

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Quarterly report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended November 20, 1999, or

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission file number 1-10714

## AUTOZONE, INC.

(Exact name of registrant as specified in its charter)

Nevada  
(State or other jurisdiction of  
incorporation or organization)

62-1482048  
(I.R.S. Employer  
Identification No.)

123 South Front Street  
Memphis, Tennessee 38103  
(Address of principal executive offices) (Zip Code)

(901) 495-6500  
Registrant's telephone number, including area code

(not applicable)

Former name, former address and former fiscal year, if changed since last report.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter periods that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

## APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practical date.

Common Stock, \$.01 Par Value - 138,188,037 shares as of December 21, 1999.

## PART I. ITEM 1.

## AUTOZONE, INC.

## CONDENSED CONSOLIDATED BALANCE SHEETS

	Nov. 20, 1999 ----- (Unaudited)	Aug. 28, 1999 -----
	(in thousands)	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 6,725	\$ 5,918
Accounts receivable	33,216	25,917
Merchandise inventories	1,180,834	1,129,693
Prepaid expenses	29,513	33,468
Deferred income taxes	25,810	30,088
	-----	-----
Total current assets	1,276,098	1,225,084
Property and equipment:		
Property and equipment	2,159,057	2,089,052
Less accumulated depreciation and amortization	483,374	450,566
	-----	-----
	1,675,683	1,638,486
Other assets:		
Cost in excess of net assets acquired	335,226	337,261
Deferred income taxes	72,469	76,412
Other assets	7,035	7,524
	-----	-----
	414,730	421,197
	-----	-----
	\$ 3,366,511	\$ 3,284,767
	=====	=====

## LIABILITIES AND STOCKHOLDERS' EQUITY

## Current liabilities:

Accounts payable	\$ 730,541	\$ 757,447
Accrued expenses	231,798	230,036
Income taxes payable	28,439	13,071
	-----	-----
Total current liabilities	990,778	1,000,554

Long-term debt	1,082,564	888,340
Other liabilities	67,627	72,072
Stockholders' equity	1,225,542	1,323,801
	-----	-----
	\$ 3,366,511	\$ 3,284,767
	=====	=====

See Notes to Condensed Consolidated Financial Statements

AUTOZONE, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
(unaudited)

	Twelve Weeks Ended	
	Nov. 20, 1999	Nov. 21, 1998
	(in thousands, except per share amounts)	
Net sales	\$ 1,006,472	\$ 900,949
Cost of sales, including warehouse and delivery expenses	584,956	524,467
Operating, selling, general and administrative expenses	315,768	286,667
Operating profit	105,748	89,815
Interest expense	14,604	8,515
Income before income taxes	91,144	81,300
Income taxes	35,100	30,000
Net income	\$ 56,044	\$ 51,300
Weighted average shares for basic earnings per share	139,261	150,762
Effect of dilutive stock options	795	806
Adjusted weighted average shares for diluted earnings per share	140,056	151,568
Basic earnings per share	\$ 0.40	\$ 0.34
Diluted earnings per share	\$ 0.40	\$ 0.34

See Notes to Condensed Consolidated Financial Statements

AUTOZONE, INC.  
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
 (Unaudited)

	Twelve Weeks Ended	
	Nov. 20, 1999	Nov. 21, 1998
	(in thousands)	
Cash flows from operating activities:		
Net income	\$ 56,044	\$ 51,300
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	30,124	28,264
Net increase in merchandise inventories	(51,141)	(38,416)
Net increase (decrease) in current liabilities	(9,776)	13,240
Other - net	885	(13,486)
Net cash provided by operating activities	26,136	40,902
Cash flows from investing activities:		
Cash outflows for property and equipment, net	(65,250)	(190,743)
Cash flows from financing activities:		
Net proceeds from debt	194,224	200,024
Purchase of Treasury Stock	(151,935)	(50,300)
Notes Receivable from Officers	(3,600)	
Proceeds from sale of Common Stock, including related tax benefit	1,232	546
Net cash provided by financing activities	39,921	150,270
Net increase (decrease) in cash and cash equivalents	807	429
Cash and cash equivalents at beginning of period	5,918	6,631
Cash and cash equivalents at end of period	\$ 6,725	\$ 7,060

See Notes to Condensed Consolidated Financial Statements

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)

Note A-Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the twelve weeks ended November 20, 1999, are not necessarily indicative of the results that may be expected for the fiscal year ending August 26, 2000. For further information, refer to the financial statements and footnotes included in the Company's annual report on Form 10-K for the year ended August 28, 1999.

NOTE B--INVENTORIES

Inventories are stated at the lower of cost or market using the last-in, first-out (LIFO) method. An actual valuation of inventory under the LIFO method can be made only at the end of each year based on the inventory levels and costs at that time. Accordingly, interim LIFO calculations must necessarily be based on management's estimates of expected year-end inventory levels and costs.

NOTE C-FINANCING ARRANGEMENTS

The Company's long-term debt as of November 20, 1999, and August 28, 1999, consisted of the following:

	Nov. 20, 1999 -----	Aug. 28, 1999 -----
6.5% Debentures due July 2008	\$200,000	\$200,000
6% Notes due November 2003	150,000	150,000
Commercial Paper, 6.0% weighted average rate	537,300	533,000
Unsecured Bank Loans	190,000	
Other	5,264 -----	5,340 -----
	\$1,082,564	\$888,340

In November 1998, the Company sold \$150 million of 6% Notes due November 2003 at a discount. Interest on the Notes is payable semi-annually on May 1 and November 1 each year, beginning May 1, 1999. In July 1998, the Company sold \$200 million of 6.5% Debentures due July 2008 at a discount. Interest on the Debentures is payable semi-annually on January 15 and July 15 of each year, beginning January 15, 1999. Proceeds were used to repay portions of the Company's long-term variable rate bank debt and for general corporate purposes.

The Company has a commercial paper program that allows borrowing up to \$700 million. In connection with the program, the Company has a credit facility with a group of banks for up to \$350 million which extends until December 2001 and a 364-day \$350 million credit facility with another group of banks. The 364-day facility includes a renewal feature as well as an option to extinguish the outstanding debt one year from the maturity date. Borrowings under the commercial paper program reduce availability under the credit facilities. Outstanding commercial paper and revolver borrowings at November 20, 1999 are classified as long-term debt as it is the Company's intention to refinance them on a long-term basis.

During the first quarter of fiscal 2000 the Company entered into unsecured bank loans totaling \$190 million with maturity dates from March to August 2000 and interest rates ranging from 6.43% to 6.63%.

The rate of interest payable under the credit facilities is a function of the London Interbank Offered Rate (LIBOR) or the lending bank's base rate (as defined in the agreement) at the option of the Company. In addition, the \$350 million credit facility contains a competitive bid rate option. All of the revolving credit facilities contain a covenant limiting the amount of debt the Company may incur relative to its total capitalization. The facilities are available to support domestic commercial paper borrowings and to meet cash requirements.

NOTE D-STOCKHOLDERS' EQUITY

The Company presents basic and diluted earnings per share (EPS) in accordance with the Statement of Financial Accounting Standards No. 128, "Earnings Per Share." Basic EPS is computed as net earnings divided by the weighted-average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur from common

shares issuable through stock-based compensation including stock options.

As of November 20, 1999, the Company's Board of Directors had authorized the Company to repurchase up to \$600 million of common stock in the open market. Since January 1998, approximately \$415.3 million of common stock has been repurchased under the plan. At times, the Company utilizes equity instrument contracts to facilitate its repurchase of common stock. At November 20, 1999, the Company held equity instrument contracts that relate to the purchase of approximately 2.2 million shares of common stock at an average cost of \$26.76 per share. Additionally in December 1999, the Board authorized the repurchase of an additional \$200 million of the Company's common stock.

#### NOTE E-COMPREHENSIVE INCOME

As of August 30, 1998, the Company adopted Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income". This statement establishes standards for reporting and display of comprehensive income and its components. Comprehensive income is net income, plus certain other items that are recorded directly to stockholders' equity, bypassing net income. Comprehensive income for the periods presented equals net income.

#### NOTE F-CONTINGENCIES

AutoZone, Inc., is a defendant in a purported class action lawsuit entitled "Melvin Quinnie on behalf of all others similarly situated v. AutoZone, Inc., and DOES 1 through 100, inclusive" filed in the Superior Court of California, County of Los Angeles, in November 1998. The plaintiff claims that the defendants failed to pay overtime to store managers as required by California law and failed to pay terminated managers in a timely manner as required by California law. The plaintiff is seeking injunctive relief, restitution, statutory penalties, prejudgment interest, and reasonable attorneys' fees, expenses and costs. The case is in the early stages of pre-class certification discovery and therefore the Company is unable to predict the outcome of this lawsuit at this time. The Company is vigorously defending against this action.

AutoZone, Inc., and its wholly-owned subsidiary, Chief Auto Parts Inc., are defendants in a purported class action lawsuit entitled "Paul D. Rusch, on behalf of all others similarly situated, v. Chief Auto Parts Inc. and AutoZone, Inc." filed in the Superior Court of California, County of Los Angeles, in May 1999. The plaintiffs claim that the defendants have failed to pay their store managers overtime pay from March 1997 to present. The plaintiffs are seeking back overtime pay, interest, an injunction against the defendants committing such practices in the future, costs, and attorneys' fees. The Company is unable to predict the outcome of this lawsuit at this time, but believes that the potential damages recoverable by any single plaintiff are minimal. However, if the plaintiff class were to be certified and prevail on all of its claims, the aggregate amount of damages could be substantial. The Company is vigorously defending against this action.

The Company currently, and from time to time, is involved in various other legal proceedings incidental to the conduct of its business. Although the amount of liability that may result from these proceedings cannot be ascertained, the Company does not currently believe that, in the aggregate, they will result in liabilities material to the Company's financial condition or results of operations.

#### ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

TWELVE WEEKS ENDED NOVEMBER 20, 1999, COMPARED TO  
TWELVE WEEKS ENDED NOVEMBER 21, 1998

Net sales for the twelve weeks ended November 20, 1999, increased by \$105.5 million, or 11.7%, over net sales for the comparable period of fiscal 1999. This increase was due to a comparable store sales increase of 7%, and increases in net sales for stores opened or acquired since the beginning of fiscal 1999. At November 20, 1999, the Company had 2,796 domestic auto parts stores in operation compared with 2,623 stores at November 21, 1998.

Gross profit for the twelve weeks ended November 20, 1999, was \$421.5 million, or 41.9% of net sales, compared with \$376.5 million, or 41.8% of net sales, during the comparable period for fiscal 1999.

Operating, selling, general and administrative expenses for the twelve weeks ended November 20, 1999, increased by \$29.1 million over such expenses for the comparable period for fiscal 1999, and decreased as a percentage of net sales from 31.8% to 31.4%. The decrease in the expense ratio was due primarily to leverage of payroll and occupancy costs in recently acquired stores.

Interest expense for the twelve weeks ended November 20, 1999, was \$14.6 million compared with \$8.5 million during the comparable period of 1999. The increase in interest expense was primarily due to higher levels of borrowings as a result of the stock repurchases.

The Company's effective income tax rate was 38.5% of pre-tax income for the twelve weeks ended November 20, 1999 and 36.9 % for the twelve weeks ended November 21, 1998. The fiscal 1999 effective tax rate reflects

the utilization of acquired company net operating loss carryforwards.

#### LIQUIDITY AND CAPITAL RESOURCES

For the twelve weeks ended November 20, 1999, net cash of \$26.1 million was provided by the Company's operations versus \$40.9 million for the comparable period of fiscal year 1998. The comparative decrease in cash provided by operations was due primarily to increased inventory requirements for new store expansion in comparison to the twelve weeks ended November 21, 1998.

Capital expenditures for the twelve weeks ended November 20, 1999 were \$65.3 million. Year-to-date, the Company opened 85 net new auto parts stores including 13 stores that replaced existing stores. The Company expects to operate approximately 2,900 to 2,950 domestic auto parts stores at the end of the fiscal year.

The Company anticipates that it will continue to generate significant operating cash flow. The Company foresees no difficulty in obtaining long-term financing in view of its credit rating and favorable experiences in the debt market in the past.

The Company has a commercial paper program that allows borrowing up to \$700 million. In connection with the program, the Company has a credit facility with a group of banks for up to \$350 million which extends until December 2001 and a 364-day \$350 million credit facility with another group of banks. The 364-day facility includes a renewal feature as well as an option to extinguish the outstanding debt one year from the maturity date. Borrowings under the commercial paper program reduce availability under the credit facilities. At November 20, 1999, the Company had total commercial paper and revolving credit borrowings of \$537.3 million. Outstanding commercial paper and revolver borrowings at November 20, 1999 are classified as long-term debt as it is the Company's intention to refinance them on a long-term basis.

#### YEAR 2000 READINESS DISCLOSURE

The Year 2000 problem is, in its simplest terms, the inability of computer hardware and software to properly process dates beyond December 31, 1999. In order to save valuable system memory, hard storage space, and processing cycles, early programmers recorded dates using only the last two digits of the year. Year 2000 problems arise when performing date calculations between centuries based upon two digit year fields.

