relations orders, certain beneficiary designations and the laws of descent and distribution, awards under the Plan are generally nontransferable prior to vesting and are exercisable only by the participant.

How are tax withholding and payment obligations handled under the Plan?

With regard to tax withholding, exercise price and purchase price obligations arising in connection with awards under the Plan, the Administrator may, in its discretion, accept cash or check, shares of our common stock that meet specified conditions, a market sell order or such other consideration as it deems suitable.

What happens in the event of corporate transactions affecting the stock?

The Administrator has broad discretion to equitably adjust the provisions of the Plan, as well as the terms and conditions of existing and future awards, to prevent the dilution or enlargement of intended benefits and facilitate necessary or desirable changes in the event of certain transactions and events affecting our common stock, such as stock dividends, stock splits, mergers, acquisitions, consolidations and other corporate transactions. In addition, in the event of certain non-reciprocal transactions with our stockholders known as equity restructurings, the Administrator will make equitable adjustments to the Plan and outstanding awards. In the event of a change in control of AutoZone (as defined in the Plan), the surviving entity must assume outstanding awards or substitute economically equivalent awards for such outstanding awards; however, if the surviving entity declines to assume or substitute for some or all outstanding awards, then all such awards will vest in full and be deemed exercised (as applicable) upon the transaction. Individual award agreements may provide for additional accelerated vesting and payment provisions if the Administrator so determines.

Can the Plan be amended or terminated?

The Board may terminate, amend, or modify the Plan at any time; however, except to the extent permitted by the Plan in connection with certain changes in capital structure, stockholder approval will be obtained for any amendment to (i) increase the number of shares available under the Plan under either or both share limits, (ii) reduce the per share exercise price of the shares subject to any option or stock appreciation right below the per share exercise price as of the date the option or stock appreciation right was granted, and (iii) cancel any

Table of Contents

option or stock appreciation right in exchange for cash or another award when the option or stock appreciation right price per share exceeds the fair market value of the underlying shares.

In no event may an award be granted pursuant to the Plan on or after the tenth anniversary of the Effective Date.

Why is stockholder approval of the Plan required?

Stockholder approval of the Plan is necessary in order for us to (1) meet the stockholder approval requirements of the New York Stock Exchange, (2) take tax deductions for certain compensation resulting from awards granted thereunder qualifying as QPBC and (3) grant ISOs thereunder.

What awards are currently contemplated under the Plan?

The Board has adopted the 2011 Director Compensation Program (the Program), subject to stockholder approval of the Plan. Pursuant to the Program, as of January 1, 2011 and subject to stockholder approval of the Plan, non-employee directors will receive their compensation in awards of Restricted Stock Units as described immediately below, in lieu of cash compensation.

The Program provides that non-employee directors will receive an annual retainer fee of \$200,000 (the Annual Retainer), payable in Restricted Stock Units awarded under the Plan. The lead director and the chair of the Audit Committee will receive an additional fee of \$20,000 annually, the chairs of the Compensation Committee and the Nominating and Corporate Governance Committee will each receive an additional fee of \$5,000 per year, and non-chair members of the Audit Committee will each receive an additional fee of \$5,000 per year, all of which are also payable in Restricted Stock Units awarded under the Plan (such fees, together with the Annual Retainer, are referred to herein as the Retainer).

The Restricted Stock Units to be awarded under the Plan in payment of the Retainer are contractual rights to receive in the future a share of AutoZone common stock, and are described in more detail on page 19. Under the Program, Restricted Stock Units will become fully vested on the date they are issued, and the Restricted Stock Units will be paid in shares of AutoZone common stock as soon as practicable after the date on which a non-employee director ceases to be a member of the AutoZone Board of Directors (so long as such cessation of service also qualifies as a separation from service under Section 409A of the Code), to be no later than the fifteenth day of the third month following the end of the tax year in which such cessation of service occurs, unless the director has irrevocably elected in writing by December 31 of the year preceding the grant to defer the payment.

The Retainer is payable in advance in equal quarterly installments on January 1, April 1, July 1, and October 1 of each year. The number of Restricted Stock Units granted each quarter will be determined by dividing one-fourth of the amount of the Retainer by the fair market value of the shares of our common stock as of the grant date. If a non-employee director is elected to the Board after the beginning of a calendar quarter or assumes one of the additional positions described above, he or she will receive a prorated Retainer based on the number of days remaining in the calendar quarter in which the date of the Board election or position appointment occurs.

What are the U.S. federal income tax consequences of the Plan?

The following is a general summary under current law of the material federal income tax consequences to a non-employee director granted an award under the Plan. This summary deals with the general federal income tax principles that apply and is provided only for general information. Some kinds of taxes, such as state, local and foreign income taxes and federal employment taxes, are not discussed. Tax laws are complex and subject to change and may vary depending on individual circumstances and from locality to locality. The summary does not discuss all

aspects of federal income taxation that may be relevant in light of a holder's personal circumstances. This summarized tax information is not tax advice and a holder of an award should rely on the advice of his or her legal and tax advisors.

Table of Contents

With respect to nonqualified stock options, AutoZone is generally entitled to deduct and the optionee recognizes taxable income in an amount equal to the difference between the option exercise price and the fair market value of the shares at the time of exercise. A participant receiving ISOs will not recognize taxable income upon grant. Additionally, if applicable holding period requirements are met, the participant will not recognize taxable income at the time of exercise. However, the excess of the fair market value of our common stock received over the option price is an item of tax preference income potentially subject to the alternative minimum tax. If stock acquired upon exercise of an ISO is held for a minimum of two years from the date of grant and one year from the date of exercise, the gain or loss (in an amount equal to the difference between the fair market value on the date of sale and the exercise price) upon disposition of the stock will be treated as a long-term capital gain or loss, and we will not be entitled to any deduction. If the holding period requirements are not met, the ISO will be treated as one that does not meet the requirements of the Code for ISOs and the tax consequences described for nonqualified stock options will apply.

The current federal income tax consequences of other awards authorized under the Plan generally follow certain basic patterns: stock appreciation rights are taxed and deductible in substantially the same manner as nonqualified stock options; nontransferable restricted stock subject to a substantial risk of forfeiture results in income recognition equal to the excess of the fair market value over the price paid, if any, only at the time the restrictions lapse (unless the recipient elects to accelerate recognition as of the date of grant through a Section 83(b) election); restricted stock units, stock-based performance awards, dividend equivalents, other incentive awards and other types of awards are generally subject to tax at the time of payment. Compensation otherwise effectively deferred is taxed when paid. In each of the foregoing cases, AutoZone will generally have a corresponding deduction at the time the participant recognizes income, subject to Section 162(m) of the Code with respect to covered employees.

Section 162(m) of the Code. Section 162(m) of the Code denies a deduction to any publicly held corporation for compensation paid to certain covered employees in a taxable year to the extent that compensation to such covered employee exceeds \$1 million. It is possible that compensation attributable to awards under the Plan, when combined with all other types of compensation received by a covered employee from us, may cause this limitation to be exceeded in any particular year.

Certain kinds of compensation, including QPBC, are disregarded for purposes of the deduction limitation. In accordance with Treasury Regulations issued under Section 162(m) of the Code, compensation attributable to stock awards will generally qualify as performance-based compensation if (1) the award is granted by a compensation committee composed solely of two or more outside directors, (2) the plan contains a per-employee limitation on the number of awards which may be granted during a specified period, (3) the plan is approved by the stockholders, and (4) under the terms of the award, the amount of compensation an employee could receive is based solely on an increase in the value of the stock after the date of the grant (which requires that the exercise price of the option is not less than the fair market value of the stock on the date of grant), and for awards other than options, established performance criteria that must be met before the award actually will vest or be paid.

The Plan is designed to meet the requirements of Section 162(m) of the Code; however, full value awards granted under the Plan will only be treated as qualified performance-based compensation under Section 162(m) of the Code if the full value awards and the procedures associated with them comply with all other requirements of Section 162(m) of the Code. There can be no assurance that compensation attributable to awards granted under the Plan will be treated as qualified performance-based compensation under Section 162(m) of the Code and thus be deductible to us.

