SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Fiscal Year Ended August 30, 1997
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	62-1482048
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

123 SOUTH FRONT STREET, MEMPHIS, TENNESSEE 38103
(Address of principal executive offices) (Zip Code)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE (901) 495-6500

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
COMMON STOCK ($.01 PAR VALUE)	NEW YORK STOCK EXCHANGE

Securities registered pursuant to Section 12(g) of the Act:
None

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 period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (
229.405 of this chapter) is not contained herein,
and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

The aggregate market value of the 117,609,895 shares of voting stock of the registrant held by non-affiliates of the registrant (excluding, for this purpose, shares held by officers, directors, or 10% stockholders) was $3,770,867,258 based on the last sales price of the Common Stock on October 10, 1997, as reported on the New York Stock Exchange.

The number of shares of Common Stock outstanding as of October 10, 1997, was 151,446,220.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Annual Report to Stockholders for the year ended August 30, 1997 are incorporated by reference into Parts I and II.

Portions of the Proxy Statement for the annual stockholders' meeting to be held December 18, 1997 are incorporated by reference into Part III.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Annual Report on Form 10-K are forward-looking statements. These statements discuss, among other things, expected growth, store development and expansion strategy, business strategies, future revenues and future performance. The forward-looking statements are subject to risks, uncertainties and assumptions including, but not limited to competitive pressures, demand for the Company's products, the market for auto parts, the economy in general, inflation, consumer debt levels and the weather. Actual results may materially differ from anticipated results described in these forward-looking statements.

PART I

ITEM 1 BUSINESS

INTRODUCTION

AutoZone is the nation's leading specialty retailer of automotive parts and accessories, primarily focusing on "Do-It-Yourself" ("D-I-Y") customers. The Company began operations in 1979 and at August 30, 1997, operated 1,728 stores in 32 states, principally located in the Sunbelt and Midwest regions of the United States. Each AutoZone store carries an extensive product line, including new and re-manufactured automotive hard parts, such as alternators, starters, water pumps, brake shoes and pads, carburetors, clutches and engines; maintenance items, such as oil, antifreeze, transmission, brake and power steering fluids, engine additives, protectants and waxes; and accessories, such as car stereos and floor mats. The Company carries parts for domestic and foreign cars, vans and light trucks. The Company also has a commercial sales program which provides commercial credit and prompt delivery of parts and other products to local repair garages, dealers and service stations. This program was offered in 1,265 of the Company's stores at August 30, 1997. AutoZone does not perform automotive repairs or installations.

AutoZone is dedicated to a marketing and merchandising strategy to provide customers with superior service, value and parts selection at conveniently located, well-designed stores. The Company has implemented this strategy primarily with knowledgeable and motivated store personnel trained to emphasize prompt and courteous customer service, through an everyday low price policy and by maintaining an extensive product line with an emphasis on automotive hard parts. AutoZone's stores are generally situated in high-visibility locations and provide a distinctive merchandise presentation in an attractive store environment.

At August 30, 1997, AutoZone had stores in the following 32 states:

Alabama	77	Louisiana	70	South Carolina	49
Arizona	64	Maryland	1	Tennessee	106
Arkansas	39	Michigan	27	Texas	264
California	8	Mississippi	61	Utah	19
Colorado	32	Missouri	72	Virginia	34
Florida	82	Nevada	1	West Virginia	13
Georgia	96	New Mexico	23	Wisconsin	5
Illinois	56	New York	11	Wyoming	3
Indiana	85	North Carolina	87		-----
Iowa	10	Ohio	166		
Kansas	31	Oklahoma	60		
Kentucky	48	Pennsylvania	28	Total	1,728
					=====

MARKETING AND MERCHANDISING STRATEGY

AutoZone's marketing and merchandising strategy is to provide customers with superior service, value and parts selection at conveniently located, well-designed stores. Key elements of this strategy are as follows:

CUSTOMER SERVICE

The Company believes that D-I-Y customers place a significant value on customer service. As a result, the Company emphasizes customer service as the most important element in its marketing and merchandising strategy. The Company attempts to promote a corporate culture which "always puts customers first" and emphasizes knowledgeable and courteous service. To do so, the Company employs parts personnel with technical expertise to advise customers regarding the correct part type and application, utilizes a wide range of training methods to educate and motivate its store personnel, and provides store personnel with significant opportunities for promotion and incentive compensation. Customer service is enhanced by proprietary electronic parts catalogs which assist in the selection of parts; free testing of starters, alternators, batteries, and sensors and actuators; and liberal return and warranty policies. AutoZone also has a satellite system for all its stores which, among other things, enables the Company to speed credit card and check approval processes and locate parts at neighboring AutoZone stores. AutoZone stores generally open at 8 a.m. and close between 8 and 10 p.m. (with some open to midnight) Monday through Saturday and typically open at 9 a.m. and close between 6 and 7 p.m. on Sunday.

During fiscal year 1997, the Company discontinued the operations of the Memphis and Houston call centers and offered to transfer all call center employees to stores in the Memphis and Houston area. The Company anticipates that the discontinuation of the call center operations will result in ongoing savings to the Company.

Alldata Corporation, a wholly-owned subsidiary of AutoZone, has developed a database system that provides comprehensive and up-to-date automotive diagnostic, service and repair information which it markets to professional repair shops.

PRODUCT SELECTION

The Company offers a wide selection of automotive parts and other products designed to cover a broad range of specific vehicle applications. AutoZone's stores generally carry between 17,000 and 20,000 stock keeping units ("SKUs"). Each AutoZone store carries the same basic product line with some regional differences based on climate, demographics and age and type of vehicle registration. The Company's "flexogram" program enables the Company to tailor its hard parts inventory to the makes and models of the automobiles in each store's trade area. In addition to brand name products, the Company sells a number of products, including batteries and engines, under the "AutoZone" and "Duralast" names and a selection of automotive hard parts, including starters, alternators, water pumps, brakes, and filters, under its private label names. In addition to products stocked in stores, the Company offers a range of products, consisting principally of automotive hard parts, through its Express Parts program. The Express Parts program provides air-freight delivery of lower turnover products to AutoZone's stores.

PRICING

The Company employs an everyday low price strategy and attempts to be the price leader in hard parts categories. Management believes that its prices overall compare favorably to those of its competitors.

COMMERCIAL SALES PROGRAM

The Company's commercial sales program provides credit and prompt delivery of parts and other products to local repair garages, dealers and service stations. At August 30, 1997,this program was offered in 1,265 of the Company's stores. Commercial customers generally pay the same everyday low prices for parts and other products as paid by the Company's D-I-Y customers.

STORE DESIGN AND VISUAL MERCHANDISING

AutoZone seeks to design and build stores with a high visual impact. AutoZone stores are designed to have an industrial "high tech" appearance by utilizing colorful exterior signage, exposed beams and ductwork, and brightly lighted interiors. Merchandise in stores is attractively displayed, typically utilizing diagonally placed gondolas for maintenance and accessory products as well as specialized shelving for batteries and, in many stores, oil products. The Company employs a uniform ("planogrammed") store layout system to promote consistent merchandise presentation in all of its stores. In-store signage and special displays are used extensively to aid customers in locating merchandise and promoting products.

STORE DEVELOPMENT AND EXPANSION STRATEGY

The following table sets forth the Company's store development activities during the past five fiscal years:

	FISCAL YEAR				
	1993	1994	1995	1996	1997
Beginning Stores	678	783	933	1,143	1,423
New Stores	107	151	210	280	308
Replaced Stores (1)	20	20	29	31	17
Closed Stores (1)	(22)	(21)	(29)	(31)	(20)
Ending Stores	783	933	1,143	1,423	1,728

(1) Replaced stores are either relocations or conversions of existing smaller stores to larger formats. Closed stores include replaced stores.

The Company opened 305 net new stores in fiscal 1997, representing an increase in total square footage from fiscal 1996 of approximately 23%, and had 52 stores under construction at the end of fiscal 1997. The Company plans to open approximately 350 stores in fiscal 1998, representing an increase in total store square footage of approximately 22%, as compared with the end of fiscal 1997.

The Company believes that expansion opportunities exist both in markets which it does not currently serve and in markets where it can achieve a larger presence. The Company attempts to obtain high visibility sites in high traffic locations and undertakes substantial research prior to entering new markets. Key factors in selecting new site and market locations include population, demographics, vehicle profile and number and strength of competitors' stores. The Company generally seeks to open new stores within or contiguous to existing market areas and attempts to cluster development in new urban markets in a relatively short period of time in order to achieve economies of scale in advertising and distribution costs. The Company may also expand its operations through acquisitions of existing stores from third parties. The Company regularly evaluates potential acquisition candidates, in new as well as existing market areas.

AutoZone's net sales have grown significantly in the past several years, increasing from $1,217 million in fiscal 1993 to $2,691 million in fiscal 1997. The continued growth and financial performance of the Company will be dependent, in large part, upon management's ability to open new stores on a profitable basis in existing and new markets and also upon its ability to continue to increase sales in existing stores. There can be no assurance the Company will continue to be able to open and operate new stores on a timely and profitable basis or will continue to attain increases in comparable store sales.

STORE OPERATIONS

STORE FORMATS

Substantially all of AutoZone's stores are based on standard store formats resulting in generally consistent appearance, merchandising and product mix. Although the smaller store formats were generally used by the Company for its earlier stores, the Company has increasingly used larger format stores starting with its 8,100 square foot store introduced in 1987, its 6,600 square foot store introduced in 1991 and its 7,700 square foot store introduced in 1993. In fiscal 1998, the 6,600 square foot and larger store formats are expected to account for more than 85% of new and replacement stores. Total store space as of August 30, 1997 was as follows:

STORE FORMAT	NUMBER OF STORES	Total Store SQUARE FOOTAGE(1)
8,100 sq. ft	230	1,863,000
7,700 sq. ft.	415	3,195,500
6,600 sq. ft.	610	4,026,000
5,400 sq. ft.	453	2,446,200
4,000 sq. ft.	20	80,000
Total	1,728	11,610,700

(1) Total store square footage is based on the Company's standard store formats, including normal selling, office, stockroom and receiving space, but excluding excess space not utilized in a store's operations.

Approximately 85% to 90% of each store's square footage is selling space, of which approximately 30% to 40% is dedicated to automotive parts inventory The parts inventory area is fronted by a counter staffed by knowledgeable parts personnel and equipped with proprietary electronic parts catalogs. The remaining selling space contains gondolas for accessories, maintenance items, including oil and air filters, additives and waxes, and other parts together with specifically designed shelving for batteries and, in many stores, oil products.

Approximately three quarters of the Company's stores are freestanding, with the balance principally located within strip shopping centers. Freestanding large format stores typically have parking for approximately 45 to 50 cars on a lot of approximately 3/4 to one acre. The Company's 5,400 and 4,000 square foot stores typically have parking for approximately 25 to 40 cars and are usually located on a lot of approximately 1/2 to 3/4 acre.

STORE PERSONNEL AND TRAINING

While subject to fluctuation based on seasonal volumes and actual store sales, the 4,000, 5,400 and 6,600 square foot stores typically employ 8 to 20 persons, including a manager and an assistant manager, and the larger stores typically employ 9 to 21 persons. The Company generally hires personnel with prior automotive experience. Although the Company relies primarily on on-the-job training, it also provides formal training programs, which include regular store meetings on specific sales and product issues, standardized training manuals and a specialist program under which store personnel can obtain Company certification in several areas of technical expertise. The Company supplements training with frequent store visits by management.

The Company provides financial incentives to store managers through an incentive compensation program and through participation in the Company's stock option plan. In addition, AutoZone's growth has provided opportunities for the promotion of qualified employees. Management believes these opportunities are an important factor in AutoZone's ability to attract, motivate and retain quality personnel.

The Company supervises store operations primarily through approximately 286 area advisors who report to one of 33 district managers, who, in turn, report to one of seven regional managers, as of August 30, 1997. Purchasing, merchandising, advertising, accounting, cash management, store development, systems technology and support, and other store support functions are centralized in the Company's store support center in Memphis, Tennessee. The Company believes that such centralization enhances consistent execution of the Company's merchandising and marketing strategy at the store level.

STORE AUTOMATION

In order to assist store personnel in providing a high level of customer service, all stores have proprietary electronic parts catalogs that provide parts information based on the make, model and year of an automobile. The catalog display screens are placed on the hard parts inventory counter so that both employees and customers can view the screen. In addition, the Company's satellite system enables the stores to speed up credit card and check approval processes and locate parts at neighboring AutoZone stores.

