

AUTOZONE INC  
Form DEF 14A  
October 26, 2009

**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 16, 2009**

- What:** Annual Meeting of Stockholders
- When:** December 16, 2009, 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. 2010 Executive Incentive Compensation Plan
- Ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the 2010 fiscal year
- The transaction of other business that may be properly brought before the meeting
- Record Date:** Stockholders of record as of October 19, 2009, may vote at the meeting.

By order of the Board of Directors,

Harry L. Goldsmith  
Secretary

Memphis, Tennessee  
October 26, 2009

**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**

	<b>Page</b>
<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>Independence</u>	5
<u>Corporate Governance Documents</u>	7
<u>Meetings and Attendance</u>	7
<u>Committees of the Board</u>	7
<u>Audit Committee</u>	7
<u>Compensation Committee</u>	8
<u>Nominating and Corporate Governance Committee</u>	9
<u>Director Nomination Process</u>	9
<u>Procedure for Communication with the Board of Directors</u>	10
<u>Compensation of Directors</u>	10
<u>PROPOSAL 2 Approval of 2010 Executive Incentive Compensation Plan</u>	15
<u>PROPOSAL 3 Ratification of Independent Registered Public Accounting Firm</u>	18
<u>Audit Committee Report</u>	18
<u>Other Matters</u>	19
<u>Other Information</u>	20
<u>Security Ownership of Management and Board of Directors</u>	20
<u>Security Ownership of Certain Beneficial Owners</u>	21
<u>Executive Compensation</u>	21
<u>Compensation Discussion and Analysis</u>	21
<u>Compensation Committee Report</u>	32
<u>Compensation Committee Interlocks and Insider Participation</u>	32
<u>Summary Compensation Table</u>	33
<u>Grants of Plan-Based Awards</u>	35
<u>Outstanding Equity Awards at Fiscal Year-End</u>	37
<u>Option Exercises and Stock Vested</u>	39
<u>Pension Benefits</u>	39
<u>Nonqualified Deferred Compensation</u>	41
<u>Potential Payments upon Termination or Change in Control</u>	42
<u>Related Party Transactions</u>	45
<u>Equity Compensation Plans</u>	46
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	47
<u>Stockholder Proposals for 2010 Annual Meeting</u>	47
<u>Annual Report</u>	48
<u>EXHIBIT A AutoZone, Inc. 2010 Executive Incentive Compensation Plan</u>	A-1

**Table of Contents**

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

**Proxy Statement  
for  
Annual Meeting of Stockholders  
December 16, 2009**

**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 16, 2009.

**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 16, 2009, 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 26, 2009.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON DECEMBER 16, 2009.** This Proxy Statement and the annual report to security holders are available at [www.autozoneinc.com](http://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. 2010 Executive Incentive Compensation Plan;
3. to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the 2010 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 19, 2009. 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 19, 2009, we had 49,868,736 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. 2010 Executive Incentive Compensation 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 certain thresholds in the same proportion as shares not owned by ESL are actually voted. At this Annual Meeting, the applicable percentage threshold is 40% of the then outstanding common stock; thereafter, the percentage threshold will be 37.5% as long as the Agreement remains in effect.

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 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 approved by AutoZone's shareholders at AutoZone's 2008 Annual Meeting. Both Messrs. Crowley and Grusky have been renominated for 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 July 16, 2009, ESL was the beneficial holder of 20,206,396 shares of common stock, representing approximately 40.5% of the outstanding common stock. See "Security Ownership of Certain Beneficial Owners" on page 21 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 2010. 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.)

**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 2008 annual meeting.

**Nominees**

The nominees are:

*William C. Crowley*, 52, has been a director since 2008. He has served as Executive Vice President and a director of Sears Holdings Corporation, a broadline retailer, since March 2005. Additionally, he has served as Chief Administrative Officer of Sears Holdings Corporation since September 2005. 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.

*Sue E. Gove*, 51, 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. 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.

*Earl G. Graves, Jr.*, 47, 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, 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.

*Robert R. Grusky*, 52, 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 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.

*J. R. Hyde, III*, 66, 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.

*W. Andrew McKenna*, 63, 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

## **Table of Contents**

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.

*George R. Mrkonic, Jr., 57*, 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.

*Luis P. Nieto, 54*, has been a director since 2008. He was president of the Consumer Foods Group for 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 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.

*William C. Rhodes, III, 44*, 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. It is anticipated that Mr. Rhodes will become a member of the Board of Directors of Dollar General Corporation upon the completion of its Initial Public Offering.

*Theodore W. Ullyot, 42*, has been a director since 2006. He has been the Vice President and General Counsel of Facebook, Inc. since October 2008. Previously, Mr. Ullyot 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. Ullyot 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 and an Associate Counsel to the President of the United States. Earlier in his career, he was General Counsel of AOL Time Warner Europe and a law clerk to Supreme Court Justice Antonin Scalia.

## **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.

### ***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;

**Table of Contents**

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 2009, 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 a director and officer of Sears Holdings Corporation and is also Chief Operating Officer of ESL Investments, Inc., which beneficially owns 40.5% of AutoZone's outstanding stock. ESL Investments, Inc., with its affiliates, is a substantial stockholder of Sears Holdings Corporation. During fiscal 2009, 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 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.

**Table of Contents**

**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](http://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 2009 fiscal year, the Board of Directors held six 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 of Directors 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 2008 Annual Meeting, all directors other than Charles M. Elson, who was not standing for re-election, were present.

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

The non-management members of our Board of Directors 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.

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;

**Table of Contents**

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 (Chairman), 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 2009 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](http://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

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.

**Table of Contents**

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 21.

***Who are the members of the Compensation Committee?***

The Compensation Committee consists of Mr. Grusky, Mr. Mrkonic and Mr. Ulyot (Chairman), 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 2009 fiscal year, the Compensation Committee held three 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](http://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, Mr. Graves (Chairman) 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 2009 fiscal year, the Nominating and Corporate Governance Committee held five 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](http://www.autozoneinc.com) and is also available, free of charge, in print to any stockholder who requests it.

**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

## **Table of Contents**

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](http://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](http://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 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 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.

## **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 Chairman of the Nominating and Corporate Governance Committee and communications addressed to a committee of the Board will be forwarded to the chairman of that committee.

## **Compensation of Directors**

### ***Director Compensation Table***



This table shows the compensation paid to our non-employee directors during the 2009 fiscal year. No amounts were paid to our non-employee directors during the 2009 fiscal year that would be classified as

**Table of Contents**

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.

<b>Name(1)</b>	<b>Fees Earned or Paid in Cash (\$) (2)</b>	<b>Stock Awards (\$) (3)</b>	<b>Option Awards (\$) (4)</b>	<b>Total (\$) (5)</b>
William C. Crowley	20,186	19,857	75,017	115,060