Section 409A of the Code. Certain awards under the Plan may be considered nonqualified deferred compensation subject to Section 409A of the Code, which imposes additional requirements on the payment of deferred compensation. Generally, if at any time during a taxable year a nonqualified deferred compensation plan fails to meet the requirements of Section 409A, or is not operated in accordance with those requirements, all amounts deferred under the nonqualified deferred compensation plan for the current taxable year and all preceding taxable years, by or

for any participant with respect to whom the failure relates, are includible in the gross income of the participant for the taxable year to the extent not subject to a substantial risk of forfeiture

Table of Contents

and not previously included in gross income. If a deferred amount is required to be included in income under Section 409A, the amount will be subject to income tax at regular income tax rates plus an additional 20 percent tax, as well as potential premium interest tax.

New Plan Benefits

Future benefits or amounts under the Plan are not currently determinable with respect to employees. The following table sets forth the benefits or amounts that would have been received by or allocated to each of the following non-employee directors for the fiscal year ending August 28, 2010, had the Plan and Program been in effect on such date.

2011 Equity Incentive Award Plan

Name and Position	Dollar Value (\$)	Number of Units
William C. Rhodes, III <i>Chairman, President and Chief Financial Officer</i>	0	0
William T. Giles <i>Executive Vice President, IT, Store Development, Chief Financial Officer</i>	0	0
Harry L. Goldsmith <i>Executive Vice President, General Counsel and Secretary</i>	0	0
James A. Shea <i>Executive Vice President, Merchandising, Marketing & Supply Chain</i>	0	0
Larry M. Roesel <i>Senior Vice President, Commercial</i>	0	0
Executive Group	0	0
Non-Executive Director Group	\$ 1,865,000	10,610
Non-Executive Officer Employee Group	0	0

PROPOSAL 3 Ratification of Independent Registered Public Accounting Firm

Ernst & Young LLP, our independent auditor for the past twenty-three fiscal years, has been selected by the Audit Committee to be AutoZone's independent registered public accounting firm for the 2011 fiscal year. Representatives of Ernst & Young LLP will be present at the Annual Meeting to make a statement if they so desire and to answer any appropriate questions.

The Audit Committee recommends that you vote FOR ratification of Ernst & Young LLP as AutoZone's independent registered public accounting firm.

For ratification, the firm must receive more votes in favor of ratification than votes cast against. Abstentions and broker non-votes will not be counted as voting either for or against the firm. However, the Audit Committee is not bound by a vote either for or against the firm. The Audit Committee will consider a vote against the firm by the stockholders in selecting our independent registered public accounting firm in the future.

During the past two fiscal years, the aggregate fees for professional services rendered by Ernst & Young LLP were as follows:

	2010	2009
Audit Fees	\$ 1,477,000	\$ 1,573,811
Audit-Related Fees		
Tax Fees	110,750(1)	84,793(2)

(1) Tax fees for 2010 were for state and local tax services.

(2) Tax fees for 2009 were for advice relating to the Company's debt structure.

Table of Contents

The Audit Committee pre-approves all services performed by the independent registered public accounting firm under the terms contained in the Audit Committee charter, a copy of which can be obtained at our website at www.autozoneinc.com. The Audit Committee pre-approved 100% of the services provided by Ernst & Young LLP during the 2010 and 2009 fiscal years. The Audit Committee considers the services listed above to be compatible with maintaining Ernst & Young LLP's independence.

Audit Committee Report

The Audit Committee of AutoZone, Inc., has reviewed and discussed AutoZone's audited financial statements for the year ended August 28, 2010, with AutoZone's management. In addition, we have discussed with Ernst & Young LLP, AutoZone's independent registered public accounting firm, the matters required to be discussed by Statement on Auditing Standards No. 61, *Communications with Audit Committees*, as amended and as adopted by the Public Company Accounting Oversight Board (PCAOB) in Rule 3200T, the Sarbanes-Oxley Act of 2002, and the charter of the Committee.

The Committee also has received the written disclosures and the letter from Ernst & Young LLP required by the applicable requirements of the PCAOB regarding the firm's communications with the Audit Committee concerning independence, and we have discussed with Ernst & Young LLP their independence from the Company and its management. The Committee has discussed with AutoZone's management and the auditing firm such other matters and received such assurances from them as we deemed appropriate.

As a result of our review and discussions, we have recommended to the Board of Directors the inclusion of AutoZone's audited financial statements in the annual report for the fiscal year ended August 28, 2010, on Form 10-K for filing with the Securities and Exchange Commission.

While the Audit Committee has the responsibilities and powers set forth in its charter, the Audit Committee does not have the duty to plan or conduct audits or to determine that AutoZone's financial statements are complete, accurate, or in accordance with generally accepted accounting principles; AutoZone's management and the independent auditor have this responsibility. Nor does the Audit Committee have the duty to assure compliance with laws and regulations and the policies of the Board of Directors.

W. Andrew McKenna (Chair)
Sue E. Gove
George R. Mrkonic, Jr.
Luis P. Nieto

The above Audit Committee Report does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other Company filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent the Company specifically incorporates this Report by reference therein.

Other Matters

We do not know of any matters to be presented at the Annual Meeting other than those discussed in this Proxy Statement. If, however, other matters are properly brought before the Annual Meeting, your proxies will be able to vote those matters in their discretion.

Table of Contents**OTHER INFORMATION****Security Ownership of Management and Board of Directors**

This table shows the beneficial ownership of common stock by each director, the Principal Executive Officer, the Principal Financial Officer and the other three most highly compensated executive officers, and all current directors and executive officers as a group. Unless stated otherwise in the notes to the table, each person named below has sole authority to vote and invest the shares shown.

Beneficial Ownership as of October 18, 2010

Name of Beneficial Owner	Shares	Deferred Stock Units(1)	Options(2)	Total	Ownership Percentage
William C. Crowley(3)	15,495,882	0	0	15,495,882	34.7%
Sue E. Gove	1,742	280	6,715	8,737	*
Earl G. Graves, Jr.	0	3,402	12,000	15,402	*
Robert R. Grusky(4)	552	238	0	790	*
J. R. Hyde, III(5)	333,510	7,491	21,000	362,001	*
W. Andrew McKenna	17,355	4,247	18,000	39,602	*
George R. Mrkonic, Jr.	2,500	1,392	6,857	10,749	*
Luis P. Nieto	0	1,111	0	1,111	*
William C. Rhodes, III(6)	16,581	0	227,750	244,331	*
Theodore W. Ulllyot(7)	70	1,443	4,578	6,091	*
William T. Giles	1,209	0	95,400	96,609	*
Harry L. Goldsmith(8)	19,908	0	137,475	157,383	*
Larry M. Roesel	343	0	11,500	11,843	*
James A. Shea(9)	3,885	0	0	3,885	*
All current directors and executive officers as a group (22 persons)	15,930,045	19,604	1,001,113	16,950,762	38.0%

* Less than 1%.

- (1) Includes shares that may be acquired immediately upon termination as a director by conversion of Stock Units.
- (2) Includes shares that may be acquired upon exercise of stock options either immediately or within 60 days of October 18, 2010.
- (3) Mr. Crowley is the President and Chief Operating Officer of ESL Investments, Inc. which together with various of its affiliates owns and/or controls the voting or disposition of AutoZone common stock as shown in Security Ownership of Certain Beneficial Owners on page 27. Mr. Crowley is also a current Director of AutoZone. Included in this number are 12,297 AutoZone shares held by Mr. Crowley over which he has sole voting power and 24,906 shares owned by Tynan LLC, of which Mr. Crowley has sole voting and dispositive power over 21,970 shares. Mr. Crowley has also reported beneficial ownership of 15,458,679 AutoZone shares beneficially

owned by other members of the ESL Group, as defined on page 27. See Footnote 1 to the table under the heading Security Ownership of Certain Beneficial Owners on page 27.

- (4) Mr. Grusky is a passive, limited partner in ESL Partners, L.P., which together with various of its affiliates owns AutoZone common stock as shown in Security Ownership of Certain Beneficial Owners below. Mr. Grusky may be deemed to have indirect beneficial ownership of the AutoZone shares beneficially owned by the ESL Group, as defined on page 27. Mr. Grusky disclaims beneficial ownership of the AutoZone shares held by the ESL Group, except to the extent of his pecuniary interest therein.