All stores utilize the Company's computerized Store Management System, which includes optical character recognition scanning and point-of-sale data collection terminals. The Store Management System provides productivity benefits, including lower administrative requirements and improved personnel scheduling at the store level, as well as enhanced merchandising information and improved inventory control. The Company believes the Store Management System also enhances customer service through faster processing of transactions and simplified warranty and product return procedures.

PURCHASING AND DISTRIBUTION

Merchandise is selected and purchased for all stores at the Company's store support center in Memphis. No one class of product accounts for as much as 10% of the Company's total sales. In fiscal 1997, the Company purchased products from approximately 300 suppliers and no single supplier accounted for more than 7% of the Company's total purchases. During fiscal year 1997, the Company's ten largest suppliers accounted for approximately 33% of the Company's purchases. The Company generally has few long-term contracts for the purchase of merchandise. Management believes that AutoZone's relationships with suppliers are excellent. Management also believes that alternative sources of supply exist, at similar cost, for substantially all types of product sold.

Substantially all of the Company's merchandise is shipped by vendors to the Company's distribution centers. Orders are typically placed by stores on a weekly basis with orders shipped from the warehouse in trucks operated by the Company on the following day.

COMPETITION

The Company competes principally in the D-I-Y and, more recently, the commercial automotive aftermarket. Although the number of competitors and the level of competition experienced by AutoZone's stores varies by market area, the automotive aftermarket is highly fragmented and generally very competitive. The Company believes that the largest share of the automotive aftermarket is held by independently owned jobber stores which, while principally selling to wholesale accounts, have significant D-I-Y sales. The Company also competes with other automotive specialty retailing chains and, in certain product categories, such as oil and filters, with discount and general merchandise stores. The principal competitive factors which affect the Company's business are store location, customer service, product selection and quality and price. While AutoZone believes that it competes effectively in its various geographic areas, certain of its competitors have substantial resources or have been operating longer in particular geographic areas.

TRADEMARKS

The Company has registered several service marks and trademarks in the United States Patent and Trademark office, including its service mark "AutoZone" and its trademarks "AutoZone," "Duralast," "Valucraft," "Ultra Spark," "Deutsch," "Albany" and "Alldata". The Company believes that the "AutoZone" service mark and trademarks have become an important component in its merchandising and marketing strategy.

EMPLOYEES

As of August 30, 1997, the Company employed approximately 28,700 persons, approximately 20,000 of whom were employed full-time. Approximately 86% of the Company's employees were employed in stores or in direct field supervision, approximately 7% in distribution centers and approximately 7% in store support functions.

The Company's employees currently are not members of any unions. The Company has never experienced any material labor disruption. Management believes that its labor relations are generally good.

EXECUTIVE OFFICERS OF THE REGISTRANT

The following table lists AutoZone's executive officers. The title of each executive officer includes the words "Customer Satisfaction" which reflects the Company's commitment to customer service as part of its marketing and merchandising strategy. Officers are elected by and serve at the discretion of the Board of Directors.

JOHNSTON C. ADAMS, JR., 49--CHAIRMAN, CHIEF EXECUTIVE OFFICER, AND DIRECTOR
Johnston C. Adams, Jr., has been a director since 1996. Mr. Adams was elected Chairman and Chief Executive Officer in March 1997, had been President and Chief Executive Officer since December 1996, and had been Vice Chairman and Chief Operating Officer since March 1996. Previously, he was Executive Vice President-Distribution since 1995. From 1990 to 1994, Mr. Adams was a co-owner of Nicotiana Enterprises, Inc., a company primarily engaged in food distribution. From 1983 to 1990, Mr. Adams was President of the Miami Division of Malone & Hyde., Inc. ("Malone & Hyde") the former parent company of AutoZone.

TIMOTHY D. VARGO, 46--PRESIDENT, CHIEF OPERATING OFFICER, AND DIRECTOR
Timothy D. Vargo has been a director since 1996 and was elected President and Chief Operating Officer in March 1997. Previously, Mr. Vargo had been Vice Chairman and Chief Operating Officer since 1996, Executive Vice President-Merchandising and Systems Technology since 1995 and had been Senior Vice President-Merchandising in 1995. Mr. Vargo was Senior Vice President-Merchandising from 1986 to 1992 and was Director of Stores for AutoZone from 1984 to 1986.

LAWRENCE E. EVANS, 53--EXECUTIVE VICE PRESIDENT-STORE DEVELOPMENT AND ASSISTANT SECRETARY
Lawrence E. Evans has been Executive Vice President-Store Development since 1995. Previously he was Senior Vice President-Development from 1993 to 1995 and Vice President-Real Estate since 1992. Mr. Evans was Director of Real Estate from 1991, and had been an attorney for either Malone & Hyde or AutoZone since 1986. Mr. Evans was first employed by Malone & Hyde from 1969 until 1976 and returned to Malone & Hyde in 1986.

ROBERT J. HUNT, 48--EXECUTIVE VICE PRESIDENT, CHIEF FINANCIAL OFFICER AND DIRECTOR
Robert J. Hunt was elected a director in September 1997 and has been Executive Vice President and Chief Financial Officer since 1994. Prior to that time, Mr. Hunt was Executive Vice President, Chief Financial Officer, and a Director of the Price Company from 1991 to 1993. Previously, Mr. Hunt had been employed by Malone & Hyde since 1984, where he was Executive Vice President and Chief Financial Officer from 1988 to 1991.

SHAWN P. MCGHEE, 34--EXECUTIVE VICE PRESIDENT-MERCHANDISING
Shawn P. McGhee was elected Executive Vice President-Merchandising in 1996. Previously, he was Senior Vice President-Merchandising since 1994, Vice President-Merchandising since 1993, and a Senior Product Manager since 1991. Mr. McGhee commenced his employment with the Company in 1988.

GERALD E. COLLEY, 45--SENIOR VICE PRESIDENT-STORES
Gerald E. Colley was elected Senior Vice President-Stores in October 1997. He had been Vice President-Stores since April 1997, and had been a Regional Manager for the Company since February 1997. Previously, Mr. Colley had been an Executive Vice President for Tire Kingdom, Inc., in 1996, and had been President of Rose Auto Stores Florida, Inc., in 1995. Prior to that time Mr. Colley had been employed by AutoZone since 1987, and had been a Vice President of the Company from 1988 until 1995.

HARRY L. GOLDSMITH, 46--SENIOR VICE PRESIDENT, SECRETARY AND GENERAL COUNSEL
Harry L. Goldsmith was elected Senior Vice President, Secretary and General Counsel in 1996. Previously he was Vice President, General Counsel, and Secretary from 1993 to 1996. Prior to that time, he was an attorney at Federal Express Corporation since 1989.

ANTHONY DEAN ROSE, JR., 37--SENIOR VICE PRESIDENT-ADVERTISING
Anthony Dean Rose, Jr. has been Senior Vice President-Advertising since 1995. Prior to that time, he had been Vice President-Advertising since 1989 and a Director of Advertising since 1987. Mr. Rose has been employed by AutoZone or Malone & Hyde since 1982.

STEPHEN W. VALENTINE, 35--SENIOR VICE PRESIDENT-SYSTEMS TECHNOLOGY AND SUPPORT AND CHIEF INFORMATION OFFICER

Stephen W. Valentine has been Senior Vice President-Systems Technology and Support since 1995. Prior to that time, he had been Vice President-Systems Technology and Support since 1994, and a Director of Store Management Systems since 1990. Mr. Valentine commenced his employment with the Company in 1989.

DAVID J. WILHITE, 35--SENIOR VICE PRESIDENT-MERCHANDISING

David J. Wilhite was elected a Senior Vice President-Merchandising in September 1997. Previously Mr. Wilhite was a Vice President-Merchandising since 1996. He has been an employee of AutoZone or Malone & Hyde since 1984.

MICHAEL E. BUTTERICK, 46--VICE PRESIDENT-CONTROLLER

Michael E. Butterick has been Vice President-Controller since 1995. Prior to that time, Mr. Butterick was Chief Financial Officer of United Medical Incorporated from 1993 to 1995. From 1990 to 1993 Mr. Butterick was Vice President-Finance of the Mid South General Merchandise Division, a division of Fleming Companies. Previously, Mr. Butterick had been employed by Malone & Hyde or AutoZone since 1983, where he was Controller of AutoZone from 1986 to 1990.

ANDREW M. CLARKSON, 60--DIRECTOR AND CHAIRMAN OF THE FINANCE COMMITTEE

Andrew M. Clarkson has been a director of the Company since 1986 and is employed by the Company as the Chairman of the Finance Committee. Mr. Clarkson had been Vice President and Treasurer of the Company in 1986, Senior Vice President and Treasurer of the Company from 1986 to 1988, was Secretary from 1988 to 1993 and was Treasurer from 1990 to 1995. Previously, Mr. Clarkson was Chief Financial Officer of Malone & Hyde from 1983 to 1988.

ITEM 2 PROPERTIES

The following table sets forth certain information concerning AutoZone's principal properties:

LOCATION	PRIMARY USE	SQUARE FOOTAGE	NATURE OF OCCUPANCY
Memphis, TN	Store Support Center	360,000	Owned
Lavonia, GA	Distribution Center	421,700	Owned
Lexington, TN	Distribution Center	341,000	Owned
Danville, IL	Distribution Center	304,500	Owned
Memphis, TN	Express Parts and Fixture Warehouse	233,100	Leased
Lafayette, LA	Distribution Center	464,000	Owned
San Antonio, TX	Distribution Center	217,000	Owned
Phoenix, AZ	Distribution Center	212,000	Owned
Zanesville, OH	Distribution Center	550,000	Owned

The lease of the Express Parts and Fixture warehouse in Memphis expires in March 2000. The Company also rents additional warehouse space, various district offices and training and other office facilities which are not material in the aggregate.

At August 30, 1997, the Company leased 595 and owned 1,133 of its 1,728 store properties. Original lease terms generally range from five to 20 years with renewal options. Leases on 361 stores that are currently operating expire prior to the end of fiscal 2002; however, leases on 334 of such stores contain renewal options.

ITEM 3 LEGAL PROCEEDINGS

The Company was a defendant in a purported class action entitled "Jack Elliot and Greg Dobson, on behalf of themselves and all others similarly situated, vs. AutoZone, Inc. and AutoZone Stores, Inc." filed on or about May 9, 1997, in the Circuit Court for Roane County, Tennessee. AutoZone Stores, Inc., is a wholly-owned subsidiary of the Company. In their complaint, which was similar to class action complaints filed against several other retailers of aftermarket automotive batteries, the plaintiffs alleged that the Company sold "old," "used," or "out of warranty" automotive batteries to customers as if the batteries were new, and purported to state causes of action for unfair or deceptive acts or practices, breaches of contract, breaches of the duty of good faith and fair dealing, intentional misrepresentation, fraudulent concealment, civil conspiracy, and unjust enrichment. The plaintiffs were seeking an accounting of all moneys wrongfully received by the Company, compensatory and punitive damages, as well as plaintiffs' costs. On September 4, 1997, on the plaintiffs' motion, the court dismissed the case without prejudice.

The Company is a defendant in a purported class action entitled "Joe C. Proffitt, Jr., on behalf of himself and all others similarly situated, vs. AutoZone, Inc., and AutoZone Stores, Inc.," filed in the Circuit Court for Jefferson County, Tennessee, on or about October 17, 1997. Along with the complaint, the Plaintiff filed a motion to conditionally certify a multistate class. In the complaint, which is similar to the class action complaint in the action "Elliott v. AutoZone, Inc." described above (and with substantially the same lawyers representing the plaintiff), and is similar to other class action complaints filed against several other retailers of aftermarket automotive batteries, the plaintiff alleges that the Company sold "old," "used," or "out of warranty" automotive batteries to customers as if the batteries were new, and purports to state causes of action for unfair or deceptive acts or practices, breach of contract, breach of the duty of good faith and fair dealing, intentional misrepresentation, fraudulent concealment, civil conspiracy, and unjust enrichment. The plaintiffs are seeking an accounting of all moneys wrongfully received by the Company, compensatory and punitive damages, as well as plaintiffs' costs. The Company believes the claims are without merit and intends to vigorously defend this action.

The Company is also a party to various claims and lawsuits arising in the ordinary course of business. The Company does not believe that such claims and lawsuits, individually or in the aggregate, will have a material adverse effect on its results of operations or financial condition.