The Company began addressing the Year 2000 issue in June 1996 and implemented a formal Year 2000 project office in May 1997. As of November 20, 1999, the Company had completed over 99% of its critical readiness efforts. Thus far, no significant Year 2000 issues have been detected during the testing of its systems. The Company has not achieved 100% completion primarily due to delays in receiving third party software upgrades.

The total estimated cost of the Year 2000 project is \$10 to \$11 million, which is being expensed as incurred. As of November 20, 1999, approximately \$8 million of this budget had been incurred. All of the related costs are being funded through operating cash flows. These costs are an immaterial part of the overall information technology budget. No major information technology projects or programs have been deferred.

In addition to internal systems, the Company is addressing Year 2000 issues which do not normally fall under information technology such as embedded chip equipment and the compliance status of business partners. The Company is also assessing the Year 2000 readiness of its merchandise vendors, most of which communicate with the Company through electronic data interchange (EDI). The Company successfully completed Year 2000 testing of the EDI system with all critical vendors.

Although the Company believes that the ongoing assessment and testing will minimize its overall Year 2000 risks, there is no guarantee that there will not be an adverse effect on the Company if third parties such as merchandise vendors, service providers, or utility companies are not Year 2000 ready. The Company has developed detailed contingency plans for critical systems, processes, and business partners. Elements of the Company's contingency plans include: switching vendors, increasing the inventory levels of certain products, back-up systems and manual processes.

While the Company does not anticipate any major business disruptions as a result of Year 2000 issues, it is possible that certain disruptions may occur including loss of communications with stores, distribution centers, or business partners; inability to process transactions in a timely manner or loss of power. The Company plans to have dedicated resources available to address any Year 2000 issue that may arise. These resources will be managed through a dedicated command center and consist of technical personnel, business leaders and members of senior management.

#### FORWARD-LOOKING STATEMENTS

Certain statements contained in this Quarterly Report on Form 10-Q are forward-looking statements. These statements discuss, among other things, expected growth, domestic and international development and expansion strategy, and future performance. The forward-looking statements are subject to risks, uncertainties and assumptions including, without limitation, competition, product demand, the domestic and international

economies, government regulations and approvals, inflation, the ability to hire and retain qualified employees, consumer debt levels and the weather. Actual results may materially differ from anticipated results. Please refer to the Risk Factors section in the Annual Report on Form 10-K for fiscal year ended August 28, 1999, for more details.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

The following exhibits are filed as part of this report:

- 3.1 Restated Articles of Incorporation of AutoZone, Inc. Incorporated by reference to Exhibit 3.1 to the Form 10-Q for the quarter ended February 13, 1999.
- 3.2 Amended and Restated By-laws of AutoZone, Inc. Incorporated by reference to Exhibit 3.3 to the Form 10-K for the fiscal year ended August 29, 1998.
- 4.1 Second Amended and Restated AutoZone, Inc. Employee Stock Purchase Plan.
- \*10.1 Form of Amended and Restated Employment and Non-Compete Agreement between AutoZone, Inc., and various executive officers.
- \*10.2 Form of Employment and Non-Compete Agreement between AutoZone, Inc., and various executive officers.
- \*10.3 Form of Employment and Non-Compete Agreement between AutoZone, Inc., and various executive officers.
- \*10.4 Form of Employment and Non-Compete Agreement between AutoZone, Inc., and Anthony Dean Rose, Jr.
- \*10.5 Agreement and Mutual Release between AutoZone, Inc., and Lawrence E. Evans dated September 1, 1999.
- \*10.6 AutoZone Management Stock Ownership Plan.
- \*10.7 Form of Demand Promissory Note granted by certain executive officers in favor of AutoZone, Inc.
- 27.1 Financial Data Schedule (SEC Use Only).

\*Management contract or compensatory plan or arrangement.

(b) On October 1, 1999, the Company filed a Form 8-K containing a press release announcing its earning for the fiscal year ended August 28, 1999.



SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AUTOZONE, INC.

By: /s/ ROBERT J. HUNT

-----  
Robert J. Hunt  
Executive Vice President and  
Chief Financial Officer-Customer Satisfaction  
(Principal Financial Officer)

By: /s/ WILLIAM C. RHODES, III

-----  
William C. Rhodes, III  
Senior Vice President, Finance-Customer Satisfaction  
(Principal Accounting Officer)

Dated: December 29, 1999

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AUTOZONE, INC.  
SECOND  
AMENDED AND RESTATED  
EMPLOYEE STOCK PURCHASE PLAN

AUTOZONE, INC., a corporation organized under the laws of the State of Delaware, by resolution of its Board of Directors on March 29, 1991, adopted the Employee Stock Purchase Plan (the "Plan"). The Plan was approved by the stockholders of the Company on March 29, 1991. The Plan was amended by the Board of Directors on June 18, 1991, to conform the Plan to amendments to the regulations related to the Securities Exchange Act of 1934, as amended. On December 21, 1991, the Plan was assumed by AutoZone, Inc., a Nevada corporation, after its reincorporation. The Plan was amended by the Board of Directors on March 2, 1996, and October 21, 1996, to extend the expiration date of the Plan. On October 21, 1997, the Compensation Committee adopted the Amended and Restated Employee Stock Purchase Plan, which was approved by the stockholders of the Company on December 18, 1997. On October 19, 1999, the Compensation Committee adopted this Second Amended and Restated Employee Stock Purchase Plan to prohibit sales of shares purchased under the Plan for at least one year after the exercise of an option under the Plan.

The purposes of the Plan are as follows:

(1) To assist employees of the Company or of a Parent or Subsidiary of the Company in acquiring a stock ownership interest in the Company pursuant to a plan which is intended to qualify as an "employee stock purchase plan" under Section 423 of the Internal Revenue Code of 1986, as amended.

(2) To help employees provide for their future security and to encourage them to remain in the employment of the Company or of a Parent or Subsidiary of the Company.

#### 1. DEFINITIONS

Whenever any of the following terms are used in the Plan with the first letter or letters capitalized, they shall have the meaning specified below unless the context clearly indicates to the contrary. The masculine pronoun shall include the feminine and neuter and the singular shall include the plural where the context so indicates:

(a) "Board" shall mean the Board of Directors of the Company.

(b) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(c) "Committee" shall mean the Compensation Committee of the Board appointed to administer the Plan pursuant to paragraph 12.

(d) "Company" shall mean AutoZone, Inc., a Nevada corporation.

(e) "Date of Exercise" shall mean with respect to any Option (i) the March 31 of the Plan Year in which the Option was granted (in the case of an Option granted on January 1), (ii) the June 30 of the Plan Year in which the Option was granted (in the case of an Option granted on April 1), (iii) the September 30 of the Plan Year in which the Option was granted (in the case of an Option granted on July 1), (iv) the December 31 of the Plan Year in which the Option was granted (in the case of an Option granted on October 1) or (v) such other day, as may be determined by the Committee, of the Plan Year in which the Option was granted.

(f) "Date of Grant" shall mean the date upon which an Option is granted, as set forth in paragraph 3(a).

(g) "Eligible Compensation" shall mean (i) the Eligible Employee's rate of pay for the immediately preceding calendar year based on the wages, tips and other compensation as reported on Form W-2 issued by the Company, if the Eligible Employee's Form W-2 issued by the Company reports wages, tips, and other compensation for the full preceding calendar year, otherwise (ii) the Eligible Employee's annualized current rate of pay on the Date of Grant.

(h) "Eligible Employee" shall mean an employee of the Company and those of any present or future Parent or Subsidiary of the Company incorporated under the laws of a state of the United States of America (i) who has completed six months of employment; and (ii) who does not, immediately after the Option is granted, own stock (as defined by Sections 423(b)(3) and 424(d) of the Code) possessing five percent or more of the total combined voting power or value of all classes of stock of the Company or of a Parent or Subsidiary of the Company.

(i) "Form" shall mean either a paper form or a form on electronic media, prepared by the Company.

(j) "Option" shall mean an option granted under the Plan to an Eligible Employee to purchase shares of the Company's Stock.

(k) "Option Period" shall mean with respect to any Option the period beginning upon the Date of Grant and ending upon the Date of Exercise.

(l) "Option Price" has the meaning set forth in paragraph 4(b).

(m) "Parent of the Company" shall mean any corporation, other than the Company, in an unbroken chain of corporations ending with the Company if, at the time of the granting of the Option each of the corporations other than the Company owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

(n) "Participant" shall mean an Eligible Employee who has complied with the provisions of paragraph 3(b).

(o) "Plan" shall mean the AutoZone, Inc. Amended and Restated Employee Stock Purchase Plan.

(p) "Plan Year" shall mean the calendar year beginning on January 1 and ending on December 31.

(q) "Stock" shall mean shares of the Company's common stock.

(r) "Subsidiary of the Company" shall mean any corporation other than the Company in an unbroken chain of corporations beginning with the Company if, at the time of the granting of the Option, each of the corporations other than the last corporation in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

## 2. STOCK SUBJECT TO THE PLAN

Subject to the provisions of paragraph 9 (relating to adjustment upon changes in the Stock), the Stock which may be sold pursuant to options granted under the Plan shall not exceed in the aggregate 3,000,000 shares, and may be unissued shares or reacquired shares or shares bought on the market for purposes of the Plan.

## 3. GRANT OF OPTIONS

(a) General Statement. Following the effective date of the Plan and continuing while the Plan remains in force, the Company may offer Options under the Plan to all Eligible Employees. These Options may be granted four times each Plan Year on the January 1, the April 1, the July 1, or the October 1 of each Plan Year, or on such other days as may be determined by the Committee. The term of each Option shall be for three months and shall end on the March 31 (with respect to a January 1 Date of Grant), the June 30 (with respect to an April 1 Date of Grant), the September 30 (with respect to a July 1 Date of Grant), or the December 31 (with respect to an October 1 Date of Grant) of the Plan Year in which the Option is granted or for such other term or Date of Exercise as may be determined by the Committee. The number of shares of the Stock subject to each Option shall be the whole number quotient of (i) the aggregate payroll deductions authorized by each Participant in accordance with subparagraph (b) for the Option Period divided by (ii) the Option Price of the Stock.

(b) Election To Participate; Payroll Deduction Authorization. An Eligible Employee may participate in the Plan only by payroll deduction. Each Eligible Employee who elects to participate in the Plan shall deliver to the Company during the calendar month next preceding either a January 1 Date of Grant, an April 1 Date of Grant, a July 1 Date of Grant, or an October 1 Date of Grant, or on such other days as may be determined by the Committee, the properly completed Form whereby the Eligible Employee gives notice of the election to participate in the Plan as of the next following Date of Grant, and which shall designate a stated dollar amount, in \$5.00 increments, of Eligible Compensation to be withheld on each payday. The stated dollar amount may not be less than \$5.00 and may not exceed 10% of the Eligible Compensation. In addition, at the discretion of the Committee exercised uniformly as to all Eligible Employees at any particular time, an Eligible Employee who participates in the Plan may also elect to have an amount withheld from any bonus. Notwithstanding the foregoing, the maximum cumulative amount an Eligible Employee may have withheld through payroll deduction and from any bonus shall not exceed \$4,000 per Plan Year. Effective as of January 1, 2000, the maximum cumulative amount an Eligible Employee may have withheld through payroll deduction and from any bonus shall not exceed \$15,000 per Plan Year.

(c) Changes in Payroll Authorization. The payroll deduction authorization referred to in subparagraph (b) may only be changed during the enrollment period described in subparagraph (b) and may not be changed during the Option Period, except as provided in paragraph 5.

(d) \$25,000 Limitation. Notwithstanding anything to the contrary contained herein, no Participant shall be permitted to purchase Stock under the Plan or under any other employee stock purchase plan of the Company or of a Parent or Subsidiary of the Company which is intended to qualify under Section 423 of the Code, at a rate which exceeds \$25,000 in fair market value of the Stock (determined at the time the option is granted) for each calendar year in which any such option granted to such Participant is outstanding at any time.

## 4. EXERCISE OF OPTIONS

(a) General Statement. Each Participant automatically will be deemed to have exercised the Option on each Date of Exercise to the extent that the balance then in the Participant's account under the Plan is sufficient to purchase at the Option Price whole shares of the Stock subject to the Option. The excess balance, if any, in Participant's account shall remain

in the account and be available for the purchase of Stock on the following Date of Exercise, provided that no withdrawal from the Plan or termination of employment has occurred under paragraphs 5 or 6.

(b) Option Price Defined. The option price per share of the Stock (the "Option Price") to be paid by each Participant on each exercise of the Option shall be an amount equal to the lesser of (y) 85% of the fair market value of the Stock on the Date of Grant or (z) 85% of the fair market value of the Stock on the Date of Exercise. The fair market value of the Stock as of a given date shall be: (i) the closing price of the Stock on the principal exchange on which the Stock is then trading, if any, on such date, or, if the Stock was not traded on such date, then on the next preceding trading day during which a sale occurred; or (ii) if such Stock is not traded on an exchange but is quoted on NASDAQ or a successor quotation system, (1) the last sales price (if the Stock is then listed as a National Market Issue under the NASD National Market System) or (2) the mean between the closing representative bid and asked prices (in all other cases) for the Stock on such date as reported by NASDAQ or such successor quotation system; or (iii) if such Stock is not publicly traded on an exchange and not quoted on NASDAQ or a successor quotation system, the mean between the closing bid and asked prices for the Stock on such date as determined in good faith by the Committee; or (iv) if the Stock is not publicly traded, the fair market value established by the Committee acting in good faith.