Table of Contents

- (5) Includes 50,000 shares held by a charitable foundation for which Mr. Hyde is an officer and a director and for which he shares investment and voting power. Does not include 2,000 shares owned by Mr. Hyde's wife.
- (6) Includes 1,090 shares held as custodian for Mr. Rhodes's children.
- (7) Mr. Ullyot is a limited partner in RBS Partners, L.P., which together with various of its affiliates owns AutoZone common stock as shown in Security Ownership of Certain Beneficial Owners below. Mr. Ullyot was Executive Vice President and General Counsel of ESL Investments, Inc. from October 2005 until April 2008 and may be deemed to have indirect beneficial ownership of the AutoZone shares beneficially owned by the ESL Group, as defined on page 27. Mr. Ullyot disclaims beneficial ownership of the AutoZone shares held by the ESL Group.
- (8) Includes 1,200 shares held by trusts for which Mr. Goldsmith is a beneficiary and 200 shares held by trusts for Mr. Goldsmith's daughters.
- (9) Includes 150 shares owned by Mr. Shea's wife.

Security Ownership of Certain Beneficial Owners

The following entities are known by us to own more than five percent of our outstanding common stock:

Name and Address of Beneficial Owner	Shares	Ownership Percentage
ESL Partners, L.P.(1)(2) 200 Greenwich Avenue Greenwich, CT 06830	15,495,882	34.7%
T. Rowe Price Associates, Inc.(3) 100 East Pratt Street Baltimore, MD 21209	3,524,879	7.9%

- (1) The shares deemed beneficially owned by ESL Partners, L.P. are owned by a group (the "ESL Group") consisting of ESL Partners, L.P., a Delaware limited partnership; ESL Institutional Partners, L.P., a Delaware limited partnership; ESL Investors, L.L.C., a Delaware limited liability company; Acres Partners, L.P., a Delaware limited partnership; RBS Partners, L.P., a Delaware limited partnership; ESL Investments, Inc., a Delaware corporation; Edward S. Lampert; Tynan, LLC, a Delaware limited liability company; William C. Crowley; and The Lampert Foundation. RBS Partners, L.P. is the general partner of ESL Partners, L.P. and the manager of ESL Investors, L.L.C. ESL Investments, Inc. is the general partner of RBS Partners, L.P. and Acres Partners, L.P. and is the managing member of RBS Investment Management, L.L.C. RBS Investment Management, L.L.C. is the general partner of ESL Institutional Partners, L.P. Mr. Lampert is the Chairman, Chief Executive Officer and a director of ESL Investments, Inc., and managing member of ESL Investment Management, L.P. Mr. Crowley is the manager of Tynan, LLC and the President and Chief Operating Officer of ESL Investments, Inc. Mr. Crowley is also a current Director of AutoZone. In their respective capacities, each of the foregoing may be deemed to be the beneficial owner of the shares of AutoZone common stock beneficially owned by other members of the ESL Group. ESL Partners, L.P. has sole voting and dispositive power for 7,493,142 shares; ESL Institutional Partners, L.P. has sole voting and dispositive power for 1,618 shares; ESL Investors, L.L.C. has sole voting and dispositive power for 2,236,346 shares; Acres Partners, L.P. has sole voting and dispositive power for 2,000,000 shares;

RBS Partners, L.P. has sole voting and dispositive power for 9,729,488 shares; ESL Investments, Inc. has sole voting and dispositive power for 11,731,106 shares; Mr. Lampert has sole voting power for 15,458,679 shares and has sole dispositive power for 12,871,167 shares; Tynan LLC has sole voting power for 24,906 shares and sole dispositive power for 21,970 shares; and Mr. Crowley has sole voting power for 37,203 shares and has sole dispositive power for 21,970 shares. Mr. Lampert and Mr. Crowley are each party to an agreement with ESL Partners, L.P. that contains certain restrictions on disposition of shares. The source of this data is information supplied by the ESL Group at the request of the Company.

Table of Contents

- (2) As described in more detail on page 3, ESL has entered into an agreement with the Company that addresses, among other items, appearances at meetings of stockholders for the purposes of having a quorum, voting of ESL shares and the selection of nominees for the Company's Board of Directors.
- (3) The source of this information is the Schedule 13F filed with the Securities and Exchange Commission by the T. Rowe Price Associates, Inc. on August 13, 2010, reporting beneficial ownership as of June 30, 2010.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This Compensation Discussion and Analysis provides a principles-based overview of AutoZone's executive compensation program. It discusses our rationale for the types and amounts of compensation that our executive officers receive and how compensation decisions affecting these officers are made. It also discusses AutoZone's total rewards philosophy, the key principles governing our compensation program, and the objectives we seek to achieve with each element of our compensation program.

What are the Company's key compensation principles?

Pay for performance. The primary emphasis of AutoZone's compensation program is linking executive compensation to business results and intrinsic value creation, which is ultimately reflected in increases in stockholder value. Base salary levels are intended to be competitive in the U.S. marketplace for executives, but the more potentially valuable components of executive compensation are annual cash incentives, which depend on the achievement of pre-determined business goals, and to a greater extent, long-term compensation, which is based on the value of our stock.

Attract and retain talented AutoZoners. The overall level and balance of compensation elements in our compensation program are designed to ensure that AutoZone can retain key executives and, when necessary, attract qualified new executives to the organization. We believe that a company which provides quality products and services to its customers, and delivers solid financial results, will generate long-term stockholder returns, and that this is the most important component of attracting and retaining executive talent.

What are the Company's overall executive compensation objectives?

Drive high performance. AutoZone sets challenging financial and operating goals, and a significant amount of an executive's annual cash compensation is tied to these objectives and therefore at-risk payment is earned only if performance warrants it.

Drive long-term stockholder value. AutoZone's compensation program is intended to support long-term focus on stockholder value, so it emphasizes long-term rewards. At target levels, the majority of an executive officer's total compensation package each year is the potential value of his or her stock options.

The table below illustrates how AutoZone's compensation program weights the at-risk components of its named executive officers' 2010 total compensation (using actual base earnings + fiscal 2010 cash incentive payment + Black-Scholes value of fiscal 2010 stock option grant):

Executive

	Base Salary	Annual Incentive	Stock Options
William C. Rhodes III	25%	43%	32%
William T. Giles	27%	34%	39%
James A. Shea	26%	34%	40%
Harry L. Goldsmith	26%	33%	41%
Larry M. Roesel	30%	30%	40%

Table of Contents

Who participates in AutoZone’s executive compensation programs?

The Chief Executive Officer and the other named executive officers, as well as the other senior executives comprising AutoZone’s Executive Committee, participate in the compensation program outlined in this Compensation Discussion and Analysis. The Executive Committee consists of the Chief Executive Officer and officers with the title of senior vice president or executive vice president (a total of 12 executives for fiscal 2010). However, many elements of the compensation program also apply to other levels of AutoZone management. The intent is to ensure that management is motivated to pursue, and is rewarded for achieving, the same financial, operating and stockholder objectives.

What are the key elements of the company’s overall executive compensation program?

The table below summarizes the key elements of AutoZone’s executive compensation program and the objectives they are designed to achieve. More details on these elements follow throughout the Compensation Discussion and Analysis and this Proxy Statement, as appropriate.

Pay Element	Description	Objectives
Base salary	Annual fixed cash compensation.	Attract and retain talented executives. Recognize differences in relative size, scope and complexity of positions as well as individual performance over the long term.
Annual cash incentive	Annual variable pay tied to the achievement of key Company financial and operating objectives. The primary measures are: Earnings before interest and taxes, and Return on invested capital. Actual payout depends on the results achieved. Individual potential payout is capped at \$4 million; however, payout is zero if threshold targets are not achieved. The Compensation Committee may reduce payouts in its discretion when indicated by individual performance, but does not have discretion to increase payouts.	Communicate key financial and operating objectives. Drive high levels of performance by ensuring that executives’ total cash compensation is linked to achievement of financial and operating objectives. Support and reward consistent, balanced growth and returns performance (add value every year) with demonstrable links to stockholder returns. Drive cross-functional collaboration and a total-company perspective.
Stock options	Senior executives receive a mix of non-qualified stock options	Align long-term compensation with stockholder results. Opportunities for

(NQSOs) and incentive stock options (ISOs).

All stock options are granted at fair market value on the grant date (discounted options are prohibited).

AutoZone's stock option plan prohibits repricing and does not include a reload program.

significant wealth accumulation by executives are tightly linked to stockholder returns.

ISOs provide an incentive to hold shares after exercise, thus increasing ownership and further reinforcing the tie to stockholder results.