PART II

ITEM 5 MARKET FOR REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

Common Stock Market Prices for the Company's stock as traded on the New York Stock Exchange on page 16 of the annual stockholders report for the year ended August 30, 1997 are incorporated herein by reference.

At October 10, 1997, there were 3,331 stockholders of record, excluding the number of beneficial owners whose shares were represented by security position listings.

ITEM 6 SELECTED FINANCIAL DATA

Selected Financial Data on pages 14 and 15 of the annual stockholders report for the year ended August 30, 1997, is incorporated herein by reference.

ITEM 7 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's Discussion and Analysis of Financial Condition and Results of Operations on pages 17 through 18 of the annual stockholders report for the year ended August 30, 1997, are incorporated herein by reference.

ITEM 8 FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements included on pages 19 through 27 and the quarterly summary on page 16 of the annual stockholders report for the year ended August 30, 1997, are incorporated herein by reference.

ITEM 9 CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10 DIRECTORS AND OFFICERS OF THE REGISTRANT

The information required by this item is incorporated by reference to Part I of this document and to the Company's definitive Proxy Statement filed pursuant to Regulation 14A under the Securities Exchange Act of 1934 in connection with the Company's annual meeting of stockholders.

ITEM 11 EXECUTIVE COMPENSATION

The information required by this item is incorporated by reference to the Company's definitive Proxy Statement filed pursuant to Regulation 14A under the Securities Act of 1934 in connection with the Company's annual meeting of stockholders.

ITEM 12 SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this item is incorporated by reference to the Company's definitive Proxy Statement filed pursuant to Regulation 14A under the Securities Exchange Act of 1934 in connection with the Company's annual meeting of stockholders.

ITEM 13 CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this item is incorporated by reference to the Company's definitive Proxy Statement filed pursuant to Regulation 14A under the Securities Exchange Act of 1934 in connection with the Company's annual meeting of stockholders.

PART IV

ITEM 14 EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 10-K

(a) 1. Financial Statements
The following financial statements included on pages 19 through 27 in the annual report to stockholders for the year ended August 30, 1997, are incorporated by reference in Item 8:

Report of Independent Auditors
Statements of Income for the fiscal years ended August 30, 1997, August 31, 1996, and August 26, 1995
Balance Sheets as of August 30, 1997 and August 31, 1996
Statements of Stockholders' Equity for the fiscal years ended August 30, 1997, August 31, 1996 and August 26, 1995
Statements of Cash Flows for the fiscal years ended August 30, 1997, August 31, 1996 and August 26, 1995
Notes to Financial Statements

2. Financial Statement Schedule II - Valuation and Qualifying Accounts

All other schedules are omitted because the information is not required or because the information required is included in the financial statements or notes thereto.

3. Exhibits
The following exhibits are filed as part of this annual report:

3.1 Articles of Incorporation of AutoZone, Inc. Incorporated by reference to Exhibit 3.1 to the Form 10-K dated November 22, 1994.

3.2 Amendment to Articles of Incorporation of AutoZone, Inc. dated December 16, 1993, to increase its authorized shares of common stock to 200,000,000. Incorporated by reference to Exhibit 3.2 to the Form 10-K dated November 22, 1994.

3.3 By-laws of AutoZone, Inc. Incorporated by reference to Exhibit 3.2 to the February 1992 Form S-1.

4.1 Form of Common Stock Certificate. Incorporated by reference to Exhibit 4.1 to Pre-Effective Amendment No. 2 to the February 1992 Form S-1.

4.2 Registration Rights Agreement, dated as of February 18, 1987, by and among Auto Shack, Inc. and certain stockholders. Incorporated by reference to Exhibit 4.9 to the Form S-1 Registration Statement filed by the Company under the Securities Act (No. 33-39197) (the "April 1991 Form S-1").

4.3 Amendment to Registration Rights Agreement dated as of August 1, 1993. Incorporated by reference to Exhibit 4.1 to the Form S-3 Registration Statement filed by the Company under the Securities Act (No. 33-67550).

10.1 Amended and Restated Stock Option Plan of AutoZone, Inc., as amended on February 26, 1991. Incorporated by reference to Exhibit 10.4 to the April 1991 Form S-1.

10.2 Amendment No. 1 dated December 18, 1992, to the Amended and Restated Stock Option Plan. Incorporated by reference to Exhibit 10.5 to the Form 10-K for the fiscal year ended August 28, 1993.

10.3 1996 Stock Option Plan. Incorporated by reference to Exhibit A of the 1996 Proxy Statement dated November 8, 1996.

10.4* Employment and Non-Compete Agreement between John C. Adams, Jr. and AutoZone, Inc. dated June 11, 1997.

10.5* Employment and Non-Compete Agreement between Timothy D. Vargo and AutoZone, Inc. dated June 11, 1997.

10.6* Employment and Non-Compete Agreement between Robert J. Hunt and AutoZone, Inc. dated June 11, 1997.

10.7* Employment and Non-Compete Agreement between Shawn P. McGhee and AutoZone, Inc. dated June 17, 1997.

10.8* Employment and Non-Compete Agreement between Harry L. Goldsmith and AutoZone, Inc. dated June 11, 1997.

10.9* Employment and Non-Compete Agreement between Stephen W. Valentine and AutoZone, Inc. dated July 7, 1997.

11.1 Computation of Earnings Per Common Share Equivalents.

13.1 Annual Report to Stockholders for the fiscal year ended August 30, 1997.

21.1 Subsidiaries of the Registrant.

23.1 Consent of Ernst & Young LLP.

27.1 Financial Data Schedule. (SEC use only)

(b) The Company did not file a Form 8-K during the last quarter of the fiscal year ended August 30, 1997.

*   Management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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/ J. C. ADAMS, JR. November 6, 1997

J. C. Adams, Jr.
Chairman, Chief Executive Officer
and Director

Pursuant to the requirement of the Securities Exchange Act of 1934, this report has been signed below by the following persons in the capacities and on the dates indicated:

SIGNATURE	TITLE	DATE
/s/ J. C. ADAMS, JR. (J. C. Adams, Jr.)	Chairman, Chief Executive Officer and Director (Principal Executive Officer)	November 6, 1997
/s/ TIMOTHY D. VARGO (Timothy D. Vargo)	President, Chief Operating Officer and Director	November 6, 1997
/s/ ROBERT J. HUNT (Robert J. Hunt)	Executive Vice President, Chief Financial Officer and Director (Principal Financial Officer)	November 6, 1997
/s/ MICHAEL E. BUTTERICK (Michael E. Butterick)	Vice President and Controller (Principal Accounting Officer)	November 6, 1997
/s/ ANDREW M. CLARKSON (Andrew M. Clarkson)	Director	November 6, 1997
/s/ N. GERRY HOUSE (N. Gerry House)	Director	November 6, 1997
/s/ J.R. HYDE, III (J. R. Hyde, III)	Director	November 6, 1997
(James F. Keegan)	Director	
/s/ MICHAEL W. MICHELSON (Michael W. Michelson)	Director	November 6, 1997
/s/ JOHN E. MOLL (John E. Moll)	Director	November 6, 1997
/s/ GEORGE R. ROBERTS (George R. Roberts)	Director	November 6, 1997
/s/ RONALD A. TERRY (Ronald A. Terry)	Director	November 6, 1997

SCHEDULE II

AUTOZONE, INC.
VALUATION AND QUALIFYING ACCOUNTS
(IN THOUSANDS)

COL A	COL B	COL C		COL D	COL E
		ADDITIONS			
CLASSIFICATION	Balance Beginning of Period	(1) Charged to Costs and Expenses	(2) Charged to Other Accounts-Describe	Deductions-Describe	Balance at End of Period
Year Ended August 26, 1995:					
Reserve for warranty claims	$ 9,061	$23,124		$19,572 (1)	$12,613
Other reserves	5,840				9,229
Year Ended August 31, 1996:					
Reserve for warranty claims	$12,613	$26,982		$25,443 (1)	$14,152
Other reserves	9,299				9,015
Year Ended August 30, 1997:					
Reserve for warranty claims	$14,152	$40,303		$35,333 (1)	$19,122
Other reserves	9,015				11,227

(1) Cost of product for warranty replacements, net of salvage and amounts collected from customers.

EXHIBIT 10.4

EMPLOYMENT AND NON-COMPETE AGREEMENT

THIS AGREEMENT is between AutoZone, Inc., a Nevada corporation and its various subsidiaries (collectively "AutoZone"), and John C. Adams, Jr., an individual ("Employee") dated as of June 11, 1997 ("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 expire five years thereafter, unless earlier terminated as provided in Paragraphs 8 or 9.

3. SALARY. Employee shall receive a salary from AutoZone as follows: During the term of this Agreement, Employee shall receive annual compensation of five hundred thousand dollars ($500,000), 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 75% 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 Chairman and CEO 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 deminimus 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 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.

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: /S/ TIMOTHY D. VARGO	/S/ JOHN C. ADAMS, JR.
Title: President and COO	Employee
	6/11/97
By: /S/ HARRY L. GOLDSMITH	Date
Title: Senior Vice President	

EXHIBIT 10.5

EMPLOYMENT AND NON-COMPETE AGREEMENT

THIS AGREEMENT is between AutoZone, Inc., a Nevada corporation and its various subsidiaries (collectively "AutoZone"), and Timothy D. Vargo, an individual ("Employee") dated as of June 11, 1997 ("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 expire five years thereafter, unless earlier terminated as provided in Paragraphs 8 or 9.

3. SALARY. Employee shall receive a salary from AutoZone as follows: During the term of this Agreement, Employee shall receive annual compensation of four hundred thousand dollars ($400,000), 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 75% 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 President and COO 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 deminimus 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 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.

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: /s/ J.C. Adams
Title: Chairman & CEO

/s/ Timothy D. Vargo
Employee

6/13/97
Date

By: Harry L. Goldsmith
Title: Senior Vice President

EXHIBIT 10.6

EMPLOYMENT AND NON-COMPETE AGREEMENT

THIS AGREEMENT is between AutoZone, Inc., a Nevada corporation and its various subsidiaries (collectively "AutoZone"), and Robert J. Hunt, an individual ("Employee") dated as of June 11, 1997 ("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 expire five years thereafter, unless earlier terminated as provided in Paragraphs 8 or 9.

3. SALARY. Employee shall receive a salary from AutoZone as follows: During the term of this Agreement, Employee shall receive annual compensation of two hundred eighty-five thousand dollars ($285,000), 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 60% 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 Executive Vice President and Chief Financial Officer 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 deminimus 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 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.

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: /s/ J.C. Adams, Jr.	/s/ ROBERT J. HUNT
Title: Chairman and CEO	Employee
	9/27/97
By: /s/ Timothy D. Vargo	Date
Title: President and COO	

EXHIBIT 10.7

EMPLOYMENT AND NON-COMPETE AGREEMENT

THIS AGREEMENT is between AutoZone, Inc., a Nevada corporation and its various subsidiaries (collectively "AutoZone"), and Shawn P. McGhee, an individual ("Employee") dated as of June 17, 1997 ("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 expire five years thereafter, unless earlier terminated as provided in Paragraphs 8 or 9.

3. SALARY. Employee shall receive a salary from AutoZone as follows: During the term of this Agreement, Employee shall receive annual compensation of three hundred thousand dollars ($300,000), 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 60% 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 Executive 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 deminimus 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 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 OR CHANGE IN MANAGEMENT. Employee may terminate this Agreement upon a Change of Control or Change in Management of AutoZone by giving written notice to AutoZone within sixty days of the occurrence of a Change of Control or Change of Management. 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 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: /s/ Tim Vargo	/s/Shawn P. McGhee
Title: President	Employee
By: /s/ J.C. Adams, Jr.	7/27/97
Title: Chairman and CEO	Date

EXHIBIT 10.8

EMPLOYMENT AND NON-COMPETE AGREEMENT

THIS AGREEMENT is between AutoZone, Inc., a Nevada corporation and its various subsidiaries (collectively "AutoZone"), and Harry L. Goldsmith, an individual ("Employee") dated as of June 11, 1997 ("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 expire five years thereafter, unless earlier terminated as provided in Paragraphs 8 or 9.