(c) Delivery of Share Certificates. (i) For any shares purchased by exercise of an option prior to January 1, 2000, upon the proper completion and submission of the proper Form to the Company, the Company will deliver to such Participant a certificate issued in Participant's name for the number of shares of the Stock with respect to which the Option was exercised and for which the Option Price has been paid.

(ii) For any shares purchased by exercise of an option on or after January 1, 2000, after the passage of one year from an Option exercise date, upon the proper completion and submission of the proper Form to the Company, the Company will deliver to such Participant a certificate issued in Participant's name for the number of shares of the Stock with respect to which the Option was exercised and for which the Option Price has been paid. If a Participant's employment has terminated prior to the passage of one year from the Option exercise date, notwithstanding the first sentence of this subsection the Participant shall be entitled to receive certificates representing the number of shares of Stock with respect to which the Option was exercised and for which the Option Price has been paid.

(iii) In the event the Company is required to obtain from any commission or agency authority to issue any such certificate, the Company will seek to obtain such authority. The inability of the Company to obtain from any such commission or agency authority which counsel for the Company deems necessary for the lawful issuance of any such certificate shall relieve the Company from liability to any Participant except to return the amount of the balance in the account in cash.

(d) Restriction on Sale of Stock. Effective as of January 1, 2000, for all Options exercised under the Plan after that date, a participant shall not sell any shares of stock purchased under the Plan until after the first to occur of passage of one year from the date of the Option exercise or termination of employment.

## 5. WITHDRAWAL FROM THE PLAN

(a) General Statement. Any Participant may withdraw from the Plan at any time. A Participant who wishes to withdraw from the Plan must deliver to the Company a notice of withdrawal in a Form prepared by the Company. The Company, as soon as practicable following receipt of a Participant's notice of withdrawal, will refund to the Participant the amount of the balance in the account under the Plan. Upon receipt of a Participant's notice of withdrawal from the Plan, automatically and without any further act on the part of the Participant, the payroll deduction authorization, any interest in the Plan, and any Option under the Plan shall terminate.

(b) Participation Following Withdrawal. A Participant who withdraws from the Plan may participate again in the Plan on the next January 1, April 1, July 1, or October 1 immediately following the date of withdrawal, or on such other days as may be determined by the Committee.

(c) Stock Subject to Plan. Notwithstanding a Participant's withdrawal from the Plan, any Stock acquired under the Plan shall remain subject to the terms of the Plan.

## 6. TERMINATION OF EMPLOYMENT

(a) Termination of Employment Other Than By Retirement or Death. If the employment of a Participant terminates other than by retirement or death, participation in the Plan automatically shall terminate as of the date of the termination of employment. As soon as practicable after such a Participant's termination of employment, the Company will refund the amount of the balance in that account under the Plan. Upon a Participant's termination of employment, any interest in the Plan and any Option under the Plan shall terminate.

(b) Termination by Retirement. A Participant who retires on a normal retirement date, or earlier or later with the consent of the Company, may by written notice to the Company request payment of the balance in the account under the Plan, in which event the Company shall make such payment as soon as practicable after receiving such notice; upon receipt of such notice, the Participant's interest in the Plan and any Option under the Plan shall terminate. If the Company does not receive such notice prior to the next Date of Exercise, such Participant's Option will be deemed to have been exercised on such Date of Exercise.

(c) Termination By Death. If the employment of a Participant is terminated by Participant's death, the executor of the Participant's will or the administrator of the Participant's estate by written notice to the Company may request payment of the balance in the Participant's account under the Plan, in which event the Company shall make such payment without any interest thereon as soon as practicable after receiving such notice. Upon receipt of such notice, the Participant's interest in the Plan and Option under the Plan shall terminate. If the Company does not receive such notice prior to the next Date of Exercise, the Participant's Option shall be deemed to have been exercised on such Date of Exercise.

#### 7. RESTRICTION UPON ASSIGNMENT

No Option or interest or right therein or part thereof shall be liable for the debts, contracts or engagements of any Participant or any successor in interest, nor shall any Option be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means, whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and attempted disposition thereof shall be null and void and of no effect; provided, however, that nothing in this paragraph 7 shall prevent transfers by will or by the applicable laws of descent and distribution. Except as provided in paragraph 6(c), an Option may not be exercised to any extent except by the Participant. The Committee may require the Participant to give the Company prompt notice of any disposition of shares of stock acquired by exercise of an Option within two years from the date of granting such Option or one year after the transfer of such shares to such Participant. The Committee may require that the certificates evidencing shares acquired by exercise of an Option refer to such requirement to give prompt notice of disposition.

#### 8. NO RIGHTS OF STOCKHOLDER UNTIL OPTION IS EXERCISED

With respect to shares of the Stock subject to an Option, a Participant shall not be deemed to be a stockholder of the Company, and shall not have any of the rights or privileges of a stockholder. A Participant shall have the rights and privileges of a stockholder of the Company when, but not until, an Option is exercised.

#### 9. CHANGES IN THE STOCK; ADJUSTMENTS OF AN OPTION

Whenever any change is made in the Stock or to Options outstanding under the Plan, by reason of stock dividend or by reason of division, combination or reclassification of shares, appropriate action will be taken by the Committee to adjust accordingly the number of shares of the Stock subject to the Plan and the number and the Option Price of shares of the Stock subject to the Options outstanding under the Plan.

#### 10. USE OF FUNDS; NO INTEREST PAID

All funds received or held by the Company under the Plan will be included in the general funds of the Company free of any trust or other restriction and may be used for any corporate purpose. No interest will be paid to any Participant or credited to any account under the Plan with respect to such funds.

#### 11. AMENDMENT OF THE PLAN

The Committee may amend, suspend or terminate the Plan at any time and from time to time; provided, however, that the provisions in paragraphs 1(e), 1(h), 3(a), 3(d), and 4(b) may not be amended more than once every six months, other than to comport with changes in the Code, the Employee Retirement Income Security Act of 1974, as amended, or the rules thereunder; and provided further, that approval by the vote of the holders of more than 50% of the outstanding shares of the Company's Stock entitled to vote shall be required to amend the Plan (i) to increase the number of shares of Stock available under the Plan, (ii) to decrease the Option Price below a price computed in the manner stated in paragraph 4(b), (iii) to materially alter the requirements for eligibility to participate in the Plan, or (iv) to modify the Plan in a manner requiring stockholder approval under the Code or Securities Exchange Act of 1934 ("Exchange Act").

#### 12. ADMINISTRATION BY COMMITTEE; RULES AND REGULATIONS

(a) Administration. The Plan shall be administered by the Compensation Committee of the Board.

(b) Duties And Powers of Committee. It shall be the duty of the Committee to conduct the general administration of the Plan in accordance with its provisions. The Committee shall have the power to interpret the Plan and the Options and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret, amend or revoke any such rules. The Board shall have no right

to exercise any of the rights or duties of the Committee under the Plan.

(c) Majority Rule. The Committee shall act by a majority of its members in office. The Committee may act either by vote at a meeting or by a memorandum or other written instrument signed by a majority of the Committee.

(d) Professional Assistance; Good Faith Actions. The Committee may employ attorneys, consultants, accountants, appraisers, brokers or other persons. The Committee, the Company and its officers and directors shall be entitled to rely upon the advice, opinions or valuations of any such persons. All actions taken and all interpretations and determinations made by the Committee in good faith shall be final and binding upon all Participants, the Company and all other interested persons. No member of the Committee shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or the Options, and all members of the Committee shall be fully protected by the Company in respect to any such action, determination or interpretation.

#### 13. NO RIGHTS AS AN EMPLOYEE

Nothing in the Plan shall be construed to give any person (including any Eligible Employee or Participant) the right to remain in the employ of the Company or a Parent or Subsidiary of the Company or to affect the right of the Company or a Parent or Subsidiary of the Company to terminate the employment of any person (including any Eligible Employee or Participant) at any time with or without cause.

#### 14. MERGER, ACQUISITION OR LIQUIDATION OF THE COMPANY

In the event of the merger or consolidation of the Company into another corporation, the acquisition by another corporation of all or substantially all of the Company's assets or 80% or more of the Company's then outstanding voting stock or the liquidation or dissolution of the Company, the Date of Exercise with respect to outstanding Options shall be the business day immediately preceding the effective date of such merger, consolidation, acquisition, liquidation or dissolution unless the Committee shall, in its sole discretion, provide for the assumption or substitution of such Options in manner complying with Section 424(a) of the Code.

#### 15. TERM; APPROVAL BY STOCKHOLDERS

No Option may be granted during any period of suspension or after termination of the Plan, and in no event may any Option be granted under the Plan after December 31, 2002, unless extended by the Board of Directors of the Company. The Plan will be submitted for the approval of the Company's stockholders within 12 months after the date of the Board of Directors' initial adoption of the Plan. The Company shall take such actions with respect to the Plan as may be necessary to satisfy the requirements of Section 423 of the Code.

#### 16. EFFECT UPON OTHER PLANS

The adoption of the Plan shall not affect any other compensation or incentive plans in effect for the Company or a Parent or Subsidiary of the Company. Nothing in this Plan shall be construed to limit the right of the Company or a Parent or Subsidiary of the Company (a) to establish any other forms of incentives or compensation for employees of the Company or a Parent or Subsidiary of the Company or (b) to grant or assume options otherwise than under this Plan in connection with any proper corporate purpose, including, but not by way of limitation, the grant or assumption of options in connection with the acquisition, by purchase, lease, merger, consolidation or otherwise, of the business, stock or assets of any corporation, firm or association.

#### 17. RULE 16B-3 RESTRICTIONS UPON DISPOSITIONS OF STOCK

The Plan is intended to conform to the extent necessary with all provisions of the Securities Act of 1933, as amended (the "Securities Act"), and the Exchange Act and any and all regulations and rules promulgated by the Securities and Exchange Commission thereunder, including, without limitation, Rule 16b-3. Notwithstanding anything herein to the contrary, the Plan shall be administered, and Options shall be granted and may be exercised, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by applicable law, the Plan and Options granted hereunder shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

#### 18. NOTICES

Any notice to be given under the terms of the Plan to the Company shall be addressed to the Company in care of its Secretary or any designee and any notice to be given to a Participant shall be addressed to Participant's last address as reflected in the Company's records and may be given either in writing or via electronic communication to the extent permitted by law. By a notice given pursuant to this paragraph, either party may hereafter designate a different address for notices to be given. Any notice which is required to be given to a Participant shall, if the Participant is then deceased, be given to the Participant's personal representative if such representative has previously informed the Company of the representative status and address by notice under this paragraph. Any notice shall have been deemed duly given when received by the Company

or when sent to a Participant by the Company to Participant's last known mailing address or delivered to an electronic mailbox accessible by Participant as permitted by law.

#### 19. TITLES

Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of the Plan.



[FORM OF]  
AMENDED AND RESTATED EMPLOYMENT AND NON-COMPETE AGREEMENT

THIS AGREEMENT is between AutoZone, Inc., a Nevada corporation and its various subsidiaries (collectively "AutoZone"), and [Employee], an individual ("Employee") dated as of August 31, 1999 ("Effective Date") and is an amendment and restatement of the Employment and Non-Compete Agreement between Employee and AutoZone, Inc. dated [Original Agreement Date] (as amended and restated the "Agreement").