Table of Contents

Pay Element	Description	Objectives
Stock purchase plans	<p>AutoZone maintains a broad-based employee stock purchase plan (ESPP) which is qualified under Section 423 of the Internal Revenue Code. The Employee Stock Purchase Plan allows AutoZoners to make quarterly purchases of AutoZone shares at 85% of the fair market value on the first or last day of the calendar quarter, whichever is lower. The annual contribution limit under the ESPP is \$15,000.</p> <p>The Company has implemented an Executive Stock Purchase Plan so that executives may continue to purchase AutoZone shares beyond the limit the IRS and the company set for the Employee Stock Purchase Plan. An executive may make purchases using up to 25% of his prior fiscal year's eligible compensation.</p>	<p>Allow all AutoZoners to participate in the growth of AutoZone's stock.</p> <p>Encourage ownership, and therefore alignment of executive and stockholder interests.</p>
Management stock ownership requirement	<p>AutoZone implemented a stock ownership requirement during fiscal 2008 for executive officers.</p> <p>Covered executives must meet specified minimum levels of ownership, using a multiple of base salary approach.</p>	<p>Encourage ownership by requiring executive officers to meet specified levels of ownership.</p> <p>Alignment of executive and stockholder interests.</p>
Retirement plans	<p>The Company maintains three retirement plans:</p> <p>Non-qualified deferred compensation plan (including a frozen defined benefit restoration feature)</p> <p>Frozen defined benefit pension plan, and</p> <p>401(k) defined contribution plan.</p>	<p>Provide competitive executive retirement benefits.</p> <p>The non-qualified plan enables executives to defer base and incentive earnings up to 25% of the total, independent of the IRS limitations set for the qualified 401(k) plan.</p> <p>The restoration component of the non-qualified plan, which was frozen at the end of 2002, allowed</p>

executives to accrue benefits that were not capped by IRS earnings limits.

Health and other benefits

Executives are eligible for a variety of benefits, including:

Provide competitive benefits.

Medical, dental and vision plans; and

Minimize perquisites while ensuring a competitive overall rewards package.

Life and disability insurance plans.

Annual cash compensation. Annual cash compensation consists of base salary and annual cash incentives.

Table of Contents

Base Salary. Salaries are determined within the context of a targeted total cash compensation level for each position. Base salary is a fixed portion of the targeted annual cash compensation, with the specific portion varying based on differences in the size, scope or complexity of the jobs as well as the tenure and individual performance level of incumbents in the positions. Points are assigned to positions using a job evaluation system developed by Hay Group, a global management and human resources consulting firm, and AutoZone maintains salary ranges based on the job evaluations originally constructed with Hay Group's help. These salary ranges are usually updated annually based on broad-based survey data; in addition to Hay Group survey data, AutoZone uses surveys published by Mercer (US) and Hewitt Associates, among others, for this purpose, as discussed below.

The survey data used to periodically adjust salary ranges is broad-based, including data submitted by hundreds of companies. Examples of the types of information contained in salary surveys include summary statistics (e.g., mean, median, 25th percentile, etc.) related to:

base salaries

variable compensation

total annual cash compensation

long-term incentive compensation

total direct compensation

The salary surveys cover both the retail industry and compensation data on a broader, more general public company universe. Multiple salary surveys are used, so that ultimately the data represent hundreds of companies and positions and thousands of incumbents, or people holding those positions. The surveys generally list the participating companies, and for each position matched, the number of companies and incumbents associated with the position. Subscribers cannot determine which information comes from which company.

The salary ranges which apply to the named executive officers, including the Principal Executive Officer, are part of the structure applicable to thousands of AutoZone's employees. AutoZone positions are each assigned to a salary grade. This is generally accomplished at the creation of a position, using the Hay job evaluation method, and jobs tend to remain in the same grade as long as there are no significant job content changes. Each grade in the current salary structure has a salary range associated with it. This range has a midpoint, to which we compare summary market salary data (generally median pay level) of the types discussed above.

Over time, as the median pay levels in the competitive market change, as evidenced by the salary survey data, AutoZone will make appropriate adjustments to salary range midpoints so that on average, these midpoints are positioned at roughly 95% of the market median value as revealed by the surveys. This positioning relative to the market allows for competitive base salary levels, while generally leaving actual average base pay slightly below the survey market level. This fits our stated philosophy of delivering competitive total rewards at or above the market median through performance-based variable compensation.

In making decisions related to compensation of the named executive officers, the Compensation Committee uses the survey data and salary ranges as context in reviewing compensation levels and approving pay actions. Other elements that the Compensation Committee considers are individual performance, Company performance, individual tenure, position tenure, and succession planning. The Hay Group, Mercer (US) and Hewitt Associates surveys are utilized primarily to provide comparative data.

Annual Cash Incentive. Executive officers and certain other employees are eligible to receive annual cash incentives each fiscal year based on the Company's attainment of certain Company performance objectives set by the Compensation Committee at the beginning of the fiscal year. The annual cash incentive target for each position, expressed as a percentage of base salary, is based on both salary range and level within the organization, and therefore does not change annually. As a general rule, as an executive's level of

Table of Contents

management responsibility increases, the portion of his or her total compensation dependent on Company performance increases.

The threshold and target percentage amounts for the named executive officers for fiscal 2010 are shown in the table below.

Principal Position	Percentage of Base Salary	
	Threshold	Target
Chairman, President & CEO	50%	100%
Executive Vice Presidents	37.5%	75%
All Other NEOs	30%	60%

Annual cash incentives for executive officers are paid pursuant to the AutoZone, Inc. 2010 Executive Incentive Compensation Plan (EICP), our performance-based short-term incentive plan. Pursuant to the plan, the Compensation Committee establishes incentive objectives at the beginning of each fiscal year. For more information about the EICP, see Discussion of Plan-Based Awards Table on page 43.

The actual incentive amount paid depends on Company performance relative to the target objectives. A minimum pre-established goal must be met in order for any incentive award to be paid, and the incentive award as a percentage of annual salary will increase as the Company achieves higher levels of performance.

The Compensation Committee may in its sole discretion reduce the incentive awards paid to named executive officers. Under the EICP, the Compensation Committee may not exercise discretion in granting awards in cases where no awards are indicated, nor may the Compensation Committee increase any calculated awards. Any such positive discretionary changes, were they to occur, would be paid outside of the EICP and reported under the appropriate Bonus column in the Summary Compensation Table; however, the Compensation Committee has not historically exercised this discretion.

The Compensation Committee, as described in the EICP, may (but is not required to) disregard the effect of one-time charges and extraordinary events such as asset write-downs, litigation judgments or settlements, changes in tax laws, accounting principles or other laws or provisions affecting reported results, accruals for reorganization or restructuring, and any other extraordinary non-recurring items, acquisitions or divestitures and any foreign exchange gains or losses on the calculation of performance.

The incentive objectives for fiscal 2010 were set in a September 2009 Compensation Committee meeting, and were based on the achievement of specified levels of earnings before interest and taxes (EBIT) and return on invested capital (ROIC), as were the incentive objectives for fiscal 2011, set during a Compensation Committee meeting held in September 2010. The total incentive award is determined based on the impact of EBIT and ROIC on AutoZone's economic profit for the year, rather than by a simple allocation of a portion of the award to achievement of the EBIT target and a portion to achievement of the ROIC target. EBIT and ROIC are key inputs to the calculation of economic profit (sometimes referred to as economic value added), and have been determined by our Compensation Committee to be important factors in enhancing stockholder value. If both the EBIT and ROIC targets are achieved, the result will be a 100%, or target, payout. However, the payout cannot exceed 100% unless the EBIT target is exceeded (i.e., unless there is excess EBIT to fund the additional incentive payout). Additionally, when the aggregate incentive

amount is calculated, if the resulting payout amount in excess of target exceeds a specified percentage of excess EBIT (currently 20%), then the incentive payout will be reduced until the total amount of the incentive payment in excess of target is within that specified limit.

Table of Contents

The specific targets are tied to achievement of the Company's operating plan for the fiscal year. In 2010, the target objectives were EBIT of \$1,221.7 million and ROIC of 24.8%. The 2010 incentive awards for each named executive officer were based on the following performance:

	EBIT (Amounts in MMs)	ROIC
EICP Target	\$ 1,221.7	24.8%
Actual (as adjusted)	\$ 1,319.4	27.4%
Difference	\$ 97.7	261bps

Our EBIT and ROIC performance targets are based on AutoZone's operating plan and are highly confidential and competitively sensitive. We have a long-standing policy against giving financial guidance to securities analysts due to the competitive disadvantage that could result from our doing so. We believe that if we were to publish any financial projections, including any earnings information, our competitors would gain useful advance insight into our business strategy. Insofar as AutoZone is a leader in a highly competitive market, any such public disclosure could materially harm our competitive position within our industry.