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 seventy-five thousand dollars ($175,000), 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 and General Counsel 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 deminimus 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 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 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: /s/ J.C. Adams, Jr.	/s/ Harry L. Goldsmith
Title: Chairman & CEO	Employee
By: /s/ Timothy D. Vargo	6/11/97
Title: President	Date

EXHIBIT 10.9

EMPLOYMENT AND NON-COMPETE AGREEMENT

THIS AGREEMENT is between AutoZone, Inc., a Nevada corporation and its various subsidiaries (collectively "AutoZone"), and Stephen W. Valentine, an individual ("Employee") dated as of July 7, 1997 ("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 expire five years thereafter, unless earlier terminated as provided in Paragraphs 8 or 9.

3. SALARY. Employee shall receive a salary from AutoZone as follows: During the term of this Agreement, Employee shall receive annual compensation of two hundred thousand dollars ($200,000), 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 deminimus 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 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, Inc. 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 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: /s/ Tim Vargo	/s/ Stephen W. Valentine
Title: President	Employee
By: J.C. Adams, Jr.	07/07/97
Title: CEO	Date

EXHIBIT 11.1

COMPUTATION OF EARNINGS PER COMMON SHARE EQUIVALENTS

	Fiscal Year Ended		
	AUGUST 26, 1995	AUGUST 31, 1996	AUGUST 30, 1997
	(IN THOUSANDS, EXCEPT PER SHARE DATA)		
PRIMARY:			
Average shares outstanding	146,189	148,476	150,726
Net effect of dilutive stock options, based on the treasury stock method, using average fair market value	3,113	2,762	1,809
Total shares used in computation	149,302	151,238	152,535
Net income	$138,781	$167,165	$195,008
Net income per share	$ 0.93	$ 1.11	$ 1.28
FULLY DILUTED:			
Average shares outstanding	146,189	148,476	150,726
Net effect of dilutive stock options, based on the treasury stock method, using higher of average or year-end fair market value	3,155	2,762	2,156
Total shares used in computation	149,344	151,238	152,882
Net income	$138,781	$167,165	$195,008
Net income per share	$ 0.93	$ 1.11	$ 1.28

EXHIBIT 13.1

[PHOTOGRAPH OF AN AUTOZONE STORE IN BACKGROUND APPEARS HERE]

1 9 9 7 A N N U A L R E P O R T

[PHOTOGRAPH OF A MAN AND 2 YOUTHS LOOKING AT A VEHICLE FRONT WITH HOOD UP APPEARS HERE]

Company Description

AutoZone is the nation's leading auto parts chain. We sell a broad line of replacement parts, accessories, chemicals and motor oil. With 1,728 stores in 32 states, we operate more stores than any auto parts retailer in America. On average, we open the doors on a new AutoZone store nearly every day.

Our primary customers are do-it-yourselfers who repair their own cars to save money. We also sell and deliver parts to professional repair shops whose technicians install parts for a living.

The first AutoZone store opened in Forrest City, Arkansas, on July 4, 1979. Eighteen years later, we still attribute much of our success to our fanatical commitment to customer satisfaction. There's a pledge you'll hear recited throughout AutoZoneland that helps us keep our focus:

AutoZoners always put customers first.

We know our parts and products.

Our stores look great.

And we've got the best merchandise at the right price.

[MAP OF THE UNITED STATES APPEARS HERE]

Financial Highlights

	1997	1996*	% Change
Sales	$2,691,440,000	$2,242,633,000	+20%
Operating Profit	$321,351,000	$268,934,000	+19%
Net Income	$195,008,000	$167,165,000	+17%
Earnings Per Share	$1.28	$1.11	+15%
Stockholders' Equity	$1,075,208,000	$865,582,000	+24%
Number of Stores	1,728	1,423	+21%

*includes a 53rd week

[MID TO EASTERN UNITED STATES MAP APPEARS HERE]

. Store Support Center
Memphis, TN

. Distribution Centers
Danville, IL
Lafayette, LA
Lavonia, GA
Lexington, TN
Phoenix, AZ
San Antonio, TX
Zanesville, OH

AutoZone Stores
By State

. Alabama.................. 77
. Arizona.................. 64
. Arkansas................. 39
* California............... 8
. Colorado................. 32
. Florida.................. 82
. Georgia.................. 96
. Illinois................. 56
. Indiana.................. 85
* Iowa..................... 10
. Kansas................... 31
. Kentucky................. 48
. Louisiana................ 70
* Maryland................. 1
. Michigan................. 27
. Mississippi.............. 61
. Missouri................. 72
* Nevada................... 1
. New Mexico............... 23
* New York................. 11
. North Carolina........... 87
. Ohio.....................166
. Oklahoma................. 60
. Pennsylvania............. 28
. South Carolina........... 49
. Tennessee................106
. Texas....................264
. Utah..................... 19
. Virginia................. 34
. West Virginia............ 13
. Wisconsin................ 5
. Wyoming.................. 3

* Indicates a new state for F97

SALES
($ millions)

[BAR GRAPH APPEARS HERE]

93	94	95	96	97
1,217	1,508	1,808	2,243	2,691

NET
Income
($ millions)

[BAR GRAPH APPEARS HERE]

93	94	95	96	97
87	116	139	167	195

OPERATING
Profit
($ millions)

[BAR GRAPH APPEARS HERE]

93	94	95	96	97
141	191	228	269	321

EARNINGS
Per Share ($)

[BAR GRAPH APPEARS HERE]

93	94	95	96	97
.59	.78	.93	1.11	1.28

To our Customers, AutoZoners and Stockholders:

Fiscal 1997 -- the year we finally answered the frequently asked question, "When will AutoZone be in California?" That answer came on July 4 -- our 18th birthday - -- when we opened our doors in the town of El Centro. While we're excited about saying we now serve customers from coast to coast, we've continued to focus on being our customers' neighborhood auto parts store everywhere we do business.

El Centro was just one of 305 net new stores we opened in fiscal 1997. And one of many we opened in markets where we didn't have a presence 12 months ago. That means our customer base both the do-it-yourself (DIY) market and the professional mechanic sector we call commercial -- continues to expand, along with the number of AutoZone neighborhoods. We also:

- Entered five new states California, Iowa, Maryland, Nevada and New York.
- Turned a profit in our commercial sales program.
- Surpassed the $1 billion mark in stockholders' equity.

Fiscal 1997 was another record year financially:

- Sales rose 20% to $2.69 billion.
- Comparable store sales increased by 8%.
- Net income increased 17% to $195 million.
- Earnings per share rose 15% to $1.28.

We're particularly pleased with our financial gains, given the fact that we're measuring ourselves against a 53-week year in fiscal 1996. We're gaining leverage on expenses through a revival of our culture of thrift -- more commonly known outside AutoZone as tight expense control.

Less than two years ago we were kicking off the commercial program in our first store. Today that business accounts for more than 10% of our total sales. And although DIY sales were soft industrywide for the first half of the year, we've felt a real momentum shift since the third quarter. Looking ahead, we will maintain our focus on our core DIY business and expect the commercial business to continue to have a favorable impact on same store sales and earnings as it grows.

Once again, our new store openings are among the best in retailing. With the addition of 305 net new stores, we ended the year with 1,728 stores in 32 states. We're confident there's still lots of room for expansion, and we project 350

AFTER TAX RETURN
On Capital

[BAR GRAPH APPEARS HERE]

93	94	95	96	97
18%	19%	19%	18%	16%

[PHOTOGRAPH OF TIM VARGO AND JOHN ADAMS APPEARS HERE]

President Tim Vargo and Chairman John Adams

new stores in the coming year.

Professional technicians across the nation are reaping the benefits of the research and development investment we've made this year in ALLDATA. In the coming year, we believe ALLDATA's software will rise to a new level - clearly establishing itself as the unassailable leader in automotive diagnostic and repair information.

We'd like to take this opportunity to thank Pitt Hyde and Tom Hanemann for their leadership and service to AutoZone. Tom retired after 23 years, dating back to his days with Malone & Hyde, our former parent company. He was vital in developing AutoZone's culture and his influence will be felt for years to come.

Pitt retired 18 years after founding AutoZone and 30 years after joining Malone & Hyde. His vision of taking customer service to a new level in the auto parts industry is what made AutoZone the best in the business. Pitt continues to offer his expertise as a member of our board.

If you've followed AutoZone closely as we've grown, you won't find our strategy for the coming year all that unusual. We'll continue to profitably expand our store count faster than anyone else in our industry. We'll continue to seek out competitive advantages in areas like technology, store design and product quality. And we will always look for new opportunities to create more value for our customers.

Wall Street may see AutoZone as a rapidly growing chain of more than 1,700 stores spread across 32 states. But we know that to our millions of loyal customers, AutoZone is the man or woman in the red shirt behind the counter of the neighborhood auto parts store just a few minutes from home. As we focus on growing our business and gaining new customers, we'll never lose sight of our obligation to invest in the more than 28,000 AutoZoners who continue to find new ways to deliver extraordinary customer service every day.

/s/ John Adams	/s/ Tim Vargo
John Adams Chairman & CEO Customer Satisfaction	Tim Vargo President & COO Customer Satisfaction

Your neighborhood auto parts store -- all across America.

From Sumter, South Carolina to El Centro, California. From Indianapolis, Indiana to Brownsville, Texas. From Detroit, Michigan to Andalusia, Alabama. It's something that's as common in small town America as it is in our bustling big cities. The neighborhood AutoZone store.

It was born in Forrest City, Arkansas, in 1979. Needless to say, we've come a long way since then. We've grown from a small time operation in the South to the nation's leading auto parts chain with stores from coast to coast. We've introduced and helped develop new products. We're constantly fine-tuning the way our stores are designed and operated. We're even into the development of automotive diagnostic and repair software.

Fact of the matter is, we've enhanced our business in more ways than we have room to mention here. But for all the enhancements, there's a part of our business we don't want to change a bit. And that's the way we relate to our customers. We can create whizbang systems `til the cows come home, but if we don't treat our customers like friends and give them the service they deserve, we can kiss it all goodbye.

Because when it's all said and done, AutoZone is still the place where somebody's dad, somebody's mom, somebody's uncle, friend or neighbor goes to buy parts. The place where we know the regulars and they know us. Where we can tell newcomers the best way to fix a leaky radiator or just the best place to get a bite to eat. Because while we're in a lot more neighborhoods than ever before, we're still your neighborhood auto parts store.

[PHOTOGRAPH OF A YOUTH STANDING IN FRONT OF AN ANTIQUE CADILLAC APPEARS HERE]

[PHOTO OF MOUNTAIN APPEARS HERE]
Yucaipa
California

Nestled in the foothills of the San Bernardino mountains is the community of Yucaipa. The Serrano Indians first viewed this land from the backs of horses and gave the town its name, which means "green valley." The current natives still rely on horsepower, but their horses tend to reside under the hoods of their cars and trucks.

[PHOTO OF TWO PEOPLE APPEARS HERE]

More than 500 Yucaipa residents are members of the town's four car clubs -- a tribute to Southern California's hot rod heritage. One local car enthusiast is AutoZone customer Jeff Ranney. And his pride and joy is a `68 Chevy pickup.

[PHOTO OF TRUCK APPEARS HERE]

Jeff is co-owner of a local repair shop and was one of our very first customers when we opened our doors in July. "When you buy as many parts as I do, you've got to trade with people who are serious about quality," he says. "The price has to be right on, because I have to watch my bottom line, too. And of course, there`s also my reputation. I can't risk it on poor quality parts. I trust the people at AutoZone. They always take the time to help you out and let you know your business is appreciated."

[PHOTO OF CARS APPEARS HERE]
[PHOTO OF TRUCK APPEARS HERE]

That's a testimonial we're pretty proud of from somebody who's eager to be one of our first commercial customers in the state of California. At press time, Yucaipa`s commercial program wasn`t in place. That`s because in new stores, we get our core do-it-yourself business up and running before we roll out commercial. But rest assured, Jeff is at the top of our list. And we know he`ll be in good company with our thousands of other commercial customers all across the country.

[PHOTO OF SIGN STATING "WELCOME TO YUCAIPA" APPEARS HERE]

[PHOTO OF AUTOZONE STORE WITH ANTIQUE CARS PARKED IN FRONT APPEARS HERE]

[PHOTO OF CITY SKYLINE APPEARS HERE]
Cedar Rapids
Iowa

If rolling cornfields and dusty farm roads are the only images you associate with Iowa, you probably haven't been there lately. In Cedar Rapids, towering grain silos and windmills share the skyline with office buildings, manufacturing facilities and neighborhood stores, like AutoZone.

[PHOTO OF TWO PEOPLE APPEARS HERE]

Mark Petersen manages the AutoZone store on Blairs Ferry Road -- one of three that opened in Cedar Rapids this year and one of 305 that opened up all across America. If you had driven down Blairs Ferry Road five years ago, you would've seen nothing but corn. Today it's one of the busiest shopping areas in town.