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties are agreed as follows:

1. **EMPLOYMENT.** AutoZone agrees to employ Employee and Employee agrees to remain in the employment of AutoZone, or a subsidiary or affiliate, until the expiration or earlier termination of this Agreement.
2. **TERM.** This Agreement shall be effective as of the Effective Date and shall continue until it is terminated pursuant to Paragraph 8, 9, or 10.
3. **SALARY.** Employee shall receive a salary from AutoZone as follows: During the term of this Agreement, Employee shall receive annual compensation of [Base Salary], subject to increases as determined by the Compensation Committee of the Board of Directors ("Base Salary"). The Base Salary amount shall be paid on a pro-rated basis for all partial years based on a 364 day year. AutoZone reserves the right to increase the Base Salary above the amounts stated above in its sole discretion. All salary shall be paid at the same time and in the same manner that AutoZone's other officers are paid.
4. **BONUS.** During the term of this Agreement, Employee shall receive a bonus up to [Bonus Target] of his Base Salary in accordance with policies and procedures established by AutoZone's Compensation Committee and Board of Directors which shall be based upon the financial and operational goals and objectives for the Employee and AutoZone established by the Compensation Committee for each of AutoZone's fiscal years ("Target") in accordance with AutoZone's Executive Incentive Compensation Plan. The Target is established at the sole discretion of the Compensation Committee and Board of Directors and is subject to review and revision at any time upon notification to the Employee. All bonuses shall be paid at the same time and in the same manner that AutoZone's other officers are paid.
5. **DUTIES.** Employee shall serve as AutoZone's [Title] performing such duties as AutoZone's Board of Directors may direct from time to time and as are normally associated with such a position. AutoZone may, in its sole discretion, alter, expand or curtail the services to be performed by Employee or position held by Employee from time to time, without adjustment in compensation. Employee shall devote his entire time and attention to AutoZone's business. During the term of this Agreement, Employee shall not engage in any other business activity that conflicts with his duties with AutoZone, regardless of whether it is pursued for gain or profit. Employee may, however, invest his assets in or serve on the Board of Directors of other companies so long as they do not require Employee's services in the day to day operation of their affairs and do not violate AutoZone's conflict of interest policy. Notwithstanding, Employee may from time to time invest de minimus amounts in the publicly traded stock of Competitors upon written approval of AutoZone's General Counsel.
6. **OTHER BENEFITS.** Other benefits to be received by Employee from AutoZone shall be the ordinary benefits received by AutoZone's other executive officers, which may be changed by AutoZone in its sole discretion from time to time.
7. **TAXES.** Employee understands that all salary, bonus and other benefits will be subject to reduction for amounts required to be withheld by law as taxes and otherwise.
8. **TERMINATION BY AUTOZONE.**

(a) **WITHOUT CAUSE.** AutoZone may terminate this Agreement without Cause at any time upon notice to Employee. In such event, Employee shall continue to be paid his then current Base Salary (on a pro-rated basis in the same manner as Employee is then receiving his base salary) until three years after the termination date ("Continuation Period"). During the Continuation Period, Employee shall not receive any bonus payments. During the Continuation Period, Employee shall continue to be an employee of AutoZone or a subsidiary (on leave of absence), and Employee's stock options shall continue to vest and be exercised in the manner set forth in the respective stock option agreements until the end of the Continuation Period, at which time Employee's employment with AutoZone shall be terminated and further stock option exercise and vesting shall be governed by the terms of the stock option agreement. During the Continuation Period, Employee shall receive such other benefits as other employees of AutoZone, including, but not limited to, health and life insurance, on the same terms and conditions. AutoZone shall pay Employee a prorated bonus for the fiscal year in which this Agreement is terminated pursuant to this paragraph calculated based on the period of time elapsed during such fiscal year until this Agreement is terminated and the formula established by the Compensation Committee

for officers for that fiscal year. Said bonus shall be paid when other officer bonuses are paid for that fiscal year. AutoZone shall have no other obligations other than those stated herein upon the termination of this Agreement and Employee hereby releases AutoZone from any and all obligations and claims except those as are specifically set forth herein.

(b) WITH CAUSE. AutoZone shall have the right to terminate this Agreement and Employee's employment with AutoZone for Cause at any time. Upon such termination for Cause, Employee shall have no right to receive any compensation, salary, or bonus and shall immediately cease to receive any benefits (other than those as may be required pursuant to the AutoZone Pension Plan or by law) and any stock options shall be governed by the respective stock option agreements in effect between the Employee and AutoZone at that time. "Cause" shall mean the willful engagement by the Employee in conduct which is demonstrably or materially injurious to AutoZone, monetarily or otherwise. For this purpose, no act or failure to act by the Employee shall be considered "willful" unless done, or omitted to be done, by the Employee not in good faith and without reasonable belief that his action or omission was in the best interest of AutoZone.

9. TERMINATION BY EMPLOYEE. Employee may terminate this Agreement at anytime upon written notice to AutoZone. Upon such termination, Employee's employment shall terminate and Employee shall cease to receive any further salary, benefits, or bonus, and all stock options granted shall be governed by the respective stock option agreement(s) between the Employee and AutoZone.

10. TERMINATION BY EMPLOYEE UPON A CHANGE OF CONTROL. Employee may terminate this Agreement upon a Change of Control of AutoZone by giving written notice to AutoZone within sixty days of the occurrence of a Change of Control. Upon giving such notice to AutoZone, Employee's employment shall terminate and Employee shall cease to receive any payments or benefits pursuant to this Agreement and all stock options held by Employee shall be governed by the respective stock option agreement(s). Any of the following events shall constitute a "Change of Control": (a) the acquisition after the date hereof, in one or more transactions, of beneficial ownership (as defined in Rule 13d-3(a)(1) under the Securities Exchange Act of 1934, as amended ("Exchange Act")), by any person or entity or any group of persons or entities who constitute a group (as defined in Section 13(d)(3) under the Exchange Act) of any securities such that as a result of such acquisition such person, entity or group beneficially owns AutoZone, Inc.'s then outstanding voting securities representing 51% or more of the total combined voting power entitled to vote on a regular basis for a majority of the board of Directors of AutoZone, Inc. or (b) the sale of all or substantially all of the assets of AutoZone (including, without limitation, by way of merger, consolidation, lease or transfer) in a transaction where AutoZone or the beneficial owners (as defined in Rule 13d-3(a)(1) under the Exchange Act) of capital stock of AutoZone do not receive (i) voting securities representing a majority of the total combined voting power entitled to vote on a regular basis for the board of directors of the acquiring entity or of an affiliate which controls the acquiring entity or (ii) securities representing a majority of the total combined equity interest in the acquiring entity, if other than a corporation; provided however, that the foregoing provisions of this Paragraph 10 shall not apply to any transfer, sale or disposition of shares of capital stock of AutoZone to any person or persons who are affiliates of AutoZone on the date hereof. A "Change in Management" shall be deemed to occur only upon the current Chief Executive Officer or Chief Operating Officer of AutoZone changing.

11. EFFECT OF TERMINATION. Any termination of Employee's service as an officer of AutoZone shall be deemed a termination of Employee's service on all boards and as an officer of all subsidiaries of AutoZone.

12. NON-COMPETE. Employee agrees that he will not, for the period commencing on the termination date of this Agreement pursuant to Paragraph 8 or 9 (whichever is applicable) of this Agreement and ending on

(i) the date three years after said termination date of this Agreement if either Employee voluntarily terminates this Agreement or this Agreement is terminated by AutoZone for Cause or

(ii) the end of the Continuation Period if this Agreement is terminated by AutoZone without Cause,

be engaged in or concerned with, directly or indirectly, any business related to or involved in the retail sale of auto parts to "DIY" customers, or the wholesale or retail sale of auto parts to commercial installers in any state, province, territory or foreign country in which AutoZone operates now or shall operate during the term set forth in this non-compete paragraph (herein called "Competitor"), as an employee, director, consultant, beneficial or record owner, partner, joint venturer, officer or agent of the Competitor.

The parties acknowledge and agree that the time, scope, geographic area and other provisions of this Non-Compete section have been specifically negotiated by sophisticated commercial parties and specifically hereby agree that such time, scope, geographic area and other provisions are reasonable under the circumstances and are in

exchange for the obligations undertaken by AutoZone pursuant to this Agreement.

Further, Employee agrees not to hire, for himself or any other entity, encourage anyone or entity to hire, or entice away from AutoZone any employee of AutoZone during the term of this non-compete obligation.

If at any time a court of competent jurisdiction holds that any portion of this Non-Compete section is unenforceable for any reason, then Employee shall forfeit his right to any further salary, bonus, stock option exercises, or benefits from AutoZone during any Continuation Period. This Paragraph 12 shall not apply to a termination by Employee pursuant to Paragraph 10.

13. CONFIDENTIALITY. Unless otherwise required by law, Employee shall hold in confidence any proprietary or confidential information obtained by him during his employment with AutoZone, which shall include, but not be limited to, information regarding AutoZone's present and future business plans, vendors, systems, operations and personnel. Confidential information shall not include information: (a) publicly disclosed by AutoZone; (b) rightfully received by Employee from a third party without restrictions on disclosure (c) approved for release or disclosure by AutoZone; or (d) produced or disclosed pursuant to applicable laws, regulation or court order. Employee acknowledges that all such confidential or proprietary information is and shall remain the sole property of AutoZone and all embodiments of such information shall remain with AutoZone.

14. BREACH BY EMPLOYEE. The parties further agree that if, at any time, despite the express agreement of the parties hereto, Employee violates the provisions of this Agreement by violating the Non-Compete or Confidentiality sections, or by failing to perform his obligations under this Agreement, Employee shall forfeit any unexercised stock options, vested or not vested, and AutoZone may cease paying any further salary or bonus. In the event of breach by Employee of any provision of this Agreement, Employee acknowledges that such breach will cause irreparable damage to AutoZone, the exact amount of which will be difficult or impossible to ascertain, and that remedies at law for any such breach will be inadequate. Accordingly, AutoZone shall be entitled, in addition to any other rights or remedies existing in its favor, to obtain, without the necessity for any bond or other security, specific performance and/or injunctive relief in order to enforce, or prevent breach of any such provision.

15. DEATH OF EMPLOYEE OR DISABILITY. If Employee should die or become disabled (such that he is no longer capable of performing his duties) during the term of this Agreement, then all salary and bonus shall cease as of the date of his death or disability, all stock options shall be governed by the terms of the respective stock option agreements, and Employee shall receive disability or death benefits as may be provided under AutoZone's then existing policies and procedures related to disability or death of AutoZone employees.

16. WAIVER. Any waiver of any breach of this Agreement by AutoZone shall not operate or be construed as a waiver of any subsequent breach by Employee. No waiver shall be valid unless in writing and signed by an authorized officer of AutoZone.

17. ASSIGNMENT. Employee acknowledges that his services are unique and personal. Accordingly, Employee shall not assign his rights or delegate his duties or obligations under this Agreement. Employee's rights and obligations under this Agreement shall inure to the benefit of and be binding upon AutoZone successors and assigns. AutoZone may assign this Agreement to any wholly-owned subsidiary operating for the use and benefit of AutoZone.

18. ENTIRE AGREEMENT. This Agreement contains the entire understanding of the parties related to the matters discussed herein. It may not be changed orally but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification, extension, or discharge is sought.

19. JURISDICTION. This Agreement shall be governed and construed by the laws of the State of Tennessee, without regard to its choice of law rules. The parties agree that the only proper venue for any dispute under this Agreement shall be in the state or federal courts located in Shelby County, Tennessee.

20. SURVIVAL. Sections 8, 12, 13, 14 and 19 of this Agreement shall survive any termination of this Agreement or Employee's employment with AutoZone (including, without limitation termination pursuant to Paragraphs 8, 9, or 10).

IN WITNESS WHEREOF, the respective parties execute this Agreement.

AUTOZONE, INC.

By: \_\_\_\_\_  
Employee  
Title: \_\_\_\_\_

\_\_\_\_\_

Date

By: \_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_

Social Security Number

Schedule to Form of Amended and Restated Employment and Non-Compete Agreement

This Schedule indicates the names of the persons that signed this agreement with the material terms which are marked in brackets ([]) in the agreement.

EMPLOYEE	ORIGINAL AGREEMENT DATE	BASE SALARY	BONUS TARGET	TITLE
John C. Adams, Jr.	June 11, 1997	\$530,400	100%	Chairman & CEO
Harry L. Goldsmith	June 11, 1997	\$216,000	60%	Senior Vice President & General Counsel
Robert J. Hunt	June 11, 1997	\$306,000	75%	Executive Vice President & Chief Financial Officer
Stephen W. Valentine	July 7, 1997	\$250,000	50%	Senior Vice President
Timothy D. Vargo	June 11, 1997	\$424,400	100%	President & COO

[FORM OF]  
EMPLOYMENT AND NON-COMPETE AGREEMENT

THIS AGREEMENT is between AutoZone, Inc., a Nevada corporation and its various subsidiaries (collectively "AutoZone"), and [Employee], an individual ("Employee") dated as of August 31, 1999 ("Effective Date").