Our Board participates in the creation of financial and operating plans designed to generate long-term appreciation in the per-share value of AutoZone common stock. The Compensation Committee sets EICP targets each year based on these plans. Because the targets are confidential, we believe the best indication of the difficulty of achieving such targets is our track record. Over the last five years, annual EICP payouts have exceeded target four times and have been below target once (incentive payments during this period of time have ranged from 94% to 171% of target, as shown in the table below).

Fiscal Year	Targets		Actual		Payout Percentage
	EBIT (\$MMs)	ROIC	EBIT (\$MMs)	ROIC	
2010	1,221.7	24.8%	1,319.4	27.4%	171%
2009	1,137.3	23.5%	1,179.6	24.4%	135%
2008	1,120.2	22.6%	1,127.5	23.9%	110%
2007	1,048.9	21.5%	1,054.0	22.9%	108%
2006	1,040.6	22.4%	1,027.3	22.5%	94%

Effect of Performance on Total Annual Cash Compensation. Because AutoZone emphasizes pay for performance, it is only when the Company exceeds its target objectives that an executive's total annual cash compensation begins to climb relative to the median market level. Similarly, Company performance below target will cause an executive's total annual cash compensation to drop below market median. As discussed below, AutoZone does not engage in strict benchmarking of compensation levels, i.e., we do not use specific data to support precise targeting of compensation, such as setting an executive's base pay at the 50th percentile of an identified group of companies.

Stock options. To emphasize achievement of long-term stockholder value, AutoZone's executives receive a significant portion of their targeted total compensation in the form of stock options. Although stock options have potential worth at the time they are granted, they only confer actual value if AutoZone's stock price appreciates between the grant date and the exercise date. For this reason, we believe stock options are a highly effective long-term compensation vehicle to reward executives for creating stockholder value. We do not maintain any other long-term incentive plans for our executives. We want our executives to realize total compensation levels well above the market norm, because when

they do, such success is the result of achievement of Company financial and operating objectives that leads to growth in the per-share value of AutoZone common stock.

In order to support and facilitate stock ownership by our executive officers, a portion of their annual stock option grant typically consists of Incentive Stock Options (ISOs). If an executive holds the stock acquired upon exercise of an ISO for at least two years from the date of grant and one year from the date of exercise, he or she can receive favorable long-term capital gains tax treatment for all appreciation over the exercise price. (AutoZone cannot claim the gain on exercise as deductible compensation expense in this event). ISOs have a maximum term of ten years and vest in equal 25% increments on the first, second, third and fourth

Table of Contents

anniversaries of the grant date. They are granted at the fair market value on the date of grant as defined in the relevant stock option plan. There is a \$100,000 limit on the aggregate grant value of ISOs that may become exercisable in any calendar year; consequently, the majority of options granted is in the form of non-qualified stock options.

AutoZone grants stock options annually. Currently, the annual grants are reviewed and approved by the Compensation Committee in the meeting (typically in late September or early October) at which it reviews prior year results, determines incentive payouts, and takes other compensation actions affecting the named executive officers. The Compensation Committee has not delegated its authority to grant stock options; all grants are directly approved by the Compensation Committee. Option grant amounts for the Chief Executive Officer's direct reports and other senior executives are recommended to the Compensation Committee by the Chief Executive Officer, based on individual performance and the size and scope of the position held. AutoZone's general policy is to limit the total option shares granted to its employees during the annual grant process to approximately one percent of common shares estimated to be outstanding at the end of that fiscal year. The annual grant is typically made near the beginning of the fiscal year and does not include promotional or new hire grants that may be made during the fiscal year. The Committee reserves the right to deviate from this policy as it deems appropriate.

Newly promoted or hired officers may receive a grant shortly after their hire or promotion. As a general rule, new hire or promotional stock options are approved and effective on the date of a regularly scheduled meeting of the Compensation Committee. On occasion, these interim grants may be approved by unanimous written consent of the Compensation Committee. The grants are recommended to the Compensation Committee by the Chief Executive Officer based on individual circumstances (e.g., what may be required in order to attract a new executive). Internal promotional grants are prorated based on the time elapsed since the officer received a regular annual grant of stock options.

For more information about our stock option plans, see Discussion of Plan-Based Awards Table on page 43.

Stock purchase plans. AutoZone maintains the Employee Stock Purchase Plan which enables all employees to purchase AutoZone common stock at a discount, subject to IRS-determined limitations. Based on IRS rules, we limit the annual purchases in the Employee Stock Purchase Plan to no more than \$15,000, and no more than 10% of eligible (base and incentive or commission) compensation. To support and encourage stock ownership by our executives, AutoZone also established a non-qualified stock purchase plan. The Fourth Amended and Restated AutoZone, Inc. Executive Stock Purchase Plan (Executive Stock Purchase Plan) permits participants to acquire AutoZone common stock in excess of the purchase limits contained in AutoZone's Employee Stock Purchase Plan. Because the Executive Stock Purchase Plan is not required to comply with the requirements of Section 423 of the Internal Revenue Code, it has a higher limit on the percentage of a participant's compensation that may be used to purchase shares (25%) and places no dollar limit on the amount of a participant's compensation that may be used to purchase shares under the plan.

The Executive Stock Purchase Plan operates in a similar manner to the tax-qualified Employee Stock Purchase Plan, in that it allows executives to defer after-tax base or incentive compensation (after making annual elections as required under Section 409A of the Internal Revenue Code) for use in making quarterly purchases of AutoZone common stock. Options are granted under the Executive Stock Purchase Plan each calendar quarter and consist of two parts: a restricted share option and an unvested share option. Shares are purchased under the restricted share option at 100% of the closing price of AutoZone stock at the end of the calendar quarter (i.e., not at a discount), and a number of shares are issued under the unvested share option at no cost to the executive, so that the total number of shares acquired upon exercise of both options is equivalent to the number of shares that could have been purchased with the deferred funds at a price equal to 85% of the stock price at the end of the quarter. The unvested shares are subject to forfeiture if the executive does not remain with the company for one year after the grant date. After one year, the shares vest, and the executive owes taxes based on the share price on the vesting date (unless a so-called 83(b) election was made on the

date of grant).

Table of Contents

The table below can be used to compare and contrast the stock purchase plans.

	Employee Stock Purchase Plan	Executive Stock Purchase Plan
Contributions	After tax, limited to lower of 10% of eligible compensation (defined above) or \$15,000	After tax, limited to 25% of eligible compensation (defined above)
Discount	15% discount based on lowest price at beginning or end of the quarter	15% discount based on quarter-end price
Vesting	None; 1-year holding period	Shares granted to represent 15% discount restricted for 1 year; 1-year holding period for shares purchased at fair market value
Taxes Individual	Ordinary income in amount of spread; capital gains for appreciation; taxed when shares sold	Ordinary income when restrictions lapse (83(b) election optional)
Taxes Company	No deduction unless disqualifying disposition	Deduction when included in employee's income

How does the Compensation Committee consider and determine executive and director compensation?

Chief Executive Officer. The Compensation Committee establishes the compensation level for the Chief Executive Officer, including base salary, annual cash incentive compensation, and stock option awards. The Chief Executive Officer's compensation is reviewed annually by the Compensation Committee in conjunction with a review of his individual performance by the non-management directors, taking into account all forms of compensation, including base salary, annual cash incentive, stock option awards, and the value of other benefits received.

Other Executive Officers. The Compensation Committee reviews and establishes base salaries for AutoZone's executive officers other than the Chief Executive Officer based on each executive officer's individual performance during the past fiscal year and on the recommendations of the Chief Executive Officer. The Compensation Committee approves the annual cash incentive amounts for the executive officers, which are determined by objectives established by the Compensation Committee at the beginning of each fiscal year as discussed above. The actual incentive amount paid depends on performance relative to the target objectives.

The Compensation Committee approves awards of stock options to many levels of management, including executive officers. Stock options are granted to executive officers upon initial hire or promotion, and thereafter are typically granted annually in accordance with guidelines established by the Compensation Committee as discussed above. The actual grant is determined by the Compensation Committee based on the guidelines and the performance of the individual in the position. The Compensation Committee considers the recommendations of the Chief Executive Officer.