[PHOTO OF SIGN STATING "WELCOME TO CEDAR RAPIDS" APPEARS HERE]

Mark grew up in the area, and he's excited to work for a company that's part of the city`s growth. "When I returned home after four years in the Air Force, I almost didn't recognize some parts of town," Mark said. "But what's great is that we still look out for each other, no matter how big Cedar Rapids has gotten. When new people move here, they aren't strangers very long."

[PHOTO OF TRACTOR APPEARS HERE]

Although his store isn't a year old yet, Mark already has a list of regular customers a mile long. "We knew many of our customers before AutoZone ever came to town. And when new people come through the doors, we make it a point to get to know them, too." Mark says this is one of the things that sets AutoZone apart. "If we know what our customers drive and the kinds of problems they've been having, we'll be able to solve their problems better the next time they come in."

Customers in Cedar Rapids -- whether they're lifelong residents or new to the area -- can count on us for everything from alternators for their 1979 Oldsmobile Cutlasses to control modules for their 1995 Chevy Luminas. And just in case, we even carry batteries for 1994 John Deere model 8960 tractors.

[PHOTO OF AUTOZONE STORE APPEARS HERE]

[PHOTO OF AUTOZONE TRUCK APPEARS HERE]

[PHOTO OF TRAFFIC APPEARS HERE]
HOUSTON
TEXAS

People in Texas are proud of their reputation for doing things in big ways. From the vast plains of the West Texas cattle ranches to the sprawling oil refineries of Beaumont, that same pride is found in our 264 stores throughout the Lone Star State. Perhaps none more so than at a store in Houston fondly referred to as "Sergeant Garcia."

[PHOTO OF TWO PEOPLE APPEARS HERE]

Located in the heart of a Hispanic neighborhood, this store sits next to a quiet side street named after WWII hero Sergeant Juan Garcia. The store has been a part of the community so long that a few of the AutoZoners have become almost as legendary as the Sergeant himself. Joe Calvillo is a great example. Having worked in other parts stores for many years, Joe came to AutoZone about nine years ago. When he did, many of his customers came with him.

[PHOTO OF THREE PEOPLE APPEARS HERE]

They like the way he goes the extra mile to get the job done right. It's because of people like Joe that the Sergeant Garcia store is one of the company's highest volume stores. It was one of the first stores to receive multiple deliveries of merchandise a week to serve its customers better. And like the folks in their neighborhood, each and every AutoZoner at Sergeant Garcia speaks fluent Spanish.

[PHOTO OF TRUCK APPEARS HERE]

So how has the store remained so successful despite other parts stores moving into the neighborhood? Joe probably summed it up best, "Tratamos a nuestros clientes como queremos ser tratados." That's "We treat our customers the way we'd want to be treated." -- for the Spanish impaired.

Joe speaks other languages his customers appreciate, as well. Ford and Chevy, just to name a couple.

[PHOTO OF TWO PEOPLE WORKING ON CAR APPEARS HERE]

[PHOTO OF AUTOZONE STORE APPEARS HERE]

[PHOTO OF TOWN APPEARS HERE]
Johnstown
Pennsylvania

The state of Pennsylvania is well known as the home of "the City of Brotherly Love." But due west of Philadelphia, at the junction of the Conemaugh and Stonycreek rivers is a town you may not have heard quite as much about, Johnstown -- "the Friendly City."

[PHOTO OF TWO PEOPLE APPEARS HERE]

With our focus on pleasing customers, we knew we'd be right at home in a town with this motto, but our customer service has impressed even the friendliest of residents. Take Ken Bilger, the service manager at the Horner Street Service Station, for example. Ken's been coming by a couple of times a day ever since we opened our doors. "There's just something different about the way they treat you here," Ken says. "They don't just sell parts -- they really listen to your problem and help you try to solve it."

[PHOTO OF AUTOZONE STORE APPEARS HERE]

Those are the kind of comments Lynn Shumate likes to hear. After all, she's the manager of our Johnstown store. Lynn and her husband, Ron, moved to Johnstown from Memphis. His job? He's the manager of the AutoZone in nearby Somerset, Pennsylvania. "We kept hearing about how the company needed experienced AutoZoners in this market," Lynn said. "We're glad we got this opportunity. We feel a little bit like pioneers, spreading the AutoZone culture in a new district."

[PHOTO OF PERSON WORKING ON VEHICLE APPEARS HERE]

Since our Johnstown store was the first we opened in the area, Lynn and Ron trained six new crews for stores in neighboring towns. "The thing that sets AutoZone apart is our culture -- and that boils down to our people. It was neat to teach new AutoZoners how we treat our customers," Lynn said. "We were responsible for seeing that the same service we've been delivering down South was happening up here." These two transplanted Southerners have found their new home to be just what it claims to be -- "the Friendly City." What they haven't found is a place that serves grits.

[PHOTO OF SIGN STATING "JOHNSTOWN WELCOMES YOU" APPEARS HERE]

[PHOTO OF TOWN APPEARS HERE]

Ten-Year Review
(in thousands, except per share data and selected operating data)

	5-Year Compound Growth	10-Year Compound Growth	1997	1996*
Income Statement Data				
Net sales	22%	22%	$ 2,691,440	$ 2,242,633
Cost of sales, including warehouse and delivery expenses			1,559,296	1,307,638
Operating, selling, general and administrative expenses			810,793	666,061
Operating profit	25%	35%	321,351	268,934
Interest income (expense)			(8,843)	(1,969)
Income before income taxes	24%	42%	312,508	266,965
Income taxes			117,500	99,800
Net income	25%	47%	$ 195,008	$ 167,165
Net income per share	24%	46%	$1.28	$1.11
Average shares outstanding, including common stock equivalents			152,535	151,238
Balance Sheet Data				
Current assets			$778,802	$613,097
Working capital			186,350	219
Total assets			1,884,017	1,498,397
Current liabilities			592,452	612,878
Debt			198,400	94,400
Stockholders' equity			1,075,208	865,582
Selected Operating Data				
Number of stores at beginning of year			1,423	1,143
New stores			308	280
Replacement stores			17	31
Closed stores			3	0
Net new stores			305	280
Number of stores at end of year			1,728	1,423
Total store square footage (000's)			11,611	9,437
Percentage increase in square footage			23%	26%
Percentage increase in comparable store net sales			8%	6%
Average net sales per store (000's)			$1,691	$1,702
Average net sales per store square foot			$253	$258
Total employment			28,700	26,800
Gross profit -- percentage of sales			42.0%	41.7%
Operating profit -- percentage of sales			11.9%	12.0%
Net income -- percentage of sales			7.2%	7.5%
Debt-to-capital -- percentage			15.6%	9.8%
Inventory turnover			2.5x	2.7x
Return on average equity			20%	22%

* 53 weeks. Comparable store sales, average net sales per store and average net sales per store square foot for fiscal year 1996 and 1991 have been adjusted to exclude net sales for the 53rd week.

	Fiscal Year Ended August				
	1995	1994	1993	1992	1991*
Income Statement Data					
Net sales	$1,808,131	$1,508,029	$1,216,793	$1,002,327	$817,962
Cost of sales, including warehouse and delivery expenses	1,057,033	886,068	731,971	602,956	491,261
Operating, selling, general and administrative expenses	523,440	431,219	344,060	295,701	247,355
Operating profit	227,658	190,742	140,762	103,670	79,346
Interest income (expense)	623	2,244	2,473	818	(7,295)
Income before income taxes	228,281	192,986	143,235	104,488	72,051
Income taxes	89,500	76,600	56,300	41,200	27,900
Net income	$ 138,781	$ 116,386	$ 86,935	$ 63,288	$ 44,151
Net income per share	$0.93	$0.78	$0.59	$0.43	$0.33
Average shares outstanding, including common stock equivalents	149,302	148,726	147,608	145,940	134,656
Balance Sheet Data					
Current assets	$447,822	$424,402	$378,467	$279,350	$233,439
Working capital	30,273	85,373	92,331	72,270	55,807
Total assets	1,111,778	882,102	696,547	501,048	397,776
Current liabilities	417,549	339,029	286,136	207,080	177,632
Debt	13,503	4,252	4,458	7,057	7,246
Stockholders' equity	684,710	528,377	396,613	278,120	204,628
Selected Operating Data					
Number of stores at beginning of year	933	783	678	598	538
New stores	210	151	107	82	60
Replacement stores	29	20	20	14	4
Closed stores	0	1	2	2	0
Net new stores	210	150	105	80	60
Number of stores at end of year	1,143	933	783	678	598
Total store square footage (000's)	7,480	5,949	4,839	4,043	3,458
Percentage increase in square footage	26%	23%	20%	17%	14%
Percentage increase in comparable store net sales	6%	9%	9%	15%	12%
Average net sales per store (000's)	$1,742	$1,758	$1,666	$1,570	$1,408
Average net sales per store square foot	$269	$280	$274	$267	$246
Total employment	20,200	17,400	15,700	13,200	11,700
Gross profit -- percentage of sales	41.5%	41.2%	39.8%	39.8%	39.9%
Operating profit -- percentage of sales	12.6%	12.6%	11.5%	10.3%	9.7%
Net income -- percentage of sales	7.7%	7.7%	7.1%	6.3%	5.4%
Debt-to-capital -- percentage	1.9%	0.8%	1.1%	2.5%	3.4%
Inventory turnover	2.9x	3.0x	3.2x	3.0x	2.6x
Return on average equity	23%	25%	26%	26%	31%

	Fiscal Year Ended August			
	1990	1989	1988	1987
Income Statement Data				
Net sales	$671,725	$535,843	$437,399	$354,205
Cost of sales, including warehouse and delivery expenses	416,846	341,130	277,043	224,878
Operating, selling, general and administrative expenses	205,609	169,786	142,868	113,123
Operating profit	49,270	24,927	17,488	16,204
Interest income (expense)	(10,936)	(9,799)	(8,826)	(7,107)
Income before income taxes	38,334	15,128	8,662	9,097
Income taxes	14,840	6,200	3,770	4,980
Net income	$ 23,494	$ 8,928	$ 4,892	$ 4,117
Net income per share	$0.19	$0.07	$0.04	$0.03
Average shares outstanding, including common stock equivalents	121,212	119,320	119,936	119,096
Balance Sheet Data				
Current assets	$191,736	$177,824	$137,098	$124,569
Working capital	26,803	35,831	35,226	26,760
Total assets	327,368	296,546	232,977	213,076
Current liabilities	164,933	141,993	101,872	97,809
Debt	74,851	93,293	77,138	65,500
Stockholders' equity	80,356	54,592	45,608	40,795
Selected Operating Data				
Number of stores at beginning of year	504	440	396	313
New stores	38	70	47	84
Replacement stores	7	7	1	0
Closed stores	4	6	3	1
Net new stores	34	64	44	83
Number of stores at end of year	538	504	440	396
Total store square footage (000's)	3,031	2,758	2,318	2,029
Percentage increase in square footage	10%	19%	14%	30%
Percentage increase in comparable store net sales	13%	10%	6%	10%
Average net sales per store (000's)	$1,289	$1,135	$1,046	$999

Average net sales per store square foot......................	$232	$211	$201	$198
Total employment..	9,300	7,900	7,100	6,300
Gross profit -- percentage of sales..........................	37.9%	36.3%	36.6%	36.5%
Operating profit -- percentage of sales......................	7.3%	4.6%	4.0%	4.6%
Net income -- percentage of sales............................	3.5%	1.7%	1.1%	1.2%
Debt-to-capital -- percentage................................	48.2%	63.1%	62.8%	61.6%
Inventory turnover...	2.4x	2.4x	2.3x	2.3x
Return on average equity.....................................	35%	18%	11%	11%

QUARTERLY SUMMARY
(Unaudited)

	Twelve Weeks Ended			Sixteen Weeks Ended
	(in thousands, except per share data)			
	NOVEMBER 23, 1996	FEBRUARY 15, 1997	MAY 10, 1997	AUGUST 30, 1997
Net sales	$569,145	$538,012	$637,895	$946,388
Increase in comparable store sales	7%	10%	7%	8%
Gross profit	$240,298	$226,956	$268,975	$395,915
Operating profit	61,898	49,217	76,775	133,461
Income before income taxes	60,725	47,107	74,103	130,573
Net income	37,975	29,407	46,103	81,523
Net income per share	0.25	0.19	0.30	0.53
Stock price range:				
High	$ 30.63	$ 27.50	$ 26.13	$ 29.50
Low	$ 24.50	$ 20.13	$ 22.25	$ 22.25