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties are agreed as follows:

1. **EMPLOYMENT.** AutoZone agrees to employ Employee and Employee agrees to remain in the employment of AutoZone, or a subsidiary or affiliate, until the expiration or earlier termination of this Agreement.
2. **TERM.** This agreement shall be effective as of the Effective Date and shall continue until it is terminated pursuant to Paragraph 8, 9, or 10.
3. **SALARY.** Employee shall receive a salary from AutoZone as follows: During the term of this Agreement, Employee shall receive annual compensation of [Base Salary], subject to increases as determined by the Compensation Committee of the Board of Directors ("Base Salary"). The Base Salary amount shall be paid on a pro-rated basis for all partial years based on a 364 day year. AutoZone reserves the right to increase the Base Salary above the amounts stated above in its sole discretion. All salary shall be paid at the same time and in the same manner that AutoZone's other officers are paid.
4. **BONUS.** During the term of this Agreement, Employee shall receive a bonus up to 50% of his Base Salary in accordance with policies and procedures established by AutoZone's Compensation Committee and Board of Directors which shall be based upon the financial and operational goals and objectives for the Employee and AutoZone established by the Compensation Committee for each of AutoZone's fiscal years ("Target") in accordance with AutoZone's Executive Incentive Compensation Plan. The Target is established at the sole discretion of the Compensation Committee and Board of Directors and is subject to review and revision at any time upon notification to the Employee. All bonuses shall be paid at the same time and in the same manner that AutoZone's other officers are paid.
5. **DUTIES.** Employee shall serve as AutoZone's Senior Vice President performing such duties as AutoZone's Board of Directors may direct from time to time and as are normally associated with such a position. AutoZone may, in its sole discretion, alter, expand or curtail the services to be performed by Employee or position held by Employee from time to time, without adjustment in compensation. Employee shall devote his entire time and attention to AutoZone's business. During the term of this Agreement, Employee shall not engage in any other business activity that conflicts with his duties with AutoZone, regardless of whether it is pursued for gain or profit. Employee may, however, invest his assets in or serve on the Board of Directors of other companies so long as they do not require Employee's services in the day to day operation of their affairs and do not violate AutoZone's conflict of interest policy. Notwithstanding, Employee may from time to time invest de minimus amounts in the publicly traded stock of Competitors upon written approval of AutoZone's General Counsel.
6. **OTHER BENEFITS.** Other benefits to be received by Employee from AutoZone shall be the ordinary benefits received by AutoZone's other executive officers, which may be changed by AutoZone in its sole discretion from time to time.
7. **TAXES.** Employee understands that all salary, bonus and other benefits will be subject to reduction for amounts required to be withheld by law as taxes and otherwise.
8. **TERMINATION BY AUTOZONE.**

(a) **WITHOUT CAUSE.** AutoZone may terminate this Agreement without Cause at any time upon notice to Employee. In such event, Employee shall continue to be paid his then current Base Salary (on a pro-rated basis in the same manner as Employee is then receiving his base salary) until three years after the termination date ("Continuation Period"). During the Continuation Period, Employee shall not receive any bonus payments. During the Continuation Period, Employee shall continue to be an employee of AutoZone or a subsidiary (on leave of absence), and Employee's stock options shall continue to vest and may be exercised in the manner set forth in the respective stock option agreements until the end of the Continuation Period, at which time Employee's employment with AutoZone shall be terminated and further stock option exercise and vesting shall be governed by the terms of the stock option agreement. During the Continuation Period, Employee shall receive such other benefits as other employees of AutoZone, including, but not limited to, health and life insurance, on the same terms and conditions. AutoZone shall pay Employee a prorated bonus for the fiscal year in which this Agreement is terminated pursuant to this paragraph calculated based on the period of time elapsed during such fiscal year until this Agreement is terminated and the formula established by the Compensation Committee for officers for that fiscal year. Said bonus shall be paid when other officer bonuses are paid for that fiscal year. AutoZone shall have no other obligations other than those stated herein upon the termination of

this Agreement and Employee hereby releases AutoZone from any and all obligations and claims except those as are specifically set forth herein.

(b) WITH CAUSE. AutoZone shall have the right to terminate this Agreement and Employee's employment with AutoZone for Cause at any time. Upon such termination for Cause, Employee shall have no right to receive any compensation, salary, or bonus and shall immediately cease to receive any benefits (other than those as may be required pursuant to the AutoZone Pension Plan or by law) and any stock options shall be governed by the respective stock option agreements in effect between the Employee and AutoZone at that time. "Cause" shall mean the willful engagement by the Employee in conduct which is demonstrably or materially injurious to AutoZone, monetarily or otherwise. For this purpose, no act or failure to act by the Employee shall be considered "willful" unless done, or omitted to be done, by the Employee not in good faith and without reasonable belief that his action or omission was in the best interest of AutoZone.

9. TERMINATION BY EMPLOYEE. Employee may terminate this Agreement at anytime upon written notice to AutoZone. Upon such termination, Employee's employment shall terminate and Employee shall cease to receive any further salary, benefits, or bonus, and all stock options granted shall be governed by the respective stock option agreement(s) between the Employee and AutoZone.

10. TERMINATION BY EMPLOYEE UPON A CHANGE OF CONTROL. Employee may terminate this Agreement upon a Change of Control of AutoZone by giving written notice to AutoZone within sixty days of the occurrence of a Change of Control. Upon giving such notice to AutoZone, Employee's employment shall terminate and Employee shall cease to receive any payments or benefits pursuant to this Agreement and all stock options held by Employee shall be governed by the respective stock option agreement(s). Any of the following events shall constitute a "Change of Control": (a) the acquisition after the date hereof, in one or more transactions, of beneficial ownership (as defined in Rule 13d-3(a)(1) under the Securities Exchange Act of 1934, as amended ("Exchange Act")), by any person or entity or any group of persons or entities who constitute a group (as defined in Section 13(d)(3) under the Exchange Act) of any securities such that as a result of such acquisition such person, entity or group beneficially owns AutoZone, Inc.'s then outstanding voting securities representing 51% or more of the total combined voting power entitled to vote on a regular basis for a majority of the board of Directors of AutoZone, Inc. or (b) the sale of all or substantially all of the assets of AutoZone (including, without limitation, by way of merger, consolidation, lease or transfer) in a transaction where AutoZone or the beneficial owners (as defined in Rule 13d-3(a)(1) under the Exchange Act) of capital stock of AutoZone do not receive (i) voting securities representing a majority of the total combined voting power entitled to vote on a regular basis for the board of directors of the acquiring entity or of an affiliate which controls the acquiring entity or (ii) securities representing a majority of the total combined equity interest in the acquiring entity, if other than a corporation; provided however, that the foregoing provisions of this Paragraph 10 shall not apply to any transfer, sale or disposition of shares of capital stock of AutoZone to any person or persons who are affiliates of AutoZone on the date hereof.

11. EFFECT OF TERMINATION. Any termination of Employee's service as an officer of AutoZone shall be deemed a termination of Employee's service on all boards and as an officer of all subsidiaries of AutoZone.

12. NON-COMPETE. Employee agrees that he will not, for the period commencing on the termination date of this Agreement pursuant to Paragraph 8 or 9 (whichever is applicable) of this Agreement and ending on

(i) the date three years after said termination date of this Agreement if either Employee voluntarily terminates this Agreement or this Agreement is terminated by AutoZone for Cause or

(ii) the end of the Continuation Period if this Agreement is terminated by AutoZone without Cause,

be engaged in or concerned with, directly or indirectly, any business related to or involved in the retail sale of auto parts to "DIY" customers, or the wholesale or retail sale of auto parts to commercial installers in any state, province, territory or foreign country in which AutoZone operates now or shall operate during the term set forth in this non-compete paragraph (herein called "Competitor"), as an employee, director, consultant, beneficial or record owner, partner, joint venturer, officer or agent of the Competitor.

The parties acknowledge and agree that the time, scope, geographic area and other provisions of this Non-Compete section have been specifically negotiated by sophisticated commercial parties and specifically hereby agree that such time, scope, geographic area and other provisions are reasonable under the circumstances and are in exchange for the obligations undertaken by AutoZone pursuant to this Agreement.

Further, Employee agrees not to hire, for himself or any other entity, encourage anyone or entity to hire, or entice away from AutoZone any

employee of AutoZone during the term of this non-compete obligation.

If at any time a court of competent jurisdiction holds that any portion of this Non-Compete section is unenforceable for any reason, then Employee shall forfeit his right to any further salary, bonus, stock option exercises, or benefits from AutoZone during any Continuation Period. This Paragraph 12 shall not apply to a termination by Employee pursuant to Paragraph 10.

13. CONFIDENTIALITY. Unless otherwise required by law, Employee shall hold in confidence any proprietary or confidential information obtained by him during his employment with AutoZone, which shall include, but not be limited to, information regarding AutoZone's present and future business plans, vendors, systems, operations and personnel. Confidential information shall not include information: (a) publicly disclosed by AutoZone; (b) rightfully received by Employee from a third party without restrictions on disclosure (c) approved for release or disclosure by AutoZone; or (d) produced or disclosed pursuant to applicable laws, regulation or court order. Employee acknowledges that all such confidential or proprietary information is and shall remain the sole property of AutoZone and all embodiments of such information shall remain with AutoZone.

14. BREACH BY EMPLOYEE. The parties further agree that if, at any time, despite the express agreement of the parties hereto, Employee violates the provisions of this Agreement by violating the Non-Compete or Confidentiality sections, or by failing to perform his obligations under this Agreement, Employee shall forfeit any unexercised stock options, vested or not vested, and AutoZone may cease paying any further salary or bonus. In the event of breach by Employee of any provision of this Agreement, Employee acknowledges that such breach will cause irreparable damage to AutoZone, the exact amount of which will be difficult or impossible to ascertain, and that remedies at law for any such breach will be inadequate. Accordingly, AutoZone shall be entitled, in addition to any other rights or remedies existing in its favor, to obtain, without the necessity for any bond or other security, specific performance and/or injunctive relief in order to enforce, or prevent breach of any such provision.

15. DEATH OF EMPLOYEE OR DISABILITY. If Employee should die or become disabled (such that he is no longer capable of performing his duties) during the term of this Agreement, then all salary and bonus shall cease as of the date of his death or disability, all stock options shall be governed by the terms of the respective stock option agreements, and Employee shall receive disability or death benefits as may be provided under AutoZone's then existing policies and procedures related to disability or death of AutoZone employees.

16. WAIVER. Any waiver of any breach of this Agreement by AutoZone shall not operate or be construed as a waiver of any subsequent breach by Employee. No waiver shall be valid unless in writing and signed by an authorized officer of AutoZone.

17. ASSIGNMENT. Employee acknowledges that his services are unique and personal. Accordingly, Employee shall not assign his rights or delegate his duties or obligations under this Agreement. Employee's rights and obligations under this Agreement shall inure to the benefit of and be binding upon AutoZone successors and assigns. AutoZone may assign this Agreement to any wholly-owned subsidiary operating for the use and benefit of AutoZone.

18. ENTIRE AGREEMENT. This Agreement contains the entire understanding of the parties related to the matters discussed herein. It may not be changed orally but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification, extension, or discharge is sought.

19. JURISDICTION. This Agreement shall be governed and construed by the laws of the State of Tennessee, without regard to its choice of law rules. The parties agree that the only proper venue for any dispute under this Agreement shall be in the state or federal courts located in Shelby County, Tennessee.

20. SURVIVAL. Sections 8, 12, 13, 14 and 19 of this Agreement shall survive any termination of this Agreement or Employee's employment with AutoZone (including, without limitation termination pursuant to Paragraphs 8, 9, or 10).

IN WITNESS WHEREOF, the respective parties execute this Agreement.

AUTOZONE, INC.

By: \_\_\_\_\_  
Employee

Title: \_\_\_\_\_  
Date

By: \_\_\_\_\_

Title: \_\_\_\_\_  
Social Security Number

Schedule to Form of Employment and Non-Compete Agreement

This Schedule indicates the names of the persons that signed this agreement with the material terms which are marked in brackets ([]) in the agreement.

EMPLOYEE	BASE SALARY
Eugene Auerbach	\$280,000
Gerald E. Colley	\$305,000
Michael E. Longo	\$225,000
David J. Wilhite	\$300,000



[FORM OF]  
EMPLOYMENT AND NON-COMPETE AGREEMENT

THIS AGREEMENT is between AutoZone, Inc., a Nevada corporation and its various subsidiaries (collectively "AutoZone"), and [Employee], an individual ("Employee") dated as of August 31, 1999 ("Effective Date").

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties are agreed as follows:

1. **EMPLOYMENT.** AutoZone agrees to employ Employee and Employee agrees to remain in the employment of AutoZone, or a subsidiary or affiliate, until the expiration or earlier termination of this Agreement.
2. **TERM.** This Agreement shall be effective as of the Effective Date and terminate on September 1, 2002 unless terminated sooner pursuant to Paragraph 8, 9, or 10.
3. **SALARY.** Employee shall receive a salary from AutoZone as follows: During the term of this Agreement, Employee shall receive annual compensation of [Base Salary], subject to increases as determined by the Compensation Committee of the Board of Directors ("Base Salary"). The Base Salary amount shall be paid on a pro-rated basis for all partial years based on a 364 day year. AutoZone reserves the right to increase the Base Salary above the amounts stated above in its sole discretion. All salary shall be paid at the same time and in the same manner that AutoZone's other officers are paid.
4. **BONUS.** During the term of this Agreement, Employee shall receive a bonus up to 50% of his Base Salary in accordance with policies and procedures established by AutoZone's Compensation Committee and Board of Directors which shall be based upon the financial and operational goals and objectives for the Employee and AutoZone established by the Compensation Committee for each of AutoZone's fiscal years ("Target") in accordance with AutoZone's Executive Incentive Compensation Plan. The Target is established at the sole discretion of the Compensation Committee and Board of Directors and is subject to review and revision at any time upon notification to the Employee. All bonuses shall be paid at the same time and in the same manner that AutoZone's other officers are paid.
5. **DUTIES.** Employee shall serve as AutoZone's Senior Vice President performing such duties as AutoZone's Board of Directors may direct from time to time and as are normally associated with such a position. AutoZone may, in its sole discretion, alter, expand or curtail the services to be performed by Employee or position held by Employee from time to time, without adjustment in compensation. Employee shall devote his entire time and attention to AutoZone's business. During the term of this Agreement, Employee shall not engage in any other business activity that conflicts with his duties with AutoZone, regardless of whether it is pursued for gain or profit. Employee may, however, invest his assets in or serve on the Board of Directors of other companies so long as they do not require Employee's services in the day to day operation of their affairs and do not violate AutoZone's conflict of interest policy. Notwithstanding, Employee may from time to time invest de minimus amounts in the publicly traded stock of Competitors upon written approval of AutoZone's General Counsel.
6. **OTHER BENEFITS.** Other benefits to be received by Employee from AutoZone shall be the ordinary benefits received by AutoZone's other executive officers, which may be changed by AutoZone in its sole discretion from time to time.
7. **TAXES.** Employee understands that all salary, bonus and other benefits will be subject to reduction for amounts required to be withheld by law as taxes and otherwise.
8. **TERMINATION BY AUTOZONE.**