Management Stock Ownership Requirement. To further reinforce AutoZone's objective of driving long-term stockholder results, AutoZone maintains a stock ownership requirement for all executive officers (a total of 12

individuals in fiscal 2010), including the named executive officers. Covered executives must attain a specified minimum level of stock ownership, based on a multiple of their base salary, within 5 years of the adoption of the requirement or the executive's placement into a covered position. Executives who are promoted into a position with a higher multiple will have an additional 3 years to attain the required ownership level. In order to calculate whether each executive meets the ownership requirement, we total the value of each executive's holdings of whole shares of stock and the intrinsic (or in-the-money) value of vested stock options, based on the fiscal year-end closing price of AutoZone stock, and compare that value to the appropriate multiple of fiscal year-end base salary.

Table of Contents

To encourage full participation in our equity plans, all AutoZone stock acquired under those plans is included in the executive's holdings for purposes of calculating his or her ownership. This includes vested stock options and shares which have restrictions on sale. One of the purposes of the ownership requirement is to create a disincentive for an executive to exercise vested stock options early, selling shares to pay the exercise cost and taxes, before the award has had time to achieve its full potential value.

Key features of the stock ownership requirement are summarized in the table below:

Ownership Requirement	Chief Executive Officer	5 times base salary
	Executive Vice President	3 times base salary
	Senior Vice President	2 times base salary
Holding Requirements	<p>Individuals who have not achieved the ownership requirement within the specified period will be required to hold 50% of net after-tax shares upon exercise of any stock option, and may not sell any shares of AZO.</p> <p>Guidelines will no longer apply after an executive reaches age 62, in order to facilitate appropriate financial planning as retirement approaches. The Compensation Committee may waive the guidelines for any other executive at its discretion.</p>	
Ownership Definition	<p>Shares of stock directly owned (including shares subject to holding requirements under any stock purchase plan);</p> <p>Unvested Shares acquired via the Executive Stock Purchase Plan; and</p> <p>Vested stock options acquired via the AutoZone Stock Option Plan (based on the in-the-money value).</p>	

Under AutoZone's insider trading policies, all transactions involving put or call options on the stock of AutoZone are prohibited at all times. Officers and directors and their respective family members may not directly or indirectly participate in transactions involving trading activities which by their aggressive or speculative nature may give rise to an appearance of impropriety.

What roles do the Chief Executive Officer and other executive officers play in the determination of executive compensation?

The Chief Executive Officer attends most meetings of the Compensation Committee and participates in the process by answering Compensation Committee questions about pay philosophy and by ensuring that the Compensation Committee's requests for information are fulfilled. He also assists the Compensation Committee in determining the compensation of the executive officers by providing recommendations and input about such matters as individual performance, tenure, and size, scope and complexity of their positions. The Chief Executive Officer makes specific recommendations to the Compensation Committee concerning the compensation of his direct reports and other senior executives, including the executive officers. These recommendations usually relate to base salary increases and stock

option grants. The Chief Executive Officer also recommends pay packages for newly hired executives. Management provides the Compensation Committee with data, analyses and perspectives on market trends and annually prepares information to assist the Compensation Committee in its consideration of such recommendations. Annual incentive awards are based on achievement of business objectives set by the Compensation Committee, but the Compensation Committee may exercise negative discretion, and if it does so, it is typically in reliance on the Chief Executive Officer's assessment of an individual's performance.

The Chief Executive Officer does not make recommendations to the Compensation Committee regarding his own compensation. The Senior Vice President, Human Resources has direct discussions with the Compensation Committee Chair regarding the Compensation Committee's recommendations on the Chief

Table of Contents

Executive Officer’s compensation; however, Compensation Committee discussions of specific pay actions related to the Chief Executive Officer are held outside his presence.

Does AutoZone use compensation consultants?

Neither AutoZone management nor the Compensation Committee hired executive compensation consultants during fiscal 2010. Although historically we have hired consultants to provide services from time to time, it is not our usual practice, and as discussed previously, AutoZone does not regularly engage consultants as part of our annual review and determination of executive compensation. The Compensation Committee has authority, pursuant to its charter, to hire consultants of its selection to advise it with respect to AutoZone’s compensation programs, and it may also limit the use of the Compensation Committee’s compensation consultants by AutoZone’s management as it deems appropriate.

What are AutoZone’s peer group and compensation benchmarking practices?

AutoZone reviews publicly-available data from a peer group of companies to help us ensure that our overall compensation remains competitive. The peer group data we use is from proxy filings and other published sources – it is not prepared or compiled especially for AutoZone.

We periodically review the appropriateness of this peer group. It typically has changed when such events as acquisitions and spin-offs have occurred. During 2010, we determined that more significant changes were warranted. The revised peer group was selected using the following criteria:

Direct competitors;

Companies with which we compete for talent, customers and capital; and

Companies with revenues ranging between 50% and 200% of AutoZone’s revenues.

The table below lists the companies in the revised peer group (companies which have been added are noted with an asterisk), as well as which companies have been removed.

Revised Peer Group Company List

ADVANCE AUTO PARTS INC
 BARNES & NOBLE INC
 BED BATH & BEYOND INC
 BRINKER INTERNATIONAL INC*

 DARDEN RESTAURANTS INC*
 DICKS SPORTING GOODS INC*
 DOLLAR GENERAL CORP*
 DOLLAR TREE INC*
 FAMILY DOLLAR STORES INC*
 FOOT LOCKER INC*
 GAMESTOP CORP. *

GENUINE PARTS CO
 LIMITED BRANDS INC
 O REILLY AUTOMOTIVE INC
 PEP BOYS MANNY MOE &
 JACK
 PETSMART INC
 RADIOSHACK CORP
 ROSS STORES INC
 SHERWIN WILLIAMS CO
 STARBUCKS CORP
 YUM BRANDS INC*

Former Peer Group Companies

BEST BUY CO INC
 BORDERS GROUP INC
 GAP INC
 HOME DEPOT INC

 LOWES COMPANIES INC
 OFFICE DEPOT INC
 STAPLES INC
 TJX COMPANIES INC
 WILLIAMS SONOMA INC
 ZALE CORP

We do not use information from the peer group or other published sources to set targets or make individual compensation decisions. AutoZone does not engage in benchmarking, such as targeting base salary at peer group median for a given position. Rather we use such data as context in reviewing AutoZone's overall compensation levels and approving recommended compensation actions. Broad survey data and peer group information are just two elements that we find useful in maintaining a reasonable and competitive compensation program. Other elements that we consider are individual performance, Company performance, individual tenure, position tenure, and succession planning.

What is AutoZone's policy concerning the taxation of compensation?

The Compensation Committee considers the provisions of Section 162(m) of the Internal Revenue Code which allows the Company to take an income tax deduction for compensation up to \$1 million and for certain compensation exceeding \$1 million paid in any taxable year to a covered employee as that term is defined in the Code. There is an exception for qualified performance-based compensation, and AutoZone's

Table of Contents

compensation program is designed to maximize the tax deductibility of compensation paid to executive officers, where possible. However, the Compensation Committee may authorize payments which are not deductible where it is in the best interests of AutoZone and its stockholders.

Plans or payment types which qualify as performance-based compensation include the EICP and stock options. Neither base salaries, nor the Executive Stock Purchase Plan, qualify as performance-based under 162(m). The base salaries, and any awards under the Executive Stock Purchase Plan, for each executive officer were fully deductible in 2010, because in no case did the sum of this compensation exceed \$1 million.

Section 409A of the Internal Revenue Code was created with the passage of the American Jobs Creation Act of 2004. These new tax regulations create strict rules related to non-qualified deferred compensation earned and vested on or after January 1, 2005. AutoZone has conducted a thorough assessment of all affected plans, and continues to take actions necessary to comply with the new requirements by the deadlines established by the Internal Revenue Service.

Compensation Committee Report

The Compensation Committee of the Board of Directors (the Committee) has reviewed and discussed with management the Compensation Discussion and Analysis. Based on the review and discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement.

Members of the Compensation Committee:

Earl G. Graves, Jr., Chair

Robert R. Grusky

George R. Mrkonic, Jr.

Theodore W. Ulyot

Compensation Committee Interlocks and Insider Participation

The members of the Compensation Committee of the Board of Directors during the 2010 fiscal year are listed above. The Compensation Committee is composed solely of independent, non-employee directors.