				Seventeen Weeks Ended
	NOVEMBER 18, 1995	FEBRUARY 10, 1996	MAY 4, 1996	AUGUST 31, 1996
Net sales	$463,029	$425,838	$524,175	$829,591
Increase in comparable store sales	5%	3%	8%	7%
Gross profit	$193,220	$176,033	$215,531	$350,211
Operating profit	55,397	43,424	60,432	109,681
Income before income taxes	55,397	43,424	59,705	108,439
Net income	34,797	27,324	37,605	67,439
Net income per share	0.23	0.18	0.25	0.44
Stock price range:				
High	$ 29.63	$ 30.13	$ 37.50	$ 37.13
Low	$ 24.75	$ 24.13	$ 25.75	$ 27.00

FINANCIAL REVIEW

Results of Operations

The following table sets forth income statement data of AutoZone expressed as a percentage of net sales for the periods indicated:

	FISCAL YEAR ENDED		
	AUGUST 30, 1997	AUGUST 31, 1996	AUGUST 26, 1995
Net sales	100.0%	100.0%	100.0%
Cost of sales, including warehouse and delivery expenses	58.0	58.3	58.5
Gross profit	42.0	41.7	41.5
Operating, selling, general and administrative expenses	30.1	29.7	28.9
Operating profit	11.9	12.0	12.6
Interest expense -- net	0.3	0.1	
Income taxes	4.4	4.4	4.9
Net income	7.2%	7.5%	7.7%

FISCAL 1997 COMPARED TO FISCAL 1996

Net sales for fiscal 1997 increased by $448.8 million or 20.0% over net sales for fiscal 1996. This increase was due to a comparable store net sales increase of 8% (which was primarily due to sales growth in the Company's newer stores and the added sales of the Company's commercial program) and an increase in net sales of $313.1 million for stores opened since the beginning of fiscal 1996, offset by net sales for the 53rd week of fiscal 1996. At August 30, 1997, the Company had 1,728 stores in operation, a net increase of 305 stores, or approximately 23% in new store square footage for the year.

Gross profit for fiscal 1997 was $1,132.1 million, or 42.0% of net sales, compared with $935.0 million, or 41.7% of net sales, for fiscal 1996. The increase in gross profit percentage was due primarily to improved leveraging of warehouse and delivery expenses.

Operating, selling, general and administrative expenses for fiscal 1997 increased by $144.7 million over such expenses for fiscal 1996 and increased as a percentage of net sales from 29.7% to 30.1%. The increase in the expense ratio was primarily due to operating costs of ALLDATA and to costs of the Company's commercial program.

Net interest expense for fiscal 1997 was $8.8 million compared with $2.0 million for fiscal 1996. The increase in interest expense was primarily due to higher levels of borrowings.

AutoZone's effective income tax rate was 37.6% of pre-tax income for fiscal 1997 and 37.4% for fiscal 1996.

FISCAL 1996 COMPARED TO FISCAL 1995

Net sales for fiscal 1996 increased by $434.5 million or 24.0% over net sales for fiscal 1995. This increase was due to a comparable store net sales increase of 6% (which was primarily due to sales growth in the Company's newer stores and added sales of the Company's commercial program), an increase in net sales of $275.1 million for stores opened since the beginning of fiscal 1995 and net sales for the fifty-third week of fiscal 1996. At August 31, 1996, the Company had 1,423 stores in operation, a net increase of 280 stores, or approximately 26% in new store square footage for the year.

Gross profit for fiscal 1996 was $935.0 million, or 41.7% of net sales, compared with $751.1 million, or 41.5% of net sales, for fiscal 1995. The increase in gross profit percentage was due primarily to improved leveraging of warehouse and delivery expenses, favorable results of store and distribution center inventories and the added sales of higher margin ALLDATA products.

Operating, selling, general and administrative expenses for fiscal 1996 increased by $142.6 million over such expenses for fiscal 1995 and increased as a percentage of net sales from 28.9% to 29.7%. The increase in the expense ratio was primarily due to acquisition and operating costs of ALLDATA and to costs of the Company's commercial program.

Net interest expense for fiscal 1996 was $2.0 million compared with interest income of $0.6 million for fiscal 1995. The increase in interest expense was primarily due to higher levels of borrowings.

AutoZone's effective income tax rate was 37.4% of pre-tax income for fiscal 1996 and 39.2% for fiscal 1995. The decrease in the tax rate was primarily due to a reduction in state income taxes.

Liquidity and Capital Resources

The Company's primary capital requirements have been the funding of its continued new store expansion program, the increase in distribution centers and inventory requirements. The Company has opened 1,050 net new stores and constructed four new distribution centers from the beginning of fiscal 1993 to August 30, 1997. The Company has financed this growth through a combination of internally generated funds and, to a lesser degree, borrowings. Net cash provided by operating activities was $177.5 million in fiscal 1997, $174.2 million in fiscal 1996 and $180.1 million in fiscal 1995.

Capital expenditures were $297.5 million in fiscal 1997, $288.2 million in fiscal 1996, and $258.1 million in fiscal 1995. The Company opened 305 net new stores in fiscal 1997. Construction commitments totaled approximately $52 million at August 30, 1997.

The Company's new store development program requires significant working capital, principally for inventories. Historically, the Company has negotiated extended payment terms from suppliers, minimizing the working capital required by its expansion. The Company believes that it will be able to continue financing much of its inventory growth by favorable payment terms from suppliers, but there can be no assurance that the Company will be successful in obtaining such terms.

The Company anticipates that it will rely primarily on internally generated funds to support a majority of its capital expenditures and working capital requirements; the balance of such requirements will be funded through borrowings. The Company has an unsecured revolving credit agreement with several banks providing for borrowings up to $275 million. At August 30, 1997, the Company had available borrowings under these agreements of $76.6 million.

At August 30, 1997, the Company had outstanding stock options to purchase 10,599,254 shares of Common Stock. Assuming all such options become vested and are exercised, such options would result in proceeds of $210.3 million to the Company. Such proceeds constitute an additional source for liquidity and capital resources for the Company. For fiscal 1997, proceeds from sales of stock under stock option and employee stock purchase plans were $14.6 million, including related tax benefits.

Inflation

The Company does not believe its operations have been materially affected by inflation. The Company has been successful, in many cases, in mitigating the effects of merchandise cost increases principally due to economies of scale resulting from increased volumes of purchases, selective forward buying and the use of alternative suppliers.

Seasonality and Quarterly Periods

The Company's business is somewhat seasonal in nature, with the highest sales occurring in the summer months of June through August, in which average weekly per store sales historically have run about 20% to 30% higher than in the slowest months of December through February. The Company's business is also affected by weather conditions. Extremely hot or extremely cold weather tends to enhance sales by causing parts to fail and spurring sales of seasonal products. Mild or rainy weather tends to soften sales as parts' failure rates are lower in mild weather and elective maintenance is deferred during periods of rainy weather.

Each of the first three quarters of AutoZone's fiscal year consists of twelve weeks and the fourth quarter consists of sixteen weeks (seventeen weeks in fiscal 1996). Because the fourth quarter contains the seasonally high sales volume and consists of sixteen weeks (seventeen weeks in fiscal 1996) compared to twelve weeks for each of the first three quarters, the Company's fourth quarter represents a disproportionate share of the annual net sales and net income. For fiscal 1997 and 1996, the fourth quarter represented 35.2% and 37.0%, respectively, of annual net sales and 41.8% and 40.3%, respectively, of net income.

Forward-Looking Statements

Certain statements contained in the Financial Review and elsewhere in this annual report are forward-looking statements. These statements discuss, among other things, expected growth, future revenues and future performance. The forward-looking statements are subject to risks, uncertainties and assumptions including, but not limited to competitive pressures, demand for our products, the market for auto parts, the economy in general, inflation, consumer debt levels and the weather. Actual results may materially differ from anticipated results described in these forward-looking statements.

Consolidated Statements of Income

	Year Ended		
	August 30, 1997 (52 Weeks)	August 31, 1996 (53 Weeks)	August 26, 1995 (52 Weeks)
	(in thousands, except per share data)		
Net sales	$2,691,440	$2,242,633	$1,808,131
Cost of sales, including warehouse and delivery expenses	1,559,296	1,307,638	1,057,033
Operating, selling, general and administrative expenses	810,793	666,061	523,440
Operating profit	321,351	268,934	227,658
Interest income (expense) net	(8,843)	(1,969)	623
Income before income taxes	312,508	266,965	228,281
Income taxes	117,500	99,800	89,500
Net income	$ 195,008	$ 167,165	$ 138,781
Net income per share	$1.28	$1.11	$0 .93
Average shares outstanding, including common stock equivalents	152,535	151,238	149,302

See Notes to Consolidated Financial Statements.

Consolidated Balance Sheets

		August 30, 1997	August 31, 1996
		(in thousands, except per share data)	
Assets	Current assets:		
	Cash and cash equivalents	$ 4,668	$ 3,904
	Accounts receivable	18,713	15,466
	Merchandise inventories	709,446	555,894
	Prepaid expenses	20,987	19,225
	Deferred income taxes	24,988	18,608
	Total current assets	778,802	613,097
	Property and equipment:		
	Land	243,587	190,660
	Buildings and improvements	682,710	523,240
	Equipment	267,536	248,275
	Leasehold improvements and interests	45,667	36,708
	Construction in progress	97,411	62,283
		1,336,911	1,061,166
	Less accumulated depreciation and amortization	255,783	198,292
		1,081,128	862,874
	Other assets:		
	Cost in excess of net assets acquired, net of accumulated amortization of $8,084 in 1997 and $7,467 in 1996	16,570	17,187
	Deferred income taxes	4,339	2,938
	Other assets	3,178	2,301
		24,087	22,426
		$1,884,017	$1,498,397
Liabilities and Stockholders' Equity	Current liabilities:		
	Accounts payable	$ 449,793	$ 401,309
	Accrued expenses	122,580	104,909
	Income taxes payable	20,079	12,260
	Short-term debt		94,400
	Total current liabilities	592,452	612,878
	Long-term debt	198,400	
	Other liabilities	17,957	19,937
	Commitments and contingencies (See notes G and I)		
	Stockholders' equity:		
	Preferred Stock, authorized 1,000 shares; no shares issued		
	Common Stock, par value $.01 per share, authorized 200,000 shares; issued and outstanding 151,313 shares in 1997 and 150,137 shares in 1996	1,513	1,501
	Additional paid-in-capital	249,853	235,247
	Retained earnings	823,842	628,834
		1,075,208	865,582
		$1,884,017	$1,498,397

See Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

	Year Ended		
	August 30, 1997 (52 Weeks)	August 31, 1996 (53 Weeks)	August 26, 1995 (52 Weeks)
	(in thousands)		
Cash flows from operating activities:			
Net income	$ 195,008	$ 167,165	$ 138,781
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization of property and equipment	77,163	62,919	47,733
Amortization of intangible and other assets	658	622	616
Deferred income tax expense (benefit)	(7,781)	6,082	(7,240)
Net loss (gain) on disposals of property and equipment	(16)	(735)	832
Net increase in accounts receivable and prepaid expenses	(5,009)	(7,564)	(6,091)
Net increase in merchandise inventories	(153,552)	(158,673)	(61,687)
Net increase in accounts payable and accrued expenses	66,155	94,916	64,666
Net increase in income taxes payable	7,819	6,493	578
Net change in other assets and liabilities	(2,898)	2,930	1,880
Net cash provided by operating activities	177,547	174,155	180,068
Cash flows from investing activities:			
Capital expenditures	(297,467)	(288,182)	(258,060)
Proceeds from disposals of property and equipment	2,066	8,680	1,364
Net cash used in investing activities	(295,401)	(279,502)	(256,696)
Cash flows from financing activities:			
Repayment of long-term debt		(4,003)	(249)
Net borrowings under debt agreements	104,000	84,900	9,500
Net proceeds from sale of Common Stock, including related tax benefit	14,618	17,699	17,552
Net cash provided by financing activities	118,618	98,596	26,803
Net increase (decrease) in cash and cash equivalents	764	(6,751)	(49,825)
Cash and cash equivalents at beginning of year	3,904	6,411	56,236
Beginning cash balance of pooled entity		4,244	
Cash and cash equivalents at end of year	$ 4,668	$ 3,904	$ 6,411
Supplemental cash flow information:			
Interest paid, net of interest cost capitalized	$ 8,779	$ 1,971	$ 160
Income taxes paid	$ 109,681	$ 69,791	$ 81,862

See Notes to Consolidated Financial Statements.