(a) **WITHOUT CAUSE.** AutoZone may terminate this Agreement without Cause at any time upon notice to Employee. In such event, Employee shall continue to be paid his then current Base Salary (on a pro-rated basis in the same manner as Employee is then receiving his base salary) until one year after the termination date ("Continuation Period"). During the Continuation Period, Employee shall not receive any bonus payments. During the Continuation Period, Employee shall continue to be an employee of AutoZone or a subsidiary (on leave of absence), and Employee's stock options shall continue to vest and be exercised in the manner set forth in the respective stock option agreements until the end of the Continuation Period, at which time Employee's employment with AutoZone shall be terminated and further stock option exercise and vesting shall be governed by the terms of the stock option agreement. During the Continuation Period, Employee shall receive such other benefits as other employees of AutoZone, including, but not limited to, health and life insurance, on the same terms and conditions. AutoZone shall pay Employee a prorated bonus for the fiscal year in which this Agreement is terminated pursuant to this paragraph calculated based on the period of time elapsed during such fiscal year until this Agreement is terminated and the formula established by the Compensation Committee for officers for that fiscal year. Said bonus shall be paid when other officer bonuses are paid for that fiscal year. AutoZone shall have no

other obligations other than those stated herein upon the termination of this Agreement and Employee hereby releases AutoZone from any and all obligations and claims except those as are specifically set forth herein.

(b) WITH CAUSE. AutoZone shall have the right to terminate this Agreement and Employee's employment with AutoZone for Cause at any time. Upon such termination for Cause, Employee shall have no right to receive any compensation, salary, or bonus and shall immediately cease to receive any benefits (other than those as may be required pursuant to the AutoZone Pension Plan or by law) and any stock options shall be governed by the respective stock option agreements in effect between the Employee and AutoZone at that time. "Cause" shall mean the willful engagement by the Employee in conduct which is demonstrably or materially injurious to AutoZone, monetarily or otherwise. For this purpose, no act or failure to act by the Employee shall be considered "willful" unless done, or omitted to be done, by the Employee not in good faith and without reasonable belief that his action or omission was in the best interest of AutoZone.

9. TERMINATION BY EMPLOYEE. Employee may terminate this Agreement at anytime upon written notice to AutoZone. Upon such termination, Employee's employment shall terminate and Employee shall cease to receive any further salary, benefits, or bonus, and all stock options granted shall be governed by the respective stock option agreement(s) between the Employee and AutoZone.

10. TERMINATION BY EMPLOYEE UPON A CHANGE OF CONTROL. Employee may terminate this Agreement upon a Change of Control of AutoZone by giving written notice to AutoZone within sixty days of the occurrence of a Change of Control. Upon giving such notice to AutoZone, Employees employment shall terminate and Employee shall cease to receive any payments or benefits pursuant this Agreement and all stock options held by Employee shall be govern by the respective stock option agreement(s). Any of the following events shall constitute a "Change of Control": (a) the acquisition after the date hereof, in one or more transactions, of beneficial ownership (as defined in Rule 13d-3(a) (1) under the Securities Exchange Act of 1934, as amended ("Exchange Act")), by any person or entity or any group of persons or entities who constitute a group (as defined in Section 13(d) (3) under the Exchange Act) of any securities such that as a result of such acquisition such person, entity or group beneficially owns AutoZone, Inc.'s then outstanding voting securities representing 51% or more of the total combined voting power entitled to vote on a regular basis for a majority of the board of Directors of AutoZone, Inc. or (b) the sale of all or substantially all of the assets of AutoZone (including, without limitation, by way of merger, consolidation, lease or transfer) in a transaction where AutoZone or the beneficial owners (as defined in Rule 13d-3(a) (1) under the Exchange Act) of capital stock of AutoZone do not receive (i) voting securities representing a majority of the total combined voting power entitled to vote on a regular basis for the board of directors of the acquiring entity or of an affiliate which controls the acquiring entity or (ii) securities representing a majority of the total combined equity interest in the acquiring entity, if other than a corporation; provided however, that the foregoing provisions of this Paragraph 10 shall not apply to any transfer, sale or disposition of shares of capital stock of AutoZone to any person or persons who are affiliates of AutoZone on the date hereof. A "Change in Management" shall be deemed to occur only upon the current Chief Executive Officer or Chief Operating Officer of AutoZone changing.

11. EFFECT OF TERMINATION. Any termination of Employee's service as an officer of AutoZone shall be deemed a termination of Employee's service on all boards and as an officer of all subsidiaries of AutoZone.

12. NON-COMPETE. Employee agrees that he will not, for the period commencing on the termination date of this Agreement pursuant to Paragraph 8 or 9 (whichever is applicable) of this Agreement and ending on

(i) the date two years after said termination date of this Agreement if either Employee voluntarily terminates this Agreement or this Agreement is terminated by AutoZone for Cause or

(ii) the end of the Continuation Period if this Agreement is terminated by AutoZone without Cause,

be engaged in or concerned with, directly or indirectly, any business related to or involved in the retail sale of auto parts to "DIY" customers, or the wholesale or retail sale of auto parts to commercial installers in any state, province, territory or foreign country in which AutoZone operates now or shall operate during the term set forth in this non-compete paragraph (herein called "Competitor"), as an employee, director, consultant, beneficial or record owner, partner, joint venturer, officer or agent of the Competitor.

The parties acknowledge and agree that the time, scope, geographic area and other provisions of this Non-Compete section have been specifically negotiated by sophisticated commercial parties and specifically hereby agree that such time, scope, geographic area and other provisions are reasonable under the circumstances and are in exchange for the obligations undertaken by AutoZone pursuant to this Agreement.

Further, Employee agrees not to hire, for himself or any other entity, encourage anyone or entity to hire, or entice away from AutoZone any employee of AutoZone during the term of this non-compete obligation.

If at any time a court of competent jurisdiction holds that any portion of this Non-Compete section is unenforceable for any reason, then Employee shall forfeit his right to any further salary, bonus, stock option exercises, or benefits from AutoZone during any Continuation Period. This Paragraph 12 shall not apply to a termination by Employee pursuant to Paragraph 10.

13. CONFIDENTIALITY. Unless otherwise required by law, Employee shall hold in confidence any proprietary or confidential information obtained by him during his employment with AutoZone, which shall include, but not be limited to, information regarding AutoZone's present and future business plans, vendors, systems, operations and personnel. Confidential information shall not include information: (a) publicly disclosed by AutoZone; (b) rightfully received by Employee from a third party without restrictions on disclosure (c) approved for release or disclosure by AutoZone; or (d) produced or disclosed pursuant to applicable laws, regulation or court order. Employee acknowledges that all such confidential or proprietary information is and shall remain the sole property of AutoZone and all embodiments of such information shall remain with AutoZone.

14. BREACH BY EMPLOYEE. The parties further agree that if, at any time, despite the express agreement of the parties hereto, Employee violates the provisions of this Agreement by violating the Non-Compete or Confidentiality sections, or by failing to perform his obligations under this Agreement, Employee shall forfeit any unexercised stock options, vested or not vested, and AutoZone may cease paying any further salary or bonus. In the event of breach by Employee of any provision of this Agreement, Employee acknowledges that such breach will cause irreparable damage to AutoZone, the exact amount of which will be difficult or impossible to ascertain, and that remedies at law for any such breach will be inadequate. Accordingly, AutoZone shall be entitled, in addition to any other rights or remedies existing in its favor, to obtain, without the necessity for any bond or other security, specific performance and/or injunctive relief in order to enforce, or prevent breach of any such provision.

15. DEATH OF EMPLOYEE OR DISABILITY. If Employee should die or become disabled (such that he is no longer capable of performing his duties) during the term of this Agreement, then all salary and bonus shall cease as of the date of his death or disability, all stock options shall be governed by the terms of the respective stock option agreements, and Employee shall receive disability or death benefits as may be provided under AutoZone's then existing policies and procedures related to disability or death of AutoZone employees.

16. WAIVER. Any waiver of any breach of this Agreement by AutoZone shall not operate or be construed as a waiver of any subsequent breach by Employee. No waiver shall be valid unless in writing and signed by an authorized officer of AutoZone.

17. ASSIGNMENT. Employee acknowledges that his services are unique and personal. Accordingly, Employee shall not assign his rights or delegate his duties or obligations under this Agreement. Employee's rights and obligations under this Agreement shall inure to the benefit of and be binding upon AutoZone successors and assigns. AutoZone may assign this Agreement to any wholly-owned subsidiary operating for the use and benefit of AutoZone.

18. ENTIRE AGREEMENT. This Agreement contains the entire understanding of the parties related to the matters discussed herein. It may not be changed orally but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification, extension, or discharge is sought.

19. JURISDICTION. This Agreement shall be governed and construed by the laws of the State of Tennessee, without regard to its choice of law rules. The parties agree that the only proper venue for any dispute under this Agreement shall be in the state or federal courts located in Shelby County, Tennessee.

20. SURVIVAL. Sections 8, 12, 13, 14 and 19 of this Agreement shall survive any termination of this Agreement or Employee's employment with AutoZone (including, without limitation termination pursuant to Paragraphs 8, 9, or 10).

IN WITNESS WHEREOF, the respective parties execute this Agreement.

AUTOZONE, INC.

By: \_\_\_\_\_ Employee

Title: \_\_\_\_\_  
Date

By: \_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_  
Social Security Number

Schedule to Form of Employment and Non-Compete Agreement

This Schedule indicates the names of the persons that signed this agreement with the material terms which are marked in brackets ([]) in the agreement.

EMPLOYEE	BASE SALARY
Bruce Clark	\$250,000
Joseph Fabiano	\$230,000

## EMPLOYMENT AND NON-COMPETE AGREEMENT

THIS AGREEMENT is between AutoZone, Inc., a Nevada corporation and its various subsidiaries (collectively "AutoZone"), and Anthony Dean Rose, an individual ("Employee") dated as of August 31, 1999 ("Effective Date").

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties are agreed as follows:

1. **EMPLOYMENT.** AutoZone agrees to employ Employee and Employee agrees to remain in the employment of AutoZone, or a subsidiary or affiliate, until the expiration or earlier termination of this Agreement.
2. **TERM.** This agreement shall be effective as of the Effective Date and shall continue until it is terminated pursuant to Paragraph 8, 9, or 10.
3. **SALARY.** Employee shall receive a salary from AutoZone as follows: During the term of this Agreement, Employee shall receive annual compensation of one hundred ninety thousand dollars (\$190,000), subject to increases as determined by the Compensation Committee of the Board of Directors ("Base Salary"). The Base Salary amount shall be paid on a pro-rated basis for all partial years based on a 364 day year. AutoZone reserves the right to increase the Base Salary above the amounts stated above in its sole discretion. All salary shall be paid at the same time and in the same manner that AutoZone's other officers are paid.
4. **BONUS.** During the term of this Agreement, Employee shall receive a bonus up to 50% of his Base Salary in accordance with policies and procedures established by AutoZone's Compensation Committee and Board of Directors which shall be based upon the financial and operational goals and objectives for the Employee and AutoZone established by the Compensation Committee for each of AutoZone's fiscal years ("Target") in accordance with AutoZone's Executive Incentive Compensation Plan. The Target is established at the sole discretion of the Compensation Committee and Board of Directors and is subject to review and revision at any time upon notification to the Employee. All bonuses shall be paid at the same time and in the same manner that AutoZone's other officers are paid.
5. **DUTIES.** Employee shall serve as AutoZone's Senior Vice President performing such duties as AutoZone's Board of Directors may direct from time to time and as are normally associated with such a position. AutoZone may, in its sole discretion, alter, expand or curtail the services to be performed by Employee or position held by Employee from time to time, without adjustment in compensation. Employee shall devote his entire time and attention to AutoZone's business. During the term of this Agreement, Employee shall not engage in any other business activity that conflicts with his duties with AutoZone, regardless of whether it is pursued for gain or profit. Employee may, however, invest his assets in or serve on the Board of Directors of other companies so long as they do not require Employee's services in the day to day operation of their affairs and do not violate AutoZone's conflict of interest policy. Notwithstanding, Employee may from time to time invest de minimus amounts in the publicly traded stock of Competitors upon written approval of AutoZone's General Counsel.
6. **OTHER BENEFITS.** Other benefits to be received by Employee from AutoZone shall be the ordinary benefits received by AutoZone's other executive officers, which may be changed by AutoZone in its sole discretion from time to time.
7. **TAXES.** Employee understands that all salary, bonus and other benefits will be subject to reduction for amounts required to be withheld by law as taxes and otherwise.
8. **TERMINATION BY AUTOZONE.**

(a) **WITHOUT CAUSE.** AutoZone may terminate this Agreement without Cause at any time upon notice to Employee. In such event, Employee shall continue to be paid his then current Base Salary (on a pro-rated basis in the same manner as Employee is then receiving his base salary) until two years after the termination date ("Continuation Period"). During the Continuation Period, Employee shall not receive any bonus payments. During the Continuation Period, Employee shall continue to be an employee of AutoZone or a subsidiary (on leave of absence), and Employee's stock options shall continue to vest and may be exercised in the manner set forth in the respective stock option agreements until the end of the Continuation Period, at which time Employee's employment with AutoZone shall be terminated and further stock option exercise and vesting shall be governed by the terms of the stock option agreement. During the Continuation Period, Employee shall receive such other benefits as other employees of AutoZone, including, but not limited to, health and life insurance, on the same terms and conditions. AutoZone shall pay Employee a prorated bonus for the fiscal year in which this Agreement is terminated pursuant to this paragraph calculated based on the period of time elapsed during such fiscal year until this Agreement is terminated and the formula established by the Compensation Committee for officers for that fiscal year. Said bonus shall be paid when other officer bonuses are paid for that fiscal year. AutoZone shall have no other obligations other than those stated herein upon the termination of this Agreement and Employee hereby releases AutoZone from any and all

obligations and claims except those as are specifically set forth herein.