Compensation Program Risk Assessment

AutoZone's management completed a broad assessment of the compensation plans and programs in place during our fiscal year 2010 that apply throughout the Company, including those plans and programs in which our executives participate. The assessment of the plans and programs was performed by key members of AutoZone's human resources, finance, operations, and legal teams, and entailed thorough discussions of each plan's or program's design and operation. The team's findings were reviewed by senior management prior to being reviewed and discussed with the Compensation Committee.

Plan elements which were reviewed included participants, performance measures, performance and payout curves or formulas, how target level performance is determined (including whether any thresholds and caps exist), how frequently payouts occur, and the mix of fixed and variable compensation which the plan delivers. The plans and programs were also reviewed from the standpoint of reasonableness (e.g., how target and above-target pay levels compare to similar plans for similar populations at other companies, and how payout amounts relate to the results which generate the payment), how well the plans and programs are aligned with AutoZone's goals and objectives, and from an overall standpoint, whether these plans and programs represent an appropriate mix of short- and long-term compensation.

The purpose of these reviews was to determine whether the risks related to the design and operation of these plans and programs, if present, are reasonably likely to have a material adverse effect on the company. We believe that our compensation policies and practices do not encourage excessive risk-taking and are not

Table of Contents

reasonably likely to have a material adverse effect on the company. The various mitigating factors which support this conclusion include:

Oversight of the management incentive plan and stock option program by the Compensation Committee of the Board of Directors;

Management oversight of key plans and programs, including approving target level payouts, setting financial and operating goals, and approving payouts;

Administration and oversight of plans and programs by multiple functions within the Company (e.g., finance, operations and human resources);

Interrelationship between measures (e.g., correlation between economic profit performance and appreciation in the per-share price of AutoZone's stock);

Vesting and stock ownership requirements which encourage long-term perspectives among participants; and

A preference for performance measures which result in payments only upon achievement of ultimate financial results.

Table of Contents**SUMMARY COMPENSATION TABLE**

This table shows the compensation paid to the Principal Executive Officer, the Principal Financial Officer and our other three most highly paid executive officers (the Named Executive Officers).

Name and Principal Position	Year	Salary (\$)	Bonus (\$)(1)	Stock Awards (\$)(2)(3)	Option Awards (\$)(3)	Non-qualified Incentive Plan Compensation (\$)(4)	Change in Pension Value & Non-qualified Deferred Compensation (\$)(5)	Other Compensation (\$)(6)	Total (\$)
William C. Rhodes III Chairman, President & Chief Executive Officer	2010	920,923		21,335	1,159,974	1,572,937		134,758	3,809,927
	2009	752,385		21,270	1,138,717	1,017,977		122,416	3,052,765
	2008	706,019		20,211	1,270,084	779,446		111,193	2,886,953
William T. Giles Executive Vice President, Finance, IT & Store Development	2010	472,692		4,426	678,800	605,519		53,030	1,814,467
	2009	458,308		5,858	654,762	372,055		39,754	1,530,737
	2008	455,865		4,557	730,298	301,966		228,605	1,721,291
James A. Shea Executive Vice President, Merchandising, Marketing & Supply Chain	2010	440,000			678,800	563,640		46,943	1,729,383
	2009	443,154			654,762	359,752		47,807	1,505,475
	2008	439,558			730,298	291,164		39,345	1,500,365
Garry L. Goldsmith Executive Vice President, General Counsel & Secretary	2010	398,000		3,478	622,949	509,838		58,163	1,592,428
	2009	385,154		3,487	597,826	312,668		48,871	1,348,006
	2008	380,596		3,477	666,794	252,107		41,651	1,344,625
Garry M. Roesel Senior Vice President, Commercial	2010	376,346			515,544	385,681		40,268	1,317,839

(1) Annual incentive awards were paid pursuant to the EICP and therefore appear in the non-equity incentive plan compensation column of the table.

(2) Represents shares acquired pursuant to the Executive Stock Purchase Plan. See Compensation Discussion and Analysis on page 28 for more information about this plan. See Note B, Share-Based Payments, to our consolidated financial statements in our 2010 Annual Report for a description of the Executive Stock Purchase Plan and the accounting and assumptions used in calculating expenses in accordance with FASB ASC Topic 718.

(3)

The value of stock awards and option awards was determined as required by FASB ASC Topic 718. There is no assurance that these values will be realized. See Note B, Share-Based Payments, to our consolidated financial statements in our 2010 Annual Report for details on assumptions used in the valuation.

- (4) Incentive amounts were earned for the 2010 fiscal year pursuant to the EICP and were paid in October, 2010. See Compensation Discussion and Analysis on page 28 for more information about this plan.
- (5) Our defined benefit pension plans were frozen in December 2002, and accordingly, benefits do not increase or decrease. See the Pension Benefits table on page 46 for more information. We did not provide above-market or preferential earnings on deferred compensation in 2008, 2009 or 2010.

Table of Contents

(6) All Other Compensation includes the following:

Name		Perquisites and Personal Benefits(A)	Tax Gross- ups	Company Contributions to Defined Contribution Plans(C)	Life Insurance Premiums	Other(D)
William C. Rhodes III	2010	\$ 57,356(B)	\$ 22	\$ 71,291	\$ 6,089	
	2009	\$ 56,829(B)		\$ 60,662	\$ 4,925	
	2008	\$ 54,667(B)		\$ 51,528	\$ 4,998	
William T. Giles	2010	\$ 17,152	\$ 8	\$ 32,981	\$ 2,889	
	2009	\$ 6,292		\$ 31,072	\$ 2,390	
	2008	\$ 183,559(B)	\$ 7,858	\$ 35,293	\$ 1,895	
James A. Shea	2010	\$ 13,279		\$ 31,375	\$ 2,289	
	2009	\$ 18,060		\$ 27,814	\$ 1,933	
	2008	\$ 8,739		\$ 28,612	\$ 1,994	
Harry L. Goldsmith	2010	\$ 20,321		\$ 28,067	\$ 2,425	\$ 7,350
	2009	\$ 13,787		\$ 26,047	\$ 2,137	\$ 6,900
	2008	\$ 8,584		\$ 24,014	\$ 2,303	\$ 6,750
Larry M. Roesel	2010	\$ 11,026	\$ 918	\$ 26,542	\$ 1,782	

(A) Perquisites and personal benefits for all Named Executive Officers include Company-provided home security system and/or monitoring services, airline club memberships and status upgrades, reimbursement of 401(k) fund redemption fees, Company-paid spouse travel, Company-paid long-term disability insurance premiums, and matching charitable contributions under the AutoZone Matching Gift Program.

(B) The perquisites or personal benefits which exceeded the greater of \$25,000 or 10% of the total amount of perquisites and personal benefits for an executive officer are as follows:

Mr. Rhodes: In each of fiscal 2008, 2009 and 2010, \$50,000 in matching charitable contributions were made under the AutoZone Matching Gift Program, under which executives may contribute to qualified charitable organizations and AutoZone provides a matching contribution to the charities in an equal amount, up to \$50,000 in the aggregate for each executive officer annually.

Mr. Giles: During fiscal 2008, Mr. Giles' s former home sold for \$395,000 less than the appraised value at which the Company purchased the home and the Company wrote off \$149,900, which was the difference between the expected sales price at the end of fiscal 2007 and the price at which it was ultimately sold. The remaining \$245,100 was written off by the Company during fiscal 2007. Additionally, the Company paid \$10,000 in taxes on the home and \$21,850 in transfer taxes as part of the sales contract.

(C) Represents employer contributions to the AutoZone, Inc. 401(k) Plan and the AutoZone, Inc. Executive Deferred Compensation Plan.

(D) Represents transition payments to Mr. Goldsmith which the Company pays to certain individuals due to their age and service as of the date the AutoZone, Inc. Associates Pension Plan was frozen.

Table of ContentsGRANTS OF PLAN-BASED AWARDS

The following table sets forth information regarding plan-based awards granted to the Company's Named Executive Officers during the 2010 fiscal year.