Consolidated Statements of Stockholders' Equity

	Common Stock	Additional Paid-in Capital	Retained Earnings	Total
	(in thousands)			
Balance at August 27, 1994	$1,454	$179,090	$347,833	$ 528,377
Net income			138,781	138,781
Sale of 1,635 shares of Common Stock under stock option and stock purchase plans	17	5,335		5,352
Tax benefit of exercise of stock options		12,200		12,200
Balance at August 26, 1995	1,471	196,625	486,614	684,710
Net income			167,165	167,165
Equity of pooled entity (issued 1,697 shares)	17	20,936	(24,945)	(3,992)
Sale of 1,386 shares of Common Stock under stock option and stock purchase plans	13	6,836		6,849
Tax benefit of exercise of stock options		10,850		10,850
Balance at August 31, 1996	1,501	235,247	628,834	865,582
Net income			195,008	195,008
Sale of 1,176 shares of Common Stock under stock option and stock purchase plans	12	7,676		7,688
Tax benefit of exercise of stock options		6,930		6,930
Balance at August 30, 1997	$1,513	$249,853	$823,842	$1,075,208

See Notes to Consolidated Financial Statements.

Notes To Consolidated Financial Statements

Note A -- Significant Accounting Policies

Business: The Company is a specialty retailer of automotive parts and accessories. At the end of fiscal 1997, the Company operated 1,728 stores in 32 states.

Fiscal Year: The Company's fiscal year consists of 52 or 53 weeks ending on the last Saturday in August.

Basis of Presentation: The consolidated financial statements include the accounts of AutoZone, Inc. and its wholly owned subsidiaries (the Company). All significant intercompany transactions and balances have been eliminated in consolidation.

Merchandise Inventories: Inventories are stated at the lower of cost or market using the last-in, first-out (LIFO) method.

Property and Equipment: Property and equipment is stated at cost. Depreciation is computed principally by the straight-line method over the estimated useful lives of the assets. Leasehold interests and improvements are amortized over the terms of the leases.

Amortization: The cost in excess of net assets acquired is amortized by the straight-line method over 40 years.

Preopening Expenses: Preopening expenses, which consist primarily of payroll and occupancy costs, are expensed as incurred.

Advertising Costs: The Company expenses advertising costs as incurred. Advertising expense, net of vendor rebates, was approximately $24,622,000, $23,129,000 and $18,531,000 in fiscal 1997, 1996 and 1995, respectively.

Warranty Costs: The Company provides the retail consumer with a warranty on certain products. Estimated warranty obligations are provided at the time of sale of the product.

Financial Instruments: The Company has certain financial instruments which include cash, accounts receivable, accounts payable and debt. The carrying amounts of these financial instruments approximate fair value because of their short maturities or variable interest rates.

Income Taxes: The Company accounts for income taxes under the liability method. Deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse.

Cash Equivalents: Cash equivalents consist of investments with maturities of 90 days or less at the date of purchase.

Use of Estimates: Management of the Company has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent liabilities to prepare these financial statements in conformity with generally accepted accounting principles. Actual results could differ from those estimates.

Net Income Per Share: Net income per share of common stock is computed using the weighted average number of shares of common stock outstanding during each period, including common stock equivalents, consisting of stock options calculated using the treasury stock method, when dilutive.

In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 128, "Earnings per Share." SFAS No. 128 requires dual presentation of basic earnings per share (EPS) and diluted EPS on the face of all statements of earnings issued after December 15, 1997. 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. Assuming the Company had adopted the provisions of SFAS No. 128, EPS as reported and pro forma for the last three fiscal years would be as follows 1997 -- as reported: $1.28, basic: $1.29, 1996 -- as reported: $1.11, basic: $1.13; 1995 -- as reported: $0.93, basic: $0.95. The Company's reported EPS calculations are the same as pro forma diluted EPS.

Impairment of Long-Lived Assets: In fiscal 1997 the Company adopted SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of." This statement requires that long-lived assets and certain identifiable intangibles to be held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Also, in general, long-lived assets and certain identifiable intangibles to be disposed of should be reported at the lower of carrying amount or fair value less cost to sell. This pronouncement did not have a material effect on the Company's financial position or results of operations.

Note B -- Accrued Expenses

Accrued expenses consist of the following:

	August 30, 1997	August 31, 1996
	(in thousands)	

Medical and casualty insurance claims	$ 35,121	$ 33,800
Accrued compensation and related payroll taxes	26,481	18,490
Property and sales taxes	27,161	21,485
Other	33,817	31,134
	$122,580	$104,909

Note C -- Income Taxes

At August 30, 1997, the Company has net operating loss carryforwards (NOLs) of approximately $13.3 million that expire in years 2000 through 2009. These carryforwards resulted from the Company's acquisition of ALLDATA Corporation (ALLDATA) during fiscal 1996. The use of the NOLs is limited to future taxable earnings of ALLDATA and is subject to annual limitations. A valuation allowance of $5,247,000 and $5,573,000 in fiscal 1997 and 1996, respectively, has been recognized to offset the deferred tax assets related to those carryforwards. If realized, the tax benefit for those NOLs will reduce income tax expense.

The provision for income taxes consists of the following:

	Year Ended		
	August 30, 1997	August 31, 1996	August 26, 1995
	(in thousands)		
Current:			
Federal	$114,113	$86,469	$81,460
State	11,168	7,249	15,280
	125,281	93,718	96,740
Deferred:			
Federal	(6,427)	5,531	(6,160)
State	(1,354)	551	(1,080)
	(7,781)	6,082	(7,240)
	$117,500	$99,800	$89,500

Significant components of the Company's deferred tax assets and liabilities are as follows:

	August 30, 1997	August 31, 1996
	(in thousands)	
Deferred tax assets:		
Insurance reserves	$12,078	$11,282
Unearned income	5,620	6,296
Net operating loss carryforwards	5,247	5,573
Property and equipment	1,901	
Other	9,728	5,767
	34,574	28,918
Less valuation allowance	5,247	5,573
	29,327	23,345
Deferred tax liabilities:		
Property and equipment		1,799
Net deferred tax assets	$29,327	$21,546

A reconciliation of the provision for income taxes to the amount computed by applying the federal statutory tax rate of 35% to income before income taxes is as follows:

	Year Ended		
	August 30, 1997	August 31, 1996	August 26, 1995
	(in thousands)		
Expected tax at statutory rate	$109,378	$93,438	$79,898
State income taxes, net	6,379	5,070	9,230
Other	1,743	1,292	372
	$117,500	$99,800	$89,500

Note D -- Financing Arrangements

During December 1996, the Company executed an agreement with a group of banks for a $275 million five-year unsecured revolving credit facility to replace the existing revolving credit agreements. The rate of interest payable under the agreement is a function of the London Interbank Offered Rate (LIBOR), or the lending bank's base rate (as defined in the agreement), or a competitive bid rate, at the option of the Company. At August 30, 1997, the Company's borrowings under this agreement were $198.4 million and the weighted average interest rate was 5.79%. At August 31, 1996, revolving credit borrowings were

$94.4 million and the weighted average interest rate was 5.67%. The unsecured revolving credit agreement contains a covenant limiting the amount of debt the Company may incur relative to its total capitalization. Based on the term of the Company's new five-year credit facility, amounts outstanding under the revolving credit facility have been classified as long-term.

On March 27, 1997, the Company executed a negotiated rate unsecured revolving credit agreement totaling $25 million which extends until March 26, 1998. There were no amounts outstanding under this agreement as of August 30, 1997.

Interest costs of $2,119,000 in fiscal 1997, $2,416,000 in fiscal 1996, and $981,000 in fiscal 1995 were capitalized.

Note E -- Equity

The Company has granted options to purchase common stock to certain employees under various plans at prices equal to the market value of the stock on the dates the options were granted. Options are generally exercisable over a three to seven year period, and generally expire in 10 years. A summary of outstanding stock options is as follows:

	Wtd. Avg. Exercise Price	Number of Shares
Outstanding August 26, 1995	$14.77	9,503,981
Assumed	4.46	221,841
Granted	28.50	1,621,395
Exercised	4.55	(1,332,588)
Canceled	24.38	(254,873)
Outstanding August 31, 1996	17.96	9,759,756
Granted	22.69	2,707,370
Exercised	4.93	(1,032,989)
Canceled	25.54	(834,883)
Outstanding August 30, 1997	$19.84	10,599,254

The following table summarizes information about stock options outstanding at August 30, 1997:

	Options Outstanding			Options Exercisable	
Range of Exercise Price	No. of Options	Wtd. Avg. Exercise Price	Wtd. Avg. Contractual Life (in years)	No. of Options	Wtd. Avg. Exercise Price
$1.00 -- 20.13	4,163,226	$10.15	5.13	2,619,363	$4.99
22.69 -- 25.25	4,069,178	24.89	7.49		
25.75 -- 35.13	2,366,850	28.19	8.40		
$1.00 -- 35.13	10,599,254	$19.84	6.77	2,619,363	$4.99

Options to purchase 2,619,363 shares at August 30, 1997, and 2,901,140 shares at August 31, 1996, were exercisable. Shares reserved for future grants were 4,199,055 shares at August 30, 1997, and 725,363 at August 31, 1996.

The Company adopted the disclosure requirement of SFAS No. 123, "Accounting for Stock-Based Compensation," issued in October 1995. In accordance with the provisions of SFAS No. 123, the Company applies APB Opinion 25 and related interpretations in accounting for its stock option plans and, accordingly no compensation expense for stock options has been recognized. If the Company had elected to recognize compensation cost based on the fair value of the options granted at the grant date prescribed in SFAS No. 123, the Company's net income and earnings per share would have been reduced to the pro forma amounts indicated below. The effects of applying SFAS No. 123 and the results obtained through the use of the Black-Scholes option pricing model in this pro forma disclosure are not indicative of future amounts. SFAS No. 123 does not apply to awards prior to fiscal 1996. Additional awards in future years are anticipated.

Net Income		1997	1996
($000)	As reported	$195,008	$167,165
	Pro forma	$191,118	$165,992
Earnings per share	As reported	$1.28	$1.11
	Pro forma	$1.26	$1.10

The weighted-average fair value of the stock options granted during fiscal 1997 and 1996 was $9.26 and $12.25, respectively. The fair value of each option is estimated on the date of the grant using the Black-Scholes option pricing model with the following weighted-average assumptions for grants in 1997 and 1996: expected price volatility of .34; risk-free interest rates ranging from 5.7 to 5.98 percent; and expected lives between 3.75 and 7.75 years.

The Company also has an employee stock purchase plan under which all eligible employees may purchase Common Stock at no less than 85% of fair market value (determined quarterly) through regular payroll deductions. Annual purchases are limited to $4,000 per employee. Under the plan, 308,141 shares were sold in fiscal 1997 and 226,541 shares were sold in fiscal 1996, including 168,362 and 173,572 shares, respectively, purchased by the Company for sale under the plan.

No shares of Common Stock are reserved for future issuance under this plan.

Note F -- Pension Plan

Substantially all full-time employees are covered by a defined benefit pension plan. The benefits are based on years of service and the employee's highest consecutive five-year average compensation.

The Company's funding policy is to make annual contributions in amounts at least equal to the minimum funding requirements of the Employee Retirement Income Security Act of 1974.

The following table sets forth the plan's funded status and amounts recognized in the Company's financial statements (in thousands):

	August 30, 1997	August 31, 1996
Actuarial present value of accumulated benefit obligation, including vested benefits of $22,005 in 1997 and $17,225 in 1996	$26,886	$20,400
Projected benefit obligation for service rendered to date	$42,687	$31,533
Less plan assets at fair value, primarily stocks and cash equivalents	39,598	27,367
Projected benefit obligation in excess of plan assets	3,089	4,166
Unrecognized prior service cost	(289)	(427)
Unrecognized net loss from past experience different from that assumed and effects of changes in assumptions	(3,721)	(3,470)
Unrecognized net asset	118	268
Accrued (prepaid) pension cost	$(803)	$537

Net pension cost included the following components (in thousands):

	Year Ended		
	August 30, 1997	August 31, 1996	August 26, 1995
Service cost of benefits earned during the year	$6,034	$4,580	$3,536
Interest cost on projected benefit obligation	2,496	1,748	1,367
Actual return on plan assets	(5,616)	(3,677)	(1,289)
Net amortization and deferral	2,820	2,518	481
Net periodic pension cost	$5,734	$5,169	$4,095

The actuarial present value of the projected benefit obligation was determined using weighted-average discount rates of 7.94% and 7.93% at August 30, 1997 and August 31, 1996, respectively, and assumed increases in future compensation levels of 6%. The expected long-term rate of return on plan assets was 9.5%, 7% and 7% at August 30, 1997, August 31, 1996 and August 26, 1995, respectively. Prior service cost is amortized over the estimated average remaining service lives of the plan participants, and the unrecognized net experience gain or loss is amortized over five years.