(b) WITH CAUSE. AutoZone shall have the right to terminate this Agreement and Employee's employment with AutoZone for Cause at any time. Upon such termination for Cause, Employee shall have no right to receive any compensation, salary, or bonus and shall immediately cease to receive any benefits (other than those as may be required pursuant to the AutoZone Pension Plan or by law) and any stock options shall be governed by the respective stock option agreements in effect between the Employee and AutoZone at that time. "Cause" shall mean the willful engagement by the Employee in conduct which is demonstrably or materially injurious to AutoZone, monetarily or otherwise. For this purpose, no act or failure to act by the Employee shall be considered "willful" unless done, or omitted to be done, by the Employee not in good faith and without reasonable belief that his action or omission was in the best interest of AutoZone.

9. TERMINATION BY EMPLOYEE. Employee may terminate this Agreement at anytime upon written notice to AutoZone. Upon such termination, Employee's employment shall terminate and Employee shall cease to receive any further salary, benefits, or bonus, and all stock options granted shall be governed by the respective stock option agreement(s) between the Employee and AutoZone.

10. TERMINATION BY EMPLOYEE UPON A CHANGE OF CONTROL. Employee may terminate this Agreement upon a Change of Control of AutoZone by giving written notice to AutoZone within sixty days of the occurrence of a Change of Control. Upon giving such notice to AutoZone, Employee's employment shall terminate and Employee shall cease to receive any payments or benefits pursuant to this Agreement and all stock options held by Employee shall be governed by the respective stock option agreement(s). Any of the following events shall constitute a "Change of Control": (a) the acquisition after the date hereof, in one or more transactions, of beneficial ownership (as defined in Rule 13d-3(a)(1) under the Securities Exchange Act of 1934, as amended ("Exchange Act")), by any person or entity or any group of persons or entities who constitute a group (as defined in Section 13(d)(3) under the Exchange Act) of any securities such that as a result of such acquisition such person, entity or group beneficially owns AutoZone, Inc.'s then outstanding voting securities representing 51% or more of the total combined voting power entitled to vote on a regular basis for a majority of the board of Directors of AutoZone, Inc. or (b) the sale of all or substantially all of the assets of AutoZone (including, without limitation, by way of merger, consolidation, lease or transfer) in a transaction where AutoZone or the beneficial owners (as defined in Rule 13d-3(a)(1) under the Exchange Act) of capital stock of AutoZone do not receive (i) voting securities representing a majority of the total combined voting power entitled to vote on a regular basis for the board of directors of the acquiring entity or of an affiliate which controls the acquiring entity or (ii) securities representing a majority of the total combined equity interest in the acquiring entity, if other than a corporation; provided however, that the foregoing provisions of this Paragraph 10 shall not apply to any transfer, sale or disposition of shares of capital stock of AutoZone to any person or persons who are affiliates of AutoZone on the date hereof.

11. EFFECT OF TERMINATION. Any termination of Employee's service as an officer of AutoZone shall be deemed a termination of Employee's service on all boards and as an officer of all subsidiaries of AutoZone.

12. NON-COMPETE. Employee agrees that he will not, for the period commencing on the termination date of this Agreement pursuant to Paragraph 8 or 9 (whichever is applicable) of this Agreement and ending on

(i) the date two years after said termination date of this Agreement if either Employee voluntarily terminates this Agreement or this Agreement is terminated by AutoZone for Cause or

(ii) the end of the Continuation Period if this Agreement is terminated by AutoZone without Cause,

be engaged in or concerned with, directly or indirectly, any business related to or involved in the retail sale of auto parts to "DIY" customers, or the wholesale or retail sale of auto parts to commercial installers in any state, province, territory or foreign country in which AutoZone operates now or shall operate during the term set forth in this non-compete paragraph (herein called "Competitor"), as an employee, director, consultant, beneficial or record owner, partner, joint venturer, officer or agent of the Competitor.

The parties acknowledge and agree that the time, scope, geographic area and other provisions of this Non-Compete section have been specifically negotiated by sophisticated commercial parties and specifically hereby agree that such time, scope, geographic area and other provisions are reasonable under the circumstances and are in exchange for the obligations undertaken by AutoZone pursuant to this Agreement.

Further, Employee agrees not to hire, for himself or any other entity, encourage anyone or entity to hire, or entice away from AutoZone any employee of AutoZone during the term of this non-compete obligation.

If at any time a court of competent jurisdiction holds that any portion of this Non-Compete section is unenforceable for any reason, then Employee shall forfeit his right to any further salary, bonus, stock option exercises, or benefits from AutoZone during any Continuation Period. This Paragraph 12 shall not apply to a termination by Employee pursuant to Paragraph 10.

13. CONFIDENTIALITY. Unless otherwise required by law, Employee shall hold in confidence any proprietary or confidential information obtained by him during his employment with AutoZone, which shall include, but not be limited to, information regarding AutoZone's present and future business plans, vendors, systems, operations and personnel. Confidential information shall not include information: (a) publicly disclosed by AutoZone; (b) rightfully received by Employee from a third party without restrictions on disclosure (c) approved for release or disclosure by AutoZone; or (d) produced or disclosed pursuant to applicable laws, regulation or court order. Employee acknowledges that all such confidential or proprietary information is and shall remain the sole property of AutoZone and all embodiments of such information shall remain with AutoZone.

14. BREACH BY EMPLOYEE. The parties further agree that if, at any time, despite the express agreement of the parties hereto, Employee violates the provisions of this Agreement by violating the Non-Compete or Confidentiality sections, or by failing to perform his obligations under this Agreement, Employee shall forfeit any unexercised stock options, vested or not vested, and AutoZone may cease paying any further salary or bonus. In the event of breach by Employee of any provision of this Agreement, Employee acknowledges that such breach will cause irreparable damage to AutoZone, the exact amount of which will be difficult or impossible to ascertain, and that remedies at law for any such breach will be inadequate. Accordingly, AutoZone shall be entitled, in addition to any other rights or remedies existing in its favor, to obtain, without the necessity for any bond or other security, specific performance and/or injunctive relief in order to enforce, or prevent breach of any such provision.

15. DEATH OF EMPLOYEE OR DISABILITY. If Employee should die or become disabled (such that he is no longer capable of performing his duties) during the term of this Agreement, then all salary and bonus shall cease as of the date of his death or disability, all stock options shall be governed by the terms of the respective stock option agreements, and Employee shall receive disability or death benefits as may be provided under AutoZone's then existing policies and procedures related to disability or death of AutoZone employees.

16. WAIVER. Any waiver of any breach of this Agreement by AutoZone shall not operate or be construed as a waiver of any subsequent breach by Employee. No waiver shall be valid unless in writing and signed by an authorized officer of AutoZone.

17. ASSIGNMENT. Employee acknowledges that his services are unique and personal. Accordingly, Employee shall not assign his rights or delegate his duties or obligations under this Agreement. Employee's rights and obligations under this Agreement shall inure to the benefit of and be binding upon AutoZone successors and assigns. AutoZone may assign this Agreement to any wholly-owned subsidiary operating for the use and benefit of AutoZone.

18. ENTIRE AGREEMENT. This Agreement contains the entire understanding of the parties related to the matters discussed herein. It may not be changed orally but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification, extension, or discharge is sought.

19. JURISDICTION. This Agreement shall be governed and construed by the laws of the State of Tennessee, without regard to its choice of law rules. The parties agree that the only proper venue for any dispute under this Agreement shall be in the state or federal courts located in Shelby County, Tennessee.

20. SURVIVAL. Sections 8, 12, 13, 14 and 19 of this Agreement shall survive any termination of this Agreement or Employee's employment with AutoZone (including, without limitation termination pursuant to Paragraphs 8, 9, or 10).

IN WITNESS WHEREOF, the respective parties execute this Agreement.

AUTOZONE, INC.

By: /s/ John C. Adams, Jr.

Title: CEO

By: /s/ Harry L. Goldsmith

Title: Sr. V.P.

/s/ Anthony Dean Rose, Jr.

Employee

10/20/99

Date





## AGREEMENT AND MUTUAL RELEASE

KNOW ALL MEN BY THESE PRESENTS, that Lawrence E. Evans ("Evans") and AutoZone, Inc., a Nevada corporation and its direct and indirect subsidiaries (collectively "AZO") for and in consideration of the promises, undertakings and benefits set out in this Agreement and Mutual Release ("Agreement") as of September 1, 1999 agree as follows:

1. EFFECTIVE DATE. Evans resigns as an officer of AZO of as of August 28, 1999 ("Effective Date") but shall remain an employee of AZO on leave of absence until September 1, 2004 ("Termination Date"). During the period from the Effective Date until the Termination Date, Evans shall be on leave of absence but shall make himself available to consult and advise AZO when reasonably requested by the CEO, or COO of AZO, or an officer designated by such persons.

2. RELEASE. Except for the obligations undertaken pursuant to the terms of this Agreement, Evans releases and forever discharges AZO and its employees, agents, subsidiaries, predecessors, successors, affiliated companies, heirs and assigns from any and all claims of whatsoever nature and the right to receive compensation from such claims, growing out of or in any way directly or indirectly connected with the employment relationship between Evans and AZO, included but not limited to:

- A. Breach of any express or implied term or condition of employment;
- B. Any other causes of action under any federal, state or local law, rule or regulation, including but not limited to claims under the Age Discrimination in Employment Act (as amended), the Older Workers' Benefit Protection Act, the Civil Rights Act of 1991, the Civil Rights Act of 1964 (as amended), the Civil Rights Act of 1866, the Americans with Disabilities Act of 1990, the Family and Medical Leave Act of 1993, and/or the Tax Reform Act of 1986 (as amended); and/or

A. Except with respect to Evans's rights as provided in this Agreement, any right to receive any monetary damages or liability payments from any actions at law or in equity filed on his behalf with regard to his employment with or arising out of or relating to his employment with AZO.

(IT IS IMPORTANT THAT YOU, MR. EVANS, READ AND UNDERSTAND THE TERMS OF THIS AGREEMENT IN FULL AND THAT IF YOU DECIDE TO SIGN IT, THAT YOU DO SO KNOWINGLY AND VOLUNTARILY. WE SUGGEST YOU CONSULT AN ATTORNEY ABOUT THIS AGREEMENT AND YOUR RIGHTS BEFORE SIGNING IT. YOU WILL NOT waive or give up any rights to claims you may have against AZO that may arise AFTER the date that you sign this Agreement.

Although we encourage you to seek advice of counsel concerning your rights and will be happy to answer questions about our offer, the offer is not negotiable. In other words, you may accept the offer as stated or reject the offer and receive the benefits to which you are entitled by law).

3. RECISION. AZO's offer as described in this Agreement will remain open and effective for twenty-one (21) days from September 1, 1999. Evans may elect to accept or reject this offer within that time period. If Evans does nothing within the twenty-one (21) day period, the offer shall be deemed withdrawn by AZO.

If Evans does sign the Agreement within the twenty-one (21) day period, Evans will have seven (7) days following the date he signed this Agreement to change his mind and revoke the Agreement in writing. Therefore, this Agreement will not be in effect until seven (7) days have passed following the date Evans signs this Agreement.

4. BENEFITS. In consideration of the release granted by and the services to be provided by Evans and the other obligations undertaken by Evans pursuant to this Agreement, AZO agrees to confer the following Benefits in his favor:

- A. For the period beginning on the Effective Date and ending on the Termination Date, Evans shall receive compensation of five thousand one hundred forty-six and 15/100 dollars (\$5,146.15) bi-weekly As used in this Agreement "bi-weekly" shall mean once every two weeks.