Name	Equity Plans Grant Date	Estimated Future Payments Under Nonequity Incentive Plans(1)			All Other Awards: Stock Awards: Number of Shares of Stock or Units (#)(2)	All Other Option Awards: Number of Securities Underlying Options (#)(3)	Exercise or Base Price of Option Awards (\$)	Closing Price on Date of Grant for Option Awards, if Different (\$)(4)	Grant Date Fair Value of Stock and Option Awards (\$)
		Threshold (\$)	Target (\$)	Maximum (\$)					
William C. Rhodes III		475,000	950,000	(5)					
	9/29/2009					27,000	142.77	145.98	1,159,974
	9/30/2009				4				585
	12/31/2009				122				19,285
	3/31/2010				4				692
	6/30/2010				4				773
								1,181,309	
William T. Giles		178,125	356,250	(5)					
	9/29/2009					15,800	142.77	145.98	678,800
	12/31/2009				28				4,426
								683,226	
James A. Shea		172,500	345,000	(5)					
	9/29/2009					15,800	142.77	145.98	678,800
								678,800	
Harry L. Goldsmith		150,000	300,000	(5)					
	9/29/2009					14,500	142.77	145.98	622,949
	12/31/2009				22				3,478
								626,427	
		113,250	226,500	(5)					

Larry M.
Roesel

9/29/2009	12,000	142.77	145.98	515,544
				515,544

- (1) Represents potential threshold, target and maximum incentive compensation for the 2010 fiscal year under the EICP based on each officer's salary on the date the 2010 fiscal year targets were approved. The amounts actually paid for the 2010 fiscal year are described in the Non-Equity Incentive Plan Compensation column in the Summary Compensation Table. The threshold is the minimum payment level under the EICP which is 50% of the target amount. There is no overall plan maximum. See Compensation Discussion and Analysis at page 28 and the discussion following this table for more information on the EICP.
- (2) Represents shares awarded pursuant to the Executive Stock Purchase Plan. See Compensation Discussion and Analysis at page 28 and the discussion following this table for more information on the Executive Stock Purchase Plan.
- (3) Represents options awarded pursuant to the AutoZone, Inc. 2006 Stock Option Plan. See Compensation Discussion and Analysis at page 28 and the discussion following this table for more information on this plan.
- (4) Under the 2006 Stock Option Plan, stock option awards are made at the fair market value of common stock as of the grant date, defined as the closing price on the trading day previous to the grant date.
- (5) Awards may not exceed \$4 million for any individual under the EICP.

Table of Contents**Discussion of Plan-Based Awards Table**

Executive Incentive Compensation Plan. The EICP is intended to be a performance-based compensation plan under Section 162(m) of the Internal Revenue Code. The Company's executive officers, as determined by the Compensation Committee of the Board of Directors, are eligible to participate in the EICP. At the beginning of each fiscal year, the Compensation Committee establishes a goal, which may be a range from a minimum to a maximum attainable bonus, based on one or more of the following measures:

Earnings	Return on invested capital
Earnings per share	Economic value added
Sales	Return on inventory
Market share	EBIT margin
Operating or net cash flows	Sales per square foot
Pre-tax profits	Comparable store sales
Earnings before interest and taxes (EBIT)	

The EICP provides that the goal may be different for different executives. The goals can change annually to support our business objectives. After the end of each fiscal year, the Compensation Committee must certify the attainment of goals under the EICP and direct the amount to be paid to each participant in cash. See Compensation Discussion and Analysis on page 28 for more information about the EICP.

Executive Stock Purchase Plan. The Executive Stock Purchase Plan permits participants to acquire AutoZone common stock in excess of the purchase limits contained in AutoZone's Employee Stock Purchase Plan. Because the Executive Stock Purchase Plan is not required to comply with the requirements of Section 423 of the Internal Revenue Code, it has a higher limit on the percentage of a participant's compensation that may be used to purchase shares (25%) and places no dollar limit on the amount of a participant's compensation that may be used to purchase shares under the plan. For more information about the Executive Stock Purchase Plan, see Compensation Discussion and Analysis on page 28.

Stock Option Plan. Stock options are awarded to many levels of management, including executive officers, to align the long-term interests of AutoZone's management and our stockholders. During the 2010 fiscal year, 555 AutoZone employees received stock options. The stock options shown in the table were granted pursuant to the AutoZone, Inc. 2006 Stock Option Plan (2006 Stock Option Plan).

Both incentive stock options and non-qualified stock options, or a combination of both, can be granted under the 2006 Stock Option Plan. Incentive stock options have a maximum term of ten years, and non-qualified stock options have a maximum term of ten years and one day. Options granted during the 2010 fiscal year vest in one-fourth increments over a four-year period. All options granted under the 2006 Stock Option Plan have an exercise price equal to the fair market value of AutoZone common stock on the date of grant, which is defined in the 2006 Stock Option Plan as the closing price on the trading day previous to the grant date. Option repricing is expressly prohibited by the terms of the 2006 Stock Option Plan.

Each grant of stock options is governed by the terms of a Stock Option Agreement entered into between the Company and the executive officer at the time of the grant. The Stock Option Agreements provide vesting schedules and other terms of the grants in accordance with the 2006 Stock Option Plan.

Table of Contents**OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END**

The following table sets forth information regarding outstanding stock option awards under the 2006 Stock Option Plan and the Third Amended and Restated AutoZone, Inc. 1996 Stock Option Plan (1996 Stock Option Plan) and unvested shares under the Executive Stock Purchase Plan for the Company's Named Executive Officers as of August 28, 2010:

Name	Grant Date	Option Awards		Option Exercise Price	Option Expiration Date	Stock Awards	
		Number of Securities Underlying Unexercised Options(1)	Unexercisable			Number of Shares of Stock that have not Vested(2)	Market Value of Shares of Stock that have not Vested(3)
William C. Rhodes							
III	09/05/03	1,800	0	\$ 89.18	09/05/13		
	09/05/03	25,200	0	\$ 89.18	09/06/13		
	09/28/04	30,000	0	\$ 75.64	09/29/14		
	03/13/05	50,000	0	\$ 98.30	03/14/15		
	10/15/05	1,000	0	\$ 82.00	10/15/15		
	10/15/05	49,000	0	\$ 82.00	10/16/15		
	09/26/06	1,125	375	\$ 103.44	09/26/16		
	09/26/06	32,625	10,875	\$ 103.44	09/27/16		
	09/25/07	700	700	\$ 115.38	09/25/17		
	09/25/07	19,300	19,300	\$ 115.38	09/26/17		
	09/22/08	8,000	24,000	\$ 130.79	09/23/18		
	09/29/09	0	500	\$ 142.77	09/29/19		
	09/29/09	0	26,500	\$ 142.77	09/30/19		
	09/30/09					4	\$ 859
	12/31/09					122	\$ 26,187
	03/31/10					4	\$ 859
	06/30/10					4	\$ 859
Totals		218,750	82,250			134	28,764
William T. Giles							
	06/06/06	40,000	0	\$ 89.76	06/07/16		
	09/26/06	17,250	5,750	\$ 103.44	09/26/16		
	09/26/06	1,500	500	\$ 103.44	09/27/16		
	09/25/07	800	800	\$ 115.38	09/25/17		
	09/25/07	10,700	10,700	\$ 115.38	09/25/17		
	09/22/08	4,600	13,800	\$ 130.79	09/23/18		
	09/29/09	0	15,800	\$ 142.77	09/30/19		
	12/31/09					42	\$ 9,015
Totals		74,850	47,350			42	\$ 9,015

Table of Contents

Name	Grant Date	Option Awards			Stock Awards		
		Number of Securities Underlying Unexercised Options(1)		Option Exercise Price	Option Expiration Date	Number of Shares that have not Vested(2)	Market Value of Stock that have not Vested(3)
		Exercisable	Unexercisable				
James A. Shea	09/26/06	0	500	\$ 103.44	09/26/16		
	09/26/06	0	5,750	\$ 103.44	09/27/16		
	09/25/07	0	11,500	\$ 115.38	09/26/17		
	09/22/08	0	13,800	\$ 130.79	09/23/18		
	09/29/09	0	1,300	\$ 142.77	09/29/19		
	09/29/09	0	14,500	\$ 142.77	09/30/19		
Totals		0	47,350				
Harry L. Goldsmith	09/05/03	33,200	0	\$ 89.18	09/06/13		
	09/28/04	30,000	0	\$ 75.64	09/29/14		
	04/07/05	10,000	0	\$ 86.55	04/08/15		
	10/15/05	21,500	0	\$ 82.00	10/16/15		
	09/26/06	1,125	375	\$ 103.44	09/26/16		
	09/26/06	17,625	5,875	\$ 103.44	09/27/16		