Note G -- Leases

A portion of the Company's retail stores and certain equipment are leased. Most of these leases include renewal options and some include options to purchase and provisions for percentage rent based on sales.

Rental expense was $39,078,000 for fiscal 1997, $30,626,000 for fiscal 1996 and $26,460,000 for fiscal 1995. Percentage rentals were insignificant.

Minimum annual rental commitments under non-cancelable operating leases are as follows (in thousands):

Year	Amount
1998	$35,096
1999	31,760
2000	29,164
2001	24,861
2002	15,097

Thereafter	66,716
	$202,694

Note H -- Related Party Transactions

Management fees of $272,000 for fiscal 1996 and $371,000 for fiscal 1995 were paid to KKR Associates (KKR), which directly and through several limited partnerships, of which it is a general partner, owned approximately 13% of the Company's outstanding Common Stock at August 30, 1997 and August 31, 1996. There were no management fees paid to KKR during fiscal 1997.

Note I -- Commitments and Contingencies

Construction commitments, primarily for new stores, totaled approximately $52 million at August 30, 1997.

The Company is a party to various claims and lawsuits arising in the normal course of business which, in the opinion of management, are not, singularly or in aggregate, material to the Company's financial position or results of operations.

The Company is self-insured for workers` compensation, automobile, general and product liability losses. The Company is also self-insured for health care claims for eligible active employees. The Company maintains certain levels of stop loss coverage for each self-insured plan. Self-insurance costs are accrued based upon the aggregate of the liability for reported claims and an estimated liability for claims incurred but not reported.

Note J -- Business Combination

On March 29, 1996, ALLDATA became a wholly owned subsidiary of AutoZone in a stock-for-stock merger, accounted for as a pooling of interests. Under the terms of the merger agreement, AutoZone issued approximately 1.7 million shares of Common Stock and stock options covering approximately 200,000 shares of Common Stock. Financial information of ALLDATA has been included in the results of operations from the date of acquisition. Financial statements for periods prior to the date of combination have not been restated as the effect is not material to the Company's financial condition and results of operations. The assets and liabilities of ALLDATA were approximately $17.4 million and $21.4 million, respectively, at the date of combination.

Management's Report

AutoZone's management takes responsibility for the integrity and objectivity of the financial statements in this annual report. These financial statements were prepared from accounting records which management believes fairly and accurately reflect the operations and financial position of AutoZone.

The financial statements in this report were prepared in conformity with generally accepted accounting principles. In certain instances, management used its best estimates and judgments based upon currently available information and management's view of current conditions and circumstances.

Management maintains a system of internal controls designed to provide reasonable assurance that assets are protected from improper use and accounted for in accordance with its policies and that transactions are recorded accurately in the Company's records. The concept of reasonable assurance is based upon a recognition that the cost of the controls should not exceed the benefit derived.

The financial statements of AutoZone have been audited by Ernst & Young LLP, independent auditors. Their accompanying report is based on an audit conducted in accordance with generally accepted auditing standards, including a review of internal accounting controls and financial reporting matters.

/s/ Robert J. Hunt
Robert J. Hunt
Executive Vice President - Finance
Chief Financial Officer
Customer Satisfaction

Corporate Information

Transfer Agent and Registrar
First Chicago Trust Company of New York
P.O. Box 2500
Jersey City, New Jersey 07303-2500
(800) 756-8200
(201) 324-0498

Stock Exchange Listing
New York Stock Exchange
Ticker Symbol: AZO

Auditors
Ernst & Young LLP
Memphis, Tennessee

Store Support Center
123 South Front Street
Memphis, Tennessee 38103-3607
(901) 495-6500

AutoZone Web Site
http://www.autozone.com

Report of Independent Auditors

Stockholders
AutoZone, Inc.

We have audited the accompanying consolidated balance sheets of AutoZone, Inc. as of August 30, 1997 and August 31, 1996, and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended August 30, 1997. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of AutoZone, Inc. at August 30, 1997 and August 31, 1996, and the consolidated results of its operations and its cash flows for each of the three fiscal years in the period ended August 30, 1997 in conformity with generally accepted accounting principles.

/s/ Ernst & Young LLP

Memphis, Tennessee
September 19, 1997

Annual Meeting

The Annual Meeting of Stockholders of AutoZone will be held at 10:00 a.m. on December 18, 1997, at AutoZone's store support center, 123 South Front Street, Memphis, Tennessee.

SEC Form 10-K/Quarterly Reports

AutoZone does not produce quarterly reports because the information is not timely and is costly to distribute. Stockholders may obtain free of charge a copy of the Company's annual report on Form 10-K as filed with the Securities and Exchange Commission or our quarterly press releases by writing to Stockholder Relations, P.O. Box 2198, Memphis, Tennessee 38101.

Copies of all documents filed by the company with the Securities and Exchange Commission, including Form 10-K and Form 10-Q, are also available at the SEC's EDGAR server at http://www.sec.gov.

Stockholders of Record

As of September 30, 1997, there were 3,330 stockholders of record, excluding the number of beneficial owners whose shares were represented by security position listings.

OFFICERS

Johnston C. Adams Jr.
Chairman and CEO
Customer Satisfaction

Timothy D. Vargo
President and COO
Customer Satisfaction

SENIOR VICE PRESIDENTS CUSTOMER SATISFACTION

Gerald E. Colley
Stores

Harry L. Goldsmith
General Counsel
and Secretary

Anthony D. Rose Jr.
Advertising

Stephen W. Valentine
Chief Information Officer
Systems Technology
& Support

David J. Wilhite
Merchandising

EXECUTIVE VICE PRESIDENTS CUSTOMER SATISFACTION

Lawrence E. Evans
Store Development

Robert J. Hunt
Chief Financial Officer

Shawn P. McGhee
Merchandising

VICE PRESIDENTS CUSTOMER SATISFACTION

Richard F. Adams Jr.
Merchandising Analysis
& Support

Michael B. Baird
Stores

David W. Barczak
Real Estate

Jon A. Bascom
Systems Technology
& Support

B. Craig Blackwell
Stores

Francis C. Brown III
Human Resources

Michael E. Butterick
Controller

William L. Cone
Loss Prevention

Brett D. Easley
Merchandising Systems

Tara C. Elliot
Treasurer

William D. Gilmore
Store Design & Construction

Frank B. Goodman
Business Planning
& Analysis

Clifford E. Green
Merchandising

Mark D. Hamm
Systems Technology
& Support

Phillip J. Jackson
Distribution

Michael E. Longo
Distribution

William R. McCawley Jr.
Stores

Steven R. McClanahan
Stores

Grantland E. McGee Jr.
Stores

John Minervini
Business Development

David W. Nichols
Stores

Robert F. Osswald
AutoZoner Development
& Training

William C. Rhodes
Operations Analysis
& Support

Richard C. Smith
Stores

Dennis P. Tolivar Sr.
Stores

OTHER CORPORATE OFFICERS CUSTOMER SATISFACTION

Emma Jo Kauffman
Assistant Treasurer

Donald R. Rawlins
Assistant Secretary

BOARD OF DIRECTORS

Johnston C. Adams Jr.
Chairman and CEO

John E. Moll(1)
Retired President

Customer Satisfaction

Timothy D. Vargo
President and COO
Customer Satisfaction

James F. Keegan(1*, 2)
Chairman
Staff Line, Inc.

Michael W. Michelson(3)
Member
Kohlberg Kravis Roberts
& Co. LLC

Robert J. Hunt
Executive Vice President
and CFO
Customer Satisfaction

Joseph R. Hyde III
Former Chairman and CEO
Customer Satisfaction

The Fleming Companies, Inc.

George R. Roberts
Member
Kohlberg Kravis Roberts
& Co. LLC

Andrew M. Clarkson (3*)
Chairman
Finance Committee
Customer Satisfaction

Dr. N. Gerry House(2)
Superintendent
Memphis City Schools

Ronald A. Terry(1, 2*)
Retired Chairman
First Tennessee
National Corporation

(1) Audit Committee
(2) Compensation Committee
(3) Finance Committee
(*) Committee Chairman

[PHOTO OF PITT HYDE APPEARS HERE]

Pitt Hyde was convinced that the lessons of value and customer service he'd learned in the grocery business could be applied to the automotive aftermarket with great results. Eighteen years later, there's little question he was right.

As chairman and CEO of AutoZone, Pitt guided the company he founded to be the leading auto parts chain in the country. He started by establishing a strong culture that revolved around the people on both sides of the parts counter. For our customers, his vision was to make AutoZone the best customer service provider in the business. For AutoZoners, Pitt wanted them to know what it was like to be part of a winning team and to understand how their efforts contributed to AutoZone's growth.

Creating this culture wasn't easy, but seeing the impact it's had on AutoZone's success is. Today, there are more than 28,000 AutoZoners carrying the culture forward -- a testament to Pitt's ability to spread his ideas throughout the organization.

[PHOTO OF PLAQUE STATING:

J.R. HYDE III
STORE SUPPORT CENTER
DEDICATED TO PITT HYDE,
THE FOUNDER OF AUTOZONE,
WHOSE PASSION FOR CUSTOMER SATISFACTION
IS AN INSPIRATION TO AUTOZONERS EVERYWHERE.
MAY 8, 1997

APPEARS HERE]

The relentless pursuit of the ultimate customer service experience is a passion that lives on at AutoZone. He's taught us well. Pitt retired as chairman in March. In his honor at a companywide meeting of store managers in May, we renamed our headquarters building -- the J. R. Hyde III Store Support Center. Yet, the biggest tribute we can pay him is to continue to find new ways to amaze our customers.

[PHOTO OF MAN CHECKING TRUCK ENGINE APPEARS HERE]

[AUTOZONE(R) LOGO APPEARS HERE]

EXHIBIT 21.1

SUBSIDIARIES OF THE REGISTRANT

SUBSIDIARY	STATE OR COUNTRY OF ORGANIZATION OR INCORPORATION
Alldata Corporation	Delaware
AutoZone Development Corporation	Nevada
AutoZone Marketing Company	Nevada
AutoZone Properties, Inc.	Nevada
AutoZoners, Inc.	Nevada
AutoZone Stores, Inc.	Nevada
AutoZone Texas, L.P.	Delaware
AutoZone Management, L.P.	Delaware
AutoZone Leadership, Inc.	Nevada
AutoZone de Mexico, S. de R.L. de C.V.	Mexico

EXHIBIT 23.1

Consent of Independent Auditors

We consent to the incorporation by reference in this Annual Report (Form 10-K) of AutoZone, Inc. of our report dated September 19, 1997, included in the 1997 Annual Report to Stockholders of AutoZone, Inc.

Our audits also included the financial statement schedule of AutoZone, Inc. listed in Item 14(a). This schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also consent to the incorporation by reference in the Registration Statement (Form S-8 No. 33-41308) pertaining to the AutoZone, Inc. Employee Stock Purchase Plan, the Registration Statement (Form S-8 and Form S-3 No. 33-41618) pertaining to the Amended and Restated Stock Option Plan of AutoZone, Inc. and the Registration Statement (Form S-8 No. 333-19561) pertaining to the AutoZone,Inc., 1996 Stock Option Plan of our report dated September 19, 1997, with respect to the consolidated financial statements and schedule of AutoZone, Inc. included or incorporated by reference in the Annual Report (Form 10-K) for the year ended August 30, 1997.

/s/ ERNST & YOUNG LLP

Memphis, Tennessee
November 4, 1997

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This schedule contains summary financial information extracted from financial statements for fiscal year ended August 30, 1997, and is qualified in its entirety by reference to such financial statements.

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YEAR
AUG-30-1997
AUG-30-1997
4668
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18713
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709446
778802
1336911
255783
1884017
592452
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1073695
1884017
2691440
2691440
1559296
1559296
810793
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8843
312508
117500
195008
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195008
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