B. Any vacation pay accrued as of the Effective Date;

C. Except as set forth under Remedies below, all rights and duties in connection with the stock options agreements entered into by AZO and Evans ("Stock Option Agreements") shall be govern by those agreements. Notwithstanding, in the event Evans breaches this Agreement in any respect, he shall forfeit the right to exercise any then unexercised stock options at or after the time of the breach.

D. For the period beginning on the Effective Date and ending the earlier of (i) the Termination Date or (ii) receipt of Coverage (as such term is defined below) from another employer, continued health and dental insurance which shall be the same coverage and

at the same cost to Evans as such coverage would be if Evans was not on leave of absence (excluding life and disability insurance) ("Coverage") And after that time Evans shall be entitled to receive such coverage for such time as is required by law.

- E. Any unreimbursed expenses incurred on or prior to the Effective Date if such expenses would have been reimbursed under normal AZO policies.
- F. For the 1999 fiscal year, Evans shall receive a bonus calculated in accordance with the bonus formula previously established for the 1999 fiscal year which bonus shall be paid when AZO pays officer bonuses for fiscal year 1999.

The stock options exercisable for AZO common stock currently held by Evans shall continue to vest in accordance with their current vesting schedules and Evans's leave of absence shall not constitute a "Termination of Employment" for purposes of the applicable Non-Qualified Stock Option Agreements. Such Stock Option agreements shall continue to be govern by the terms and conditions contained in such agreements.

EVANS UNDERSTANDS AND AGREES THAT THE ONLY BENEFITS HE WILL RECEIVE FROM AZO ARE SET FORTH ABOVE, AND THAT ALL OTHER BENEFITS HE IS PRESENTLY RECEIVING FROM AZO, INCLUDING BUT NOT LIMITED TO LIFE INSURANCE, LONG TERM DISABILITY COVERAGE AND EMPLOYEE STOCK PURCHASE PLAN, SHALL BE TERMINATED AS OF THE EFFECTIVE DATE.

The parties understand that applicable local, state, and federal tax deductions and withholdings will be made from all of the appropriate payments and exercises of stock options. The parties further understand and agree that payment of Benefits in no way increases the vesting period for retirement benefits nor does it have any effect on the computation of retirement benefits.

6. NON-COMPETE. Evans further agrees that he will not, for the period beginning on the date of execution of this Agreement and ending on the Termination Date, be engaged in or concerned with, directly or indirectly, any business related to or involved in the wholesale or retail sale or distribution of auto parts and accessories, chemicals, or motor oil, operating in the automobile aftermarket in any state or geographical area in which AZO operates now or shall operate during the term of the non-compete agreement (herein called "Competitor"), as an employee, consultant, beneficial or record owner (other than as an owner of less than 1% of the issued and outstanding voting securities of an entity whose voting securities are traded on a national securities exchange or reported on the NASDAQ Stock Market's National Market System), partner, joint venturer, officer or agent of the Competitor.

The parties acknowledge and agree that the time, scope, geographic area and other provisions of this Non-Compete section have been specifically negotiated by sophisticated commercial parties and specifically hereby agree that such time, scope, geographic area and other provisions are reasonable under the circumstances. The parties further agree that if, at any time, despite the express agreement of the parties hereto, a court of competent jurisdiction holds that any portion of this Non-Compete section is unenforceable for any reason in an action brought by or on behalf of Evans, or against Evans, Evans shall forfeit any unexercised option rights, vested or not vested, connected to the Stock Option Agreements.

Further, Evans agrees not to hire, for himself or any other entity, encourage anyone or entity to hire, or entice away from AZO any employee of AZO during the term of this non-compete agreement.

In the event of breach by Evans of any provision of this Paragraph 6 "NON-COMPETE", Evans acknowledges that such breach will cause irreparable damage to AZO, the exact amount of which will be difficult or impossible to ascertain, and that remedies at law for any such breach will be inadequate. Accordingly, AZO shall be entitled, in addition to any other rights or remedies existing in its favor, to obtain, without the necessity for any bond or other security, specific performance and/or injunctive relief in order to enforce, or prevent breach of any such provision and AZO shall be entitled to the remedies set forth in the section entitled "Remedies".

7. CONFIDENTIALITY. Unless otherwise required by law, Evans shall hold in confidence any proprietary or confidential information obtained by him during his employment with AZO, which shall include, but not be limited to, information regarding AZO's present and future business plans, systems, operations and personnel matters. Further, Evans agrees to keep confidential the terms and contents of this Agreement, and, unless required by law, will not display, discuss, or make public in any way the terms of this Agreement or the contents of this document. The parties agree that neither will take any action detrimental to the other and that neither will criticize nor disparage the other and/or any affiliates, subsidiaries, employees, agents, heirs, predecessors, successors or assigns. Notwithstanding the above, Evans may inform his attorney, accountant and spouse of the terms of this Agreement so long as that third party agrees to keep such information confidential.

8. COMPLETE AGREEMENT. This Agreement contains the entire agreement between the parties with respect to the matters covered herein and is intended to integrate and merge all prior understandings, discussions and negotiations. No other agreements, oral or written, relating to the

subject matter contained herein shall be binding upon or enforceable against any of the parties. This Agreement and the documents executed pursuant to it may be amended only in a writing signed by authorized representatives of the parties. No provision of this Agreement or any document executed pursuant to it may be waived except in a writing signed by authorized representatives of the parties.

This Agreement shall be governed and construed by the laws of the State of Tennessee, without regard to its choice of law rules. The parties agree that the only proper venue for any dispute under this Agreement shall be Shelby County, Tennessee.

9. SEVERABILITY. The sections of this Agreement are intended to be severable. If any section or provision of this Agreement shall be held to be unenforceable by any court of competent jurisdiction, this Agreement shall be modified to the minimum extent necessary to be enforceable, or if such modification is not possible, then this Agreement shall be construed as though such section or provision had not been included in it. If any section or provision of this Agreement shall be subject to two constructions, one of which would render such section or provision invalid, then such section or provision shall be given that construction that would render it valid.

10. SURVIVAL OF REPRESENTATIONS, WARRANTIES, AND OBLIGATIONS. The representations, warranties, and obligations of the parties pursuant to this Agreement shall survive the execution hereof and this Agreement shall continue to be binding upon and enforceable against each of the parties, their successors, heirs, executors, and assigns. The rights and benefits of Evans hereunder shall inure to the benefit of his heirs and estate and after Evans's death, his estate shall have the right to receive the Benefits as are required by law, and to the extent allowed by their terms, shall have the rights set forth in the Stock Option Agreements. Notwithstanding, all payments provided for hereunder shall cease at the death of Evans.

11. REMEDIES. Evans acknowledges and agrees that any remedy at law for a breach of any obligation herein may be inadequate and that AZO shall be entitled to any and all equitable relief, including, but not limited to, injunctive relief. In the event Evans breaches this Agreement in any way, any unpaid Benefits shall immediately terminate and Evans shall forfeit any then unexercised option rights.

In addition, the parties agree to execute on or after the date of the execution of this Agreement any and all reasonable additional documents as requested by the other or its counsel to effectuate the purposes hereof.

IN WITNESS WHEREOF, the respective parties execute this Agreement.

AUTOZONE, INC.

By: /s/ John C. Adams, Jr.  
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Title: CEO  
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By: /s/ Harry L. Goldsmith  
-----

Title: Sr. V.P.

/s/ Lawrence E. Evans  
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Lawrence E. Evans

October 18, 1999  
-----

Date

## AUTOZONE MANAGEMENT STOCK OWNERSHIP PLAN

In order to encourage and facilitate the ownership of AutoZone stock by those senior managers and members of the Board of Directors who shape the strategy, recommend the policies and manage the operation of the company, the Compensation Committee is establishing the AutoZone Management Stock Ownership Plan.

1. Stock Ownership Guidelines: The following guidelines are hereby established for stock ownership by the senior officers and directors of the Company and such officers are expected to obtain these goals within a five year period:

CEO	5 times current base salary
COO	4 times current base salary
EVP	3 times current base salary
SVP	2-3 times current base salary
Business unit heads	2-3 times current base salary
New Directors	5 times annual retainer
(including those elected within last 3 yrs.)	

2. Loan: The Company will loan such senior officers and members of the Board of Directors who are included in Paragraph 1 up to 50% of the amount established in paragraph 1 to be used for the purchase of Company stock. Each such officer will sign a 5 year promissory note with interest accruing at the rate to be determined by the Committee.

As a condition to receiving a loan from the Company, a senior officer (not including directors) must (i) participate fully in the Company's Employee Stock Purchase Plan and (ii) purchase the amount of stock set forth by the Committee and paragraph 3 with the annual bonus received by the senior officer. If a participant leaves the company other than as a result of normal retirement, the then outstanding loan balance and interest will become immediately due and owing. Notwithstanding, if a participant's employment is terminated without cause, the loan balance shall not accelerate and shall continue until the due date stated in the promissory note executed by the participant.

3. Annual Bonus. Beginning with Fiscal year 2000 bonuses, each senior officer participating in this plan must use the following percentage of his or her annual bonus for the purchase of Company stock:

CEO	50%
COO	40%
EVP	30%
SVP	20%
Business unit	
Heads	20%

[FORM OF]  
DEMAND PROMISSORY NOTE

\$ \_\_\_\_\_, 1999  
 -----  
 Amount City, State Date

FOR VALUE RECEIVED, the Undersigned acknowledges that he is indebted to the Lender in the amount stated herein and promises to pay on demand to the order of AUTOZONE, INC., a Nevada corporation, with its principal place of business at 123 South Front Street, Memphis, Tennessee (the "Lender"), the principal sum of \_\_\_\_\_ (\$ \_\_\_\_\_) together with interest thereon from the date hereof to maturity at an annual interest rate of 6%, compounded annually.

Said principal sum is due on demand, and in the absence of any demand is due five years from the date hereof. All installments, prepayments, and other payments of principal and interest are payable to Lender at 123 South Front Street, Memphis, Tennessee 38103, or at such other place as the Lender or holder may hereafter and from time to time designate in writing. Should the Undersigned cease to be employed by Lender prior to this Note being paid in full, the Undersigned hereby authorizes Lender to apply any and all amounts of his final payroll check, or any other amounts owed by Lender to Undersigned or held by Lender for the benefit of the Undersigned, including, but not limited to, stock options, to be applied to this indebtedness.

This Note may be prepaid, in whole or in part, without penalty at anytime. At maturity, or upon demand or default or failure to pay any installment of principal and interest required herein, the entire balance shall be immediately due and payable. Any remedy of Lender or holder upon default of the Undersigned shall be cumulative and not exclusive and choice of remedy shall be at the sole election of Lender or holder. The Undersigned agrees to pay all costs of collection, including reasonable attorney's fees, whether or not any suit, civil action, or other proceeding at law or in equity, is commenced. The Undersigned waives demand, presentment for payment, protest and notice of protest and nonpayment of this Note and expressly agrees to remain bound for the payment of principal, interest and other sums provided for by the terms of this Note, notwithstanding any extension or extensions of the time of, or for the payment of, said principal. No delay or omission on the part of the Lender or holder in exercising any rights shall operate as a waiver of such right. This Note shall be governed by the laws of the State of Tennessee, and each party hereto agrees to venue and jurisdiction in the federal and state courts located in Shelby County, Tennessee.

Executed on \_\_\_\_\_.

UNDERSIGNED:

Printed Name:

Social Security Number

WITNESS:

\_\_\_\_\_  
 Printed Name

\_\_\_\_\_  
 Signature

Schedule to Form of Demand Promissory Note

The following executive officers have executed the Demand Promissory Note in the amounts and on the dates indicated below:

NAME	DATE	AMOUNT
John C. Adams, Jr.	10/13/1999	\$139,941.35
John C. Adams, Jr.	10/14/1999	\$133,375.00
John C. Adams, Jr.	10/19/1999	\$129,625.00
Eugene E. Auerbach	10/6/1999	\$280,000.00
Michael B. Baird	11/10/1999	\$203,604.00
Bruce G. Clark	10/12/1999	\$125,000.00
Gerald E. Colley	10/8/1999	\$300,000.00
Joseph M. Fabiano	10/5/1999	\$230,000.00
Harry L. Goldsmith	10/21/1999	\$211,412.00
Robert J. Hunt	10/14/1999	\$133,062.50
Robert J. Hunt	10/3/1999	\$275,000.00
Michael E. Longo	10/18/1999	\$103,994.00
Stephen W. Valentine	11/8/1999	\$288,331.75
Timothy D. Vargo	10/3/1999	\$848,800.00

This schedule contains summary consolidated financial information extracted from the financial statements for the quarter ended November 20, 1999, and is qualified in its entirety by reference to such consolidated financial statements.

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3-MOS		
	AUG-26-2000	
	NOV-20-1999	
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		0
		33,216
		0
		1,180,834
	1,276,098	
		2,159,057
		483,374
		3,366,511
	990,778	
		350,000
	0	
		0
		1,540
		1,224,002
3,366,511		
		1,006,472
	1,006,472	
		584,956
		584,956
		315,768
		0
	14,604	
		91,145
		35,100
	0	
		0
		0
		0
		56,044
		0.40
		0.40